

## **NOTES TO THE ACCOUNTS** (Continued)

### **29 DEFERRED TAXATION**

The movement on the deferred tax liabilities/(assets) account is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2003</b>	2002	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
At 1 January	<b>55,606</b>	52,438	<b>63,514</b>	59,245
Exchange differences	<b>893</b>	(58)	-	-
Acquisition of subsidiaries (note 34(c))	<b>(660)</b>	-	-	-
Deferred taxation charge to profit and loss account (note 8)	<b>16,368</b>	3,226	<b>30,851</b>	4,269
At 31 December	<b>72,207</b>	55,606	<b>94,365</b>	63,514

Deferred income tax liabilities of HK\$74,000 (2002: HK\$8,000) have not been established for the withholding and other taxation that would be payable on the unremitted earnings of an investee company.

Deferred income tax assets are recognised for tax losses carry forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The group has unrecognised tax losses of HK\$471,450,000 (2002: HK\$498,333,000) to carry forward against future taxable income; these tax losses will expire as follows:

	<b>Group</b>	
	<b>2003</b>	2002
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>1,862</b>	-
From 2 to 5 years	<b>6,950</b>	82,441
After 5 years	<b>74,532</b>	87,851
No expiry date	<b>388,106</b>	328,041
	<b>471,450</b>	498,333

## NOTES TO THE ACCOUNTS (Continued)

### 29 DEFERRED TAXATION (Continued)

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

#### (a) Group

##### Deferred tax liabilities

	Accelerated tax depreciation		Others		Total	
	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	<b>64,403</b>	55,495	<b>1,297</b>	5,251	<b>65,700</b>	60,746
Charged/(credited) to profit and loss account	<b>71,651</b>	8,920	<b>3,325</b>	(3,953)	<b>74,976</b>	4,967
Exchange differences	<b>(13)</b>	(12)	<b>(5)</b>	(1)	<b>(18)</b>	(13)
At 31 December	<b>136,041</b>	64,403	<b>4,617</b>	1,297	<b>140,658</b>	65,700

##### Deferred tax assets

	Provisions		Tax losses		Others		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	-	-	-	-	<b>10,094</b>	8,308	<b>10,094</b>	8,308
Credited to profit and loss account	<b>18,169</b>	-	<b>29,467</b>	-	<b>10,972</b>	1,741	<b>58,608</b>	1,741
Acquisition of subsidiaries (note 34(c))	-	-	-	-	<b>660</b>	-	<b>660</b>	-
Exchange differences	<b>(31)</b>	-	-	-	<b>(880)</b>	45	<b>(911)</b>	45
At 31 December	<b>18,138</b>	-	<b>29,467</b>	-	<b>20,846</b>	10,094	<b>68,451</b>	10,094

## NOTES TO THE ACCOUNTS (Continued)

### 29 DEFERRED TAXATION (Continued)

#### (b) Company

##### Deferred tax liabilities

	Accelerated tax depreciation		Others		Total	
	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	62,483	54,261	1,031	4,984	63,514	59,245
Charged/(credited) to profit and loss account	69,150	8,222	1,716	(3,953)	70,866	4,269
At 31 December	131,633	62,483	2,747	1,031	134,380	63,514

##### Deferred tax assets

	Provisions		Tax losses		Others		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	-	-	-	-	-	-	-	-
Credited to profit and loss account	5,575	-	29,015	-	5,425	-	40,015	-
At 31 December	5,575	-	29,015	-	5,425	-	40,015	-

	Group		Company	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net deferred tax assets recognised on the balance sheet	(23,551)	-	-	-
Net deferred tax liabilities recognised on the balance sheet	95,758	55,606	94,365	63,514
	72,207	55,606	94,365	63,514

The amounts shown in the balance sheet include the following:

Deferred tax assets to be recovered after more than 12 months	(27,563)	(5,798)	(7,294)	-
Deferred tax liabilities to be settled after more than 12 months	106,845	65,700	101,659	63,514

## NOTES TO THE ACCOUNTS (Continued)

### 30 CONTINGENT LIABILITIES

	Group		Company	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees for banking facilities granted to				
- subsidiaries (note (a))	-	-	167,892	86,825
- an investee company	1,111	1,551	-	-
Guarantee for a performance bond granted to				
a subsidiary (note (b))	-	88,000	-	88,000
	<b>1,111</b>	<b>89,551</b>	<b>167,892</b>	<b>174,825</b>

Notes:

- (a) On 18 March 2003, the company provided a guarantee to bank for a standby letter of credit issued to a Taiwanese bank of NT\$735,000,000 (HK\$167,892,000) as security for banking facilities provided to a subsidiary.
- (b) The guarantee provided to a 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.
- (c) Management anticipate that no material liabilities will arise from the above bank and other guarantees which arose in the ordinary course of business.

### 31 CAPITAL COMMITMENTS

The amounts of commitments for fixed assets are as follows:

	Group		Company	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Authorised but not contracted for	169,232	191,550	96,663	138,497
Contracted but not provided for	73,814	414,174	71,038	382,645
	<b>243,046</b>	<b>605,724</b>	<b>167,701</b>	<b>521,142</b>

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

	Group	
	2003	2002
	HK\$'000	HK\$'000
Contracted but not provided for	-	2