

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	
	2004	2003
HK\$Nil - HK\$1,000,000	8	8
HK\$1,000,001 - HK\$1,500,000	-	1
HK\$3,500,001 - HK\$4,000,000	-	2
HK\$4,000,001 - HK\$4,500,000	2	-
HK\$5,500,001 - HK\$6,000,000	1	-
	11	11

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\$105,000 (2003: HK\$85,000).

6 FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the group for the year include three (2003: two) directors whose emoluments are reflected in the analysis presented in note 5. The emoluments payable to the remaining two (2003: three) individuals during the year are as follows:

	2004	2003
	HK\$'000	HK\$'000
Salaries and allowances	5,666	8,575
Bonuses	1,083	1,192
Pension contributions	555	571
	7,304	10,338

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

Emolument bands	Number of individuals in each band	
	2004	2003
HK\$2,500,001 - HK\$3,000,000	-	1
HK\$3,000,001 - HK\$3,500,000	1	-
HK\$3,500,001 - HK\$4,000,000	-	2
HK\$4,000,001 - HK\$4,500,000	1	-
	2	3

NOTES TO THE ACCOUNTS (Continued)

7 FINANCE COSTS

	2004	2003
	HK\$'000	HK\$'000
Interest on overdrafts, bank loans and other loans		
- wholly repayable within five years	4,286	14,375
- not wholly repayable within five years	2,682	2,762
Interest element of finance leases	38	65
Interest element of land premium paid	-	2,071
Total borrowing costs incurred	7,006	19,273
Less : Amount capitalised in land and buildings	-	(2,071)
	7,006	17,202

In 2003, the capitalisation rate applied to the amount of borrowing costs being capitalised in land and buildings was 6.75% per annum.

8 TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) 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:

	2004	2003
	HK\$'000	HK\$'000
Current taxation:		
- Hong Kong profits tax	80,863	7,673
- Overseas taxation	34,209	6,011
- Under/(over) provisions in prior years	2,580	(4,674)
Deferred taxation relating to the origination and reversal of temporary differences	34,660	10,950
Deferred taxation resulting from an increase in tax rate	-	5,418
	152,312	25,378

NOTES TO THE ACCOUNTS (Continued)

8 TAXATION (Continued)

The taxation on the group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the place where the company operates as follows:

	2004	2003
	HK\$'000	HK\$'000
Profit before taxation	901,884	485,087
Calculated at a taxation rate of 17.5% (2003: 17.5%)	157,830	84,890
Effect of different taxation rates in other countries	(37,070)	(55,633)
Income not subject to taxation	(13,799)	(7,003)
Expenses not deductible for taxation purposes	5,956	20,878
Tax losses not recognised	46,327	17,557
Utilisation of previously unrecognised tax losses	(4,690)	(27,456)
Tax credit allowance	(2,599)	(2,326)
Others	(2,223)	(6,273)
Under/(over) provisions in prior years	2,580	(4,674)
Increase in opening net deferred tax liabilities resulting from an increase in tax rate	-	5,418
	152,312	25,378

9 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the company to the extent of HK\$648,509,000 (2003: HK\$237,174,000).

10 DIVIDENDS

	2004	2003
	HK\$'000	HK\$'000
Interim dividend paid of HK\$0.20 (2003: HK\$0.20) per ordinary share	87,600	87,600
Proposed final dividend of HK\$0.80 (2003: HK\$0.60) per ordinary share	350,400	262,800
	438,000	350,400

At a meeting held on 23 March 2005, the directors declared a final dividend of HK\$0.80 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 2005.

11 EARNINGS PER SHARE

The earnings per share is calculated based on the group's profit attributable to shareholders of HK\$719,415,000 (2003: HK\$440,998,000) and 438,000,000 shares in issue throughout the years ended 31 December 2004 and 2003. No fully diluted earnings per share is presented as there were no potentially dilutive shares outstanding.

NOTES TO THE ACCOUNTS (Continued)

12 INTANGIBLE ASSETS

	<u>Goodwill</u>
	HK\$'000
Year ended 31 December 2004	
Opening net book amount	62,739
Amortisation charge	(7,397)
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Closing net book amount	55,342
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At 31 December 2004	
Cost	64,866
Accumulated amortisation	(9,524)
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Net book amount	55,342
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At 31 December 2003	
Cost	64,866
Accumulated amortisation	(2,127)
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Net book amount	62,739
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NOTES TO THE ACCOUNTS (Continued)

13 FIXED ASSETS

(a) Group

	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
Cost						
At 1 January 2004	1,245,659	96,697	1,475,698	603,340	37,773	3,459,167
Exchange differences	2,377	1,591	9,420	2,135	310	15,833
Additions	1,706	1,998	109,251	25,632	4,560	143,147
Transfers	-	-	4,072	(4,072)	-	-
Disposals	-	(5,154)	(16,601)	(9,925)	(2,319)	(33,999)
At 31 December 2004	1,249,742	95,132	1,581,840	617,110	40,324	3,584,148
Accumulated depreciation and impairment						
At 1 January 2004	39,820	67,644	807,005	149,491	29,976	1,093,936
Exchange differences	173	1,406	7,465	1,410	271	10,725
Charge for the year	42,736	11,669	157,000	54,190	4,180	269,775
Transfers	-	-	1,596	(1,596)	-	-
Written back on disposals	-	(5,121)	(15,943)	(9,733)	(2,319)	(33,116)
At 31 December 2004	82,729	75,598	957,123	193,762	32,108	1,341,320
Net book value						
At 31 December 2004	1,167,013	19,534	624,717	423,348	8,216	2,242,828
At 31 December 2003	1,205,839	29,053	668,693	453,849	7,797	2,365,231

Notes:

- (i) The net book value of leased assets as at 31 December 2004 comprised furniture, fixtures and equipment of HK\$1,000 (2003: HK\$4,000) and motor vehicles of HK\$ nil (2003: HK\$24,000).
- (ii) At 31 December 2004, fixed assets with net book value amounting to HK\$109,894,000 (2003: HK\$107,292,000) were pledged as security for the group's short term loans and long term liabilities.
- (iii) At 31 December 2004, interest capitalised in land & buildings and other fixed assets amounted to HK\$19,859,000 (2003: HK\$19,859,000) and HK\$5,157,000 (2003: HK\$5,157,000) respectively.
- (iv) No depreciation is provided for studio, broadcasting and transmission equipment with cost of HK\$617,000 (2003: HK\$44,779,000) and furniture, fixture and equipment with cost of HK\$824,000 (2003: HK\$18,802,000) as they cannot be put to effective use at the year end.

NOTES TO THE ACCOUNTS (Continued)

13 FIXED ASSETS (Continued)

(a) Group (Continued)

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

	2004	2003
	HK\$'000	HK\$'000
Outside Hong Kong, freehold	115,785	114,732
In Hong Kong, lease of between 10 to 50 years	1,051,228	1,091,107
	1,167,013	1,205,839

(b) Company

	Land and buildings in Hong Kong, lease of between 10-50 years	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 2004	1,122,169	14,186	1,042,755	494,796	26,765	2,700,671
Additions	1,652	-	91,979	14,257	3,623	111,511
Transferred from subsidiaries	-	-	-	5	-	5
Disposals	-	-	(7,459)	(5,175)	(2,319)	(14,953)
At 31 December 2004	1,123,821	14,186	1,127,275	503,883	28,069	2,797,234
Accumulated depreciation						
At 1 January 2004	31,062	14,186	518,682	79,604	20,414	663,948
Charge for the year	41,531	-	111,930	39,586	3,306	196,353
Transferred from subsidiaries	-	-	-	3	-	3
Written back on disposals	-	-	(7,008)	(5,106)	(2,319)	(14,433)
At 31 December 2004	72,593	14,186	623,604	114,087	21,401	845,871
Net book value						
At 31 December 2004	1,051,228	-	503,671	389,796	6,668	1,951,363
At 31 December 2003	1,091,107	-	524,073	415,192	6,351	2,036,723

Notes:

- (i) At 31 December 2004, interest capitalised in land and buildings amounted to HK\$19,859,000 (2003: HK\$19,859,000).
- (ii) No depreciation is provided for studio, broadcasting and transmission equipment with cost of HK\$617,000 (2003: HK\$44,779,000) and furniture, fixtures and equipment with cost of HK\$824,000 (2003: HK\$18,802,000) as they cannot be put to effective use as at year end.