

PROSPECTS

Looking into future, the Group will continue to focus in the PRC market and at the same time to maintain a stable overseas OEM market.

As the result of the PRC's imminent accession into the World Trade Organization and the PRC winning the bid to host the 2008 Olympic Games, the country's domestic consumption is expected to grow in the coming few years leading up to the Olympics Games. To keep pace with the fast developing markets, the Group decided to expand its influence in terms of productivity and sales network. To capture the greater market share in the PRC, the board intends to increase its selling points of "DAPHNE" to around 400 by the end of year 2001. With the established sales channel including more than 200 "DAPHNE" speciality shops throughout the PRC and its well established brand name "DAPHNE", the Group is definitely at a favourable position over its competitors. Our valuable OEM manufacturing experience will be of use for the Group to explore the PRC market. The Group always keep its pace with the global shoe fashion trends and are glad to bring these dynamics to the potential PRC markets.

Following the recent terrorist attacks in the U.S., the U.S. economy is in a state of uncertainty. The exports of the Group to the U.S. market may be affected in the second half of year 2001. To minimize the such impact, the Group will try to expand its OEM markets in European Union and Japan.