FIRST MOBILE GROUP HOLDINGS LIMITED
（第一電訊集團有限公司）*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 865)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors of First Mobile Group Holdings Limited (the "Company") announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2011 together with the comparative figures for the year ended 31 December 2010 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Revenue	5	**58,602**	189,544
Cost of sales		**(54,387)**	(187,313)
Gross profit		**4,215**	2,231
Other income	6	**23,962**	57,708
Selling and distribution expenses		**(10,080)**	(10,090)
General and administrative expenses		**(25,223)**	(34,124)
Other operating expenses		**(8,014)**	(4,028)
Provision for financial guarantee liabilities relating to the borrowings of a deconsolidated subsidiary	15	**(27,797)**	—
Gain on deconsolidation of a liquidating subsidiary	7	**29,107**	—
(Loss)/profit from operations		**(13,830)**	11,697
Finance costs	8	**(164,182)**	(169,778)
Loss before tax		**(178,012)**	(158,081)
Income tax	9	**6,255**	(2,253)
Loss for the year	10	**(171,757)**	(160,334)

* *For identification purpose only*

	Note	2011 HK$'000	2010 HK$'000
Attributable to:			
Owners of the Company		**(171,719)**	(158,823)
Non-controlling interests		**(38)**	(1,511)
		(171,757)	(160,334)
Loss per share			
— Basic (HK cents per share)	*12*	**(8.82)**	(8.16)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
Loss for the year	**(171,757)**	(160,334)
Other comprehensive income/(loss):		
Exchange differences reclassified to profit or loss upon deconsolidation of a liquidating subsidiary	**(1,821)**	—
Exchange differences on translation of foreign operations	**4,640**	214
	2,819	214
Total comprehensive loss for the year	**(168,938)**	(160,120)
Attributable to:		
Owners of the Company	**(168,901)**	(158,628)
Non-controlling interests	**(37)**	(1,492)
	(168,938)	(160,120)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**1,132**	3,450
Current assets			
Inventories		**1,843**	5,551
Trade receivables	*13*	**3,151**	12,089
Prepayments, deposits and other receivables		**9,682**	13,063
Current tax assets		**—**	3,448
Pledged bank deposits		**213**	240
Bank and cash balances		**903**	7,242
		15,792	41,633
Non-current asset held for sale		**—**	9,278
		15,792	50,911
Current liabilities			
Trade and bills payables	*14*	**543,590**	563,163
Accruals and other payables		**473,265**	328,862
Bank borrowings		**480,040**	507,665
Finance lease payables		**231**	396
Current tax liabilities		**2,069**	2,112
Financial guarantee liabilities	*15*	**27,797**	—
Convertible loan	*16*	**12,561**	—
		1,539,553	1,402,198
Net current liabilities		**(1,523,761)**	(1,351,287)
Total assets less current liabilities		**(1,522,629)**	(1,347,837)

	2011	2010
	HK$'000	*HK$'000*
Non-current liabilities		
Finance lease payables	**49**	334
Deferred tax liabilities	**—**	6,347
	49	6,681
NET LIABILITIES	**(1,522,678)**	(1,354,518)
Capital and reserves		
Share capital	**194,600**	194,600
Reserves	**(1,715,749)**	(1,547,626)
Equity attributable to owners of the Company	**(1,521,149)**	(1,353,026)
Non-controlling interests	**(1,529)**	(1,492)
TOTAL EQUITY	**(1,522,678)**	(1,354,518)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

1. GENERAL INFORMATION

First Mobile Group Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The address of its registered office is P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, KY1-1106, Grand Cayman, Cayman. The address of its principal place of business is Suite 1915, 19th Floor, Grandtech Centre, 8 On Ping Street, Shatin, New Territories, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and its shares were suspended from trading since 27 November 2009.

The Company is an investment holding company. The Group’s principal activities have not changed during the year and is engaged in the trading and distribution of mobile phones and related accessories.

2. BASIS OF PREPARATION

Suspension of trading in shares of the Company

At the request of the Company, trading in shares of the Company had been suspended since 27 November 2009. Pursuant to a letter from the Stock Exchange on 3 June 2010, among other things, the Company was required to submit a viable resumption proposal (the “Resumption Proposal”) to the Stock Exchange, which should address the Company’s ability to meet certain conditions for resumption of trading in shares of the Company.

On 2 November 2010, the Stock Exchange issued another letter to the Company informing that the Company had been placed in the first delisting stage under Practice Note 17 (the “PN 17”) to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Company is required to submit a Resumption Proposal to the Stock Exchange by 1 May 2011 to demonstrate that the Company has:

(a) sufficient level of operations or assets of sufficient value required under Rule 13.24 of the Listing Rules;

(b) adequate internal controls to meet obligations under the Listing Rules; and

(c) sufficient working capital for at least twelve months from resumption date.

The Company submitted a resumption proposal to the Stock Exchange on 1 April 2011 with a view to seek the Stock Exchange’s approval for the resumption of trading in the shares of the Company. However, on 26 May 2011, the Stock Exchange informed the Company that this resumption proposal has not satisfactorily demonstrated sufficiency of operations or asset under Rule 13.24 of the Listing Rules and the Company has been placed in the second stage of delisting procedures commencing on 26 May 2011 pursuant to PN17.

On 8 November 2011, the Company has submitted the second resumption proposal to the Stock Exchange to seek their approval for the resumption of trading in the shares of the Company. Subsequent to this, the Company has made further submission to the Stock Exchange.

Proposed restructuring of the Group (the "Proposed Restructuring")

As described in the Company's announcement on 5 July 2010, the Company, the potential investor, the major shareholders and the authorised agent of the creditors, Deloitte Touche Tohmatsu ("Deloitte"), entered into the exclusivity agreement (the "Exclusivity Agreement") on 25 June 2010 for the purpose of the Proposed Restructuring. The Proposed Restructuring will be carried out by way of either the debt acquisition or the scheme of arrangement depending on the indication of preference by the creditors during the creditors' election period.

On 18 August 2010, the Company announced that, upon the expiry date of the creditors' election period, it was determined on 12 August 2010 that the Proposed Restructuring will be carried out by way of the scheme of arrangement in accordance with the Exclusivity Agreement as determined by the indication of preference received from the relevant creditors during the creditors' election period. Furthermore, creditors whose indebtedness represents more than 75% in value of the total indebtedness had executed the standstill agreement (the "Standstill Agreement") with the Group during the creditors' election period.

Subsequently, on 22 December 2010, 31 March 2011, 7 July 2011 and 2 November 2011, together with the related side letters to the Subscription Agreement entered into between the Investor and the Company, Deloitte issued further notices informing all relevant parties participating in the Standstill Agreement that the long stop date under the Standstill Agreement has been extended to 31 March 2012. The Company is currently seeking a further extension of the long stop date under the Standstill Agreement.

The Proposed Restructuring involves the proposed capital reorganisation, proposed creditor schemes and group reorganisation, and proposed subscription for new shares and proposed application for the granting of the whitewash waiver. The completion of the Proposed Restructuring is conditional upon fulfilment of certain conditions precedent which include, among other things, the passing of the resolutions by the shareholders of the Company at the extraordinary general meeting; the granting of the whitewash waiver by the Securities and Futures Commission of Hong Kong; the capital reorganisation becoming effective; and the submission of the Resumption Proposal to the Stock Exchange and the satisfaction of the conditions set out in the letter by the Stock Exchange to the Company granting in-principle approval to the Resumption Proposal.

The details of the conditions precedent and the updates on the Proposed Restructuring are further described in the announcements of the Company on 16 September 2010, 30 September 2010, 24 December 2010, 14 February 2011, 6 May 2011 and 14 February 2012 (hereinafter referred to as the "Announcements"). The Proposed Restructuring, if successfully implemented, consists of, among other things, the principal elements as summarised below. Unless otherwise specified, capitalised terms used herein shall have the same meanings as in the Announcements.

(a) Capital Reorganisation

The Company will undergo the Capital Reorganisation comprising the Capital Reduction, Share Premium Cancellation and Share Consolidation. Before the Capital Reorganisation, the authorised share capital of the Company is HK$300,000,000 divided into 3,000,000,000 Shares of HK$0.10 each, and the issued share capital of the Company is HK$194,599,656.50 divided into 1,945,996,565 Shares of HK$0.10 each. Immediately after completion of the Capital Reorganisation, the authorised share capital of the Company will be HK$500,000,000 divided into 100,000,000,000 Adjusted Shares of HK$0.005 each and the issued share capital of the Company will be reduced to HK$972,998.28 divided into 194,599,656 Adjusted Shares of HK$0.005 each. The Adjusted Shares after Capital Reorganisation will be identical and rank pari passu in all respects with each other.

(b) Creditor Schemes

Pursuant to the proposed Creditor Schemes, upon effective, all or any claims against the Company will be compromised and discharged through (i) a cash payment of HK$162 million (which will be funded by the Company out of the proceeds of the Subscription); (ii) the funds received through the realisation or winding up of the Scheme Subsidiaries after payment of their respective liabilities; and (iii) assignments and/or transfers of balances between Scheme Subsidiaries and the Company together with the Retained Subsidiaries up to the Effective Date to Newco or the Administrators (or their nominees) for the purpose of the Creditor Schemes.

At the Scheme Meeting held on 21 December 2010, the Creditor Schemes proposed to be made between the Company and the Creditors were unanimously approved by the Creditors attending and voting at such meeting in person or by proxy.

On 8 February 2011, the Hong Kong Scheme was sanctioned by the High Court. The Hong Kong Scheme will become effective and legally binding on the Company and the Creditors upon (i) fulfillment of conditions as stipulated under the Hong Kong Scheme, including amongst others, fulfillment of the specified conditions precedent to the Subscription Agreement; and (ii) filing of the abovementioned order of the High Court with the Registrar of Companies in Hong Kong.

On 28 April 2011, the scheme of arrangement proposed to be made between the Company and the Creditors pursuant to section 86 of the Companies Law of the Cayman Islands (the "Cayman Scheme") was sanctioned by the Grand Court. The Hong Kong Scheme and the Cayman Scheme will become effective and legally binding on the Company and the Creditors upon fulfillment of the specified conditions precedent to the Subscription Agreement.

(c) Group Reorganisation

The proposed Creditor Schemes and Group Reorganisation will split the Group into (i) the Retained Subsidiaries retained under the control of the Company through its wholly-owned subsidiary, Marzo Holdings Limited, a SPV newly incorporated; and (ii) the Scheme Subsidiaries to be held outside the Restructured Group by a Newco which is wholly-owned by the Administrators for the purpose of holding the Scheme Subsidiaries.

The Group Reorganisation, being part of the Creditor Schemes which were approved by the Creditors at the scheme meeting held on 21 December 2010, if carried out at the date of the abovementioned scheme meeting, shall constitute a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and subject to the Listing Rules requirement for notification and publication of an announcement. The relevant announcement was made on 24 December 2010.

(d) Subscription for New Shares

After the Group Reorganisation, the Company will allot and the Investor will subscribe for 925,714,285 Subscription Shares of HK$0.005 each, at a Subscription Price of approximately HK$0.175 per Subscription Share, resulting in the cash consideration, before expenses, of HK$162 million.

Going concern basis

The Group incurred a loss attributable to owners of the Company of approximately HK$171,719,000 (2010: HK$158,823,000) for the year ended 31 December 2011 and as at that date, the Group had net current liabilities of approximately HK$1,523,761,000 (2010: HK$1,351,287,000) and net liabilities of approximately HK$1,522,678,000 (2010: HK$1,354,518,000) respectively.

The condition above indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. To address the issues above, the Group has been in discussion and negotiation with the creditors to explore the possibility of seeking a forbearance of the Group's payables and with the Investor to explore the possibility of injecting new funds into the Group through the Proposed Restructuring.

The consolidated financial statements have been prepared on a going concern basis, as the Company is preparing the Resumption Proposal, the successful implementation of which will effect the Creditor Schemes and the Subscription Agreement to settle with the Creditors and allow the trading in the shares of the Company being resumed. The Directors are of the view that the major procedures of the Proposed Restructuring will eventually be agreed upon by the Company's Creditors, the Investor, and the Company's shareholders, and will be successfully implemented.

Should the Group be unable to achieve a successful restructuring as mentioned above, or alternatively under other available options of restructuring, and therefore be unable to continue its business as a going concern, adjustments might have to be made to the carrying amounts of the Group's assets to state them at their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities to current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2011. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. SEGMENT INFORMATION

The Group's revenue and loss for the years ended 31 December 2011 and 2010 were mainly derived from its only operating segment of trading and distribution of mobile phones and related accessories.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Other operation of the Group mainly comprises holding of properties, none of them meet any of the quantitative thresholds for determining a reportable segment separately. The presentation of information for other operations are included in the trading and distribution of mobile phones and related accessories segment.

Segment profits or losses do not include interest income, finance costs, share of results of an associate, income tax and unallocated income and expenses. Segment assets consist primarily of property, plant and equipment, inventories, trade receivables, other receivables, prepayments and operating cash, and mainly exclude tax assets and other unallocated assets. Segment liabilities comprise operating liabilities and exclude items such as borrowings, lease payables, tax payables, financial guarantee liabilities and convertible loans. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Information about reportable segment profit or loss, assets and liabilities:

	2011	2010
	HK$'000	*HK$'000*
Year ended 31 December:		
Revenue from external customers	**58,602**	189,544
Segment (loss)/profit	**(13,842)**	11,662
Interest income	**12**	35
Interest expense	**164,182**	169,778
Depreciation	**1,122**	2,571
Income tax	**(6,255)**	2,253
Other material non-cash items:		
Inventories written off	**—**	6,390
Reversal of impairment on inventories	**(877)**	(4,422)
Reversal of impairments on trade receivables	**—**	(5,360)
Reversal of impairments on other receivables	**—**	(3,307)
Impairment on prepayments, deposits and other receivables	**5,670**	—
Gain on disposal of non-current asset held for sale	**(10,255)**	—
Gain on disposal of property, plant and equipment	**(555)**	(47,423)
Additions to segment non-current assets	**680**	199
At 31 December:		
Segment assets	**16,924**	50,913
Segment liabilities	**1,016,855**	892,025

Reconciliations of reportable segment profit or loss, assets and liabilities:

	2011	2010
	HK$'000	*HK$'000*
Profit or loss:		
Total profit or loss of reportable segments	**(13,842)**	11,662
Unallocated profit or loss:		
Finance cost	**(164,182)**	(169,778)
Income tax	**6,255**	(2,253)
Interest income	**12**	35
Consolidated loss for the year	**(171,757)**	(160,334)
Assets:		
Total assets of reportable segments	**16,924**	50,913
Unallocated assets	**—**	3,448
Consolidated total assets	**16,924**	54,361
Liabilities:		
Total liabilities of reportable segments	**1,016,855**	892,025
Unallocated liabilities		
Bank borrowings	**480,040**	507,665
Finance lease payables	**280**	730
Current tax liabilities	**2,069**	2,112
Financial guarantee liabilities	**27,797**	—
Convertible loan	**12,561**	—
Deferred tax liabilities	**—**	6,347
Consolidated total liabilities	**1,539,602**	1,408,879

Geographical information:

	Revenue		**Non-current assets**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**1,754**	102	**191**	1,025
Malaysia	**879**	9,585	**84**	721
Indonesia	**55,216**	140,011	**857**	860
Vietnam	**117**	24,958	**—**	341
India	**636**	14,888	**—**	68
Philippines	**—**	—	**—**	435
	58,602	189,544	**1,132**	3,450

Revenue for the year from two customers of the Group represents approximately HK$12,034,000 and HK$10,746,000 of the Group's total revenue, respectively. Revenue for last year from a customer of the Group represented approximately HK$108,685,000 of the Group's total revenue for last year.

In presenting the geographical information, revenue is based on the location of the customers.

5. REVENUE

Revenue comprises the fair value of the consideration for the sale of goods and services in the ordinary course of the Group's activities and gross rental income received and receivables during the year. Revenue is shown, net of value-added tax, returns, rebates and discounts allowed and after eliminating sales within the Group. An analysis of the Group's revenue is as follows:

	2011	2010
	HK$'000	*HK$'000*
Turnover from sales of mobile phones and related accessories, net	**58,555**	185,779
Other revenue:		
Rental income	**47**	2,064
Sundry income	**—**	1,701
Total revenue	**58,602**	189,544

6. OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Compensation from insurance claim	**870**	266
Interest income	**12**	35
Exchange gains, net	**10,200**	—
Gain on disposal of property, plant and equipment	**555**	47,423
Gain on disposal of non-current asset held for sale	**10,255**	—
Reversal of impairment on trade receivables	**—**	5,360
Reversal of impairment on other receivables	**—**	3,307
Sundry income	**2,070**	1,317
	23,962	57,708

7. GAIN ON DECONSOLIDATION OF A LIQUIDATING SUBSIDIARY

As detailed in the Company's announcement dated 16 December 2011, a winding-up order was issued by the High Court of Malaya, Kuala Lumpur on 6 December 2011 ordering among other things that Exquisite Model Sdn. Bhd. ("EM"), an indirect wholly-owned subsidiary of the Company, be wound up and that the Official Receiver of Malaysia be appointed as liquidator of EM. The Directors considered that the control over EM has been lost since then. The results, assets and liabilities, and cash flows of EM were deconsolidated from the Group's consolidated financial statements with effect from 6 December 2011.

	HK$'000
Net liabilities of the subsidiary deconsolidated:	
Prepayment, deposits and other receivables	158
Current tax assets	640
Cash and bank balances	90
Accruals and other payables	(377)
Amount due to the Group	(56,355)
Bank overdrafts	(26,641)
Bank borrowings	(1,156)
Net liabilities of the deconsolidated subsidiary	(83,641)
Impairment of amount due from the deconsolidated subsidiary	56,355
Release of the related foreign currency translation reserves	(1,821)
Gain on deconsolidation of a liquidating subsidiary	(29,107)

8. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest expenses on borrowings and payables wholly repayable within five years		
— bank borrowings	**58,602**	61,146
— finance leases	**55**	112
— convertible loan	**835**	—
— trade payables	**104,690**	108,520
	164,182	169,778

9. INCOME TAX

	2011	2010
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax	**37**	—
Current tax — Overseas:		
Provision for the year	**—**	545
Under provision in prior years	**—**	1,727
Deferred tax	**(6,292)**	(19)
	(6,255)	2,253

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year. No provision for overseas tax is required since the Group has no assessable profit for the year. Tax on overseas profits for prior year had been calculated on the estimated assessable profits for that year at the rates of tax prevailing in the countries in which the Group operates.

The reconciliation between the income tax and loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2011	2010
	HK$'000	*HK$'000*
Loss before tax	**(178,012)**	(158,081)
Calculated at a domestic tax rate of 16.5% (2010: 16.5%)	**(29,372)**	(26,083)
Effect of different tax rates in other countries	**113**	7,075
Income not subject to tax	**(8,262)**	(9,942)
Expenses not deductible for tax purpose	**26,762**	20,809
Reversal of temporary difference	**(6,292)**	—
Under provision of tax in prior years	**—**	1,727
Effect on opening deferred tax assets due to change in tax rate	**—**	(907)
Tax losses not recognised	**10,796**	9,574
	(6,255)	2,253

10. LOSS FOR THE YEAR

The Group's loss for the year was arrived at after charging/(crediting) the amounts as set out below.

	2011 *HK$'000*	2010 *HK$'000*
Cost of inventories sold	**54,387**	187,313
Auditors' remuneration:		
— provision for the year	**744**	1,693
— over provision in prior years	**—**	(1,061)
Depreciation:		
— property, plant and equipment	**1,116**	2,571
— investment property	**—**	194
Direct operating expenses arising from investment property that generate rental income	**—**	233
Operating leases:		
— land and buildings	**1,292**	2,620
— office equipment	**56**	227
Property, plant and equipment written off*	**725**	—
Inventories written off (included in cost of inventories sold)	**—**	6,390
Impairment on trade receivables**	**4,377**	—
Impairment on prepayments, deposits and other receivables*	**5,670**	—
Staff costs (including Directors' remuneration):		
— salaries, bonuses and allowances	**9,182**	15,023
— equity-settled share-based payments	**—**	93
— retirement benefits scheme contributions	**368**	680
	9,550	15,796
Exchange losses/(gains)*	**(10,200)**	1,404
Gains on disposals of property, plant and equipment*	**(555)**	(47,423)
Gain on disposal of non-current asset held for sale*	**(10,255)**	—
Reversal of impairment on inventories# (included in cost of inventories sold)	**(877)**	(4,422)
Reversal of impairment on trade receivables*	**—**	(5,360)
Reversal of impairment on other receivable*	**—**	(3,307)

* These items were included in other income or other operating expenses.

** These items were included in general and administrative expenses.

\# The impairments on inventories were reversed as their carrying amounts were subsequently recovered with the higher net realisable values.

11. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2011 (2010: nil).

12. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company was based on the loss for the year attributable to owners of the Company of approximately HK$171,719,000 (2010: HK$158,823,000) and the weighted average number of 1,945,996,565 (2010: 1,945,996,565) ordinary shares in issue during the year.

(b) Diluted loss per share

No diluted loss per share is presented as there were no dilutive potential ordinary shares outstanding for both years.

13. TRADE RECEIVABLES

The normal credit period granted to the customers of the Group was up to 30 days (2010: 30 days), except for the sales made to certain creditworthy customers to which a longer credit period may be granted on a case by case basis. At the end of the reporting period, the aging analysis of the trade receivables is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
1–30 days	**2,444**	8,050
31–60 days	**371**	2,339
61–90 days	**275**	—
91–120 days	**70**	1,969
Over 120 days	**1,238,645**	1,239,384
Less: Impairments	**(1,238,654)**	(1,239,653)
	3,151	12,089

At the end of the reporting period, the ageing analysis of net trade receivables, which was past due but not impaired, is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
31–60 days	**371**	2,339
61–90 days	**275**	—
91–120 days	**61**	1,700
	707	4,039

The creation or release of provision for impaired trade receivable have been included in "General and administrative expenses" of the consolidated income statement. Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote. Impaired amounts were directly written off against trade receivables when there was no expectation of recovering additional cash.

At the end of the reporting period, trade receivables of the Group amounting to approximately HK$1,238,654,000 (2010: HK$1,239,653,000) were impaired. The individually impaired trade receivables mainly related to customers that had prolonged their repayment due to unexpected financial difficulties.

Movements on the impairment of trade receivables are as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
At 1 January	**1,239,653**	1,921,313
Impairments for the year	**4,377**	—
Reversal of impairment	**—**	(5,360)
Written off against trade receivables	**—**	(679,837)
Exchange differences	**(5,376)**	3,537
At 31 December	**1,238,654**	1,239,653

14. TRADE AND BILLS PAYABLES

	Group	
	2011	2010
	HK$'000	*HK$'000*
Trade payables	**434,302**	448,372
Bills payables	**109,288**	114,791
	543,590	563,163

At the end of the reporting period, the ageing analysis of the trade payables is as follows:

	Group	
	2011	2010
	HK$'000	*HK$'000*
1–30 days	**252**	9,186
31–60 days	**—**	4
61–90 days	**—**	118
91–120 days	**—**	8,690
Over 120 days	**434,050**	430,374
	434,302	448,372

Included in the trade payables at the end of the reporting period, approximately HK$405,432,000 (2010: HK$407,424,000) of which were secured by certain corporate guarantees granted by the Company to the previous largest supplier of the Group and certain trade insurance companies. Included in the guaranteed trade payables, approximately HK$344,500,000 (2010: HK$344,500,000) and approximately HK$60,933,000 (2010: HK$62,924,000) of which were interest-bearing at approximately 2.5% per month and at approximately 1.95% per annum respectively.

At the end of the reporting period, the Group's bills payables were secured by certain corporate guarantees granted by the Company. The bills payables of the Group were interest-bearing at approximately 8.28% (2010: 5.64%) per annum.

15. FINANCIAL GUARANTEE LIABILITIES

The Company and its indirect wholly-owned subsidiary, First Mobile Group Sdn. Bhd. ("FMGSB") have given corporate guarantees to certain banks to secure general banking facilities of EM totaling approximately HK$27,797,000. In view that EM is currently in liquidation, and on grounds of prudence that these corporate guarantees granted by the Company and FMGSB may be exercised by said banks, a provision for financial guarantee liabilities of approximately HK$27,797,000 have been made against the potential uncovered exposures to be borne by the Company and FMGSB under such guarantees.

16. CONVERTIBLE LOAN

Time Boomer Limited, a party nominated by the Investor to provide HK$13 million out of the HK$50 million stand-by working capital facility pursuant to the terms of the Exclusivity Agreement, entered into the Loan Agreement (the "Loan" or the "Convertible Loan") with Mobile Distribution Limited ("MDL"), a wholly-owned subsidiary of the Company. The Loan is convertible into Adjusted Shares of the Company upon fulfilment of certain conditions precedent as described in the Company's announcement dated 14 July 2011 (the "Announcement"). The Loan is convertible into 74,285,714 Adjusted Shares at HK$0.175 per share.

If the Loan has not been converted, HK$3 million, HK$4 million and HK$6 million will be redeemed at par on 30 June 2012, 30 September 2012 and 31 December 2012 respectively. Interest of 8 per cent per annum will be paid monthly up until the Loan is converted or redeemed.

The net proceed received from the issue of the Convertible Loan has been split between the liability element and an equity component, as follows:

	Group
	HK$'000
Nominal value of Convertible Loan issued	13,000
Equity component	(778)
Liability component at date of issue	12,222
Interest charged	835
Interest paid	(496)
Liability component at 31 December 2011	12,561

The interest charged for the year is calculated by applying an effective interest rate of 14.87% per annum to the liability component.

The Convertible Loan is secured by (i) the FMG Share Charge over a total of 68.5% of the entire issued shares of the Company held by the Major Shareholders; (ii) the Personal Guarantees given by Mr. Ng Kok Hong and Ms. Tan Sook Kiang; (iii) the share charges over the entire issued share capital of MDL; and (iv) the Fixed and Floating Charge over the assets of MDL. The FMG Share Charge, the Personal Guarantees and the Fixed and Floating Charge will continue to be in force and, subject to the terms and conditions as further described in the Announcement.

17. EVENTS AFTER THE REPORTING PERIOD

(a) Subsequent to the end of the reporting period, on 14 February 2012, a winding-up order (the "Winding-up Order") was issued by the High Court of Malaya, Kuala Lumpur at the adjourned hearing of the winding-up petition, ordering among other things that Mobile Distribution (M) Sdn. Bhd. ("MD"), an indirect wholly-owned subsidiary of the Company, be wound up and that the Official Receiver of Malaysia be appointed as the liquidator of MD.

(b) Subsequent to the end of the reporting period, on 14 February 2012, the Company announced (i) the proposed revision to the terms of the capital reorganisation; (ii) further details on the stand-by facility; and (iii) the grant of FA Option. Further details of which are published in the Company's announcement on the same day.

18. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2012.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

BASIS FOR DISCLAIMER OF OPINION

1. Corresponding figures

We were initially appointed as auditor of the Company during the year 2010. In consequence we were unable to carry out satisfactory auditing procedures or by other alternative means to obtain assurance regarding the existence, quantities and conditions of inventories at the beginning of last financial year. Since opening inventories affect the determination of the results of operations, we were unable to determine whether adjustments to the results of operations and opening accumulated losses of the Group might be necessary for the financial year ended 31 December 2010. Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2010 was modified accordingly. Our opinion on the current year's consolidated financial statements is also modified because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures.

2. Material uncertainty relating to the going concern basis

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the consolidated financial statements which explains that the Company has been pursuing a group restructuring. The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. We consider that the disclosures are adequate. However, in view of the extent of the uncertainty relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Disclaimer of opinion

Because of the possible effects on the corresponding figures and the material uncertainty relating to the going concern basis as described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the financial year under review, the Group continued to focus mainly on the trading and distribution of its house-brand mobile phones as well as reactivating its mainstream branded mobile phones trading business.

The Group has been operating on a very tight working capital cycle following the withdrawal of credit facilities by the Group's banks and trade creditors since 2009. Accordingly, the management has taken appropriate measures to reduce overheads and financial commitments where possible to ensure that its limited working capital is deployed in the most effective manner to enhance the Group's financial position.

The Group had invested in a comprehensive and long-term brand-building advertising and marketing campaign since May 2011, aimed at enhancing and promoting greater market visibility and recognition for the Group's brand in Indonesia. The campaign is spearheaded by the appointment of a high-profile and popular award-winning actress as the Group's brand ambassador. The campaign includes prime-time television advertisements on the three main TV stations, advertisements in major newspapers, magazines and other print media, outdoor billboard advertising at prime locations and various other strategies.

Financial Review

Overview

The Group recorded a turnover from sales of mobile phones and related accessories of approximately HK$59 million in the financial year ended 31 December 2011 ("FY2011"), representing a decrease of 68.3% over the previous financial year ended 31 December 2010 ("FY2010")'s turnover of HK$186 million. The decrease in turnover is mainly attributed to the streamlining of the Group's operations in Indonesia and the Group's withdrawal from the Vietnam and India markets.

Gross profit had improved from approximately 1.2% in FY2010 to approximately 7.2% in FY2011 due to the focused shift in product mix towards more profitable models.

The Group's selling and distribution expenses in FY2011 include expenditures relating to the Group's brand-building and marketing campaigns in Indonesia.

The Group's general and administrative expenses comprise mainly the employees' remuneration cost, rental of office premises and professional fees in connection with the Group's ongoing restructuring exercise.

Finance cost decreased by approximately HK$6 million compared to FY2010 mainly due to a reduction in the principal outstanding on bank borrowings resulting from the sale and subsequent offset of properties pledged to certain banks as collateral, as well as a reduction in the applicable interest rate charged by certain trade creditors.

The loss attributable to owners of the Company was approximately HK$172 million for FY2011, representing loss per share of HK8.82 cents as compared to a loss of approximately HK$159 million for FY2010, representing loss per share of HK8.16 cents.

Liquidity And Financial Resources

As at 31 December 2011, bank and cash balances of the Group were approximately HK$0.9 million (2010: HK$7 million), of which approximately HK$0.21 million (2010: HK$0.24 million) were pledged for general banking facilities.

The Group's gearing ratio (measured as total borrowings over total assets) as at 31 December 2011 was 3,077% (2010: 935%).

As at 31 December 2011, certain of the Group's bank borrowings were secured by the corporate guarantees granted by the Company (2010: secured by the corporate guarantees granted by the Company and the Group's investment property held for sale with the carrying amount of approximately HK$9 million).

Capital Structure

There was no change in the Company's share capital during the year.

Capital Commitments

The Group and the Company did not have any significant capital commitments as at 31 December 2011 and 2010.

Contingent Liabilities

The Group and the Company did not have any significant contingent liabilities at 31 December 2011 and 2010.

Employees

As at 31 December 2011, the Group had 88 (2010: 145) employees. The total of employee remuneration, including that of the Directors, for the year ended 31 December 2011 amounted to approximately HK$9.55 million (2010: HK$16 million). The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

STRATEGIES FOR 2012

The Group will remain focused on its core business of mobile phone trading and distribution and further developing its house brand mobile phone business in Indonesia as well as mainstream branded mobile phone trading business.

The Group has for the past year, invested substantially in brand-building and marketing campaigns for its house brand. Accordingly, the Group will continue to exploit its existing distribution network and leverage on the brand recognition developed in 2011 by moving up the value chain to enter the fast emerging tablet market in Indonesia where it will engage in the distribution of its house brand tablets.

The Group also plans to initiate an upstream expansion into component sourcing and trading business for the Group's house brand mobile phones as part of its effort to diversify the business risk and to enhance the profitability of the Group as a whole.

Additionally, the Group will continue to explore viable and profitable business opportunities in the near future to enhance shareholders' value and strengthen its financial foundations.

Dealing in the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") has been suspended since 27 November 2009. The Company, with the assistance of its financial advisor, has submitted a revised resumption proposal to the Stock Exchange.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2011, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

SHARES IN THE COMPANY

	Number of Shares of HK$0.10 each				
Name of Director	**Personal interests**	**Family interests** *(note (i))*	**Corporate interests** *(note (ii))*	**Total**	**Percentage of issued share capital**
Mr. Ng Kok Hong	596,766,389	9,088,625	—	605,855,014	31.13%
Mr. Ng Kok Tai	—	—	596,766,389	596,766,389	30.67%
Mr. Ng Kok Yang	146,944,889	—	—	146,944,889	7.55%

Notes:

(i) These Shares are held by Ms. Tan Sook Kiang, the spouse of Mr. Ng Kok Hong, and therefore Mr. Ng Kok Hong is deemed by virtue of the SFO to be interested in these Shares.

(ii) These Shares are held by NKT Holdings Sdn. Bhd., a company incorporated in Malaysia, which is owned as to 50% by Mr. Ng Kok Tai and as to 50% by Ms. Siew Ai Lian, the spouse of Mr. Ng Kok Tai. Mr. Ng Kok Tai is deemed by virtue of the SFO to be interested in these Shares.

SHARES IN AN ASSOCIATED CORPORATION

Name of Director	Number of non-voting deferred shares of HK$1.00 each in First Telecom International Limited		
	Personal interests	**Family interests** *(note)*	**Total**
Mr. Ng Kok Hong	1,239,326	18,878	1,258,204
Mr. Ng Kok Tai	1,239,326	—	1,239,326
Mr. Ng Kok Yang	305,160	—	305,160

Note: These shares are held by Ms. Tan Sook Kiang, the spouse of Mr. Ng Kok Hong, and therefore Mr. Ng Kok Hong is deemed by virtue of the SFO to be interested in these shares.

Save as disclosed above, as at 31 December 2011, none of the Directors, chief executive or their associates had any interests, short positions or rights to subscribe for any securities of the Company or any of its associated corporations as defined in the SFO.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors (including their spouses or children under 18 years of age) or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

Jinwu Limited

On 27 August 2010, the Company entered into a Subscription Agreement (as amended by the side letters dated 15 September 2010, 23 December 2010, 31 March 2011, 7 July 2011 and 2 November 2011 and the supplemental subscription agreement dated 28 September 2010) with Jinwu Limited (the "Investor" or "Jinwu") pursuant to which the Company has conditionally agreed to allot and issue and Jinwu has conditionally agreed to subscribe for 925,714,285 subscription shares at a subscription price of approximately HK$0.175 per subscription share, for a total cash consideration, before expenses, of HK$162 million (the "Subscription").

Jinwu is a special purpose investment company owned as to 50% by each of The ADM Maculus Fund V LP and ADM Galleus Fund II Limited, each being collective investment funds established under the laws of the Cayman Islands and managed or advised by Asia Debt Management Hong Kong Limited. Jinwu will become a substantial shareholder of the Company upon completion of the Subscription in accordance with the terms under the Subscription Agreement. The said issue and allotment of the subscription shares have not been completed as at the date of this report, but Jinwu is deemed to be interested in such 925,714,285 subscription shares of the Company.

Time Boomer Limited

On 7 July 2011, Time Boomer Limited (the "Lender"), a party nominated by the Investor to provide part of the HK$50 million stand-by working capital facility ("Stand-by Facility") pursuant to the terms of the Exclusivity Agreement, entered into a loan agreement with Mobile Distribution Limited ("MDL"), a subsidiary of the Company, pursuant to which:

(i) the Lender has agreed to grant a working capital facility of HK$13 million to MDL; and

(ii) the Company has agreed to grant to the Lender an option to subscribe for such number of option shares at an exercise price of approximately HK$0.175 per option share with an aggregate exercise price of HK$13 million, at any time during the option period subject to the terms and conditions of the option deed entered into between the Company and the Lender dated 7 July 2011. The option period shall commence from the fulfillment of all the conditions precedent to the Subscription Agreement (unless the same is waived by the Investor) to the date of the completion of the Subscription Agreement.

The Lender is a company incorporated in the British Virgin Islands and is wholly and beneficially owned by Mr. Tai Kai Hing ("Mr. Tai"). To the best of the knowledge of the Directors, Mr. Tai is an experienced investor. The said issue and allotment of the option shares have not been completed as at the date of this report, but the Lender is deemed to be interested in such 74,285,714 option shares of the Company.

First Apex Investments Limited

On 3 February 2012, First Apex Investments Limited ("First Apex"), a party nominated by the Investor to provide part of the Stand-by Facility, entered into a loan agreement with MDL, pursuant to which:

(i) First Apex has agreed to grant a working capital facility of HK$20 million to MDL; and

(ii) the Company has agreed to grant to First Apex an option to subscribe for such number of convertible preference shares ("CPS") of the Company at an exercise price of HK$0.175 per CPS with an aggregate exercise price of HK$20 million, at any time during the option period subject to the terms and conditions of the option deed entered into between the Company and First Apex dated 3 February 2012. The option period shall commence from the fulfillment of all the conditions precedent to the Subscription Agreement (unless the same is waived by the Investor).

First Apex is a limited liability company incorporated in Hong Kong and is wholly and beneficially owned by Mr. Ben Sharma. Mr. Ben Sharma is a businessman involved in the distribution of major-brand mobile phones and accessories and has over 30 years of experience in this industry. The said issue and allotment of the CPS have not been completed as at the date of this report, but First Apex is deemed to be interested in such 114,285,714 CPS shares of the Company to be issued upon the exercise of the conversion rights attached to the CPS in full.

Save as disclosed in the section headed "Directors' Interests and Short Positions in Shares" above, as at 31 December 2011, there were no other persons who had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

COMPETING INTEREST

None of the Directors or the management shareholders of the Company had an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2011, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct (the "Code of Conduct") governing securities transactions by its Directors modeled on terms no less exacting than the required standard as set out in Appendix 10 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), as amended from time to time.

Having made specific enquiry, all Directors have confirmed compliance with the Code of Conduct throughout the year ended 31 December 2011. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subjected to similar compliance.

AUDIT COMMITTEE

The primary duties of the Audit Committee include the review of financial information, overseeing the financial reporting system and internal control procedures as well as maintaining a working relationship with the external auditors.

The audited financial results and statements of the Company for the year ended 31 December 2011 have not been reviewed by the Audit Committee as there was no independent non-executive Directors (the "INED") to constitute the Audit Committee.

SCOPE OF WORK OF ANDA CPA LIMITED

The figures above in respect of this annual results announcement for the year ended 31 December 2011 have been agreed by the Company's auditor, ANDA CPA Limited ('ANDA"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by ANDA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ANDA on this announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in Appendix 14 of the Listing Rules — Code on Corporate Governance Practices (the "CG Code") throughout the financial year ended 31 December 2011 in the CG Code except for those in relation to the vacancy of the INED following the resignations of all three of the Company's INED on 2 December 2009. Arrangements will be made to appoint the appropriate number of INED to reconstitute the Board of Directors and the Audit, Nomination and Remuneration Committees as soon as practicable to comply with the CG Code.

By order of the Board
First Mobile Group Holdings Limited
Ng Kok Hong
Executive Chairman

Hong Kong, 30 March 2012

As at the date of this announcement, the board of directors of the Company comprises three executive directors, namely Mr. Ng Kok Hong, Mr. Ng Kok Tai and Mr. Ng Kok Yang.