

Management Discussion and Analysis

謹代表董事會，概述深圳科技控股有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零零三年十二月三十一日止財務年度之業務表現。

財務回顧

本集團於二零零三年財政年度之總營業額為331,881,000港元（二零零二年：263,599,000港元），與上一財政年度比較上升26%。於回顧年度，本集團之經營業務虧損錄得170,414,000港元，而年度虧損淨額為176,854,000港元，其中包括92,925,000港元之商譽減值虧損及48,358,000港元之商譽攤銷，總額合共141,283,000港元（二零零二年：撥備、減值虧損、商譽攤銷及攤薄附屬公司權益所致虧損，總額合共141,675,000港元）。二零零三年之毛利率約為23%（二零零二年：約為14%），比去年上升64%，主要由於電腦及服務器業務推出毛利率較高之新型號產品。

本公司以61,600,000港元之代價收購Treasure Land Enterprises Limited（「Treasure Land」）全部股權，Treasure Land擁有雲南綠大地生物科技股份有限公司（「綠大地」）之20%股權。本交易於八月完成，其後至二零零三年十二月三十一日止之期間，綠大地為本集團帶來約2,052,000港元之純利。

於二零零三年九月，本集團簽訂協議，以代價43,000,000港元向Kam Lik Assets Management Limited收購70,000,000股每股面值1港元之Well Green Holdings Limited（「Well Green」）股份，Well Green因而成為本集團之附屬公司。

於二零零三年十二月十日，以約50,000,000港元之代價購入擁有東環廣場4樓全層及5樓六個單位的Twente Company Limited之49%權益，作為中長期投資。交易完成後，該項投資為本集團帶來微利。

On behalf of the Board of Directors, the business performance of Shenzhen High-Tech Holdings Limited and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2003 is summarized in the following paragraphs.

FINANCIAL REVIEW

Total turnover of the Group for the financial year 2003 amounted to 331,881,000 (2002: HK\$263,599,000), representing an increase of 26% as compared to the previous financial year. During the year under review, the Group's loss from operations and net loss for the year was HK\$170,414,000 and HK\$176,854,000 respectively, including goodwill impairment loss of HK\$92,925,000 and goodwill amortisation of HK\$48,358,000 amounting to HK\$141,283,000. (2002: provisions, impairment loss, goodwill amortisation and loss on divestment of subsidiaries amounting to HK\$141,675,000). The gross profit ratio for the year 2003 was approximately 23% (2002: approximately 14%), representing an increase of 64%, which is mainly due to the launching of new products in the computers and servers segment that contributed a higher gross profit margin.

The Company acquired the entire equity interest in Treasure Land Enterprises Limited ("Treasure Land") at a consideration of HK\$61.6 million. Treasure Land owned 20% interest in 雲南綠大地生物科技股份有限公司 ("綠大地"). The acquisition was completed in August, during the period thereafter to 31 December 2003, 綠大地 has contributed net profit of approximately HK\$2,052,000 to the Group.

In September 2003, the Group entered into an agreement to purchase 70,000,000 shares of HK\$1 each in Well Green Holdings Limited ("Well Green") from Kam Lik Assets Management Limited for a consideration of HK\$43,000,000 and Well Green became a subsidiary of the Group.

On 10 December 2003, around HK\$50 million was paid as a consideration for the acquisition of the 49% interests in Twente Company Limited which owned the whole of level 4 and six units on level 5 of East Gate Plaza as medium to long term investment contributing little profit to the Group after the completion of the transaction.

重組股本、股本及 所得款項用途

重組股本

本公司董事會向股東提呈之股本重組建議已於二零零三年四月二十八日舉行之股東特別大會上獲股東批准。股本重組完成後，本公司每股現有股份之面值已改為0.01港元，法定股本為200,000,000港元。由於本公司股本之面值由0.025美元削減至每股0.01港元，而本公司之已發行股本1,342,848,000港元亦相應削減1,273,917,000港元，降至68,931,000港元，列於本公司股份溢價賬貸方之款項377,863,000港元亦予註銷，另有為數1,188,390,000港元用以沖銷本公司之累積虧損，其餘463,390,000港元之款項則撥入本公司之繳納盈餘賬。有關重組不會對本集團之實際資產、業務營運、管理或財務狀況產生任何不良影響，使向股東派股息之機會增加。

股本及所得款項用途

作為收購深圳市曙光信息產業有限公司及其附屬公司全部股權之部份代價，本集團於二零零一年發行本金總額為100,467,000港元之可換股票據，該等票據已於二零零三年二月二十七日按每股0.1945港元之換股價轉換為本公司新普通股516,541,335股。

CAPITAL REORGANISATION, SHARE CAPITAL AND USE OF PROCEEDS

Capital Reorganisation

The proposed capital reorganisation submitted to shareholders by the board of directors of the Company was approved by shareholders at the special general meeting held on 28 April 2003. Upon the completion of the capital reorganisation, the nominal value of existing shares of the Company changed to HK\$0.01 per share and the authorised capital was HK\$200 million. Since the nominal value of the share capital of the Company was reduced from US\$0.025 to HK\$0.01 per share, the issued share capital of the Company decreased from HK\$1,342,848,000 to HK\$68,931,000 by the cancellation of HK\$1,273,917,000 in the share capital of the Company and an amount of HK\$377,863,000 standing to the credit of the share premium account of the Company was cancelled, HK\$1,188,390,000 and HK\$463,390,000 were applied in eliminating the accumulated losses and crediting to the contributed surplus account of the Company respectively. The reorganisation itself did not have any adverse effect on the Group's underlying assets, operation, management or state of affairs, except for enhancing the probability of declaring dividends to shareholders by the Company.

Share Capital and Use of Proceeds

The Group acquired the entire shareholding in Dawning Information Industry Company Limited and its subsidiaries and the consideration for the acquisition was partly satisfied by the issuance of convertible notes with an aggregate principal amount of HK\$100,467,000 in 2001. The convertible notes were converted to 516,541,335 new ordinary shares of the Company at a conversion price of HK\$0.1945 per share on 27 February 2003.

Management Discussion and Analysis

重組股本、股本及 所得款項用途 (續)

股本及所得款項用途 (續)

根據於二零零三年九月四日訂立之配售協議，本公司以每股0.068港元之價格發行合共1,378,600,000股每股面值0.01港元之新普通股予六名承配人，配售籌得款項淨額約91,400,000港元，擬定用途為本集團之一般流動資金。其後，約50,000,000港元用於收購位於北京市東城區東中街29號北京東環廣場B座4樓全層及5樓六個單位之49%權益、約10,000,000元人民幣(約相等於9,400,000港元)用於增加對北京成華創業科技發展有限公司之投資，餘額約32,000,000港元保留作一般營運資金。

本公司根據於二零零三年十月二十日訂立之認購協議，以每股0.06港元向投資者Thing On Group Limited發行1,654,351,792股每股面值0.01港元之新股，籌得約96,000,000港元，主要用於擴展全資附屬公司曙光信息產業(深圳)有限公司(「曙光信息」)之業務及有關物業項目。於二零零三年十二月三十一日，約60,000,000港元已分配作曙光信息之一般營運資金，餘額約36,000,000港元已預留用以成立曙光信息之新生產基地及研究中心所需之部份財務資源。

根據於二零零三年十二月十日訂立之配售協議，本公司以每股0.056港元發行1,985,200,000股每股面值0.01港元之新股，籌得款項淨額約107,300,000港元，其中約25,000,000港元擬撥予晶科信息作為一般營運資金。餘額將主要用於中國物業發展項目。截至年底止，配售集資所得尚未運用於擬定用途。

CAPITAL REORGANISATION, SHARE CAPITAL AND USE OF PROCEEDS (Continued)

Share Capital and Use of Proceeds (Continued)

Pursuant to the Placing Agreement on 4 September 2003, the Company issued 1,378,600,000 new ordinary shares with par value of HK\$0.01 each to six placees at a price of HK\$0.068 per share, the net entire proceeds from the placing of approximately HK\$91.4 million was intended to be used as general working capital of the Group. Subsequently, around HK\$50 million was paid as consideration for the acquisition of the 49% interest in the whole of level 4 and six units on level 5 of East Gate Plaza, Block B, 29 Dong Zhong Street, Dong Cheng District, Beijing. Around RMB10 million (equivalent to approximately HK\$9.4 million) has been used as further investment in Beijing CPT, the balance of approximately HK\$32 million has been retained as general working capital.

Pursuant to the Subscription Agreement dated 20 October 2003, the Company issued 1,654,351,792 new shares of par value of HK\$0.01 each to an investor, Thing On Group Limited, at HK\$0.06 per share, raising fund amounting to approximately HK\$96,000,000. The fund was intended to be used for expansion of a wholly owned subsidiary, Dawning Information Industry (Shenzhen) Limited ("Dawning") and related property projects. At 31 December 2003, around HK\$60 million has been earmarked as general working capital for Dawning, the balance of around HK\$36 million as part of the financial resources for setting up new manufacturing bases and research centres for Dawning.

Pursuant to the Placing Agreement on 10 December 2003, the Company issued 1,985,200,000 new shares with par value of HK\$0.01 each at HK\$0.056 per share. The net proceeds from the Placing was about HK\$107.3 million. It was intended that about HK\$25 million will be transferred to Jingke Information as its general working capital. The balance of the net proceeds will be used principally for property development projects in the PRC. The proceeds from the Placing has not been used for intended purpose at the end of the year.

**重組股本、股本及
所得款項用途 (續)**

股本及所得款項用途 (續)

本公司於年內因僱員行使購股權而發行50,000,000股股份。

除上述所提及外，本公司年內並無發行任何股份。

流動資金及財務資源

本集團之流動資金充裕，財務狀況穩健，截至二零零三年十二月三十一日，本集團現金及銀行存款總額維持在約416,465,000港元(二零零二年十二月三十一日：約171,161,000港元)之水平。本集團透過加強追收應收貨款及嚴格執行信貸管理，以確保營運資金快速週轉。本年底之應收賬款結餘總額約為47,330,000港元，較去年下降49% (二零零二年十二月三十一日：92,496,000港元)。於二零零三年年底之流動比率為2.74，而二零零二年底為1.45。截至二零零三年十二月三十一日止，本公司及其附屬公司並沒有向銀行貸款。於二零零三年十二月三十一日，本集團之資產負債比率(以借貸總額除以股東資金為計算基準)為零(二零零二年十二月三十一日：0.22)。

資本性開支

年內，本集團之資本性開支合計約為90,116,000港元(二零零二年：64,836,000港元)。本集團預計為曙光在北京建立新生產基地及研究中心，所需資源由內部資源及銀行貸款撥付。

**CAPITAL REORGANISATION, SHARE CAPITAL AND
USE OF PROCEEDS (Continued)**

Share Capital and Use of Proceeds (Continued)

The Company issued 50,000,000 shares during the year as a result of the exercise of share options by the employees.

Apart from the aforesaid, the Company did not issue any shares during the year.

LIQUIDITY AND SOURCE OF FINANCE

The Group managed to maintain its liquidity at healthy level, the Group's cash and bank deposits totalled approximately HK\$416,465,000 as at 31 December 2003 (31 December 2002: approximately HK\$171,161,000). The Group endeavoured to ensure the liquidity of the working capital by expediting the collection of accounts receivable and observing strict credit control. Total accounts receivable outstanding at the year end was approximately HK\$47,330,000, which decreased by 49% as compared with last year (31 December 2002: HK\$92,496,000). The current ratio at year end 2003 was 2.74 while that of 2002 was 1.45. As at 31 December 2003, the Company and its subsidiaries did not raise loan from the bank. The Group's gearing ratio (on the basis of total borrowings divided by shareholders' equity) was maintained at a level as nil as at 31 December 2003 (31 December 2002: 0.22).

CAPITAL EXPENDITURE

The Group had incurred an aggregated amount of approximately HK\$90,116,000 (2002: HK\$64,836,000) as capital expenditure during the year. The Group has contemplated to set up new manufacturing bases and research center in Beijing for Dawning, the resources for the purpose will be provided by internal resources and banking facilities.

Management Discussion and Analysis

資產抵押

截至二零零三年十二月三十一日止，本集團並無為獲得一般銀行融資而抵押資產及銀行存款。

僱員薪酬及福利

於二零零三年十二月三十一日，本集團共聘用約800名管理、行政、技術及生產員工(二零零二年十二月三十一日：約800名)。本集團根據員工之職責、工作表現及專業經驗釐定僱員之酬金、晉昇及薪酬調整幅度。在香港之全體僱員及董事均已參加強制性公積金計劃。其他僱員福利包括本集團董事會授出之購股權。

外匯及外幣風險

由於所得之收入以及購買材料、零件及設備之貨款和薪金均以港元及人民幣結算，故毋須採用任何金融工具作對沖用途，而滙率波動風險亦較低。年內，本集團並無使用任何金融工具作對沖之用。截至二零零三年十二月三十一日止，本集團之現金及銀行結餘以港元、美元及人民幣為主要幣值。

PLEDGE OF ASSETS

As at 31 December 2003, the Group had no pledge of assets and deposits with the bank in order to obtain general banking facility.

EMPLOYEES' REMUNERATION AND BENEFITS

The Group had about 800 employees including managerial, executive and technical staff and production labour at 31 December 2003 (31 December 2002: about 800). The level of remuneration, promotion and the magnitude of remuneration adjustment are justified according to their job duties, working performance and professional experience. All staff and directors in Hong Kong office have already participated in mandatory provident fund. Other employees' benefits including the granting of share options by the Board of the Group.

FOREIGN EXCHANGE AND CURRENCY RISK

The funds derived from incomes and applied to purchases of raw materials, spare parts and equipment and the payments of salaries were dominated in the currencies of Hong Kong dollars and Renminbi; therefore, it was no need to use any financial tools for hedging purpose, and the fluctuation of the exchange risk was low. During the year, the Group has not used any financial tools for hedging purpose. As at 31 December 2003, cash in hand and bank balances of the Group were denominated in the currencies of Hong Kong dollars, US dollars and Renminbi.

或然負債

本集團就出售愛儷軒其中部份單位所作出的承擔及擔保金額共約23,679,000港元(二零零二年十二月三十一日：承擔約23,679,000港元)。另外，於本年度，一家銀行向本公司一家全資附屬公司授出上限5,000,000港元之信用証信貸額，本公司為此作出公司擔保。於二零零三年一月九日，本公司向國內一家銀行作出擔保，作為其向本集團一家共同控制實體授出人民幣5,000,000元(約4,700,000港元)貸款融資之擔保，於二零零三年十二月三十一日，該貸款融資已全數使用。除上述外，本集團於二零零三年年結時並無任何其他重大的或然負債。

業務回顧

曙光信息

年內，曙光信息克服市場競爭激烈、SARS肆虐等十分不利的影響，積極開拓銷售市場，加強內部管理，增收節支，嚴格執行全面預算管理，經營狀況有了較大改善。全年完成銷售額約2.3億港元，比上年增長了17%，年底銷售回款情況良好。盡管由於攤銷及商譽減值導致公司出現虧損，但公司經營比以前年度有實質性的好轉，成為幾年來最好的一年。

CONTINGENT LIABILITIES

The Group made commitment and gave guarantee totaling at approximately HK\$23,679,000 (31 December 2002: commitment of approximately HK\$23,679,000) for disposal of certain units of La Residence. In addition, during the year, the Company provided corporate guarantee in connection with a loan facility up to HK\$5 million contemplated in a letter of credit granted by a bank to a wholly owned subsidiary of the Company. On 9 January 2003, the Company also provided a guarantee in favour of a bank to secure a loan facility of RMB5 million (approximately HK\$4.7 million) granted by the bank to a jointly controlled entity of the Group. As at 31 December 2003, the said loan facility has been fully utilised. Save as disclosed above, the Group had no other material contingent liability at the end of year 2003.

BUSINESS REVIEW

Dawning

During the year under review, Dawning overcame the intense market competition and the adverse impact caused by the outbreak of SARS. By actively exploring the sales market, enhancing internal management, increasing revenue, controlling expenses and enforcing an overall budget management, Dawning's operating situation was improved significantly. During the year, sales amounted to approximately HK\$230 million, representing an increase of 17% as compared to last year, while the collection of sales receivables was satisfactory at the end of the year. In spite of the loss caused by amortisation and impairment of goodwill, Dawning's operation was virtually improved as compared to previous years, achieving the most outstanding results in recent years.

Management Discussion and Analysis

業務回顧 (續)

曙光信息 (續)

在市場銷售方面，公司認真做好行業銷售和渠道銷售，使公司銷售出現了穩定增長。教育部西部高等院校網絡建設項目，曙光成為最大的中標單位。北京校校通工程連續三年採購曙光服務器，這些項目進一步奠定了曙光教育行業第一品牌的地位。在石油勘探領域，曙光信息銷售了國內最大的石油勘探專用機曙光4000L。在航天領域，曙光高性能服務器已經正式進入西安衛星測控中心、中國酒泉衛星發射中心，紫金山天文台等單位，在衛星發射、載人航天等測控方面將承擔起重要的任務。渠道銷售額也實現了較大增長。

在產品研發方面，繼二零零二年曙光3000入選中國科學院，中國工程院聯合評選的「二零零一年中國十大科技進展新聞」之後，二零零三年曙光4000L的研制成功，又入選了「二零零三年中國十大科技進展新聞」。報告期內曙光信息於本年度三月開發出的曙光4000L，每秒運算速度為4.2萬億次，為國內廠商自行研制的最大的數據處理超級服務器：十二月曙光信息舉辦了曙光4000A十萬億次超級服務器落戶上海的儀式，將於二零零四年研制推出，屆時將成為全球最大的超級計算機之一。此外，「天鷹」服務器監控管理系統不斷完善，提供了國內最先進的服務器管理技術，「SKVM」系統的開發成功增強了曙光高性能服務器的競爭優勢，與世界第二大芯片製造商美國AMD公司合作設計了四個處理器的服務器主板和系統，在全球第一個採用4CPU/2U設計的64位服務器：公司開發的入侵檢測系統，在年底通過了國家安全部的最高等級測試。

BUSINESS REVIEW (Continued)

Dawning (Continued)

Regarding sales and marketing, Dawning's sales recorded a steady increase due to the success of its industry sales and channel sales. Dawning won the tender for the network construction project related to high schools in Western district, being the largest unit among the tender winners. The Beijing "Xiao Xiao Tong" project purchased Dawning servers for three consecutive years. The above achievements helped to reinforce Dawning's leading brand name in the education sector. In the area of crude oil exploration, Dawning sold the largest domestic specialised server Dawning 4000L. In the area of astronautics, Dawning high performance servers were adopted by Xi'an Satellite Control Center, Jiuchuan Satellite Launch Center, Zijinshan Observatory and other units, assuming the critical tasks of monitor and control for satellite launching and human space flight. Distribution channels also improved significantly.

Regarding product research and development, the successful launch of Dawning 4000L was jointly selected by China Academy of Science and Chinese Academy of Engineering as the "10 Most Important Scientific Development News of 2003" in the year 2003. It was the second time for Dawning to receive this award, as Dawning 3000 was selected as the "10 Most Important Scientific Development News of 2001" in the year 2002. Dawning 4000L server was launched by Dawning in March this year. Its computing speed is 4,200 Giga Floating Point Operation per Second ("GFLOPS"), being the largest data processing server developed by manufacturers in the PRC. In December, Dawning held a ceremony introducing the 10,000 GFLOPS super server Dawning 4000A to Shanghai. It is scheduled to launch in 2004 and expected to become one of the largest super computer in the world. On the other hand, the control and management system of "天鷹" server continued to enhance, providing one of the most advanced server management technologies in the PRC. The completion of "SKVM" system increased the competitive edge of Dawning high performance servers. A server main board and system for 4 servers, the first 64-byte server adopting a 4CPU/2U architecture, was jointly designed with Advanced Micro Devices, Inc. ("AMD"), the second largest chip manufacturers in the world. The invasion monitor system designed by Dawning passed the first class test of the Ministry of State Security by the end of the year.

業務回顧 (續)

曙光信息 (續)

在品牌建設方面，公司與AMD建立了戰略合作夥伴關係，大力推廣64位服務器，對業界產生了較大的影響；公司於四月份舉辦的TC1700千套交付儀式以及各地的產品巡展，對提高公司品牌起到較好的作用。

曙光信息也存在一定的問題和困難。一、是加強內部管理提高競爭能力，二、是改善生產能力；三、是公司市場結構中，渠道銷售仍然偏弱，需要進一步加強。

晶科電子和晶科信息

武漢晶科電子有限公司(「晶科電子」)和武漢晶科信息產業有限公司(「晶科信息」)主要從事各類電子產品所需的石英晶体頻率片(半成品)、諧振器(成品)、SMD和相關器件的生產。在年度終結時，公司在武漢市東西湖區吳家山台商投資區投資興建的新廠區「晶科工業園」已全部竣工，公司原有設備和新購置的設備已搬遷到新廠房，並組織人力抓緊安裝、調試和技術配套；公司也積極開拓銷售市場，主要針對華南地區開展銷售工作，逐步與大客戶建立穩定的營銷關係；對於生產經營及公司管理中存在的問題和瓶頸，公司也在認真分析，採取強而有力的解決措施。

針對晶科工業園建設和新生產線投入生產較預期滯後的情況，集團一方面派人專門駐廠督促參與管理，另一方面對董事會和經營班子進行了必要的改組，以改善企業經營和管理。

BUSINESS REVIEW (Continued)

Dawning (Continued)

With a view to enhance its brand name recognition, Dawning established a strategic alliance with ADM to actively promote its 64-byte server, which became a notable product in the industry. In April, Dawning held a delivery ceremony of 1,000 sets of TC1700 and several product exhibitions in different cities to promote its brand name.

Dawning is still facing certain problems and difficulties. First of all, it needs to strengthen the internal management to increase its competitiveness. Secondly, its production capacity needs to be improved. Lastly, the distribution channels within its market structure are relatively weak. Further strengthening is needed.

Jingke Electronic and Jingke Information

Wuhan Jingke Electronic Co., Ltd. ("Jingke Electronic") and Wu Han Jingke Information Industry Co., Ltd. ("Jingke Information") are mainly engaged in manufacturing quartz oscillators (semi-finished products) used in the production of various electronic products, resonators (final products), SMD and related devices. At the end of the year, the construction of the Jingke Industrial Park invested by the company in the Investment Zone of Taiwan Merchants in Wuhan was completed. The existing and newly acquired equipments have moved into the new premises, and the installation, tuning and other ancillary technical procedures are actively in progress. The company also strived to enlarge its sales market, which was principally focused on Southern China, by establishing long-term sales relation with major customers. The company is conducting serious analysis of the problems and obstacles in its production and corporate management, and vigorous measures are undertaken to solve these problems.

Since the construction of Jingke Industrial Park was behind schedule and the commencement of new production line was delayed, ad hoc supervisors were assigned to station in the factory to strengthen the management. Similarly, the board of directors and senior management were restructured to improve corporate operation and management.

Management Discussion and Analysis

業務回顧 (續)

晶科電子和晶科信息 (續)

由於受工業園建設工期等因素影響，年內公司無法完成正常投入生產，因此銷售情況並不理想。

成華創科

北京成華創業科技有限公司(「成華創科」)成立以來，主要採取了研發自有寬帶多媒體應用平台技術、並向市場推廣的商業模式；同時兼營部份企業級網絡存儲系統的代理和貿易。公司在網絡寬帶多媒體研發方面積累了大量經驗，並取得了多項國家專利。但由於該種商業模式本身對於技術的可應用性有很高的要求，同時在寬帶網絡市場尚不成熟、並有一些市場替代產品的情況下，該種技術無法凸顯其優勢。因此成華創科的核心技術寬帶多媒體技術一直無法實現較好的效益。

集團從內部資源整合的角度，對成華創科和集團下屬曙光信息進行了業務整合。曙光信息下屬的一個部門「新業務部」與成華創科在業務領域方面有一定的重疊，但在技術方面又有一定互補，如都從事網絡存儲技術，但側重點又有所不同；同時「新業務部」也不屬於曙光服務器主業。因此集團對成華創科和「新業務部」進行了重組，一方面新業務部人員整體合併至成華創科，另一方面曙光信息以原用於「新業務部」的研發及市場費用對成華創科增資，整個公司由曙光信息提供業務指導，公司也更名為「北京曙光創新科技有限公司」。該項整合裁減了部份冗員，對曙光信息和成華創科都是有利的。

BUSINESS REVIEW (Continued)

Jingke Electronic and Jingke Information (Continued)

During the year, the company's normal production was hindered due to the construction of the industrial park and other factors, and product sales were adversely affected accordingly.

Beijing CPT

Since its incorporation, Beijing CPT Bluetus Co., Ltd. ("Beijing CPT") has been mainly engaged in the research and development, sales and marketing of its own broadband multimedia application platform technology. It is also an agent and provider of certain corporate network storage systems. Beijing CPT has accumulated considerable experience in the research and development of network and broadband multimedia, and has obtained a number of state patents in this regard. However, the commercial operation model of Beijing CPT requires high technology applicability. While the broadband market is still immature and substitution products exist in the market, the competitiveness of its technology is relatively low. Hence, the broadband multimedia technology, the core technology of Beijing CPT, is still unable to generate satisfactory return to the company.

In view of resources integration, the Group has consolidated the operations of Beijing CPT and Dawning, another member of the Group. Overlapping in activities was found between the "New Business Department" under Dawning and Beijing CPT, while they were complementary to each other in terms of technology. Both of them are engaged in network storage technology but with different focuses. Moreover, the New Business Department is not the integral element to the server business of Dawning. Accordingly, the Group has reorganised the two arms. The staff of the New Business Department was entirely transferred to Beijing CPT, and the expenses originally allocated by Dawning for the research and development and marketing of New Business Department were injected into the capital of Beijing CPT. Dawning is responsible to provide supervision and guidance for the activities of Beijing CPT, which has changed its company name to "北京曙光創新科技有限公司". As redundant staff had been laid off upon rationalisation, the process was beneficial to both Dawning and Beijing CPT.

業務回顧 (續)

房地產

集團持有的房地產業務持續穩定。年內，集團出售了上海愛儷軒34個單位，共計3,360平方米，為集團帶來約36,700,000港元的收入。公司克服SARS等不利因素，全年實現自有房屋租賃收入約5,590,000港元，代理租賃收入約620,000港元，兩項合計比上年只減少約11%。隨著可出租房屋數量逐步下降，公司自有房屋的租賃收入將進一步減少。包括位於深圳之曙光大廈之租金及管理費收入，本集團本年度整體租賃收入約16,280,000港元。

金融服務

年內，集團另一非核心金融服務業務並不活躍，未有進行新的借貸業務。然而在第四季度末因應證券市場的態勢，在穩健的前提下恢復了一些證券投資的業務，在短短的一個月內已略見利潤。

BUSINESS REVIEW (Continued)

Property

The performance of the property division held by the Group has been stable. During the year, the Group sold 34 units in La Residence in Shanghai with a floor area of 3,360 square meters in aggregate, generating cash proceeds of approximately HK\$36,700,000 for the Group. Despite the unfavourable factors such as the outbreak of SARS, the Company received rental income from self-owned properties of approximately HK\$5,590,000 and agency rental income of approximately HK\$620,000, the sum of the above two incomes represented a decrease of 11% over last year. Due to the number of units available for leasing is gradually decreasing, the rental income from self-owned properties of the Company will decrease in the future. Taking the rental and management fee income from Dawning Tower in Shenzhen into account, the overall rental income of the Group for the year amounted to HK\$16,280,000 approximately.

Financial Services

The Group did not focus on its financial services, another non-core division, and no money lending business has been operated during the year. However, in view of the active securities market at the end of the fourth quarter, the Group has resumed some securities investment businesses on a prudent basis. It has started to contribute moderate profit within a month.

Management Discussion and Analysis

業務展望

曙光信息

二零零三年國內經濟增長出現了多年未見的良好局面，二零零四年預計仍將保持平穩增長的態勢，整個電子信息行業也出現了復甦的跡象。預計服務器市場在二零零四年也將平穩增長，尤其是政府、國內科研部門對國產大型機的需求仍將保持穩定，但市場競爭也將更加激烈。

曙光信息將抓住良好的市場機遇，採取有效的措施改善經營管理，爭取使公司業務再上一個台階，實現良好的經營效益，逐步確立國產服務器第一品牌的市場地位和形象。二零零四年運算速度達每秒10萬億次的曙光4000A即將面世，這標誌著曙光服務器生產研發水平將邁上一個大的台階，對全體員工也將是一個極大的鼓勵。

曙光信息二零零四年將從幾方面努力做好工作：一、是要充分發揮高性能服務器領域的優勢，繼續拓展行業市場，在氣象、石油、教育、政府、軍隊等行業或部門保持較高的市場佔有率；二、是要下大工夫抓渠道銷售，逐步將「行業市場大、渠道市場小」的情況扭轉過來，使渠道市場逐步成為公司的支柱；三、是要加強技術研發，不斷開發新技術，繼續提升完善自有技術，保持服務器領域的優勢；四、是要解決生產瓶頸問題，集團將與曙光信息一起研究生產基地的建設問題，通過建設自有的生產基地也可以壓縮租金費用。此外曙光信息還要繼續加強內部管理，控制費用，強化應收帳款和除銷產品的管理，向管理要效益。

PROSPECTS

Dawning

The economic environment of the PRC is thriving in 2003. It is anticipated that economic growth will maintain steady in 2004, driving the recovery of the electronic information industry. The server market is expected to have steady growth in 2004, backed by the stable demand for large-scale servers from government authorities and domestic scientific research institutes. However, market competition will intensify at the same time.

In order to capture the opportunities in the market, Dawning will undertake effective measures to rationalise the management mechanism and contribute to the further success of Dawning. Apart from generating satisfactory operational efficiency, Dawning also aims to establish itself as the leading brand name of server in the PRC. The Dawning 4000A server, with a computing speed of 10,000 GFLOPS, will be launched in 2004, representing another milestone of the production and research and development of Dawning servers and a remarkable encouragement to the entire staff.

In 2004, Dawning will work in several areas. First of all, it will continue to explore markets in various sectors with its overwhelming pre-eminence in the market of high performance servers so as to maintain its high sales in sectors of meteorology, oil, education, government and military force. Secondly, Dawning will strive to enlarge its distribution channels, improving the present imbalanced situation between industry sales and channel sales, and gradually establishing channel sales as one of the major profit centres. Thirdly, Dawning intends to strengthen the research and development of technology, maintaining its competitive edge in the server market by developing new technology and refining existing technology. Lastly, Dawning determines to solve the obstacles emerged in its production. The Group will study with Dawning the feasibility of constructing a self-owned production base, which will also help to reduce rental expense. Furthermore, Dawning will continue to reinforce internal management and strictly control expenses, account receivables and sales on credits, demanding high performance from the management.

業務展望 (續)

晶科信息

「晶科工業園」的建成及新生產線的投產，標誌著武漢晶科由建設調整階段進入到生產經營階段，晶科信息一方面會抓緊完成內部調整，盡快解決設備存在配套和瓶頸的問題，在此基礎上對公司生產經營進行全面規劃，嚴格按計劃進度進行管理；另一方面要大力開拓市場，與國內客戶及外國客戶建立廣泛的聯繫，使公司盡快實現經營效益。

PROSPECTS (Continued)

Jingke Information

The completion of Jingke Industrial Park and the commencement of new production line represent the advance from the construction and adjustment stage to the production and operation stage. Jingke Information will adjust its internal control, and complete the ancillary facilities and solve the bottleneck problems for its equipments as soon as possible. Upon this foundation, Jingke Information will conduct an overall planning for its production activity, strictly managing its production according to the plan. At the same time, Jingke Information will place more effort in market exploration and establish an extensive network with domestic and overseas clients in order to realise operating profits in near future.