

LEATHER  
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### 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」)截至二零零二年三月三十一日止財政年度之全年業績。

### 財務業績

截至二零零二年三月三十一日止年度，本集團之營業額由去年約港幣二億三千三百萬元下降至約港幣一億七千五百萬元。股東應佔虧損約為港幣一億零一百萬元。然而，由於透過採購高邊際利潤的獨特皮革使本集團之毛利率由百分之八點三增加至百分之十四點一。毛利更由二零零一年度的港幣一千九百四十萬元，增加至本年度約港幣二千四百六十萬元，激增百分之二十六。

### 股息

董事會議決不建議派發截至二零零二年三月三十一日止年度之股息(二零零一年：無)。

### 管理層討論及分析

#### 業務回顧及展望

於回顧年內，全球經濟仍處於復甦階段。美國九一一事件使本已受到疲弱消費意慾影響的皮革及一般產品的需求進一步惡化。此外，皮革行業競爭日趨激烈，使業內營商環境更趨困難。

儘管經營環境十分艱難，但憑藉本集團於皮革業內擁有超過五十年的豐富經驗，本集團仍能繼續保持領導地位。本集團為綜合皮革集團，業務範圍包括皮革貿易、皮具製造及皮具零售及分銷。

### 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 2002.

### FINANCIAL RESULTS

During the year ended 31 March 2002, the Group's turnover fell to approximately HK\$175 million as compared to approximately HK\$233 million in the previous year. Loss attributable to shareholders was approximately HK\$101 million. However, the gross profit margin increased from 8.3% to 14.1%, as the Group was able to source unique leather with high profit margins. Gross profit also surged 26% from 2001's figure of about HK\$19.4 million to this year's figure of approximately HK\$24.6 million.

### DIVIDEND

The Board of Directors has resolved not to recommend the payment of a final dividend for the year ended 31 March 2002 (2001: Nil).

### MANAGEMENT DISCUSSION AND ANALYSIS

#### BUSINESS REVIEW AND PROSPECTS

During the year under review, the global economy was still on the road of recovery. Further aggravated by the 911 terrorist attack in the United States, the demand for leather and commodities in general was inevitably affected by the stagnant consumption sentiment. Worse still, intensified competition in the leather industry further hampered the already difficult operating environment.

However, with over 50 years' experience in the leather industry, the Company successfully maintained its leading position despite the tough market conditions. The Group is an integrated leather group with businesses spreading across leather trading, leatherware manufacturing as well as the retail and distribution of leatherware products.



FAIR



於回顧年內，皮革貿易仍為本集團的核心業務，約佔本集團總營業額百份之七十二點八，約為港幣一億二千七百萬元。

鑑於本集團與供應商及客戶已建立良好的關係，故本集團能透過大量採購，以極具競爭力的價格搜羅一系列式樣多樣化及優質的皮革。更重要的是，藉著本集團在皮革業的豐富經驗，本集團能採購獨特的皮革種類，從而提昇本集團的邊際利潤及加強本集團在業內的競爭能力。

目前，本集團在世界各地包括歐洲及東南亞地區採購超過一千五百款中檔至高檔、顏色多樣化的皮革，適合製造皮鞋、手套、手袋、傢俬、供應香港皮革製造商及貿易商，以及出口至其他國家。

由於中華人民共和國（「中國」）已加入世界貿易組織，入口關稅將會進一步調低，而若干入口限制亦將會被撤消。此外，中國的生活質素日漸提高，對皮革的需求亦將會上升。本集團已準備就緒以把握此等機遇。建基於本集團之豐富經驗及在行內已建立之聲譽，本集團秉承一貫作為中介商的策略，不斷從外國採購及引入嶄新種類的皮革，以迎合中國市場的需求。

除皮革貿易業務外，本集團亦從事皮具製造業務。截至二零零二年三月三十一日止年度，皮具製造約佔本集團總營業額百份之五點一。

於回顧年內，本集團以旗下品牌CAB55、(IN)CASE、Goldcrest及Joan Weisz製造手袋、輕便袋，以及各種形形式式的皮革及非皮革製品。

本集團之設計隊伍緊貼最新潮流，不斷推出一系列時尚產品。這些產品在本地及海外市場均有銷售。

During the review year, leather trading remained the Group's major business and accounted for approximately 72.8% of the Group's total turnover, amounting to approximately HK\$127 million.

In view of the well-established relationships with its suppliers and buyers, the Group was able to source a wide variety of fashionable and exquisite leather at competitive prices through bulk purchases. More importantly, backed by its rich experience in the leather industry, the Group secured unique leather items which provide high gross margins and sharpened its edge in this highly competitive industry.

Currently, the Group sources over 1,500 different kinds of medium to high quality leather of various colors from different regions in the world, which include Europe and South East Asia. The 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.

In view of the membership of the People's Republic of China ("PRC") in the World Trade Organization, import tariffs will continue to come down and certain import restrictions will be lifted. Additionally, with the continuous rise in living standards in the PRC, the demand for leather will rise. The Group is positioned to capture these opportunities. Building on the Group's extensive experience and reputation, it is the Group's strategy to act as a middleman to source and introduce new varieties of leather from Western countries to meet the market demands in the PRC.

Apart from leather trading, the Group also engages in leatherware manufacturing which accounted for approximately 5.1% of the Group's total turnover for the year ended 31 March 2002.

For the year under review, the Group manufactured handbags, casual bags, as well as a wide range of leather and non leatherware products under the Group's prominent brands, CAB 55, (IN)CASE, Goldcrest and Joan Weisz.

With a team of in-house designers who strive to keep-in-touch with the latest fashion, a range of fashionable products continue to roll off the production line. These products are marketed in local and overseas markets.



此外，本集團之經銷商負責於澳洲製造及分銷其著名CAB55品牌的太陽眼鏡。本集團現正就泳衣及其他時裝產品之製造及分銷權而進行洽商。

本集團計劃在中國開設以CAB 55為品牌之概念商店。CAB 55乃本集團擁有的澳洲著名品牌，並主要以青少年為銷售對象。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，本集團計劃於中國引入此著名品牌並提供更多元化的產品選擇。

隨著中國成功奪得二零零八年奧林匹克運動會的主辦權，本集團將把握拓展中國市場的黃金機會。基於本集團成功生產及分銷二零零零年悉尼奧運會之官方手提袋、行李箱及有關飾物的經驗，本集團將積極爭取在二零零八年於北京舉辦奧運會之皮革用品製造及分銷權。

### 資金流動及財務分析

於回顧年內，本集團之財政狀況有顯著的改善。手頭現金由港幣二百九十萬元增加至港幣二千七百二十萬元。本集團堅守謹慎的會計政策，決定計算聯營公司之虧損，總數約為港幣五千四百萬元。於二零零二年三月三十一日，本集團之銀行總借貸為港幣六千二百萬元。資產負債比率以總附息借貸除資產淨值計算穩定地維持在零點七七倍。此外，本集團能有效地控制庫存，故存貨量由港幣五千三百九十萬元下降至港幣三千三百二十萬元。憑藉此強勁的財務狀況，再加上本集團的競爭優勢，本集團已準備就緒以掌握現有商機及加速業務增長之步伐。

本公司與配售代理於二零零一年六月十八日訂立配售及包銷協議。據此，配售代理代表本公司向獨立承配人配售合共五千萬股新股份，每股配售股份之價格為零點一三港元。配售事項已獲配售代理全數包銷。

Additionally, an authorized licensee of the Group was responsible for manufacturing and distributing the Group's famous "CAB 55" brand sunglasses in Australia. Discussions are underway for further cooperation in other product lines including swimwear and other fashion items.

The Group also plans to establish "CAB 55" concept shops in the PRC. "CAB 55" is a famous Australian brand owned by the Group which targets at the young generation. Currently, the Group is looking for an authorized licensee to distribute "CAB 55" goods in the PRC. Leveraging on the Group's successful experience, the Group plans to introduce this well-known brand and its wide selection of products to the PRC market.

With the PRC's hosting of the 2008 Olympics, a golden opportunity has emerged for the Group to further expand into the PRC market. Armed with the successful experience gained in the manufacture and distribution of the official Olympic bags, luggage and related accessories for the 2000 Sydney Olympics, the Group would seek the opportunity to bid for the manufacturing and distribution rights in the forthcoming 2008 Beijing Olympic Games.

### LIQUIDITY AND FINANCIAL ANALYSIS

During the year under review, the Group's financial position significantly improved with cash on hand surging from about HK\$2.9 million to HK\$27.2 million. Adhering to the Group's prudent accounting policy, the Group decided to account for the loss of the associate, of which the total amount is approximately HK\$54 million. Total bank borrowings amounted to HK\$62 million as at 31 March 2002. The gearing ratio (as calculated by net asset value dividing total interest-bearing borrowings) was maintained at a stable level at 0.77 times. Besides, the Group's successful inventory management resulted in inventory levels dropping from HK\$53.9 million to HK\$33.2 million. Supported by its strong financial position and competitive advantages, the Group is ready to grasp the opportunities ahead and achieve robust growth.

On 18 June 2001, the Company entered into a placing and underwriting agreement with a placing agent, pursuant to which an aggregate of 50,000,000 new shares was placed by the placing agent on behalf of the Group at the price of HK\$0.13 per share with independent placees. The placing was fully underwritten by the placing agent.





### 資產抵押

本集團將賬面淨值分別約為港幣三百六十萬元(二零零一年：港幣三百八十萬元)及港幣二千二百九十萬元(二零零一年：港幣四千一百四十萬元)之投資物業與若干土地及樓宇作抵押，作為取得銀行授出為數約港幣九千八百八十萬元之一般銀行備用信貸(二零零一年：港幣九千七百五十萬元)。

### 人力資源

於二零零二年三月三十一日，本集團分別於香港、中國及澳洲僱用了三十二名、三百四十七名及三十四名全職員工。本集團根據員工之表現、經驗及行業概況酬報員工。為增加員工對本集團之歸屬感，所有員工均享有本公司之購股權計劃。此外，本集團亦定期為員工提供培訓計劃，以改善及加強其行業知識及技能。

### 追悼

大華前主席李達先生於二零零一年十二月十七日辭世。李先生一直不遺餘力，使大華在香港皮革業奠定領導地位。本人謹代表董事會對其彼作的貢獻致以衷心感謝。

### 致謝

本人對各管理層及員工所作出的貢獻致以感激。最後，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  
二零零二年七月十九日

### PLEDGE OF ASSETS

The Group has pledged its investment property and certain land and buildings having a net book value of approximately HK\$3.6 million (2001: HK\$3.8 million) and HK\$22.9 million (2001: HK\$41.4 million) respectively to secure general banking facilities granted by banks to the extent of about HK\$98.8 million (2001: HK\$97.5 million).

### HUMAN RESOURCES

As at 31 March 2002, the Group employed 32 full-time staff in Hong Kong, 347 in the PRC and 34 in Australia. The Group remunerates employees based on their performance, experience and prevailing industry practices. In order to enhance commitment to the Group, employees are eligible to participate in the share option scheme adopted by the Company. The Group also provides training programmes to its employees from time to time to improve and broaden their knowledge and skills in the industry.

### MEMORIAL

On 17 December 2001, Mr. Lee Deh, the Company's then Chairman, passed away. Owing to his devotion to the Group, the Company has developed into a leading leather group in Hong Kong. On behalf of the Board of Directors, I would like to express our sincere thanks to his contribution to the Company.

### APPRECIATION

I would also like to extend my appreciation to our management and staff for their dedication and commitment to the Group. Finally, I would like to express my gratitude to our business partners and shareholders for their continuous support.

LEE SAM YUEN, JOHN  
Managing Director

Hong Kong  
19 July 2002



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