

FINANCIAL REVIEW

Revenue of the Group for the year ended 30 June 2003 was approximately HK\$709,970,000 (2002: HK\$685,043,000), which represented a moderate increase of 3.6% as compared with the previous financial year.

Advertising revenue, which represented 89.1% of the Group's total revenue, had a marginal increase of 0.7% as compared with the previous financial year. The growth of total revenue was mainly attributable to the increase in subscription revenues from Phoenix Movies Channel and Phoenix North America Chinese Channel.

Operating costs for the year ended 30 June 2003 were approximately HK\$803,303,000 (2002: HK\$850,056,000), representing a 5.5% decrease, which reflected the result of the various cost-saving measures implemented in this financial year. The launch of new channels led to an increase in demand for services such as the promo production, outdoor shooting and studio operations and management. Starting from July 2002, Phoenix gradually produced these services in-house that were previously outsourced and benefit from the economies of scale. Other measure include the rationalization in certain technical aspects of the Group's operations, for example, terminating the analogue satellite transmission of the Phoenix Chinese Channel and transmitting a single signal via fibre optic from Hong Kong to both Phoenix North America Chinese and Phoenix Chinese News and Entertainment channels.

It is worth mentioning that with a tighter credit control policy introduced in August 2002, in particular, strict compliance with the policy of "payment before broadcast", the accounts receivable reduced substantially to approximately HK\$30,198,000 (2002: HK\$115,713,000), or by 73.9%. The Phoenix management has no doubt that this approach lays the foundation for a more sound long-term financial position.

The moderate increase in revenue, together with the savings in operating costs, led to a decrease of 43.4% in loss from operations as compared with the previous financial year. Loss attributable to shareholders also decreased by 63.8% to approximately HK\$72,224,000 (2002: HK\$199,716,000).

財務回顧

本集團截至二零零三年六月三十日止年度的收入約709,970,000港元(二零零二：685,043,000港元)，較上一財政年度微升3.6%。

佔本集團總收入89.1%的廣告收入較上一財政年度輕微上升0.7%。總收入增加主要由於鳳凰衛視電影台及鳳凰衛視美洲台的收視費收入增加。

截至二零零三年六月三十日止年度的經營成本約803,303,000港元(二零零二：850,056,000港元)，減幅為5.5%，反映了本財政年度實施的多項節省成本措施所帶來的成效。推出新頻道刺激對多項服務如宣傳片製作、戶外拍攝及錄影廠營運及管理的需求上升。由二零零二年七月開始，鳳凰逐步自行提供此等先前外判的服務，並在規模效益下而得益。其他措施包括整頓本集團業務的若干技術事項，例如，終止鳳凰衛視中文台的模擬衛星傳送，並透過光纖將單一訊號由香港傳送至鳳凰衛視美洲台及鳳凰衛視歐洲台。

值得注意的是，隨著於二零零二年八月推出更嚴格的信貸監控政策後，尤其嚴格遵守「先付款後廣播」的政策，應收賬款已大幅減少至約30,198,000港元(二零零二：115,713,000港元)，減少73.9%。鳳凰的管理層深信該項措施為更穩健的長期財務狀況奠定基礎。

收入輕微增加，連同節省經營成本，導致經營虧損較上一財政年度減少43.4%。股東應佔虧損亦減少63.8%至約72,224,000港元(二零零二：199,716,000港元)。



FINANCIAL REVIEW (Continued)
財務回顧 (續)

		Three months ended	
		截至以下日期止三個月	
		30 June 2003	31 March 2003
		二零零三年	二零零三年
		六月三十日	三月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Revenue	收入	185,635	173,404
Loss from operations	經營虧損	(17,950)	(25,380)
Loss attributable to shareholders	股東應佔虧損	(13,123)	(20,809)

Comparing the three months period ended 30 June 2003 with previous quarter, revenue of the Group increased by 7.1%. There were satisfactory improvements in both loss from operations and loss attributable to shareholders, which decreased by 29.3% and 36.9% respectively.

以截至二零零三年六月三十日止的三個月期間與上一季度比較，本集團收入增加7.1%。經營虧損與股東應佔虧損兩者均有令人滿意的改善，而減幅分別為29.3%及36.9%。

Loss per share was recorded at HK1.46 cents (2002: HK4.05 cents).

每股虧損為1.46港仙(二零零二：4.05港仙)。

COMMENTS ON SEGMENTAL INFORMATION
Operating results by business

The table below shows the comparison of operating results of our businesses for the financial year ended 30 June 2003 and 2002.

分類資料評論
按業務分類的經營業績

下表顯示按本集團業務分類比較截至二零零三年及二零零二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	
		截至六月三十日止年度	
		2003	2002
		二零零三年	二零零二年
		HK\$'000	HK\$'000
		千港元	千港元
Phoenix Chinese Channel	鳳凰衛視中文台	203,420	177,521
Phoenix InfoNews Channel	鳳凰衛視資訊台	(118,951)	(154,662)
Phoenix Movies Channel, Phoenix North America Chinese Channel & Phoenix Chinese News and Entertainment Channel	鳳凰衛視電影台、 鳳凰衛視美洲台及 鳳凰衛視歐洲台	(61,842)	(68,853)
Other businesses	其他業務	(17,255)	(18,092)
Corporate overheads	集團行政支出	(98,705)	(100,927)
Loss from operations	經營虧損	(93,333)	(165,013)



COMMENTS ON SEGMENTAL INFORMATION (Continued)

Revenues from television broadcasting, comprising of both advertising and subscription revenues, amounted to approximately HK\$687,738,000 (2002: HK\$667,166,000) or accounted for 96.9% of the Group's total revenue for the year ended 30 June 2003. Compared with the previous financial year, there was a slight increase of 3.1%.

Revenue from the Group's flagship channel, Phoenix Chinese Channel, decreased marginally by 0.3% to approximately HK\$616,449,000 (2002: HK\$618,464,000) as compared with the previous financial year, representing 86.8% of the Group's total revenue (2002: 90.3%). The drop in actual figure was minimal and the drop in percentage was due to the increase in total revenue triggered by the improved performance of the new channels. Phoenix InfoNews Channel, which was granted the PRC landing right at the end of December 2002, had strengthened its programming and placed great emphasis on expanding the channel's viewership for the last two quarters. Its revenue increased by 17.8% to approximately HK\$17,881,000 (2002: HK\$15,182,000) for the year ended 30 June 2003. For the same period, both Phoenix Movies Channel and Phoenix North America Chinese Channel achieved satisfactory growth in subscription revenue and contributed positively to the Group's total revenue, while Phoenix Chinese News and Entertainment Channel maintained a steady performance.

The segmental result for television broadcasting recorded a profit of approximately HK\$26,606,000 for the year ended 30 June 2003 (2002: loss of HK\$89,920,000). Such improvement was mainly attributable to the combined effect of the above-mentioned increase in advertising and subscription revenues, and the decrease in operating costs. In addition, the previous financial year's segmental loss included a substantial non-recurring impairment charge of goodwill of Phoenix Chinese News and Entertainment Channel, which amounted to HK\$44,700,000.

Revenue from programme production and ancillary services was approximately HK\$15,443,000 for the year ended 30 June 2003, which represented an 11.8% decrease as compared to previous year. Accordingly, the segmental loss was widened to HK\$4,572,000 (2002: HK\$1,196,000).

分類資料評論 (續)

來自電視廣播的收入(包括廣告及收視費收入)約687,738,000港元(二零零二: 667,166,000港元), 佔截至二零零三年六月三十日止年度的本集團總收入96.9%。與上一財政年度比較輕微上升3.1%。

本集團的旗艦頻道 — 鳳凰衛視中文台的收入較上一財政年度輕微減少約0.3%至約616,449,000港元(二零零二: 618,464,000港元), 佔本集團總收入的86.8%(二零零二: 90.3%)。實際數字減幅輕微, 而百分比減少乃由於總收入受到新頻道表現改善所推動而上升。於二零零二年十二月底獲發出中國落地權的鳳凰衛視資訊台已提升其節目質素, 並在過去兩個季度致力提升該頻道的收看人數。該頻道於截至二零零三年六月三十日止年度的收入增加17.8%至約17,881,000港元(二零零二: 15,182,000港元)。於同期內, 鳳凰衛視電影台及鳳凰衛視美洲台的收視費收入增幅令人滿意, 並為本集團的總收入帶來正面貢獻, 而鳳凰衛視歐洲台則保持穩定表現。

截至二零零三年六月三十日止年度的電視廣播業務分類錄得溢利約26,606,000港元(二零零二: 虧損89,920,000港元)。業績改善的主要原因為上述廣告及收視費收入增加及經營成本減少的綜合影響。此外, 上一財政年度的分類虧損包括鳳凰衛視歐洲台的龐大非經常性商譽減值撥備, 金額為44,700,000港元。

截至二零零三年六月三十日止年度的節目製作及支援服務收入約15,443,000港元, 較去年減少11.8%。因此, 分類虧損擴大至4,572,000港元(二零零二: 1,196,000港元)。



COMMENTS ON SEGMENTAL INFORMATION*(Continued)*

The performance of the internet services was similar to the previous financial year, while revenue from other activities, including advertising and subscription revenue from magazine distribution and handling income from television subscription, increased to approximately HK\$18,894,000, or by 25.2% as compared with the previous financial year. This increase was mainly contributed by the new subscribers' handling income of Phoenix North America Chinese Channel.

Segmental loss for the internet services was approximately HK\$10,085,000, represented a decrease of 8.4% as compared with previous financial year. Such reduction in loss was mainly attributable to the reduction in operating costs. Segmental result for other activities record a profit of approximately HK\$9,062,000 for the current financial year, as compared with a loss of approximately HK\$6,673,000 in the previous financial year. Such improvement was mainly attributable to a one-off project that our US operations team had conducted for CCTV.

Please refer to note 2 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.

DIVIDEND

The Board does not recommend the payment of a dividend in order to allow for cash for future business development (2002: Nil).

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 30 June 2003.

LIQUIDITY AND FINANCIAL RESOURCES

The liquidity and financial resources of the Group as at 30 June 2003 were similar to those of the Group as at 30 June 2002. The aggregate outstanding borrowings of the Group as at 30 June 2003 were approximately HK\$11,887,000 (2002: HK\$28,741,000), 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.

分類資料評論 (續)

互聯網服務的表現與上一財政年度相若，而來自其他業務之收入(包括來自雜誌發行的廣告及訂購收入，及收費電視的行政收入)則增至約18,894,000港元，較上一財政年度上升25.2%。收入上升主要來自鳳凰衛視美洲台的新訂戶的行政收入。

互聯網服務的分類虧損約10,085,000港元，較上一財政年度減少8.4%。虧損減少主要由於經營成本減少。其他業務的分類業績於本財政年度錄得溢利約9,062,000港元，而於上一財政年度則錄得虧損約6,673,000港元。情況改善主要來自本公司旗下的美國業務部門為中國中央電視台處理的一次性項目。

請參閱財務報表附註2有關分類資料的詳細分析，以及年報「業務回顧」的電視廣播一節有關本集團核心業務的評論。

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(二零零二：無)。

附屬公司及聯屬公司的收購及出售

截至二零零三年六月三十日止年度內，本集團概無進行附屬公司及聯屬公司的重大收購或出售。

流動資金及財政資源

本集團於二零零三年六月三十日的流動資金及財政資源與本集團於二零零二年六月三十日時相若。本集團於二零零三年六月三十日的尚未償還借貸總額約11,887,000港元(二零零二：28,741,000港元)，為關連公司的無抵押及不計利息往來賬款。該輕微波動屬於本集團的正常運作模式。



LIQUIDITY AND FINANCIAL RESOURCES

(Continued)

The gearing ratio of the Group, based on total liabilities (including minority interests) to shareholders' equity, was 24.9% (2002: 21.7%) as at 30 June 2003. 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 2003, deposits of approximately HK\$3,300,000 (2002: HK\$2,900,000) 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 2003 and 30 June 2002.

CAPITAL STRUCTURE

During the year ended 30 June 2003, there is no change in the Company's share capital. As at 30 June 2003, the Group's operations were financed mainly by shareholders' equity.

STAFF

As at 30 June 2003, the Group employed 596 full time staff (2002: 487), 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 2003 increased to approximately HK\$194,882,000 (2002: HK\$180,904,000). The increase in staff costs was in line with our expectation as more staff were employed for providing more cost-efficient internal services instead of out-sourcing.

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.

流動資金及財政資源 (續)

按負債總額(包括少數股東權益)相對總股東權益計算，於二零零三年六月三十日本集團的資產負債比率為24.9%(二零零二：21.7%)。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

於二零零三年六月三十日，約3,300,000港元(二零零二：2,900,000港元)的存款已抵押予一間銀行，作為向一附屬公司之業主提供銀行擔保。

除上文所述外，本集團於二零零三年六月三十日及二零零二年六月三十日並無抵押其任何資產。

資本架構

於截至二零零三年六月三十日止年度內，本公司股本並無變動。於二零零三年六月三十日，本集團之業務運作主要透過股東權益提供資金。

僱員

於二零零三年六月三十日，本集團僱用596位全職僱員(二零零二：487)，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。截至二零零三年六月三十日止年度的員工成本增至約194,882,000港元(二零零二：180,904,000港元)。由於須僱用更多員工以提供具備成本效益的內部服務來代替外判有關服務，故員工成本增幅與本公司預期相若。

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的關係良好。



SIGNIFICANT INVESTMENT

The Group has not held any significant investment for the year ended 30 June 2003.

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 26 to the accounts, the Group had no material contingent liabilities as at 30 June 2003 and 30 June 2002 respectively.

重大投資

本集團於截至二零零三年六月三十日止年度並無持有任何重大投資。

未來重大投資計劃及預期資金來源

本集團將繼續整合其現有業務，並同時物色可補足及加強其現有業務之新業務範疇。

除本文所披露外，本集團並無制定作出重大投資及收購重大資本資產的任何計劃。

或有負債

除財務報表附註26所披露外，於二零零三年六月三十日及二零零二年六月三十日，本集團均無重大或有負債。

