



# 長遠電信網絡集團有限公司

## FORTUNE TELECOM HOLDINGS LIMITED

( incorporated in Bermuda with limited liabilities )

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To: Business Editor  
[For immediate release]

### Fortune Telecom 3Q Results Reaches New Height

~ Net Profit Increased by over 80% ~

<b>Financial Highlights</b>			
<b>(For the nine months ended 31 December)</b>			
	<b>2002</b>	<b>2001</b>	<b>Change</b>
	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>	<b>(%)</b>
Turnover	<b>2,271,114</b>	2,364,408	(4%)
Profit from Operations	<b>69,600</b>	43,029	↑ 62%
Profit for the Period	<b>40,706</b>	22,285	↑ 83%
Earnings per share ( <i>basic</i> )	<b>HK\$13.5 cents</b>	HK\$7.4 cents	↑ 82%

[11 February, 2003 – HONG KONG] – **Fortune Telecom Holdings Limited** (“**Fortune Telecom**”, or the “**Group**”; Stock Code: 8040) today announced the unaudited 3Q results for the period ended 31 December 2002 (the “**Period**”).

During the period under review, the Group recorded encouraging growth for its business. Net profit for the Period amounted to approximately HK\$41 million, representing an increase of 83% over the same period in the previous year while profit from operations amounted to approximately HK\$70 million, representing an increase of 62% compared with the corresponding period in 2001. Earnings per share for the period surged by 82% to HK\$13.5 cents (2001: HK\$7.4 cents). The Board of Directors does not recommend the payment of any interim dividend in respect of the nine months ended 31<sup>st</sup> December 2002.

Commenting on the Group's outstanding performance, **Mr. Steve Lau Siu Ying, Chairman and Chief Executive Officer of Fortune Telecom**, said “Once again we have excelled in the competitive telecommunications market in the PRC and are delighted that we have not disappointed our shareholders and investors with such outstanding results. The encouraging performance reflects the success in our marketing and pricing strategies in capturing the PRC's mobile phone market. In fact, the unaudited gross profit margin improved significantly to 4.8% from 2.8% for the Period under review, an increase of 2%. This increment was mainly due to the decline in the average cost of the mobile phones as well as improved rebates from our suppliers.”

During the period under review, the Group sold approximately 1,563,000 units of mobile phone in the PRC, amounted to approximately HK\$2,271 million. With Nokia 8250 reaches maturity in its product life cycle, the current retail market price (inclusive of tax) declined to approximately RMB1,650 compared to RMB2,100 during the third quarter of 2001. This brings about a slight decrease of the Group's turnover of 4% for the Period. Nonetheless, Nokia 8250 continues to be the popular choice amongst consumers in the PRC.

Besides from the distribution of Nokia 8250, the Group also sold Nokia 3610 (the retail selling price is RMB1,450), which fell within the PRC's well-received mobile phone market with price ranging between RMB1,000 and RMB2,000. During the quarter under review, the Group has also successfully obtained the distribution rights for new models, Nokia 7210 and 6610, the GPRS handsets with colour LCD display as well as CDMA V730, Motorola's latest model with color display and Karaoke function. Local handset manufacturers have been most aggressive in seizing market share during the year. Grasping this opportunity, the Group has commence the distribution of local brand GSM handsets such as Kejian K320 and DBTel 2017C. In February, the Group has also obtained the latest Kejian GSM GPRS dual colour display handset K528 for sole distribution in Guangdong and Guangxi.

"The PRC's mobile phone market gathered its growth momentum during year 2002, with the number of mobile service subscribers reaching 206 million and the expected aggregate handset market size to top 90 to 95 million sets for the year 2003. In view of the expanding market, local brands stimulate sales by offering higher channel margin to distribution channels as well as employing a sizable team of localized marketing representatives and promoters to work closely with distributors and promote phones over the counter to consumers. With the well-established distribution channels and the know-how of distributing handsets in the PRC, we believe that **Fortune Telecom** is poised to capture the ample market opportunities ahead." Mr. Lau continues.

During the Period, **Fortune Telecom** carried out joint promotional activities with various business partners for horizontal expansion. The Group collaborated with China Mobile to market Nokia 8250 and 3610 in Dongguan, Guangzhou and Shenzhen as well as carried out joint promotional activities in Shanghai with Shanghai Mobile Communications Co. Ltd. for marketing of Nokia 7210. Marketing network was established in Urumqi, Shijiazhuang and Taiyuan to explore new sales channels and gain more market share.

Through its subsidiary, Synergy Pacific (Holdings) Limited ("Synergy"), the Group has continue to expand its Wireless Local Area Network ("WLAN") and Personal Digital Assistant ("PDA") business. Upon the success in the introduction of the well-received O<sub>2</sub>XDA, Synergy has further introduced and distributed various new products during the quarter under review. These included 64MB RAM XDA plus, Tungsten T featuring the Palm 5.0 operating system as well as Tungsten W, a PDA-mobile phone hybrid device. Synergy also launched the Proxim ORiNOCO new dual mode 802.11 a/b Combo PC card and the AP-2000 during the Period. The introduction of these new advanced products demonstrates the leading position of Synergy in the WLAN and PDA market in Hong Kong.

Commenting on the Group's future roadmap, Mr. Lau concluded, "Looking into the future, the Group will continue to diversify its product range. We are actively negotiating with different handset suppliers, both local and overseas, to explore future business opportunities. As technology evolves, colour display 2.5G handset will be of tremendous demand in the PRC with the launch of multimedia messaging service ("MMS") by China Mobile. Last but not least, **Fortune Telecom** will also further strengthen its marketing team to penetrate into smaller towns and villages for capturing the expanding market. Leveraging on its nationwide distribution infrastructure and strong financials, the Group will benefit from the competition amongst various handset manufactures, both overseas and domestic, and generate promising returns to our shareholders."

### **Corporate Information**

**Fortune Telecom Holdings Limited** was established by Mr. Steve Lau in 1992 and was listed on GEM on The Stock Exchange of Hong Kong Limited on 16 February 2000. Being the leading mobile phone distributor in the PRC, the Group mainly distributes GSM and CDMA mobile phones. Long term partners include prominent GSM mobile phone manufacturer such as **Nokia, Kejian** and CDMA mobile phones manufacturer such as **Motorola, Hisense**. The Group solely distributes **Nokia 8250**, one of the most popular mobile phone models in the PRC on a nation-wide basis as well as **Nokia 3610** in Guangdong Province. In addition, the Group also distributes GPRS mobile phones with colour LCD display such as **Nokia 7210** and **Nokia 6610**. Other mobile phone models distributed by the Group included **Motorola V730, Kejian K320** and **DBTel 2017C**. Apart from distributing of mobile phones, the Group also engages in information technology and through its subsidiary, **Synergy**, distributed multi-media communication terminal products such as **O2XDA, Palm PDA**, personal computer and **Proxim** Wireless LAN products in Hong Kong.

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*Issued by Mint Communications Limited for and on behalf of **Fortune Telecom Holdings Limited**. For further information, please contact:*

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