
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 (the “Company”) 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 (the “Stock Exchange”) 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 (the “Directors”) of 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 (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 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 AND ISSUE NEW SHARES

This circular is dispatched 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 Company for the year ended 31st March, 2002 (the “Annual Report”).

A notice convening the annual general meeting of the Company to be held at Room 1505-7, 15th Floor, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong on Tuesday, 27th August, 2002 at 12:00 p.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 1505-7, 15th Floor, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, New Territories, 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.

The circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of posting.

* For identification only

28th June, 2002

LETTER FROM THE CHAIRMAN



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*)
Tso Ming Sing, Barton

Non-Executive Directors:

Fung Oi Ip, Alfonso
Lo Wing Yat, Kelvin

Independent Non-Executive Directors:

Chang Wing Seng, Victor
Liu Kwok Fai, Alvan

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and

principal place of business:

Room 1505-7, 15th Floor
Tower A, Regent Centre
63 Wo Yi Hop Road
Kwai Chung
New Territories
Hong Kong

28th June, 2002

To the Shareholders,

Dear Shareholders

**PROPOSED GENERAL MANDATE
FOR PURCHASE OF OWN SHARES
AND
ISSUE NEW SHARES**

INTRODUCTION

This circular serves as the explanatory statement required by the GEM Listing Rules on the Growth Enterprise Market (the “GEM”) of 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.

* *For identification only*

LETTER FROM THE CHAIRMAN

GENERAL MANDATE TO REPURCHASE SHARES AND ISSUE NEW SHARES

At the annual general meeting of the Company to be held at Room 1505-7, 15th Floor, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong on Tuesday, 27th August, 2002 at 12:00 noon (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 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 by ordinary resolutions of the shareholders in general meeting (the “Buyback Mandate”). This will allow the Company to repurchase its own shares, inter alia, on-market in accordance with the GEM Listing Rules. At the AGM, an ordinary resolution will also be proposed to grant to the Directors the power to allot and issue new shares up to a limit of 20 per cent. of the issued share capital of the Company at the time of passing of that resolution

EXPLANATORY STATEMENTS

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 19th June, 2002, the issued share capital of the Company comprised 302,100,000 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, 2002, being the date of the AGM, could accordingly result in up to a maximum of 30,210,000 shares being repurchased by the Company during the course of the period from 27th August, 2002 to the earliest of (i) the date of the annual general meeting for the year ended 31st March, 2003, (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.

LETTER FROM THE CHAIRMAN

On the basis of the consolidated financial position of the Company as at 31st March, 2002 (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 at any time during the proposed purchase period does not have a material adverse impact on the working capital or gearing position of the Company as compared with its position as at 31st March, 2002. 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>
June 2001	0.790	0.490
July 2001	0.630	0.480
August 2001	0.600	0.350
September 2001	0.400	0.300
October 2001	0.405	0.315
November 2001	0.470	0.355
December 2001	0.440	0.260
January 2002	0.415	0.340
February 2002	0.395	0.355
March 2002	0.405	0.350
April 2002	0.420	0.340
May 2002	0.590	0.365

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 Rules 26 and 32 of the Code.

LETTER FROM THE CHAIRMAN

As at 19th June, 2002, being the latest practicable date prior to the printing of this circular, Future 2000 Limited (“Future 2000”) was interested in 211,500,013 shares, representing approximately 70.0 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 Future 2000 in the Company would be increased to 77.8 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 Rules 26 and 32 of the Code.

Future 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) 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 AGM to be held at Room 1505-7, 15th Floor, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong on Tuesday, 27th August, 2002 at 12:00 noon is set out in the Annual Report.

A form of proxy for the AGM is enclosed with this circular. Whether or not you intend to be present at the AGM, 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 1505-7, 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 AGM. The completion of a form of proxy will not preclude you from attending and voting at the AGM 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, 2002 which is being dispatched to shareholders together with this circular.

LETTER FROM THE CHAIRMAN

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