

NOTES TO THE ACCOUNTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

(p) Segment reporting

In accordance with the group's internal financial reporting the group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Segment assets consist primarily of fixed assets, stocks, receivables and operating cash, and mainly exclude investments in securities. Segment liabilities comprise operating liabilities and exclude items such as taxation and borrowings. Capital expenditure comprises additions to fixed assets (note 12).

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

2 TURNOVER, REVENUE AND SEGMENT INFORMATION

The group is principally engaged in terrestrial television broadcasting with programme production, programme licensing and distribution, overseas satellite pay TV operations, channel operations and other related activities.

Turnover comprises advertising income net of agency deductions, licensing income, subscription income, as well as income from uplink and playback services, video tape rentals, sale of animation productions and sale of magazines.

Other revenues comprise interest income, commercial production income, merchandising income, management fee income, service fee income and facility rental income.

The amount of each significant category of revenue recognised during the year is as follows:

	2002	2001
	HK\$'000	HK\$'000
Turnover		
Advertising income, net of agency deductions	2,192,488	2,460,850
Licensing income	476,884	471,194
Subscription income	382,868	240,087
Others	124,121	109,186
	3,176,361	3,281,317
Less: Withholding tax	(14,499)	(16,687)
	3,161,862	3,264,630
Others revenues		
Interest income	7,786	49,868
Others	33,297	33,305
	41,083	83,173
Total revenues	3,202,945	3,347,803

NOTES TO THE ACCOUNTS (Continued)

2 TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

Primary reporting format - business segments

The group is organised on a worldwide basis into five main business segments:

Terrestrial television broadcasting - free to air broadcasting of television programmes and commercials and production of programmes

Programme licensing and distribution - provision of television programmes to homevideo markets and overseas broadcasters

Overseas satellite pay TV operations - provision of satellite pay television services to subscribers in USA, Europe and Australia

Channel operations - compilation and distribution of television channels in mainland China, Taiwan and other countries

Other activities - animation production, merchandising services, website portal, magazine publication, uplinking and playback services and other related services

The group's inter-segment transactions mainly consist of licensing of programmes and film rights and provision of services. Licensing of programmes and film rights were entered into at similar terms as that contracted with third parties. The services provided were charged on a cost plus basis or at similar terms as that contracted with third parties.

Secondary reporting format - geographical segments

Although the group's five business segments are managed on a worldwide basis, the sales are generated in eight main geographical areas:

Hong Kong - terrestrial television broadcasting with programme production, website portal and magazine publication

Taiwan - cable television channel services

USA and Canada - licensing and distribution of television programmes and satellite pay TV operations

Australia - licensing and distribution of television programmes and satellite pay TV operations

Europe - licensing and distribution of television programmes and satellite pay TV operations

Mainland China - licensing and distribution of television programmes and satellite TV channel services

Malaysia and Singapore - licensing and distribution of television programmes

Other countries - principally licensing and distribution of television programmes

There are no sales between the geographical segments.

NOTES TO THE ACCOUNTS (Continued)

2 TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

Primary reporting format - business segments

	Terrestrial television broadcasting	Programme licensing and distribution	Overseas satellite pay TV operations	Channel operations	Other activities	Elimination	Group total
	2002	2002	2002	2002	2002	2002	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover (note)							
External sales	1,783,203	484,119	189,360	583,976	121,204	-	3,161,862
Inter-segment sales	-	127,210	5,391	15,445	50,294	(198,340)	-
	1,783,203	611,329	194,751	599,421	171,498	(198,340)	3,161,862
Segment results (note)	489,252	327,886	(60,943)	(26,601)	5,112	843	735,549
Finance costs							(21,945)
Share of profits less losses of							
Jointly controlled entities	-	-	-	(23,089)	(5,014)		(28,103)
Associated companies	-	-	-	(1,250)	-		(1,250)
Profit before taxation							684,251
Taxation							(90,064)
Profit after taxation							594,187
Minority interests							(4,269)
Profit attributable to shareholders							589,918
Segment assets	3,036,291	252,140	109,028	573,100	195,001		4,165,560
Investments in jointly controlled entities	-	-	-	61,861	19,018		80,879
Investments in associated companies	-	-	-	25,685	-		25,685
Investments in securities	-	3	-	3,157	1,538		4,698
Loans to investee companies	-	10,887	-	-	-		10,887
Unallocated assets							10,257
Total assets							4,297,966
Segment liabilities	252,708	92,494	87,068	160,125	37,025		629,420
Unallocated liabilities							393,890
Total liabilities							1,023,310
Capital expenditure	608,020	10,336	12,615	20,258	16,365		667,594
Depreciation	62,802	6,115	16,869	54,929	26,396		167,111

Note: The above segments include activities at their initial stage of operations (i.e. not more than five years since commencement of commercial operations) and an analysis of their respective turnover and results is as follows:

Turnover	-	-	118,084	49,424	25,825		193,333
Operating losses	-	-	(54,771)	(61,767)	(6,921)		(123,459)

NOTES TO THE ACCOUNTS (Continued)

2 TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

Primary reporting format - business segments (Continued)

	Terrestrial television broadcasting	Programme licensing and distribution	Overseas satellite pay TV operations	Channel operations	Other activities	Elimination	Group total
	As restated 2001	As restated 2001	As restated 2001	As restated 2001	As restated 2001	As restated 2001	As restated 2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover (note)							
External sales	2,027,515	455,730	162,556	491,287	127,542	-	3,264,630
Inter-segment sales	1,169	119,335	5,075	13,418	49,527	(188,524)	-
	2,028,684	575,065	167,631	504,705	177,069	(188,524)	3,264,630
Segment results (note)	681,814	283,225	(98,880)	(135,823)	(35,551)	2,572	697,357
Finance costs							(23,163)
Share of profits less losses of							
Jointly controlled entities	-	-	-	(9,857)	(6,297)		(16,154)
Associated companies	-	-	-	4,942	-		4,942
Profit before taxation							662,982
Taxation							(111,133)
Profit after taxation							551,849
Minority interests							37,582
Profit attributable to shareholders							589,431
Segment assets	2,733,845	264,778	129,782	556,397	205,270		3,890,072
Investments in jointly controlled entities	-	-	-	80,816	23,937		104,753
Investments in associated companies	-	-	-	19,247	-		19,247
Investments in securities	49,825	3	-	3,009	1,538		54,375
Loans to investee companies	-	10,824	-	-	-		10,824
Unallocated assets							148,109
Total assets							4,227,380
Segment liabilities	349,213	105,410	89,422	190,451	46,632		781,128
Unallocated liabilities							351,627
Total liabilities							1,132,755
Capital expenditure	812,987	2,574	15,016	15,321	41,635		887,533
Depreciation	72,633	6,903	16,660	52,796	24,676		173,668

Note: The above segments include activities at their initial stage of operations (i.e. not more than five years since commencement of commercial operations) and an analysis of their respective turnover and results is as follows:

Turnover	-	-	90,333	25,692	76,280		192,305
Operating losses	-	-	(92,098)	(86,856)	(43,665)		(222,619)

NOTES TO THE ACCOUNTS (Continued)

2 TURNOVER, REVENUE AND SEGMENT INFORMATION (Continued)

Secondary reporting format - geographical segments

	Turnover	Segment results	Total assets	Capital expenditure
	2002	2002	2002	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,878,652	487,384	3,240,485	630,255
Taiwan	570,445	62,812	529,068	19,764
USA and Canada	193,678	48,131	122,477	2,909
Australia	48,320	(37,608)	26,228	2,766
Europe	81,744	7,792	43,239	9,074
Mainland China	86,140	22,548	46,282	608
Malaysia and Singapore	267,055	126,199	106,526	-
Other countries	35,828	18,291	51,255	2,218
	3,161,862	735,549	4,165,560	667,594
Investments in jointly controlled entities			80,879	
Investments in associated companies			25,685	
Investments in securities			4,698	
Loans to investee companies			10,887	
Unallocated assets			10,257	
Total assets			4,297,966	
	Turnover	Segment results	Total assets	Capital expenditure
	2001	2001	2001	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	2,120,443	641,001	2,941,810	857,013
Taiwan	498,213	(35,902)	516,015	13,915
USA and Canada	188,881	10,888	134,073	6,648
Australia	30,535	(52,666)	34,853	4,911
Europe	85,627	5,082	46,401	3,812
Mainland China	72,190	20,233	38,420	1,234
Malaysia and Singapore	232,186	102,078	135,099	-
Other countries	36,555	6,643	43,365	-
	3,264,630	697,357	3,890,036	887,533
Investments in jointly controlled entities			104,753	
Investments in associated companies			19,247	
Investments in securities			54,375	
Loans to investee companies			10,824	
Unallocated assets			148,145	
Total assets			4,227,380	