

致各股東

本人謹代表大華國際(集團)有限公司(「本公司」)董事會(「董事會」),提呈本公司及各附屬公司(「本集團」)截至二零零三年三月三十一日止財政年度之全年業績。

財務業績

截至二零零三年三月三十一日止年度,本集團之營業額由去年約港幣174,900,000元下降至約港幣154,700,000元。然而,鑒於本集團實施嚴緊之成本控制措施,毛利因此由二零零二年度的約港幣24,600,000元,增加至本年度的約港幣29,500,000元,激增百份之二十。股東應佔虧損由去年的港幣101,200,000元收窄至約港幣16,000,000元。

股息

董事會不建議就截至二零零三年三月三十一日止年度派發末期股息(二零零二年:無)。

業務回顧及展望

過去一年,全球金融市場波動,失業率高踞不下,對消費意慾造成嚴重壓抑。在該經濟背景下,皮革業的整體營商環境十分困難。鑒於該等不利因素,皮革及皮革貨品的整體需求不免受到影響。此外,皮革行業競爭日趨激烈,更令本已困難的營商環境雪上加霜。

To Our Shareholders

On behalf of the Board of Directors (the "Board of Directors") of Dah Hwa International (Holdings) Limited (the "Company"), I would like to present the annual results of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2003.

Financial Results

During the year ended March 31, 2003, the Group's turnover fell to approximately HK\$154.7 million as compared to HK\$174.9 million in the previous year. However, owing to the stringent cost control policies of the Group, gross profit surged 20% from 2002's figure of about HK\$24.6 million to this year's figure of approximately HK\$29.5 million. Loss attributable to shareholders narrowed to approximately HK\$16.0 million from the previous year's figure of HK\$101.2 million.

Dividend

The Board of Directors has resolved not to recommend the payment of a final dividend for the year ended 31 March 2003 (2002: Nil).

Business Review and Prospects

The economic backdrop in the past year created a very tough environment for the entire leather industry as the fluctuations in the financial markets worldwide and stagnant unemployment rates had severely depressed consumption sentiment. Because of these adverse circumstances, the demand for leather and leather goods in general was inevitably affected. Worse still, increasingly keen competition in the leather industry further worsened the already difficult operating environment.



儘管面對上述逆境，但有賴本集團超過50年的豐富經驗，大華仍然得以繼續保持業內的領導地位。本集團為綜合皮革集團，業務遍佈全球，包括皮革貿易、皮具製造及皮具分銷。

於回顧年內，皮革貿易仍為大華的核心業務，佔本集團總營業額約百分之七十四，約為港幣113,900,000元。

目前，本集團在世界各地採購超過1,500款各式中檔至高檔的皮革。由於本集團與供應商已建立良好關係，故本集團能透過大量採購，以相宜價格搜羅各類時款優質的皮革。此等優質皮革適合製造皮鞋、手套、手袋及傢俬，並供應予香港皮革製造商及貿易商，以及出口至其他國家。

除皮革貿易業務外，本集團亦從事皮具分銷業務。截至二零零三年三月三十一日止年度，皮具分銷業務約佔本集團總營業額百分之二十，達港幣30,500,000元。

年內，本集團按原設備製造基準及以旗下品牌CAB 55、(IN)CASE及Goldcrest製造手袋、輕便袋、行李箱以及各式皮革及非皮革製品，行銷本地及海外市場。

於財政年度其後隨即爆發非典型肺炎，對消費意慾造成嚴重負面影響。現時消費開支及信心均尚未回復。該負面影響對最近數月爭取訂單情況造成打擊。但隨著時間過去，疫症已逐漸消聲匿跡，情況亦已有所改善。

Notwithstanding this negative situation, Dah Hwa successfully maintained its leading position in the industry backed by the Group's over 50 years of rich experience. The Group is an integrated leather group with businesses covering worldwide leather trading and leatherware manufacturing and distribution.

During the year under review, leather trading remained Dah Hwa's major business, accounting for approximately 74% of the Group's total turnover which amounted to approximately HK\$113.9 million.

Currently, the Group sources over 1,500 different kinds of medium to high quality leather from different regions all over the world. With well-established relationships with suppliers, it was able to source a wide variety of fashionable and exquisite leather at competitive prices through bulk purchases. Such quality leather is suitable for the manufacture of footwear, gloves, handbags and furniture and are supplied to Hong Kong leatherware manufacturers and traders as well as exported to foreign countries.

Besides leather trading, the Group also engages in leatherware distribution. That sector of business accounted for approximately 20% of the Group's total turnover for the year ended 31 March 2003, which amounted to HK\$30.5 million.

During the year, the Group manufactured handbags, casual bags, luggage as well as a wide range of leather and non leatherware products on OEM bases and also under the Group's prominent brands, CAB 55, (IN)CASE, and Goldcrest. These products are marketed in local and overseas markets.

Shortly after the financial year, the outbreak of SARS has exerted severe negative effect on consumption sentiment. Consumer spending and confidence have yet to turn around. The adverse impact has affected the orders secured in these few months. However, as time went on, the epidemic has gradually died down and the situation has improved.

於未來年度，本集團將著眼於發展潛力無窮的龐大中國市場。隨著中國成為世界貿易組織成員國，進口關稅將會繼續下調，進口限制亦會逐步解除。此外，中國的生活水準不斷提高，必定將會刺激皮具需求上升，有利於本集團向該龐大市場提供優質皮革貨品。建基於本集團的豐富經驗及在業內建立的聲譽，本集團正蓄勢爭取該等黃金機會。由於與歐美供應商及國內客戶已建立穩固關係及緊密聯繫，大華得以從歐美各國採購及引入各類新款皮革以迎合國內市場的需求，同時為有利可圖的中國市場提供優質皮革貨品。

此外，本集團計劃在中國開設以CAB 55為品牌的概念商店。CAB 55乃本集團擁有的澳洲著名品牌，以青少年為主要銷售對象，一直十分暢銷。最近，本集團積極尋求於中國分銷CAB 55產品之經銷商。基於CAB 55的成功往績，大華深信，於中國市場引入此著名品牌並提供更多元化的產品選擇將有助本集團成功進軍中國市場。

為求多元化擴展至其他非核心業務，本集團於二零零二年七月二十五日訂立一項協議，以港幣2,100,000元的代價，收購Hoome Technology Limited（「Hoome」，一間在英屬處女群島註冊成立的公司）的全部股權。Hoome的主要資產乃加港投資有限公司（一間在香港註冊成立的公司）之22%權益，而加港投資有限公司則持有上海玉佛功德園有限公司（「玉佛功德園」）的70%權益。玉佛功德園乃於一九九四年成立的合作企業，主要業務為建設、管理及經營位於中國上海市青浦區朱家角鎮淀峰村之骨灰壁龕。收購協議載有一項期權，據此，本集團有權於二零零三年八月七日前按原有代價，將所擁有Hoome之權益售回賣方。管理層認為在Hoome的投資乃收購及持有作為短期投資。

In the years to come, the Group will eye on the great PRC market, which presents tremendous development potential. With its membership in the World Trade Organization, import tariffs will continue to come down and import restrictions will gradually be lifted. More importantly, the continuous rise in living standards in the PRC will undoubtedly drive up the demand for leatherware, benefiting the Group in the provision of quality leather goods to this huge market. Building on the Group's extensive experience and reputation in the industry, it is well-positioned to capture these golden opportunities. Based on the strong relations and close association with suppliers in the West and customers in China, Dah Hwa can source and introduce new varieties of leather from Western countries to meet the market demand in China and to provide such lucrative market with quality leather merchandise.

Furthermore, the Group targets to set up "CAB 55" concept shops in China. This famous Australian brand of the Group targeting the young generation has long been very popular. At present, the Group is seeking an authorized licensee to distribute "CAB 55" goods in the PRC. Leveraging its successful experience, Dah Hwa is confident that the introduction of this well-recognized brand and its wide selection of products to the PRC market will pave the way for the Group's successful expansion into the China market.

In an attempt to diversify into other non-core businesses, on 25 July 2002, the Group entered into an agreement to acquire a 100% equity interest in a company incorporated in the British Virgin Islands, Hoome Technology Limited ("Hoome"), at a consideration of HK\$2.1 million. The principal asset of Hoome is a 22% interest in King Harbour Investment Limited, a Hong Kong incorporated company, which in turn holds a 70% interest in Shanghai Jade Buddha Garden Co., Ltd., a PRC cooperative joint venture established in 1994 ("Jade Buddha"). The principal business of Jade Buddha is construction, management and operation of a columbarium situated at Dian Feng Cun, Zhu Jia Jiao Zhen, Qig Pu Ju, Shanghai, PRC. Included in the acquisition agreement is an option whereby the Group has the right to sell the interest in Hoome back to the vendor at the original consideration before 7 August 2003. The management considers that the investment in Hoome was acquired and held as a short-term investment.



至於本集團於二零零二年悉數撇銷所佔深圳石化化纖有限公司（「深圳化纖」）股權一事，本集團正與深圳化纖合營夥伴之管理層就可行賠償條款積極磋商。本集團將繼續尋求某種形式的財務解決方案，務求收回因該項投資所導致之損失。

流動資金及財務分析

於結算日，本集團之財務狀況為手頭現金錄得港幣6,100,000元。於二零零三年三月三十一日之銀行借貸總額為港幣48,600,000元，資產負債比率（按計息借貸總額除以資產淨值計算）為0.75倍。此外，在成功推行存貨管理策略後，本集團之存貨水平下降27%至港幣24,300,000元。基於財政狀況穩健，本集團已蓄勢待發，爭取日後之商機。

匯率波動風險

本集團的銷售額主要以港幣為貨幣單位，而採購額及開支則主要以港幣、美元、人民幣及歐羅為貨幣單位。由於上述貨幣對港幣的匯率相對穩定，董事認為本集團承受的匯率波動風險相對較低，亦因此未曾參與任何對沖活動。銀行借貸以港幣、美元及小部份以澳幣為貨幣單位。

或然負債

於結算日，本公司就若干全資附屬公司所獲之銀行信用額向銀行提供擔保港幣104,600,000元（二零零二年：港幣104,600,000元），其中附屬公司所動用之銀行信用額為港幣43,900,000元（二零零二年：港幣58,700,000元）。

Regarding an equity interest in Shenzhen Petrochemical Chemical Fibres Co., Ltd. ("SPCF") which the Group had written off completely in 2002, the Group has been actively in dialogue with the management of JV Partner of SPCF on a possible compensation terms. The Group will continue to pursue for some form of financial settlement to recover the loss resulted from the investment.

Liquidity and Financial Analysis

As at Balance Sheet date, the Group financial position with cash on hand recording at HK\$6.1 million. Total bank borrowings amounted to HK\$48.6 million as at 31 March 2003, with gearing ratio (as calculated by total interest-bearing borrowings dividing by net asset value) recorded at a 0.75 times. Besides, with successful inventory management strategies in place, the Group's inventory levels dropped by 27% to HK\$24.3 million. Backed by this healthy financial position, the Group is ready to set off and grasp the opportunities ahead.

Exposure to Fluctuations in Exchange Rates

Whilst the sales of the Group is mainly denominated in Hong Kong dollars, the purchases and the expenditure were mainly in Hong Kong dollars, U.S. dollars, Renminbi and Euro. As the exchange rates of above currencies against Hong Kong dollars are relatively stable, the Directors consider that the Group's exposure to exchange fluctuations is relatively low and therefore has not engaged in any hedging activity. Bank borrowings are denominated in Hong Kong dollars, U.S. dollars and a small portion in Australian dollars.

Contingent Liabilities

At the balance sheet date, there were guarantees given to banks by the Company in respect of banking facilities extended to certain wholly owned subsidiaries amounting to HK\$104.6 million (2002: HK\$104.6 million), which were utilised by subsidiaries to the extent of HK\$43.9 million (2002: HK\$58.7 million).

人力資源

於二零零三年三月三十一日，本集團分別於香港、中國及澳洲僱用了30名、353名及24名全職員工。本集團根據員工之表現、經驗及行業概況酬報員工。本集團亦為員工提供培訓計劃等福利，使彼等更盡忠於本集團。

結算日後事項

於結算日後，本集團以總代價港幣3,650,000元出售其全資附屬公司Paragold Distributors Pty Limited（「Paragold」）以及港幣2,750,000元之負債。Paragold之主要業務為於澳洲分銷手袋及皮具。由於Paragold並非本集團之主要業務，且於過往年度出現重大虧損，故此本集團決定出售該業務以減少營運虧損。於出售後，本集團品牌（包括CAB 55、(IN)CASE及Goldcrest）於香港及中國之分銷權將繼續由大華持有，故不會對本集團之日常營運構成重大影響。

於二零零三年七月，本集團自Hoome收到港幣17,200,000元作為本集團給予Hoome之墊款之部分還款，而其後本集團已行使Hoome之一份期權並以原訂代價完成出售其擁有Hoome之權益予原擁有人。餘款港幣16,800,000元則以Hoome之股份權益按揭作抵押，並須於二零零三年十二月三十一日或之前償還。此外，本集團董事總經理李三元先生已承諾，就本集團因餘款所蒙受損失向本集團作出彌償保證。

Human Resources

As at 31 March 2003, the Group employed about 30 full-time staff in Hong Kong, 353 in the PRC and 24 in Australia. The Group remunerates employees based on their performance, experience and prevailing industry practices. It also offers benefits such as training programme to staff to enhance their sense of loyalty.

Post Balance Sheet Events

Subsequent to the year end, the Group disposed its wholly owned subsidiary Paragold Distributors Pty Limited (“Paragold”) and a debt amounting to HK\$2.75 million at a total consideration of HK\$3.65 million. Paragold’s principal business is distribution of handbags and leatherware in Australia. As Paragold is a not a major business of the Group and resulted in substantial losses in the previous years, the Group has decided to reduce the operating loss by disposal. After the disposal, the distribution right of the Group’s brands including CAB 55, (IN)CASE, and Goldcrest in Hong Kong and the PRC will still be held by Dah Hwa and will not cause material impact to the Group’s daily operations.

In July 2003, HK\$17.2 million was received by the Group from Hoome as a partial repayment to the Group’s advancement to Hoome, and subsequently the Group had exercised the option of and completed the sale of its interests in Hoome back to the original owner at the original consideration. The remaining balance of HK\$16.8 million is secured by a share mortgage over the equity of shares of Hoome and shall be repaid on or before 31 December 2003. In addition, the Managing Director of the Group, Mr. Lee Sam Yuen, John has undertaken to indemnify the Group, if any, losses suffered by the Group on the remaining balance.



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資產抵押

於結算日，本集團將賬面淨值分別約為港幣 3,400,000 元（二零零二年：港幣 3,600,000 元）及港幣 21,200,000 元（二零零二年：港幣 22,900,000 元）之投資物業與若干土地及樓宇抵押，以獲取為數約港幣 65,200,000 元（二零零二年：港幣 98,800,000 元）之一般銀行信貸額，其中為數約港幣 43,900,000 元（二零零二年：港幣 58,700,000 元）之一般銀行信貸額經已動用。

致謝

本人對各管理層及員工所作出的貢獻致以感激。本人在此亦感謝各業務夥伴及股東多年來的鼎力支持。

董事總經理

李三元

香港

二零零三年七月二十五日

Pledge of Assets

At the balance sheet date, investment property and certain land and buildings of the Group with net book values of approximately HK\$3.4 million (2002: HK\$3.6 million) and HK\$21.2 million (2002: HK\$22.9 million) respectively were pledged to secure general banking facilities to the extent of approximately HK\$65.2 million (2002: HK\$98.8 million), of which approximately HK\$43.9 million (2002: HK\$58.7 million) were utilised.

Appreciation

I would like to take this opportunity to express my appreciation to the management and staff for their dedicated effort and commitment to the Group. I would also like to express my gratitude to our business partners and shareholders for their ceaseless support.

Lee Sam Yuen, John

Managing director

Hong Kong

25 July 2003