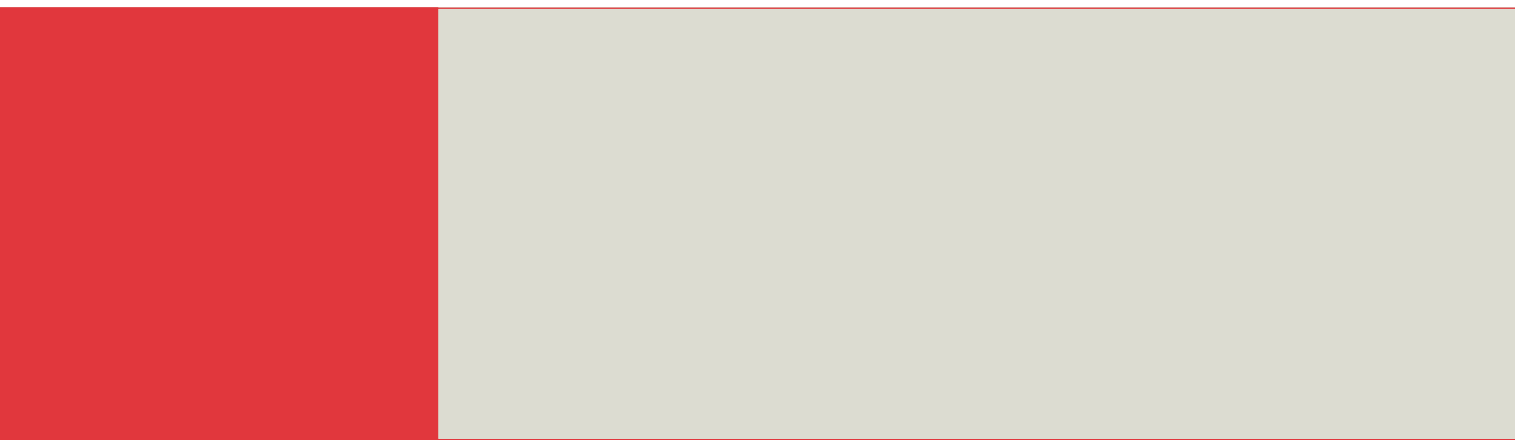


# CHAIRMAN'S STATEMENT

“The Group reports another year of record profit and business growth.”





**The Group's content service has been reaching out, both beyond Hong Kong and within the domestic market, beyond residential homes and commercial places.**

**B**uoyed by an improving economy, the Group reported another year of record profit and business growth despite intensified competition in its core markets in 2004.

I am most grateful to all of our customers, partners, colleagues, shareholders and directors. Their invaluable support helped the Group to prevail over the competition and move our businesses to new height.

Competition in the Pay TV sector exerted immense pressure on operating cost while that in the Broadband sector opened a new battleground in bundled services. Nevertheless, respectable subscription growth in both businesses through strong programming and effective marketing initiatives enabled the Group to weather such pressures with a degree of success.

Consolidated net profit for the Group rose by 29% to HK\$284 million (2003: HK\$220 million) as turnover increased by 11% to HK\$2,372 million (2003: HK\$2,143 million), surpassing all previous records.

Pay TV subscribers grew by 7% year-on-year to 702,000 at the end of 2004, attributable to programming and marketing initiatives during the year. APRU rose by 2% to HK\$225.

Broadband subscribers grew by 13% to 291,000 at the end of 2004 as subscription picked up in the second half through successful service enhancement and the introduction of new bundled packages. ARPU for the full year recorded a 9% growth to HK\$140 but downward pressure resumed in the second half of the year.

At the same time as the core businesses reported healthy growth, the Group's content service has been reaching out, both beyond Hong Kong and within the domestic market, beyond residential homes and commercial places. These developments, which leveraged on the Group's content production and aggregation capability, have begun to add new dimensions to the Group's potential market. Our content has now reached Mainland China, the Americas, on flights and will soon be available in Southeast Asia.

On the other hand, the pressure on Broadband APRU despite underlying volume growth was testimony to a competitive marketplace and contracting margin.

## **Stephen T.H. Ng**



*Chairman and Chief Executive Officer*  
Hong Kong, March 3, 2005

