

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that other than the interests disclosed above in respect of certain directors, the following shareholder had notified the Company of relevant interest in the issued share capital of the Company:

| Name of shareholder | Capacity | Number of issued ordinary shares held | Percentage of the issued share capital of the Company |
|-------------------------------------|------------------|---------------------------------------|---|
| Pegasus Footgear Management Limited | Beneficial owner | 468,743,940 | 64% |

The details of the directors' interests in Pegasus Footgear Management Limited are disclosed under the section headed "Directors' and Chief Executives' Interests in Securities" above. Save as disclosed above, the Company has not been notified of any other interests or short position in the issued share capital of the Company as at 30th June, 2005.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that, in the six months ended 30th June, 2005, the Group was, save as disclosed below, in compliance with the code provisions set out in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The independent non-executive directors are not appointed for specific terms, as required by provision A.4.1 of the Code, but they are subject to retirement by rotation in accordance with the Bye-laws of the Company. Provision A.4.2 requires that every director should be subject to retirement by rotation at least once every three years. According to Bye-laws of the Company, the Chairman is not subject to retirement by rotation and this constitutes a deviation from the Code. Relevant amendment to the Bye-laws of the Company shall be proposed with a view to ensure compliance with this Code provision.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements.

By Order of the Board
Thomas Wu Chen San
Chairman

Hong Kong, 21st September, 2005