

財務資料

DISCUSSION OF FINANCIALS

Turnover

Turnover of the Group for the year ended 31st December 2004 increased by 130% from HK\$73.3 million in 2003 to HK\$169.2 million, with the net loss declining from HK\$140.1 million for 2003 to a net loss of HK\$59.7 million for 2004. The net operating loss before provisions and exceptional items was HK\$30.0 million this year compared to HK\$54.1 million in 2003, which represents a 44.5% narrowing of operating loss.

The Group's revenues for 2004 were mainly derived from the digital broadcasting business comprising of sales of digital headend equipment, set top boxes ("STBs") and subscription income, and partly from the provision of financial and consumer data.

營業額

本集團截至二零零四年十二月三十一日止年度之營業額由二零零三年之7,330萬港元上升130%至1億6,920萬港元，虧損淨額由二零零三年之1億4,010萬港元下降至二零零四年之5,970萬港元。本年度扣除撥備及特殊項目前之經營虧損淨額為3,000萬港元，而二零零三年則為5,410萬港元，虧損淨額下降了44.5%。

本集團於二零零四年之收益主要來自數碼廣播業務，包括銷售數碼前端設備、機頂盒及用戶費收入，以及部份來自提供金融及消費者數據服務之收入。

		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Turnover	營業額		
Headend sales	前端設備銷售	28,298	23,275
STB sales, subscriptions and sundry	機頂盒銷售、用戶費及其他	124,507	35,730
Provision of financial and consumer data	提供金融及消費者數據	16,431	14,247
		169,236	73,252

Sale of Digital Headend Equipment

Headend sales increased slightly by 21.5% from HK\$23.3 million for year 2003 to HK\$28.3 million for year 2004. As digital broadcasting is becoming more widely adopted in China, more CATV operators are seeking to purchase digital headends. On the other hand, competition is becoming increasingly keen in this market.

數碼前端設備之銷售

前端設備銷售額由二零零三年的2,330萬港元輕微上升21.5%至二零零四年的2,830萬港元。隨著數碼廣播在中國日益風行，尋求購買數碼前端設備的有線電視營運商數目亦見上升。另一方面，市場上的競爭亦日趨激烈。

STB Sales

The turnover from STB sales increased significantly by over 300% from HK\$26.7 million in 2003 to HK\$111.6 million in 2004. As DVN expanded its rollout to additional locations in 2004, and as SARFT issued new circulars to promote digital cable TV, demand for STBs increased. 242,198 STB units were sold in 2004, compared to only 35,515 units in 2003. A major portion of the STB unit sales came from Qingdao as SARFT issued a full digitalization policy in May 2004, calling for Qingdao to become the trial city for full digitalization. Other cities are expected to follow.

Subscription Revenues

Subscription revenues increased from HK\$2.7 million in 2003 to HK\$4.2 million in 2004. The increase did not rise as much as STB sales as most of the STBs were sold in areas, like Qingdao, where DVN has not made a direct investment, and therefore, is not allowed to share in the subscription revenues. DVN expects subscription revenues to increase once the cities it has made investments in adopt the full digitalization model.

STB Raw Materials & Sundry Sales

DVN supplies key STB components to manufacturing partners for STB OEM production. By purchasing parts for its partners, DVN ensures the quality and availability of the key components. At the same time, by acting on behalf of all the customers, it is able to obtain favorable volume discounts offered by the key suppliers, which can bring overall benefits to all parties involved. Other sundry sales include system integration fee, and license fees for the STB technology that DVN licenses to partner manufacturers.

Provision of financial and consumer data

Provision of financial and consumer data increased by 15% from approximately HK\$14.2 million last year to HK\$16.4 million this year. This reflects the gradual recovery of the financial markets in 2004. This line of business accounted for 9.7% of this year's turnover.

機頂盒銷售

機頂盒銷售之營業額由二零零三年之2,670萬港元大幅增長逾三倍至二零零四年之1億1,160萬港元。隨著天地數碼於二零零四年擴展推廣服務至其他地區，加上廣電總局發出新通告推廣有線電視數碼化，對於機頂盒之需求亦隨之上升。二零零四年共售出242,198台機頂盒，而二零零三年僅售出35,515台機頂盒。由於廣電總局於二零零四年五月發表全面數碼化政策，並要求青島成為試行全面數碼化之城市，因此本集團年內大部分的機頂盒銷售均來自青島市場。現更預期其他城市將跟從試行全面數碼化。

用戶費收益

用戶費收益由二零零三年之270萬港元增加至二零零四年之420萬港元。增幅並未如機頂盒銷售般理想，此乃由於大部份機頂盒均於青島等地區售出，而天地數碼在該等地區並未作出直接投資，故不得攤分用戶費收益。天地數碼預期，倘其投資的城市採納全面數碼化模式，其用戶費收益將會增加。

機頂盒原料及其他銷售

天地數碼就機頂盒原設備製造生產向生產夥伴供應機頂盒主要部件。天地數碼通過為其夥伴採購零件，可確保主要部件的質量及供應。同時，由於作為所有客戶之代表作集體大量採購，因而能夠獲得主要供應商提供優惠批量折扣，為各方帶來整體利益。其他銷售包括系統集成費用，以及天地數碼向夥伴生產商收取之機頂盒技術授權費。

提供金融及消費者數據

提供金融及消費者數據之收入從上年的約1,420萬港元上升15%至本年度的1,640萬港元。這反映出二零零四年金融市場逐漸復甦。此方面的業務佔本年度營業額的9.7%。

Cost of Sales & Gross Profit

Cost of sales increased by 124.7% from HK\$53.5 million in 2003 to HK\$120.2 million in 2004. This increase is consistent with the substantial increase in total turnover. Gross profit margins increased slightly from 27% to 29%. Despite improving margins, pricing pressure remains. However, DVN has introduced newer, lower cost STBs enabling DVN to be competitive in sales while still maintaining a stable margin.

Other Revenue

Other revenue increased slightly from HK\$1.0 million in 2003 to HK\$1.3 million in 2004, which comprised mainly of interest income. As a result of a higher average cash balance maintained in 2004, relatively more interest income was generated during the year.

Operating Expenses

Sales and Marketing Expenses

Sales and marketing expenses increased by 20.3% from HK\$14.3 million to HK\$17.2 million. The increase in marketing and selling expenses reflected the increased marketing activities of the digital broadcasting business, as a result of substantial increase in turnover of STB sales and subscription income. DVN expects that the marketing costs will continue to rise as sales activities increase.

Administrative Expenses

Despite a substantial increase of business activities, administrative expenses were kept under tight control, resulting in a small increase of 5.8% from HK\$55.2 million to HK\$58.4 million. This was a consequence of management's continuous stringent cost control measures, carrying forward from the major cost reduction exercises in 2002 through 2003.

Other Operating Expenses

Other operating expenses include amortization of deferred development cost, provisions of doubtful debts, stock loss and general impairment of inventory. Such expenses declined significantly by 69% from HK\$86.9 million in 2003 to HK\$27.0 million in year 2004. The significant reduction was mainly due to exceptional write-offs and impairment of intangible assets had been completely provided for in 2003. Apart from general provisions against doubtful debts, inventory and a deposit for movie licenses, no other exceptional write-offs occurred in 2004.

銷售成本及毛利

銷售成本由二零零三年的5,350萬港元上升124.7%至二零零四年的1億2,020萬港元。此上升與總營業額之增加一致。毛利率由27%輕微上升至29%。儘管毛利率上升，價格仍然受壓。然而，天地數碼已推出新型號並更節省成本之機頂盒，因而令天地數碼在銷售上具備競爭力，同時亦可保持穩定之利潤。

其他收益

其他收益由二零零三年之100萬港元上升至二零零四年之130萬港元，主要包括利息收入。由於二零零四年之現金平均結餘較去年高，本年度產生之利息收入亦相對增加。

經營開支

銷售及市場推廣開支

銷售及市場推廣開支由1,430萬港元增加20.3%至1,720萬港元。市場推廣及銷售開支上升，反映出數碼廣播業務的市場推廣活動增加，至令機頂盒銷售的營業額收入及用戶費收益大幅增加。隨著銷售活動增加，天地數碼預計市場推廣開支將會繼續增加。

行政開支

儘管業務活動大幅增加，行政開支在嚴格監控下僅由5,520萬港元輕微上升5.8%至5,840萬港元。此乃由於管理層繼續實行如過往兩年的嚴格成本控制措施。

其他經營開支

其他經營開支包括遞延開發成本的攤銷、呆賬撥備、庫存虧損及存貨一般減值。該等開支由二零零三年的8,690萬港元大幅減少69%至二零零四年的2,700萬港元，主要由於無形資產之攤銷及減值已於二零零三年全數撥備。除就呆賬、存貨及有關電影發行之按金作出一般撥備外，二零零四年並無其他特殊的應計撇銷。

Operating Loss

Losses from operating activities before finance cost and share of loss of jointly controlled entity has significantly improved from HK\$135.7 million to HK\$52.3 million. This is attributable to significant improvement in turnover this year, while operating expenditure has been kept under control. The exceptional provisions that were charged to the accounts in 2003 no longer existed in 2004.

The net loss before provisions and exceptional items amounted to HK\$30.0 million in 2004 compared to HK\$54.1 million in 2003. EBITDA was HK\$29.7 million loss which represented a significant improvement over 2003 of EBITDA of HK\$113.9 million loss.

Liquidity and Capital Resources

DVN has financed its growth primarily through the issuance of new shares, short to medium term bank borrowings and internally generated cash. During the year, DVN issued to Motorola 58.5 million new ordinary shares at a consideration of HK\$58.5 million. As at 31st December 2004, its current ratio which is the ratio of current assets to current liabilities was 1.56 (1.44 in 2003) and its cash and bank balances amount to HK\$63.8 million (HK\$62.0 million in 2003). Save as above said, DVN had no other material long term debt, no bank overdrafts, nor any contingent liabilities outstanding as at year end.

Charge on Group Assets

As at 31st December 2004, DVN had bank deposit amounted to HK\$7.8 million which was pledged as securities for bank credit facilities. As at 31st December 2003, DVN pledged the digital broadcasting system located at Suzhou as the security for the guarantee provided by an independent third party company in relation to a RMB40 million bank loan. Such loan has been repaid during the year and the pledge was released accordingly.

Exposure to Fluctuations on Exchange Rates and Related Hedges

DVN's borrowings are primarily denominated in RMB. DVN has no significant exposure to foreign exchange fluctuations.

經營虧損

扣除融資成本及分佔共同控制實體損失前之經營虧損由1億3,570萬港元大幅改善至5,230萬港元。此乃由於本年度營業額錄得顯著改善，而經營開支亦一直受到控制。再者，計入二零零三年賬目之特殊撥備於二零零四年不再存在。

二零零四年未計撥備及特殊項目前之虧損淨額為3,000萬港元，而二零零三年則為5,410萬港元。二零零四年之EBITDA為虧損2,970萬港元，而二零零三年EBITDA則為虧損1億1,390萬港元，錄得大幅改善。

流動資金及資本來源

天地數碼用於業務發展之資金主要來自發行新股、短期至中期銀行借貸及內部衍生現金。於本年度，天地數碼以代價5,850萬港元向Motorola發行58,500,000股新普通股。於二零零四年十二月三十一日，天地數碼之流動比率（即流動資產與流動負債比率）為1.56（二零零三年：1.44），現金及銀行結餘為6,380萬港元（二零零三年：6,200萬港元）。除上文所述者外，天地數碼於年終時概無任何重大之長期債項、銀行透支，亦無任何未清償之或然負債。

本集團資產抵押

於二零零四年十二月三十一日，天地數碼已抵押銀行存款780萬港元作為取得銀行信貸之用。於二零零三年十二月三十一日，天地數碼將位於蘇州之數碼廣播系統作抵押，作為獨立第三方公司就銀行貸款人民幣4,000萬元提供之擔保。該等貸款已於年內償還，而有關抵押亦隨之解除。

匯率波動風險及有關對沖

天地數碼借貸主要以人民幣為單位，並無重大外匯波動風險。