
IMPORTANT

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in SmarTone Telecommunications Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

SMARTONE TELECOMMUNICATIONS HOLDINGS LIMITED

數碼通電訊集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 315)

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

FINAL DIVIDEND

RE-ELECTION OF DIRECTORS

AMENDMENTS TO BYE-LAWS

AND

NOTICE OF ANNUAL GENERAL MEETING

A letter from the board of directors of the Company is set out on pages 3 to 10 of this circular.

A notice convening the annual general meeting of the Company to be held at World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 7 November 2006 at 10:00 a.m. is set out on pages 14 to 20 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon, as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting, to the office of the Company’s branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

* *For identification purpose only*

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 7 November 2006 at 10:00 a.m.
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Company”	SmarTone Telecommunications Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Existing General Mandates”	the Existing Repurchase Mandate and the Existing Issue Mandate
“Existing Issue Mandate”	the general mandate granted to the Directors by ordinary resolutions passed at the annual general meeting of the Company held on 4 November 2005, to allot, issue and deal with additional Shares not exceeding 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 4 November 2005 and those Shares repurchased by the Company pursuant to the Existing Repurchase Mandate
“Existing Repurchase Mandate”	the general mandate granted to the Directors by an ordinary resolution passed at the annual general meeting of the Company held on 4 November 2005, to repurchase Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 4 November 2005
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	21 September 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice”	the notice of the Annual General Meeting set out on pages 14 to 20 of this circular
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Shares”	ordinary shares of HK\$0.10 each (or of such other nominal amount as shall result from a sub-division or a consolidation of such shares from time to time) in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD

SMARTONE TELECOMMUNICATIONS HOLDINGS LIMITED

數碼通電訊集團有限公司*

(Incorporated in Bermuda with limited liability)

Directors:

- * Raymond Kwok Ping-luen, *Chairman*
- Douglas Li, *Chief Executive Officer*
- Patrick Chan Kai-lung
- * Ernest Lai Ho-kai
- * Michael Wong Yick-kam
- * Andrew So Sing-tak
- * Cheung Wing-yui
- * David Norman Prince
- # Eric Li Ka-cheung, JP
- # Ng Leung-sing, JP
- # Yang Xiang-dong
- # Eric Gan Fock-kin

* *Non-Executive Director*

Independent Non-Executive Director

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Office in Hong Kong:

31st Floor
Millennium City 2
378 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong

27 September 2006

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
FINAL DIVIDEND
RE-ELECTION OF DIRECTORS
AMENDMENTS TO BYE-LAWS
AND
NOTICE OF ANNUAL GENERAL MEETING**

To: the Shareholders

Dear Sir or Madam,

INTRODUCTION

The purpose of this circular is to provide Shareholders with the Notice of the Annual General Meeting at which ordinary and special resolutions will be proposed to consider and, if thought fit, to approve, among other things: (i) the grant of general mandates to repurchase and issue Shares (including the extension of the general mandate to issue Shares by the number of Shares repurchased); (ii) the payment of final dividend; (iii) re-election of Directors; and (iv) amendments to the Company's Bye-laws.

* *For identification purpose only*

LETTER FROM THE BOARD

Set out on pages 14 to 20 of this circular is the Notice convening the Annual General Meeting at which Shareholders will be requested to consider and, if thought fit, pass the resolutions referred to above.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 4 November 2005, ordinary resolutions were passed granting general mandates to the Directors, inter alia: (i) to repurchase Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 4 November 2005; and (ii) to allot, issue and deal with additional Shares not exceeding 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 4 November 2005 and those Shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at 4 November 2005 repurchased by the Company.

In accordance with the provisions of the Listing Rules and the terms of the Existing General Mandates, the Existing General Mandates shall lapse if, inter alia, they are revoked or varied by an ordinary resolution of the Shareholders in general meeting or at the conclusion of the next annual general meeting, whichever is earlier.

The Existing General Mandates will lapse at the conclusion of the Annual General Meeting. Accordingly, new general mandates to issue and to repurchase Shares, as set out in resolutions 5, 6 and 7, namely the grant of general mandate to issue Shares; the grant of general mandate to repurchase Shares; and the extension of the general mandate to issue Shares by the number of Shares repurchased, of the Notice on pages 14 to 20 of this circular, are now proposed to be granted. With reference to the proposed new general mandates, the Directors wish to state that, as at the date hereof, they have no immediate plans to repurchase any existing Shares or to issue any new Shares pursuant to the relevant mandates.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the proposed general mandate to repurchase Shares is set out in the Appendix to this circular. The explanatory statement contains all information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the Annual General Meeting.

DIVIDENDS

The Board has recommended a final dividend of HK\$0.12 per Share subject to Shareholders' approval at the Annual General Meeting.

The Register of Members will be closed from 3 November 2006 to 7 November 2006 (both days inclusive) during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 2 November 2006.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

According to the Company's Bye-laws and the requirements of the Listing Rules, at each annual general meeting, one-third of the directors, including the Chairman and the Chief Executive Officer, are subject to retirement by rotation. Further, every director should be subject to retirement by rotation at least once in every three years. Besides, any newly appointed director shall hold office only until the next general meeting and shall be eligible for re-election at the then general meeting.

In relation to resolution 3 in the Notice regarding re-election of Directors, Messrs Raymond Kwok Ping-luen, Michael Wong Yick-kam, Cheung Wing-yui, Yang Xiang-dong and Eric Gan Fock-kin will retire at the Annual General Meeting pursuant to the Company's Bye-laws and, being eligible, will offer themselves for re-election. Details of these Directors are as follows:

Raymond KWOK Ping-luen, *Chairman & Non-Executive Director*

Mr Raymond Kwok (aged 53), was appointed as Director of the Group in April 1992. He holds a Master of Arts degree in Law from Cambridge University, a Master degree in Business Administration from Harvard University, an Honorary Doctorate degree in Business Administration from The Open University of Hong Kong and an Honorary Doctorate degree in Laws from The Chinese University of Hong Kong. He is Vice Chairman and Managing Director of Sun Hung Kai Properties Limited ("SHKP"), the controlling shareholder of the Company, Chairman of SUNeVision Holdings Ltd. (a subsidiary of SHKP), a director of Transport International Holdings Limited (an associate of SHKP) and an independent non-executive director of Standard Chartered Bank (Hong Kong) Limited.

In civic activities, Mr Kwok is a director of The Real Estate Developers Association of Hong Kong, a member of the General Committee of The Hong Kong General Chamber of Commerce, a member of the Hong Kong Port Development Council, Vice Chairman of the Council of The Chinese University of Hong Kong.

Mr Kwok has an interest in 2,237,767 Shares (0.38%) of the Company within the meaning of Part XV of the Securities and Futures Ordinance. No service contract has been signed between the Company and Mr Kwok and there is no fixed term of his service with the Company. The amount of director fee payable to Mr Kwok is subject to annual assessment based on prevailing market rate of director fee for companies listed in Hong Kong and Shareholders' approval at annual general meetings. The total emolument payable to Mr Kwok for the year ended 30 June 2006 is HK\$100,000.

Save as disclosed above, Mr Kwok has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. There is no other matter that needs to be brought to the attention of the Shareholders and there is no further information to be disclosed pursuant to the requirements of rule 13.51(2)(h) to (v) of the Listing Rules.

Michael WONG Yick-kam, *Non-Executive Director*

Mr Michael Wong (aged 54), was appointed Director of the Company in October 2001. He obtained his Bachelor's and Master's degrees in Business Administration from The Chinese University of Hong Kong.

LETTER FROM THE BOARD

Mr Wong is an executive director of SHKP and is currently responsible for SHKP's strategic planning, corporate development, infrastructure projects, financial investments and relations with the investment community. Mr Wong is Deputy Chairman of RoadShow Holdings Limited, an executive director of SUNeVision Holdings Ltd. (a subsidiary of SHKP) and a non-executive director of USI Holdings Limited.

In community service, Mr Wong is Chairman of the Hong Kong Youth Hostels Association.

Mr Wong has no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance. No service contract has been signed between the Company and Mr Wong and there is no fixed term of his service with the Company. The amount of director fee payable to Mr Wong is subject to annual assessment based on prevailing market rate of director fee for companies listed in Hong Kong and Shareholders' approval at annual general meetings. The total emolument payable to Mr Wong for the year ended 30 June 2006 is HK\$200,000 including the fee for acting as member of the Audit Committee of the Company.

Save as disclosed above, Mr Wong has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. There is no other matter that needs to be brought to the attention of the Shareholders and there is no further information to be disclosed pursuant to the requirements of rule 13.51(2)(h) to (v) of the Listing Rules.

CHEUNG Wing-yui, *Non-Executive Director*

Mr Cheung Wing-yui (aged 56), was appointed Director of the Company in March 2003. Mr Cheung is a director of a number of other publicly listed companies in Hong Kong, namely being non-executive director of Tai Sang Land Development Limited, Taifook Securities Group Limited, Tianjin Development Holdings Limited and Shanghai Real Estate Limited, and being independent non-executive director of Hop Hing Holdings Limited, Ching Hing (Holdings) Limited, Agile Property Holding Limited and Ping An Insurance (Group) Company of China, Limited. He is also a non-executive director of SUNeVision Holdings Ltd. (a subsidiary of SHKP).

Mr Cheung was the vice-chairman of the Mainland Legal Affairs Committee of the Law Society of Hong Kong until January 2006 and was a director of Po Leung Kuk. He is currently a member of the Board of Review (Inland Revenue), co-chairman of The Community Chest Corporate Challenge Organising Committee, a member of Campaign Committee of The Community Chest, a council member of The Open University of Hong Kong and a fellow member of the Institute of Directors. Mr Cheung received a Bachelor of Commerce degree in accountancy from the University of New South Wales, Australia and is a member of the Australian Society of CPAs. Mr Cheung has been a practising solicitor in Hong Kong since 1979 and is a consultant of the law firm Woo, Kwan, Lee & Lo. He was admitted as a solicitor in the United Kingdom and as an advocate and solicitor in Singapore.

Mr Cheung has no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance. No service contract has been signed between the Company and Mr Cheung and

LETTER FROM THE BOARD

there is no fixed term of his service with the Company. The amount of director fee payable to Mr Cheung is subject to annual assessment based on prevailing market rate of director fee for companies listed in Hong Kong and Shareholders' approval at annual general meetings. The total emolument payable to Mr Cheung for the year ended 30 June 2006 is HK\$80,000.

Save as disclosed above, Mr Cheung has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. There is no other matter that needs to be brought to the attention of the Shareholders and there is no further information to be disclosed pursuant to the requirements of rule 13.51(2)(h) to (v) of the Listing Rules.

YANG Xiang-dong, *Independent Non-Executive Director*

Mr Yang Xiang-dong (aged 41), was appointed Director of the Company in December 2003. He is the Managing Director and Co-head of Asia of The Carlyle Group, focusing on Asian buyout opportunities.

Prior to joining The Carlyle Group, Mr Yang spent nearly 10 years at Goldman Sachs, and was Managing Director, co-head of private equity investments for Asia ex-Japan and a member of Goldman's Asia Operating Committee. Mr Yang has led a number of prominent private equity deals in Asia including Goldman's investments in Kookmin Bank of Korea and China Netcom Corporation.

Mr Yang received his M.B.A. from Harvard Business School and his B.A. degree in Economics from Harvard College.

Mr Yang is also on the boards of non-listed companies, namely Boto International Holdings Limited and Pacific China Holdings Limited.

Mr Yang has no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance. No service contract has been signed between the Company and Mr Yang and there is no fixed term of his service with the Company. The amount of director fee payable to Mr Yang is subject to annual assessment based on prevailing market rate of director fee for companies listed in Hong Kong and Shareholders' approval at annual general meetings. The total emolument payable to Mr Yang for the year ended 30 June 2006 is HK\$80,000.

Mr Yang has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. There is no other matter that needs to be brought to the attention of the Shareholders and there is no further information to be disclosed pursuant to the requirements of rule 13.51(2)(h) to (v) of the Listing Rules.

Eric GAN Fock-kin, *Independent Non-Executive Director*

Mr Eric Gan (aged 43), was appointed Director of the Company in December 2005. Mr Gan is a co-founder of eAccess Ltd. in Japan and now the Chief Financial Officer of the company. He graduated from Imperial College, University of London and has over 16 years' experience in the financial industry specialising in the telecommunication sector. Mr Gan joined Goldman Sachs (Japan) in 1993 and was made managing director in 1999.

LETTER FROM THE BOARD

Over the past years in eAccess Ltd., Mr Gan was responsible for various private equity financings and merger and acquisition transactions for the company. He has recently taken up the CFO position of eAccess Ltd.'s new mobile telecom subsidiary — eMobile Limited.

Prior to joining eAccess Ltd., Mr Gan participated in many telecommunication IPOs and fund raising exercises in Japan and Asia. He has also been involving in many major telecom advisory projects in Japan and Asia over the last 10 years.

Mr Gan has no interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance. No service contract has been signed between the Company and Mr Gan and there is no fixed term of his service with the Company. The amount of director fee payable to Mr Gan is subject to annual assessment based on prevailing market rate of director fee for companies listed in Hong Kong and Shareholders' approval at annual general meetings. The total emolument payable to Mr Gan for the year ended 30 June 2006 is HK\$106,000 including the fee for acting as member of the Audit Committee of the Company.

Mr Gan has no relationship with any Directors, senior management or substantial or controlling Shareholders of the Company. There is no other matter that needs to be brought to the attention of the Shareholders and there is no further information to be disclosed pursuant to the requirements of rule 13.51(2)(h) to (v) of the Listing Rules.

AMENDMENTS TO BYE-LAWS

The Listing Rules have been amended by the Stock Exchange by replacing the Code of Best Practice in Appendix 14 with a new Code on Corporate Governance Practices (the "CG Code") and by adding a new Appendix 23 on the requirements for a Corporate Governance Report to be included in annual reports of listed issuers. Subject to certain transitional arrangements, the amendments took effect on 1 January 2005. In addition, there are recent minor amendments to the Listing Rules which came in effect on 1 March 2006.

Following a review of the Company's Bye-laws with reference to the amended Listing Rules and the CG Code, the Directors proposed amendments to the Company's Bye-laws so as to bring the Bye-laws in line with the requirements of the amended Listing Rules. The proposed amendments include provisions that (i) any Director who individually or collectively holds proxies in respect of shares representing 5% or more of the total voting rights may demand a poll in a general meeting; (ii) every Director to be subject to retirement by rotation at least once every three years; and (iii) a Director may be removed by an ordinary resolution instead of a special resolution in general meeting. As such, a special resolution to approve the amendments to the Bye-laws will be proposed at the Annual General Meeting.

The proposed amendments to the Bye-laws are set out in resolution 8 in the Notice set out on pages 14 to 20 of this circular.

LETTER FROM THE BOARD

RIGHT TO DEMAND A POLL

Pursuant to Bye-law 78 of the Bye-laws of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:—

- (a) by the Chairman of the meeting; or
- (b) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

ANNUAL GENERAL MEETING

The Notice convening the Annual General Meeting to be held at World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 7 November 2006 is set out on pages 14 to 20 of this circular.

A form of proxy for use at the Annual General Meeting is enclosed. Whether or not you are able to attend the meeting in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event before 10:00 a.m. on Friday, 3 November 2006, being not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting if you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the proposals mentioned above, including the proposals for the grant of the general mandates to issue and repurchase Shares (including the extension of the general mandate to issue Shares by the number of Shares repurchased), the payment of final dividend, re-election of Directors and amendments to the Bye-laws of the Company, are in the interests of the Company and the Shareholders. Accordingly, the Board recommends Shareholders to vote in favour of all of these resolutions to be proposed at the Annual General Meeting.

Yours faithfully,

For and on behalf of the Board

SmarTone Telecommunications Holdings Limited

Raymond Kwok Ping-luen

Chairman

This Appendix serves as an explanatory statement required to be sent to the Shareholders under the Listing Rules in connection with the proposed general mandate for repurchase of Shares to be granted to the Directors.

1. Exercise of the repurchase mandate

Resolution 6 set out in the Notice of the Annual General Meeting will, if passed, give a general unconditional mandate to the Directors authorising the repurchase by the Company of up to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing such resolution at the Annual General Meeting (the “Repurchase Mandate”), at any time until the end of the Relevant Period as defined in paragraph 6(D) set out in the Notice.

Accordingly, exercise in full of the Repurchase Mandate (on the basis of 582,791,428 Shares in issue as at the Latest Practicable Date) would result in up to 58,279,142 Shares being repurchased by the Company during the Relevant Period.

2. Reasons for repurchases

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or the Company’s earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

3. Funding of repurchases

In repurchasing Shares, the Company will apply internally generated funds which are legally available for such purpose in accordance with the laws of Bermuda and the Memorandum of Association and Bye-laws of the Company and the Listing Rules.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 30 June 2006) in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. Share repurchase

No purchase of Shares has been made by the Company (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

5. Share prices

The highest and lowest prices at which Shares of the Company have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2005		
October	9.30	7.80
November	9.05	7.90
December	9.05	8.35
2006		
January	9.25	8.50
February	9.60	8.65
March	8.70	7.90
April	9.05	8.35
May	9.15	7.70
June	8.05	7.30
July	7.80	7.32
August	7.55	6.61
September (up to 21 September)	7.65	7.30

6. Effect of the Takeovers Code

If as a result of share repurchase by the Company, a substantial Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Sun Hung Kai Properties Limited ("SHKP"), which is the controlling shareholder of the Company, together with its associates held approximately 55% of the issued share capital of the Company. In the event that the Repurchase Mandate is exercised in full, the interests of SHKP and its associates would be increased to 61.11% of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors are not aware of any consequences which would arise under the Takeovers Code as consequence of any purchases pursuant to the Repurchase Mandate.

7. General

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of their associates currently intends to sell any Shares to the Company under the Repurchase Mandate if the Repurchase Mandate is approved by Shareholders.

The Directors have undertaken to the Stock Exchange that, as far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the laws of Bermuda.

No connected persons have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by Shareholders.

NOTICE OF ANNUAL GENERAL MEETING

SMARTONE TELECOMMUNICATIONS HOLDINGS LIMITED

數碼通電訊集團有限公司*

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of SmarTone Telecommunications Holdings Limited (the “Company”) will be held at World Trade Centre Club, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 7 November 2006 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the Reports of the Directors and the Auditors for the year ended 30 June 2006.
2. To approve the final dividend as recommended by the Directors in respect of the year ended 30 June 2006.
3. To re-elect Directors and to authorise the Board to fix the fees of the Directors.
4. To appoint Auditors for the ensuing year and to authorise the Board to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“THAT

- A. subject to paragraph 5(C) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph 5(D) below) of all the powers of the Company to allot and issue additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers either during or after the Relevant Period be and is hereby generally and unconditionally approved;
- B. the approval in paragraph 5(A) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

C. the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph 5(A), otherwise than pursuant to:

- i. a Rights Issue (as defined in paragraph 5(D) below);
- ii. the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company;
- iii. any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company; or
- iv. the share option schemes of the Company,

shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution and the said approval shall be limited accordingly; and

D. for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- i. the conclusion of the next annual general meeting of the Company;
- ii. the expiration of the period within which the next annual general meeting of the Company is required by applicable law of Bermuda and the Company’s Bye-laws to be held; and
- iii. the revocation or variation of this Resolution by an ordinary resolution of Shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares, or any class of shares, on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company 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 Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

6. As special business, to consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“THAT

- A. subject to paragraph 6(C) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph 6(D) below) of all the powers of the Company to repurchase issued shares in the capital of the Company, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- B. the approval in paragraph 6(A) shall be in addition to any other authorisation given to the Directors of the Company;
- C. the aggregate nominal amount of share capital to be repurchased by the Company on The Stock Exchange of Hong Kong Limited or on another stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under Hong Kong Code on Share Repurchases pursuant to the approval in paragraph 6(A) during the Relevant Period, shall be no more than 10 per cent. of the aggregate nominal amount of the existing issued share capital of the Company at the date of passing this Resolution, and the authority pursuant to paragraph 6(A) shall be limited accordingly; and
- D. for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- i. the conclusion of the next annual general meeting of the Company;
- ii. the expiration of the period within which the next annual general meeting of the Company is required by applicable law of Bermuda and the Company’s Bye-laws to be held; and
- iii. the revocation or variation of this Resolution by an ordinary resolution of Shareholders of the Company in general meeting.”

7. As special business, to consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

“THAT conditional upon Resolutions 5 and 6 set out above being duly passed, the general mandate granted to the Directors of the Company to exercise the powers of the Company to allot, issue and deal with shares pursuant to Resolution 5 be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted and issued by the Directors of the Company pursuant to such general mandate of an amount representing the aggregate

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nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 6, provided that such an amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this Resolution.”

8. As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:

“**THAT**

the Bye-laws of the Company be amended in the following manner:

Bye-law 78

The existing Bye-law 78 be deleted in its entirety and substituted by the following new Bye-law 78:

“78. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a show of hands every member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Companies Act), or by proxy shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in these Bye-laws, where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. A resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the stock exchange in the Relevant Territory or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of such meeting; or
- (ii) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

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- (iv) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (v) if required by the rules of the stock exchange in the Relevant Territory, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.”

Bye-law 79

By inserting the sentence “The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the stock exchange in the Relevant Territory.” before the last sentence of the existing Bye-law 79.

Bye-law 108

By deleting the word “special” and replacing therewith the word “ordinary” in the existing Bye-law 108(A)(vii).

Bye-law 110

The existing Bye-law 110(A) be deleted in its entirety and substituted by the following new Bye-law 110(A):

“110 (A) Notwithstanding any other provisions in the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other

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Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires.”

Bye-law 116

By deleting the word “special” and replacing therewith the word “ordinary” in the first sentence of the existing Bye-law 116.

Bye-law 125

By deleting the words “(subject to the proviso to Bye-law 110(A))” in the third line of the existing Bye-law 125.

By the order of the Board
SmarTone Telecommunications Holdings Limited
Maria Li Sau-ping
Company Secretary

Hong Kong, 27 September 2006

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one proxy to attend and vote on his behalf. A proxy need not be a member of the Company. In order to be valid, a form of proxy, and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or other authority, must be deposited with the Company’s Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. A member who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion.
2. The Register of Members of the Company will be closed from Friday, 3 November 2006 to Tuesday, 7 November 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend which is going to be approved at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar in Hong Kong not later than 4:00 p.m. on Thursday, 2 November 2006.

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3. With regard to Resolution 5, the Directors wish to state that, currently, they have no plans to issue any additional new shares of the Company other than shares to be issued upon exercise of the subscription rights pursuant to the employee share option scheme of the Company. The present general mandate given by members pursuant to the provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) expires at the forthcoming Annual General Meeting and, accordingly, a renewal of that general mandate is now being sought.

4. With regard to Resolution 6, the present general mandate given by members pursuant to the provisions of the Listing Rules and the Hong Kong Code on Share Repurchases expires at the forthcoming Annual General Meeting and, accordingly, a renewal of that general mandate is now being sought.