



• **New World Telephone International Network**

New World Telephone constantly expands and strengthens its network coverage by entering into agreements with international carriers and various telecom operators.



With its quality and comprehensive services, NWT successfully increased its market share of data, broadband and voice services and achieved positive EBITDA for the second consecutive year. To improve its market coverage, NWT has now signed bilateral agreements with 17 carriers from 13 strategic countries and has expanded its network both locally and internationally. NWT has also signed one-stop-shop International Private Leased Circuit agreements with various telecom operators in Greater China and Southeast Asia, such as StarHub of Singapore, CTM of Macau and China Telecom.

During the year, NWT also formed an alliance with CISCO to launch the Gigalink IP Broadband Services, a new family of broadband services powered by Cisco Systems' latest "LRE" technology. From Internet access to secure IP virtual private network options, Gigalink delivers cost-effective, high-speed broadband services, with symmetric bandwidth ranging from 10 Mbps to 100 Mbps. As a result of broader network coverage and a best of class service offering, NWT acquired many new renowned international carriers and multinationals as customers during the year.

In terms of IDD services, NWT enjoys a customer base of over one million registered users for its IDD business and an impressive market share of 15%,

# New World Telephone



making it the leader among all new FTNS operators. Traffic has grown by 30% to over 480 million minutes. As for fixed line services, NWT's plan is to extend its coverage further and to aggressively promote services targeted at a wider range of commercial and residential districts.

During the year, the performance of both New World Telephone and New World Mobility improved and both companies are heading towards breakeven point in the coming year:

	FY2001 (HK\$m)	FY2000 (HK\$m)
Turnover	2,929.7	2,890.2
EBITDA	134.6	22.0
EBIT	(192.7)	(252.4)
Net Trading Loss	(283.3)	(430.1)

## New World Mobility

For the year under review, NWM implemented various initiatives to enhance its financial performance and to position itself for the future. Subscribers increased by 10%, reaching 683,000 through targeted programmes, ARPU increased by 5% through reduction of discounts and rebates. NWM focused itself on gaining more high-usage subscribers and putting emphasis to contain operating expenses. Furthermore, NWM developed customised retention initiatives for its current subscriber base and continued its technology investment to enhance the sound quality and to optimise the capacity of its network. NWM continued its effort in developing programmes for new products and services and recently signed up a 2G Mobile Virtual Network Operator.

from left to right:

- iData Centre**  
 A perfect blend of people and technology working together to ensure smooth and efficient services for customers.
- New World Mobility Outlet**  
 Quality mobile network with over 683,000 subscribers.



For next year, NWM's two main objectives are to:

- Reach a net income positive level by building on the initiatives launched in 2001
- Position for the future by continuing to focus on the launch of superior products and services through innovation and personalisation.

In September 2001, NWM decided not to participate in the 3G licensing process. Given the current status of the financial markets and 3G technology, the expected timing of mass-market adoption of 3G related services, and the critical mass of NWM, it became clear that NWM was better off not building a 3G network on its own. Instead, it has chosen to focus its capital, both human and financial, on the services provisioning side of the business. In the current environment, a 3G MVNO strategy becomes viable and financially attractive to NWM.

During the year, the Group reduced its stake in New World CyberBase to 18.5% at a moderate profit, which was offset by its enlarged attributable loss and thus, a larger loss was incurred by the telecommunications division in the FY2001.

### Outlook

Due to stabilising market competition, declining cost base and steadily increasing traffic volume, contributions from IDD services are set to improve. With the new products and services introduced by NWM, coupled with the improved market share among NWT's expanded range of data and fixed-line services, contributions from the telecommunications division are set to improve.

