



**Stephen T.H. Ng**

*Chairman, President and Chief Executive Officer*

## Chairman's Statement

**T**he Group will celebrate its 10<sup>th</sup> anniversary later this year. Looking back, this was a decade wrought with three economic downturns, unprecedented political and business anxieties, as well as an environment of keen competition.

I am most grateful to all of our customers, partners, colleagues and shareholders whose generous support has helped the Group to prevail over these adverse conditions. With this support, the Group has developed into a fully integrated communications group with a brand that is synonymous with the best in news and sports, a solid customer base, and a physical and customer servicing infrastructure that is matched by few peers. Their support will help us to stay competitive to serve our customers and our shareholders.

The year that just passed posed very significant challenges to the Group's core businesses. Not only did we have to grapple with a weak economy and poor consumer sentiments, we also had to head off keener competition to maintain our growth momentum.

Nevertheless, carriage of the 2002 FIFA World Cup and aggressive marketing initiatives during the year helped the Group to achieve healthy growth for both Pay TV and Broadband subscriptions, albeit at a slower pace than planned.

The Pay TV subscriber base grew by 8% to surpass the height of 600,000 homes reached in the summer during the World Cup period while the Broadband subscriber base achieved a 42% growth rate to exceed 225,000 homes by the end of December.

Responding to the unfavourable operating environment, the Group adopted a strategy to prefer long-term market share over short-term margin. Against such a backdrop, turnover increased by 12% to HK\$2,161 million, EBITDA by 19% to HK\$731 million and EBITDA margin by 2 percentage points to 34%.

Operating profit increased by 26% to HK\$226 million. Excluding a one-time impairment provision on venture investments of HK\$73 million, recurrent net profit increased by 14% to HK\$190 million.



Senior management team (from left):  
Paul Lo, Samuel Tsang, Simon Yu, Benjamin Tong, Siuming Tsui, Eric Lo, Samuel Wong, Vincent Lam, Garmen Chan, Ronald Chiu

The Group continued to achieve healthy and sustained cashflow from its core businesses. In October, the Group completed the early redemption of HK\$1,500 million of convertible bonds with surplus funds to reduce its net financing cost.

Mr. Paul Tsui and Dr. David Hsu will step down from the Board in April and May respectively and Messrs. Quinn Law and Samuel Wong have been appointed new Directors with effect from April 1, 2003. On behalf of the Company, I wish to thank Messrs. Hsu and Tsui for their valuable support and contribution during their tenure and to welcome Messrs. Law and Wong to the Board.

The Group's operating performance demonstrated resilience at a time of difficulties affecting all sectors of the economy. During the year under review, we also made strategic investments to upgrade our transmission and production capabilities. With our state-of-the-art digital initiatives, we are well positioned to compete effectively in the years to come.

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Hong Kong, March 18, 2003