

Internet & Multimedia Services

In its third year of business, the Group's Broadband service recorded its first full year of operating profit in the sum of HK\$9 million, in spite of keen competition during the year. In 2001, the segment reported an operating loss of HK\$50 million.

Subscription rose by 42% year-on-year to exceed 225,000 to enable the Group to maintain its position as one of the two clear leaders of Broadband access service in Hong Kong with a 25% market share.

This was achieved in part because of aggressive pricing, causing ARPU to decline by 20% to HK\$180 per month. EBITDA increased by 125% to HK\$ 210 million due to a 34% increase in turnover (to HK\$450 million) and stable operating costs.

To maintain its market position, the Group has started to expand its delivery capability and to deploy new delivery technology during the year. These initiatives have expanded the capability of our platform and resulted in enhancement of our service quality as well as capacity to serve more subscribers.

Further enhancement of our multimedia content continued during the year with the launch of more fee-charging premium online channels. Leveraging on its television programmes, the Group is offering 160 hours of fresh programmes daily and has 2,800 hours of digitised video content in its inventory, spanning from news, sports, horse racing, general entertainment to adult programmes. Boosted by its unique and fresh content, the portals are gaining increasing recognition and subscription has been growing steadily. At the same time, the Group will pursue distribution of this content to other service providers, such as mobile operators with the imminent arrival of third-generation mobile communication.

