

To our Shareholders,

On behalf of the board of directors of the Group, I hereby present the annual report for the year ended 30 September 2006.

BUSINESS REVIEW

During the year under review, we have experienced a challenging year. The Group reported a decrease in turnover and a net loss. This loss was primarily due to the written off of goodwill for the year ended 30 September 2006.

Regarding the footwear section, the operating environment during the year remained uniquely challenging. Due to the surge in oil and petrochemical prices, increase in labour costs, higher utility costs and the appreciation of Renminbi, the Group's gross profit margin is constrained as a consequence.

Regarding the IT section, the Group had acquired an IT company (i.e. SLS Investments Limited) and disposed a non-core subsidiary (i.e. Popular Asset Limited) during the year. These actions are expected to enhance our IT business platform towards the imminent IT business opportunities, and allow us to be focused on our core IT business operation with better control in operating costs.

PROSPECTS

Looking ahead towards the coming year, the Group is still confronting envisaged challenges with respect to the development of the IT business platform and the adverse footwear market sentiment.

Footwear Business

The year 2007 is likely to be demanding. The outlook for material prices is uncertain, while labour and energy costs are still on a rising trend. In addition, the overheating economy of The People's Republic of China (the "PRC") and the rise in the value of Renminbi is certain to jeopardize the profit margin of the footwear business. Under these circumstances, the Group will pursue a more prudent strategy in aim of achieving a cost effective operational structure of this division and acquire a reasonable rate of return in its future development. The Group will closely scrutinize the operating environment from time to time while implementing prompt and suitable strategy in this business line to cope with the market sentiment. If these adverse situations persist without any sign of improvement, the Group will cease the footwear business during the year or in the near future and reallocate our resources to other new businesses in order to achieve better returns for our shareholders.

IT Business

In the last three years, the Group has commenced information technology business in order to capture the vast potential growth of this area of new business opportunities. However, the outcome was not as promising as originally planned since the IT division is still under development stage. Under this scenario, the management has been vigorously identifying potential acquisitions for the Company that will have synergy and strengthen our IT portfolio. If any of the investment is materialized, the Company will make appropriate disclosure and/or obtain shareholders approval in accordance with the provision of the Listing Rules.

The Group's efforts in the IT business are beginning to bear fruit. More needs to be done but the Group expects to see a positive impact of these initiatives on our financials in the years ahead.

Looking ahead, the Group will focus on opportunities that bring significant growth by broadening its income stream and at the same time continuing with the existing core business. With the significance in China – Hong Kong cross-border expertise and experiences, the Group is uniquely positioned to seize the tremendous growth opportunities now emerging from the continued robust economic growth in the PRC market.



4 Chairman's Statement

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our staff members for their loyalty, hard work and dedicated services.

For and on behalf of the Board

Too Shu Wing

Chairman

Hong Kong, 27 February, 2007