

# Chairman's Statement



New corporate structure in place to sharpen operation and market focus

# Looking with ahead confidence

## Dear Stakeholders

**The Group** continued to strengthen its market position in 2005. Both core businesses, Pay TV and Broadband access services, reported healthy growth albeit at a slower pace due to intense competition. Revenue from Pay TV came under new pressure but total Group revenue still reported a respectable gain.

The Pay TV subscriber base grew by 5% to 738,000 (2004: 702,000) despite aggressive competition. On the other hand, the Broadband subscriber base grew by a more robust 10% to 320,000 (2004: 291,000).

Group turnover rose by 3% to HK\$2,441 million (2004: HK\$2,372 million). Net profit after tax rose by 105% to HK\$582 million (2004: HK\$284 million) after a net deferred tax credit of HK\$305 million from recognition of tax losses from previous years as deferred tax assets. Earnings per share rose by 105% to 28.8 cents (2004: 14.1 cents).

The Group's financial position was further enhanced, with free cashflow before dividends rising by 75% to HK\$399 million (2004: HK\$227 million); and capital expenditure declining by 34% to HK\$282 million (2004: HK\$428 million). In view of that, the Board has recommended a final dividend of 5.0 cents per share to increase the total dividend for 2005 to 8.5 cents per share (2004: 7.5 cents). This would represent a dividend yield of about 4.5% p.a. on the basis of the Company's prevailing stock price.

During the year, efforts to open new markets bore initial fruit. Groundbreaking news medium Newline Express on KCR trains started to bring in revenue since opening for business in August. Sundream Motion Pictures, our film production arm, completed its first production '49 Days' in December and released it theatrically in Hong Kong and Southeast Asian markets in February 2006.

As a forward looking company operating in a fast-changing and competitive industry, we need to constantly upgrade and regenerate ourselves. To this end, a new corporate structure has been put in place since the beginning of 2006 to further sharpen the focus of respective business units within the Group. This is intended to enhance competitiveness to respond to market changes more effectively and to facilitate expansion into new markets.

The period under review was full of challenges and we responded to these challenges with some degree of success. That would not have been achieved without the continuing generous support of our customers, partners, colleagues and shareholders, to whom I am most grateful.



**Stephen T.H. Ng**  
Chairman and Chief Executive Officer  
Hong Kong, March 2, 2006