

11. COMMITMENTS

	30th June, 2002 US\$'000	31st December, 2001 US\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of the purchase of property, plant and equipment	81	178

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of 1 Hong Kong cent per ordinary share for the six months ended 30th June, 2002 to shareholders whose names appear on the register of members on 11th October, 2002. The dividend warrants will be sent to shareholders on or before 18th October, 2002.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 8th October, 2002 to Friday, 11th October, 2002, both days inclusive, during which no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrars, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong not later than 4:00 p.m. on Monday, 7th October, 2002.

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30th June, 2002, the Group's turnover was US\$50,868,000, and the Group's net profit attributable to shareholders was US\$3,172,000.

Stepping into 2002, US consumers were still in soft confidence and the overall market sentiment was downcast. On the other hand, the footwear market was still dampened by the European quota system as importers without import quota having difficulty in sourcing footwear products from the PRC. Hence, export of the Group's product to Europe was significantly affected. In the whole, the global economy continued to be sluggish, momentum of recovery was draggy, all attributing to the downturn of the Group's turnover.

Although the turnover decreased and the net profit margin lowered from 7% in 2001 to 6% in 2002, the ratio of operating profits (EBITDA) to turnover increased from 17% in 2001 to 18% in 2002, the management is still strict in cost control.

The Directors remain cautious to results for the second half of 2002. The Directors considers that turnover in 2002 would be the lowest for the years. With the growth of its business and the addition of the Japan market, the Directors expect that turnover will record a positive growth by 2003. With the recovery of the US economy next year and the lifting of the European import quota in early 2005, the Group expects that turnover will have continuous growth in 2004 and 2005.