

Chairman's Statement

6

The Board of Directors is pleased to report the audited results of Nority International Group Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st December 2004.

BUSINESS REVIEW

The core business of the Group is the manufacture and export of athletic, athletic-style leisure footwear and golf shoes. During the year, the Company's major customers were Fila, Sole Technology, Hi-Tech and etc.

In 2004, the Group's core business continued to report a loss. It was mainly due to the intense competition from its peers and the combined effect of the falling US dollar and fluctuations in oil prices, which resulted in a sharp increase in the prices of imported raw materials.

OUTLOOK

Nevertheless, the Group remains confident in its future prospects. It expects to see a substantial decrease in its loss. Since October 2004, all departments of the Group have undergone reduction in headcount and structural reorganisation and established an accountability system to reinforce internal management in order to enhance productivity.

The Group will continue to make an all-out effort to search for business opportunities by closely monitoring market trends. It will seek to strengthen its procurement and resources management, and timely adjust its product prices to alleviate the impact of rising raw material prices on its profits.

On behalf of the Board of Directors, I would like to take this opportunity to thank our employees, shareholders and customers for their continued support and commitment.

Feng Shen Chuan

Chairman

Hong Kong, 15th April 2005