

NOTES TO CONDENSED ACCOUNTS (Continued)

13 RESERVES

	Share premium	General reserve	Capital reserve	Legal reserve	Exchange fluctuation reserve	Capital redemption reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2002	602,026	70,000	1,171	7,468	(10,465)	40,118	2,362,407	3,072,725
Arising on consolidation								
- subsidiaries	-	-	-	-	751	-	-	751
- jointly controlled entities	-	-	-	-	4,135	-	-	4,135
- associated companies	-	-	-	-	903	-	-	903
Exchange translation differences	-	-	-	-	2,807	-	(2,807)	-
Profit for the year	-	-	-	-	-	-	589,918	589,918
2001 Final dividend paid	-	-	-	-	-	-	(328,500)	(328,500)
2002 Interim dividend paid	-	-	-	-	-	-	(87,600)	(87,600)
At 31 December 2002	602,026	70,000	1,171	7,468	(1,869)	40,118	2,533,418	3,252,332
Representing:								
2002 Final dividend proposed							328,500	
Others							2,204,918	
Retained earnings at 31 December 2002							2,533,418	
At 1 January 2003	602,026	70,000	1,171	7,468	(1,869)	40,118	2,533,418	3,252,332
Arising on consolidation								
- subsidiaries	-	-	-	-	(43)	-	-	(43)
- jointly controlled entities	-	-	-	-	300	-	-	300
- associated companies	-	-	-	-	686	-	-	686
Exchange translation differences	-	-	-	-	(21,016)	-	21,016	-
Profit for the period	-	-	-	-	-	-	155,066	155,066
Transfers	-	-	-	363	-	-	(363)	-
2002 Final dividend paid (note 7(a))	-	-	-	-	-	-	(328,500)	(328,500)
At 30 June 2003	602,026	70,000	1,171	7,831	(21,942)	40,118	2,380,637	3,079,841
Representing:								
2003 Interim dividend proposed							87,600	
Others							2,293,037	
Retained earnings at 30 June 2003							2,380,637	

NOTES TO CONDENSED ACCOUNTS (Continued)

14 LONG TERM LIABILITIES

	30 June 2003	31 December 2002
	HK\$'000	HK\$'000
Loans, secured	63,805	76,626
Obligations under finance leases	431	462
	64,236	77,088
Amounts due within one year included under current liabilities	(4,976)	(21,499)
	59,260	55,589

At 30 June 2003, the group's bank loans and other loans (excluding finance lease liabilities) were repayable as follows:

	Bank loans		Other loans	
	30 June 2003	31 December 2002	30 June 2003	31 December 2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
- within one year	4,537	21,208	106	102
- in the second year	4,814	8,818	4,321	111
- in the third to fifth year	16,283	21,133	-	4,265
- after the fifth year	33,744	20,989	-	-
	59,378	72,148	4,427	4,478

At 30 June 2003, the group's finance lease liabilities were repayable as follows:

	30 June 2003	31 December 2002
	HK\$'000	HK\$'000
- within one year	389	245
- in the second year	107	245
- in the third to fifth year	-	57
	496	547
Future finance charges on finance leases	(65)	(85)
Present value of finance lease liabilities	431	462

NOTES TO CONDENSED ACCOUNTS (Continued)

14 LONG TERM LIABILITIES (Continued)

	30 June 2003	31 December 2002
	HK\$'000	HK\$'000
The present value of finance lease liabilities is as follows:		
- within one year	332	189
- in the second year	99	211
- in the third to fifth year	-	62
	431	462

15 CONTINGENT LIABILITIES

	30 June 2003	31 December 2002
	HK\$'000	HK\$'000
Guarantees for banking facilities granted to an investee company	1,815	1,551
Guarantees for a performance bond granted to a subsidiary (note)	-	88,000
	1,815	89,551

Note: Guarantee provided to bank for the performance bond issued to the Government of Hong Kong Special Administrative Region of HK\$88 million has been uplifted and replaced by security provided by Galaxy Satellite Broadcasting Limited, in which the group's effective equity interest was reduced to 49% on 20 February 2003.

16 CAPITAL COMMITMENTS

The amounts of commitments for fixed assets are as follows:

	30 June 2003	31 December 2002
	HK\$'000	HK\$'000
Authorised but not contracted for	146,424	191,550
Contracted but not provided for	171,638	414,174
	318,062	605,724

The group's share of commitments for fixed assets of the jointly controlled entities themselves not included in the above are as follows:

	30 June 2003	31 December 2002
	HK\$'000	HK\$'000
Contracted but not provided for	-	2

NOTES TO CONDENSED ACCOUNTS (Continued)

17 OPERATING LEASE COMMITMENTS

At 30 June 2003, the group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30 June 2003		31 December 2002	
	Land and buildings	Equipment and transponders	Land and buildings	Equipment and transponders
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
- not later than one year	73,065	108,889	106,986	92,673
- later than one year and not later than five years	45,253	266,161	64,700	256,375
- later than five years	41	103,285	34	112,501
	118,359	478,335	171,720	461,549

18 SIGNIFICANT RELATED PARTY TRANSACTIONS

The following is a summary of the significant related party transactions, which are carried out in the normal course of the group's business:

- Since 5 May 1992, Shaw Brothers (Hong Kong) Limited ("Shaw"), a substantial shareholder of the company, has been providing certain production facilities to the company under a production management agreement. On 31 January 2001, the company and Shaw entered into a new production management agreement for a term of two years from 1 February 2001 to 31 January 2003 at a monthly fee of HK\$445,000. The agreement was not renewed upon its expiry date. The amount paid by the company during the six months ended 30 June 2003 was HK\$445,000 (2002: HK\$2,673,000).
- On 19 May 1997 and 15 December 1997, the company and Shaw entered into separate tenancy agreements, whereby Shaw granted to the company tenancies of certain office and car parking spaces. The term of the two tenancies commenced on 1 July 1997 and 1 November 1997 respectively and both will expire on 30 June 2005. The amount of rental paid by the company during the six months ended 30 June 2003 was HK\$8,866,000 (2002: HK\$8,866,000).
- On 30 March 2001, the company entered into a Letter of Intent with Chevalier (Network Solutions) Limited ("CNSL"), in relation to the supply, installation and maintenance of the private automatic branch exchange system and structured cabling network by CNSL at the new TVB City of the company at a lump sum fee of HK\$20,526,000, which is to be settled by way of installments. The controlling shareholder of the holding company of CNSL is also a director of the company. The formal contract containing the terms as stated in the Letter of Intent was signed in November 2001. The amount paid by the company during the six months ended 30 June 2003 was HK\$5,119,000 (2002: 6,549,000).
- Era Films (Hong Kong) Limited ("Era Films") through its agent, Red River Agents Limited ("Red River"), has purchased from the company advertising airtime available on the company's channels in Hong Kong subject to terms and conditions set out in the rate card published by the company to all advertisers from time to time. Both Era Films and Red River are associates of Era Communications Co. Ltd. ("Era"), which is a minority shareholder of Liann Yee Production Co. Ltd. ("LYP"), a non-wholly owned subsidiary of the company. The income accrued by the company from selling advertising airtime to Era Films during the six months ended 30 June 2003 was HK\$142,000 (2002: HK\$1,391,000).