
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any aspect of this circular, or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares of Fortune Telecom Holdings Limited, you should at once hand this circular to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

The circular, for which the directors of Fortune Telecom Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Fortune Telecom Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



FORTUNE TELECOM HOLDINGS LIMITED

長遠電信網絡集團有限公司*

(Incorporated in Bermuda with limited liability)

PROPOSED GENERAL MANDATE FOR PURCHASE OF OWN SHARES

This circular is despatched together with the Annual Report which comprises of the directors' report, the auditors' report by Messrs. Deloitte Touche Tohmatsu and the financial statements of the Fortune Telecom Holdings Ltd. ("the Company") for the year ended 31st March, 2001.

A notice convening the annual general meeting of the Company to be held at Room 1502-7, 15th Floor, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong on Monday, 27th August, 2001 at 10:00 a.m. is set out in the Annual Report. Whether or not you are able to attend such meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the principal office of the Company at Room 1502-7, 15th Floor, Tower A, Regent Centre, 63 Wo Hi Hop Road, Kwai Chun, N.T., Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting (as the case may be) should you so wish.

30th June, 2001

* For identification only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sector or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.



FORTUNE TELECOM HOLDINGS LIMITED

長遠電信網絡集團有限公司*

(Incorporated in Bermuda with limited liability)

Executive Directors:

Lau Siu Ying, Steve (*Chairman*)

Lau Kin Ying, Ricky

Tso Ming Sing

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-Executive Directors:

Chang Wing Seng

Liu Kwok Fai, Alvan

Head office and

principal place of business:

Room 1502-7, 15th Floor

Tower A, Regent Centre

63 Wo Yi Hop Road

Kwai Chung

New Territories

Hong Kong

Non-Executive Directors:

Fung Oi Ip, Alfonso

Hui Wan Sang, Richard

Lo Wing Yat, Kelvin

30th June, 2001

To the Shareholders,

Dear Shareholders

PROPOSED GENERAL MANDATE FOR PURCHASE OF OWN SHARES

INTRODUCTION

This circular serves as the explanatory statement required by the Rules Governing the Listing of Securities (the “GEM Listing Rules”) on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) concerning the regulation of purchases by companies of their own securities on the GEM of the Stock Exchange to provide Shareholders with all the information reasonably necessary for them to make an informed decision in relation to the proposal.

GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company to be held at Room 1502-7, 15th Floor, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong on Monday, 27th August, 2001 at 10:00 a.m. (the “AGM”), an ordinary resolution will be proposed to renew the granting to the Directors of a general mandate in the terms set out in the notice of the AGM allowing the Company to

* *For identification only*

repurchase its own shares up to a limit of 10 per cent in aggregate of the Company's issued share capital at the date of passing the resolution during the period ending on the earliest of the date of the next Annual General Meeting, the date by which the next Annual General Meeting of the Company is required to be held by law and the date upon which such authority is revoked or varied (the "Buyback Mandate"). This will allow the Company to repurchase its own shares, inter alia, on-market in accordance with the GEM Listing Rules.

EXPLANATORY STATEMENT

This explanatory statement contain all the information required pursuant to Rule 13.08 of the GEM Listing Rules, which set out as follows:

SHARE CAPITAL

As at 29th June, 2001, the issued share capital of the Company comprised 300,000,000 ordinary shares of HK\$0.10 each.

Exercise in full of the Buyback Mandate, on the basis that no further shares are issued or repurchased prior to 27th August, 2001, being the date of the AGM, could accordingly result in up to a maximum of 30,000,000 shares being repurchased by the Company during the course of the period from 27th August, 2001 to the earliest of (i) the date of the Annual General Meeting for the year ended 31st March, 2002, (ii) the date by which the next Annual General Meeting of the Company is required to be held by law and (iii) the date upon which such authority is revoked or varied.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to seek a general authority from Shareholders to enable the Directors to purchase shares of the Company in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per share and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

FUNDING OF REPURCHASES

Pursuant to the Buyback Mandate, repurchases would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available for the purpose in accordance with all applicable laws of Bermuda and the Company's Memorandum of Association and Bye-laws.

On the basis of the consolidated financial position of the Company as at 31st March, 2001 (being the date to which the latest published financial statements of the Company have been made up), the Directors consider that the exercise in full of the Buyback Mandate to repurchase shares might have a material adverse impact on the working capital position of the Company as compared with its position as at 31st March, 2001. No purchase would be made in circumstances that might have a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the latest published audited financial statements) unless the Directors considered that such purchases were in the best interests of the Company notwithstanding such material adverse impact.

SHARE PRICES AND REPURCHASED SHARES

Dealings in the shares on the GEM of the Stock Exchange commenced on 16th February, 2000. The highest and lowest prices at which the shares have traded on the GEM of the Stock Exchange in each of the previous twelve months are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
July 2000	1.700	0.860
August 2000	2.075	1.240
September 2000	1.340	0.850
October 2000	0.910	0.650
November 2000	1.070	0.700
December 2000	0.740	0.610
January 2001	0.720	0.620
February 2001	0.770	0.500
March 2001	0.600	0.300
April 2001	0.650	0.360
May 2001	0.800	0.510
June 2001	0.820	0.500

The Company has not made any purchase of shares (whether on the GEM of the Stock Exchange or otherwise) in the six months preceding the date of this circular.

HONG KONG CODE ON TAKEOVERS AND MERGERS

If as a result of a share repurchase, a shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Code") and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a general offer for shares under Rule 26 and 32 of the Code.

As at 29th June, 2001, being the latest practicable date prior to the printing of this circular, Fortune 2000 Limited ("Fortune 2000") was interested in 211,500,013 shares, representing 70.5 per cent of the issued share capital of the Company. In the event that the Directors exercised in full the power to repurchase shares which is proposed to be granted pursuant to the Buyback Mandate, the shareholding of Fortune 2000 in the Company would be increased to 78.3 per cent of the issued share capital of the Company. Such increase would not give rise to an obligation to make a mandating offer under Rule 26 and 32 of the Code.

Fortune 2000 has notified the Company that if the Buyback Mandate is approved and exercised, it has no present intention to sell shares to the Company.

CONNECTED PERSONS

No persons who are connected persons (as defined in the GEM Listing Rules 20.10) of the Company have notified the Company that they have a present intention to sell shares to the Company nor have they undertaken not to do so, if the Buyback Mandate is approved and exercised.

DIRECTORS

None of the Directors nor, to the best of their knowledge and having made all reasonable enquiries, their associates have any present intention if the Buyback Mandate is approved and exercised to sell any shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that they will exercise the Buyback Mandate in accordance with the GEM Listing Rules and the applicable laws of Bermuda, the jurisdiction in which the Company is incorporated, and in accordance with the regulations set out in the Memorandum of Association and Bye-laws of the Company.

ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting to be held at Room 1502-7, 15th Floor, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong on Monday, 27th August, 2001 at 10:00 a.m. is set out in the Annual Report.

A form of proxy for the Annual General Meeting is enclosed with this circular. Whether or not you intend to be present the Annual General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the principal office of the Company at Room 1502-7, 15th Floor, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the Annual General Meeting. The completion of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person if you so wish.

RECOMMENDATION

The notice containing resolution regarding the proposal to be passed at the AGM is contained in the Company's Annual Report for the year ended 31st March, 2001 which is being despatched to shareholders together with this circular.

The Director, recommend the proposal to all Shareholders for their favourable consideration and urge them to vote in favour of the resolution to be proposed at the AGM as they intend to do themselves in respect of their own holdings.

Yours faithfully
Lau Siu Ying, Steve
Chairman



FORTUNE TELECOM HOLDINGS LIMITED

長遠電信網絡集團有限公司*

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FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD ON 27TH AUGUST, 2001 AT 10:00 A.M. AT ROOM 1502-7, 15TH FLOOR, TOWER A, REGENT CENTRE, 63 WO YI HOP ROAD, KWAI CHUNG, N.T., HONG KONG

I/We^(Note 1) _____
of _____
being the registered holder(s) of _____ share(s)^(Note 2) of
HK\$0.10 each in the capital of the above-named Company, HEREBY APPOINT THE CHAIRMAN OF THE
MEETING or ^(Note 3) _____
of _____

as my /our^{*} proxy to vote and act for me/us^{*} at the Annual General Meeting (and at any adjournment thereof) of the said Company to be held on 27th August, 2001 at 10:00 a.m. at Room 1502-7, 15/F, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, N.T., Hong Kong for purpose of considering and, if thought fit, passing the following resolution set out in the Notice convening the said Meeting.

Please indicate with a (✓) in the spaces provided how you wish your vote(s) to be cast. Should this form be returned duly signed but without a specific direction, the proxy will vote or abstain at his discretion.

	Ordinary Resolution	FOR ^(Note 4)	AGAINST ^(Note 4)
1.	To receive and consider the audited consolidated financial statement and reports of the directors and auditors for the year ended 31st March, 2001.		
2.	To declare a final dividend.		
3.	To re-elect the following persons as directors of the Company:		
	(i) Mr. Tso Ming Sing.		
	(ii) Mr. Liu Kwok Fai, Alvan.		
	(iii) Mr. Hui Wan Sang, Richard.		
4.	To fix the directors' remuneration.		
5.	To re-appoint Messrs. Deloitte Touche Tohmatsu as auditors and to authorise the directors to fix their remuneration.		
6.	Special business – to approve a general mandate to authorise the directors to allot additional shares in the Company.		
7.	Special business – to approve a general mandate to authorise the directors to repurchase shares in the Company.		
8.	Special business – to authorise the directors to exercise the powers of the Company referred in paragraph (a) of the resolution set out as resolution 6 in the notice of this meeting.		

*Delete when appropriate

Dated this _____ day of _____ 2001 Signed _____

Notes :

- Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
- Please insert the number of shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the Company registered in your name(s).
- If any proxy other than the Chairman is preferred, strike out THE CHAIRMAN OF THE MEETING or here inserted and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALLED BY THE PERSON WHO SIGNS IT.**
- IMPORTANT: IF YOU WISH TO VOTE FOR THE RESOLUTION, TICK THE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST THE RESOLUTION, TICK THE BOX MARKED "AGAINST".** Failure to complete the boxes will entitle your proxy to cast his vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than that referred to in the Notice convening the Meeting.
- This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney duly authorised.
- In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s), and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.
- To be valid, this form of proxy, together with the power of attorney (if any) or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the principal office of the Company at Room 1502-7, 15th Floor, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, N.T., Hong Kong not less than 48 hours before the time for the holding of Meeting.
- The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
- Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

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