

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, 2003 to shareholders whose names appear on the register of members on 24th October, 2003. The dividend warrants will be sent to shareholders on or before 31st October, 2003.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 21st October, 2003 to Friday, 24th October, 2003, 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 G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 20th October, 2003.

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30th June 2003, the Group's turnover was US\$60,405,000, and the Group's net profit attributable to shareholders was US\$3,817,000.

Stepping into 2003, the Group recorded more orders as there were indications of recovery over the US retail market when wholesale retailers increasing their purchases to replenish stock in order to meet consumers' demand. The Group's turnover for the first-half year rose 19% as compared with the corresponding period last year. The profit margin was 6.3%, at a level similar to that of last year.

As to results for the second-half year of 2003, the Directors hold guarded optimism and, owing to the fact that orders from main customers continue to increase and that the US economy sees gradual resurgence, anticipate the annual turnover to rise. The Directors consider that the turnover in 2002 is at its all-time low and is expected to improve in 2003 and 2004.

We have made it our strategy to focus on our own line of business, devoting our mind to existing branded customers and to serving them with more enthusiasm, which functions as the foundation for enhanced business partnership. Despite intensive market competition, we will further our stringent cost control to improve efficiency and to increase return to the shareholders.

BUSINESS REVIEW AND PROSPECTS *(Continued)*

Secaicho Corporation, the Group's investment in Japan, in short supply of short-term capital turnover, has filed an application to Osaka Court for corporate reorganisation on 30th July, 2003. According to the application for reorganisation, the Corporation's assets is under protection and negotiations with creditor banks for debt-alleviation and interests reduction will take place. Secaicho keeps purchasing shoes from the Group and is operating normally. On the other hand, the Group keeps delivering shoes against receipt of L/C as usual. There is no issue of trade receivables between the Group and Secaicho.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June 2003, the Group's total assets was US\$161,408,000, current liabilities was US\$41,586,000, long term liabilities was US\$12,996,000 and shareholders' funds was US\$106,825,000. The current ratio was approximately 1.65 times and the ratio of net bank borrowings to shareholders' fund was 13%. 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.