

An analysis of the group's turnover and contribution to operating profit for the year by principal activities and markets is as follows:

	Turnover		Operating Profit/(Loss)	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Principal activities:				
Terrestrial television broadcasting	2,262,736	2,089,875	828,620	487,500
Programme licensing and distribution	341,494	352,012	141,077	175,987
Cable channel operation	602,661	603,380	7,227	28,261
Other activities	195,455	140,515	31,969	(28,558)
	3,402,346	3,185,782	1,008,893	663,190
Activities at their initial stage of operations, including satellite television operations and services, internet web portal and magazine publications				
	87,595	66,602	(222,825)	(61,039)
	3,489,941	3,252,384	786,068	602,151
Gain on deemed disposal of subsidiaries				
	-	-	129,393	-
	3,489,941	3,252,384	915,461	602,151
Principal markets :				
Hong Kong	2,333,071	2,156,684	778,742	501,569
South East Asia	206,755	142,286	74,867	79,270
Other Asian countries	693,171	702,060	(20,241)	2,611
America	139,804	119,580	23,137	39,803
Europe	87,871	111,060	(19,297)	(22,119)
Australasia	25,389	14,398	(50,536)	2,255
Other countries	3,880	6,316	(604)	(1,238)
	3,489,941	3,252,384	786,068	602,151
Gain on deemed disposal of subsidiaries				
	-	-	129,393	-
	3,489,941	3,252,384	915,461	602,151

3 OPERATING PROFIT

(a) Operating profit is stated after crediting and charging the following:

	2000	1999
	HK\$'000	HK\$'000
<u>Crediting</u>		
Write back of provision for programmes and film rights	14,566	17,596
<u>Charging</u>		
Auditors' remuneration	2,587	2,288
Cost of programmes, film rights and stocks	1,119,995	1,019,528
Depreciation - owned fixed assets	187,011	174,747
Loss on disposal of fixed assets	2,311	4,015
Operating leases		
- Equipment and transponders	91,994	52,188
- Land and buildings	121,012	119,265
Provision for diminution in value of investment securities	11,699	22,017
Provision for programmes and film rights	14,377	12,511
Retirement benefit costs (note 7)	56,977	66,042
Staff costs	1,162,870	1,059,891

(b) Government royalty was levied on the advertising income at rates determined in accordance with Section 41 of the Television (Amendment) Ordinance for the period up to 6 July 2000 and no such royalty was charged thereafter.

(c) The gain on deemed disposal of subsidiaries arose from the dilution of the company's effective interest in certain wholly owned subsidiaries as a result of the allotment of new ordinary shares by a subsidiary to its minority shareholders at a premium, as referred to in the company's press announcement dated 12 November 1999.

4 DIRECTORS' EMOLUMENTS

	2000	1999
	HK\$'000	HK\$'000
Fees	3,596	3,681
Discretionary bonuses	2,000	2,000
Contributions to retirement scheme for a director	20	-
	5,616	5,681

The emoluments disclosed above include HK\$135,000 (1999: HK\$135,000) paid to independent non-executive directors.

Aggregate emoluments paid to directors are further analysed into the following bands:

Emolument bands	Number of directors in each band	
	2000	1999
HK\$Nil - HK\$1,000,000	9	9
HK\$4,000,001 - HK\$4,500,000	-	1
HK\$4,500,001 - HK\$5,000,000	1	-
	10	10

Kevin Lo Chung Ping has waived fees payable to him as director and executive committee member of the company totalling HK\$85,000 (1999: HK\$85,000) for the year.

5 FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the group for the year include one (1999: one) director whose emolument is reflected in the analysis presented above. The emoluments payable to the remaining four (1999: four) individuals during the year are as follows:

	2000	1999
	HK\$'000	HK\$'000
Salaries and allowances	13,230	13,230
Bonuses	4,313	3,586
Contributions to retirement scheme	540	505
	18,083	17,321

Emolument bands	Number of individuals in each band	
	2000	1999
HK\$3,000,001 - HK\$3,500,000	-	1
HK\$3,500,001 - HK\$4,000,000	2	1
HK\$4,000,001 - HK\$4,500,000	1	1
HK\$5,500,001 - HK\$6,000,000	-	1
HK\$6,000,001 - HK\$6,500,000	1	-
	4	4

6 FINANCE COSTS

	2000	1999
	HK\$'000	HK\$'000
Interest on overdrafts, bank loans and other loans		
-wholly repayable within five years	21,983	16,034
-not wholly repayable within five years	4,103	3,528
Interest element of land premium paid	7,395	-
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Total borrowing costs incurred	33,481	19,562
Less : Amount capitalised for the prepayment attributable to acquisition of fixed assets	-	(1,212)
Amount capitalised in construction in progress and other fixed assets	(12,552)	-
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	20,929	18,350

The capitalisation rate applied to funds borrowed generally and used for the acquisition of fixed assets is between 5.80% and 8.44% per annum (1999: between 5.35% to 8.34% per annum).

7 RETIREMENT BENEFIT COSTS

- (a) The group's contributions to the defined contribution retirement scheme ("the Scheme") were available to eligible employees located in Hong Kong. Contributions to the Scheme by the group and employees were calculated as a percentage of employees' basic salaries. The assets of the Scheme were held separately from those of the group in an independently administered fund.

The retirement benefit scheme cost charged to the profit and loss account represented contributions payable by the company to the Scheme. The group's contributions were reduced by contributions forfeited by those employees who left the Scheme prior to vesting fully in the contributions. Forfeited contributions totalling HK\$12,438,000 (1999: HK\$ 5,214,000) were fully utilised during the year.

No contribution was paid to the Scheme since 1 December 2000 as the group provided a newly set up Mandatory Provident Fund Scheme ("MPF Scheme") in accordance with Mandatory Provident Fund Schemes Ordinance in substitute of the Scheme. There was no contribution payable to the Scheme at the year-end (1999: HK\$4,519,000).

Pursuant to a board meeting held on 17 February 2001, the group terminated the Scheme and transferred all the assets of the Scheme as at 30 November 2000 to the MPF Scheme.

- (b) All permanent staff, temporary staff and full time artistes signed in individual

names (excluding singers and serial artistes), whose employment period reaches 60 days or more (collectively as "eligible members") located in Hong Kong are entitled to the MPF Scheme.

The contributions to the MPF Scheme made by the group for permanent and temporary staff comprise mandatory contributions and voluntary contributions. The mandatory contribution is calculated at 5% of individual's "relevant income" with a maximum amount of HK\$1,000 per month and the voluntary contribution is calculated at 10% of individual's basic salary less the mandatory contribution. The group's contribution for full time artiste is 5% of artiste's "relevant income" with a maximum amount of HK\$1,000 per month. "Relevant income" includes salaries, wages, paid leave, fees, commissions, bonuses, gratuities, and allowances (excluding housing allowance/benefits, any redeemed payment and long service payment). All eligible members have to contribute 5% of the "relevant income" where "relevant income" is HK\$4,000 or more per month with a maximum amount of HK\$1,000 per month as the mandatory contributions. Eligible members may select to make additional voluntary contributions in addition to the mandatory contributions.

Employer's voluntary contributions shall be refunded to the group according to the vesting scale when the eligible members leave employment prior to vesting fully in the MPF Scheme.

Contributions payable by the group to the MPF Scheme amounted to HK\$6,638,000 as at 31 December 2000 (1999: nil).

- (c) The retirement schemes which cover employees located in some overseas locations, except for Taiwan, are defined contribution schemes at various funding rates that are in accordance with the local practice and regulations.
- (d) The group operates a defined benefit retirement scheme providing benefits to eligible employees located in Taiwan under the local regulations. The group has an obligation to ensure that there are sufficient funds in the plan to pay the benefits earned. The group's contributions made to the scheme are in accordance with the minimum legal requirements whilst the employees are not required to contribute. The assets of the scheme are held separately from those of the group, being invested through a central trust fund.

The latest actuarial valuation was completed as at 31 December 2000 by an independent actuary using the projected unit credit cost method. The retirement scheme has been valued using the following principal assumptions: annual investment return of 5.75%, average annual increase in compensation rates of 3.50% and average discount rate of 5.75%. The latest actuarial valuation indicated that the fair value of the scheme's assets as at 31 December 2000 of HK\$6,165,000 covered approximately 59% of the estimated benefits. The liability in respect of the shortfall of contribution payable to the scheme of HK\$6,244,000 (1999: HK\$5,321,000) has been accrued as pension liability.

8 TAXATION

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	<u>2000</u>	<u>1999</u>
	HK\$'000	HK\$'000
Hong Kong profits tax	129,350	82,583
Overseas taxation	10,914	19,559
10% 1997/98 Hong Kong profits tax rebate	-	(9,389)
(Over)/under provisions in prior years	(1,602)	256
Deferred taxation (note 25)	1,964	(14,107)
	140,626	78,902

There was no material unprovided/unrecognised potential liability/asset for deferred taxation for the year (1999: nil).

9 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the company to the extent of HK\$772,011,000 (1999: HK\$509,053,000).

10 DIVIDENDS

	<u>2000</u>	<u>1999</u>
	HK\$'000	HK\$'000
1998 additional final dividend paid of HK\$ 0.60 per ordinary share (note)	-	12,213
Interim dividend paid of HK\$0.20 (1999: HK\$0.20) per ordinary share	87,600	87,600
Proposed final dividend of HK\$0.75 (1999: HK\$0.60) per ordinary share	328,500	262,800
	416,100	362,613

Note: An additional amount of HK\$12,213,000 was paid in respect of the 1998 final dividend upon the issue of an additional 20,355,000 shares on 4 May 1999 which were entitled to the 1998 final dividend payable to all shareholders on the register of members at the closing business on 26 May 1999.

11 EARNINGS PER SHARE

The earnings per share is calculated based on the group's profit attributable to shareholders of HK\$774,151,000 (1999 : HK\$505,682,000) and the weighted average number of 438,000,000 shares in issue (1999: 431,084,877 shares).