



董事長報告
Chairman's Statement



董事長 **李安建**
Chairman **Li Anjian**



(一) 報告期內公司經營情況討論與分析

1. 公司主營業務情況

公司主營業務主要有衛星通信產品、移動通信產品、機電儀產品和電子信息產品以及電子製造業務等。

2005年公司主營手機業務的南京熊貓移動通信設備有限公司和南京熊貓通信發展有限公司被司法執行以後，公司著力抓好其他主營業務的發展，進一步調整產業結構，加快科技進步，強化企業管理，防範經營風險，使衛星通信、信息產業、機電儀產品和電子製造業務取得了穩步發展。同時，公司加強國際合作，發展中外合資，ENC、BMC等合資企業取得了很好發展，使公司投資收益獲得大幅度增加，促進了公司經營業績增長。

A. Principal operating results of the Company during the Reporting Period

1. Principal operation of the Company

The principal operations of the Company are satellite communication products, mobile telecommunication, electromechanical products and electronic information products and electronic manufacturing business.

In 2005, following the judicial execution of Nanjing Panda Mobile Communication Equipment Co. Ltd., a company engaged mainly in mobile operation, and Nanjing Panda Communications Development Co. Ltd., the Company put more weight on the development of principal operations to adjust the product mix, enhance the technological improvement, strengthen corporate management and avoid management risk so as to maintain a stable development in satellite communication, IT, electromechanical products and electronic manufacture. On the other hand, with enhanced international cooperation and development of sino-foreign joint ventures, including EMC and BMC, which have achieved a favourable development, the gain from investment of the Company increased substantially and boosted an increase in operating results.



董事長報告 Chairman's Statement

(一) 報告期內公司經營情況討論與分析 (續)

1. 公司主營業務情況 (續)

按中國會計準則，全年實現主營業務收入人民幣85,440.71萬元，同比增長28.05%；主營業務利潤人民幣12,409.71萬元，同比增長30.39%；實現淨利潤人民幣8,970.05萬元，同比增長44.28%。按香港普遍採納會計準則，全年實現主營業務收入人民幣8.51億元，同比增長27.97%；主營業務利潤人民幣1.24億元，同比增長26.39%；實現股東應佔淨利潤人民幣9,276.1萬元，同比增長41.30%。

2. 主營業務分行業或產品情況表 (按中國會計準則)

A. Principal operating results of the Company during the Reporting Period (Continued)

1. Principal operation of the Company (Continued)

Under the PRC accounting standards, revenue from principal operations of the Company for the year amounted to RMB854.407 million, representing an increase of 28.05% as compared with that of last year; profit of principal operations of the Company for the year amounted to RMB124.0971 million, representing an increase of 30.39% as compared with that of last year; net profit amounted to RMB89.7005 million, representing an increase of 44.28% as compared with that of last year. Under the HK GAAP, revenue from principal operations of the Company for the year amounted to RMB851 million, representing an increase of 27.97% as compared with that of last year; profit of principal operations of the Company for the year amounted to RMB124 million, representing an increase of 26.39% as compared with that of last year; net profit attributable to shareholders amounted to RMB92.76 million, representing an increase of 41.30% as compared with that of last year.

2. Principal Operations by business or product segments (Prepared under the PRC accounting standards)

單位：千元 幣種：人民幣

Unit: 000 Currency: RMB

分行業或分 產品	Business or product	Principal operating income	Principal operating costs	主營業務 利潤率%	主營業務 收入 比上年增減%	主營業務 成本 比上年增減%	主營業務 利潤率 比上年增減%
電子制造產品	Electronic manufacturing	224,379	188,047	16.19	41.65	33.49	46.24
電子信息產品	Electronic information	216,045	195,453	9.53	(7.33)	(8.91)	19.64
機電儀產品	Electromechanical	199,446	178,800	10.35	69.10	85.30	(43.09)
衛星通信產品	Satellite communications	176,710	126,155	28.61	67.79	69.12	(1.92)
其他	Others	37,828	38,264	(1.15)	(27.85)	(10.90)	(106.38)
合計	Total	854,407	726,720	14.94	28.05	27.61	1.99



(一) 報告期內公司經營情況討論與分析 (續)

3. 主營業務分地區情況 (按中國會計制度編製)

地區		主營業務收入	主營業務收入 比上年增減 (%)
Geographical segment		Principal operating income	Principal operating income increase (+) / decrease (-) over last year
國內	Domestic	854,407	28.05
國外	Overseas	—	—
合計	Total	854,407	28.05

4. 主要控股及參股公司經營情況

(1) 南京愛立信熊貓通信有限公司 (「ENC」)

ENC是由本公司(27%)、瑞典愛立信(25%)、愛立信(中國)(26%)、中國普天信息產業集團公司(20%)和香港永興(2%)合資經營的，主要生產GSM、GPRS、CDMA移動通信系統設備、公網通信系統設備等產品，是愛立信亞太區物流供應中樞、國內GSM、GPRS設備的最大供應商和CDMA設備的主要供應商。

A. Principal operating results of the Company during the Reporting Period (Continued)

3. Analysis of the geographical segments for the principal operations (prepared under the PRC accounting standards)

4. Operation of the principal controlling and investee companies

(1) Nanjing Ericsson Panda Communication Co. Ltd ("ENC")

ENC is held as to 27% by the Company, 25% by Telefonaktiebolaget L.M. Ericsson ("Ericsson"), 26% by Ericsson (China) Company Limited ("Ericsson (China)"), 20% by China PTIC Information Corporation ("China PTIC"), and 2% by Hong Kong Yung Shing Enterprise Company ("Yung Shing"). ENC is mainly engaged in producing products, such as GSM, GPRS, CDMA mobile telecommunication system products and network communication systems. As a logistic centre in Asia-pacific region for Ericsson, it is also the largest supplier of GSM and GPRS equipment and one of the major CDMA equipment suppliers in the PRC.



董事長報告 Chairman's Statement

(一) 報告期內公司經營情況討論 與分析 (續)

4. 主要控股及參股公司經營情 況 (續)

2005年ENC鞏固和發展國內外客戶，積極開拓GSM、GPRS、CDMA設備的銷售市場，努力降低成本，認真做好研發、生產、配套的本地化工作，擴大產品出口，加快做好3G移動通信設備的技術引進和產品準備工作，取得了生產經營的穩步發展。

中國會計準則，全年實現銷售收入人民幣108.46億元，同比減少9.98%，實現淨利潤人民幣4.04億元，同比減少26.10%。按香港普遍採納之會計準則，實現淨利潤人民幣4.15億元，同比減少19.72%。

A. Principal operating results of the Company during the Reporting Period (*Continued*)

4. Operation of the principal controlling and investee companies (*Continued*)

In 2005, ENC consolidated and developed international and domestic customer base and proactively developed the sales market of GSM, GPRS and CDMA equipment to lower the cost. Besides, the production and operation grew steadily since ENC localized the research, production and ancillary equipment development in circumspective manner, expanded the export of products and fastened the technological introduction and product development of 3G mobile communication equipments.

Under the PRC accounting standards, it recorded sales revenue for the year of RMB10,846 million, representing a decrease of 9.98% as compared with that of last year and recorded net profit of RMB404 million, representing a decrease of 26.10% when compared to the corresponding period of last year. Under the HK GAAP, it recorded net profit of RMB415 million, representing a decrease of 19.72% when compared to that of last year.



(一) 報告期內公司經營情況討論與分析 (續)

4. 主要控股及參股公司經營情況 (續)

(2) 北京索愛普天移動通信有限公司(「BMC」)

BMC是由本公司(20%)、索尼愛立信(51%)、普天(27%)和永興(2%)合資經營的，主要從事索尼愛立信移動終端(手機)的生產，是索尼愛立信手機最主要的生產基地。2005年是BMC高速增長的一年，該公司充分發揮自己的生產技術和管理及成本優勢，積極導入索尼愛立信手機新產品生產，著力做好高端產品，大幅度增加生產和出貨量，取得了非常好的經濟效益。2005年按中國會計準則，全年實現銷售收入人民幣224.99億元，同比增長69.70%；實現淨利潤人民幣6.92億元，同比增長99.42%。按香港普遍採納之會計準則，實現淨利潤人民幣6.92億元，同比增長99.42%。

A. Principal operating results of the Company during the Reporting Period (Continued)

4. Operation of the principal controlling and investee companies (Continued)

(2) Beijing Sony Ericsson Mobile Communication Limited ("BMC")

BMC is held as to 20% by the Company, 51% by Sony Ericsson Mobile Communication Limited ("Sony Ericsson"), 27% by China PTIC and 2% by Yung Shing. BMC is mainly engaged in mobile terminals (mobile phones) under the brand of Sony Ericsson and is the principal production base of Sony Ericsson mobile phones. BMC expanded rapidly in 2005 by capitalizing on its production technology, management and cost advantage and introducing proactively new product manufacture of Sony Ericsson mobile phones to develop high-end products. The substantial increase in production and output realized a desirable economic effect. During the year 2005, under the PRC accounting standards, it recorded sales for the year of RMB22,499 million, representing an increase of 69.70% as compared with that of last year and recorded net profit of RMB692 million, representing an increase of 99.42% as compared to that of last year. Under the HK GAAP, it recorded net profit of RMB692 million, representing an increase of 99.42% as compared to that of last year.



董事長報告 Chairman's Statement

(一) 報告期內公司經營情況討論 與分析 (續)

5. 主要供應商、客戶情況

截至2005年12月31日止年度，本公司前五大客戶之營業額的總和佔本年度營業額的43.00%，其中最大客戶之營業額佔本年度營業額的18.17%。

本公司前五大供應商之採購額的總和佔全年之物資採購額的23.16%，其中最大供應商之採購額佔全年物資採購額的8.60%。

本年度內，本公司董事、監事及其它有關人士等或股東並無擁有上述供應商及客戶的任何權益。

6. 經營中出現的困難及解決方案

由於主營業務熊貓手機出現風險危機和被司法執行，公司在省市政府的大力支持下，認真做好危機化解工作，加強內部管理和風險控制，進一步實施規範運作，終於克服了困難，渡過了難關，使公司進入一個新的發展階段。

(二) 公司投資情況

本報告期內公司未募集資金。無募集資金的使用或報告期之前延續使用的情況，亦無其他重大非募集資金的投資情況。

A. Principal operating results of the Company during the Reporting Period (Continued)

5. Major suppliers and consumers

For the year ended 31 December 2005, the aggregate turnover of the five major customers of the Company accounted for 43.00% of the total turnover of the Company for the year, of which turnover from the largest customer accounted for 18.17% of turnover of the Company for the year.

The aggregate amount of purchase from the five major suppliers of the Company accounted for 23.16% of the total amount of purchase made by the Company for the year, of which the purchasing amount of the largest supplier accounted for 8.60% of the total amount of purchase made by the Company for the year.

During the year, none of the directors, supervisors and their associates or shareholders had interests in the share capital of the Company's suppliers or customers mentioned above.

6. Difficulties of the operations and solutions

Since Panda's principal operation, namely mobile phones, is exposed to risk and is judicially executed, the Company is supported by the provincial and municipal government to strengthen the internal management and risk control and further implement standardized operation, aiming at preparation of risk solving in prudent manner. The Company overcame the difficulties and tackled the problem, which subsequently entered into a new development era.

B. Conditions of investment of the Company

No funds were raised by the Company during the Reporting Period. For the year, the Company did not utilize any raised funds or continue any use thereof commencing from the previous periods. No material investment financed by other non-raised funds was made.



(三) 公司財務狀況分析

1. 財務狀況

本公司財務狀況良好，按中國會計準則，各項主要財務指標變動情況如下：

C. Analysis on financial status of the Company

1. Financial status

The Company had a satisfactory financial status. Changes in major financial indices according to PRC accounting standards are as follows:

單位：千元 幣種：人民幣
Unit : RMB'000

項目 Item	2005年 2005	2004年 2004	增減(%) Change (%)	主要原因 Reasons
總資產 Total assets	2,640,845	2,734,202	(3.14)	
貨幣資金 Cash and bank balance	347,457	102,126	240.22	系本年度收回南京熊貓移動通信設備有限公司部分欠款及南京夏普投資款所致。 Collection of part of the payment and investment due from Panda Mobile and Nanjing Sharp respectively
應收帳款 Account receivables	195,674	123,343	58.64	系本公司本年度除銷衛星通信產品增加所致。 The Company provided credit for satellite communication products during the year
總負債 Total liabilities	1,343,766	1,522,571	(11.74)	
長期負債 Long-term liabilities	0	570	(100.00)	結轉專項應付款。 Extraordinary items payables carried forward
股東權益 Shareholders' funds	1,258,237	1,174,311	7.15	
主營業務收入 Revenue from principal operations	854,407	667,243	28.05	銷售衛星通信產品及電子制造產品增加所致。 Sales volume of satellite communication products and electronics manufacture products increased
主營業務利潤 Profit from principal operations	124,097	95,171	30.39	銷售衛星通信產品及電子制造產品增加所致。 Sales volume of satellite communication products and electronics manufacture products increased
管理費用 Management fee	226,320	166,283	36.11	銷售規模擴大、計提壞帳準備增加、新成立兩子公司、熊貓國際納入合併範圍。 Expansion of scale of sales, increase of bad debt provision, addition of two subsidiaries and Panda International included in the consolidation
財務費用 Finance cost	56,443	10,511	436.99	國家宏觀調控，貸款利率上升、上年借給移動的款項收取資金佔用費，今年因債權轉移未收取。 State implemented macro-economies, interest rate of loan increases, fund appropriation fee for the capital granted to Panda Mobile last year not collected owing to debt transfer
淨利潤 Net profit	89,701	62,173	44.28	主營及投資收益增加所致。 Increase of principal and investment gains



董事長報告 Chairman's Statement

(三) 公司財務狀況分析 (續)

2. 資金流動性

於2005年12月31日，按香港普遍採納會計準則，公司合併報表資產負債率為48.40% (負債總額與資產總額之比)，流動淨資產值人民幣4.36億元。流動比率為1.35，速動比率為1.21。

現金：於2005年12月31日，公司合併報表銀行存款及現金人民幣3.47億元。

借款：於2005年12月31日，公司合併報表短期銀行借款人民幣8.39億元，基準年利率約為5.58%。

董事會確信可以確保維持或擴大現有銀行信貸履行公司各項財務責任。

C. Analysis on financial status of the Company (Continued)

2. Liquidity of capital

In accordance with HK GAAP, the gearing ratio of the Company (the ratio between total liabilities and total assets), net current assets, liquidity ratio and quick ratio were 48.40%, RMB436 million, 1.35 and 1.21 respectively as at 31 December 2005 as shown in the consolidated financial statements of the Company.

Cash: bank balances and cash amounted to RMB347 million as at 31 December 2005 as shown in the consolidated financial statements of the Company.

Loans: short-term bank loans amounted to RMB839 million and basic interest rate per annum was approximately 5.58% as at 31 December 2005 as shown in the consolidated financial statements of the Company.

The Board believed that the Company can maintain or enlarge its existing bank facilities to meet various financial obligations.



(四) 2006年發展計劃

2006年是實施「十一五」規劃的第一年，公司將認真貫徹和落實科學發展觀，著力提高自主創新能力，切實轉變經濟增長方式，加快調整產品結構與產業結構，努力實現新的發展。主要抓好以下工作：

1. 以通信和信息產業為重點，加快主營業務發展，特別是抓好衛星通信、信息技術、機電儀和電子製造業的發展，開發新產品，增加附加值，進一步提高經濟效益。
2. 以3G移動通信建設為契機，加快中外合資企業發展。特別是繼續加強與愛立信等跨國公司的戰略合作，抓住中國啟動3G移動通信建設的機遇，積極開拓市場，爭取更大市場份額，推進合資企業更好發展，增加投資收益。
3. 充分發揮公司技術優勢，加快企業技術創新和制度創新，著力提高自主開發能力，增加自主知識產權，不斷推進重點新產品和關鍵技術的重大突破，增強核心競爭能力。

D. Business development plan for 2006

In 2006, the first year of the 11th Five-year Plan, the Company prudently continues and implements scientific philosophy to enhance its creativity. It will change the economic growth measures in a practical manner, fastens product mix adjustment so as to carry out new development. The Company will focus on the following major works:

1. To highlight the focus of telecommunications and IT industry and fastening the development of principal operations, especially focusing on development of satellite communication, information technology, electromechanical products and electronic manufacturing. New products development for adding value will further increase the economic effect.
2. To capitalise on development of 3G mobile communication to speed up the sino-foreign joint ventures establishment. In particular, the Company continues to strengthen the strategic cooperation with multinational corporations such as Ericsson, and captures the opportunity of the 3G mobile communication establishment in China to explore the market proactively so as to increase its market share. A better development of joint ventures increases the investment gain.
3. To ride on technological advantage to speed up innovation of corporate and its system. Self-development ability will be enhanced to increase intellectual property and boost a material breakthrough in major new products and critical technology development so as to increase the core competitiveness.



董事長報告 Chairman's Statement

(四) 2006年發展計劃 (續)

4. 進一步加強公司治理，認真做好內控體系的診斷、整改和建設，加強規範運作和內部管理控制，提高企業管治水平。

李安建
董事長

中國·南京
2006年4月21日

D. Business development plan for 2006 (*Continued*)

4. To further improve the corporate governance and prudently examine, transform and develop internal control system to strengthen standardized operation and internal control so as to improve the corporate governance level.

Li Anjian
Chairman

Nanjing, China
21 April 2006