

## Chairman's Statement

Building on the 25% profit increase we saw in 1999, and as anticipated in our mid-year interim report, the year 2000 was a good one for TVB. The Company's profits for the year were 53% greater than the previous year. For the year ended 31 December 2000, TVB achieved a consolidated turnover of HK\$3,490 million and a net profit, after tax and minority interests, of HK\$774 million.

At the Company's Annual General Meeting, the directors will recommend a final dividend of HK\$0.75 per share. Including the interim dividend of HK\$0.20 paid on 5 October 2000, total dividend per share for the year will be HK\$0.95 as compared to HK\$0.80 for 1999.

With the worst of the Asian economic troubles behind us in 1999, 2000, though not characterized by any dramatic upswings, nevertheless brought overall improved economic and market conditions.

Our positive profit results included a gain resulting from the restructuring of our publishing and Internet operations and an attendant private placement of shares in TVB.COM Limited.

Reflecting the Company's continuing, superb performance in creating programming with broad appeal to local viewers, our ratings and audience share in Hong Kong were excellent for the entire year. Overall average weekday primetime audience shares of 81% and 76% respectively for our Jade and Pearl channels were the highest registered by the "Peoplemeter" audience measurement system since its adoption in Hong Kong in 1992.

However, largely due to stiff competitive pressures and less than optimal economic conditions in Taiwan, our performance internationally was not as strong as our core broadcasting business in Hong Kong. Nevertheless, we saw significant increases in our European distribution during the year and are enjoying an enthusiastic response to our new multi-channel direct-to-home services in the US and Australia.

In light of the recent, broad-based retrenchment in the Internet industry, our cautious entry into that business has reduced our exposure as the industry has contracted. Notwithstanding the present correction, we feel the Internet will continue to bring changes and provide opportunities to the future of our business. TVB will continue an active participant as the Internet industry evolves. Reducing our higher-cost operations in Hong Kong and relocating many of these activities to the mainland will enable us to stay in the way of the many opportunities that lie ahead.

The year also saw the awarding to our subsidiary company, Galaxy Satellite Broadcasting Limited, one of several pay TV licences granted by the HKSAR Government. The opening up of the pay TV market in Hong Kong offers TVB an opportunity to serve as a channel or programme supplier to one or more of the new licensees as the Hong Kong's pay TV industry expands and develops.

In the mainland, though our revenues there were limited by new restrictions imposed on the

importation of foreign programming for primetime broadcast, we nevertheless continue to be the leading supplier to the mainland market. Co-productions in the mainland have also been good generators of revenue for us in that market.

Our satellite channels, TVB8 and Xing He, are now officially authorized in the mainland and distribution there is growing. With their improved and wider appeal, we anticipate these channels will make a positive contribution to our international results.

As of this writing, our ratings and audience share statistics continue very strong, promising yet another good year for us in 2001.

As in the past, making this report to our shareholders also affords me the opportunity to extend my heart-felt thanks to all the management and staff of TVB. The successful performance of the Company is a direct result of their dedicated and unstinting effort.

**Run Run Shaw**

Executive Chairman

Hong Kong, 11 April 2001