

FINANCIAL PERFORMANCE

The Group reported a turnover of HK\$237,841,000 in 2004 compared with HK\$261,692,000 a year ago. Gross profit dropped to HK\$27,165,000 from HK\$36,284,000 in 2003. The declines were primarily attributable to fierce competition, ADT's scaling down in the business with Industrial and Commercial Bank of China (ICBC) due to the contraction of their IT spending, and also the market's slow response to TopAsia's launch of the new Data Warehouse application in 2004.

Profit margin was down by 3 percentage points to 11% from 14% in 2003. Loss attributable to shareholders was HK\$26,853,000, up from HK\$15,382,000 last year.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2004 (2003: nil).

REVIEW OF CORE BUSINESSES

IT solutions and systems integration: TopAsia

TopAsia continued to target at the growing banking and finance sector of China, with the provision of repair and maintenance services to self-service banking facilities as the core operation. 2004 was a year of solid business development for TopAsia.

TopAsia achieved encouraging business growth with Bank of China (BOC) and China Postal Bureau when it successfully secured after-sales repair and maintenance servicing tenders for almost 400 automatic teller machines (ATM) for BOC branches in Henan, Shaanxi, Chongqing and Zhejiang.

財務表現

集團於二零零四年錄得之營業額為237,841,000港元，上年度之比較數字為261,692,000港元。毛利則由二零零三年之36,284,000港元，下降至27,165,000港元。業績下調的主要原因是回顧期內市場競爭激烈，先進數碼與中國工商銀行（工商銀行）的業務由於對方的資訊科技開支削減而縮小了規模。此外，冠亞在二零零四年推出的新應用軟件「Data Warehouse」，市場反應亦較預期緩慢。

邊際盈利由二零零三年的14%，下降3個百分點至11%，股東應佔淨虧損則由上年的15,382,000港元，增加至26,853,000港元。

董事會不建議派發截至二零零四年十二月三十一日止年度之股息（二零零三年：無）。

核心業務

冠亞：資訊科技解決方案與系統集成

冠亞繼續以發展蓬勃的中國銀行及金融業作為經營目標。公司之核心業務，乃為自助銀行服務的設施提供維修及保養服務。冠亞業務在二零零四年取得穩步發展。

冠亞成功取得中國銀行在河南、陝西、重慶及浙江分行的維修保養招標合約，取得近400台自動櫃員機的服務訂單，在中國銀行及國家郵政局的業務取得令人鼓舞的增長。

Management Discussion and Analysis

管理層討論與分析

At the annual tender of China Merchants Bank (CMB), TopAsia secured the service provider position for three of six service requests for ATMs, automatic deposit machines and automatic enquiry machines, and also two product dealerships for Diebold ATMs and revolving cash deposit and withdrawal machines, therefore making it the largest service provider and product dealer for CMB.

The development of a standard ATMP software for its ATM system was a key focus for China Postal Bureau in 2004. TopAsia's superb expertise in the technology allowed it to win the tenders in 11 provinces, including Anhui, Hubei, Hunan, Shaanxi and Zhejiang.

TopAsia continued to lead in the marketing and sales of ATMs in China. Orders in the amount of RMB40 million were obtained from Postal Bureaus of Hubei and Zhejiang, BOC Jiangsu Branch, CMB Shenzhen Branch, Bank of Shanghai and Nanjing City Commercial Bank.

TopAsia's cooperation with renowned mainland IT stalwart UTStarcom, the inventor of "Little Smart" (or Xiaolingtong) mobile services, has been very successful. Orders in the amount of RMB26 million were secured for the provision of peripherals to Little Smart facilities and multi-media workstations.

Software: Advanced Digital Technology

The Group's software vehicle, 55%-owned Advanced Digital Technology (ADT), has won further recognition as a leading IT enterprise for its software prowess. It was named a China top 100 software company for 2004 and a top 100 solution provider among top 500 mainland computer corporations in Computer Partner World's CPW 500 poll, and a creditworthy enterprise in 2004 by Beijing Zhongguancun Sci-Tech Guaranty Co., Ltd. and Zhongguancun Business Advancement Institute.

在招商銀行一年一度的項目招標中，今年共有六個服務項目。其中冠亞贏得自動櫃員機、自動存款機及自動查詢機三項合約，並取得Diebold自動櫃員機及循環存取款機兩個產品代理權，成為招商銀行最大的服務商及產品代理商。

自動櫃員機設備的統一版本聯網軟件項目為國家郵政局在二零零四年的全國重點項目。冠亞憑藉超卓的技術水平，在安徽、湖北、湖南、陝西及浙江等11個省份的招標中中標。

冠亞的自動櫃員機設備銷售持續領先，取得湖北郵政、浙江郵政、中國銀行江蘇省分行、招商銀行深圳分行、上海銀行、南京商行等客戶合共價值4,000萬元人民幣的訂單。

冠亞與中國著名電訊營運商UT斯達康的合作成果理想。UT斯達康是「小靈通」服務的發明者，冠亞為「小靈通」設備和多媒體工作站提供配套件，取得2,600萬元人民幣合約。

先進數碼：軟件業務

宏昌持有55%權益的先進數碼為集團的軟件業務旗艦，公司在軟件開發上的卓越表現，進一步得到行業認為領先資訊科技企業。先進數碼獲電子訊息產業部選入「二零零四年中國最大規模軟件企業100強」，又獲電腦商報列入「中國電腦500強之方案商100強」，並獲中關村科技擔保有限公司及中關村企業信用促進會評為「二零零四年信譽良好企業」。

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Importantly, the division's president Ms Fan Liming was named one of the Top 10 Prominent Personalities in Financial Technology as a recognition for her outstanding contribution.

ADT also passed the Gold Enterprise Accreditation for CISCO, further strengthening its competitiveness in network construction. In the data centralization process for China Construction Bank (CCB), ADT has succeeded in broadening its market share in data transfer, front office system, information interface, and other niche business segments. Its cooperation with CCB has been expanded to 24 branches, further extending its influence in integrated data network and services.

Significant progress was also made in respect of the outsourcing business for Japanese market, with a revenue growth of 50% in 2004.

Online education through ChinaCast

In 2004, ChinaCast continued to be the Group's strategic investment to develop the education and training service business in China, with the technological support of other TVH units. The K-12 distance learning and educational content solutions segment continues to be ChinaCast's principal revenue contributor.

The university distance learning solutions segment shows a satisfactory and promising performance. In addition to the existing eight universities which are already generating revenues, two more universities have been signed up with student enrolment in progress.

The enterprise networking products and services segment, which commenced marketing operations at the end of first quarter of 2004, also progressed well. The first major enterprise customer, Taikang Life Insurance Co., Ltd. is in beta testing and full commercial service is expected very soon.

此外，先進數碼董事長範麗明更榮獲「中國金融科技十大傑出人物突出貢獻獎」。

先進數碼亦通過了CISCO的金牌企業認證，進一步加強了公司在網絡建設業務的競爭力。公司在建設銀行數據大集中的進程中，在數據移型、前置系統、數據接口及特色業務等各範疇皆取得更大的市場份額。公司與建設銀行分行的合作增至24家，進一步擴大網絡集成及服務在建設銀行的影響。

先進數碼在日本市場的外包業務取得較大進展，二零零四年的收入增長達50%。

透過ChinaCast 發展網上教學

二零零四年，集團繼續透過ChinaCast之策略性投資，並配合集團旗下各部門所提供的技術支援，在中國發展教育及培訓服務業務。中小學遙距教學及教育內容方案部門仍然是ChinaCast的主要收入來源。

大學遙距教學方案部門的前景理想，表現令人滿意。除了現有八家大學帶來的穩定收入，公司已與另外兩家大學簽訂合作協議，現時已開始招收新生。

企業網絡產品及服務部門於二零零四年第一季開始進行市場推廣工作，至今進展良好。首個大型企業客戶泰康人壽的項目正進行第二階段測試，稍後將正式投入服務。

OUTLOOK

Looking ahead at 2005, TopAsia will continue to control cost, develop business, enhance profitability and improve operating performance. The segment will focus its efforts primarily on further broadening the client base for self-service products and services, enlarging the scope of services and also expanding the geographical reach. The segment will also build on its relationship with major banks, including ICBC, Agricultural Bank of China, BOC, CCB and Bank of Communications to attain its 10% growth target in new customers.

TopAsia will also accelerate the development of its data intergration business. It will continue to work with Ascential and strengthen cooperation with ETL in product research and sales, including the development of complementary software solutions to enhance market competitiveness. It will continue to team up with EMC to push sales of large capacity storage and contingency back-up systems to enterprises in the financial, securities and government sectors.

Through further leveraging on the cooperation with UTStarcom, TopAsia aims to better capitalize on business development opportunities for multi-media and telecommunication sectors, and to supply a large range of peripherals and products. A sales target of RMB50 million has been set by TopAsia for this year.

ADT's impressive credentials will help drive its business development efforts. The very strong ties with CCB will help generate more business in integrated data network and services.

前景

展望二零零五年，冠亞將繼續控制成本，積極開拓新業務，銳意強化盈利能力，並提升經營表現。公司將集中力量，拓展自助產品及服務的客戶基礎，擴大服務範疇，力求覆蓋更多地區和客戶。公司將繼續鞏固與工商銀行、農業銀行、中國銀行、建設銀行及交通銀行等大銀行客戶的合作關係，爭取年內新增客戶較上年增長10%。

冠亞亦會加快數據整合業務的發展步伐，公司會繼續與Ascential合作，加強ETL產品的銷售和開發，包括開發與ETL產品配套的業務應用軟件，藉此提高競爭力。公司將繼續與EMC攜手，向金融、證券等行業及政府部門推廣大容量儲存系統及災難備份系統的應用。

冠亞將透過進一步利用與UT斯達康的合作，積極把握多媒體及通訊業務的商機，為對方提供更多配套部件及產品，爭取達到5,000萬元人民幣的全年銷售目標。

先進數碼的驕人往績，為部門的業務發展提供了強大的後援動力，公司與建設銀行的緊密合作關係，將可帶來更多與數據整合網絡及服務相關的業務。

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ChinaCast will step up its efforts in the insurance and banking sector as its project with Taikang serves as a good springboard for further inroads. Additional strategic sales opportunities in these sectors as well as in other key sectors have been identified and it is expected that an additional 2-3 major customers will be secured within the first half of 2005. ChinaCast is currently ramping up its sales, marketing and customer support staff to meet the demands of the market.

Expansion of ChinaCast's satellite network operations center in Beijing is in progress to pave way for the delivery of the latest DirecWay satellite hub upgrade to enable two-way broadband satellite services that are essential for growing the enterprise market in 2005.

LIQUIDITY AND FINANCIAL RESOURCES

Net assets

As at 31 December 2004, the Group recorded total assets of approximately HK\$325,450,000 which were financed by liabilities of approximately HK\$190,306,000 and equity of approximately HK\$130,690,000. The Group's net asset value as at 31 December 2004 decreased by 17% to approximately HK\$130,690,000 as compared to approximately HK\$157,173,000 as at 31 December 2003.

Liquidity

The Group had total cash and bank balances of approximately HK\$84,998,000 as at 31 December 2004 (2003: approximately HK\$108,303,000). After deducting bank loans and overdrafts of approximately HK\$45,617,000 (2003: approximately HK\$39,339,000), the Group recorded a net cash balance of approximately HK\$39,381,000 as compared to that of approximately HK\$68,964,000 as at 31 December 2003. As at 31 December 2004, the current ratio was 1.26 (2003: 1.37) and the gearing ratio was 0.35 (2003: 0.26) which was defined as the Group's interest-bearing bank loans and finance lease payables over its total equity.

泰康人壽的項目為ChinaCast打入保險及銀行業提供了跳板。公司已在此等行業和另外一些主要行業鎖定了多個策略銷售商機，預期在二零零五年上半年可額外取得兩至三個主要客戶。ChinaCast正增聘負責銷售、市場推廣及客戶服務方面的人手，以滿足市場的需求。

ChinaCast在北京的衛星網絡營運中心的擴展工程正在進行中，公司將藉是次擴充，為DirecWay衛星中心進行最新的升級，讓系列支援雙向衛星寬頻服務，新技術將會是二零零五年的增長重點。

流動資金及財務資源

資產淨值

於二零零四年十二月三十一日，本集團之資產總值約達325,450,000港元，其中包括負債約190,306,000港元及資本及儲備約130,690,000港元。本集團於二零零四年十二月三十一日之資產淨值約為130,690,000港元，而於二零零三年十二月三十一日則約為157,173,000港元，減幅達17%。

流動資金

本集團於二零零四年十二月三十一日之現金及銀行結餘總額約為84,998,000港元（二零零三年：108,303,000港元）。於扣除銀行貸款及透支約45,617,000港元（二零零三年：約39,339,000港元）後，本集團之淨現金結餘約為39,381,000港元，而於二零零三年十二月三十一日則約為68,964,000港元。於二零零四年十二月三十一日之流動比率為1.26（二零零三年：1.37），而槓桿比率則為0.35（二零零三年：0.26），為集團之付息銀行貸款及融資租賃應付款項除以總資本及儲備。

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Charges on assets

At 31 December 2004, fixed deposits of approximately HK\$5,141,000 (2003: HK\$16,470,000) were pledged to banks to secure banking facilities granted.

Treasury policies

The Group generally finances its operations with internally generated resources and credit facilities provided by banks in Hong Kong. Subsidiaries in PRC use short-term borrowings in PRC to finance working capital, which amounted to HK\$45,617,000 as at 31 December 2004. Borrowing methods used by the Group mainly include trust receipt loans, overdrafts and term loans. The interest rates of most of these are fixed by reference to the Hong Kong Dollar Prime Rate. Both bank deposits and borrowings are mainly in Hong Kong dollars and United States dollars ("US dollars").

Contingent liabilities

At 31 December 2004, the Company had contingent liabilities in relation to guarantees given to banks in connection with facilities granted to certain subsidiaries amounting to approximately HK\$20,000,000.

As at 31 December 2004, the banking facilities granted to the subsidiaries were utilized to the extent of approximately HK\$1,170,000.

The Group has no material contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance as some of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised as at 31 December 2004 in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

資產抵押

於二零零四年十二月三十一日，本集團將約 5,141,000 港元（二零零三年：16,470,000 港元）之定期存款抵押予銀行，以取得銀行融資。

庫務政策

本集團一般透過內部資金與香港銀行給予之信貸融資提供其業務運作所需資金。位於中國之附屬公司以中國之短期借貸作為營運資金，於二零零四年十二月三十一日之金額為 45,617,000 港元。本集團採用之借貸方式主要包括信託收據貸款、透支及有期貸款。上述貸款及透支之利息大部份參照港元最優惠利率釐定。銀行存款及借貸主要以港元及美元為單位。

或然負債

於二零零四年十二月三十一日，本公司就授予若干附屬公司之融資而給予多家銀行之擔保有或然負債約 20,000,000 港元。

於二零零四年十二月三十一日，授予附屬公司之銀行融資已動用約 1,170,000 港元。

本集團就根據香港僱傭條例須支付予僱員之潛在日後長期服務金並無重大或然負債，如若干現有僱員在若干情況下終止受聘，且於本集團的服務年期已屆所規定年期，則合資格領取僱傭條例項下長期服務金。由於本公司認為該情況不大可能導致本集團於日後流出大量資源，故於二零零四年十二月三十一日並無就該等潛在款項確認撥備。

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Foreign exchange exposure

The Group mainly earns revenue and incurs costs in US dollars and Renminbi. Foreign exchange exposure of the Group is minimal as long as the policy of the Government of HKSAR to link the Hong Kong dollars to the US dollars remains in effect.

外匯風險

本集團主要以美元及人民幣賺取收益及支付費用。鑑於香港特區政府仍然實施港元與美元掛鈎之政策，故此本集團之外匯風險甚低。

Employee and remuneration policies

As at 31 December 2004, the Group employed approximately 360 full time staff in the Mainland China and Hong Kong. The Group remunerates its employees based on their performance, work experience and the prevailing market price. Performance related bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

僱員及薪酬政策

於二零零四年十二月三十一日，本集團在中國大陸及香港僱用約360名全職員工。本集團根據僱員之表現、工作經驗及現時市價釐定彼等之薪酬，並酌情發放與表現掛鈎之花紅。其他僱員福利包括強制性公積金、保險及醫療津貼、培訓計劃及購股權計劃。