
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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This circular, for which the directors (the “Directors”) of Mobile Telecom Network (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, including particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirmed that, to the best of their knowledge and belief, (i) the information contained in the circular are accurate and complete in all material aspects and not misleading; (ii) there are no other facts the omission of which would make any statement herein misleading; and (iii) opinions expressed in this circular have been arrived at after due and careful consideration on the basis and assumptions of reasonableness and fairness.

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

If you have sold or transferred all your shares in the Company, you should at once hand this circular and accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

**MOBILE TELECOM NETWORK (HOLDINGS) LIMITED****流動電訊網絡(控股)有限公司****(incorporated in the Cayman Islands with limited liability)***GENERAL MANDATE TO ISSUE NEW SHARES
AND
REPURCHASE SHARES**

The notice convening the annual general meeting (the “AGM”) of the Company to be held at Unit A, 29th Floor, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 21 August 2003 at 9:30 a.m., is sent out with the 2003 Annual Report. Whether or not you intend to attend the AGM in person, you are requested to complete and return the accompanying proxy form to the Company’s branch share registrars in Hong Kong, Computershare Hong Kong Securities Limited, Room 1901-5, 19th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM. The return of the proxy form will not preclude you from attending and voting in person if you so wish.

This circular will remain on the “Latest Company Announcements” of the GEM website page for at least 7 days from the date of its posting.

* for identification purpose only

CHARACTERISTICS OF GEM

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 sectors 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 Stock 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 companies.

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“2003 Annual Report”	the audited consolidated financial statements and the reports of the directors and auditors of the Company for the year ended 31 March 2003
“AGM”	the annual general meeting of the Company to be held at Unit A, 29th Floor, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Thursday on 21 August 2003 at which the 2003 Annual Report will be adopted
“Company”	Mobile Telecom Network (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability
“Directors”	directors of the Company
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue Mandate”	the general mandate to allot, issue and deal with Shares not exceeding 20 per cent. of the issued share capital of the Company as at the date of passing of the resolution approving the Issue Mandate
“Latest Practicable Date”	25 June 2003, being the latest practicable date prior to the printing of this circular
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) and which continues to be operated by the Stock Exchange
“Repurchase Mandate”	the general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of the resolution approving the Repurchase Mandate

DEFINITIONS

“Rights Issue”	an offer of shares or other securities of the Company open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside the Hong Kong).
“Share(s)”	share(s) of nominal value of US\$0.01 (equivalent to HK\$0.078) each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers approved by the Commission as amended from time to time

LETTER FROM THE BOARD OF DIRECTORS



MOBILE TELECOM NETWORK (HOLDINGS) LIMITED

流動電訊網絡(控股)有限公司*

(incorporated in the Cayman Islands with limited liability)

Executive Directors:

Mr. Chan Chung (*Chairman*)

Mr. Chan Wai Kwong, Peter

Non-executive Directors:

Mr. Chen Man Lung

Mr. Goh Yu Min

Ms. Monica Maria Nunes

Independent non-executive Directors:

Mr. Jeffrey Matthew Bistrong

Mr. Yin Pi-tak, Peter

Registered office:

Huntlaw Building

P.O. Box 2804

George Town

Grand Cayman

Cayman Islands

British West Indies

*Head office and principal place
of business:*

Room 2805

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

27 June 2003

To the shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE NEW SHARES
AND
REPURCHASE SHARES**

INTRODUCTION

At the annual general meeting for the year ended 31 March 2003 of the Company to be held at Unit A, 29th Floor, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 21 August 2003 at 9:30 a.m., resolutions will be proposed to grant to the Directors, inter alia, the Issue Mandate and the Repurchase Mandate. This circular contains the explanatory statement in compliance with the GEM Listing Rules and to give all the information reasonably necessary to enable shareholders of the Company to make an informed decision on whether to vote for or against the resolutions to grant to the Directors of such mandates.

* for identification purpose only

LETTER FROM THE BOARD OF DIRECTORS

A form of proxy of the AGM is enclosed with the 2003 Annual Report. Whether or not you intend to attend the AGM in person, you are requested to complete and return the accompanying proxy form to the Company's branch share registrars in Hong Kong, Computershare Hong Kong Securities Limited, Room 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM. The return of the proxy form will not preclude you from attending and voting in person if you so wish.

GENERAL MANDATE TO ISSUE NEW SHARES

At the AGM, an ordinary resolution as set out in item 4A of the notice of AGM will be proposed to grant the Issue Mandate to the Directors to allot, issue and deal with shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the resolution, otherwise than pursuant to (i) a Right Issue; or (ii) the exercise of rights of subscription or conversion under the terms of any warrants, bonds, debentures, notes and other securities of the Company which carry rights to subscribe for or are convertible into shares of the Company; or (iii) the exercise of any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and its subsidiaries and/or other eligible persons of shares or rights to acquire shares of the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of the cash payment for a dividend on shares of the Company in accordance with the articles of association of the Company. Shares with an aggregate nominal value not exceeding 20% of the total nominal value of the share capital of the Company in issue as at the date of the passing of the resolution may be issued under the Issue Mandate. The Issue Mandate to issue shares will remain in effect until whichever is the earliest of (i) the date of the next annual general meeting; or (ii) the date by which the next annual general meeting is required to be held by law or by its articles of association; or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be granted the Repurchase Mandate to exercise all powers of the Company to repurchase Shares of US\$0.01 (equivalent to HK\$0.078) each in the Company on the GEM up to a maximum of 10% of the aggregate of the total nominal amount of the issued share capital of the Company at the date of the passing of the resolution. The Repurchase Mandate allows the Company to make or agree to make repurchases only during the period ending on the earliest of (i) the date of the next annual general meeting; or (ii) the date by which the next annual general meeting of the Company is required to be held by law or by its articles of association; or (iii) the date upon which such authority is revoked or varied by an ordinary resolution as set out in item 4B of the notice of AGM of the shareholders in a general meeting of the Company.

LETTER FROM THE BOARD OF DIRECTORS

EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix to this circular. The information in the explanatory statement is provided to you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

RECOMMENDATION

The Directors consider that the granting of the Issue Mandate and the Repurchase Mandate is in the interest of the Company and so recommend you to vote in favour of the resolutions as set out in item 4A and 4B of the notice of AGM at the forthcoming AGM.

Yours faithfully,
By order of the Board
Mobile Telecom Network (Holdings) Limited
Chan Chung
Chairman

This is an explanatory statement given to all shareholders of the Company, as required by the GEM Listing Rules, to provide requisite information of the Repurchase Mandate.

1. GEM LISTING RULES FOR REPURCHASES OF SHARES

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully-paid shares on GEM subject to certain restrictions, the more important of which are summarised below:

(a) Shareholders' approval

All proposed repurchase of securities on the Stock Exchange by a company with primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by special approval of a particular transaction.

(b) Share capital

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the relevant resolutions granting the Repurchase Mandate. The Company's authority is restricted to purchases made on GEM in accordance with the GEM Listing Rules. As at the Latest Practicable Date, there were in issue an aggregate of 440,000,000 Shares. Exercise in full of the Repurchase Mandate, on the basis that no further Shares would be issued or repurchased prior to the date of the AGM, would accordingly result in up to 44,000,000 Shares being repurchased by the Company. The Shares repurchased by the Company shall, subject to applicable law, be automatically cancelled upon such repurchase.

(c) Reasons for repurchase

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchase as and when appropriate and is beneficial to the Company. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and its assets and/or its earnings per Share. As compared with the financial position of the Company as at 31 March 2003 (being the date of its latest audited accounts), the Directors consider that there would not be any material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be made in full at any time during the proposed repurchase period. In the circumstances, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would have a material adverse impact on the working capital or gearing ratio of the Company.

(d) **Funding of repurchases**

Repurchase of the Shares will be funded out of funds legally available for such purpose in accordance with the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

The Company is empowered by its memorandum and articles of association to repurchase its Shares. The Cayman Islands law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the share premium of the Company.

(e) **Connected persons**

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates (as defined in the GEM Listing Rules) of any of the Directors has any present intention, in the event that the proposed Repurchase Mandate is approved by the Company's shareholders, to sell Shares to the Company.

At the Latest Practicable Date, no connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make repurchases of Shares.

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate in the proposed resolution and in accordance with the GEM Listing Rules, the memorandum and articles of association of the Company and any applicable laws of the Cayman Islands.

(f) **Effect of exercising the Repurchase Mandate**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the 2003 Annual Report) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

2. EFFECT OF THE TAKEOVERS CODE AND MINIMUM PUBLIC FLOAT

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a shareholder, or a group of shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the following shareholders are interested in more than 10% of the Shares then in issue:

Name of shareholder	Number of Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Silicon (<i>note</i>)	180,265,861	41.0%	45.52%
Mr. Chan Chung	180,265,861	41.0%	45.52%

Note: Silicon Ltd. is wholly owned by Mr. Chan Chung.

In the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of the above substantial shareholders would be increased to approximately the respective percentages shown in the last column above and such increase may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. However, the Directors have no current intention to exercise the Repurchase Mandate to such an extent as would give rise to this obligation.

Assuming that there is no issue of Shares in the Company between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will result in less than the relevant prescribed minimum percentage of the Shares of the Company being held by the public as required by the Stock Exchange. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such prescribed minimum percentage.

3. SHARE PURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on GEM or otherwise) during the period from 9 May 2003 (the date of listing of the Shares on GEM) to the Latest Practicable Date.

4. SHARE PRICES

The highest and lowest prices of the Shares traded on GEM during the previous month since 9 May 2003 (the date of listing of the Shares on GEM) to the Latest Practicable Date were as follows:

	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
May 9 to May 31	0.33	0.26
June 1 to June 25	0.30	0.27