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This announcement, for which the directors (the "Directors") of Fortune Telecom Holdings Limited (the "Company") 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 (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement 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)

2001 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2001

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK 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.

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** For identification purpose only*

HIGHLIGHTS

- Turnover of the Group for the six months ended 30th September, 2001 was approximately HK$1,617 million, representing an increase of approximately 157% as compared with the corresponding period in 2000.
- Unaudited profit from operations of the Group for the six months ended 30th September, 2001 was approximately HK$32 million, representing an increase of approximately 268% as compared with the corresponding period in 2000.
- An unrealised holding loss on other investment of approximately HK$4.7 million was recorded.
- The earnings per share was 6.7 cents for the six months ended 30th September, 2001.
- The Board does not propose to declare any interim dividend for the six months ended 30th September, 2001.

RESULTS

The board (the "Board") of Directors is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the "Group") for the three months and six months ended 30th September, 2001, together with the unaudited comparative figures for the corresponding periods in 2000 as follows:

		Three months ended 30th September,		Six months ended 30th September,	
		2001	**2000**	**2001**	**2000**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	2	943,503	264,665	1,616,848	630,060
Cost of sales		(918,665)	(257,120)	(1,571,639)	(612,925)
Gross profit		24,838	7,545	45,209	17,135
Other revenue		2,063	1,778	4,584	3,900
Distribution costs		(4,836)	(615)	(7,730)	(2,984)
Administrative expenses		(6,884)	(5,929)	(10,108)	(9,374)
Profit from operations		15,181	2,779	31,955	8,677
Finance costs		(4,096)	(3,208)	(8,400)	(4,886)
Unrealised gain on investment securities	3	–	–	–	39,418
Unrealised holding loss on other investments	3	(8,947)	(16,480)	(4,751)	(16,480)
Share of results of associates		(42)	(30)	(101)	(48)
Profit (loss) before taxation		2,096	(16,939)	18,703	26,681
Taxation	4	3,632	(392)	2,132	(1,388)
Profit (loss) before minority interests		5,728	(17,331)	20,835	25,293
Minority interests		(663)	–	(663)	–
Net profit (loss) for the period		5,065	(17,331)	20,172	25,293
Earnings (Loss) per share – Basic	5	1.7 cents	(5.8 cents)	6.7 cents	8.4 cents

Notes:

1. **Basis of presentation**

The Company was incorporated in Bermuda as an exempted company with limited liability on 22nd October, 1999.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the six months ended 30th September, 2001.

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

2. **Turnover**

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers during the period.

3. **Unrealised gain on investment securities and holding loss on other investments**

The amount represents the surplus (deficit) arising on the revaluation of the Group's investment in PacificNet.com LLC ("PacificNet.com").

Since the Group relied heavily on PacificNet.com's expertise in the early development of e-business solutions, the investment in PacificNet.com was considered strategic oriented. Accordingly the investment was classified as investment securities and was carried at cost in the Group's balance sheet as at 31st March, 2000. Following the increase in maturity of the Group's e-business and the establishment of an in-house expert team, the Group had substantially reduced its reliance on PacificNet.com for e-business solutions. On the other hand, the Group became increasingly concerned about the future returns from the investment in PacificNet.com. As a result of the Group's change of intention to hold the investment for long term capital return, the investment in PacificNet.com was transferred to other investments and carried at fair value as from May 2000 onward. Due to such transfer, an unrealised gain on investment securities was recorded. The fair value of PacificNet.com as at 30th September, 2001 was determined with reference to the closing price of PacificNet.com on Nasdaq National Market in the United States on 28th September, 2001.

Pursuant to the benchmark treatment under the HKSSAP 24, the change in valuation of other investments should be included in the net profit or loss for the relevant period. Accordingly, the deficit arising on the revaluation of the investment in PacificNet.com was recorded as a holding loss on other investments in the Group's income statement for the six months ended 30th September, 2001.

4. Taxation

	Three months ended 30th September,		Six months ended 30th September,	
	2001	**2000**	**2001**	**2000**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The credit (charge) comprises:				
Hong Kong Profits Tax calculated at 16 % of the estimated assessable profit	–	(174)	–	(479)
Mainland China ("PRC") income tax				
Current period	(221)	(218)	(1,721)	(909)
Overprovision in prior year	4,200	–	4,200	–
Share of taxation of associates				
Hong Kong	(347)	–	(347)	–
	3,632	(392)	2,132	(1,388)

PRC income tax represents taxation charges on the assessable profits of the Company's wholly owned subsidiary, Fortune (Shanghai) International Trading Co., Ltd. ("Fortune Shanghai"), at a rate of 15% for the six months ended 30th September, 2001 (2000: 15%). Pursuant to the Income Tax Law of the PRC, Fortune Shanghai is subject to PRC income tax at a rate of 33%. However, Fortune Shanghai is entitled to a preferential PRC income tax rate of 15% which is granted to companies established in Shanghai Waigaoqiao Free Trade Zone. In addition, according to a preferential tax arrangement granted by the Tax Bureau and Finance Bureau of Shanghai Pudong New District, Fortune Shanghai is further entitled to refunds of 100% of PRC income tax for the tax year ended 31st December, 1999 and 50% of PRC income tax for the tax year ended 31st December, 2000 provided that the export sales of Fortune Shanghai accounts for not less than 15% of its total sales. The amount of tax credit received during the period was approximately HK$2,308,000 and has been used to offset against current period tax charge.

5. Earnings per share

The calculation of the basic earnings (loss) per share is based on the following data :

	Three months ended 30th September,		Six months ended 30th September,	
	2001	**2000**	**2001**	**2000**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Earnings (Loss)				
Net profit (loss) for the period and profit (loss) for the purposes of basic earnings (loss) per share	5,065	(17,331)	20,172	25,293
	Number of shares		**Number of shares**	
Weighted average number of shares for the purpose of basic earnings (loss) per share	301,400,000	300,000,000	300,700,000	300,000,000

6. **Transfer to Reserves**

During the period, 2,100,000 shares was issued on 30th July, 2001 as part of the consideration for acquisition of 51% shareholdings in Synergy Pacific (Holding) Limited and an amount of HK$3,990,000 (2000: Nil) was transferred to share premium account.

INTERIM DIVIDEND

The Board does not propose to declare any interim dividend for the six months ended 30th September, 2001 (2000 : Nil).

REVIEW AND OUTLOOK

Financial Review

The turnover of the Group increased significantly to approximately HK$1,617 million for the six months ended 30th September, 2001, representing an increase of approximately 157 per cent. as compared with the corresponding period in 2000. The Group's operating profit for the six months ended 30th September, 2001 increased by 268 per cent. to approximately HK$32 million. The Group also recorded an unrealised holding loss of approximately HK$4.7 million for the six months ended 30th September, 2001.

These encouraging results for the six months ended 30th September, 2001 were largely attributable to continuous increases in sales of the Nokia 8250 mobile phone sets. On this basis, the Directors are optimistic on the Group's overall results for the year ending 31st March, 2002. The satisfactory increase in the Group's turnover was also attributable to the Group's comprehensive distribution infrastructure in the PRC and its dedicated and successful marketing strategy. As one of the main distributors for Nokia's mobile phone sets in the PRC, the Group is well positioned to capture the distribution rights of forthcoming new Nokia mobile phone models when these models are launched in the PRC market. During the six months ended 30th September, 2001, the Group successfully established new relationships with financial institutions in Hong Kong and the PRC to cater for its increasing need for working capital, as a result of the anticipated increase in the Group's sales volumes. At the same time, the Group is enforcing a strict policy on accounts receivable and inventory levels to maintain the outstanding period for these items to one calendar month. As at 30th September, 2001, the Group's bank borrowings amounted to approximately HK$119 million and bank deposits amounted to approximately HK$145 million.

During the six months ended 30th September, 2001, the Group received in aggregate a tax refund of approximately HK$2,308,000 in the form of tax credits and government subsidies in respect of the preferential tax arrangement granted by the Tax Bureau and Finance Bureau of Shanghai Pudong New District.

However, the Group's results were adversely affected by the unrealised holding loss of approximately HK$4.7 million as a result of the decrease in the share price of PacificNet.com, which is a major investment of the Group. The shares of PacificNet.com are listed on the Nasdaq National Market in the United States.

The Board believes that the Group will continue to have sufficient financial resources and funding for its operational requirements. The Board is also confident that it has the necessary management calibre and that appropriate corporate and marketing strategies are in place to add value for shareholders.

Operational Review

Market Overview

Global Mobile Phone Market

According to current industrial figures, Nokia's global market share stands at approximately 35 per cent., which is substantially higher than other brands. During the six months ended 30th September, 2001, the worldwide telecommunications industry, together with related industries, faced a number of challenges and difficulties. With the exception of Nokia, most of the mobile phone suppliers did not perform very well during the period. Following the attack to the World Trade Centre in the United States on 11th September, 2001, the situation has deteriorated and the US economy is generally expected to experience a downturn. These factors have adversely affected the expected recovery of the global telecommunications industry.

Notwithstanding the disappointing third quarter results as announced recently by major mobile phone suppliers, two mobile phone suppliers, Nokia and Motorola, anticipate that the demand for mobile phone sets will rebound in the fourth quarter of 2001. In particular, Nokia is optimistic that the growth rate for the sale of mobile phone sets will reach approximately 30 per cent. Samsung, one of the major suppliers in the global mobile phone market, also predicts that total production and delivery of mobile phone sets will reach approximately 410 million sets for 2001.

In October 2001, for the first time in the world's history, Japan's NTT DoCoMo formally launched a third generation ("3G") mobile phone service. The network uses W-CDMA communication standards enabling the data transmission speeds in excess of 384Kb per second, approximately 40 times faster than existing speed. This high-speed data transmission rate allows 3G mobile phones to provide both television transmission facilities and to be used for Internet browsing. Specialists in Japan expect 3G mobile phone users to grow to approximately 150,000 by March 2002.

The PRC Mobile Phone Market

During the six months ended 30th September, 2001, the growth trend in the PRC's mobile phone market continued. As at that date, the number of mobile phone users of in the PRC had reached approximately 131 million. Reports also stated that the PRC had bypassed the United States and has become the world's largest mobile phone market. Telecommunications professionals in the PRC expect the annual growth rate of mobile phone users in the PRC in 2001 and 2002 to remain approximately 50 million subscribers.

In the PRC market, Nokia and Motorola remain the two major suppliers, with an aggregate market share of approximately 70 per cent in approximately equal shares. According to the latest market research, Chinese mobile phone users look for fashionable and special features when choosing mobile phone sets rather than focusing on their basic communication functions.

The Directors believe that this has emerged as an important market trend. Both local and foreign mobile phone suppliers are therefore trying to create a breakthrough in the product design of mobile phone sets. Nokia's model 8250 and Siemens' model 1128 have both achieved a remarkable success, formulating their operating strategies in line with the local market conditions. Recently, Alcatel launched its new OT511 model with new features, such as digital ring-tones, targeting this fashion segment.

As the same time, domestic suppliers are launching new models with aggressive sales and marketing campaigns. For example, a local PRC brand, Capitel, has introduced its latest model C6088 (weighting only 66 grams) with the claim that it is the lightest mobile phone set in the market. Bodao, Haier, Kejian and TCL are the current major local brands in the PRC. The market share for local brands is expected to increase to approximately 10 per cent at the end of 2001.

Consumer protection has been enhanced in the PRC with the enforcement of the "Three Guarantees *(SanBao)*" regulations: goods sold are returnable within 7 days, exchangeable within 15 days, and subject to product warranty for one year after sales. The Group and other mobile phone distributors in general welcome these protection measures for consumers. It will improve the market efficiency, stimulate the consumer confidence and improve the product quality.

China Mobile and GPRS Development

China Mobile has drawn the world's attention to its significant investment in developing the GPRS network, which is expected to complete its testing towards the end of 2001. China Mobile's GPRS commercial network is expected to cover approximately 240 cities in the PRC. The development strategy of this GPRS network is, firstly, to construct a practical business model by consolidating the experience gathered from the experience of Short Message Services and the Monternet business operated by China Mobile. Secondly, it aims to gain the participation and support of Internet content providers and Internet service providers. China Mobile has so far successfully obtained the cooperation of over 300 major content and application providers. Finally, China Mobile is determined to resolve all technical difficulties in network construction and other transmission issues.

China Unicom and CDMA Development

China Unicom will shortly launch its CDMA network in the PRC. Its ambition is to establish a target customer group of approximately 15 million covering approximately 200 cities in the PRC. According to the latest announcements, out of 19 enterprises with approval to produce CDMA mobile phone sets, Motorola is the only foreign company. During the transition from 2G to 3G, most mobile network operators are expected to focus their efforts on CDMA. Compared to the traditional GSM network, CDMA technology is expected to provide higher transmission quality as well as "faster, cheaper and easier" operation. Thus, CDMA network is expected to become one of the major mobile phone network systems in the PRC, initially supporting approximately 15 million subscribers. With a target of approximately 50 million subscribers, the PRC market potential for the CDMA business is estimated to be approximately RMB 60 billion.

Business Review

Mobile Phone Distribution

As one of the major distributions of popular mobile phone sets in the PRC market, mobile phone distribution continued to be the Group's major core business for the six months ended 30th September, 2001, accounting for approximately 90 per cent. of the Group's turnover during the period. Weekly sales for Nokia's model 8250 continued to grow, reaching a record 80,000 sets in the last week of September 2001 immediately before the National Day holidays in the PRC. According to the latest market research, Nokia 8250 mobile phone is one of the five best-selling mobile phone models in the PRC. In certain cities in the PRC, such as Guangzhou and Zhongshan, Nokia 8250 mobile phone is one of the top three best-selling models. It has always been the Group's strategy to invest in building an effective and extensive distribution infrastructure throughout the PRC. The Group currently has approximately 20 distribution centres covering almost all the major PRC cities, and even the distant cities such as Lhasa. This has proven to be a highly effective distribution channel supporting large sales volumes. The Group has also been widely recognised among mobile phone suppliers, such as Nokia, as one of the limited number of distributors that can successful handle high volume of sales targets and logistic arrangements. This success was also due to the Group's expertise, continuous implementation of direct selling strategies, and well-established business relationships in the PRC mobile phone market.

Mobile Phone Retail Network in the PRC

Consistent with the Group's strategy to expand its distribution network, a milestone was reached in the six months ended 30th September, 2001 in the Eastern and Western regions of the PRC. Following the grand opening of Shanghai's Nokia Professional Centre ("NPC"), Shanghai (Chuang Yi) NPC, the Group joined hands with Nokia to establish the first mobile phone specialist store in Tibet – the Lhasa NPC. The grand opening of the Lhasa NPC marked the Group's first major step in exploring the mobile phone consumer market in the Western region of the PRC.

The Group however has not lost sight of mobile phone markets in provinces such as Harbin, Henan, Hebei and Shandong. The Group has established sales units in these provinces as these markets have a higher growth rate in the sale of Nokia's mobile phone sets compared to other cities. During the two months of August and September 2001, the Group launched a number of exciting promotional campaigns in approximately twenty major cities in the PRC. These campaigns included a bundle of fashionable mobile phone set covers, handsfree device together with free gifts of perfume. The campaign has proven to be a great success and the monthly sale of the Nokia 8250 model boosted to approximately 160,000 sets during the period.

Promotional Marketing

In the three months ended 30th September, 2001, the Group organised a number of seminars for dealers in various PRC cities, such as Shenzhen, Beijing, Changsha and Jinan. There were approximately 1,500 participants, including local operators, dealers, media, etc. The Directors consider these seminars to be important marketing tools for the Group as these seminars enhance consumer awareness of the products distributed by the Group, also further strengthen the business relationships between the Group and its business partners. In September 2001, the Group participated in various conferences and seminars organised by China Unicom to promote its forthcoming CDMA network in the PRC. The Group will also participate in the distribution of CDMA mobile phones in the PRC and the relevant negotiations are currently taking place. With its well-established distribution network and intensive marketing experience, the Directors believe that the Group is well positioned to capture the business opportunity created by CDMA market.

Systems Integration and the Personal Digital Assistant (PDA) Business

The Group's PDA distribution business is operated by the Synergy group, of which the Group holds 51 per cent upon the completion of its acquisition in July 2001. Despite the disappointing economic outlook in Hong Kong and the increasing competition in the PDA market, the overall PDA distribution business during the three months ended 30th September, 2001 was satisfactory. Sales volumes recorded moderate growth during the period under review and the Group will implement various strategies to further enhance Synergy's PDA market share both in Hong Kong and the PRC. While Synergy is primarily focused on Palm Operating System ("OS") products, including such brands as Palm, HandEra, TDK etc., the current plan is to extend its product coverage to other non-Palm OS products in the next year.

Synergy has a strong background in software development and is well recognised as a leader in the industry. It recently completed the design and development of a new expansion module for PDA betting for the Hong Kong Jockey Club. The newly designed expansion module makes the history in the world of PDA development, not only the world's first tele-betting PDA applications, but also significantly extending the existing PDA applications. With Synergy's innovative technology development capabilities, it will complement and strengthen the Group's mobile phone distribution business. The Group's well-established distribution network in the PRC will also be beneficial to the future expansion of Synergy's PDA distribution business.

IP Telephony Business – IDD 1522

During the period under review, despite the keen competition in the prepaid IP calling card market, the overall prepaid IP calling card business was satisfactory. The Group continued to hold a significant market share in the IP calling card market for destinations, such as the Philippines and Indonesia, by launching design-for-customer cards. At the same time, the Group is designing and developing new value-added services, such as International Call-forwarding, Unified Message Services and a Web Based customer service portal, to increase its market share in the IDD postpaid business.

Retail Business – Telecom-Port Retail Chain

As a result of the disappointing economic outlook in Hong Kong, the Group is adopting a conservative approach in the expansion of its Telecom-Port retail chain. The Group will consolidate its existing operations to renegotiate with suppliers for more favourable terms as well as diversifying its marketing strategy. During the period under review, a number of new mobile phone models was launched. There is also ongoing growth in the mobile phone set replacement market which provides cross-selling opportunities amongst mobile network services, accessories and personal IDD services. Customers' response shows a high level of appreciation to such one-stop-shop services.

Outlook and Prospects

The PRC will soon join the World Trade Organisation, followed by major world events such as the hosting of the 2008 Olympic Games in Beijing and the recent achievements of the National football team in the run-up to the 2002 World Cup. The PRC market, especially the domestic consumption market, is expected to be one of the most prosperous markets following the slowdown in the wake of the attacks on 11th September, 2001.

The PRC economy is driven by domestic demand which is expected to grow satisfactorily as the average incomes and the foreign investment increase. The uncertainty of US economic performance is expected to have a negative impact on PRC exports but which is expected to be outpaced by the overall development of the domestic market. As the penetration rate in the PRC is still less than 10 per cent., compared to approximately 30 per cent. in developed countries, the Directors believe that the PRC domestic mobile phone market will experience significant growth in the future.

With the highly-established distribution infrastructure and its management expertise, the Group is optimistic that the future sales and profit will continue to grow. This is evidenced by the turnover of approximately HK$1,617 million for the six months ended 30th September, 2001 as compared with HK$630 million during the corresponding period in 2000. The PRC mobile phone market remains competitive and it is the goal of the Group to improve its profit margin by enlarging market share as well as increasing sales volume. Moreover, the Directors are confident that the new business for CDMA mobile phones and the launching of new mobile phone models will enhance both the Group's profitability and its market share.

The system integration, distribution of PDA products, software development by Synergy and the forthcoming CDMA mobile phone business fall into the Group's strategy for business diversification. At the same time, the Group will continue to negotiate with existing mobile phone suppliers for new products and incentives. The Group's management team will be further strengthened with the involvement of professional staff who will oversee the existing business and explore other investment and business opportunities.

COMPARISON OF THE BUSINESS OBJECTIVES OF THE GROUP WITH THE ACTUAL BUSINESS PROGRESS

In respect of Fortune Telecom Limited

Business Objectives	Actual Business Progress
Sales target of mobile phones	
Monthly sales target of mobile phones was 150,000 sets to 200,000 sets during the period.	The average monthly sales of mobile phone sets reached approximately 150,000 sets. The Group has incurred cost of approximately HK$2 million in promoting its sales of mobile phone sets as described in the Prospectus.
Development of fulfillment facility	Due to increasingly competitive and changing market condition, the Directors are of the view that it is not the appropriate time for the Group to commence its investment in fulfillment facilities.
Development of distribution network in the PRC	
Increase authorised distributors shops to 140 and authorised dealers shops to 150	Total distributor shops and dealer shops has reached 250. The Group has incurred approximately HK$1 million as set forth in the Prospectus.
After-sales service development	
Increase after-sales service facilities along its distribution network in the PRC	The number of mobile phone service centres was 28 and the Group has incurred approximately HK$0.5 million.
Recruitment of staff	
To recruit sufficient staff to support its distribution network in the PRC	The Group recruited additional staff in Hong Kong and the PRC and the cost incurred was approximately HK$0.5 million.

In respect of Fortune E-Commerce Limited

Continuous enhancement of contents of the Group's websites.	The content of the Group's website is under continuous maintenance and enhancement. Due to the competitive market environment, the Group has taken a cautious approach and has restricted the investment to approximately HK$0.25 million during the period.

In respect of Fortune Internet Communications Limited

Increase on IP telephony gateways in different locations in the PRC	Due to the competitive telecommunication market, the Directors have decided not to expand the number of IP telephony gateways in different locations in the PRC. Also, it is not in the interest of the Group to invest further in additional IP telephony gateways in different locations in the PRC unless the market shows positive sign of recovery and that the Group is able to make profit therefrom. The Group has invested approximately HK$0.6 million during the period for this sector of business.

Out of the net proceed of approximately HK$133.38 million raised upon the listing of the shares of the Company on GEM in February 2000, the amount intended for specific business objective is approximately HK$98 million and the amount intended for general working capital is approximately HK$35.38 million. As at 30th September, 2001, the Group has applied approximately HK$35 million for achieving the specific business objectives stated in the Prospectus with the balance of the fund to be applied from time to time by the Group as its general working capital in order to meet the increasing funding requirement for the increasing sales volume of the mobile phone distribution business of the Group.

Due to the downturn in e-business and telecommunication businesses in Hong Kong and the increasing competitive market condition in the PRC, the Directors believe that the strategy of the Group should focus on its core business of mobile phone distribution in the PRC.

As of 30th September, 2001, an aggregate cash deposit of approximately HK$145 million was placed with short-term deposit with financial institutions in Hong Kong and the PRC. The Company will continue to look at such investment opportunities and will apply such proceeds as appropriate. The Directors consider that the variance of amount invested against the original business objectives set forth in the Prospectus, which was made before the downturn of the global Internet market condition, demonstrates the correct and the prompt decision of the management of the Group. On this basis, the Directors do not consider that any of these changes will have any material impact on the business objectives of the Group.

DIRECTORS' INTERESTS IN SHARE CAPITAL

At 30th September, 2001, the interests of the Directors and their associates in the share capital of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 29 of the Hong Kong's Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

	Number of ordinary shares held as family interest
Lau Siu Ying, Steve	211,500,013

These shares are held by Future 2000 Limited, a company incorporated in the British Virgin Islands which in turn is held by a trustee. The beneficiaries of the discretionary trust include Mr. Lau Siu Ying, Steve, his spouse and his children.

Save as disclosed above and other than certain nominee shares in the subsidiaries held by certain Directors in trust for the Company, none of the Directors or their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance at 30th September, 2001.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to the share option scheme of the Company adopted on 2nd February, 2000, the Directors may grant to any executive Directors or full time employees of the Group options to subscribe for shares in the Company at any price but not less than the higher of (i) the nominal value of a share, (ii) the closing price of the shares on the Stock Exchange on the day of grant and (iii) the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of the grant of the options, subject to a maximum of 10 per cent. of the issued share capital of the Company from time to time. No options under the scheme were granted or exercised since its adoption.

Apart from the share option scheme as detailed above, at no time during the period was the Company or its holding company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. None of the Directors, their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company or had exercised any such rights during the period.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE SHARE CAPITLAL OF THE COMPANY

At 30th September, 2001, other than the interests disclosed in the section headed "Directors' interests in securities" above, the Company has not been notified of any other interests representing 10 per cent. or more of the Company's issued share capital.

COMPETING INTEREST

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

SPONSOR'S INTERESTS

None of the Company's sponsor, DBS Asia Capital Limited ("DBS Asia"), its directors, employees or associates had any interest in the securities of the Company as at 30th September, 2001.

Pursuant to the agreement dated 8th February, 2000 entered into between the Company and DBS Asia, DBS Asia is entitled to receive an advisory fee for acting as the Company's sponsor for the period from 16th February, 2000 to 31st March, 2002.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period from 1st April, 2001 to 30th September, 2001, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE OF THE BOARD

The audit committee of the Board was formed on 10th December, 1999 and comprise of independent non-executive Directors, Messrs. Chang Wing Seng, Victor and Liu Kwok Fai, Alvan. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group and to provide advice and comments to the Board.

By order of the Board
Fortune Telecom Holdings Limited
Lau Siu Ying, Steve
Chairman

Hong Kong, 6th November, 2001

This announcement will remain on the website of the Growth Enterprise Market of the Stock Exchange with the domain name of www.hkgem.com on the "Latest Company Announcements" page for not less than seven days from the day of its posting.