



GUO Wei 郭為
President & CEO 總裁及首席執行官

BUSINESS REVIEW

PERFORMANCE ANALYSIS

Despite the havoc brought by the Severe Acute Respiratory Syndrome ("SARS"), IT market in The People's Republic of China (the "PRC") still managed to grow by 11.1% in 2003, according to the IDC reports. Hardware, IT services and software accounted for market share of 72.3%, 17.7% and 10.0% respectively. The hardware segment reverted its negative growth in 2002 with an increase of 8.0%, while the IT services segment expanded by 20.6%.

For the year ended 31 March 2004, the Group's turnover increased by 14.1% from HK\$12,511 million last year to HK\$14,277 million. Profit attributable to shareholders recorded HK\$34 million as compared with last year's HK\$179 million, while basic earnings per share were 3.95 HK cents against last year's 20.85 HK cents. The fourth quarter of the financial year generated a turnover of HK\$3,289 million with profit attributable to shareholders amounting to HK\$59 million, an increase of 2.8% and 85.0% respectively compared with the same period last year.

業務回顧

業績表現分析

儘管遭遇了非典型肺炎（「非典」）的襲擾，根據 IDC 的報告，二零零三年中國整體 IT 市場仍然實現了 11.1% 的增長。硬件、IT 服務和軟件佔的市場比例分別為 72.3%、17.7% 和 10.0%。其中硬件市場在經歷了二零零二年的負增長後，實現了 8.0% 的增長，而 IT 服務的增長則為 20.6%。

本集團截至二零零四年三月三十一日止年度錄得營業額港幣 14,277 百萬元，較去年的港幣 12,511 百萬元增長 14.1%。股東應佔溢利實現港幣 34 百萬元，基本每股盈利為港幣 3.95 仙；去年股東應佔溢利為港幣 179 百萬元，基本每股盈利為港幣 20.85 仙。本財年第四季度實現營業額港幣 3,289 百萬元，股東應佔溢利則為港幣 59 百萬元，分別比去年同期增長 2.8% 及 85.0%。

TURNOVER BY QUARTER

營業額分季度比較

HK\$'000

港幣千元

(unaudited)

(未經審核)

			Q4	change*	Q3	change*	Q2	change*	Q1	change*
			第四季度	轉變*	第三季度	轉變*	第二季度	轉變*	第一季度	轉變*
2003/04	Distribution	分銷	2,847,851	3.6%	3,354,201	6.3%	3,234,404	25.1%	2,728,707	19.8%
	Systems Integration	系統集成	389,365	(5.4%)	546,917	69.2%	416,900	38.1%	527,328	2.2%
	Networking Products	網絡產品	51,577	33.9%	67,275	54.0%	68,270	27.1%	44,513	(21.0%)
2002/03	Distribution	分銷	2,748,796		3,154,311		2,585,646		2,276,938	
	Systems Integration	系統集成	411,627		323,172		301,878		516,101	
	Networking Products	網絡產品	38,529		43,686		53,696		56,373	

* Percentage change compared with the figures recorded in the corresponding quarter of the previous year

* 與去年度同期數據比較之增減百分比

The Group's gross profit for the year recorded HK\$940 million, lower than last year's HK\$1,001 million, while gross profit margin dwindled to 6.58% from 8.00%. For the fourth financial quarter, the gross profit of HK\$242 million and gross profit margin of 7.36% were recorded, lower than the respective figures of HK\$259 million and 8.09% recorded in the same period last year.

本集團本年度實現毛利港幣 940 百萬元，低於去年的港幣 1,001 百萬元，而毛利率則由 8.00% 下降至 6.58%。第四季度實現毛利港幣 242 百萬元，毛利率為 7.36%，低於去年同期的港幣 259 百萬元和 8.09%。

COMPARISON OF PROFIT ATTRIBUTABLE TO SHAREHOLDERS BY QUARTER

股東應佔溢利的季度比較

HK\$'000

港幣千元

(unaudited)

(未經審核)

	Q4	change*	Q3	change*	Q2	change*	Q1	change*
	第四季度	轉變*	第三季度	轉變*	第二季度	轉變*	第一季度	轉變*
2003/04	58,869	85.0%	66,023	13.1%	57,673	10.6%	(148,635)	—
2002/03	31,815		58,387		52,145		36,696	

* Percentage change compared with the figures recorded in the corresponding quarter of the previous year

* 與去年度同期數據比較之增減百分比

Affected by the SARS outbreak at the beginning of the year, the Group incurred a net loss of HK\$149 million for the first financial quarter. However, the Group took initiatives to bring the operations back to track in the three succeeding financial quarters and managed to achieve profitability for the full year despite the increasing pressure on gross profit margin resulted from intensified competition.

受到年初的非典瘟疫影響，導致本集團在第一季度錄得虧損淨額港幣 149 百萬元。然而，本集團在之後的三個季度營運恢復正常，並在因市場競爭加劇引致毛利率壓力增大的境況下全年實現盈利。

DISTRIBUTION BUSINESS

For the year ended 31 March 2004, turnover of the distribution business increased by 13.0% to HK\$12,165 million from last year's HK\$10,766 million. Its gross profit margin, however, recorded 5.15% which was lower than the 6.95% of last year. Turnover of the business for the fourth financial quarter increased by 3.6% to HK\$2,848 million, whilst gross profit margin declined to 5.86% from 6.81% of the same period last year. The increase in turnover was mainly driven by the introduction of new product lines in networking application products, storage products, notebook computers and consumer IT products. The decline in gross profit margin was largely due to the loss incurred by the mobile telephone business in the first and second financial quarters and price discounts introduced to dated series of Toshiba notebook computers in the third and fourth financial quarters. Should the mobile telephone business be segregated, a gross profit margin of 6.07% was recorded for the distribution business for the year.

SYSTEMS INTEGRATION

The systems integration business generated a turnover of HK\$1,880 million for the year ended 31 March 2004, an increase of 21.1% over last year. Its gross profit margin of 13.59% was close to 13.84% of last year. Turnover of HK\$389 million was recorded in the fourth financial quarter, slightly lower than HK\$412 million recorded in the same period last year, whilst its gross profit margin increased to 16.42% from 15.45% of the same period last year.

Systems integration business enjoyed the robust growth rate of the service sector with telecommunications, finance and government sectors remaining as the Group's focusing verticals. Turnover derived from application software development and services was recorded at HK\$33 million only in the financial year 2000/01. However, this has increased to HK\$235 million in the financial year 2003/04, which is approximately seven times of 2000/01's figure. In particular, CTAIS, a tax collection and management software developed by the Group, has become the core software adopted by the State General Administration of Taxation of the PRC in 144 cities across the country, accounting for 70% of the total national tax being collected.

分銷業務

截至二零零四年三月三十一日止年度，分銷業務錄得營業額港幣12,165百萬元，比去年的港幣10,766百萬元增長13.0%，毛利率為5.15%，低於去年的6.95%。該業務第四季度實現營業額港幣2,848百萬元，比去年同期增長3.6%，毛利率下降至5.86%，低於去年同期的6.81%。全年營業額的增長主要來自代理的網絡應用產品、存儲設備以及筆記本電腦和消費類IT產品的新簽約產品線。毛利率下降則主要是受到第一季度及第二季度手機業務虧損和第三季度及第四季度東芝筆記本電腦舊款型號削價銷售的影響。若扣除手機業務的影響，分銷業務本年度毛利率為6.07%。

系統集成業務

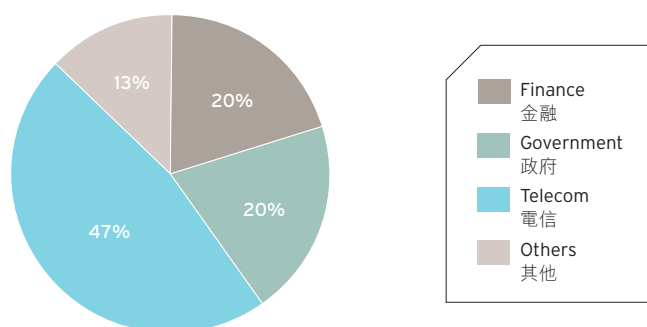
截至二零零四年三月三十一日止年度，系統集成業務實現營業額港幣1,880百萬元，比去年增長21.1%。毛利率為13.59%，與去年的13.84%基本持平。第四季度實現營業額港幣389百萬元，略低於去年同期的港幣412百萬元，毛利率從去年同期的15.45%上升至16.42%。

系統集成業務基本上保持了與服務市場水平一致的高成長速度。電訊、金融和政府仍然是本集團的重點行業。二零零零/零一財年應用軟件發展和服務的營業額只有港幣33百萬元，二零零三/零四財年已經達到港幣235百萬元，是二零零零/零一財年的7倍。特別是本集團開發的CTAIS稅務徵管軟件已經成為中國國家稅務局的核心稅務徵管軟件，在全國144個城市使用，覆蓋了國稅70%的稅源。

In the year, the Group won a number of major contracts including the provision of database consolidation solutions for China Construction Bank, core banking system for China Development Bank, IP backbone capacity expansion system for China Netcom, systems integration for China Mobile, and Academia Resources Planning system for the China Academy of Sciences. The Group has established its market position as a prestigious IT services provider through enhanced capabilities in providing industry-specific IT consultancy, integrated solutions and project management, together with effective customer development programmes. According to the 2003 IDC report, the Group recorded the third largest revenue in terms of IT services provided in the PRC.

於本年度，本集團成功簽約多個項目，包括中國建設銀行大集中專案、國家開發銀行銀行核心業務系統專案、中國網絡通信集團IP骨幹網擴容專案、中國移動通信集團系統集成專案和中國科學院的資源規劃系統專案。本集團透過提升行業諮詢能力、解決方案能力、專案管理能力及發展客戶關係能力的有效方案，奠定本集團作為優質IT服務供應商的市場地位。依據IDC二零零三年的報告，本集團IT服務的營業額在中國名列第三名。

SYSTEMS INTEGRATION BUSINESS TURNOVER MIX IN 2003/04 2003/04 年度系統集成業務營業額的構成



NETWORKING PRODUCTS

For the year ended 31 March 2004, the networking products business recorded a turnover of HK\$232 million, an increase of 20.5% over last year. Its gross profit margin rose to 25.06% from last year's 19.79%. For the fourth financial quarter, the business increased its turnover by 33.9% to HK\$52 million, while its gross profit margin increased slightly to 21.51% from 21.24% recorded in the same period last year. Sales from the education and telecommunications sectors accounted for over 60% of the total turnover of this business segment.

網絡產品業務

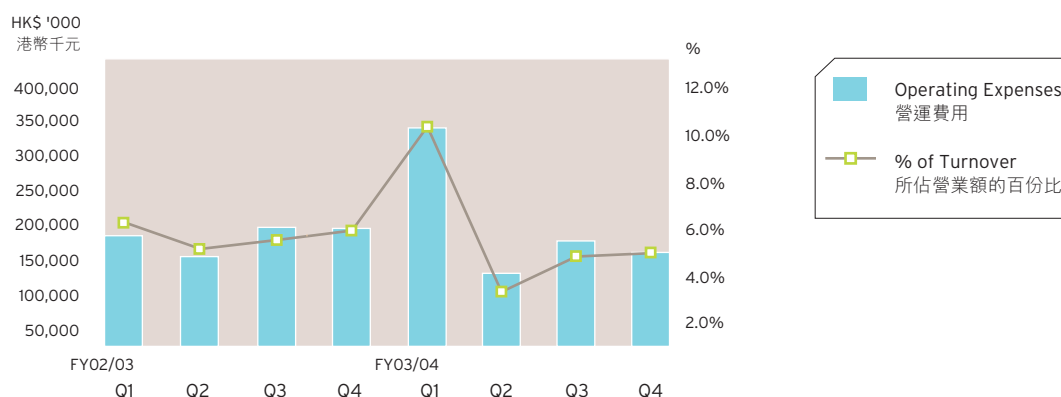
截至二零零四年三月三十一日止年度，網絡產品業務實現營業額港幣232百萬元，比去年增長20.5%，毛利率上升至25.06%，高於去年的19.79%。第四季度該業務實現營業額港幣52百萬元，比去年同期增長33.9%，毛利率微升至21.51%，略高於去年同期的21.24%。教育和電訊行業的銷售佔該業務的總營業額60%以上。

OPERATING EXPENSES ANALYSIS

The Group's operating expenses for the year amounted to HK\$814 million, an increase over last year's HK\$739 million mainly due to the rise in selling expenses and staff costs. Compared with the same period last year, operating expenses for the fourth financial quarter decreased from HK\$203 million to HK\$160 million, representing 4.9% of the Group's turnover against 6.3% recorded a year ago. Such decline in operating expenses was primarily attributable to the writeback of bad debt provisions totalling HK\$57 million in other operating expenses in the fourth financial quarter.

OPERATING EXPENSES AND ITS PERCENTAGE OF TURNOVER

營運費用及所佔營業額的比例



FINANCIAL MANAGEMENT

The management adopted stringent management and control over two primary operating parameters, i.e. trade receivable and inventory, during the year. At 31 March 2004, the Group's trade receivable amounted to HK\$1,614 million, slightly higher than the HK\$1,512 million recorded at the beginning of the year. Such increase was driven by the Group's turnover growth during the year. Trade receivable turnover was improved to 39.4 days in the year as compared with last year's 40.2 days. Inventory amounted to HK\$1,101 million at 31 March 2004, a slight increase as compared with HK\$1,021 million at the beginning of the year. However, inventory turnover was improved over last year shortening by 1.1 days to 28.6 days.

營運費用之分析

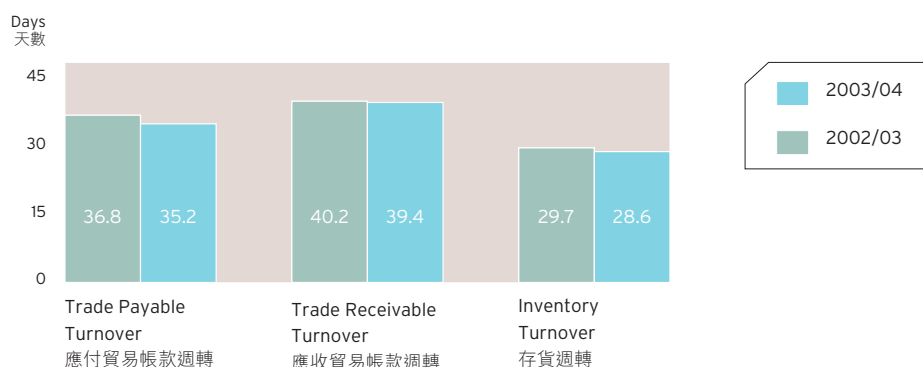
本年度本集團的營運費用為港幣814百萬元，比去年港幣739百萬元有所上升，主要由於銷售費用和員工成本有所增加。第四季度營運費用下降至港幣160百萬元，低於去年同期的港幣203百萬元，所佔期內本集團營業額的比例為4.9%，去年同期為6.3%。營運費用下降的主要原因是第四季度其他營運費用中有壞帳撥備的回撥港幣57百萬元。

財務管理

管理層在本年度內對應收貿易帳款和存貨兩項風險指標實施嚴格的管理和控制。於二零零四年三月三十一日，本集團的應收貿易帳款為港幣1,614百萬元，比本年度初的港幣1,512百萬元有輕微上升，主要是由於本集團本年度營業額增長的自然帶動。本年度應收貿易帳款的週轉天數比去年則有所改善，從40.2天下降到了39.4天。於二零零四年三月三十一日，存貨為港幣1,101百萬元，比本年度初的港幣1,021百萬元略有上升；然而，存貨的週轉天數比去年有所改善，縮減了1.1天，至28.6天。

COMPARISON OF TRADE PAYABLE, TRADE RECEIVABLE AND INVENTORY TURNOVER DAYS

應付貿易帳款、應收貿易帳款及存貨週轉天數之比較



At 31 March 2004, the Group's trade payable decreased to HK\$1,200 million against HK\$1,424 million at the beginning of the year. Trade payable turnover fell to 35.2 days from last year's 36.8 days. At the end of the year, the Group recorded net cash outflow from operating activities of HK\$145 million. Nonetheless, the Group's overall cash cycle improved to 32.9 days in the year from 33.2 days last year.

本集團的應付貿易帳款於二零零四年三月三十一日為港幣1,200百萬元，比本年度初的港幣1,424百萬元有所減少。應付貿易帳款的週轉天數由去年的36.8天下降至35.2天。本年度末時，本集團之經營活動所耗現金淨額為港幣145百萬元。但本集團整體的資金週轉期有改善的趨勢，從去年的33.2天降至本年度的32.9天。

ANALYSIS OF TRADE PAYABLE, TRADE RECEIVABLE AND INVENTORY TURNOVER BY QUARTER

應付貿易帳款、應收貿易帳款及存貨週轉天數之季度分析

(The following table is shown in terms of days)

(下表以天數表示)

		2003/04				2002/03			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Trade Payable Turnover	應付貿易帳款週轉	42.0	39.4	40.5	37.9	50.6	37.5	32.8	32.7
Trade Receivable Turnover	應收貿易帳款週轉	45.2	37.4	40.7	44.7	43.7	38.8	46.9	45.9
Inventory Turnover	存貨週轉	31.5	25.1	29.6	33.8	32.9	28.5	29.6	30.0
Cash Cycle	資金週轉	34.7	23.1	29.8	40.6	26.0	29.8	43.7	43.2

Trade receivable turnover was 45.2 days in the fourth financial quarter of the year, a considerable increase compared with 37.4 days in the third financial quarter. However, trade receivable did not increase but actually decreased slightly to HK\$1,614 million at the end of the fourth financial quarter, from HK\$1,692 million recorded at the end of the third financial quarter. The increase in trade receivable turnover was largely a result of sluggish sales recorded in the fourth financial quarter affected by seasonal factors.

本財年第四季度的應收貿易帳款週轉天數為45.2天，比第三季度的37.4天有較大幅度的上升。實際上，第四季度末的應收貿易帳款為港幣1,614百萬元，較第三季度末的港幣1,692百萬元不僅沒有增加，還有略微的下降。應收貿易帳款週轉天數上升的主要原因是銷售季節性的蕭條造成第四季度營業額下降的幅度較大所致。

Inventory turnover was 31.5 days in the fourth financial quarter of the year, which represented a slight improvement against the 32.9 days in the same period last year, but an increase as compared with 25.1 days in the third financial quarter. The reason for the comparatively better inventory turnover figure in the third financial quarter was the higher revenue, which was HK\$680 million more than the fourth financial quarter. Trade payable turnover was 42.0 days in the fourth financial quarter, which was higher than the 39.4 days recorded in the third financial quarter. However, trade payable at the end of the fourth financial quarter decreased significantly to HK\$1,200 million against HK\$1,708 million at the end of the third financial quarter. The decline was mainly due to payment of amounts to vendors due in the fourth financial quarter, which directly resulted in a net cash outflow from operating activities of HK\$417 million recorded by the Group at the end of the fourth financial quarter.

本財年第四季度的存貨週轉天數為31.5天，稍好於去年同期的32.9天，但比第三季度的25.1天有所上升。第三季度的存貨週轉相對地有不俗的表現，主要由於第三季度營業額比第四季度高出港幣680百萬元所致。第四季度的應付貿易帳款週轉天數為42.0天，高於第三季度的39.4天；但應付貿易帳款大幅地從第三季度末的港幣1,708百萬元下降至第四季度末的港幣1,200百萬元，主要是由於在第四季度個別貨款的到期支付，也直接使得本集團於第四季度末錄得經營活動所耗現金淨額港幣417百萬元。

FURTHER REVIEW ON DISTRIBUTION BUSINESS

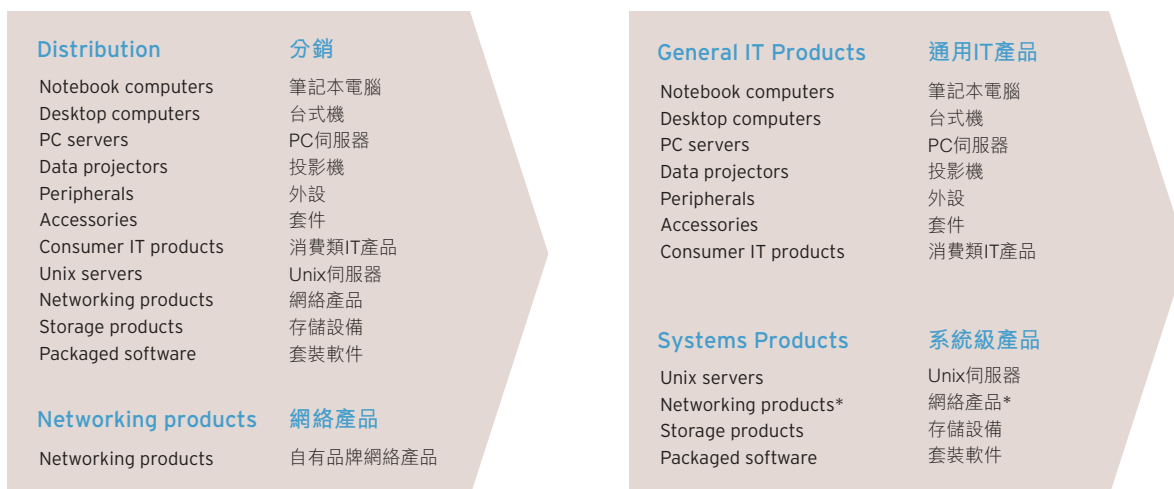
Having gone through over 10 years of development, the Group's distribution business has evolved into two diverged operating models, i.e. low-end general IT products distribution and systems products distribution.

分銷業務的進一步分析

本集團的分銷業務經過十多年的發展，逐漸形成兩種有明顯差異的業務模式，即低端通用IT產品的分銷和系統級產品的分銷。

PRODUCT LINE CATEGORISATION OF DISTRIBUTION BUSINESS

分銷業務產品線細分



* Including own-branded networking products

* 含自有品牌網絡產品

General IT products distribution includes seven product groups namely notebook computers, desktop computers, PC servers, data projectors, peripherals, accessories and consumer IT products. The Group maintains close business relationships with approximately 6,000 down-stream resellers and chain stores in the PRC. It has entered into distribution agreements with 21 manufacturers on the distribution of 33 categories of products, providing supply-chain management services including mainly sales planning and marketing, credit and debt management, warehousing and logistics. The management believes that general IT products distribution in the PRC has experienced a major round of trade consolidation in the past two years, as reflected by the drastic decline in the number of distributors from dozens to less than twenty, among whom only five to six managed to record a profit in 2003. However, given the extensive territory of the PRC, the rising demand for IT products, and the diversity of buying behaviour, the likelihood of an imminent nationwide consolidation in IT retail market in the PRC is slim. The manufacturers remain disabled in directly managing the massive and sporadic resellers and retailers in the marketplace, as such that national distributors can continuously create value to up-stream manufacturers and down-stream resellers and retailers for a significant future period. Hence the management believes that distribution market for general IT products will sustain a steady growth. Nonetheless, the management has been staying alert to the development in the market contemplating the challenges and opportunities that may present to the Group should manufacturers start to engage in direct sales or the retail market enter into a consolidation. Given the multitude of brands and product lines carried, extensive channel network, e-commerce platform and Enterprise Resources Planning (ERP) system backed purchasing, ordering, credit control and logistic services, the Group has maintained an edge over its competitors and achieved market leadership in scale and efficiency.

Corporate users have been remaining as the core clientele of systems products which include mainframe servers, networking and storage products, and packaged software that are normally passed through systems integrators. Systems business emphasises on the provision of value-added services that embrace both technical expertise and know-how, such as technical solution provisioning, hardware related maintenance and systems training, in addition to product provision. In 1997 when there was yet any mainstream business model in the market for high-end IT products, the management leveraged its expertise and experience in general IT products distribution to launch the sales of mainframe servers, networking and storage products, and packaged software to corporate clients. As such, the Group was able to secure a strong foothold in the segment one-and-a-half years ahead of its competitors. In 2002, the Group took further strategic move to expand its product lines and enhance its technical expertise and knowledge management capabilities to impede competitors who were mostly distributors of smaller scale with singular product. At 31 March 2004, systems products distributed by the Group represented a strong profile of 28 brands, giving the Group strong competitive advantages to stay ahead in the market segment.

通用IT產品分銷的產品類別包括筆記本電腦、台式機、PC伺服器、投影機、外設、套件及消費類IT產品等七大類。本集團於中國與大約六千家下游批發渠道和零售連鎖商家保持密切的業務往來。本集團與二十一家廠商就33類主要產品線簽有代理協議，提供以市場規劃與營銷、信用和帳期管理、倉儲和物流配送為主的供應鏈管理服務。管理層認為在過去的兩年中，中國的分銷商經歷了一輪行業整合，分銷商數目從幾十家降到十幾家，當中二零零三年錄得盈利的只有五至六家。然而，中國IT產品的零售市場由於中國地域廣闊，對IT產品需求的旺盛和購買行為的差異等原因尚未呈現全國性行業整合的緊迫性。廠商依舊無從直接面對和管理如此眾多和分散的渠道和零售商家，因此分銷商對於上游廠商和下游渠道及零售商的價值在今後的一段時期內仍得以凸顯和保持。管理層認為通用IT產品的代理分銷市場將會持續穩定和增長。然而，管理層仍會密切關注市場的演進，研討廠商直供與零售整合賦予分銷商的挑戰和機遇。憑藉豐富的品牌和產品線，龐大的下游渠道網絡和以電子商務系統及企業資源管理系統為支撐的採購、訂貨、信用管理和儲運服務，使本集團在經營規模和效益上始終保持著領先的市場地位，與行業競爭對手拉開了較大的距離。

系統級產品的主要客戶為企業用戶，通過系統集成商為之提供主機、網絡和存儲設備及套裝軟件。系統業務強調在提供產品的同時，亦提供如專業技術方案、硬件保養服務及系統培訓等有額外價值的有技術和知識含量的配套服務。於一九九七年在高端市場上IT產品的銷售模式尚無主流方向時，管理層借用通用IT產品分銷的理念和經驗開展主機、網絡及存儲設備和套裝軟件的銷售服務予企業客戶。此舉令本集團較競爭對手早了一年半進入該領域。在二零零二年本集團對業務進一步做了全面佈局，即廣泛拓展產品線及提升技術能力和增強知識管理，以優勝於大部份規模小及代理產品線單一之競爭對手。於二零零四年三月三十一日，本集團系統業務代理的品牌達28個，形成了明顯的競爭優勢，確立了本集團於行業的領導地位。

In view of the two different distribution models, the management has provided the following data and detailed analysis.

1. Sources of turnover growth for the distribution business

The Group continued to enjoy a leading position in the distribution of general IT products through resellers and retailers. Turnover in the year derived from this business amounted to HK\$8,160 million, a growth of 10.9% over last year. The total number of product lines increased to 33 in the financial year 2003/04 against 24 in the financial year 2002/03 and 15 in the financial year 2001/02, and turnover from new product lines as a percentage of turnover from total general IT products distribution for the year reached 32.0%. The slow-down in revenue growth of existing products is believed to have mirrored the evolution process in the marketplace, whereby the increasing demands for new brands, upgraded series and innovative features replaced the share of dated and obsolescent models. The sustainability of deriving revenue from new products will contribute positively to the turnover growth of general IT products distribution business. During the year, the Group added a number of new brands to its product lines, including the addition of HP, IBM and ASUS to the existing Toshiba notebook computer series, Great Wall to the existing HP and IBM desktop computer series, and Epson, NEC and Sharp to the existing Toshiba and Chen Xing data projector series. The consumer product lines were also enriched by Canon, Sharp, Samsung and Casio series in the year.

Turnover of the notebook computers accounted for 29.0% of the Group's total turnover of general IT products in the year. The four notebook computer brands of which the Group has distribution rights commanded an aggregate of 46.0% market share in the PRC, of which the sales achieved by the Group accounted for 38.0%. Among the turnover of other general IT products, peripherals and accessories accounted for 35.0%, desktop computers and PC servers for 16.0%, and data projectors for 5.0%. Sales of consumer IT products grew rapidly during the year, accounting for 8.0% of the Group's total turnover of general IT products in the year as compared to 2.0% last year. The growth was mainly driven by the organic expansion of the market and the Group's success in securing multiple distribution rights to its existing series.

Turnover derived from the sales of systems products to corporate clients amounted to HK\$4,237 million, an increase of 17.7% over last year. Of the turnover amount, networking products accounted for 35.0%, mainframe servers for 38.0%, packaged software for 19.0%, and the high-flier storage products for 6.0%. The growth rates achieved by networking products, packaged software and storage products were significantly higher than the average growth rates recorded by their respective market segments. The mainframe servers grew less than the market average, mainly due to the sizeable decline in market share of one of the brands carried by the Group in the PRC.

管理層針對兩個分銷業務模式的差異，提供下文更為詳細的數據及分析。

1. 分銷業務營業額增長的來源

本集團在透過渠道和零售商家的通用IT產品分銷業務上仍以較大的優勢保持了行業領先的地位。該業務本年度實現營業額港幣8,160百萬元，比去年增長10.9%。二零零一/零二財年產品線數量為15個，二零零二/零三財年為24個，二零零三/零四財年增長到33個。本年度新產品的營業額在通用IT產品分銷業務總營業額當中已佔到32.0%以上。原有產品的營業額增長放緩相信主要是由於市場需求新陳代謝的自然演變，即對新品牌、新型號及新功能的需求上升取代過時型號而導致的影響。來自新產品的收入將持續性地支撐着通用IT產品分銷業務，在營業額方面的健康增長。於本年度內，本集團的產品線新增多個品牌，筆記本電腦代理除原有的東芝品牌外，增加了惠普、IBM和華碩；台式機代理除原有的惠普及IBM外，增加了長城；投影機在原有的東芝和晨星外，又添Epson、NEC和夏普。消費類產品本年度內亦加入佳能、夏普、三星和卡西歐。

本年度筆記本電腦的營業額佔通用IT產品總營業額的29.0%。目前本集團代理的4個筆記本電腦品牌共佔中國市場總容量46.0%，而本年度本集團筆記本電腦的營業額佔4個品牌市場規模的38.0%。在其他通用IT產品的營業額中，外設和套件佔35.0%，台式機和PC伺服器佔16.0%，投影機則佔5.0%。消費類IT產品的銷售在本年度增長迅速，從上年度佔本集團通用IT產品總營業額的2.0%勁增到本年度的8.0%，主要原因是市場自然增長的驅動，加之本集團能夠在現有產品線外成功獲取多家廠商的代理權。

銷售予企業用戶的系統級產品的營業額為港幣4,237百萬元，比去年增長17.7%。其中網絡產品佔上述營業額的35.0%，主機業務佔38.0%，套裝軟件佔19.0%，正在成長的存儲設備佔6.0%。網絡產品、套裝軟件和存儲設備均大幅超出各自細分市場的平均增長水平。主機業務遜色於該細分市場的平均增長速度，主要原因是本集團代理的一個品牌在中國的市場份額大幅下滑所致。

For the three financial years ended 31 March 2002, 2003 and 2004, the Group had distribution rights for 12, 20 and 28 brands of systems products respectively. Turnover derived from new products contributed to 69.7% of the systems business's turnover growth in the year, playing an important role that underpins the expansion of the systems business.

截至二零零二年、二零零三年及二零零四年三月三十一日止的三個財政年度，本集團擁有代理權的系統級產品品牌數量分別為12個，20個和28個。新產品的營業額對本年度系統業務營業額增長部份的貢獻佔69.7%，對系統業務整體增長起著重要的支撐作用。

TURNOVER GROWTH BY QUARTER

營業額的季度比較

HK\$'000

港幣千元

(unaudited)

(未經審核)

			Q4	change*	Q3	change*	Q2	change*	Q1	change*
			第四季度	轉變*	第三季度	轉變*	第二季度	轉變*	第一季度	轉變*
2003/04	Distribution	分銷	1,908,443	(0.9%)	2,239,343	7.8%	2,170,673	21.5%	1,841,576	17.5%
	Systems	系統	990,986	15.0%	1,182,133	5.5%	1,132,000	32.9%	931,644	21.6%
2002/03	Distribution	分銷	1,925,639		2,077,942		1,787,258		1,566,872	
	Systems	系統	861,686		1,120,055		852,084		766,439	

* Percentage change compared with the figures recorded in the corresponding quarter of the previous year

* 與去年度同期數據比較之增減百分比

2. Gross profit margin and growth trend of the distribution business

General IT products recorded a less than expected gross profit in the year. The decline in gross profit margin was mainly due to the stock clearance of mobile telephones in the first two financial quarters, and reduction in prices of dated series of Toshiba notebook computers in the subsequent financial quarters. General IT products contributed to 29.0% of the Group's gross profit in the year, a decrease compared to 43.0% recorded last year. After segregating the mobile telephone business, the rest of the general IT products distribution recorded a gross profit margin of 4.76%, 5.34% and 4.15% respectively in the first, second and third financial quarters, and 4.49% in the fourth financial quarter. The management believes that the major factors that adversely affected the gross profit margin have been largely brought under control, as reflected by the pick up in the gross profit margin during the fourth financial quarter.

2. 分銷業務毛利構成和趨勢

通用IT產品本年度的毛利表現不如預期。毛利率下降主要是受到首兩個季度清理手機存貨的影響，以及之後的季度又受到東芝筆記本電腦舊款型號削價的壓力影響。通用IT產品對本集團的毛利貢獻比例從去年的43.0%減低至本年度的29.0%。如果剔除手機業務的影響，其他通用IT產品分銷在第一、第二及第三季度的毛利率分別為4.76%，5.34%和4.15%，而第四季度則為4.49%。管理層認為導致毛利率下滑的因素已基本上得到控制，在第四季度顯示毛利率整體勢頭已趨穩步回調。

COMPARISON OF GROSS PROFIT AND MARGIN BY QUARTER

毛利和毛利率的季度比較

HK\$'000

港幣千元

(unaudited)

(未經審核)

			2003/04			2002/03				
			Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
			第四季度	第三季度	第二季度	第一季度	第四季度	第三季度	第二季度	第一季度
Gross Profit	General IT Products	通用IT產品	85,734	86,478	31,608	68,983	111,380	122,738	103,246	93,466
毛利	Systems Products	系統級產品	92,244	118,858	108,874	91,786	83,915	111,911	84,943	74,578
Gross Profit Margin	General IT Products	通用IT產品	4.49%	3.86%	1.46%	3.75%	5.78%	5.91%	5.78%	5.97%
毛利率	Systems Products	系統級產品	9.31%	10.05%	9.62%	9.85%	9.74%	9.99%	9.97%	9.73%

The systems products recorded increases in gross profits throughout the four financial quarters in the year as compared with the corresponding periods of last year, and attained a growth of 15.88% in gross profit for the full financial year of 2003/04. The gross profit margins of the systems business remained stable in the eight quarters of the two financial years of 2002/03 and 2003/04 mainly due to the capabilities of providing value-added services and the economies of scope benefited from its full line offering.

系統級產品的毛利於本年度的四個季度均較去年同期有所增長，二零零三／零四財年全年度毛利增幅為15.88%。在二零零二／零三及二零零三／零四兩個財年的八個季度毛利率均表現穩定，這取決於系統業務提供增值服務的能力，以及系統級產品在企業市場的規模效應。

FUTURE OUTLOOK

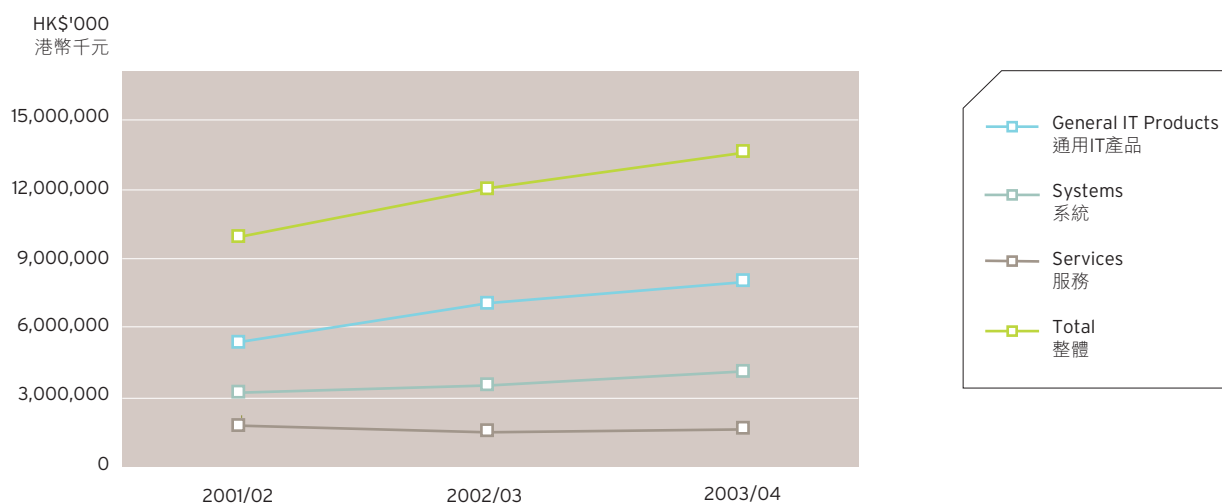
It has been observed that increasing commoditisation in general IT products market has exerted huge pressure on the gross profit margins. It is critical for the Group to maintain growth in turnover in the financial year of 2004/05 through improving operating efficiency to benefit from economies of scale, and leveraging its existing channel network and logistic capability by providing multiple brands on each and every product line. In parallel, initiatives on further capitalising on the Group's e-commerce platform are taken, aiming at lowering operating costs. Systems products distribution business shall proactively identify opportunities in value creation to corporate clients, hence further strengthening its competitive edge and market leadership. The ability of providing full product lines and the capacity of offering related technical services and professional training are regarded instrumental to attract and retain customers. The Group will also explore innovative business practice which forms strong collaborative and synergistic relationship with manufacturers.

對未來的展望

通用IT產品市場商品化程度的加速給毛利率帶來巨大的壓力。提高內部運作效率，擴大規模效應，及利用已有的渠道網絡及物流儲運服務能力為各產品線載入更多新產品，是本集團二零零四／零五財年營業額增長的一個重要思路。同時，通過進一步釋放本集團電子商務平台的能量，藉以建立低成本優勢。系統級產品業務面向企業用戶，將繼續積極尋求在價值鏈中增值的機會，並強化其競爭力及鞏固市場地位，在提供豐富產品線的同時，能提供專業技術服務，以吸引及挽留客戶。本集團亦將同時探索與廠商深層次合作的協同性和業務模式。

TURNOVER GROWTH BREAKDOWN

營業額增長之細分



The management believes that PRC's IT market is still immature, hence characterised with huge demand on hardware given the need on IT infrastructure building. This is different from mature market such as the United States where demand for application development and services has been increased to such a level that software, services and hardware are taking equal share of spending in the IT market. By capitalising on the strong demand for hardware, the Group has now obtained a leading position in the PRC's IT market. The road ahead is to sustain growth and maximise shareholder value, which is subject to the Group's capabilities to identify and grasp the upcoming growth opportunities. Learning from the experience of mature markets, the management believes that as the PRC's IT market continues to grow, demand for application development and services is anticipated to sustain a higher growth rate as such that the recorded 17.7% of its current share of total IT spending recorded by IDC is foreseen to be doubled. Based on this judgement, the management is resolved to invest further in competency building and nurture stronger relationships with corporate clientele in the finance, telecommunications and government sectors.

In the financial year of 2004/05, the Group's IT services will continue to adopt a customer-oriented and market-driven management concept, which underpins the organisational structure, business process, corporate culture and performance appraisal scheme. Given the further opening up of the PRC's IT market with a more mature and quality-demanding and competitive environment, the Group by capitalising on its solid knowledge of customers' needs in targetted sectors, as well as its further sophistication and proficiency in project management, is well poised to maintain a satisfactory growth with solid gains for its IT services.

管理層相信中國的IT市場仍未成熟，以資訊技術基礎設施搭建為主，因此對硬件的需求佔市場絕對的比重。而在成熟的IT市場，以美國為例，其對應用開發和服務的需求上升到重要的地位，在IT市場結構上則體現為軟件、服務和硬件均衡的狀態。如果說今天本集團於中國IT市場的領導地位是來自抓住了市場對硬件的大量需求這一機會的話，那麼對未來的增長機會做準確的把握是能否持續增長和實現股東價值最大的關鍵。借鑑成熟市場的範例，管理層認為中國的IT市場在總容量方面將會持續增長，對IT應用的開發和服務之需求比重將會快速上升，且預期可達到目前17.7%（IDC資料）這一比例的兩倍。基於上述判斷，管理層堅持對IT服務綜合能力的建設做持續投入，同時努力培育在金融、電訊和政府行業的客戶關係。

在二零零四／零五財年，本集團的IT服務業務將確立以客戶為中心及以市場主導的業務管理模式，和以此為導向的組織結構、業務流程、文化氛圍和績效考核體系。在一個更加開放、日趨成熟、注重品質和充份競爭的中國IT市場環境下，本集團憑藉多年來累積的對行業客戶需求的深入瞭解，以及開發成熟度和專案管理能力的提升，相信IT服務業務定會繼續保持良好的增長勢頭，達成驕人的業績。

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly finances its operations with internally generated cash flows, bank loans and banking facilities.

The Group had total assets of HK\$4,038 million at 31 March 2004 which were financed by total liabilities of HK\$2,663 million, minority interests of HK\$10 million and shareholders' funds of HK\$1,365 million. The Group's current ratio at 31 March 2004 was 1.68 which was slightly higher than that of 1.60 at 31 March 2003.

With the top priority on the strict control of trade receivable and inventory, the Group continues to adopt a prudent financial management approach to closely monitor its cash flow position and allocate financial resources appropriately. The Group's cash and bank balances and unsecured short-term bank borrowings at 31 March 2004 were HK\$521 million and HK\$463 million respectively.

The aggregate interest-bearing debts as a ratio of shareholders' funds was 0.74 at 31 March 2004 as compared to 0.55 at 31 March 2003. The computation of the said ratio was based on the total interest-bearing borrowings of HK\$1,009 million (2003: HK\$761 million) and shareholders' funds of HK\$1,365 million (2003: (restated) HK\$1,393 million).

At 31 March 2004, all the interest-bearing borrowings of the Group were denominated in United States dollar.

Part of the United States dollar borrowings amounting to HK\$463 million were short-term bank borrowings repayable within one year and guaranteed by the Company. The rest of the United States dollar borrowings amounting to HK\$546 million represented the syndicated loan repayable within four years counting from the date of the first drawdown and were guaranteed by Digital China Limited, a wholly owned subsidiary of the Company. Further details of the syndicated loan are disclosed under the sub-paragraph "Compliance with the Continuing Disclosure Requirement under Chapter 13 of the Listing Rules" in the Report of the Directors.

流動資金及財務資源

本集團主要以內部資源、銀行貸款及銀行信貸應付其營運所需資金。

於二零零四年三月三十一日，本集團擁有總資產港幣4,038百萬元，而資金來源為總負債港幣2,663百萬元、少數股東權益港幣10百萬元及股東資金港幣1,365百萬元。於二零零四年三月三十一日，本集團之流動比率為1.68，略高於二零零三年三月三十一日之1.60。

除把嚴格控制應收貿易帳款及存貨列為首要任務外，本集團繼續採取審慎的財務管理，密切地監控現金流及適當地分配財務資源。本集團於二零零四年三月三十一日之現金及銀行結餘以及無抵押之短期銀行貸款分別為港幣521百萬元及港幣463百萬元。

有關附息債務總額佔股東資金之比率於二零零四年三月三十一日為0.74，而於二零零三年三月三十一日則為0.55。上述比率乃按附息貸款總額港幣1,009百萬元（二零零三年：港幣761百萬元）及股東資金港幣1,365百萬元（二零零三年：（重列）港幣1,393百萬元）計算。

於二零零四年三月三十一日，本集團的所有附息貸款均以美元為借款單位。

上述部份美元貸款（金額為港幣463百萬元）為須於一年內償還之短期銀行貸款，並由本公司作出擔保。其餘美元貸款（金額為港幣546百萬元）乃由本公司之一家全資擁有附屬公司神州數碼有限公司作出擔保，並須於首次提用日期起計四年內償還之銀團貸款。有關銀團貸款之進一步詳情載於董事會報告內「遵守上市規則第13章下之持續披露規定」分段下。

The Group's total available credit facilities at 31 March 2004 amounted to HK\$4,100 million, comprising trade lines of HK\$2,636 million, short-term and revolving money market facilities of HK\$918 million and transferable loan facility of HK\$546 million. At 31 March 2004, the facility drawn down was HK\$1,240 million in trade lines, HK\$90 million in short-term and revolving money market facilities, and HK\$546 million in transferable loan facility. The management considers that the Group has sufficient financial resources, unutilised credit facilities and reserves to meet its business requirements.

Under the normal course of business, the Group has issued performance bonds to some customers for potential claims of non-performance in order to satisfy the specific requirements of these customers. As no material claims have been made by the customers under such performance bonds in the past, the management considers that the possibility of realisation of any actual material liabilities arising from such performance bonds is remote.

HUMAN RESOURCES

At 31 March 2004, the Group had approximately 4,200 (2003: 3,800) full-time employees. The majority of these employees were employed in the PRC. The Group offers remuneration packages in line with industry practice. Employees' remuneration includes basic salaries and bonuses. Staff costs of approximately HK\$369 million were incurred for the year ended 31 March 2004 (2003: approximately HK\$310 million). In order to attract and retain a high calibre of capable and motivated workforce, the Company offers share options to staff based on individual performance and the achievement of the Company's targets. The Group is also committed to providing its staff with various in-house and external trainings and development programs.

本集團於二零零四年三月三十一日之可動用總信用額度為港幣4,100百萬元，當中包括港幣2,636百萬元之貿易信用額度、港幣918百萬元之短期及循環現金透支，及港幣546百萬元之可轉讓貸款融資。於二零零四年三月三十一日，本集團已動用之貿易信用額度為港幣1,240百萬元、短期及循環現金透支為港幣90百萬元，及可轉讓貸款融資為港幣546百萬元。管理層認為，本集團擁有充裕之財務資源、可動用信貸額度及儲備以應付其業務所需資金。

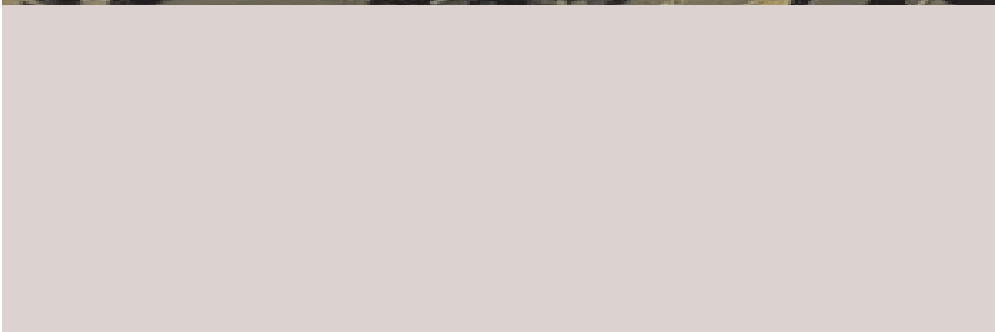
在一般業務範圍內，本集團為滿足若干客戶之個別要求，會就未能履約之潛在索償向該等客戶提供履約保證。由於過去並無客戶就履約保證作出任何重大索償，故管理層認為因履約保證而產生任何實際重大負債之可能性不大。

人力資源

於二零零四年三月三十一日，本集團約有全職僱員4,200名（二零零三年：3,800名）。該等僱員大部份均於中國受僱。本集團按照行業慣例提供酬金福利予僱員。僱員酬金包括基本薪金及花紅。於截至二零零四年三月三十一日止年度產生之員工成本約為港幣369百萬元（二零零三年：約港幣310百萬元）。為吸引及挽留優秀積極之僱員，本公司按個人表現及所達到之本公司目標，向僱員授出購股權。本集團亦同時致力為僱員提供多項內部及外間培訓與發展計劃。



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