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**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)*

- (1) UPDATE TO THE PROPOSED RESTRUCTURING;
(2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO
THE DISPOSAL;
AND
(3) DELAY IN DESPATCH OF THE CIRCULAR**

Financial adviser to the Company



UPDATE TO THE PROPOSED RESTRUCTURING

New listing application

The Company is pleased to announce that the Company made a new listing application relating to the Target Group to the Stock Exchange on 30 October 2014.

Subscription

The Company has entered into a supplemental agreement with Jinwu, a supplemental deed with Time Boomer, a termination deed and the New FA Option Agreement with First Apex, on 27 October 2014, (to supplement or replace (as the case may be) the Original Subscription Agreement, the TB Option Agreement and the FA Option Agreement).

* *For identification purpose only*

The Disposal

As set out in the Announcement, as part of the Proposed Restructuring, the Company will dispose of certain of its subsidiaries to some or all of the Existing Controlling Shareholders or their nominee(s). In this regard, the Company and Simply Divine Global Limited entered into a sale and purchase agreement on 27 October 2014.

The Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the entire issued share capital of Marzo Holdings Limited, Value Day Limited and MDL, each being a wholly-owned subsidiary of the Company. The Retained Subsidiaries will be transferred to the Purchaser at a nominal consideration of HK\$1. Upon completion of the Disposal, the Company will no longer be interested in the Retained Subsidiaries.

IMPLICATIONS UNDER THE LISTING RULES AND THE TAKEOVERS CODE

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is more than 25% but are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. Ng Kok Hong is interested and deemed to be interested in an aggregate of 605,855,014 Shares, representing approximately 31.1% of the issued share capital of the Company. The Purchaser and Mr. Ng Kok Hong are therefore connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitute connected transactions for the Company which are subject to reporting, announcement and approval by the Independent Shareholders at the EGM.

As the Disposal will not be extended to other existing Shareholders, the Disposal constitutes a special deal under Note 4 to Rule 25 of the Takeovers Code, and will be conditional upon obtaining the prior consent of the Executive under Rule 25 of the Takeovers Code. An application has been made to the Executive for consent under Rule 25 of the Takeovers Code for the Disposal. Such consent, if granted, will be subject to (i) the independent financial adviser to the Independent Shareholders publicly states that in his opinion the terms of the Disposal are fair and reasonable; and (ii) the Disposal is approved by the Independent Shareholders at the EGM by way of poll.

Shareholders including (i) the Purchaser, Mr. Ng Kok Hong and parties acting in concert with any of them; and (ii) any Shareholders who are involved in or interested in the Disposal (which forms part of the Proposed Restructuring), will be required to abstain from voting on the relevant resolutions to be proposed at the EGM.

CONTINUING SUSPENSION OF TRADING IN THE SHARES

Dealing in the shares of the Company on the Main Board of the Stock Exchange has been suspended since 27 November 2009 and will remain suspended until further notice.

Shareholders and potential investors should note that the resumption of trading in the Shares is subject to various conditions which may or may not be fulfilled. There is no guarantee that the resumption of trading in the Shares will take place. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Reference is made to the Company's announcement dated 22 August 2014 (the "Announcement") in relation to, among others, the Proposed Restructuring and the Company's announcement dated 12 September 2014 in relation to the delay in despatch of the Circular. Capitalised terms used herein shall bear the same meaning as defined in the Announcement unless otherwise stated.

UPDATE TO THE PROPOSED RESTRUCTURING

New listing application

The Company is pleased to announce that the Company made a new listing application relating to the Target Group to the Stock Exchange on 30 October 2014.

Subscription

Taking into consideration the Acquisition, the Company has entered into the a supplemental agreement with Jinwu, a supplemental deed with Time Boomer, a termination deed and the New FA Option Agreement with First Apex, on 27 October 2014, (to supplement or replace (as the case may be) the Original Subscription Agreement, the TB Option Agreement and the FA Option Agreement) so that:

- (a) Jinwu will subscribe for 954,694,714 New Shares at a subscription price of HK\$0.155 per New Share for a total subscription amount of approximately HK\$148.0 million;
- (b) Time Boomer shall be entitled to subscribe for 83,870,968 New Shares at a total exercise price of HK\$13 million, or HK\$0.155 per New Share; and
- (c) First Apex shall be entitled to subscribe for 129,032,258 New Shares at a total exercise price of HK\$20 million, or HK\$0.155 per New Share.

The Board considers that the terms of each of the Subscription Agreements are on normal commercial terms which are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

The Disposal

As set out in the Announcement, as part of the Proposed Restructuring, the Company will dispose of certain of its subsidiaries to some or all of the Existing Controlling Shareholders or their nominee(s). In this regard, the Company and Simply Divine Global Limited (the “Purchaser”) entered into a sale and purchase agreement on 27 October 2014 (the “Disposal Agreement”) and the terms are set out below.

THE DISPOSAL AGREEMENT

Date

27 October 2014

Parties

- (i) the Company, being the vendor; and
- (ii) the Purchaser, being the purchaser which is solely and beneficially owned by Mr. Ng Kok Hong.

Assets to be disposed of

The Purchaser has conditionally agreed to acquire and the Company has conditionally agreed to sell the entire issued share capital of Marzo Holdings Limited, Value Day Limited and MDL (the “Disposed Companies”), each being a wholly-owned subsidiary of the Company (the “Disposal”). The Disposed Companies, together with their subsidiaries, are the Retained Subsidiaries which will be disposed of under the Proposed Restructuring. Upon completion of the Disposal, the Company will no longer be interested in the Retained Subsidiaries.

The consideration

The Retained Subsidiaries will be transferred to the Purchaser at a nominal consideration of HK\$1.00, which was arrived at after arm’s length negotiations between the parties and was determined by reference to the estimated pro forma net tangible liabilities value of the Retained Subsidiaries (as a group) as of 30 June 2014, which amounts to approximately HK\$56.3 million, by reference to the management accounts of the Retained Subsidiaries.

The consideration shall be satisfied in cash upon completion of the Disposal.

Conditions precedent

Completion of the Disposal shall be subject to and conditional upon the fulfillments of, among others, the following conditions:

- (1) the passing by the Independent Shareholders at the EGM resolutions approving the transactions contemplated in the Disposal Agreement in accordance with all applicable requirements under the Listing Rules and the Takeovers Code;
- (2) consent from the Executive in relation to the transactions contemplated in the Disposal Agreement, which constitute a special deal in accordance with Rule 25 of the Takeovers Code, being obtained;
- (3) all necessary authorisations of all relevant governmental or regulatory authorities, agencies or bodies, or any other third party (including banks), required for the implementation of the transactions contemplated in the Disposal Agreement being obtained and maintained;
- (4) no matter, event, circumstance or change having occurred which has caused, causes or is likely to cause any material adverse effect on the ability of the Company to perform or observe any of its obligations, undertakings or covenants under the Disposal Agreement;
- (5) there being no applicable law which prohibits, restricts or imposes conditions or limitations on, or is reasonably expected to operate to prohibit, restrict or impose conditions or limitations on, the consummation of any of the transactions contemplated in the Disposal Agreement;
- (6) there being no bona fide or other proceedings in effect, pending or genuinely threatened as at completion of the Disposal before any court, tribunal or arbitrator of a competent jurisdiction or by any governmental authority which seeks to prohibit, restrict, impose condition or limitation on or otherwise challenge any of the transactions contemplated in the Disposal Agreement; and
- (7) the fulfilment of the conditions under the Acquisition Agreement other than the condition relating to the fulfilment or waiver of the conditions precedent under the Disposal Agreement.

Save and except for the conditions precedent set out in paragraph (1) and (2) above which cannot be waived in any circumstance, the Purchaser shall be entitled to waive any of the conditions precedent. In the event that the above conditions are not fulfilled on or before 30 April 2015 (or such earlier or later date as may be agreed by the Company and the Purchaser in writing), the Disposal Agreement shall lapse and the Company does not need to proceed with the Disposal.

Completion

Completion of the Disposal shall take place within five business days from the date on which all the conditions precedent as set out above are fulfilled (or such earlier or later date as may be agreed by the Vendor and the Purchaser in writing).

Financial effect of the Disposal

Upon completion of the Disposal, each of the Retained Subsidiaries will cease to be a subsidiary of the Company and their respective financial results will not be consolidated in the Group's financial statements.

The Disposal is expected to record an unaudited gain on deconsolidation of the Retained Subsidiaries of approximately HK\$54.8 million to the Company upon completion of the Disposal.

Reasons for the Disposal

The Group is principally engaged in the business of trading and distribution of mobile phones and related accessories. Following completion of the Acquisition and the Disposal respectively, the Group will retain the entire issued share capital of China General. As such, the Group's principal business will then be engaged in development and sales of residential properties.

The Disposal is part of the Proposed Restructuring. Following completion of the Proposed Restructuring, the Group will have a sufficient level of operation while the proceeds from the Open Offer will improve the financial and liquidity position of the Group based on the financial effect of the Proposed Restructuring.

The Board considers that the terms of the Disposal Agreement are on normal commercial terms which are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by Mr. Ng Kok Hong and principally engaged in investment holding. Mr. Ng Kok Hong is also the sole director of the Purchaser.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Company, through its subsidiaries, is principally engaged in the trading and distribution of mobile phones and related accessories. After Completion, the Company will be principally engaged in property development and management in the PRC.

INFORMATION OF THE RETAINED SUBSIDIARIES

The Disposed Companies were incorporated in the British Virgin Islands or Hong Kong respectively. The Retained Subsidiaries (as a group) are engaged in the business of trading and distribution of mobile phones and related accessories and their business have been gradually scaled down in the past two years.

As at 30 June 2014, the unaudited net asset/(liabilities) value of the Disposed Subsidiaries were as follows:-

	As at 30 June 2014 HK\$'000
Marzo Holdings	51
Value Day	(279)
MDL	(85,263)

Rule 14.58(7) of the Listing Rules require the disclosure by way of an announcement by the Company of the net profits (both before and after taxation) attributable to the assets that are the subject of the Disposal, i.e. the Retained Subsidiaries, for the two financial years immediately preceding the date of the Disposal Agreement (the “**Required Financial Information**”).

The Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.58(7) of the Listing Rules.

The Required Financial Information will be contained in the Circular.

DESPATCH OF CIRCULAR

As set out in the Announcement, the Circular in relation to the Proposed Restructuring, of which the Disposal forms part, is expected to be despatched on or before 31 December 2014.

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

Hong Kong, 31 October 2014

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.