

Yearly Results announcement form

Name of listed company : Fortune Telecom Holdings Limited

Stock code : 8040

Year end date : 31/03/2001

Auditors' report : Qualified
 Modified
 Neither

This result announcement form only contains extracted information from and should be read in conjunction with the detailed results announcement of the issuer, which can be viewed on the GEM website at <http://www.hkgem.com>

	(Audited) Current Period (dd/mm/yy) from <u>01/04/2000</u> to <u>31/03/2001</u>	(Audited) Last Corresponding Period (dd/mm/yy) from <u>01/04/1999</u> to <u>31/03/2000</u>
	HK\$'000	HK\$'000
Turnover	1,544,856	1,380,786
Profit/(Loss) from Operations	33,563	62,420
Finance cost	-4,721	-1,609
Share of Profit/(Loss) of Associates	-261	-9
Share of Profit/(Loss) of Jointly Controlled Entities	0	0
Profit/(Loss) after Taxation & MI	17,982	50,842
% Change Over the Last Period	-64.63	%
EPS / (LPS) - Basic	6.00 cents	20.30 cents
- Diluted	N/A	N/A
Extraordinary (ETD) Gain/(Loss)	0	0
Profit (Loss) after ETD Items	17,982	50,842
Final Dividend per Share	1.00 cent	5.00 cents
(specify if with other options)	N/A	N/A
B/C Dates for Final Dividend	21/08/2001 to	27/08/2001 bdi.
Payable Date	07/09/2001	
B/C Dates for AGM/SGM	21/08/2001 to	27/08/2001 bdi.
Other Distribution for Current Period	Nil	
B/C Dates for Other Distribution	N/A to	N/A bdi.

(bdi: both days inclusive)

Remarks :

For and on behalf of
Fortune Telecom Holdings Limited

Signature :

Name :

Title :

Ng Kai Cheung, Martin

Company Secretary

Responsibility statement

The directors of the Company (the "Directors") as at the date hereof hereby collectively and individually accept full responsibility for the accuracy of the information contained in this results announcement form (the "Information") and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief the Information are accurate and complete in all material respects and not misleading and that there are no other matters the omission of which would make the Information herein inaccurate or misleading. The Directors acknowledge that the Stock Exchange has no responsibility whatsoever with regard to the Information and undertake to indemnify the Exchange against all liability incurred and all losses suffered by the Exchange in connection with or relating to the Information.

1. GROUP REORGANISATION AND BASIS OF PRESENTATION

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

Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the Stock Exchange), the Company became the holding company of the Group on 10th December, 1999. The shares of the Company were listed on the GEM of the Stock Exchange on 16th February, 2000.

Details of the Group Reorganisation are set out in the prospectus of the Company dated 9th February, 2000. The Group Reorganisation principally involved the exchange of fully-paid shares of the Company with the entire issued shares of Express Fortune Holdings Limited.

The Group resulting from the above Group Reorganisation is regarded as a continuing entity. Accordingly, the financial statements of the Group have been prepared on the merger basis of accounting as if the Company had always been the holding company of the Group.

The consolidated income statements for each of the financial year ended 31st March, 2000 and 31st March, 2001 includes the results of the companies comprising the Group as if the current group structure had been in existence throughout the periods under review, or since the dates of incorporation of the companies where this is a shorter period.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year.

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

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group intends to hold to maturity (held-to-maturity debt securities) are measured at amortised cost; less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium arising on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments in debt or equity securities that are intended to be held on continuing basis and that are held for an identified, strategic, long term purposes (investment securities) are measured at cost, less provision for any diminution in value that is expected to be other than temporary.

Securities not classified as investment securities nor as held-to-maturity securities (other investments) are measured at fair value, with valuation movements included in net profit or loss for the period.

2. UNREALISED GAIN ON INVESTMENT HOLDING

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, 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 in-house expert team, the Group had substantially reduced 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 during the period and carried at fair value since 30th June, 2000 and up to now. Also, the fair value of PacificNet.com in the balance sheet as at 31st March, 2001 was determined with reference to the closing share price of PacificNet.com in the NASAQ of USA at 31st March, 2001.

Pursuant to the benchmark treatment under the HKSSAP 24, the change in valuation of others investments should be included in the net profit or loss for the relevant period. Accordingly, the surplus/(deficit) arising on the revaluation of the investment in PacificNet.com was recorded as a holding gain/(loss) in the Group's income statement for the year ended 31st March 2001.

3. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings per share for the year ended 31st March 2001 is based on the profit for the year of HK\$17,982,000 and on 300,000,000 shares in issue during the year.

The calculation of the basic earnings per share for the year ended 31st March, 2000 was based on the profit of HK\$50,842,000 and on the weighted average number of 250,319,672 shares that would have been in issue throughout the year on the assumption that the Group Reorganisation has been completed as at 1st April, 1999