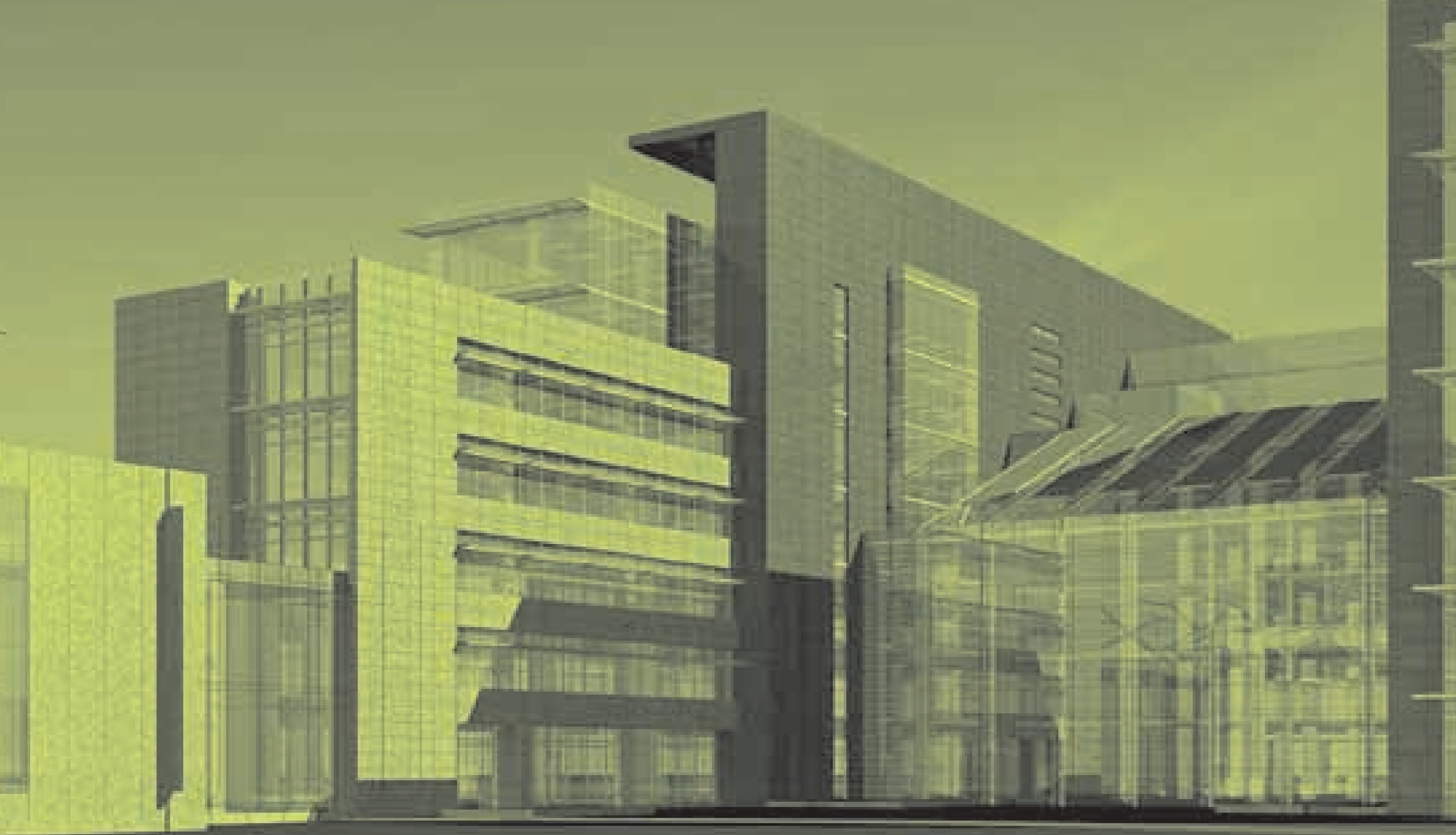
CHAIRMAN'S STATEMENT
主席報告

LI Qin 李勤
Chairman 主席

In 2003, Digital China went through challenges unprecedented since its listing. Affected by the Severe Acute Respiratory Syndrome ("SARS") that swept through China during the period from April to June and obliged to make provisions in respect of its mobile telephone business, the Group recorded its first quarterly net loss, after a streak of eight profitable quarters in a row since being listed in 2001. Although the Company swiftly turned around to profitability in the three quarters that followed, the annual results as a whole were nevertheless affected by the first quarterly loss. The Group recorded HK$14,277 million in turnover (2003: HK$12,511 million) and HK$34 million in profit attributable to shareholders (2003: (restated) HK$179 million) for the year ended 31 March 2004. The board of directors do not recommend the payment of any final dividend.

二零零三年，神州數碼經歷了上市以來前所未有的挑戰。四月至六月一場蔓延全中國的非典型肺炎疫症（「非典」）和隨之而來為手機業務作的撥備，導致本集團的第一季度業績首次錄得淨虧損，打破了自二零零一年上市以來連續八個季度錄得溢利的記錄。雖然在接下來的三個季度已迅速回復盈利能力，全年業績卻免不了受第一季度業績拖累。本集團截至二零零四年三月三十一日止年度營業額為港幣14,277百萬元（二零零三年：港幣12,511百萬元），股東應佔溢利淨額為港幣34百萬元（二零零三年：（重列）港幣179百萬元），董事會建議不派發末期股息。



DIGITAL CHINA SOFTWARE R & D CENTRE (BEIJING) 神州數碼軟件研發中心（北京）

The outbreak of SARS during the period from April to June, 2003 coincided with the first quarter of the Group's financial year. The epidemic caused disruption to the normal operations of the Group, largely in terms of risk control, by driving a substantial increase in trade receivable and the inventory level during the period, resulting in cash flow pressure for the Group. The mobile telephone business was dealt a heavy blow, for which sales practicably came to a halt during the epidemic outbreak. The Group was obliged to make significant provisions for trade receivable and its mobile telephone inventory, resulting in a net loss of HK$149 million for the first quarter.

Confronted with such challenges, our management was swift to react with the following measures, following thorough reviews:

- Stocked mobile telephones were disposed of as quickly as possible and the business was re-aligned
- Enhanced collection of receivables and stock clearance
- Controls over key risk exposures in all business units were re-assured
- Reinforcing management control and accountability by taking actions against staff, including members of the management, who had been at fault with their duties
- Maintaining lucid communications with shareholders and the public on the one hand and staff on the other

去年非典肆虐期間正好是本集團的第一季度，它打亂了本集團正常經營風險控制的節奏，使期間集團的應收貿易帳和存貨大幅度的增加，給本集團的現金流帶來壓力。而受影響最嚴重的手機業務，在非典疫症期間銷售幾乎完全停滯。本集團應收貿易帳及手機存貨作出大幅撥備後，導致第一季度業績錄得港幣149百萬元虧損淨額。

面對這樣的挑戰，管理層進行深入反思，並迅速作出部署：

- 儘快清理手機存貨，調整手機業務
- 加強催收欠款，清理庫存
- 重新對各業務關鍵風險點的把握
- 進一步完善治理，加強問責，對失責的管理層和員工做出相應處理
- 保持對外向股東及公眾、對內向員工的溝通

Rigid implementation of remedial measures at all levels resulted in a turnaround to profit in the second financial quarter. Trade receivable and inventory, being two important indicators for operating risks, dropped significantly. Clearance of mobile telephone stock was largely completed and the mobile telephone team was substantially downscaled to around 50 staff from over 200 previously. In the third and fourth financial quarters that followed, the Group managed to maintain healthy bottomlines with all risk indicators returning to normal levels and the Group's business largely back on track.

Meanwhile, restored confidence in Digital China was seen on the part of shareholders and investors.

I would like to highlight three fundamental reasons underlying the results that emerged beyond expectations at the end of the financial year: first of all credit must go to the management team headed by Mr. Guo Wei, who tackled the crisis head-to-head at crucial times, identifying core problems through in-depth reviews and ensuring solid implementation of forceful measures. Next came our staff who went through the difficult times in solidarity with the Company, always availing their best efforts in unity and dedication. Last but not least, the understanding, trust and support shown by our business partners has been a tremendous source of encouragement.

On behalf of the board of directors, I would like to take this opportunity to extend sincere gratitude to our business partners, including our clients, suppliers, bankers and other concerned parties who have shown unfailing trust and support for us. Thanks are also due to all men and women at Digital China, whose selfless dedication has been translated into strong, united efforts to help lifting the Company from doldrums. I also wish to thank the management team under the leadership of Mr. Guo Wei, who have boldly dealt with the crisis and geared up business development in a manner worthy of investors' trust, and who have always put the Company's interests before everything else at critical moments.

On behalf of the stakeholders, in particular, the shareholders, the Board will further enhance management with a view to fortifying and solidifying the mastery concept of the management and to undertake that their talents are capitalised to the fullest extent. The Board will also be more focused on the Group's strategy and business planning and its implementation in order to achieve transparency in management, reduction of investment risks as well as safeguarding of shareholders' interests simultaneously.

經過各部門切實執行，本集團的第二季度業績已扭虧為盈，營運風險的兩項重要指標應收貿易帳及存貨明顯下降，手機存貨也大致清理完成。而手機業務的規模則大幅由原來的200多人，縮減至50人。隨後的第三季度和第四季度，本集團業績保持盈利，各項風險指標回復正常水平，代表本集團業務已重回健康軌道上。

與此同時，我們的股東和眾投資者對神州數碼也開始恢復信心。

我這裡特別強調的是，於本財年末之所以有這樣的超人預料的結果，最主要的原因有三點：一是由郭為先生帶領的管理層在重要關頭能直面危機，主動深刻總結過去，找出問題的癥結，採取了有力措施，並堅決説到做到；二是本公司的員工在關鍵時刻和公司患難與共，上下一心，真誠地付出和奉獻；三是我們的合作夥伴對神州數碼的理解、信任和支持。

在這裡我僅代表董事會向一直信任我們、支持我們的合作夥伴，包括客戶、供應商、銀行及各界人士致衷心感謝。我也要感謝神州數碼的員工，是每位員工的真誠付出、奉獻，令神州數碼能夠上下一心，迅速地走出低谷。我也要感謝郭為先生帶領的管理團隊，以對投資者負責的精神，關鍵時刻把公司利益放在第一位果敢處理危機和發展業務。

神州數碼董事會將代表公司相關利益者，特別是股東，進一步完善公司管理，旨在增強和穩定管理層的主人翁思想，保證管理層能力得到充份發揮。董事會將更加關注本集團戰略和業務規劃，更加關注執行，同時實現透明化管理，降低投資風險，保證股東利益。

FUTURE PROSPECTS

China's IT market is becoming more competitive than ever, while market trends are expected to evolve in tandem with State policies. Nonetheless, we hold the view that the IT market in China is still in a nascent stage with abounding business opportunities. We at Digital China have had first-hand experience of what the market has been through: ongoing social progress, continued economic growth in China and the increasing importance that companies are attaching to economic benefits generated by the application of information technology, which has resulted in surging demands for IT services. In fact, the Group continued to record substantial growth in application software developments and services during the year under review. In this connection, one of the objectives for the Group's future tasks would be to capitalise on such opportunities effectively. The Group's views on the market of IT-related services will be discussed in greater detail in the Management Discussion and Analysis section in this report.

未來展望

縱觀中國IT市場競爭將日益加劇，市場情況會隨著國家政策而改變，然而，本集團認為中國IT市場仍處於發展中的階段，仍然商機處處。隨著社會不斷進步、中國經濟持續增長，為了提高經營效益，企業將越發重視在IT的投資、對IT服務的需求日益殷切，這些變化神州數碼都清楚感受得到。事實上，在回顧年度內，本集團圍繞應用的開發和IT服務持續錄得可觀的增長。如何能有效抓緊發展機會將是本集團未來工作的一目標。有關本集團對IT服務市場的詳細看法將在年報內的管理層研討與分析有更進一步說明。

LI Qin Chairman
李勤　主席

Hong Kong, 16 June 2004
香港，二零零四年六月十六日

Persistence 堅持

Confidence is definite even under infinite obstacles

困難無其數　信心不動搖