

NOTES TO THE ACCOUNTS (Continued)

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:

| | 2003 | 2002 |
|--|------------------|-----------|
| | HK\$'000 | HK\$'000 |
| Turnover | | |
| Advertising income, net of agency deductions | 2,268,055 | 2,192,488 |
| Licensing income | 550,582 | 476,884 |
| Subscription income | 353,629 | 382,868 |
| Others | 152,624 | 124,121 |
| | 3,324,890 | 3,176,361 |
| Less: Withholding tax | (13,728) | (14,499) |
| | 3,311,162 | 3,161,862 |
| Others revenues | | |
| Interest income | 3,491 | 7,786 |
| Others | 34,431 | 33,297 |
| | 37,922 | 41,083 |
| Total revenues | 3,349,084 | 3,202,945 |

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 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 |
|---|---|--|--|-----------------------|---------------------|------------------|------------------|
| | 2003 | 2003 | 2003 | 2003 | 2003 | 2003 | 2003 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Turnover (note) | | | | | | | |
| External sales | 1,723,846 | 554,554 | 231,177 | 694,282 | 107,303 | - | 3,311,162 |
| Inter-segment sales | 1,461 | 98,643 | 71 | 15,489 | 10,405 | (126,069) | - |
| | 1,725,307 | 653,197 | 231,248 | 709,771 | 117,708 | (126,069) | 3,311,162 |
| Segment results (note) | 175,069 | 362,544 | (97,163) | 83,258 | 6,278 | 3,178 | 533,164 |
| Gain on deemed disposal of subsidiaries | | | | | | | 27,726 |
| Gain on disposal of a subsidiary | | | | | | | 5,213 |
| Finance costs | | | | | | | (17,202) |
| Share of profits less losses of | | | | | | | |
| Jointly controlled entities | - | - | - | (47,080) | - | - | (47,080) |
| Associated companies | - | - | - | (16,734) | - | - | (16,734) |
| Profit before taxation | | | | | | | 485,087 |
| Taxation | | | | | | | (25,378) |
| Profit after taxation | | | | | | | 459,709 |
| Minority interests | | | | | | | (18,711) |
| Profit attributable to shareholders | | | | | | | 440,998 |
| Segment assets | 3,343,659 | 215,535 | 162,231 | 537,168 | 122,439 | | 4,381,032 |
| Jointly controlled entities | - | - | - | 3,737 | 18,977 | | 22,714 |
| Associated companies | 120,883 | - | - | 117,351 | - | | 238,234 |
| Investment securities | - | 3 | - | 2,117 | 1,538 | | 3,658 |
| Loans to investee companies | - | 13,200 | - | - | - | | 13,200 |
| Unallocated assets | | | | | | | 58,522 |
| Total assets | | | | | | | 4,717,360 |
| Segment liabilities | 285,635 | 86,473 | 111,406 | 123,171 | 17,871 | | 624,556 |
| Unallocated liabilities | | | | | | | 713,472 |
| Total liabilities | | | | | | | 1,338,028 |
| Capital expenditure | 509,634 | 13,983 | 11,022 | 14,545 | 2,151 | | 551,335 |
| Depreciation and amortisation | 149,440 | 5,718 | 16,386 | 57,065 | 8,837 | | 237,446 |
| Impairment of fixed assets | - | - | 15,978 | - | - | | 15,978 |
| Other non-cash expenses | 31,857 | 9,405 | 54,015 | - | - | | 95,277 |

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 | - | - | 148,527 | - | 24,528 | 173,055 |
| Operating profits/(losses) | - | - | (87,673) | - | 9,232 | (78,441) |

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 |
|-------------------------------------|---|--|--|-----------------------|---------------------|-------------|----------------|
| | 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 |
| Jointly controlled entities | - | - | - | 61,861 | 19,018 | | 80,879 |
| Associated companies | - | - | - | 25,685 | - | | 25,685 |
| Investment 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)

Secondary reporting format - geographical segments

| | Turnover | Segment results | Total assets | Capital expenditure |
|---|------------------|-----------------|------------------|---------------------|
| | 2003 | 2003 | 2003 | 2003 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Hong Kong | 1,819,702 | 184,045 | 3,489,441 | 523,471 |
| Taiwan | 671,171 | 145,446 | 495,230 | 14,413 |
| USA and Canada | 217,557 | 9,703 | 130,682 | 7,043 |
| Australia | 53,318 | (32,410) | 17,206 | 1,670 |
| Europe | 90,149 | 6,305 | 104,989 | 4,295 |
| Mainland China | 104,237 | 50,841 | 28,530 | 124 |
| Malaysia and Singapore | 326,310 | 161,275 | 87,172 | - |
| Other countries | 28,718 | 7,959 | 27,782 | 319 |
| | 3,311,162 | 533,164 | 4,381,032 | 551,335 |
| Gain on deemed disposal of subsidiaries | | 27,726 | | |
| Gain on disposal of a subsidiary | | 5,213 | | |
| Operating profit | | 566,103 | | |
| Jointly controlled entities | | | 22,714 | |
| Associated companies | | | 238,234 | |
| Investment securities | | | 3,658 | |
| Loans to investee companies | | | 13,200 | |
| Unallocated assets | | | 58,522 | |
| Total assets | | | 4,717,360 | |
| | | | | |
| | 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 |
| Jointly controlled entities | | | 80,879 | |
| Associated companies | | | 25,685 | |
| Investment securities | | | 4,698 | |
| Loans to investee companies | | | 10,887 | |
| Unallocated assets | | | 10,257 | |
| Total assets | | | 4,297,966 | |