

業務回顧

集團二零零一／二零零二年上半年財政年度的營業額約為156,605,000港元，跟去年同期之156,679,000港元持平，股東應佔綜合虧損約為5,672,000港元，而去年同期之股東應佔綜合溢利則約為479,000港元。上半年春夏季一般為皮鞋零售業低潮，正常情況下也會比下半年秋冬季遜色；這次中期業績較去年同期為差，出現虧損，主因在於美國經濟出現倒退，進一步打擊香港消費信心，適逢去年秋冬季集團於香港零售業務採取薄利多銷政策，貨底增加，為免積壓存貨，不得不割價傾銷，毛利率下降。集團亦相應採取應變措施，大幅節約銷售及分銷成本，及籌備新品牌，新產品在國內市場推出，以彌補香港零售業務之惡化。籌備工作也引致一般及行政開支輕微增加。集團之共同控制實體房地產業務，由於利潤較高及較大型之單位，在下半年才銷售，上半年財政年度只錄得輕微進賬，亦引致業績倒退之局面。

BUSINESS REVIEW

For the first half of the 2001/2002 financial year, the Group's turnover was approximately HK\$156,605,000, maintaining the same level with the corresponding period last year at HK\$156,679,000. The consolidated loss attributable to shareholders was approximately HK\$5,672,000 as compared with the consolidated profit attributable to shareholders of approximately HK\$479,000 for the same period last year. The Spring/Summer season was traditionally a low season for the shoes retail business, and performance would be more subdued than that in Autumn/Winter at normal times. However, the main reason for the decline in interim results which recorded a loss as compared to the corresponding period last year was the downturn of the U.S. economy, which further shaken consumers' confidence in Hong Kong. Coincide with the adoption of policy of lower margin/higher volume for our retail business in Hong Kong starting last Autumn/Winter season, we had to cut our price to stimulate turnover at the expense of lower profit margin in order to avoid overstocking as a result of increased supply. In response to such market conditions, the Group also took measures to reduce the costs of sales and distribution significantly and prepared for the launch of new brandnames and new products in the Mainland China so as to compensate for the deterioration of the retail business in Hong Kong. Such preparation work also caused a slight increase in the general and administrative costs. The real estate business of the Group's jointly controlled entity recorded a decline in its results as the larger units which would generate higher return were put for sale only in the second half of the year. The modest revenue from this division in the first half of the financial year also explained partly the setback of the Group's results.

業務回顧(續)

香港零售業務之營業額上半年財政年度錄得約68,043,000港元，去年同期約為76,860,000港元，整體約下降11%。虧損則由於上述原因，從去年同期約8,690,000港元，拓闊至15,660,000港元。

國內皮鞋業務之營業額，上半年財政年度錄得約82,956,000港元，較去年同期之74,921,000港元，上升11%，主要來自特許經營業務。溢利從去年同期之12,233,000港元，下降至上半年財政年度之7,675,000港元，原因在於貨底增加壓力因而採取減價促銷與及籌備新品牌及新產品等之額外皮費。鞋廠方面亦因應情況，減產以舒緩存貨壓力，生產利潤方面亦導致減低。

國內地產發展業務方面，除了上述賬目上已反映集團之共同控制實體之收益外，以長期投資方式處理之「碧桂花城」，銷售情況相當理想，截至二零零一年十月中為止，營業額已達10億元人民幣水平，已售出單位總數之六成至七成左右，亦正跟進資金回籠安排。

BUSINESS REVIEW (Continued)

Turnover of the Hong Kong retail business recorded in the first half of the financial year amounted to approximately HK\$68,043,000, a decline of approximately 11% when compared to approximately HK\$76,860,000 the same period last year. Due to the above reasons, loss for the period increased to HK\$15,660,000 from approximately HK\$8,690,000 for the same period last year.

Turnover of the shoes business of Mainland China was approximately HK\$82,956,000 for the first half of the financial year, an increase of 11% from HK\$74,921,000 for the same period last year. The increase mainly came from the franchising business. Profit from this division declined to HK\$7,675,000 from HK\$12,233,000 the same period last year. The reasons for the decline were increased inventory pressure which forced us to cut price for boosting sales, as well as the additional cost incurred from the launching of new brandnames, new products, etc. In view of such situation, the shoes manufacturing arm also scaled down its production to alleviate the inventory pressure. Profit from shoes manufacturing dropped as a result.

As for the property development business in Mainland China, apart from the revenues reflected in the accounts of the Group's jointly controlled entity as mentioned above, the sale of Flower Community Country Garden, which was accounted for as long-term investments, was very promising. As at mid-October 2001, sales amounted to RMB1 billion with 60% to 70% of units already sold. Arrangement for back-flow of funds was in progress.

流動資金及財務資源

財政方面，集團繼續採取穩健理財作風。除刻意減低存貨外，期末其餘淨流動資產跟期初相若，亦控制在健康水平。存貨則從期初之 178,369,000 港元水平，遞減至八月底之 159,090,000 港元水平，下降 11%。

集團之銀行貸款及透支以港幣、人民幣、意大利里拉及歐羅為主，期末時此等借貸之年息率維持在 4% 至 7% 之範圍，集團多以遠期外匯合約形式以對沖在海外採購及其相關之債務及銀行借貸在外匯浮動上之風險。在國內之收入及國內資產所產生人民幣這幣值之外匯浮動風險，集團之財務政策是盡快將盈餘匯回香港轉為港幣以策安全。兼且，在有可能之情況下，國內業務之營運資金需求，則盡量在國內向當地銀行以人民幣借貸，以對沖其外匯浮動風險。

集團在期末的負債比率為 0.134 (二零零一年二月二十八日：0.092)，此比率以集團銀行借貸 56,947,000 港元 (二零零一年二月二十八日：40,087,000 港元) 及股東資金 424,425,000 港元 (二零零一年二月二十八日：434,583,000 港元) 計算。

$$\text{負債比率} = \frac{\text{銀行借貸}}{\text{股東資金}}$$

除此以外，其餘財政指標亦控制在安全，健康之範圍。

主要財政指標與過往期間相比，並無重大改變。

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to adopt prudent financial policies during the year. Apart from our efforts in lowering the inventory level, other net current assets at the period end was almost the same as at the beginning of the period and was maintained at a sound level. Inventory decreased to HK\$159,090,000 at end-August from HK\$178,369,000 at the beginning of the period, a decline of 11%.

Bank loans and overdraft were borrowed in Hong Kong Dollars, Renminbi, Italian Lire and Euro. The annual interest rate of the borrowings at the period end ranged from 4% to 7%. Forward contracts were used, if necessary, for hedging the exchange risks of purchases from overseas, related debts and bank borrowings. With regards to Renminbi currency exposures on revenues generated or assets located in the Mainland China, surplus cash were remitted to Hong Kong and converted to Hong Kong dollars which is our base currency as soon as possible. In addition, working capital requirement for business in the Mainland China were mainly financed by local banks loans denominated in Renminbi as far as possible for hedging purpose.

The Group's gearing ratio at the period end was 0.134 (28th February 2001: 0.092), basing on the bank borrowings of HK\$56,947,000 (28th February 2001: HK\$40,087,000) and shareholders' funds of HK\$424,425,000 (28th February 2001: HK\$434,583,000).

$$\text{Gearing ratio} = \frac{\text{Bank Borrowings}}{\text{Shareholders' Funds}}$$

In addition, other financial indicators were maintained at a relatively safe and healthy level.

No significant changes were noted in the main financial indicators compared with prior periods.

展望

展望未來的皮鞋業務，集團將繼續利用現時品牌的知名度及銷售網絡，繼續拓闊產品種類及增加品牌，以刺激消費者的購買意慾。

下半年財政年度，相繼有「Comfort & Easy」日本品味女裝皮鞋及手袋新品牌於國內市場推出，「Right Angle」化妝品新品牌同時面世；「Nat's」也在國內開拓特許經營業務等，以作為中國加入世貿之未雨綢繆部署；同時，「Le Saunda」這深入民心品牌，亦開拓產品經營權業務，外判經營權予眼鏡、手錶、室內用品等供應商，收取經營權專利費用，作為國內市場開源安排。

隨著中國大陸加入世貿之時間日漸接近，本集團正積極探索中國加入世貿所帶來之商機，並將繼續採取一切必要措施，令本集團業務配合中國法規演變步伐。

海外市場方面，亦拓展出口及「Le Saunda」特許經營業務，繼續邁向國際化。

香港零售業務，受經濟不明朗，消費意慾低迷等情況影響，將繼續面對嚴峻考驗，市場策略亦有所修正，盡量滿足消費者需求。款式增加、貨量減少、增強售貨員之銷售技巧培訓以提高服務質素等改革，正在推行。加上存貨量亦逐漸回復健康水平，亦踏入秋冬季皮鞋業旺季，近期業務表現有所改善，毛利率及營業額均已回頭上升。

PROSPECTS

Looking into the future shoes business, the Group will further leverage on its brand recognition and sales network to increase the product range as well as brands to stimulate consumption.

During the second half of the financial year, a series of new products are coming on stream, namely the new brandname "Comfort & Easy", the ladies' shoes and handbag line in Japanese style, will be marketed in Mainland China; the new cosmetics brand "Right Angle" will also be launched at the same time; and "Nat's" is actively exploring the opportunity for franchising business in the Mainland to allow us to be positioned for the imminent entry of China into the WTO. Meanwhile, Le Saunda as a well recognized brandname is also developing its licensing business, inviting licensees for its products including optical glasses, watches, household products, etc for royalty, so as to broaden its revenue base in the Mainland China.

While the Mainland China is more and more approaching to the entry into the WTO, the Group continues to explore any opportunity that China's entry into the WTO may bring and will continue to take any necessary actions to keep the Group in pace with the development of the rules and regulations of the Mainland China.

As for overseas markets, the Group is also expanding export trade and the "Le Saunda" brandname franchising business while continuing to build up our international exposure.

The retail business in Hong Kong, being affected by uncertainties in the economy and depressed consumer sentiment, will remain difficult and full of challenges. Our marketing strategy has been modified to meet consumers' demand. New measures which include the offering of more stylish designs, reducing inventory, conducting training to salespersons to enhance their sales skills and service quality, etc. are being implemented. As inventory gradually returns to a normal and healthy level and the Autumn/Winter peak season for shoes business is near, the Group's performance has improved recently in terms of both profit margin and sales.

展望(續)

綜合而言，管理層相信國內皮鞋業務及地產發展業務，下半年財政年度將繼續往年情況，有不俗表現。香港零售業務，集團將努力尋求突破，回復昔日光輝。

僱員

於二零零一年八月三十一日，本集團共聘用1,580名僱員，其中164人駐於香港，其餘1,416人於中國。本集團為全體僱員提供完善之培訓計劃，並聘請顧問擔任導師，使培訓計劃更臻善美。

本集團每年均會檢討職員之薪酬福利，並會按個別職員之表現發給花紅及授予優先認股權。

買賣本公司之上市股份

在截至二零零一年八月三十一日止六個月，本公司及其任何附屬公司概無購買、出售或贖回任何本公司的上市股份。

審核委員會

審核委員會與管理層已經審閱本集團之會計原則及慣例，並與董事商討過內部監控與財務申報事宜，包括審閱截至二零零一年八月三十一日止六個月未經審核中期賬目。

最佳應用守則

除各非執行董事無指定任期並輪值告退外，本公司各董事並不察覺任何資料足以顯示本集團目前或截至二零零一年八月三十一日止六個月內任何時間不遵守香港聯合交易所有限公司證券上市規則附錄14。

承董事會命
董事總經理
徐群好

香港，二零零一年十月二十九日

PROSPECTS (Continued)

On the whole, the management is confident that our shoes and property development businesses in the Mainland China will retain their previous strong performance in the second half of the year. As for our retail business in Hong Kong, the Group will strike for a breakthrough in the hope of recovering our past glamour.

EMPLOYEES

At 31st August 2001, the Group has a total of 1,580 employees of which 164 are based in Hong Kong and 1,416 based in China. The Group has structured training programs provided for all employees. Outside consultants are invited as lecturers to enrich the scope of the programs.

Remuneration packages are updated on a periodic basis. Employees are rewarded with bonuses and share options according to the assessment of individual performance.

DEALINGS IN THE COMPANY'S LISTED SHARES

During the six months ended 31st August 2001, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed shares.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 31st August 2001 with the directors.

CODE OF BEST PRACTICE

With the exception that Non-executive Directors have not been appointed for a specific term of office but retire from office on a rotational basis, the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 31st August 2001.

By Order of the Board
Chui Kwan Ho Jacky
Managing Director

Hong Kong, 29th October 2001