
Since 1 April 2004, the Group has re-segregated its business into three principal operating business, i.e. the Distribution business, the Systems business and the Services business. Further details of such three new business segments have been disclosed in note 4 to the financial statements of the Group for the financial year ended 31 March 2005.

由二零零四年四月一日起，本集團重新劃分其三項主要經營之業務，即分銷業務、系統業務及服務業務。該三個新業務分部的進一步資料已於本集團截至二零零五年三月三十一日止年度之財務報表附註 4 內披露。



GUO Wei 郭為
President & CEO 總裁及首席執行官

NEW BUSINESS SEGMENTS

The new segmentation will provide a better perception of the characteristics, market size and profitability of each business segment, as well as the current performance and development trends of the Group's business. Accordingly, the review of results and business of the Group below is in conformity with the new business segments.

BUSINESS PERFORMANCE

During the financial year, the Group continued to focus on its three principal business by way of providing to its customers a broad variety of IT products and service solutions, and by fostering closer strategic partnerships with suppliers to explore and capitalize on market opportunities and mutually enhance operational efficiency, so as to maintain the Group's success in its leadership in terms of turnover among distributors of IT products and service providers in Mainland China. According to the analysis report of Sm@rtPartner, turnover of the Group's Distribution business and Systems business in 2004 accounted for 23% in the IT distribution market in China, representing 35% turnover among the top ten distributors and 47% turnover among the top four distributors.

新的業務分部

新的劃分可以更清晰地展示每個業務分部的特徵、市場規模、盈利能力，以及本集團業務的現狀和發展趨勢。因此，下文乃按新業務分部作出的本集團的業績與業務之檢討。

經營表現

本集團於本財年持續專注於三項主要經營之業務，為我們的客戶提供多品種IT產品和服務解決方案，同時與供應商結成更緊密的戰略夥伴，拓展、捕捉市場商機和共同提升經營效率，從而保持了作為中國內地市場IT產品分銷商和服務提供商以營業額排名之絕對領先的地位。依據Sm@rtPartner的分析報告，本集團於2004自然年分銷及系統的營業額佔整個中國IT分銷市場的23%，佔前十名分銷商營業額的35%，佔前四名分銷商營業額的47%。

For the year ended 31 March 2005, the Group's turnover was HK\$15,457 million, representing a growth of 8.26% compared to HK\$14,277 million of last financial year (where the discontinued mobile phone business is excluded, the turnover of last financial year was HK\$14,040 million, representing a growth of 10.08% in turnover). During the financial year, the Group's net profit attributable to shareholders was HK\$210 million while basic earnings per share was 24.44 HK cents. The profits attributable to shareholders last year was only HK\$34 million due to losses incurred by the mobile phone business while basic earnings per share was 3.95 HK cents. Return on shareholders' equity achieved 13.32%, a significant increase compared to 2.49% of last financial year.

Turnover and Gross Profit

The Group recorded a turnover of HK\$15,457 million for the financial year, as compared to HK\$14,277 million for the last financial year. The Distribution business contributed close to half of the turnover growth, while the IT Services business was the fastest-growing business. Group's gross profit margin rose from 6.58% for the last financial year to 7.66% for the financial year, attributable mainly to recouped gross profit margin of the Distribution business.

In order to present more clearly the mix of turnover and other revenue, income from activities other than principal operations, which had previously been reflected under expense items and interest income was consolidated and separately identified under "Other revenue and gains" in the income statement in the financial year, which comprised mainly exchange gains and losses, government grants and interest income. The Group's total income from turnover and other revenue and gains during the financial year amounted to HK\$15,505 million, compared to HK\$14,305 million for the last financial year.

截止二零零五年三月三十一日之年度，本集團錄得營業額港幣 15,457 百萬元，較上財年之港幣 14,277 百萬元，增長 8.26%（如果不包含已終止的手機業務，上財年營業額為港幣 14,040 百萬元，營業額的增長則為 10.08%）。於本財年，本集團錄得股東應佔溢利淨額港幣 210 百萬元，每股基本盈利 24.44 港仙，而上財年由於受手機業務虧損影響全年股東應佔溢利僅為港幣 34 百萬元，每股基本盈利 3.95 港仙。本財年股東資金回報率達 13.32%，較上財年之 2.49% 有大的增長。

營業額及毛利

本集團在本財年和上財年分別錄得營業額港幣 15,457 百萬元和港幣 14,277 百萬元，營業額增長的近一半來自分銷業務，而 IT 服務業務增長速度則最快。毛利率從上財年的 6.58% 升至本財年的 7.66%，主要是由於分銷業務的毛利率回到了以往水平。

為能夠更清晰地顯示營業額及其他收入的構成，於本財年，將原本體現在費用和利息收入中的來自非主營業務的收入歸集後單獨列示為其他收入及收益，主要包括匯兌收益及虧損、政府補貼和利息收入。本集團於本財年營業額及其他收入及收益之總收入為港幣 15,505 百萬元，而上財年為港幣 14,305 百萬元。

		FY 2004/05 二零零四／零五財年			FY 2003/04 二零零三／零四財年	
		Turnover 營業額 HK\$m 港幣百萬元	Turnover Growth 營業額增長	Gross Profit Margin 毛利率	Turnover 營業額 HK\$m 港幣百萬元	Gross Profit Margin 毛利率
Distribution	分銷	8,713	6.78%	5.57%	8,160	3.34%
Included: Distribution (excluding the mobile phone business)	其中：分銷 (不含手機業務)	8,713	9.97%	5.57%	7,923	4.67%
Systems	系統	4,660	9.99%	9.54%	4,237	9.72%
Services	服務	2,084	10.80%	12.19%	1,880	13.59%
Total	合計	15,457	8.26%	7.66%	14,277	6.58%

Growth in the turnover of the Distribution business was driven mainly by the four major product categories, namely consumer IT products, data projectors, PC servers and accessories. The introduction of new brands and products remained the propulsion for growth in turnover for these four product categories, especially in the case of consumer IT products, where the number of brand names under our distributorship increased from 8 in the last financial year to 15 in the financial year. Gross profit margin of the Distribution business in the last financial year was only 3.34%, which was mainly due to losses arising from the mobile phone business, excluding which the gross profit margin would have been 4.67%. Gross profit margin of the Distribution business rose to 5.57% in rebound thanks to management efforts in optimizing processes for pricing, procurement and stock management supported by an integrated performance appraisal system in the financial year.

分銷業務營業額的增長主要來自消費類IT產品、投影機、PC伺服器及附件四個產品大類。新品牌和新產品拓展仍然是上述四類產品營業額增長的直接動力，特別是消費類IT產品業務，代理的品牌從上財年的8個增至本財年的15個。分銷業務上財年之毛利率僅為3.34%，手機業務虧損是毛利率偏低的主要原因；扣除手機業務之後，毛利率則為4.67%。本財年管理層通過優化價格管理流程、採購流程、存貨管理流程和業務考核導向，使分銷業務之毛利率得以回升至5.57%。

		FY 2004/05 二零零四／零五財年	FY 2003/04 二零零三／零四財年	FY 2002/03 二零零二／零三財年
Gross Profit Margin of the Distribution Business	分銷業務毛利率	5.57%	3.34%	5.86%

After two years of continuous efforts in portfolio development, our Systems business featured an extensive range of enterprise-level products and turnover generated from this business was three times as much as that achieved by our closest competitor. Turnover growth was slower compared to the previous two years as business expansion had reached a certain scale, whereby growth was increasingly driven by the introduction of new channel customers and coverage of new regions. During the financial year, the number of channels increased 5% to over 3,700. The results of storage products and packaged software were quite outstanding, with turnover growth of 35.50% and 21.53%, respectively, benefiting primarily from overall growth in market demand. On the other hand, turnover of Unix servers and networking products recorded only slight growth of 5.28% and 1.02%, respectively, for the financial year, as major suppliers that the Group represented were confined to modest growth in the China market.

Gross profit margin of the Systems business for the financial year was slightly lower at 9.54%, as compared to 9.72% for the last financial year due to intensified market competition. The gross profit margin was maintained by enhancing its competitive edge through ongoing upgrades in technical support and servicing capabilities.

系統業務經過以往兩年的產品佈局，已經擁有最廣泛的企業級全線產品，營業額超過最有競爭力的對手達三倍。隨著業務擴張達到一定的規模，營業額的增長速度與前兩年相比有所放緩，增長的來源也更多依靠拓展渠道客戶和開闢新的地域範圍。於本財年渠道數量增加 5%，達三千七百多家。存儲設備和套裝軟件業績較為突出，較上財年分別實現 35.50% 和 21.53% 的營業額增長，主要得益於整體市場需求的增長。而 Unix 伺服器 and 網絡業務則由於代理的主要廠商在中國大陸的整體業務的增長不明顯，以致本集團於本財年在這兩個產品類別的業務中只有 5.28% 和 1.02% 的微增。

本財年系統業務實現毛利率 9.54%，較上財年之 9.72% 略有下降，體現了日益激烈的市場競爭。在這樣的環境下，系統業務主要通過持續提升技術支援和服務能力來強化競爭優勢從而保持毛利率的穩定。

		FY 2004/05 二零零四／零五財年	FY 2003/04 二零零三／零四財年	FY 2002/03 二零零二／零三財年
Gross Profit Margin of the Systems Business	系統業務毛利率	9.54 %	9.72%	9.87%

The turnover mix of application software development and hardware integration under the Services business for the financial year was basically similar to that recorded in the last financial year. However, it is noteworthy that turnover and gross profit generated from application software development and related services grew by 17.81% and 103.38%, respectively, contributing 31.74% of the segment's gross profit despite accounting for only 11.80% of the segment's revenue. The Group has assumed distinctive leadership among domestic service providers in the finance and government sectors.

本財年服務業務中應用軟件開發與硬件集成的收入結構基本延續了上財年的比例。但是應用軟件開發及相關服務業務營業額的比重儘管只佔 11.80%，其增長速度卻達到了 17.81%，且對服務業務的毛利潤的貢獻達 31.74%，毛利潤較上財年增長 103.38%。在本土服務提供商中，本集團在金融和政府行業取得了明顯的領導地位。

In the finance sector, the Group has fostered its core capabilities in IT consulting, system architectural design and project management by securing top-notch experts and managers with proven experience in the international banking business. Thus the Group was able to compete with multinational corporations at a higher level on the back of a local edge enriched by a global vision. In the taxation sector, the integrated tax collection and management system designed and implemented by the Group on behalf of the State Administration of Taxation was successfully rolled out on a nationwide basis. This product was rewarded the Grade I Award for PRC Integrated Tax Collection and Management Software Frameworks at the First Outstanding Software Component Award Ceremony of Beijing in January 2005. Meanwhile, the ARP project of the China Academy of Science was launched on a trial basis in February 2005. It is unprecedented for a government/public institution to employ Enterprise Resource Planning software to institutionalize its management processes on such a large scale. It has a lighthouse effect to the PRC government, and public institutions.

在金融業務方面，本集團通過吸納一流的擁有豐富國際銀行業經驗的專家和管理人才，形成了高水平的規劃諮詢、系統架構設計和項目管理等核心能力，使我們初步兼具國際視野和本土化優勢，得以在更高水準上參與國際企業的競爭。在稅務業務方面，由本集團負責設計和實施的國家稅務總局的稅務綜合徵管系統在全國範圍內順利推廣。在二零零五年一月北京第一屆優秀軟件構件頒獎大會上，該系統獲“中國稅收綜合徵管軟件框架”一等獎。另外，二零零五年二月，中國科學院資源規劃（ARP）項目成功試點上線。這是第一個政府與公共事業單位大規模利用ERP軟件建設管理系統的案例，它於中國政府及公共事業單位具有燈塔效益。

HK\$m 港幣百萬元		FY 2004/05 二零零四／零五財年		FY 2003/04 二零零三／零四財年	
		Application Software Development 應用軟件開發	Hardware Integration 硬件集成	Application Software Development 應用軟件開發	Hardware Integration 硬件集成
Finance	金融	81	246	85	289
Telecom	電信	32	1,087	60	793
Taxation	稅務	51	—	39	—
Government	政府	45	279	15	302
Others	其他	37	226	10	288
Total	合計	246	1,838	209	1,672

Gross profit margin of the Services business for the financial year was lower at 12.19% for the financial year compared to 13.59% for the last financial year mainly as a result of increasing competition in the hardware integration market and the recent tendency for large-scale projects to secure suppliers by way of international tenders on procurement. The Management believes that systems integration market is in the process of industry consolidation, where certain traditional system integrators are struggling to survive while others directed by customer-oriented management philosophy and equipped with proven solutions and industry know-how will embrace opportunities for growth. The Group will capitalize on such industry consolidation to enhance its business value by reinforcing its account management system, optimizing its solutions and improving its service capabilities.

服務業務於本財年的毛利率為12.19%，比上財年的13.59%有所下降，主要是由於硬件集成業務市場競爭加劇，以及大型項目近年來更多採用國際集採招標的方式。管理層認為整個集成行業正在經歷一場整合，致使部分傳統集成商在生存邊緣掙扎，同時又給真正以客戶為核心的具有行業解決方案和服務能力的專業集成商提供了成長空間。本集團將借助這個行業整固的機會，在集團內部紮實地落實客戶經理制，完善解決方案和服務能力的建設，從而提升業務價值。

Operating Expense

Change in presentation of analysis of expense

In the past, the Group's operating expenses were classified by the adoption of the nature of expenses method under four categories, namely selling expenses, promotional and advertising expenses, staff costs and other operating expenses, net.

With the Group's ongoing expansion in the Services sector, the significance of turnover contributed from the Services business to the Group's total turnover could hardly be ignored. However, the components of cost of sales of the Services business in the income statement are different from other business segments of the Group. In the case of the latter, cost of inventories sold fairly represents the cost of sales, while in the former, cost of sales not only includes cost of inventories sold, but also comprises expenses such as staff costs incurred in the services provided. Therefore, the Management is of the opinion that the function of expenses method for the financial year will provide a more relevant and appropriate analysis of expenses in the consolidated income statement. At the same time, operating expenses based on the nature of expenses method will continue to be disclosed for comparative purposes and to facilitate easy comparison.

Under the new classification, operating expenses have been categorized into selling and distribution costs, administrative expenses and other operating expenses, net. Selling and distribution costs comprise expenses incurred directly for the generation of sales (such as freight, warehousing expenses and handling charges for import and export), marketing expenses (such as advertising and marketing activities), staff costs for sales-related personnel, fixed assets related expenses, traveling expenses and entertainment expenses incurred by sales team. Administrative expenses include staff costs, fixed assets related expenses, traveling expenses and entertainment expenses incurred by the Group's functional departments. Other operating expenses, net include provision and write-off of doubtful trade receivables, provision and write-off of obsolete inventories, goodwill amortization and impairment, staff costs for R&D personnel. Depreciation separately classified in prior year's consolidated income statement has been categorized into relevant expense categories.

營運費用

費用分析呈報變更之說明

本集團的營運費用以往採用按費用性質劃分的分類方法，有銷售費用、推廣及宣傳費用、員工成本和其他營運費用淨額四類。

本集團在服務領域的持續拓展使得該部分業務的營業額佔集團整體營業額的比重已經不容忽視了。鑒於服務業務銷售成本的內容構成與分銷業務不同，後者以採購成本為主，而前者除產品的採購成本外還包括提供服務的人員的成本。本集團管理層認為於本財年採用按功能劃分費用的方法能更好地呈現本集團的營運費用，但同時繼續披露過去按性質分類的費用資訊，以便使數據有可追溯性和方便比較。

新的分類方法將費用分別為銷售及分銷成本、行政費用和其他營運費用淨額。銷售及分銷成本包含為實現銷售而直接發生的費用支出（如運輸費用、倉儲費用、進出口手續費用），市場費用（如廣告宣傳和市場活動等），和與銷售相關的人員的員工成本、與固定資產相關之費用、差旅費用和招待費用。行政費用包括集團職能部門員工成本、與固定資產相關之費用、差旅費用和招待費用。其他營運費用淨額包含應收貿易帳款呆帳撥備和撇銷、陳舊存貨撥備及撇銷、商譽攤銷及減值和研發人員的員工成本等。原本在損益表中單獨列示的折舊費用則分解到相關的功能類別中。

HK\$m 港幣百萬元		FY 2004/05 二零零四／零五財年					FY 2003/04 二零零三／零四財年				
		Full Year 全年	Q4 第四季	Q3 第三季	Q2 第二季	Q1 第一季	Full Year 全年	Q4 第四季	Q3 第三季	Q2 第二季	Q1 第一季
Other Revenue and Gains	其他收入及收益	48	20	4	7	17	28	7	12	7	2
Selling and Distribution Expenses	銷售及分銷成本	(665)	(172)	(185)	(162)	(146)	(600)	(165)	(150)	(154)	(131)
Administrative Expenses	行政費用	(220)	(64)	(57)	(51)	(48)	(190)	(43)	(53)	(56)	(38)
Other Operating Expenses, net	其他營運費用淨額	(101)	2	(16)	(29)	(58)	(104)	27	(3)	70	(198)
Total Operating Expenses	經營費用合計	(986)	(234)	(258)	(242)	(252)	(894)	(181)	(206)	(140)	(367)

Expense Analysis

For the financial year, selling and distribution costs increased 10.95% to HK\$665 million and administrative expenses increased 15.81% to HK\$220 million, respectively, while other operating expenses, net decreased 3.25% to HK\$101 million. The increase in selling and distribution costs was mainly due to increases in salaries, traveling and entertainment expenses in tandem with the organic growth in business. The increase in administrative expenses was mainly due to salary increment for non-sales personnel with a view to enhance the Group's competitiveness in the labor market.

Monitoring the trend and pace of growth in expenses remained a prime concern for the Management, who conducted thorough analysis of the costs structures for different businesses, in an effort to capitalize on economy of scale and scope by duly controlling the growth of expenses.

Financial Management

The Group's cash and bank balances at 31 March 2005 and 31 March 2004 amounted to HK\$453 million and HK\$521 million, respectively. The decrease in cash and bank balances represented net cash outflow from investing activities in excess of the sum of net cash inflows from operating activities and from financing activities. Cash outflow from investing activities mainly represented the costs of the Group's acquisition of fixed assets.

費用分析

本財年的銷售及分銷成本和行政費用分別為港幣665百萬元和港幣220百萬元，分別比上財年增加10.95%、15.81%，而本財年的其他營運費用淨額為港幣101百萬元，較上財年減少3.25%。銷售及分銷成本的增加主要來自隨業務規模增長而帶來的銷售人員的薪金、差旅費用和招待費用的增長。行政費用的增加主要是集團對非銷售人員的工薪做了調整以提高集團在工薪市場的競爭力，使管理人員的薪金有所增長。

管理層非常重視費用增長的趨勢和速度，並已經對費用結構就不同的業務做更細緻的分析，以使得費用增長得到控制，集團整體的規模效益能得到實現。

財務管理

本集團在二零零五年三月三十一日和二零零四年三月三十一日的現金及銀行結餘分別為港幣453百萬元和港幣521百萬元。現金及銀行結餘之減少是由於投資活動的支出高於經營活動所得和融資活動所得之現金淨額。投資活動所耗主要是本集團購入固定資產之成本。

The Group has a net cash inflow from operating activities of HK\$127 million for the year ended 31 March 2005, resulting from the generation of operating profit before working capital changes of HK\$314 million and increase in trade and bills payables of HK\$461 million, which were partially offset by increase in inventories and trade and bills receivables of HK\$182 million and HK\$490 million respectively. As shown in the following table for the financial year, the turnover days for inventory, trade receivables and for trade payables increased by 1.44 days, 3.89 days and 0.42 day, respectively, as compared to corresponding figures at 31 March 2004.

於二零零五年三月三十一日，經營活動所得之現金淨額港幣 127 百萬元。其中未計營運資金變動前之經營溢利達港幣 314 百萬元，應付貿易帳款上升了港幣 461 百萬元，但存貨和應收貿易帳款也分別增加港幣 182 百萬元和港幣 490 百萬元。如下表所示，本財年的存貨週轉、應收週轉、及應付週轉分別比二零零四年三月三十一日增加 1.44 天、3.89 天及 0.42 天。

Days 天數		FY 2004/05 二零零四／零五財年	FY 2003/04 二零零三／零四財年	FY 2002/03 二零零二／零三財年
Inventory Turnover	存貨週轉天數	30.08	28.64	29.75
Trade Receivable Turnover	應收貿易帳款週轉天數	43.30	39.41	40.20
Trade Payable Turnover	應付貿易帳款週轉天數	35.62	35.20	36.77
Cash Cycle	現金週轉天數	37.76	32.85	33.18

MANAGEMENT REVIEW

The Group achieved good progress in its key initiatives on core capabilities launched during the financial year, laying solid foundations for sustained development in the 2 to 3 years to come.

Plan R: a risk management system based on credit management and facilitated by process management

The Group made thorough efforts in the financial year to enhance risk management at all levels from customer credit control to accreditation of sales staff and from the monitoring of total receivables to the control for each single transaction process, as well as to design a risk performance indicator system.

管理回顧

本財年本集團圍繞著核心能力的重點工作得到了很好的推動，這為未來 2 至 3 年的持續發展奠定了較好的管理基礎。

通過 R 計劃建立“以信用管理重點，以流程管理為保障的風險管理體系”

本集團在二零零四／零五財年加強了從宏觀到微觀的風險管理，包括從客戶信用管理到銷售員資格認證管理，從應收總量到每一單銷售的流程控制，以及風險業績指標體系的設計。

Plan D: a performance-based reward system underpinned by innovative changes

During the financial year, the Management introduced performance-based annual salaries in a major revamp of the reward system for the sales team intended to encourage a change in mentality. Such revamp proved effective in motivating our staff and making each business unit an individual growth engine, as about 80% of some 40 business departments succeeded in meeting their pre-set targets.

Plan C: a customer-oriented sales management system that facilitates growth by enhancing capabilities in customer and channel marketing

During the financial year, the Group put in place a sales management platform on which to streamline its relationships with over 10,000 industry and channel customers. A sales management system catering to the needs of different customers was formed as a result, promising more innovations and stronger supervision of business results. More importantly, on this basis, a customer-oriented, systematic, strategic thinking mind-set was developed. Through a seven-step analysis, systematic studies on the needs and purchasing patterns of core customers were conducted to identify growth opportunities on a continued basis. These studies were followed by specific tactical moves in the form of product development plans and customer development plans. Based on our analysis, around 50% of individual consumers' purchases was believed to be made at conventional computer shopping centers. In order to compete for a larger market share, a differentiation strategy must be adopted. With the application of this approach, the Group is strategically prepared for business growth in the financial year 2005/06.

The financial year saw an emphasis more than ever on the Group's execution ability, which was also the major factor contributing to the Company's stable growth. More particularly, the constant progress and reinforcement of the Company's management team provided a key assurance for our overall execution ability.

FUTURE PROSPECTS

Looking to the year ahead, the Management believes that there will be opportunities as well as challenges in the market. On that basis, a customer-oriented strategy has been developed where all strategic moves of the Group are founded on the needs of end-users.

通過D計劃推動“目標導向的創新的激勵機制的變革”

管理層本財年針對營銷系統員工的激勵體系做了較大幅度的變革，實行浮動年薪制，實現了激勵思維模式的轉變。這種變革，調動了員工的積極性，使每一個業務單元都成為一個增長“發動機”，使公司40餘個事業部業績目標達成數量比率在80%左右。

以C計劃建立“以客戶為中心的銷售管理體系”，加強客戶和渠道銷售能力，實現增長

本財年本集團搭建了銷售管理的基礎平台，對超過10,000家行業和渠道客戶進行了梳理，逐步形成針對不同客戶的銷售管理體系，以加強業務創新和業績監控能力。在此基礎上，構建出一種以客戶為中心的一種系統化的戰略思維方法。通過總共七個步驟的分析方法，對目標客戶的產品需求和購買模式進行系統研究，不斷尋找業務增長空間，並把它落實到具體的戰術動作，就是產品發展計劃和客戶發展計劃。比如，通過分析，我們認為，個人消費者用戶的採購約有50%是在傳統電腦城進行的，要擴大在這一市場的份額，就必須推出差異化的競爭策略。這一方法的運用，為二零零五／零六財年的業務增長做好了策略上的準備。

本財年是神州數碼最強調執行力的一年，這也是公司之所以達成平穩增長的最主要的原因。其中，公司管理層團隊建設的不斷提高和強化，是保證整個組織執行力的關鍵。

未來展望

面對未來一年的市場形勢，管理層認為挑戰與機遇並存，並據此建立一種以客戶為中心的戰略思維方法，把最終用戶作為本集團的戰略出發點。

Under the directive of this strategy and on the basis of the Company's analysis of customer requirements, the focus of the financial year 2005/06 will be on notebook PC, data projectors, network security products, storage products and core application systems and services for banks, tax bureaux and government institutions, which represent the fastest-growing as well as most attractive market sectors at the moment.

Meanwhile, the Company will seek to enlarge its market share by developing appropriate business models to cater for different markets through market research on consumer habits and purchasing patterns. Similarly, the Group's internal management will also be re-designed on a customer-oriented basis, while process management will also focus on customer needs.

By formulating pragmatic annual plans and budgets and supporting them with a proven and effective implementation measures, the Management has every confidence to achieve stable and satisfactory growth, while further strengthening its core competency and optimizing its management infrastructure.

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\$4,887 million at 31 March 2005 which were financed by total liabilities of HK\$3,298 million, minority interests of HK\$10 million and shareholders' funds of HK\$1,579 million. The Group's current ratio at 31 March 2005 was 1.40 as compared to 1.68 at 31 March 2004.

During the year, capital expenditure of HK\$161 million were incurred for the acquisition of fixed assets and construction of office building in Beijing.

The aggregate interest-bearing borrowings as a ratio of shareholders' funds was 0.68 at 31 March 2005 as compared to 0.74 at 31 March 2004. The computation of the said ratio was based on the total interest-bearing borrowings of HK\$1,076 million (2004: HK\$1,009 million) and shareholders' funds of HK\$1,579 million (2004: HK\$1,365 million).

At 31 March 2005, all the interest-bearing borrowings of the Group were denominated in United States dollar.

在這樣一種戰略思維的指導下，二零零五／零六財年，本集團在分析客戶需求的基礎上，把產品增長點放在筆記本電腦、投影機、網絡安全產品、存儲產品、銀行稅務政府的核心應用軟件和服務業務上。這些市場是目前高速成長也是最具吸引力的市場。

同時，本集團會加大力度研究客戶的購買習慣和購買方式，針對不同市場，實現不同的銷售模式創新，以獲取市場份額的提升。同樣，本集團的內部管控模式也會以客戶為出發點去設計，流程管理的原則是要以客戶為核心。

通過制定務實的年度計劃和預算，並配套以有效的執行保障體系，本集團管理層有信心實現合理的、穩健的業績增長，同時在業務核心能力和管理基礎建設上有進一步的提升。

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。

於二零零五年三月三十一日，本集團擁有總資產港幣 4,887 百萬元，而資金來源為總負債港幣 3,298 百萬元、少數股東權益港幣 10 百萬元及股東資金港幣 1,579 百萬元。於二零零五年三月三十一日，本集團之流動比率為 1.40，而於二零零四年三月三十一日為 1.68。

於本年度內，用於購置固定資產及於北京興建辦公室大樓而產生的資本開支為港幣 161 百萬元。

有關附息貸款總額佔股東資金之比率於二零零五年三月三十一日為 0.68，而於二零零四年三月三十一日為 0.74。上述比率乃按附息貸款總額港幣 1,076 百萬元（二零零四年：港幣 1,009 百萬元）及股東資金港幣 1,579 百萬元（二零零四年：港幣 1,365 百萬元）計算。

於二零零五年三月三十一日，本集團的所有附息貸款均以美元為借款單位。

Part of the United States dollar borrowings amounting to approximately HK\$530 million was short-term bank borrowings repayable within one year and guaranteed by the Company. The rest of the United States dollar borrowings amounting to approximately HK\$546 million represented the syndicated loan (the "Syndicated Loan") repayable within four years counting from the date of the first drawdown and guaranteed by Digital China Limited, a wholly owned subsidiary of the Company. Part of the Syndicated Loan amounting to approximately HK\$273 million was repayable within one year and, therefore, was classified as current liabilities.

The Group's total available credit facilities at 31 March 2005 amounted to HK\$4,804 million, of which HK\$3,186 million were in trade lines, HK\$1,072 million were in short-term and revolving money market facilities and HK\$546 million were in transferable loan facility. At 31 March 2005, the facility drawn down was HK\$1,598 million in trade lines, HK\$351 million in short-term and revolving money market facilities and HK\$546 million in transferable loan facility.

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 were made by the customers under such performance bonds in the past, the management considers that the possibility of realization of any actual material liabilities arising from such performance bonds is remote.

HUMAN RESOURCES

At 31 March 2005, the Group had approximately 4,300 (2004: approximately 4,200) full-time employees. The majority of these employees work in the PRC. The Group offers remuneration packages in line with industry practice. Employees' remuneration includes basic salaries and bonuses. Total staff costs of approximately HK\$472 million were incurred for the year ended 31 March 2005 (2004: approximately HK\$369 million). In order to attract and retain a high calibre of capable and motivated workforce, the Company offers share options to staff based on the 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.

上述部份美元貸款（金額約為港幣530百萬元）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（金額約為港幣546百萬元）為須於首次提用日期起計四年內償還之銀團貸款（「銀團貸款」），並由本公司之一家全資擁有附屬公司神州數碼有限公司提供擔保。由於為數約為港幣273百萬元之部份銀團貸款須於一年內償還，因此已將該部份分類為流動負債。

本集團於二零零五年三月三十一日之可動用總信用額為港幣4,804百萬元，當中包括港幣3,186百萬元之貿易信用額度、港幣1,072百萬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。於二零零五年三月三十一日，本集團已動用之貿易信用額度為港幣1,598百萬元、短期及循環現金透支為港幣351百萬元，及可轉讓貸款融資港幣546百萬元。

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

於二零零五年三月三十一日，本集團約有全職僱員約4,300名（二零零四年：約4,200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。於截至二零零五年三月三十一日止年度產生之總員工成本約為港幣472百萬元（二零零四年：約港幣369百萬元）。為吸納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，向員工授出購股權。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。