

NOTES TO CONDENSED ACCOUNTS (Continued)

2 SEGMENT INFORMATION (Continued)

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

An analysis of the group's turnover and contribution to operating profit/(loss) for the period by geographical segments is as follows:

	Turnover		Operating Profit/(Loss)	
	Six Months Ended 30 June		Six Months Ended 30 June	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical segments:				
Hong Kong	712,138	800,387	(10,731)	143,057
Taiwan	319,984	260,821	65,448	(769)
USA and Canada	110,983	93,361	22,204	21,172
Australia	25,496	20,509	(14,928)	(25,086)
Europe	43,899	40,994	1,578	2,607
Mainland China	43,517	33,193	20,099	3,139
Malaysia and Singapore	160,721	120,551	75,391	59,909
Other countries	17,097	16,131	10,491	5,394
	1,433,835	1,385,947	169,552	209,423
Gain on deemed disposal of a subsidiary			27,726	
Gain on disposal of a subsidiary			5,213	
			202,491	

Sales are based on the location in which the customers are located. There are no sales between the geographical segments.

3 OTHER REVENUES

	Six Months Ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
Interest income	1,615	5,627
Others	15,574	12,864
	17,189	18,491

NOTES TO CONDENSED ACCOUNTS (Continued)

4 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	Six Months Ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
<u>Crediting</u>		
Gain on disposal of fixed assets	-	103
<u>Charging</u>		
Depreciation - owned fixed assets	99,308	83,168
Depreciation - leased fixed assets	152	132
Impairment of fixed assets	16,056	-
Loss on disposal of fixed assets	191	-
Cost of programmes, film rights and stocks	502,593	466,717
Amortisation of goodwill	480	-

5 FINANCE COSTS

	Six Months Ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
Interest on overdrafts, bank loans and other loans	8,645	11,998
Interest element of finance leases	31	26
Interest element of land premium paid	2,071	4,151
Total borrowing costs incurred	10,747	16,175
Less: Interest amount capitalised in land	(2,071)	(4,151)
	8,676	12,024

6 TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the period. In 2003, the government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the group operates.

The amount of taxation charged to the condensed consolidated profit and loss account represents:

	Six Months Ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
<u>Current taxation:</u>		
- Hong Kong profits tax	6,096	29,717
- Overseas taxation	4,052	2,071
- Under provisions in prior periods	256	46
Deferred taxation relating to the origination and reversal of temporary differences	134	(1,939)
Deferred taxation resulting from an increase in tax rate	5,334	-
	15,872	29,895

NOTES TO CONDENSED ACCOUNTS (Continued)

7 DIVIDENDS

	Six Months Ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
Interim dividend, proposed, of HK\$0.20 (2002: HK\$0.20) per ordinary share (note (b))	87,600	87,600
	87,600	87,600

Notes: (a) At a meeting held on 26 March 2003 the directors proposed a final dividend of HK\$0.75 per ordinary share for the year ended 31 December 2002, which was paid on 6 June 2003 and has been reflected as an appropriation of retained earnings in these condensed accounts for the six months ended 30 June 2003.

(b) At a meeting held on 3 September 2003 the directors declared an interim dividend of HK\$0.20 per ordinary share for the year ended 31 December 2003. This proposed dividend is not reflected as a dividend payable in these condensed accounts, but will be reflected as an appropriation of retained earnings for the year ended 31 December 2003.

8 EARNINGS PER SHARE

The earnings per share is calculated based on the group's profit attributable to shareholders of HK\$155,066,000 (2002: HK\$161,866,000) and 438,000,000 shares in issue throughout the six months ended 30 June 2003 and 2002.

9 CAPITAL EXPENDITURE

	Property, plant and equipment
	HK\$'000
Six months ended 30 June 2003	
Opening net book amount	2,166,651
Acquisition of a subsidiary	1,243
Additions	306,380
Disposal of a subsidiary	(102,016)
Disposals	(1,461)
Depreciation (note 4)	(99,460)
Impairment charges (note 4)	(16,056)
Exchange differences	2,586
Closing net book amount	2,257,867

NOTES TO CONDENSED ACCOUNTS (Continued)

10 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

Trade and other receivables, prepayments and deposits of HK\$861,301,000 include trade receivables of HK\$689,146,000. The aging analysis of these is as follows:

	30 June 2003	31 December 2002
	HK\$'000	HK\$'000
Current	318,907	406,356
1-2 months	147,994	182,887
2-3 months	85,224	119,576
3-4 months	56,280	59,209
4-5 months	12,939	18,893
Over 5 months	67,802	46,135
	689,146	833,056
Trade receivables due from:		
Third parties	683,791	773,939
Jointly controlled entities, associated companies, investee companies and related parties	5,355	59,117
	689,146	833,056

Note: The group operates a controlled credit policy and allows an average credit period of forty to sixty days to the majority of the group's customers who satisfy the credit evaluation. Cash on delivery, advance payments or bank guarantees are required from other customers of the group.

NOTES TO CONDENSED ACCOUNTS (Continued)

11 TRADE AND OTHER PAYABLES AND ACCRUALS

Trade and other payables and accruals of HK\$562,836,000 include trade payables of HK\$127,647,000. The aging analysis of these is as follows:

	30 June 2003	31 December 2002
	HK\$'000	HK\$'000
Current	58,783	98,645
1-2 months	43,718	45,117
2-3 months	7,293	14,207
3-4 months	4,061	3,711
4-5 months	1,947	3,173
Over 5 months	11,845	17,122
	127,647	181,975
Trade payables due to:		
Third parties	127,647	130,612
Jointly controlled entities, associated companies and related parties	-	51,363
	127,647	181,975

12 SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each	Nominal value
		HK\$'000
Authorised:		
At 1 January 2002 and 2003 and 30 June 2003	1,300,000,000	65,000
Issued and fully paid:		
At 1 January 2002 and 2003 and 30 June 2003	438,000,000	21,900