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與北京零售商合作，建立統一形象、統一設計及與集團在線連接的連鎖式零售店「全線地帶」(DigiExpress)



Digital China becomes the master reseller of Nokia's network security products

神州數碼成為諾基亞網絡安全系列產品中國區總代理簽約儀式

following four years of development and enrichment. Besides, the Group vigorously expanded the range of consumer products, with newly added products including Kodak, Canon, Sony and Olympus digital cameras, and JVC digital video camcorders. Applicable sales models for the consumer products were explored. This has led to the Group's commencement of co-operation with retailers in Beijing to establish “DigiExpress”, a franchise chain store network with a unified image and shop design, whose operations are linked on line to the Group.

Systems Integration

Affected by the significant reduction in capital expenditure in major sectors including telecommunications and finance, performance of the Group's systems integration business was not as good as expected early the financial year. The telecommunications sector has been a major source of revenue for the Group's systems integration business in the past two years, accounting for around 50% of the business. With the drastic cut in capital expenditure among major telecommunications operators, the Group's systems integration business was inevitably affected. Large projects with a billing of more than RMB100 million became rare in the telecommunications sector, a sharp contrast compared with the market conditions several years ago. For the financial year 2002/03, the Group's systems integration business recorded a turnover of HK\$1,550 million, which represented a decline of 12.8% compared with HK\$1,780 million last year. The gross profit margin also dropped from 15.7% to 13.84%, a result of intensified competition in a shrunk market.

There was a silver lining, however. While slashing their hardware expenditure and adopting a more rational investment approach, major customers in some sectors have gradually become more sophisticated about the essence of industry-specific software and the importance of IT services. For instance, those in the telecommunications and finance sectors, who for years have been investing heavily on infrastructure development, now recognise that the successful employment of appropriate software is the key for securing

此外，集團還在積極拓展消費類產品，新增產品包括多款Kodak、Canon、Sony和Olympus數碼相機、JVC數碼攝錄機等，並在消費類產品的銷售模式上進行探索。開始與北京零售商合作，建立統一形象、統一設計及與集團在線連接的連鎖式零售店「全線地帶」(DigiExpress)。

系統集成業務

受到電信和金融等行業大幅度削減資本開支的影響，集團系統集成業務未如年初時預期般理想。在過去兩年裏，電信領域一直是集團系統集成業務的主要收入來源，佔到該業務收入的半數。由於今年各主要電信運營商對資本開支的大幅度削減，集團系統集成業務也不可避免地受到影響。如在電信市場上，大型項目（指規模超過人民幣1億元）成為稀有物，與前幾年比形成極大反差。02/03財年集團系統集成業務實現銷售收入15.5億，比上財年17.8億有12.8%的下降。市場規模的收縮導致競爭的加劇，致使該業務毛利率也有所下降，由15.7%降至13.84%。

好的一面是，一些行業大客戶在大幅削減在硬件上的開支，投資日趨理性的同時，對應用軟件和相關服務的價值的認識也在慢慢成熟起來。比如，電信及金融行業客戶在經過多年對基礎實施的大規模投資後，已經意識到，行業應用軟件的成功運用才是他們未來的競爭優勢之所在。同時，行業大客戶也開始探討把IT系統的運營維護外包給專業IT公司的可行性。這一變化趨勢正驗證了集團把發展



Guo Wei was awarded Practical and Outstanding Youth of Achievement 2002 by China Association for Science and Technology

中國科協主席周光召向郭為頒發中國科協2002年「求是傑出青年成果轉化獎」



The cooperation between Digital China and the global largest PC peripheral provider, Logitech, represents the mutual foray into DIY computer market in China

神州數碼與全球最大電腦周邊產品供應商羅技公司合作，共同打入國內電腦DIY市場

competitive advantages in the future. Moreover, some major customers are exploring the feasibility of outsourcing the operation and maintenance of their IT systems to professional companies. These changes lend justifications to the Group's long-term strategy of developing enterprise application software and related services.

The Group's CTAIS taxation solutions gained wider usage and application in state tax bureaux in over 100 PRC cities nationwide for tax collection and management. The acquisition and integration of Sinoray further strengthened the Group's leading position in the finance sector. Furthermore, with the joining of the management team from SicTech NorthNet who brought an extensive customer base in the government sector, the Group is well positioned to develop the growing e-government market. Another highly pleasing development related to DCMS, which commenced operation in March 2002. Following one year of hard work, DCMS has secured more than 200 customers for its proprietary ERP products, with total signed contracts exceeding RMB100 million. According to a 2002 survey by China Center for Information Industry Development ("CCID"), DCMS was rated one of the top three enterprises providing ERP products in the PRC, and was named "The Fastest Growing Enterprise in the PRC's ERP Software Market in 2002". These achievements made by DCMS have well exceeded the Group's initial expectations.

Networking Products

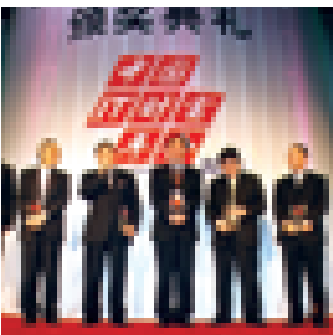
The Group is engaged in the sale of networking products of its own brand. Affected by the proceedings for acquiring the shareholding interest held by Taiwanese D-Link Corporation in a former joint venture, and by intensified competition in the enterprise networking product market, turnover of the networking products business dropped significantly to HK\$192 million in the financial year 2002/03, compared to HK\$593 million a year ago. Gross profit margin retreated to 19.79% compared to 20.53% last year. The market in the PRC for low-to-medium-end networking products has been dominated by local manufacturers and subjugated by intense competition.

行業應用軟件及相關服務作為發展重點的長期戰略之正確。

集團CTAIS稅務解決方案在國稅收征管系統中得到了進一步的推廣和使用。全國使用該系統的城市已超過100個。通過對新龍的收購和整合，使集團在金融行業的領先地位得到進一步加強。在政府機構擁有廣泛客戶基礎的國信北方公司管理團隊的加盟，使集團在方興未艾的國家電子政務領域佔據有利位置。非常可喜的是，在二零零二年三月開始正式掛牌運作的神州數碼管理系統有限公司，經過一年的努力，其自主知識產權的ERP產品已為超過200家客戶所採用，合同總金額突破人民幣1億元。根據中國電子信息產業發展研究院(CCID)2002年度報告顯示，神州數碼管理系統有限公司運作一年即衝進國內ERP軟件市場三甲，並榮獲「2002年中國ERP軟件市場年度成長最快企業」稱號。所取得的成果超過了集團最初的預期。

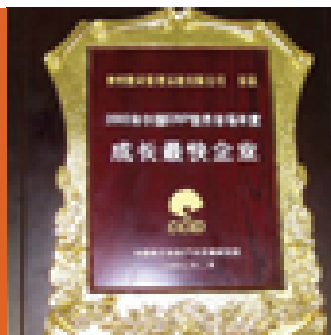
網絡產品業務

集團自有品牌網絡產品業務，一方面由於受到收購台灣友訊科技股份有限公司在原合資公司股份的影響，另一方面由於企業級網絡產品市場上競爭的加劇，02/03財年實現銷售收入1.92億，較去年同期的5.93億有大幅度下滑。在毛利率方面，由上財年的20.53%降至19.79%。國內中低端網絡產品市場主要為本地廠商所佔據，市場競爭激烈。集團自有品牌網絡產品除在中低端產品市場保持一定優勢的同時，開始進入部分高端交換機和路由器的市場，並在教育、金融、政府等行業



Digital China was ranked 27th among
“China’s 100 Largest Publicly Traded Enterprises”
by Fortune Chinese edition

首次被選入國際財經雜誌《財富》的二零零二年度
中國上市公司一百強之列，排名二十七位



Digital China won the honour
of “The Fastest Growing
Enterprise in China’s ERP
Software Market in 2002” by
China Center for Information
Industry Development (CCID)

神州數碼被賽迪媒體 (CCID)
選為「2002 年中國ERP 軟件
市場年度成長最快企業」

While the Group maintained considerable competitive advantages in this market, it also started to enter the high-end switches and routers market, and has secured a breakthrough in sales to the education, finance and government sectors. The management believes that the business has already hit the bottom and expects it to turn around in the new financial year.

Regarding the risk control and management, inventory turnover fell from 34.9 days a year ago to 29.8 days for the financial year 2002/03, while accounts receivable turnover continued to drop, at 45.9 days, 42.4 days and 40.2 days, respectively, for the first, second and last financial quarter. The Group recorded an operating cash inflow of HK\$258 million. The management believes that the Group has a strong and healthy balance sheet, which provides the Group a solid base for further development.

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. The shifting of investment focus from hardware and infrastructure towards application software and related services that took place among customers in various industries has reinforced the Group’s commitment to its adopted strategy of transforming into a software and services provider. At the same time, the Group will actively seek development in software outsourcing and strive to achieve a major breakthrough in that area in the current financial year.

Fundamental Perspectives for the Future

Looking ahead, the management believes that the macro market environment will remain tough in the current financial year. The sudden outbreak of severe acute respiratory syndrome (“SARS”) is presenting a great challenge to the PRC people and government, and will inevitably aggravate the already weak demand in the PRC’s IT market. Facing this daunting challenge, the Group is actively collaborating with and contributing to all government efforts to fight against SARS.

的銷售上有所突破。管理層相信此業務已經觸底，預期在新的財年會有較快速的增長。

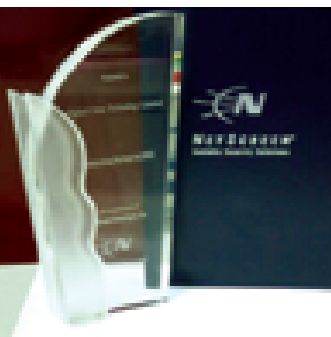
在對風險的控制與管理方面，02/03 財年集團庫存的周轉天數從去年同期的34.9天，下降到29.8天。應收帳周轉天數從財年第一季的45.9天，半年時的42.4天，一路降至年末時的40.2天。在02/03財年集團全年錄得2.58億的經營現金流入。管理層認為集團整體財務狀況是健康的，這為集團下一步的發展提供了堅實的財務保障。

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。行業客戶從對硬件基礎實施的大力投資開始轉而對應用和服務的關注，使管理層更加堅定了集團向軟件與服務轉型的既定戰略。同時，集團將積極地在軟件外包業務方向發展，力爭在本財年內能夠取得突破性進展。

對未來的基本觀點

展望新的一年，管理層認為宏觀市場環境依然嚴峻。一場突如其來的SARS疫症，是對全中國人民和中國政府的一場巨大挑戰。同時將無可避免地對原本疲軟的IT市場需求產生影響。面對這一來自自然界的嚴峻挑戰，集團積極響應和配合政府有關抗擊SARS的一切號召和措施。

SARS的爆發對集團業務的影響是多方面的。集團系統集成業務正在實施中的一些項目進度受到嚴重影響。期間集團的一些客戶為躲避



Digital China was granted "Asia Pacific Outstanding Partner 2002" by NetScreen

榮獲由NetScreen頒發的「FY02.NetScreen亞太區傑出合作夥伴獎」



The research center of Digital China is the base of training and technology research of the Group

「開放實驗室」是神州數碼培訓中心教學與科研的實驗基地

SARS has affected the Group's business in various aspects. The progress of a number of projects undertaken by the Group's systems integration business was severely affected. Moreover, some customers have suspended their operations to keep off the virus, while some delayed payments to the Group due to setbacks afflicted by SARS on their businesses. These negative factors adversely affected the Group's collection of accounts receivable, and provisions of doubtful debts. Furthermore, the Group's distribution business for consumer IT products was particularly affected. The management considers that active and prompt measures must be taken to cope with such market difficulties. The management believes that the Group will have to continue to deal with such challenges during the first half of the current financial year. Although it is not possible to precisely predict when the market would fully recover from the adverse effects afflicted by SARS and whilst the management believes that such drawback should be temporary in nature, the management thought it would be prudent to presume that the profitability of the Group for the first half of the current financial year would be significantly affected.

The management believes this challenge will only have temporary effects on the Group's long-term strategy of expanding its application software and related IT services. The Group is strengthening internal management, enhancing efficiency and reducing costs to safeguard its profitability. The management is confident that the Group will be able to swiftly return to the track of healthy growth as a result of relevant counter-measures put into place by the Group once the impacts of SARS subsides.

In the new financial year 2003/04, demand for IT products in the PRC's telecommunications and finance sectors is not expected to significantly improve, however their investment in application software is likely to grow. Overall, the demand could be stronger in the corporate front, and the commencement of electronic administration among PRC government bodies may provide a highly positive driving force for the market. The management

疫症而暫停了營業，也有一些客戶由於其自身業務遭受負面影響，而延緩了對集團的付款。這都對集團應收款的回收及呆帳的撥備帶來了負面影響。SARS在中國內地蔓延期間，集團消費類電子產品的分銷業務受到的負面影響尤其嚴重。管理層認為目前面臨的市場困境必須爭取積極的方法儘快解決。管理層認為在03/04財年上半年，集團仍將要繼續面對這些挑戰。儘管管理層無法準確地預測受到SARS負面影響的市場環境何時才能夠復原，且管理層也相信SARS的負面影響應該是短暫的，但管理層還是較審慎地認為集團在03/04財年上半年的盈利能力有可能會受到嚴重的影響。

管理層認為此次遇到的挑戰，對於集團大力發展應用軟件和IT服務的長遠戰略來說，影響只是短暫的。集團將通過加強內部管理、提高效率 and 削減成本等措施來改善經營狀況。管理層有充分的信心，在SARS疫情逐漸消退及採取應對措施之後，集團將會很快回到穩定健康的發展軌道上來。

展望新財年，就市場需求而言，電信和金融行業的總體需求不會有很大的改觀，但對應用軟件的投資仍然會加大。來自企業的需求會相對較強，而政府電子政務的啟動對市場是一個非常正面的刺激因素。管理層預期，在新的財年國內手機市場的競爭將更趨激烈，手機分銷業務的生存空間將會進一步受到擠壓。對此，集團將審時度勢，根據手機市場的變化趨勢來對此項業務作出相應的調整。