

**Unconditional Cash Offers**

The general offer (the "Offers") made by Well Success Investment Limited ("Well Success") in February 2002 for the acquisition of all the issued shares (and for cancellation of options to subscribe for shares) in the Company other than those already owned by Well Success was finally closed on 12 July 2002 whereby Well Success acquired an aggregate of 174,208,882 shares, representing approximately 83.69% of the Company's issued share capital. As required under Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), an aggregate of 20 million shares of the Company were placed by Well Success on 8 August 2002. An aggregate of 16,000,000 shares were placed to four independent investors and the remaining 4,000,000 shares were placed to Mr. Alfred Li.

Following the placement, the number of shares held by Well Success was approximately 70.72% of the issued share capital of the Company.

**Staff**

The total number of employees as at 30 June 2002 has not changed materially from that of the last financial year. Employees' cost (excluding directors' emoluments) amounted to approximately HK\$94.6 million (2001: HK\$82.0 million). No share option has been granted to eligible employees during the period under review.

**Appointment/Resignation of Directors**

On 2 May 2002, Mr. Sy Edward D. resigned as a director. On 27 June 2002, the following Directors; namely, Mr. Chu Hon Pong, Mr. Chang Tsung Yuan, Mr. Wong Mo Wah, Gordon and Ms. Chou Wan Ling, Charlotte resigned as directors of the Company.

On 28 June 2002, two Directors retired namely, Mr. Tsao Kwang Yung, Peter and Mr. Goh Gen Cheung but without offering for re-election.

On the same day, the following Directors were appointed namely, Mr. Edward Yu Sun Ku, Mr. Chan Lu Min, Mr. Fung Cheong Yee, Alfred, Mr. Li I Nan, Mr. Chow Ching Kit and Mr. Lam Lap Wai.

# Interim Report

## **Appointment/Resignation of Directors** (continued)

As from 28 June 2002, the directors of the Company are:

Mr. Li Kwok Lung, Alfred Ronald	Executive Director and Chairman
Mr. Chan Ting Chuen	Executive Director and Managing Director
Mr. Edward Yu Sun Ku	Executive Director
Mr. Chan Lu Min	Executive Director
Mr. Sze Sun Sun, Tony	Executive Director
Mr. Fung Cheong Yee, Alfred	Executive Director
Mr. Li I Nan	Non-executive Director
Mr. Chow Ching Kit	Non-executive Director
Mr. Lam Lap Wai	Non-executive Director
Mr. Cheng Kar Shing	Independent Non-executive Director
Dr. Chow King Sing, Gerald	Independent Non-executive Director

## **Prospects**

Consumer spending for athletic footwear in the United States rose by 1.4% during the first half of 2002 with the forecast for the second half of the year to be one of modest growth at best. With the intense competition in the footwear manufacturing industry in the PRC and the increasing cost of labour, the Group will continue to look for business development opportunities to reduce its costs and expand its clientele base in order to strengthen the Group's position in the market and adapt to the needs of potential market opportunities in view of the 2008 Beijing Olympics.

Barring unforeseen circumstances, the Directors are optimistic about the future performance of the Group and believe that it will maintain profitability for its shareholders for the year.