



新聞二台

足球台

娛樂台

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娛樂新聞台

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“Irrespective of challenges, the Company not only reported respectable growth, but also emerged from 2003 in a stronger operating and financial position.”

**Stephen T.H. Ng** *Chairman, President and Chief Executive Officer*





## Chairman's Statement



The year 2003 posed unprecedented challenges to Hong Kong and to the Group. I am most grateful to all of our customers, partners, colleagues, shareholders and directors. Their generous support helped the Group to prevail over adverse conditions to celebrate its landmark 10th anniversary.

Despite a hostile operating environment brought about by a weak economy, the SARS outbreak and keener competition, the Group successfully met most of the challenges. It not only reported respectable growth. It also emerged from 2003 in a stronger operating and financial position.

With business recovering in the second half of the year, the Group's net profit before tax in 2003 doubled to HK\$234 million (2002: HK\$117 million). Net profit after tax increased by 88% to HK\$220 million (2002: HK\$117 million) due to a non-recurring taxation charge in 2003.

This was achieved despite a marginal decrease in turnover to HK\$2,143 million (2002: HK\$2,161 million). The rise in turnover from Pay TV, after the highly successful FIFA World Cup a year ago, was testimony to the strength of the business. On the other hand, the fall in Broadband turnover despite underlying volume growth was testimony to a competitive marketplace and contracting margin.

Based on the Group's steady earnings growth and stronger operating and financial position, the Board has recommended a final dividend of 4 cents per share (2002: 1.5 cents) to increase the total dividend for 2003 to 5.5 cents per share (2002: 3.0 cents). This would represent an increase of the Group's dividend payout ratio to about 50% of recurring earnings, compared to the about 30% adopted previously.





Subscription for the Group's Pay TV and Broadband access services both reported healthy gains during the year. Pay TV subscribers grew by 8% to 656,000 at the end of the year. Broadband subscribers grew by a slower 14%, to 258,000, compared to previous years, in a market approaching maturity.

The year also saw enhancement of the Group's programming service with the launch of a 24-hour Entertainment News Channel, acquisition of important sports carriage rights and the addition of additional satellite channels to its platform. These initiatives have placed the Group in a favourable position in the wake of new competition on the Pay TV front.

In the residential Broadband market, despite a lasting erosion of margin due to a maturing market and keen competition, effective marketing initiatives enabled the Group to more or less defend its market share. Continuing measures to enhance our multimedia content service with the introduction of fee-charging portals have begun to bear fruit with healthy growth of subscription during the year but the revenue base is still small at this stage.

As Hong Kong's economy continues to recover, the Group has rebuilt growth momentum for its core businesses, which had been affected by the adverse conditions and keen competition in the past few years.

**Stephen T.H. Ng**

*Chairman, President and Chief Executive Officer*

Hong Kong, March 11, 2004

