

NOTES TO THE ACCOUNTS (Continued)

3 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2002	2001
	HK\$'000	HK\$'000
<u>Crediting</u>		
Write back of provision for programmes and film rights	-	13,900
Gains on disposal of fixed assets	148	-
Net exchange gains	893	-
<u>Charging</u>		
Auditors' remuneration	2,724	2,472
Cost of programmes, film rights and stocks	1,031,083	1,139,144
Depreciation - owned fixed assets	166,842	173,413
Depreciation - leased fixed assets	269	255
Losses on disposal of fixed assets	-	12,342
Operating leases		
- Equipment and transponders	113,051	125,334
- Land and buildings	113,996	118,640
Net exchange losses	-	3,460
Staff costs, excluding directors' emoluments (note 4)	1,131,437	1,217,113

4 STAFF COSTS

	2002	2001
	HK\$'000	HK\$'000
Wages and salaries	1,050,853	1,129,634
Unutilised annual leave	772	7,288
Pension costs - defined contribution plans	76,382	77,272
Pension costs - defined benefits plans	3,430	2,919
	1,131,437	1,217,113

5 DIRECTORS' EMOLUMENTS

	2002	2001
	HK\$'000	HK\$'000
Fees	3,605	3,623
Discretionary bonuses	1,400	1,500
Contributions to a pension scheme for a director	240	240
	5,245	5,363

The emoluments disclosed above include HK\$115,000 (2001: HK\$133,000) paid to independent non-executive directors.

NOTES TO THE ACCOUNTS (Continued)

5 DIRECTORS' EMOLUMENTS (Continued)

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

Emolument bands	Number of directors in each band	
	2002	2001
HK\$Nil - HK\$1,000,000	8	8
HK\$4,000,001 - HK\$4,500,000	1	1
	9	9

During the year, a director, Kevin Lo Chung Ping, has waived fees payable to him as director and executive committee member of the company totalling HK\$85,000 (2001: HK\$85,000).

6 FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the group for the year include one (2001: one) director whose emolument is reflected in the analysis presented in note 5. The emoluments payable to the remaining four (2001: four) individuals during the year are as follows:

	2002	2001
	HK\$'000	HK\$'000
Salaries and allowances	13,089	13,530
Bonuses	2,149	2,746
Pensions	1,006	1,028
	16,244	17,304

The aggregate emoluments paid to the individuals are further analysed into the following bands:

Emolument bands	Number of individuals in each band	
	2002	2001
HK\$2,500,001 - HK\$3,000,000	1	-
HK\$3,500,001 - HK\$4,000,000	1	2
HK\$4,000,001 - HK\$4,500,000	1	1
HK\$5,500,001 - HK\$6,000,000	1	1
	4	4

7 FINANCE COSTS

	2002	2001
	HK\$'000	HK\$'000
Interest on overdrafts, bank loans and other loans		
-wholly repayable within five years	18,710	19,572
-not wholly repayable within five years	3,180	3,539
Interest element of finance leases	55	52
Interest element of land premium paid	4,151	6,242
Total borrowing costs incurred	26,096	29,405
Less : Amount capitalised in construction in progress	(4,151)	(6,242)
	21,945	23,163

The capitalisation rate applied to the amount of borrowing costs being capitalised in construction in progress is 6.75% per annum (2001: 6.75% per annum).

NOTES TO THE ACCOUNTS (Continued)

8 TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2001: 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:

	2002	2001
	HK\$'000	HK\$'000
Hong Kong profits tax	80,841	94,493
Overseas taxation	4,434	8,369
Under/(over) provisions in prior years	1,563	(44,821)
Deferred taxation (note 27)	3,226	53,092
	90,064	111,133

There was no material unprovided/unrecognised potential liability/asset for deferred taxation for the year (2001: 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\$466,856,000 (2001 as restated: HK\$617,747,000).

10 DIVIDENDS

	2002	2001
	HK\$'000	HK\$'000
Interim dividend paid of HK\$0.20 (2001: HK\$0.20) per ordinary share	87,600	87,600
Proposed final dividend of HK\$0.75 (2001: HK\$0.75) per ordinary share	328,500	328,500
	416,100	416,100

At a meeting held on 26 March 2003 the directors declared a final dividend of HK\$0.75 per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ended 31 December 2003.

11 EARNINGS PER SHARE

The earnings per share is calculated based on the group's profit attributable to shareholders of HK\$589,918,000 (2001 as restated: HK\$589,431,000) and 438,000,000 shares in issue throughout the years ended 31 December 2002 and 2001.

NOTES TO THE ACCOUNTS (Continued)

12 FIXED ASSETS

(a) Group

	Construction in progress	Land and buildings	Leasehold improvements	Studio, broadcasting and transmitting equipment	Furniture, fixtures and equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost							
At 1 January 2002	981,915	139,712	218,915	1,264,137	313,129	32,574	2,950,382
Exchange differences	-	5,145	2,444	17,302	3,080	368	28,339
Additions	339,626	1,399	11,721	288,999	19,447	6,402	667,594
Disposals	-	-	(4,705)	(35,285)	(10,870)	(788)	(51,648)
At 31 December 2002	1,321,541	146,256	228,375	1,535,153	324,786	38,556	3,594,667
Accumulated depreciation							
At 1 January 2002	-	8,698	177,279	850,884	235,044	24,777	1,296,682
Exchange differences	-	240	1,194	8,000	1,731	218	11,383
Charge for the year	-	2,262	14,692	113,671	30,330	6,156	167,111
Written back on disposals	-	-	(4,665)	(34,530)	(7,177)	(788)	(47,160)
At 31 December 2002	-	11,200	188,500	938,025	259,928	30,363	1,428,016
Net book value							
At 31 December 2002	1,321,541	135,056	39,875	597,128	64,858	8,193	2,166,651
At 31 December 2001	981,915	131,014	41,636	413,253	78,085	7,797	1,653,700

Notes:

- (i) The net book value of leased assets as at 31 December 2002 comprised furniture, fixtures and equipment of HK\$107,000 (2001: HK\$266,000) and motor vehicles of HK\$112,000 (2001: HK\$186,000).
- (ii) At 31 December 2002, fixed assets with net book value amounting to HK\$106,597,000 (2001: HK\$114,789,000) were pledged as security for the group's short term loans and long term liabilities.
- (iii) The cost of construction in progress comprises premium paid for the land registered in Hong Kong as Tseung Kwan O Town Lot Number 39 with a lease term of between 10 to 50 years and expenditures incurred on the development of buildings not yet completed at the year end.
- (iv) As at 31 December 2002, interest capitalised in construction in progress and other fixed assets amounted to HK\$17,788,000 (2001: HK\$13,637,000) and HK\$5,157,000 (2001: HK\$5,157,000) respectively.

NOTES TO THE ACCOUNTS (Continued)

12 FIXED ASSETS (Continued)

(a) Group (Continued)

(v) No depreciation is provided for studio, broadcasting and transmission equipment with cost amounting to HK\$198,697,000 not yet in use as at the year end (2001: HK\$218,000).

(vi) The group's interests in land and buildings at their net book values are analysed as follows:

	2002	2001
	HK\$'000	HK\$'000
Outside Hong Kong, freehold	116,317	111,173
In Hong Kong, lease of between 10 to 50 years	18,739	19,841
	135,056	131,014

(b) Company

	Construction in progress	Leasehold improvements	Studio, broadcasting and transmitting equipment	Furniture, fixtures and equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost						
At 1 January 2002	981,915	147,180	720,754	208,754	25,087	2,083,690
Additions	339,626	-	258,475	7,476	2,443	608,020
Transfers from a subsidiary	-	-	-	55	-	55
Disposals	-	-	(6,313)	(1,294)	(788)	(8,395)
At 31 December 2002	1,321,541	147,180	972,916	214,991	26,742	2,683,370
Accumulated depreciation						
At 1 January 2002	-	142,338	607,519	180,147	20,275	950,279
Charge for the year	-	2,421	43,689	14,178	2,514	62,802
Transfers from a subsidiary	-	-	-	30	-	30
Written back on disposals	-	-	(6,108)	(1,195)	(788)	(8,091)
At 31 December 2002	-	144,759	645,100	193,160	22,001	1,005,020
Net book value						
At 31 December 2002	1,321,541	2,421	327,816	21,831	4,741	1,678,350
At 31 December 2001	981,915	4,842	113,235	28,607	4,812	1,133,411

NOTES TO THE ACCOUNTS (Continued)

12 FIXED ASSETS (Continued)

(b) Company (Continued)

Notes:

- (i) The cost of construction in progress comprises premium paid for the land registered in Hong Kong as Tseung Kwan O Town Lot Number 39 with a lease term of between 10 to 50 years and expenditures incurred on the development of buildings not yet completed at the year end.
- (ii) As at 31 December 2002, interest capitalised in construction in progress amounted to HK\$17,788,000 (2001: HK\$13,637,000).
- (iii) No depreciation is provided for studio, broadcasting and transmission equipment with cost amounting to of HK\$198,697,000 not yet in use as at year end (2001: HK\$218,000).

13 SUBSIDIARIES

	Company	
	2002	2001
	HK\$'000	HK\$'000
Unlisted shares, at cost	693	443
Amounts due from subsidiaries (note)	554,304	763,495
Amounts due to subsidiaries (note)	(56,545)	(5,462)
	498,452	758,476

Note: The amounts due from/(to) the subsidiaries are unsecured and interest free, and have no fixed terms of repayment.

Details of the subsidiaries are listed in note 36.