

# Chairman's Statement

"GROWTH  
CONTINUES WITH  
NEW INITIATIVES  
IN BUSINESS AND  
PROGRAMMING  
DEVELOPMENT."

## Dear Stakeholders,

*I am pleased to report continued growth for our core businesses in 2006, although escalating programming costs and intense competition have caused a decline in profit.*

*On a consolidated basis, despite a 4% turnover growth to HK\$2,548 million for the year, profit before taxation decreased by 26% to HK\$210 million (2005: HK\$282 million). Profit after taxation fell to HK\$181 million (2005: HK\$582 million, a credit of HK\$305 million from recognition of previous tax losses as deferred tax assets). Correspondingly, earnings per share dropped to 9.0 cents (2005: 28.8 cents).*

*The financial position of the Group however remained healthy, with free cashflow before dividends rising by 2% to HK\$407 million (2005: HK\$399 million). In view of that, the Board has recommended a final dividend of 5.0 cents per share to bring full year dividends per share to 8.5 cents (2005: 8.5 cents).*

*More intense competition from competitors impacted on the Group's performance as we responded to their challenges with more active marketing and pricing, which put margin under tremendous pressure. More challenges came towards the end of the year when the Group was outbid by its principal competitor for the next three seasons of telecasting rights for the English Premier League. The Group responded proactively and promptly adjusted its subscription acquisition and customer retention strategies.*

*For the year as a whole, Pay TV subscription grew by 7% to 786,000, Broadband subscription grew by 2% to 328,000, and wholesale voice lines grew by 40% to 168,000.*

*These results would not have been achieved without the generous support of our shareholders, partners and customers, and the dedication of our colleagues, to whom I am most grateful.*

*The Group is making preparations to face up to the keener competition in the coming year. A series of new programmes will debut in the first half of 2007 to further enhance our news, entertainment, movie and sports platforms. We have successfully diversified our business and established our presence in other markets as well as in other forms of media and products.*

*All that has put us in a good position to brace for competition.*



**Stephen T.H. Ng**

Chairman and Chief Executive Officer  
i-CABLE Communications Limited  
Hong Kong, March 5, 2007