

**11. COMMITMENTS**

	<b>30th June, 2002 US\$'000</b>	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	<b>81</b>	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.

**BUSINESS REVIEW AND PROSPECTS** *(Continued)*

In July 2002, the Group acquired a Japan listed footwear distributor, Secaicho Corporation, at a consideration of more than US\$5 million by way of new issue of shares. This company is of over 80 years' history, and owns enormous sales network in Japan, as well as its own brand name Topaz, and was authorized sales brand names such as Elle and Champion. Secaicho becomes the Group's strategic partner in Japan and obtained syndicate effect, which enables the Group effectively explore the footwear market of Japan, and the Group with Secaicho will be agent for overseas brand names for sales in Japan and the Asian Region.

**LIQUIDITY AND FINANCIAL RESOURCES**

As at 30th June 2002, the Group's total assets is US\$155,171,000, including current liabilities of US\$37,660,000, long term liabilities of US\$12,131,000 and shareholders' fund of US\$105,379,000. The current ratio was approximately 1.62 times and the ratio of total bank borrowings to shareholders' fund was 26%. The Group services its debts primarily through cashflow generated from its operation. The Directors believe that the Group has maintained sufficient working capital for its operation and future expansion.

**DIRECTORS' INTERESTS IN SHARES**

At 30th June, 2002, the interests of the directors and their associates in the share capital of the Company and its associated corporations within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance, were as follows:

<b>Name of director</b>	<b>Nature of interest</b>	<b>Number of shares</b>
Mr. Thomas Wu Chen San	Personal	<i>(Note 1)</i>
Mr. Michael Wu Jenn Chang	Corporate	<i>(Note 1)</i>
	Personal	1,000 ordinary shares of Topstair International (Taiwan) Ltd.
	Family <i>(Note 2)</i>	1,000 ordinary shares of Topstair International (Taiwan) Ltd.
Mr. Jackson Wu Jenn Tzong	Corporate	<i>(Note 1)</i>
	Personal	1,000 ordinary shares of Topstair International (Taiwan) Ltd.
	Family <i>(Note 2)</i>	1,000 ordinary shares of Topstair International (Taiwan) Ltd.
Mr. Arthur Yang Chih Chieh	Corporate	<i>(Note 1)</i>
	Family <i>(Note 3)</i>	7,193,970 ordinary shares of the Company