OPERATING AND FINANCIAL REVIEW

During the financial year under review, the Group recorded a turnover of approximately HK$26.8 million, representing a decrease of around 37% as compared to the previous period of HK$42.8 million.

The IT business contributed to a turnover of HK$26.6 million, whereas it was underlying an around 99% of the Group's turnover.

This year our general trading contributed a turnover of HK$183 thousand.

The following table provides an analysis of the Group's revenue by business segment

	For the financial year ended 30 September 2006		For the financial year ended 30 September 2005		Percentage of change Yr. to Yr.
	HK$'000	**%**	HK$'000	%	%
IT Business					
– Trading	**18,819**		20,326		
– Services	**7,806**		5,877		
	26,625	**99**	26,203	61	2
Footwear Business	**–**	**0**	16,606	39	(100)
General Trading	**183**	**1**	–	0	N/A
TOTAL	**26,808**	**100**	42,809	100	(37)

The gross profit margin improved from 4.7% to 16.9% partly in reflection of the change in business focus from footwear manufacturing to IT business.

The Group recorded a loss attributable to shareholders amounted to approximately HK$36.3 million because of (1) net operational loss stemming from the disposed manufacturing arm, (2) lacking of optimal economies of scale in IT section and (3) delay on the implementation of the business plan due to (a) change in the PRC business environment (b) repositioning of ourselves in the PRC market to remain competitive.

GOODWILL

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 30 September 2006 was HK$38.2 million (2005: Nil).

NEW BUSINESS

The Group had acquired an IT companies, SLS Investments Limited ("SLS"), in this financial year end. SLS holds 89% interests in Beijing Woda Taifeng Consultation Limited Company ("Woda Taifeng") which holds 70% interest in 北京天迅視通科技發展有限公司 ("Tianxun") (collectively ("SLS Group"). SLS Group is engaged in the provision of system development, integration and consulting services on internet network and applications development and indirectly holds 24.92% interest in 北京市海淀區有綫廣播電視網絡信息有限公司 (Beijing Haidian Direct Cable Television Broadcasting and Network Information Limited ("Haidian")). Haidian is a broadband internet service provider in Beijing and engaged in the provision of broadband internet access, telecommunication value-added services and related business via its proprietary internet network in Beijing, the PRC. Details of this acquisition were disclosed in the Company's circular dated 30 June 2006.

Chinaway Network Technology Limited ("Chinaway"), a wholly-owned subsidiary of the Company, has entered into a new project which provides logistic and freight forward system. This new project includes software development, installation, training and maintenance. The management of the Company believes that this new business opportunity will strengthen our IT foundation in PRC. Chinaway will review its existing PRC school projects and will continue to maintain its operation subject to recoverability of account payables and profitability, however, the management of the Company expects the new logistic division will benefit from the existing business network of Chinaway in the near future.

As of 12 January 2007, the Company is going to acquire approximately 80% of the voting right of DigiSat Network Limited ("DigiSat"). DigiSat was incorporated on 18 August 2003 and is principally engaged in the operation of internet protocol television platform which provides to its customers an interactive, high quality, reliable video delivery and multimedia entertainment via the internet using state of the art digital broadcast technology. Details of this potential acquisition were disclosed in the Company's announcement dated 8 January 2007.

OUTLOOK

As disclosed in the Chairman's Statement, the Group is anticipating to encounter envisaged challenges in the coming year.

Currently, the Group has participated in the IT business. After three years of efforts, although our IT division is still under its developmental stage, our IT businesses are beginning to bear fruit. No doubt that there are more needs to be done but the Group expects to see a positive impact of these initiatives on our financials in the years ahead.

Regarding the footwear division, the Group will implement a tighten strategy to cope with the market sentiment.

The Group will be very cautious in allocating its resources and will keep exploring other suitable business opportunities and diversifying its investment to other potential industries with favorable investment return and prospect.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2006, the Group maintained fixed deposits, cash and bank balances of approximately HK$17.9 million (30 September 2005: HK$20.0 million) without any borrowings (30 September 2005: Nil).

The gearing ratio of the Group as of 30 September 2006 was null (30 September 2005: Nil). During the year under review, the Group had allotted 300,000,000 new shares as part of consideration to acquire a IT Company. As a result, the share capital was increased from HK$115 million to HK$145 million after the acquisition.

As of 30 September 2006, the Group's working capital (net current assets) and current ratio were approximately HK$18.8 million (30 September 2005: HK$49.1 million) and 3.0x (30 September 2005: 7.8x) respectively. In term of the quality of current assets, over 63% of current assets were cash at banks. As a result, the Group is expected to preserve a healthy liquidity position.

The existing available cash and bank balances are considered sufficient to adequate liquidity and capital resources for the Group's operating requirements.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2006, no asset was pledged by the Group to secure a bank facility.

The Group had contingent liabilities in respect of the litigation (note 30(i)) of about HK$416,000 for the claim including the estimated legal charges in respect of the case.

FOREIGN EXCHANGE EXPOSURE

The Group has foreign currency sales and purchases which expose the Group to foreign currency risk. The currency giving rise to this risk is primarily Reminbi.

STAFF AND REMUNERATION POLICY

The Group determines staff remuneration in accordance with market terms and individual qualifications and performance. Staff recruitment and promotion is based on individuals merit and their development potential for the positions offered. As at 30 September 2006, the Group employed approximately 30 employees.

The Company maintains a share option scheme (the "Scheme"), pursuant to which share options are granted to selected directors or employees of the Group, with a view to attract and retain quality personnel and to provide them with incentive to contribute to the business and operation of the Group.

During the year, no share option was granted or exercised.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

COMPLIANCE WITH CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice (the "Code") (which was in force prior to 1 January 2005) as set out in Appendix 14 to the Listing Rules throughout the year ended 30 September 2006, except that the independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's bye-laws (the "Bye-laws").

The Code was replaced by a new Code on Corporate Governance Practices (the "New Code") which has become effective for the accounting period commencing on or after 1 January 2005. The New Code is applicable to the Company for the financial year commencing on 1 October 2005. The Company has taken appropriate actions to comply with the New Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all directors, confirmed that all directors have complied with the required standard of dealings set out therein throughout the year ended 30 September 2006.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference which have been updated on terms no less exacting than the required standard as set out in the New Code. The Audit Committee comprises three members namely Mr. Tsui Pak Hang, Mr. Liu Kwok Wah and Mr. Chan Wai Ming, the independent non-executive directors of the Company.

The Audit Committee has reviewed with the management and the auditors the audited consolidated annual results of the Group for the year ended 30 September 2006.

REMUNERATION COMMITTEE

The Remuneration Committee was established with written terms of reference based on terms no less exacting than the required standard as set out in the New Code. The Remuneration Committee comprises three members namely Mr. Tsui Pak Hang, Mr. Liu Kwok Wah and Mr. Chan Wai Ming, the independent non-executive directors of the Company. The Remuneration Committee is to review and determine the remuneration policy and other remuneration related matters of the Directors and the senior management of the Group.