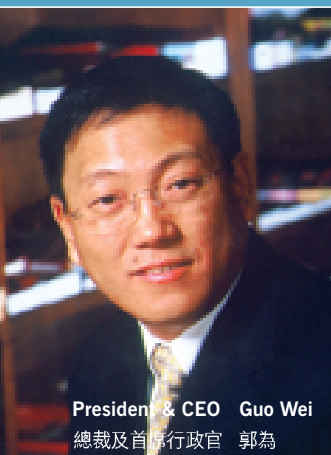


Management Discussion and Analysis

管理層研討及分析



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Taking into account the significantly reduced demand in the PRC's IT market and the changed landscape in competition, the management believes that the results have outperformed those recorded by market counterparts.

縱觀中國IT行業在上半年市場需求的放緩及競爭環境之變遷，管理層認為集團的業績是優於整體市場表現的。

During the past year, with the global economy stuck in doldrums and the high technology sector in a mire, the IT industry in the PRC could not fare well on its own. According to IDC, the PRC's IT market grew by less than 5% in 2002. The slowdown in growth was mainly due to significant reduction in IT spending seen in the telecommunications sector, the largest consumer of IT products in the PRC.

Facing the ever-changing market environment, the Group adhered to its strategy of "Reinforcing the Foundations and Proactively Meeting the Changes", which means strengthening the Group's corporate culture and management foundations to nurture a practical and yet creative management team capable of keeping abreast of market changes while seeing beyond the horizons, so that the Group can march forward at a flexible pace. As part of the measures to strengthen management foundations, the Group continued with strong efforts to extend the coverage of its performance evaluation system to all staff, which uses Key Performance Indicators (KPI) as the criteria of assessment. Moreover, the Group further enhanced its internal digital network and e-Bridge, its e-commerce platform, to improve operational efficiency and reduce costs. As a result, transactions conducted through e-Bridge accounted for 36% of the total sales of the Group's distribution business in the financial year 2002/03. On average, e-Bridge recorded over 20,000 on line visits per day, and received a new order every two minutes.

To enhance the transformation of the Group's systems integration business into a software and related services provider, the Group acquired Sinoray Science and Technology Industrial Limited ("Sinoray") during the first half of

在全球經濟持續低迷，高科技行業依然缺乏成長動力的宏觀經濟環境下，過去的一年，中國IT行業也不能夠獨善其身。IDC報告顯示，2002年中國IT市場的總體增長率不足5%。IT產品最大應用市場，電信行業大幅度削減在IT產品方面的開支，是造成增長放慢的主要原因。

面對瞬息萬變的市場環境，集團依然本著「夯實基礎，主動應變」的戰略思想，即夯實神州數碼的企業文化和管理基礎，造就出一支能夠審時度勢，務實而又富於創意的管理團隊。在夯實管理基礎方面，集團繼續在全公司範圍內深入細化以Key Performance Indicators (「KPI」) 為核心的，全員考核評價體系。優化集團內部數字神經網絡和集團電子商務交易平台e-Bridge，以提高運作效率和降低運作成本。在02/03財年度，集團分銷業務中，經由e-Bridge達成的網上交易額佔36%。e-Bridge日平均訪問量超過兩萬次，平均每兩分鐘就會有一個新的定單，經由網上交易平台產生。

為配合集團系統集成業務向軟件與服務方向的轉型，在上半財年，集團收購了在金融業具有豐富服務經驗和廣泛客戶基礎的新龍科技產業有限公司 (「新龍」)。新龍在為銀行提供提款機



Digital China and China Software Industry Association co-organized a China's software development forum on 22 October 2002

2002年10月22日，神州數碼與中國軟件行業協會舉辦主題為「軟件放飛理想，服務把握未來」的「軟件發展論壇」



Digital China was granted Cisco China Best SI Partner Award 2002

神州數碼喜獲「2002 财年思科中國最佳系統集成合作夥伴獎」

the financial year. Sinoray has strong experience in providing banks with systems integration services tailor made for automatic teller machines. Its strong clientele, successful operating model and good reputation are favourable complements to the Group in serving the financial sector. In October 2002, the Group orchestrated other strategic moves. The first was the establishment of Digital China Software Limited, a subsidiary formed by the Group's application software division. All its personnel were transferred from the original division, whose responsibilities range from product development to sales and marketing. The second move took place in the third financial quarter, when the Group acquired a majority stake in SicTech NorthNet Co., Ltd. ("SicTech NorthNet") which represented a good complement to the Group's e-government business newly launched in the financial year. The joining of new management teams from Sinoray and SicTech NorthNet and the businesses they brought, together with the formation of Digital China Management Systems Limited ("DCMS"), which focuses on the PRC's newly-fledged Enterprise Resources Planning ("ERP") market, have basically completed the Group's strategic master plan for the development of its software business, and laid a solid foundation for the Group to fulfill its long-term strategy of transforming into a software and IT services provider.

Business Review

Despite the drastic slowdown in market growth and the setbacks that took hold some sectors, the Group's turnover for the year amounted to HK\$12.51 billion, representing an increase of 18.9% from last year's HK\$10.52 billion. Net profit attributable to shareholders rose 5.7% to HK\$181 million, compared to HK\$171 million a year ago. For the fourth financial quarter ended 31 March 2003, the Group's turnover rose 34.85% to HK\$3.2 billion whereas, mainly due to provisions made for certain slow moving inventories, profit attributable to shareholders retreated by 10.83% compared to the corresponding period last year.

網絡服務方面的豐富經驗、成功的運作模式和良好聲譽，是對集團在金融領域業務的一個很好的補充。在二零零二年十月份，集團在軟件發展方面上演了一系列戰略舉措。首先，宣佈已成立神州數碼軟件有限公司，把集團原系統集成業務中的應用軟件部門，從產品開發、實施到銷售的全部人員拆分出來作為附屬公司來運作。同樣在第三季，又收購了在電子政務方面具有豐富經驗和廣泛客戶基礎的北京國信北方網絡技術發展有限公司（「國信」）。對集團在本財年新起步的電子政務業務是一個很好的補充。新龍與國信新的管理團隊和業務的加盟，加之專注於中國方興未艾的Enterprise Resources Planning（「ERP」）市場的神州數碼管理系統有限公司，集團的整體軟件發展戰略將基本完成了其戰略佈局，為集團向應用軟件和IT服務轉型這一長期戰略的實施，打下了良好的基礎。

業務回顧

在市場增長急劇減慢，有些領域甚至出現衰退的宏觀形勢下，集團在02/03財年銷售收入達到125.1億港元（以下貨幣單位同），比去年同期的105.2億增長18.9%。股東應佔溢利為1.81億，比去年同期的1.71億增幅達5.7%。在截至二零零三年三月三十一日的第四財季度，集團銷售收入比上年同期增長34.85%，達到32億。股東應佔溢利則因對部份庫存產品的削價撥備而下降10.83%。



Chinese President Hu Jintao visited Digital China in January 2003

2003年1月，中國國家主席胡錦濤親臨神州數碼視察



Digital China launched Network Computer with proprietary rights fully-owned by Chinese companies

神州數碼首次推出擁有中國完全自主知識產權的網絡計算機（簡稱NC）

Distribution Business

Against the sluggish market environment, the distribution business being the Group's largest source of revenue continued to achieve favourable results. Its turnover amounted to HK\$10.77 billion representing a strong growth of 32.13% compared to last year's HK\$8.15 billion. During the financial year, due to the lack of ground-breaking products and growing similarities in the quality of low-end IT products in the industry, competition became more intense among manufacturers. As a result, the Group's distribution business experienced strong pressure on its gross profit margin. However, such pressure to some extent was mitigated as the distribution business recorded a stronger growth in the sales of high-end IT products over its overall turnover growth. As such, the distribution business was able to maintain a gross profit margin of 6.95%, which was similar to the 6.96% recorded last year. Several noteworthy developments took place in the Group's distribution business during the financial year. First, its sales of enterprise solution products continued to grow strongly. These products included servers and storage products from IBM, Hewlett Packard, Sun Microsystems etc, and notebook computers. Among the latter, the Toshiba notebook series significantly expanded its market share owing to scrupulous positioning and marketing efforts and prolific sales channels, and was named by the IDC as the only bright spot in the PRC's notebook computer market. Solid growth was also seen in the sales of enterprise solutions such as Oracle, Microsoft, BEA and Symantec software. Second, significant progress was achieved in the introduction of new products. They comprised new series of enterprise networking and application products and servers - including Brocade network management systems, NetScreen and Checkpoint network security products, Netscout network management products, and Polycom products. As for personal computers and peripherals, new products including IBM and Hewlett Packard notebook computers and mobile storage products of other brandnames were introduced. Chen Xing (星晨), the Group's brandname data projectors, gained its way into the PRC's top three projector series with a market share of 9.5%. It has become a famous brand in the PRC's projector market

分銷業務

集團最大收入來源的IT產品分銷業務在不景氣的市場環境中再次取得佳績，錄得銷售收入107.7億，比去年同期的81.5億勁增32.13%。由於整體IT行業在過去一年中缺少創造性新產品的拉動，低端產品同質化日趨嚴重，廠商間競爭加劇，對分銷業務的毛利率有很大壓力。但另一方面，由於本集團在高端IT產品上的銷售增長高於集團的平均增長水平，這在一定程度上彌補了毛利所受到的壓力，使分銷業務的毛利依然維持在6.95%的水平，與去年的6.96%基本持平。在剛過去的財年，分銷業務的主要特點包括：第一，企業級產品的銷售保持高速增長。IBM、Hewlett Packard、Sun Microsystems等服務器、存儲產品，和筆記本電腦的銷售大幅度增長。其中，由於準確的產品定位和市場策略及靈活的渠道管理，東芝筆記本電腦的市場份額得到很大提升，被IDC稱為筆記本電腦市場中的唯一亮點。此外，Oracle、Microsoft、BEA、及Symantec等企業級軟件的銷售也是高速增長。第二，新業務新產品的拓展取得了顯著的進展。分銷產品線中增加了一系列面向企業網絡應用產品和服務器，包括：Brocade網絡管理產品、NetScreen和Checkpoint網絡安全產品、NetScout網絡管理產品，以及Polycom等。在PC及外圍產品方面，增加了IBM和Hewlett Packard筆記本電腦、及移動存儲等眾多產品。集團推出的自有品牌的「晨星」投影機，經過四年的培育和發展，以9.5%的市場佔有率，一舉闖入市場前三名，成為中國投影機中的著名品牌。