

管理層討論及分析

業務回顧

皮革貿易

皮革貿易仍為本集團的核心業務。截至二零零一年三月三十一日止年度，皮革貿易約佔本集團總營業額百份之七十八。於回顧年內之總營業額約為港幣一億八千二百萬元。

憑藉於皮革業內擁有超過五十年之經驗，本集團已與供應商及客戶建立良好關係。藉著大量採購，本集團能以具競爭力的價格採購一系列式樣多樣化之皮革。藉本集團採購嶄新及優質的皮革，而鞏固市場領導地位及加強在業內的競爭能力。許多表現欠佳的企業在過去數年經歷調整期而遭市場淘汰。本集團在過去雖經歷市場起伏，仍能保持在市場的領導地位。

牛皮及羊皮仍然是皮具用品的主要材料。原料供應商採用經改良的技術，把蛇及駝鳥的皮紋壓印在皮革上。此外，應用最新的技術改善皮革的質素，使其更適合生產優質皮革用品。

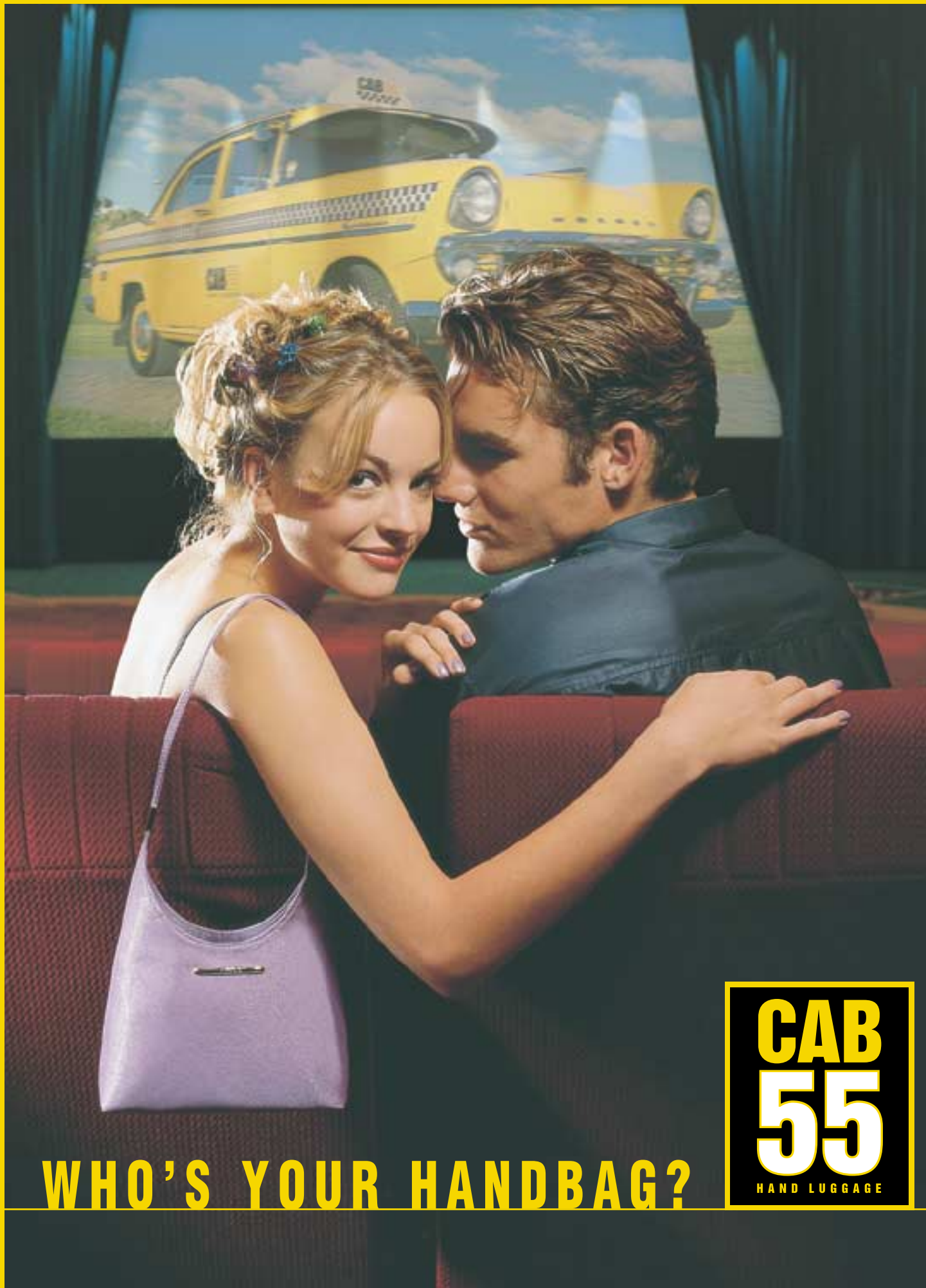
REVIEW OF OPERATIONS

Leather Trading

Leather trading is the Group's major business and accounted for approximately 78% of the total turnover for the year ended 31 March 2001. The turnover for the year under review amounted to approximately HK\$182 million.

With over 50 years' experience in the leather industry, the Group has established close relationships with its suppliers and buyers. The Group is able to source a wide variety of fashionable leather types at competitive prices through bulk purchases. The ability to secure new and high quality leather has strengthened the Group's leading position and sharpened its edge in this highly competitive industry. A number of marginal leather trading firms ceased operation after the consolidation period in the past few years. While the industry has undergone many cycles over the years, the Group has managed to successfully maintain its market leader position.

Cowhide and sheepskin are still the major materials for leatherware products. With improved technology, raw materials suppliers can now emboss snake and ostrich textures on raw hides. Furthermore, applying the latest technology, suppliers can also improve the quality of raw hides for the manufacturing of high-end quality leatherware products.



WHO'S YOUR HANDBAG?

CAB
55
HAND LUGGAGE

管理層討論及分析

本集團採購來自世界各地包括意大利、日本、英國、法國、西班牙、巴西及韓國超過一千五百款中檔至高檔的皮革如羊皮、牛皮及豬皮，適合製造皮鞋、手套、手袋、成衣及傢俬，此外亦供應香港皮革製造及貿易商及出口至其他國家。

皮革服裝及飾物日漸流行，將進一步刺激市場對牛皮、雙面皮及羊仔皮之需求。皮革不但為著名品牌之主要用料，更在大眾市場上受到廣泛歡迎，預期此潮流在未來數年仍會持續，並期待於數年後在國內掀起熱潮。董事會對皮革未來的增長前景充滿信心。

一如以往，本集團參與二零零一年亞太皮革展覽會。業內人士藉參與是次展覽會掌握業內脈膊及建立業務聯繫。本集團欣然看見市場氣氛正在好轉。本集團亦於皮革展覽會上引入大量優質皮革種類，當中獲得不少垂詢及接獲大量訂單。

皮具製造

除皮革貿易業務外，本集團亦從事皮具製造業務。截至二零零一年三月三十一日止年度，皮具製造約佔本集團總營業額百分之二十二。

The Group sources over 1,500 different variety of leathers ranging from medium to high quality leather including sheep skin, cowhide and pig skin of different finishes and thickness from different countries around the world such as Italy, Japan, the United Kingdom, France, Spain, Brazil and Korea. These quality leather are suitable for the manufacturing of footwear, gloves, handbags, garments and furniture and for supply to Hong Kong leatherware manufacturers and traders as well as for export to other countries.

The growing popularity of leather apparel and accessories further stimulated the demand for cowhide, double faced leather and shearling leathers. Leather is not only a major component for apparels of leading brands, it has become more popular among the mass market and this trend is expected to continue to grow in the years to come. A craze for leatherware is anticipated in several years in the PRC market. The Directors are optimistic that the leather demand will grow in the future.

The Group participated in the Asia Pacific Leather Fair 2001 as in previous years. This fair provides an opportunity for industry players to feel the pulse of the industry and to establish business connection. The Group noticed an improvement of market sentiment. It introduced many high quality leather types at the fair which were well-received evidenced by the numerous enquiries and considerable number of orders secured.

Leatherware Manufacturing

Apart from the leather trading business, the Group also engages in the leatherware manufacturing business which accounted for approximately 22% of the Group's total turnover for the year ended 31 March 2001.



**CAB
55**
www.cab55.com.au

管理層討論及分析

手袋之款色及顏色均緊貼時裝潮流。本集團之設計隊伍緊貼最新時裝潮流及走在時代尖端，設計出各款時尚手袋、輕便袋、行李箱，以及各種形式式的皮革及非皮革製品，以供應本地及海外市場。而所採用之原料則透過本集團之皮革貿易進行大量採購而受惠。

本集團之生產基地位於中國中山，總面積達一萬四千平方呎。皮革加工廠房每年可生產八百萬平方呎的牛皮及其他皮革，以供製造皮鞋、服裝及手袋之用。而皮具生產廠房則生產皮革手袋及其他飾物。於本財政年度內，本集團手袋與銀包及小型皮具年產量達六十萬個及一百萬個，當中約百份之五十的產品為本集團旗下品牌CAB55, (IN) CASE, Felinity, Goldcrest及Joan Weisz的產品。

截至二零零一年三月三十一日止之年度，本集團除製造悉尼奧運之官方產品外，亦為多個奧運贊助商如IBM、富士菲林及科士達啤酒等製造奧運宣傳產品。奧運產品的銷量亦與管理層預期相符，並同時為本集團帶來額外的收入。除奧運產品外，本集團自一九九九年八月獲取「花花公子」、「彩雨傘」及「NBA」品牌休閒袋之獨家製造權。

Styles and colours of handbag are closely aligned with the trend in the fashion industry. The Group has a team of designers who strive not merely to keep-in-touch with the latest fashions but to stay ahead of fashion trends. They are able to consistently turn out designs of fashionable handbags, casual bags, luggage as well as a wide range of leather and non leatherware products which are marketed in local and overseas markets. The raw materials are sourced through its leather trading operation which enjoys the bulk purchase benefit brought about by vertical integration.

The production bases are consolidated in Zhongshan, the PRC, with a total floor area of 14,000 sq. ft.. The leather processing factory can process up to 8 million sq. ft. of cowhide leather and other leathers per annum for the manufacturing of shoes, garments and handbags. The leatherware production plant produces leather handbags and accessories. In the financial year, the annual production capacity of handbags and wallets and small leather goods reached 600,000 and 1 million respectively and about 50% of the products are manufactured under the Group's prominent brands including CAB 55, (IN)CASE, Felinity, Goldcrest and Joan Weisz.

For the year ended 31 March 2001, the Group manufactured the Sydney official Olympic products as well as promotional souvenirs for numerous Olympic sponsors, such as IBM, Fuji Film and Foster Beer, etc. The sales of the 2000 Olympic products were in line with the management forecast and registered additional revenues for the Group. In addition to the Olympic products, the Group also manufactures casual bags for the "Playboy", "Arnold Palmer" and "NBA" brands since it obtained the sole manufacturing rights for these well-known brands in August 1999.



管理層討論及分析

皮具零售及分銷

皮具零售及分銷業務於截至二零零一年三月三十一日之年度內錄得穩定的增長。然而，由於澳洲貨幣匯率於回顧年內大幅下調，故本集團之皮具零售及分銷的總營業額亦受到影響。

本集團透過其在中國、香港、澳洲的零售店及歐洲的獨立顧客分銷其產品。除分銷自己品牌外，本集團亦在香港、中國、東南亞及澳洲銷售奧運產品。

此外，本集團亦將其「CAB 55」品牌授予澳洲經銷商，以製造及分銷「CAB 55」品牌太陽眼鏡、泳衣、皮鞋及休閒服，藉此加強品牌效應及多元化產品系列。「CAB 55」的產品多元化，將為本集團開創額外的收入來源。

Retail and Distribution of leatherware

The Group's retail and distribution business reported a stable growth for the year ended 31 March 2001. However, as a result of the downward adjustment of exchange rate with the Australian dollar during the year under review, the Group's turnover from retail and distribution of leatherware was affected.

The Group exported and marketed its products through its retail outlets in the PRC, Hong Kong, Australia and independent customers in Europe. Apart from distributing its own brands, the Group, with distribution rights for Olympic products in Hong Kong, the PRC, South East Asia and Australia, also carried them through these outlets.

In addition, the Group has authorized a licensee to manufacture and distribute sun glasses, swim suits, shoes and casual wear under its reputable brand "CAB 55" in Australia to maximize reach of the brand and diversify its product range. The diversification of product lines under "CAB 55" will provide an addition revenue stream to the Group.

資金流動及財務分析

基於謹慎的財務策略，使本集團能維持穩健的財務狀況。截至二零零一年三月三十一日止年度，本集團在嚴謹的成本控制措施下，手頭現金約達港幣二百九十萬元。於二零零一年三月三十一日，本集團之銀行總借貸為港幣一千一百萬元。資產負債比率為零點五九倍。由於能有效地控制庫存，故存貨量由港幣八千四百萬元下降至港幣五千三百萬元。憑藉此強勁的財務狀況，再加上其競爭優勢，本集團定必能掌握現有商機及加速業務增長之速度。

審核委員會

根據香港聯合交易所有限公司證券上市規則附錄十四之最佳應用守則，本集團已成立審核委員會，其主要職責包括檢討及監察本集團之財務匯報程序及內部監控運作。委員會由三位非執行董事孫秉樞博士、宋潤霖先生及鄭樹榮先生組成。

LIQUIDITY AND FINANCIAL ANALYSIS

Through adopting prudent financial management approach, the Group is able to maintain a healthy financial position. Applying stringent cost control measures, the Group had HK\$2.9 million cash on hand for the year ended 31 March 2001. Total bank borrowings amounted to HK\$11 million as at 31 March 2001. Gearing ratio was kept at 0.59 times. Its successful inventory management systems have helped to reduce inventory levels from HK\$84 million to HK\$53 million. Supported by its strong financial position and competitive advantages, the Group is ready to grasp the opportunities ahead and achieve robust growth.

AUDIT COMMITTEE

The Group has established an audit committee according to the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Code of Best Practice"). Principal duties of the audit committee include reviewing and supervising the Group's financial and reporting processes and internal controls. The Committee comprises three non-executive directors, Dr. Sun Ping Hsu Samson, Mr Sung Yuen Lam William and Mr Cheng Shu Wing.