

In less than one year, the industrial site in Zhangjiabian, Zhongshan, with a total area of 91,000 square metres, was converted into the Group's modern manufacturing complex.

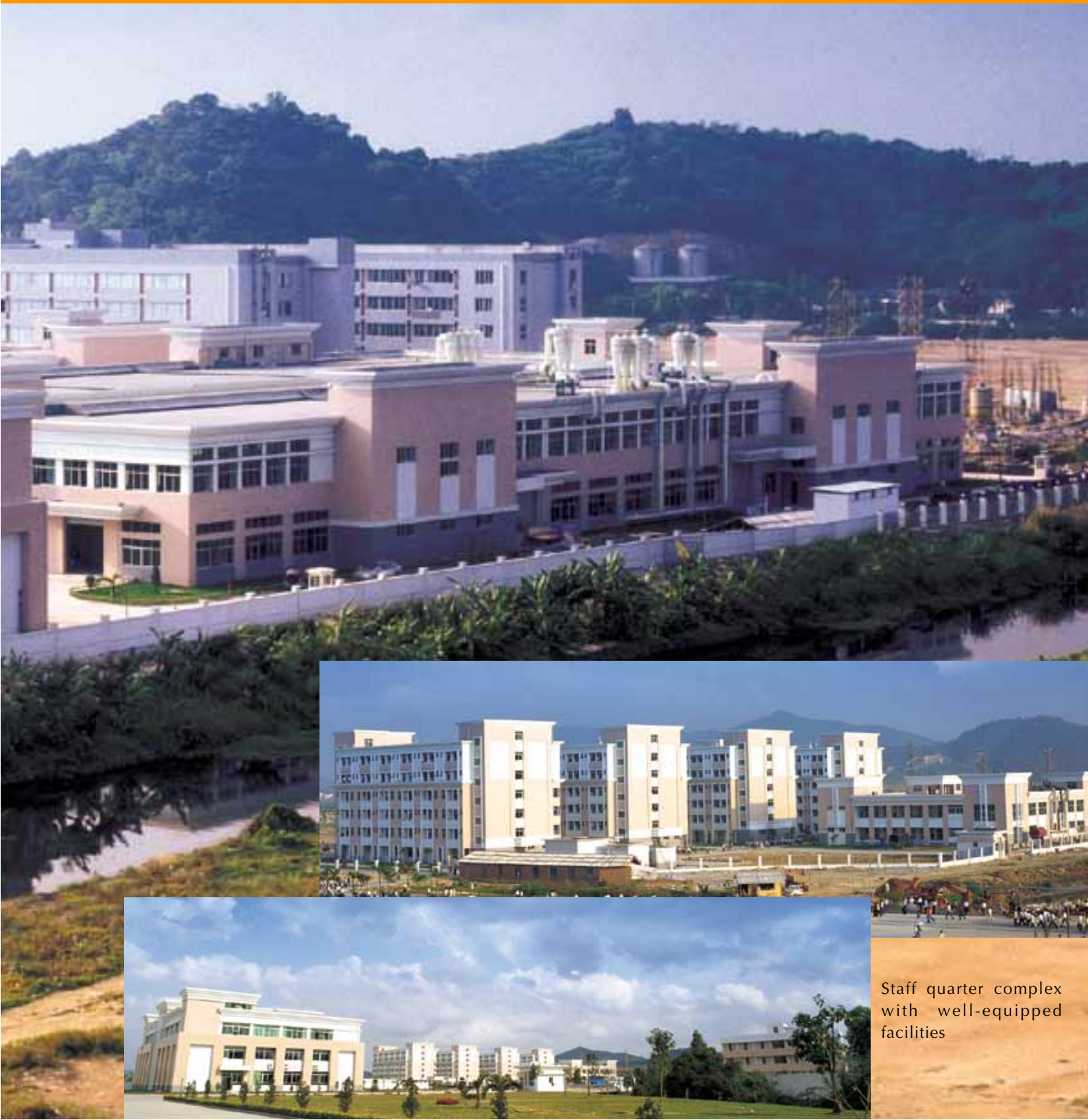
These eight new additional production lines will double the manufacturing capacity of the Group to 1 million pairs of shoes per month.



To satisfy the 21st Century International Standard, the Group emphasizes on:

- Safe and pleasant working environment and welfare for our staff
- Diversified product lines

- Up-to-date manufacturing equipment and quality control procedure
- Modern management information system
- Human resources development



Staff quarter complex with well-equipped facilities

our motto

Quality Assurance is of paramount importance. Material tests are performed in Quality Control Laboratory by using advanced tools. QC check stations are established in each manufacturing process.



Quality Efficiency

To manufacture rubber soles, natural or synthetic rubber and colour pigments are blended in a kneader and then rolled in a rolling machine to form rubber sheets before pressing, slicing and cutting into required shapes. The midsole and the outsole are then trimmed, polished and pressed together to create a complete sole unit.

Uppers are mostly made of leather. Different parts of the uppers are cut by mechanical presses before being stitched together for further processing.

Management meets regularly to discuss customers' requirements and improve production procedure.



& Management

means

SUCCESS

to our business.....

Customers relations and satisfaction are our key concerns. The Group will strive for the corporate commitment of “Quality, Efficiency and Management” to achieve accelerating growth within the global footwear market.

CHAIRMAN'S STATEMENT



I am pleased to present to the shareholders the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2000.

PERFORMANCE HIGHLIGHT

During the year under review, the Group's audited consolidated profit attributable to shareholders amounted to approximately HK\$36.4 million. The turnover of the Group for the year ended 31 December 2000 was approximately HK\$635 million, representing an increase of approximately 30% as compared to 1999. Notwithstanding the double digit increase in turnover, the drop in profit by approximately 25% as compared with last year was mainly resulting from the making of prudent provisions in the diminution in value of assets and against the outstanding debt of a major account, which is currently undergoing financial restructuring.

Details of the Group's activities and analysis for the year under review and the prospects of the Group are set out in the "Management Discussion and Analysis" of this report.

FINAL DIVIDEND

The Board of Directors of the Company has resolved to recommend the payment of a final dividend of 0.5 Hong Kong Cent per share for the year ended 31 December 2000 (1999: Nil) to shareholders whose names appear on the register of members of the Company as at the close of business on 29 May 2001 ("Record Date"). Subject to the approval of

the shareholders at the forthcoming annual general meeting of the Company to be held on the Record Date, the final dividend is expected to be paid to shareholders by post on or about 15 June 2001.

CLOSE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 May 2001 to 29 May 2001, both days inclusive, during which period no share transfers will be effected. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tengis Limited at 4/F., Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration by no later than 4:00 p.m. on 22 May 2001.

APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere appreciation to the shareholders for their support, to the management and staff for their dedicated effort and to our clients, suppliers, business associates, bankers, consultants and advisors for their valuable assistance and commitment for the year.

Chan Ting Chuen

Chairman

Hong Kong
11 April 2001

