





# Committed

## PAY TV

Parading the world's most exciting sports programmes including the 2002 FIFA World Cup this summer, Cable Sports Channel is the channel of choice for avid sports fans. i-CABLE operates Hong Kong's leading Pay TV service and is committed to procuring premier programmes of all genres to meet the tastes of different viewers.

## PAY TV

In spite of the economic downturn, a net subscriber growth of 8% was recorded for the year to increase the subscriber base to over 560,000. This was achieved in the face of severe “competition” from pirated access to our service, which increased the hurdle for us in the acquisition of new subscribers and caused an increase in the loss of existing subscribers at the same time.

The average monthly churn rate increased to 1.8%, compared to a historical average

of 1.5% per month. ARPU declined by 7% to HK\$232 per month because of the loss of high yield subscribers to piracy and the subsequent special promotional offers to replace them. Following prompt counteractions taken during the year, this trend started to show signs of a modest reversal before the economic downturn began to exacerbate consumer sentiments in the fourth quarter.

In this unfavourable operating environment, turnover for Pay TV





increased by 4% to HK\$1,595 million. EBITDA increased by 5% to HK\$634 million while operating profit increased by 66% to HK\$349 million.

Various measures have been introduced to curb the proliferation of piracy since last year. In the near term, regular software changes on our more vulnerable analogue transmission platform are forcing the pirates to constantly upgrade. In the longer term, a more secure digital transmission platform is being rolled out.

All of the premises covered by our network are already receiving the digital signal and digital converters are being installed. On the MMDS distribution network, the more vulnerable analogue signal has already been turned off in the northern and other parts of the SAR; it will be completely withdrawn by the end of this month. On the fibre optic network, the analogue signal has also

started to be withdrawn on a building-by-building basis.

Initial evidence suggests that these anti-piracy measures are starting to produce results. Subscriber penetration started to recover in those buildings where the analogue signal has been turned off. At the same time, additional channels made possible by digitisation will be introduced beginning in April this year to attract more subscribers and more revenues.

As we continue to invest to enhance signal security, programming, marketing and customer service, coupled with the exclusive carriage of all matches of the 2002 FIFA World Cup in the upcoming June, the Group is optimistic about subscriber growth in the course of this year.

