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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) PROPOSED REVISION TO THE TERMS OF THE  
CAPITAL REORGANISATION;  
(2) FURTHER DETAILS ON STAND-BY FACILITY; AND  
(3) GRANT OF FA OPTION**

The Directors propose to revise the terms of the Capital Reorganisation.

On 3 February 2012, First Apex, a party nominated by the Investor to provide part of the Stand-by Facility, entered into the FA Loan Agreement with MDL, a subsidiary of the Company, pursuant to which (i) First Apex has agreed to grant a working capital facility of HK\$20 million to MDL secured by the Common Security Documents; and (ii) the Company has agreed to issue the FA Option to First Apex, subject to the terms and conditions of the FA Option Deed entered into between the Company and First Apex dated 3 February 2012.

Trading in the Shares has been suspended since 9:30 a.m. on 27 November 2009 and will remain suspended until further notice.

**The transactions contemplated under the Proposed Restructuring are subject to the fulfillment of a number of conditions precedent and therefore may or may not materialise. The release of this announcement does not necessarily indicate that the Proposed Restructuring will be completed or trading in the Shares will be resumed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

\* For identification purpose only

Reference is made to the Company's announcements dated 5 July 2010, 16 September 2010, 30 September 2010 and 14 July 2011 (the "Announcements") in relation to, inter alia, (i) the Capital Reorganisation; (ii) the Stand-by Facility; and (iii) the working capital facility of HK\$13 million provided by Time Boomer. Unless otherwise defined, capitalised terms used herein shall have the same meanings as in the Announcements.

## **PROPOSED REVISION TO THE TERMS OF THE CAPITAL REORGANISATION**

The Company's issued share capital comprises 1,945,996,565 ordinary shares of HK\$0.10 each as at the date of this announcement. The Directors propose to reorganise the share capital of the Company in the following manner:

- (1) the par value of each issued Share will be reduced from HK\$0.10 to HK\$0.0005 (instead of HK\$0.00025 as previously announced) and the credit in the amount of HK\$193.6 million arising from such reduction will be applied against the accumulated losses of the Company;
- (2) the entire amount standing to the credit of the share premium account will be cancelled and the credit arising from such cancellation will also be applied against the accumulated losses of the Company;
- (3) every 10 issued shares of HK\$0.0005 each will be consolidated into one Adjusted Share, as a result of which 1,945,996,565 issued shares of HK\$0.0005 each will be consolidated into 194,599,656 Adjusted Shares;
- (4) the unissued share capital in the authorised share capital will, after the capital reduction and the share consolidation, be cancelled and the authorised and issued share capital will be reduced to HK\$972,998.28; and
- (5) upon the capital reduction, the share consolidation and the unissued share capital cancellation becoming effective, the Company's authorised share capital will be increased from HK\$972,998.28 to HK\$500,000,000 divided into 100,000,000,000 Adjusted Shares.

The implementation of the Capital Reorganisation shall be subject to, among others, the following conditions:

- (1) the passing of a special resolution by the Shareholders at an extraordinary general meeting to approve the Capital Reorganisation;
- (2) the Grand Court granting an order confirming the capital reduction; and
- (3) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue upon the Capital Reorganisation becoming effective.

As a result of the proposed revision to the terms of the Capital Reorganisation, the shareholding structure of the Company upon completion of the Proposed Restructuring (including the shareholding interest in the Company by the Investor) may or may not be revised. Upon finalisation of the revised shareholding structure, further announcement in this respect will be made by the Company as and when appropriate in accordance with the Takeovers Code and the Listing Rules.

## FURTHER DETAILS OF THE STAND-BY FACILITY

Pursuant to the Exclusivity Agreement, the Investor has to make available to the Group working capital facility in the amount of not less than HK\$50 million. The Investor previously nominated Time Boomer to provide a working capital loan of HK\$13 million which was fully drawn down by MDL on 11 July 2011 as part of the Stand-by Facility.

As part of the Stand-by Facility, on 3 February 2012, First Apex and MDL entered into the FA Loan Agreement, pursuant to which (i) First Apex has agreed to make available a working capital loan of HK\$20 million to MDL secured by the Common Security Documents; and (ii) the Company has agreed to issue the FA Option to First Apex, subject to the terms and conditions of the FA Option Deed entered into between the Company and First Apex dated 3 February 2012.

As at the date of this announcement, the Investor has, so far, made available to the Group working capital loan of HK\$33 million in aggregate.

### FA Loan Agreement

Date : 3 February 2012

Parties : (i) First Apex; and  
(ii) MDL

The principal terms of the FA Loan Agreement are summarised below:

**Principal amount:** HK\$20,000,000. The FA Loan has been fully drawn down on 6 February 2012

**Lender:** First Apex, a party nominated by the Investor to provide part of the Stand-by Facility

**Borrower:** MDL

**Interest rate:** Interest-free

**Final repayment date:** 31 December 2012

**Securities:**

1. the FMG Share Charge over a total of 68.5% of the entire issued shares of the Company held by the Major Shareholders;
2. the Ng Personal Guarantee given by Mr. Ng Kok Hong;
3. the share charges over the entire issued share capital of MDL executed by (i) E-Tech; and (ii) the SPV which will replace the charge created under (i) above upon MDL becoming a wholly-owned subsidiary of the SPV pursuant to the Group Reorganisation; and

#### 4. the Fixed and Floating Charge.

The FMG Share Charge, the Ng Personal Guarantee, the MDL Share Charge and the Fixed and Floating Charge have been granted to Time Boomer to secure the Loan. Time Boomer and First Apex have agreed to share the benefits of the security interest created under the Common Security Documents. Time Boomer and First Apex will also share the benefits of the SPV Share Charge upon the execution of the same. Particulars of the FMG Share Charge, the Ng Personal Guarantee, the MDL Share Charge, the SPV Share Charge and the Fixed and Floating Charge were set out in the announcement of the Company dated 14 July 2011. The personal guarantee by Ms. Tan Sook Kiang in favour of Time Boomer is for the benefit of Time Boomer only and will not be shared by First Apex. The Deed of Amendment and the Deed of Variation were entered into to amend certain terms of the Loan Agreement and the Common Security Documents to incorporate the FA Loan Agreement and the FA Option Deed.

#### **Undertakings:**

MDL undertakes, amongst others, to procure the Company to grant the FA Option and to allot and issue the CPS to First Apex upon its exercise of the right under the FA Option Deed to subscribe for the CPS thereunder upon the terms thereof.

#### **GRANT OF FA OPTION**

In consideration of the FA Loan granted by First Apex, the Company undertakes to First Apex that it shall, subject to the terms of the FA Option Deed, issue the FA Option, free and clear of all and any encumbrances, to First Apex.

#### **FA Option Deed**

Date : 3 February 2012

Parties : (i) First Apex; and  
(ii) The Company

The principal terms of the FA Option Deed are summarised below:

#### **Grant and exercise of FA Option:**

The Company agreed to grant to First Apex an option to subscribe for such number of convertible preference shares of the Company at any time during the FA Option Period; and First Apex has the right to demand and require the Company to allot and issue the CPS to First Apex at the Exercise Price.

The FA Option shall only be exercisable in respect of all (but not part) of the CPS and at any time during the FA Option Period.

**FA Option Period:**

The FA Option Period shall commence from the fulfillment of all the conditions precedent (unless the same is waived by the Investor) under the Subscription Agreement.

**Exercise Price:**

HK\$20 million, representing the Exercise Price of HK\$0.175 per CPS, which represents:

- (1) a discount of approximately 89.6% to the adjusted closing price of HK\$1.68 per Adjusted Share, based on the closing price of HK\$0.168 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effects of the Capital Reorganisation;
- (2) a discount of approximately 89.4% to the adjusted average closing price of approximately HK\$1.65 per Adjusted Share, based on the average closing price of approximately HK\$0.165 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effects of the Capital Reorganisation; and
- (3) a discount of approximately 89.4% to the adjusted average closing price of approximately HK\$1.65 per Adjusted Share, based on the average closing price of approximately HK\$0.165 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day and adjusted for the effects of the Capital Reorganisation.

**Conditions Precedent:**

The FA Option Completion is conditional on:

- (a) the shareholders of the Company passing at an extraordinary general meeting of the Company ordinary resolutions for approving the FA Option, the allotment and issue of the CPS and the allotment and issue of the CPS Shares upon conversion of the CPS to First Apex or its nominee;
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in the CPS Shares;

- (c) the Company delivering to First Apex written approval of the Investor for the Company to enter into the FA Option Deed and to grant the FA Option to First Apex upon the terms of the FA Option Deed and such approval has not been withdrawn and is in full force and effect; and
- (d) the fulfillment of all the conditions precedent (unless the same is waived by the Investor) under the Subscription Agreement.

**Long stop date:**

The Company shall use its best endeavours to ensure that the FA Option Conditions above are fulfilled prior to 31 December 2012. In the event that any of the FA Option Conditions are not fulfilled on or before 31 December 2012 or such later date as may be agreed between First Apex and the Company, the FA Option Deed shall be terminated.

**Settlement of Exercise Price:**

The Exercise Price for the CPS shall be paid and settled at the FA Option Completion. First Apex shall have the discretion to satisfy the Exercise Price (or any part thereof) for the CPS in the following manner:

- (a) to pay the same (or any part thereof) by way of cash; and/or
- (b) to satisfy, discharge and set-off the same (or any part thereof) by way of assigning to the Company all of the outstanding FA Loan, interest and other sums payable by MDL to First Apex under the FA Loan Agreement.

**Completion:**

Upon the FA Option Completion and the issue of the Assignment Notice:

- (a) First Apex shall be and be deemed to have assigned and transferred to the Company the Assigned Loan and all rights and obligations of First Apex under the FA Loan Agreement, on the condition that First Apex shall not be entitled to issue the Assignment Notice for any amount less than all of the outstanding FA Loan, interest and other sums payable by MDL under the FA Loan Agreement;
- (b) the Exercise Price payable by First Apex for the CPS shall be satisfied, discharged and set off against an amount equivalent to the Assigned Loan, and First Apex is only liable to pay the remaining amount of the Exercise Price, if any, to the Company;

- (c) the Exceeding Loan (if any) shall be paid by the Company to First Apex at the FA Option Completion; and
- (d) MDL shall become liable to repay the Assigned Loan to the Company in accordance with the terms of the FA Loan Agreement, and MDL's liability to repay the Assigned Loan to First Apex shall be discharged absolutely.

**Transferability:**

First Apex may assign or transfer its rights over the FA Option with the consent of the Investor (at the Investor's sole discretion).

*Principal terms of the CPS*

Issuer:	The Company
Aggregate amount:	HK\$20,000,000
Number of convertible: preference share	114,285,714
Par value:	HK\$0.005 per CPS
Issue price:	HK\$0.175 per CPS
Interest:	0%
Conversion mechanism:	One CPS convertible into one CPS Share
Conversion period:	No expiration date
Conversion rights:	At the option of the holder of the CPS only. Upon conversion, the CPS Shares will rank pari passu as the Adjusted Shares on the conversion date
Conversion restrictions:	No conversion is allowed, if as a result of the conversion, the Company cannot maintain the public float requirement under the Listing Rules
Ranking and listing:	The CPS, when allotted and issued, shall rank pari passu in all respects to any and all current and future preferred securities of the Company. The CPS will not be listed on the Stock Exchange or any other stock exchanges

Redemption rights:	Without prejudice to the general power of the Company to purchase its own shares, the CPS is redeemable at the sole discretion of the Company
Voting rights:	The holder of the CPS shall not be entitled to any voting rights at the shareholders' meetings of the Company
Transferability:	Freely transferable, subject to compliance with the Listing Rules

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the CPS Shares to be issued upon conversion of the CPS.

### **INFORMATION ON FIRST APEX**

The entire issued share capital of First Apex 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.

First Apex and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

First Apex and Mr. Ben Sharma do not have any shareholding interest in the Company.

### **REASON FOR THE PROPOSED REVISION TO THE TERMS OF THE CAPITAL REORGANISATION, ENTERING INTO THE FA LOAN AGREEMENT AND THE FA OPTION DEED AND USE OF PROCEEDS**

The Directors propose to revise the terms of the Capital Reorganisation to facilitate the proposed restructuring of the Group.

The FA Loan in the amount of HK\$20 million will be used as working capital to further develop the Group's products in Indonesia following the launch of advertising and marketing campaigns by the Group in 2011.

The Directors are of the view that the terms of the FA Loan Agreement and the FA Option Deed, which were arrived at after arm's length negotiations between the Group and First Apex, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **GENERAL**

Trading in the Shares has been suspended since 9:30 a.m. on 27 November 2009 and will remain suspended until further notice.

**The transactions contemplated under Proposed Restructuring are subject to the fulfillment of a number of conditions precedent and therefore may or may not materialise. The release of this announcement does not necessarily indicate that the**



**Proposed Restructuring will be completed or trading in the Shares will be resumed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITION**

In this announcement, the following expressions shall have the following meanings as set out below unless the context requires otherwise:

“Adjusted Share(s)”	the ordinary share(s) of the HK\$0.005 each in the capital of the Company upon the Capital Reorganisation becoming effective
“Assigned Loan”	all of the outstanding FA Loan, interest and other sums payable by MDL under the FA Loan Agreement as specified in the Assignment Notice
“Assignment Notice”	the written notice to be given by First Apex to the Company and MDL assigning to the Company all of the outstanding FA Loan, interest and other sums payable by MDL to First Apex under the FA Loan Agreement
“Common Security Documents”	the FMG Share Charge, the Ng Personal Guarantee, the MDL Share Charge, the SPV Share Charge and the Fixed and Floating Charge
“CPS”	114,285,714 convertible preference shares of HK\$0.005 each in the capital of the Company
“CPS Shares”	114,285,714 Adjusted Shares upon the Capital Reorganisation becoming effective to be issued upon the exercise of the conversion rights attached to the CPS in full
“Deed of Amendment”	a deed of amendment of fixed and floating charge dated 3 February 2012 entered between MDL and Time Boomer to amend certain terms of the Fixed and Floating Charge to incorporate the FA Loan Agreement and the FA Option Deed
“Deed of Variation”	a deed of variation and confirmation dated 3 February 2012 entered into among Time Boomer, MDL, the Major Shareholders, E-Tech and the SPV to amend certain terms of the Loan Agreement and the Common Security Documents to incorporate the FA Loan Agreement and the FA Option Deed
“E-Tech”	E-Tech Resources Limited, a wholly owned subsidiary of the Company and the existing sole shareholder of MDL

“Exceeding Loan”	the amount the Assigned Loan exceeds the Exercise Price payable by First Apex for the CPS
“Exercise Price”	HK\$20 million, the exercise price for the CPS upon exercise of the FA Option, representing HK\$0.175 per CPS
“FA Loan”	the sum of HK\$20 million agreed to be advanced by First Apex to MDL pursuant to the FA Loan Agreement
“FA Option”	the option granted under the FA Option Deed in respect of the CPS at the Exercise Price and exercisable in accordance with the terms of the FA Option Deed
“FA Option Completion”	the completion of the exercise of the FA Option and the allotment and issuance of the CPS to First Apex in accordance with the terms under the FA Option Deed
“FA Option Conditions”	the conditions precedent to the FA Option Completion
“FA Option Deed”	the option deed dated 3 February 2012 entered into between the Company and First Apex pursuant to which the Company grants to First Apex the FA Option subject to the terms therein
“FA Option Period”	the period commencing from the fulfilment of all the conditions precedent (unless the same is waived by the Investor) under the Subscription Agreement
“First Apex”	First Apex Investments Limited, a limited liability company incorporated in Hong Kong and wholly beneficially owned by Mr. Ben Sharma
“Fixed and Floating Charge”	the fixed and floating charge dated 7 July 2011 between MDL and Time Boomer over certain assets of MDL (as amended by the Deed of Amendment)
“FMG Share Charge”	the share charge dated 7 July 2011 by the Major Shareholders in favour of Time Boomer relating to the charge over a total of 68.5% of the entire issued shares of the Company held by the Major Shareholders (as amended by the Deed of Variation)
“Lenders”	Time Boomer and First Apex
“Loan Agreement”	the loan agreement dated 7 July 2011 entered into between Time Boomer and MDL for a working capital loan of HK\$13 million (as amended by the Deed of Variation)
“MDL”	Mobile Distribution Limited, a company incorporated in Hong Kong which is 100% owned by E-Tech

“MDL Share Charge”	the share charge dated 7 July 2011 by E-Tech and the SPV in favour of Time Boomer relating to the charge over the entire issued share capital of MDL (as amended by the Deed of Variation)
“Ng Personal Guarantee”	the personal guarantee dated 7 July 2011 given by Mr. Ng Kok Hong to Time Boomer (as amended by the Deed of Variation)
“SPV”	Marzo Holdings Limited, the future immediate holding company of MDL (upon the Group Reorganisation taking effect)
“SPV Share Charge”	the share charge by the SPV in favour of Time Boomer relating to the charge over the entire issued share capital of MDL (as amended by the Deed of Variation)
“Stand-by Facility”	the stand-by working capital facility for an amount of not less than HK\$50 million to be provided by the Investor, pursuant to the Exclusivity Agreement
“Time Boomer”	Time Boomer Limited, a company incorporated in the British Virgin Islands and wholly beneficially owned by Mr. Tai Kai Hing

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

Hong Kong, 14 February 2012

*As at the date of this announcement, the Board comprises 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 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.*