

Chairman's

# Statement

主席報告



## Making the Vision a Reality

*During the year under review, DVN has continued to strengthen and consolidate its position as one of the leading media technology providers in China. DVN has focused on the roll out of digital TV services in locations where its platforms have been installed.*

As of year-end, digital services were commercially operable in ten locations over DVN's digital broadcasting platforms of which five only became operable in December 2001. DVN receives a percentage of subscription fees collected for five of the ten new digital services on offer. In the other locations, the platforms were sold outright and as such DVN will only receive ongoing income in these locations from the sale of its set top boxes.

DVN has now not only installed digital platforms throughout China but has made digital TV services an option for the analog subscribers that reside in these catchment areas. DVN foresees increasing subscriber numbers as it continues to roll out digital services throughout China. As subscriber numbers grow, DVN's turnover will continue to increase as its business model enables it to share with the local cable operators the increasing subscription revenues collected from digital services offered over its platforms. With a technology as new and revolutionary as digital broadcasting, it is difficult to predict the exact form of the digital broadcasting industry and its accompanying products in the next five years. However, DVN's business model and technology provides entry into the households of Chinese consumers at a basic level so that it will be well positioned to provide the higher value added, broader range of digital services that will be demanded in the future.

DVN has been able to put in place an extensive network of installed broadcasting platforms, giving it a substantial presence in China and maximum market coverage. By offering a Chinese language digital TV platform tailor-made for the cable TV ("CATV") market in China, DVN has successfully installed its digital broadcasting systems in 19 provinces and municipalities throughout the People's Republic of China ("PRC"). DVN has local implementation and support service teams throughout China providing the local CATVs a high level of service and support at costs significantly lower than international competitors. Going forward, DVN will leverage this extensive network of installed platforms to further penetrate the Chinese market with digital TV services.

## 令數碼電視服務在中國夢想成真的先驅

於回顧年度，天地數碼繼續加強及鞏固其中國媒體技術供應商的領先地位，專著於在已安裝其平台的地區開展數碼電視服務。

至年末，已有十個地區透過天地數碼廣播平台進行商業數碼服務，其中有五個地區到二零零一年十二月才開通。天地數碼目前提供十個地區的數碼服務中，可在其中五個地區服務所收取之用戶費中分成。在其他地區，平台全部出售，因此，天地數碼在該等地區仍可透過銷售機頂盒持續獲得收入。

目前，天地數碼不僅在中國各地安裝數碼平台，亦為在該等覆蓋地區之模擬電視用戶提供數碼電視服務選擇。天地數碼預期，隨著其數碼服務在中國展開，用戶人數將持續增加。鑑於天地數碼之業務模式，天地數碼可與本地有線營運商分享透過其平台提供數碼服務而收取之用戶費增長部分，隨著用戶數量增長，天地數碼的營業額將持續提昇。由於數碼廣播屬革命性的全新技术，難以精確預測以後五年內數碼廣播業的發展及相關產品的形式。不過，天地數碼業務模式及技術側重在基礎水平上進入中國消費者家庭，對滿足日後消費者對更全面的增值服務的需求極為有利。

天地數碼已成功建立覆蓋廣泛的數碼廣播平台，在中國市場上舉足輕重，獲得最大的市場佔有率。透過提供切合中國有線電視市場的全中文數碼電視平台，天地數碼卓有成效第在中國十九個省市建立本身的數碼廣播系統。天地數碼在全國各地均擁有地方實施及支援服務小組，以遠低於國際競爭者價格的代價為地方有線電視界提供高水準服務及支援。展望未來，憑藉其覆蓋廣泛的安裝平台網絡，天地數碼將在中國市場上進一步推進數碼電視服務。

Digital TV  
Services in China  
中國數碼電視服務

China continues to be the largest CATV market in the world with over 100 million users and is already actively participating in the worldwide migration towards digital interactive TV. Further accelerating the switch from analog to digital is the estimation that by year 2005, all major provincial and municipal CATVs will have to start digital broadcasts. The Chinese cable industry is unique, as its infrastructure was largely put in place by the Chinese government in order for it to communicate with its citizens. As such, the Chinese cable industry is not suffering from the high debt levels that currently encumber the European cable markets and is relatively modern offering broadband transmission levels. On the other hand though, the Chinese cable industry suffers from lack of content and quality services as until recently it was treated as a government-run utility. Now with digital technology at price points that are acceptable to the Chinese consumer, as offered by DVN, an entire new industry is emerging with the approval of the Chinese regulatory authorities. Despite the digital broadcasting industry being new and fraught with complexities, DVN's business model provides a beneficial solution to both the consumers and the cable operators. It is this solution that has been perfected over the last three years that gives DVN its competitive advantage and market leadership position in a market that boasts 100 million potential subscribers.

DVN's exposure to China's developing broadcasting industry is accompanied by both a degree of uncertainty as well as unlimited potential. Due to the newness of digital broadcasting technology, which merges interactive data, video and audio, resulting in new services and functions over the TV, the broadcasting industry's structure, regulations and services are evolving. DVN has positioned itself to take advantage of this potential while minimizing its risks. It has implemented a flexible business model that permits and rewards both proactive initiative as well as defensive maneuvers to take into account changes in the industry as it matures and changes in the preferences of Chinese consumers. DVN continues to focus on technical research and development in order to continuously upgrade and improve the products it offers and to take advantage of the digital subscriber base to which it has access. DVN is also forging new strategic alliances in order to further strengthen its leading position in the China market and to further its market penetration by offering Chinese consumers high quality products and services suitable to their unique requirements. This dual pronged approach will maintain DVN's market leadership and in turn create long term value for its shareholders as digital subscribers subscribe to a broader range of higher value added services as the digital industry develops. DVN will closely monitor changes in the market and will adopt a prudent and adaptive approach in order to maximize shareholders' value while providing shareholders the ability to participate in the immensely interesting and potentially lucrative digital broadcasting revolution.

中國仍是全球最大的有線電視市場，擁有超過一億用戶。而且，中國正積極推廣數碼互動電視，與世界潮流同步邁進。預計到二零零五年所有主要省級及市級有線電視台必須進入數碼廣播。中國有線電視業較為獨特，其架構主要由中國政府設立，以便與民眾進行溝通。故此，中國有線電視業並未如歐洲有線電視市場那樣重債纏身，在提供寬帶傳輸業務方面相對較先進。另一方面，中國有線電視業存在的問題是內容匱乏、服務難如人意，概因直至最近，中國有線電視仍被視為政府經營之公用事業。目前，由於數碼技術價格水平（如天地數碼所提供者）已可為中國消費者所接受，經中國規管機構認可，一個全新的新興行業正在崛起。儘管數碼廣播屬於新興行業，較為複雜，天地數碼業務模式為消費者及有線營運商提供極為有利的解決方案。經過三年的不懈完善，天地數碼解決方案令本集團擁有強大的競爭優勢，在擁有一億潛在用戶的有線電視市場上穩居市場翹楚地位。

中國廣播業處於發展中，天地數碼在儘享無限商機的同時亦不得不面對一定程度的不成熟性。數碼廣播技術相容互動數據及視頻和音頻，發展一日千里，與電視有關的新服務及功能亦是日新月異，廣播業發展結構及管理規則均在不斷演變之中。天地數碼已校準定位，充分利用這種潛力，同時最大限度地降低風險。天地數碼採用適宜的業務模式，兼用積極和保守措施，以適應日後行業逐漸飽和之變化及國內顧客需求之變化。天地數碼仍將不懈努力，側重進行技術研究及開發，不斷提昇及改善其所提供產品之質素，並充分利用其可接達的數碼用戶基礎。天地數碼亦在達成新的策略性聯盟，進一步加強其在中國市場上的領導者地位，擴大市場份額，向中國消費者提供切合中國消費者獨特需求的高質素產品及服務。這種雙向策略有助於維持天地數碼的市場領導地位，為股東創造長期價值，概因隨著數碼業發展，數碼用戶將訂購更全面的增值服務。天地數碼將密切關注市場的變化，並以審慎及靈活的策略為股東帶來最大收益，同時，股東亦得以參與有巨大發展潛力及盈利能力的數碼廣播革命。

*DVN is one of the few foreign companies duly accredited by China's regulatory bodies in respect of its digital cable TV broadcasting technology.*

天地數碼是目前少數僅有的通過中國監管當局有線電視數字廣播技術認證的外資公司之。

### **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.*

#### **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奉獻，為本集團帶來動力，確保本集團佔據行業優勢，取得成功。本人亦對其他董事局成員所作出的寶貴貢獻，以及股東們的不懈支持致以衷心謝意。

# Gratitude

致 謝