

During the year ended 30 June 2002, the Group had incurred the following expenses to achieve the business objectives as set out in the Prospectus:

- Approximately HK\$6,491,000 (2001: HK\$15,934,000) for acquisition of facilities and equipment for the production centre in Shenzhen.
- Approximately HK\$6,416,000 (2001: HK\$47,363,000) for capital expenditure on Phoenix InfoNews Channel and Phoenix North America Chinese Channel and approximately HK\$202,279,000 (2001: HK\$110,421,000) for operating expenditure thereof.
- There was no capital expenditure (2001: HK\$7,676,000) on the *www.phoenixtv.com* website.
- Approximately HK\$12,350,000 (2001: HK\$38,341,000) for operating expenditure of the website.
- Approximately HK\$13,932,000 (2001: HK\$15,842,000) for operating expenditure of *Phoenix Weekly*.
- The remaining net proceeds were deposited in licensed banks in Hong Kong.

FINANCIAL REVIEW

Revenue of the Group for the year ended 30 June 2002 was approximately HK\$685,043,000 (2001: HK\$713,687,000), which was down by 4.0% as compared with the previous financial year, mainly due to the worldwide economic downturn. On a quarter-to-quarter comparison, revenue of the Group for the three months ended 30 June 2002 increased by 12.0% to approximately HK\$191,404,000 when compared with the same period last year, and an increase of 16.0% as compared with the previous quarter. Such increase was mainly attributable to the increase in advertising sales related to the World Cup.

於截至二零零二年六月三十日止年度內，本集團為實行招股章程內的業務目標，付出如下費用：

- 以約6,491,000港元(二零零一：15,934,000港元)購置深圳製作中心之設施及器材。
- 以約6,416,000港元(二零零一：47,363,000港元)作為鳳凰衛視資訊台及鳳凰衛視美洲台之資本支出，及以約202,279,000港元(二零零一：110,421,000港元)作為兩條頻道之營運費用。
- 並無款項(二零零一：7,676,000港元)作為網站*www.phoenixtv.com*之資本支出。
- 以約12,350,000港元(二零零一：38,341,000港元)作為網站之營運費用。
- 以約13,932,000港元(二零零一：15,842,000港元)作為鳳凰周刊之營運費用。
- 餘款已存入香港之持牌銀行。

財務回顧

本集團截至二零零二年六月三十日止年度的收入約為685,043,000港元(二零零一：713,687,000港元)，較前一財政年度下降4.0%，收入下降的主要原因為全球經濟衰退。若按季度比較，本集團截至二零零二年六月三十日止三個月的收入較去年同期上升12.0%增至約191,404,000港元，並較前一季上升16.0%。收入上升之主要原因為世界盃之廣告銷售上升。

FINANCIAL REVIEW (Continued)

Operating costs for the year ended 30 June 2002 were approximately HK\$850,056,000 (2001: HK\$712,395,000), representing an 19.3% increase, which was in line with our expectation: this year included the operating costs for the full year of both Phoenix InfoNews Channel and Phoenix North America Chinese Channel, while last year only reflected the operating costs of these two channels for the first six months after their establishment. Moreover, this year also included the operating costs for eight months of Phoenix Chinese News & Entertainment Limited (“PCNE”), in which the Group acquired majority ownership on 1 November 2001.

The Group recorded a net loss attributable to shareholders for the year ended 30 June 2002 of approximately HK\$199,716,000 as compared to a net profit attributable to shareholders of approximately HK\$53,984,000 for the year ended 30 June 2001. The loss was mainly attributable to additional operating costs of Phoenix InfoNews Channel, Phoenix North America Chinese Channel and Phoenix CNE Channel, which only contributed marginal revenue. In addition, the figures included impairment charge of goodwill arising from the acquisition of PCNE amounting to approximately HK\$44,700,000.

Loss per share for the year ended 30 June 2002 was recorded at HK4.05 cents (2001 earnings per share: HK1.10 cents).

DIVIDEND

The Board does not recommend the payment of a dividend in order to allow for cash for future business development (2001: Nil).

PROSPECTS

Both Phoenix Chinese Channel and Phoenix InfoNews Channel have the potential to make greater inroads into other markets, especially in South-East Asia, which is home to the largest collection of Mandarin-speaking Chinese outside the Greater China region. At the same time, the Group is conscious that the mainland Chinese television industry is becoming increasingly competitive, and that we need to remain focused on producing original programming that will not only retain but also expand Phoenix’s position in the Chinese market. Furthermore, the process of restructuring the Chinese television industry that is now underway should provide further opportunities for Phoenix in China.

財務回顧 (續)

截至二零零二年六月三十日止年度的經營成本較去年同期上升19.3%至約850,056,000港元(二零零一：712,395,000港元)，與我們的預期相若：本年度包括鳳凰衛視資訊台及鳳凰衛視美洲台整年的經營成本，而去年同期只反映兩個頻道成立後首六個月的經營成本。此外，本年度亦包括本集團自二零零一年十一月一日正式收購Phoenix Chinese News & Entertainment Limited (「PCNE」) 大部份擁有權後八個月的經營成本。

本集團於截至二零零二年六月三十日止年度錄得的股東應佔虧損淨額約199,716,000港元，而截至二零零一年六月三十日止年度之股東應佔溢利約53,984,000港元。錄得虧損之主要原因為鳳凰衛視資訊台、鳳凰衛視美洲台及鳳凰衛視歐洲台所產生的額外經營成本，而它們對收入的貢獻卻有限。此外，此數字亦包括因收購PCNE產生的商譽減值撥備約44,700,000港元(二零零一：無)。

截至二零零二年六月三十日止年度之每股虧損為4.05港仙(二零零一：每股盈利為1.10港仙)。

股息

董事會不建議派發股息，以便保留現金以供日後業務發展(二零零一：無)。

展望

鳳凰衛視中文台與鳳凰衛視資訊台在其他地區的發展潛力不俗，尤以大中華地區以外，最多華語人士聚居的東南亞為然。與此同時，本集團亦不忘中國大陸的電視業競爭日漸激烈，深明必須集中製作原創節目，方可保持並提升鳳凰於中國市場的地位。此外，華語電視業正在重組階段，鳳凰當可藉此在中國發掘進一步的商機。

COMMENTS ON SEGMENTAL INFORMATION

Operating (loss) profit by business

The table below shows the comparison of operating results of our businesses for the financial year ended 30 June 2002 and 2001, respectively.

		Year ended 30 June 2002 截至二零零二年 六月三十日 止年度 HK\$'000 千港元	Year ended 30 June 2001 截至二零零一年 六月三十日 止年度 HK\$'000 千港元
Phoenix Chinese & Movies channels	鳳凰衛視中文台及鳳凰衛視電影台	165,760	248,081
Phoenix InfoNews, North America Chinese and CNE channels	鳳凰衛視資訊台、鳳凰衛視 美洲台及鳳凰衛視歐洲台	(211,754)	(105,474)
Other businesses	其他業務	(18,092)	(41,846)
Management overheads	管理行政支出	(100,927)	(99,469)
(Loss) Profit from operations	經營(虧損)溢利	<u>(165,013)</u>	<u>1,292</u>

Revenues from television broadcasting, including both advertising & subscription revenue, continue to be the main revenue source of the Group, and amounted to approximately HK\$667,166,000 (2001: HK\$704,237,000) or accounted for 97.4% of the total revenue for the year ended 30 June 2002. Compared with last year's broadcasting revenue, there was a decrease of 5.3%, mainly due to the contraction of the advertising market and advertising revenue accounted for 94.2% of our television broadcasting revenue.

For the year ended 30 June 2002, revenue of Phoenix Chinese Channel decreased by 7.8% to approximately HK\$624,648,000 (2001: HK\$670,569,000) as compared to the previous year, representing 93.6% of the total television broadcasting revenue. For the same period, income of Phoenix Movies Channel slightly decreased by 2.2% to approximately HK\$27,296,000 (2001: HK\$27,896,000), representing 4.1% of the total television broadcasting revenue. Performance of the subscription-based Movies Channel was relatively more stable than Chinese Channel, which is mainly depends on advertising sales. Phoenix InfoNews, North America Chinese Channel and Phoenix CNE Channel made marginal contributions to the Group's revenue but achieved steady growth. Revenue of these three channels represented 2.3% of the total television broadcasting revenue for the year ended 30 June 2002 (2001: 0.8%). These channels are still in the process of developing their respective brandnames and expanding viewership. The management is of the view that the new channels have the potential to generate substantial revenue.

分類資料評論

按業務分類的經營(虧損)溢利

下表顯示按本集團業務分類比較截至二零零二年及二零零一年六月三十日止財政年度的本集團業務經營業績。

	Year ended 30 June 2002 截至二零零二年 六月三十日 止年度 HK\$'000 千港元	Year ended 30 June 2001 截至二零零一年 六月三十日 止年度 HK\$'000 千港元
來自電視廣播的收入(包括廣告及收視費收入)約為667,166,000港元(二零零一：704,237,000港元)，繼續成為本集團的主要收入來源，佔截至二零零二年六月三十日止年度總收入97.4%。與去年的廣播收入比較，金額減少5.3%，收入下跌的主要因為廣告市場萎縮，而廣告收入佔本集團的電視廣播收入94.2%。		
截至二零零二年六月三十日止年度，鳳凰衛視中文台的收入較去年下跌7.8%至約624,648,000港元(二零零一：670,569,000港元)，佔電視廣播總收入93.6%。於同期內，鳳凰衛視電影台的收入輕微下跌2.2%至約27,296,000港元(二零零一：27,896,000港元)，佔電視廣播總收入4.1%。以訂戶為基礎的電影台表現較主要依靠廣告銷售的中文台相對穩定。鳳凰衛視資訊台、鳳凰衛視美洲台及鳳凰衛視歐洲台為本集團收入作出少量收入貢獻，但保持穩定增長。該三個頻道之收入佔截至二零零二年六月三十日止年度電視廣播總收入2.3%(二零零一：0.8%)。此等頻道仍在發展其各自之品牌及提升觀眾人數，管理層認為此等新頻道具備帶來豐厚收入之潛力。		

來自電視廣播的收入(包括廣告及收視費收入)約為667,166,000港元(二零零一：704,237,000港元)，繼續成為本集團的主要收入來源，佔截至二零零二年六月三十日止年度總收入97.4%。與去年的廣播收入比較，金額減少5.3%，收入下跌的主要因為廣告市場萎縮，而廣告收入佔本集團的電視廣播收入94.2%。

截至二零零二年六月三十日止年度，鳳凰衛視中文台的收入較去年下跌7.8%至約624,648,000港元(二零零一：670,569,000港元)，佔電視廣播總收入93.6%。於同期內，鳳凰衛視電影台的收入輕微下跌2.2%至約27,296,000港元(二零零一：27,896,000港元)，佔電視廣播總收入4.1%。以訂戶為基礎的電影台表現較主要依靠廣告銷售的中文台相對穩定。鳳凰衛視資訊台、鳳凰衛視美洲台及鳳凰衛視歐洲台為本集團收入作出少量收入貢獻，但保持穩定增長。該三個頻道之收入佔截至二零零二年六月三十日止年度電視廣播總收入2.3%(二零零一：0.8%)。此等頻道仍在發展其各自之品牌及提升觀眾人數，管理層認為此等新頻道具備帶來豐厚收入之潛力。

COMMENTS ON SEGMENTAL INFORMATION *(Continued)*

The segmental result for television broadcasting recorded a loss of approximately HK\$89,920,000 for the year ended 30 June 2002, as compared to a profit of approximately HK\$145,749,000 in the previous year. The downturn was mainly due to the decrease in revenue as explained above, the operating costs for the new channels, Phoenix InfoNews Channel, Phoenix North America Chinese Channel and Phoenix CNE Channel, and the provision for impairment charge of goodwill of PCNE.

Revenue from programme production and ancillary services was approximately HK\$17,507,000 for the year ended 30 June 2002, which represented a 12.6% increase as compared to previous year. The increase was mainly attributable to the expansion of ancillary services performed for third parties.

Despite the increase in revenue, the segmental result for programme production and ancillary services recorded a loss of approximately HK\$1,196,000 for the year ended 30 June 2002 (2001: a profit of approximately HK\$1,113,000). The costs of this year were relatively stable as compared with last year but a full year's costs were recorded for this year. The Directors expect that production efficiency will increase eventually when it achieves economies of scale.

Revenue from other activities, including advertising & subscription revenue from the magazine and internet operations, increased to approximately HK\$16,326,000, or by 79.3% compared with the previous year. This increase was mainly the result of the increase in advertising revenue of the magazine.

Segment loss for other activities was approximately HK\$17,686,000 for this year, compared with a loss of approximately HK\$42,822,000 in the previous year, representing a decrease of 58.7%. Such improvement was mainly attributable to the increase in revenue of the magazine and the reduction of operating costs of the Internet.

Please refer to note 3 of the notes to the accounts for a detailed analysis on segmental information and the television broadcasting section under the "Business Review" in the Annual Report for commentary of our core business.

分類資料評論 (續)

截至二零零二年六月三十日止年度的電視廣播業務錄得虧損約89,920,000港元，而去年溢利約為145,749,000港元。業績逆轉的主要因為上文所述的收入減少、新頻道（鳳凰衛視資訊台、鳳凰衛視美洲台及鳳凰衛視歐洲台）產生的經營費用，及PCNE之商譽減值撥備。

截至二零零二年六月三十日止年度的節目製作及支援服務收入約17,507,000港元，較去年上升12.6%。收入上升的主要原因來自擴大向第三者提供支援服務。

雖然收入增加，但截至二零零二年六月三十日止年度節目製作及支援服務的分類業績錄得虧損約1,196,000港元（二零零一：溢利1,113,000港元）。本年度成本與去年相若，但本年度之數字包括全年成本。董事預期當到達規模效益時，生產效益最終將會增加。

來自其他業務之收入（包括來自雜誌及互聯網業務的廣告及訂購收入）增至約16,326,000港元，較去年上升79.3%。收入上升之主要因為雜誌的廣告收入上升。

其他業務於本年度的分類虧損約17,686,000港元，相較去年虧損約42,822,000港元，下跌58.7%。情況改善的主要因為雜誌的收入上升，及互聯網的經營成本減少。

請參閱財務報表附註3有關分類資料的詳細分析，以及年報「業務回顧」電視廣播一節有關本集團核心業務的評論。

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The acquisition of PCNE by the Group was completed in November 2001 whereby PCNE has become a 70% owned subsidiary of the Phoenix Group. Goodwill arising from the acquisition of PCNE was approximately HK\$46,241,000. The continuous global economic downturn during the eight months after the acquisition had increased the uncertainty on the recoverability of the goodwill in the near future. The Directors therefore decided to make a full provision for impairment on the unamortised goodwill in the year of acquisition.

Other than acquisition of PCNE, the Group had no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 30 June 2002.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 30 June 2002 were similar to those of the Group as at 30 June 2001. The aggregate outstanding borrowings of the Group as at 30 June 2002 were approximately HK\$28,741,000 (2001: HK\$17,913,000), representing current accounts with related companies which were unsecured and non-interest bearing. Such minor fluctuation was within the normal pattern of operations of the Group.

The gearing ratio of the Group, based on total liabilities to shareholders' equity, was 21.7% (2001: 14.5%) as at 30 June 2002. Accordingly, the financial position of the Group has remained very liquid.

As most of the Group's monetary assets are denominated in Hong Kong dollars, US dollars and Renminbi, with minimal balances in UK pounds and Taiwan dollars, the exchange rate risks of the Group is considered to be minimal.

CHARGE ON ASSETS

As at 30 June 2002, deposits of approximately HK\$2,900,000 (2001: nil) were pledged with a bank to secure a banking guarantee given to the landlord of a subsidiary.

Other than the above, the Group did not have any charge on its assets as at 30 June 2002 and 30 June 2001.

附屬公司及聯屬公司的收購及出售

本集團已於二零零一年十一月完成收購PCNE。PCNE 成為鳳凰集團擁有其70%股本之附屬公司。收購PCNE所產生的商譽約46,241,000港元。自收購該頻道的八個月以來持續的全球經濟衰退，引致對可否於短期內收回商譽之不明朗因素增加。因此，董事決定就收購年度內尚未攤銷的商譽作出全數減值撥備。

截至二零零二年六月三十日止年度內，除收購PCNE外，本集團概無進行附屬公司及聯屬公司的重大收購及出售。

流動資金及財政資源

本集團於二零零二年六月三十日的流動資金及財政資源與本集團於二零零一年六月三十日時相若。本集團於二零零二年六月三十日的尚未償還借貸總額約28,741,000港元(二零零一：17,913,000港元)，為關連公司的無抵押及不計利息往來賬款。該輕微波幅屬於本集團運作的正常模式內。

按負債總額相對股東權益計算，於二零零二年六月三十日的本集團資產負債比率為21.7% (二零零一：14.5%)。因此，本集團的財政狀況仍非常具流動性。

由於本集團大部份貨幣資產均以港元、美元及人民幣計價，極少數以英鎊及台幣計價，本集團認為其所承受之匯率風險極低。

資產抵押

於二零零二年六月三十日，約2,900,000港元(二零零一：無)的存款已抵押予銀行，作為向一附屬公司之業主提供銀行擔保。

除上文所述外，本集團於二零零二年六月三十日及二零零一年六月三十日並無抵押其任何資產。

CAPITAL STRUCTURE

During the year ended 30 June 2002, other than the exercise of share options granted (detail as per note 19 of the accounts), there is no change in the Company's share capital. As at 30 June 2002, the Group's operations were financed mainly by shareholders' equity.

STAFF

As at 30 June 2002, the Group employed 487 full time staff (2001: 461), at market remuneration with employee benefits such as comprehensive medical coverage, insurance plan, defined contribution pension schemes, discretionary bonus and employee share option scheme. Staff costs for the year ended 30 June 2002 had increased to approximately HK\$182,283,000 (2001: HK\$137,427,000). The increase in staff costs was attributable to the fact that this year included the full year effect for staff serving the new channels and new businesses, while last year reflected only a six-month period.

The Group did not experience any significant labour disputes or substantial change in the number of its employees that led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

SIGNIFICANT INVESTMENT

The Group has not held any significant investment for the year ended 30 June 2002.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCE OF FUNDING

The Group will continue to consolidate its existing businesses while exploring new business areas that will complement and enhance its existing businesses.

Other than disclosed herein, the Group did not have any plan for material investments and acquisition of material capital assets.

CONTINGENT LIABILITIES

Other than disclosed in note 24 to the accounts, the Group had no material contingent liabilities as at 30 June 2002 and 30 June 2001 respectively.

資本架構

於截至二零零二年六月三十日止年度內，除行使已授出的購股權外（詳情見財務報表附註19），本公司股本並無變動。於二零零二年六月三十日，本集團業務運作主要透過股東權益提供資金。

僱員

於二零零二年六月三十日，本集團僱用487位全職僱員（二零零一：461），僱員所獲之薪酬符合市場水平，員工福利包括全面醫療保障、保險計劃、定額供款退休金計劃、酌情花紅及僱員購股權計劃。截至二零零二年六月三十日止年度的員工成本增至約182,283,000港元（二零零一：137,427,000港元）。員工成本增加的原因為本年度包括為新頻道及新業務服務的員工的全年影響，而去年僅反映其六個月期間的影響。

本集團並沒有經歷過任何導致破壞正常業務運作的勞資糾紛或僱員數目重大改變。董事認為本集團與僱員之關係良好。

重大投資

本集團於截至二零零二年六月三十日止年度並無持有任何重大投資。

重大投資及預期資金來源的未來計劃

本集團將繼續整合其現有業務，並同時物色可配合及提升其現有業務之業務範疇。

除本文披露者外，本集團並無作出重要投資及收購重要資本資產的任何計劃。

或有負債

除財務報表附註24所披露外，於二零零二年六月三十日及二零零一年六月三十日，本集團並無重要或有負債。