



Chairman's Statement

主席報告書

Chairman's Statement

主席報告書

Year at a Glance 大事年表

2.2000

Placing of 34.7 million new shares at HK\$6.0

以每股6元配售 3470萬新股。

Participating in China's Broadcasting Revolution

During the year under review, DVN has continued to expand its digital media transmission business. After the reorganization of its business operations within its group companies, DVN streamlined its businesses and largely focused on promoting its cutting edge digital broadcasting technology in the form of developing and providing end-to-end digital media transmission systems to cable TV ("CATV") operators. DVN foresees exceptional growth and profitability in this line of business.

DVN provides digital interactive TV platforms to CATV operators that enable them to quickly increase their revenues by offering subscribers interactive pay TV services. DVN not only provides the hardware, software and applications that allow a CATV operator to operate a digital broadcasting business, but also supplies the digital set top box ("STB") required by the subscriber to receive the digital broadcasts and multimedia content and services to be broadcast over the platform.

DVN also provides international financial and consumer data content through its group company, Dynamic Network Limited ("Dynamic"). However, under the existing business model of distributing the data to personal computer end-users, its growth and profitability has been limited due to the extremely competitive nature of the market. However, DVN is currently working to refocus Dynamic's business model and disseminate its international financial data over DVN's digital platforms in order to reach TV end-users, an untapped market.

DVN had installed, by December 2000, eight digital broadcasting platforms in four provinces and four municipalities throughout China, giving DVN access to over 19 million existing CATV subscribers.

In 2000, extreme effort was focused on streamlining operations and rolling out DVN's digital broadcasting platforms in China. As a result, DVN significantly reduced its operating losses before provisions and write-offs from HK\$184.8million for 1999 to HK\$51.8 million in 2000.

DVN felt it prudent to write off the goodwill from its investment in Dynamic due to the competitive market environment. DVN has also booked a large provision against doubtful loan receivables incurred through the divestment of non-core business units. By taking such a write off and booking a large provision, DVN's future financials will more accurately portray the performance of its digital transmission business and not be skewed by historical events that are unrelated to the current business of DVN. As such DVN booked provisions and write offs amounting to approximately HK\$127.5 million.

DVN's operating losses after provisions and write offs amounted to approximately HK\$179.3 million, which although less than the operating losses of HK\$300.4 million in 1999, does not accurately portray the performance of its core business unit, digital media transmission or the groundwork put in place to return DVN to profitability. We expect that once DVN's partners commence full roll outs of their interactive pay TV services, DVN's revenues will grow substantially.

參與中國之廣播革命

在業績期內，天地數碼繼續擴展數碼媒體傳輸業務。集團內各公司經過業務重組後，業務得以精簡化，大致上集中推動其具有領先地位之數碼廣播技術，為有線電視經營商發展及提供端對端的數碼媒體傳輸系統。天地數碼預期這方面之業務將有突出之增長及利潤。

天地數碼為有線電視經營商提供數碼互動電視平台，讓經營商為客戶提供有線互動電視服務，迅速增加收入。天地數碼不單供應硬件、軟件及應用設備，讓有線電視經營商經營數碼廣播業務，同時還供應數碼機頂盒，讓收費訂戶接收數碼廣播及多媒體內容，以及享用透過廣播平台所提供之服務。

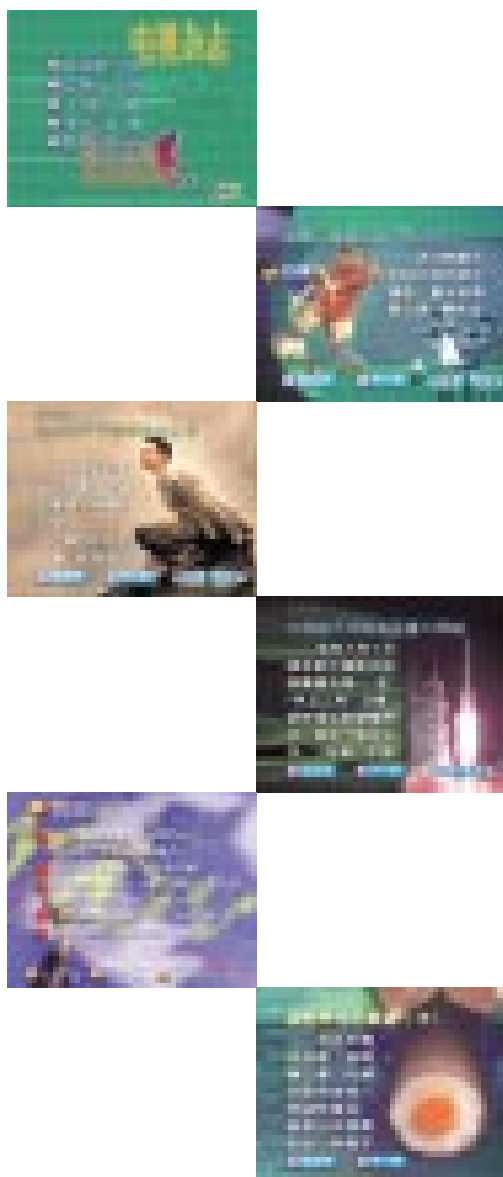
天地數碼也透過集團旗下公司 Dynamic Network Limited (Dynamic) 提供國際金融及消費者數據內容。不過，由於市場競爭非常劇烈，目前發放數據予電腦終端用戶之商業模式，其增長及利潤均受到局限。然而，天地數碼現正致力重整Dynamic之商業模式，利用天地數碼之數碼平台在Dynamic目前仍未開發之電視終端用戶發放國際金融數據。

截至2000年12月，天地數碼已在中國四個省份和四個大城市安裝了八套數碼廣播平台，所提供的數碼接入服務可覆蓋超過1900萬現有有線電視訂戶。

在2000年，天地數碼在精簡業務及在中國陸續推出數碼廣播平台兩方面所作出了巨大努力，令到撥備及撇賬前之營運虧損由1999年的一億八千四百八十萬港元大幅降低至去年的五千一百八十萬港元。

由於市場環境競爭激烈削弱了天地數碼之業務增長潛力及盈利，因此集團認為必須審慎地對投資在Dynamic之商響作出撇賬。天地數碼也為出售非核心業務權益而產生之問題應收貸款進行巨額撥備入賬。作出上述撇賬及把巨額撥備入賬後，天地數碼未來之財政狀況將更能準確地反映其數碼傳送業務之表現，不致被天地數碼目前與業務無關之往績扭曲。天地數碼已入賬之撥備及特殊項目約值一億二千七百五十萬港元。

天地數碼扣除撥備及特殊項目後之經營虧損約相等於一億七千九百三十萬港元，雖然低於1999年的三億零四十萬港元經營虧損，但仍未能反映其核心業務——即可令天地數碼轉虧為盈的數碼媒體傳送或基礎之表現。我們預期，當天地數碼之夥伴全面推出其互動收費電視服務後，天地數碼之收入將大幅增長。



Chairman's Statement

主席報告書

Innovative System Integration at Affordable Prices

DVN's strengths lay in its innovative system integration and the benefits it will bring to CATV operators and subscribers in China. DVN's systems are widely accepted as being the most cost effective, easily implemented integrated digital platform to profitably offer subscribers interactive pay TV services.

CATV operators save significant costs from using a totally integrated, turnkey solution, designed by DVN. These significant savings and a short construction period allow the CATV operators to offer interactive TV services quickly and at prices affordable to the level of economic development in China.

Total Solution Provider

DVN is able to provide to China CATV operators a very advanced digital broadcasting platform that complies with international standards. DVN's platform is inclusive of the hardware, software and applications needed by the CATV operator to run a digital broadcasting business; the digital STB required by the subscriber to receive the digital broadcasts; and content and value-added services to be broadcast over the platform. CATV operators, instead of using multiple vendors to piece together a digital broadcasting system, benefit significantly from using DVN's turnkey solution.

DVN has devoted substantial resources to developing a unique, total solution digital broadcasting system for China that would address the demands of both the subscribers and the CATV operators. DVN's system increases the revenue generating potential of the CATV operators without any necessary upgrades to the existing cable network as well as provides the subscriber with premium services for which they are ready and willing to pay. A win win solution for all.

Access to China's Broadcasting Industry

China's broadcasting industry is largely closed to foreign involvement. Foreigners are barred from investing in CATV networks. In December 2000, to further strengthen the government's control over the broadcasting industry, China's broadcasting industry watchdog, the State Administration of Radio, Film and Television ("SARFT"), promulgated new licensing procedures for CATV operators who wish to offer their subscribers digital pay TV services. Hebei provincial CATV, one of DVN's leasing partners, received the first such license to be issued in March 2001 and expects to begin commercial roll out of these services within the second half of 2001. As DVN does not own or operate any broadcasting assets, it is legally able to obtain exposure to China's potentially lucrative broadcasting industry without contravening Chinese laws and regulations.



以相宜之價錢整合創新系統

天地數碼之強項建基於創新系統整合，以及為中國國內的有線電視經營商及訂戶帶來好處。天地數碼為客戶提供收費互動電視服務的系統，已公認是最具成本效益、容易操作及可達致利潤的整合數碼平台。

天地數碼設計之完全整合及全承包解決方案，可為有線電視經營商節省大量成本，再加上為時短暫的安裝期，有線電視經營商完全可以中國經濟發展可負擔的價格水平快速提供互動電視服務。

全面承包解決方案供應商

天地數碼可為中國有線電視經營商提供極先進，並符合國際標準的數碼廣播平台。天地數碼之平台包括有線電視經營商經營數碼廣播業務所需之硬件、軟件和應用系統，以及訂戶在接收數碼廣播及通過平台廣播獲取內容及增值服務時所需之機頂盒。有線電視經營商毋須再依靠不同的來源整合一套數碼廣播系統，只須利用天地數碼之全承包解決方案便可大大獲益。

天地數碼撥出大量資源為中國數碼廣播系統發展出一套獨特而全面的解決方案，全面滿足訂戶及有線電視經營商的需要。透過天地數碼的系統，有線電視經營商毋須提昇現有的有線網絡，便可增強盈利潛力，同時為訂戶提供他們樂意付出價錢的優質服務，製造雙贏局面。

打入中國廣播事業

中國的廣播業大致上不容許外資參與。外商被禁止投資有線電視網絡。為了進一步加強政府對廣播業的控制，中國國家廣播電影電視總局於2000年12月為有意提供數碼收費電視服務的有線電視經營商制訂了新的發牌規則。天地數碼的其中一個租賃夥伴——河北省有線電視在2001年3月已獲得發出首面牌照，並預期可在2001年下半年內開始推出此類商業性服務。由於天地數碼並不擁有或操作任何廣播資產，因此可以在中國法律和規則容許下，合法地在中國參與有巨大盈利能力之廣播業。





www.dvnholdings.com

Chairman's Statement

主席報告書

Tangible Monetary Results

With the installation of eight platforms in China, over 19 million subscribers will be able to access interactive digital broadcasts.

By year-end, DVN had sold outright three digital broadcasting platforms in year 2000, and recorded HK\$26.3 million in sales. DVN expects to commission within 2001 the sales of another two platforms to its strategic partners, which were installed in year 2000. DVN had also entered into leasing agreements with three CATVs by year-end and receives technology support and equipment fees from the additional income derived by the CATV from the use of DVN's system. This arrangement provides DVN access to the subscription fees collected by the CATVs for the provision of interactive pay TV services. DVN has targeted for its leasing contracts the richest and most populous regions within China.

DVN has already begun receiving technology support and equipment fees and received the first payment from subscription fee collected in Suzhou for the month of December.

DVN also receives revenue from the sale of its STBs and the provision of content introduced by DVN and broadcast over CATV's digital platform. DVN expects to start generating income from value added services, such as on line stock trading, in year 2001.



Springboard for Strong Revenue Growth

DVN is at the cusp of realizing substantial revenue growth from the anticipated full roll out of interactive pay TV services in multiple provinces. The unexpected promulgation of licensing procedures for pay TV services by the SARFT last December has slowed down somewhat the expected penetration of interactive pay TV services. However, access to subscription fees coupled with sales of STBs expected from the roll out of services in Hebei and Shandong provinces within the second half of 2001 provide DVN the upside from increasing subscriber numbers. Limited roll out of the services, which include real time and personalized news and financial information services, are expected in the other provinces where DVN's platforms are installed, but the required pay TV licenses have not yet been received.

DVN continues to install its platforms in new locations throughout China. As of March 31st, 2001, DVN had signed one new contract and was negotiating another to install its systems on long term leasing basis and had entered into arrangement for the sale of four platforms to its strategic partner, giving DVN access to a further 1.5 million CATV subscribers.

有形之財務資料

在國內裝設了八套平台後，逾一千九百萬訂戶將可登入互動數碼廣播系統。

截至2000年底，天地數碼已售出3套數碼廣播平台，銷售額達二千六百三十萬港元。天地數碼預期可在2001年內，就銷售另外兩套於2000年內安裝之平台予策略性夥伴，並投入使用。截至去年年底，天地數碼又與三個有線電視經營商達成租賃協定，可因使用天地數碼系統之支援及設備費用賺取額外收入。透過這項安排，天地數碼可分享有線經營商提供收費互動電視服務時所收取的訂戶費。天地數碼之租賃合約以國內最富庶及人口最多的省份為對象。

在十二月份，天地數碼已開始收取技術支援費及設備費，以及已從蘇州訂戶費中收取第一筆費用。

天地數碼在出售機頂盒、供應天地數碼所提供的內容及利用有線電視數碼平台進行廣播等方面，亦已錄得收入。集團預期其他增值服務，例如線上股票買賣服務，應在2001年開始帶來收入。

強勁收入增長之跳板

天地數碼預期在不同省份全面推出互動收費電視服務後，可以實現大幅的收入增長。中國國家廣播電影電視總局去年十二月制訂收費電視服務發牌程序是意料不及的，減慢了打入收費電視市場之進度。不過，河北省及山東省可望在2001年下半年推出服務，其帶來的訂戶費及出售機頂盒之收入，將隨著訂戶數目的增加而對天地數碼有利。其他已安裝天地數碼平台，但仍未取得必須牌照之省份，預料也可提供包括實時及個人化新聞及財經資訊服務等的有限度服務。

天地數碼將繼續在中國其他地區安裝平台。截至3月31日止，已簽署了一份裝設系統的長期租賃合約，又透過其策略性夥伴安排簽署四份平台銷售合約，讓天地數碼之服務覆蓋面得以再增添多達1500萬有線訂戶。



Chairman's Statement

主席報告書

DVN endeavors to bring the highest quality content to the CATV operators to broadcast over the platforms. Quality content will not only provide CATV operators a marketing advantage and assist in the promotion of premium pay TV services but also increase the revenue potential of the CATV operators. DVN also plans to introduce interesting and desirable interactive applications over the platform that will turn the subscribers' TV into a point of sales terminal and concurrently generate a new revenue source for the CATV operators. DVN is already in discussion with major securities firms to install the application software necessary to trade stocks on-line over DVN's platform.

DVN will continue to invest in research and development to maintain its cutting edge in digital broadcasting technology. In the first three months of 2001, DVN has established a new research and development center in Shenzhen staffed with 40 people to focus on the development of miniature digital video broadcasting systems for community networks. This is in addition to DVN's research and development centers in Shanghai and Hong Kong and an engineering center in Shenzhen.

As DVN's system works on both one-way and two-way cable networks as well as presents CATV operators an affordable solution to digital broadcasting, DVN's platform has been received favorably by CATV operators outside of China, in particular Southeast Asia. DVN is following up aggressively these business opportunities and believes that such opportunities outside of the China market could contribute significantly to its growth.

Risk Management

DVN's exposure to China's broadcasting industry brings about a degree of uncertainty. Due to the newness of digital broadcasting technology and its capabilities, the broadcasting industry's structure and regulations are evolving. However, the trend in China, as promoted by the SARFT, is to upgrade China's broadcasting industry from analogue to digital. DVN's technology supports this switch. Furthermore, as DVN's business model is in accordance to China's current rules and regulations, it has minimized the inherent risks. However, DVN will closely monitor changes in the market and adopt a prudent and adaptive approach in order to maximize shareholders' value.

Gratitude to shareholders, management and staff

I would like to thank all DVN's staff for their hard work and commitment, which gives the Group the dynamism to succeed in this cutting edge industry. I would also like to extend my appreciation to the other Board members for their invaluable contributions and to our shareholders for their continued support.

天地數碼亦致力向有線經營商，提供最高質素之內容，並利用平台作廣播。管理層深信，優質內容不單可令有線經營商在市場推廣方面佔有優勢，有助推動優質的收費電視服務，也可增強此等有線經營商之盈利能力。天地數碼也計劃利用平台，引進各方感興趣之應用方案，把有線訂戶之電視機變作銷售點，為有線經營商開闢新的收入來源。天地數碼正與多家大型證券公司洽商，裝設應用軟件，利用天地數碼的平台進行線上股票交易。

天地數碼也繼續在研究和開發方面作出投資，以維持在數碼廣播技術方面的領先地位。2001年首三個月，集團在深圳建立了一座全新的研究和開發中心，有工作人員40人，集中發展適用於社區網絡的小型視像廣播系統。除此之外，集團在上海和香港也分別設有研究和發展中心，並已在深圳成立工程中心。

由於天地數碼之系統適用於單向及雙向有線網絡，及為有線電視經營商提供價格相宜的數碼廣播解決方案，天地數碼平台也受到中國以外地區，尤其是東南亞有線電視經營商的歡迎。天地數碼正積極跟進這些商機，並相信這些在中國市場以外之發展機會可大大推動業務增長。

風險管理

天地數碼參與中國的廣播事業伴隨着一些不確定因素。數碼廣播技術日新月異，廣播業對其發展結構及管理規則也在不斷演變之中。而然，廣播局目前在國內全力推動的潮流，是從模擬廣播轉向數碼廣播。再者，天地數碼的商業模式亦是符合中國目前的有關法則，其內在的風險可望減至最低。無論如何，天地數碼將密切注視相關市場的變化，並以務實及合適的策略讓股東獲得最大的收益。

向股東、管理層及員工致謝

本人謹對天地數碼所有員工致謝。他們勤奮工作以及作出的承擔，為集團帶來動力並在具有優勢的行業中取得成功。對其他董事局成員所作出的寶貴貢獻，以及股東們不間斷的支持，本人也致以謝意。