

Contents

Corporate Information	2
Financial Highlights	3
Group Principal Operational Structure	4
Notice of Annual General Meeting	5
Chairman's Statement	7
Distribution Network in China Mainland	14
Schedule of Investment Properties	16
Report of the Directors	19
Auditors' Report	30
Consolidated Profit and Loss Account	31
Consolidated Balance Sheet	32
Balance Sheet	33
Consolidated Statement of Changes in Equity	34
Consolidated Cash Flow Statement	35
Notes to the Accounts	36
Five Year Financial Summary	71
Information of Retiring Directors Proposed to be Re-elected	72

CORPORATE INFORMATION

DIRECTORS

Chairman: Dr. the Hon. Tsang Hin Chi G.B.M.

Deputy Chairman and Chief Executive Officer: Mr. Tsang Chi Ming, Ricky

Executive Director: Mdm. Wong Lei Kuan

Non-executive Director: Mr. Ng Ming Wah, Charles

Independent Non-executive Directors: Dr. the Hon. Wong Yu Hong, Philip G.B.S. Dr. Lau Yue Sun B.B.S. Mr. Wong Ying Ho, Kennedy J.P.

QUALIFIED ACCOUNTANT Mr. Chan Kee Leung, Gary

COMPANY SECRETARY

Mr. Kam Yiu Kwok

AUDIT COMMITTEE

Dr. the Hon. Wong Yu Hong, Philip G.B.S. *(Chairman)* Dr. Lau Yue Sun B.B.S. Mr. Wong Ying Ho, Kennedy J.P. Mr. Ng Ming Wah, Charles

REMUNERATION COMMITTEE

Mr. Wong Ying Ho, Kennedy J.P. (*Chairman*) Dr. the Hon. Wong Yu Hong, Philip G.B.S. Dr. Lau Yue Sun B.B.S. Mr. Ng Ming Wah, Charles Mr. Tsang Chi Ming, Ricky

NOMINATION COMMITTEE

Dr. Lau Yue Sun B.B.S. *(Chairman)* Dr. the Hon. Wong Yu Hong, Philip G.B.S. Mr. Wong Ying Ho, Kennedy J.P. Mr. Ng Ming Wah, Charles Mr. Tsang Chi Ming, Ricky

SOLICITORS

Woo, Kwan, Lee & Lo F. Zimmern & Co.

AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

Bank of China Standard Chartered Bank The Hongkong and Shanghai Banking Corporation Limited Asia Commercial Bank Limited

REGISTRARS

Computershare Hong Kong Investor Services Limited Room 1901-5, 19th Floor, Hopewell Centre 183 Queen's Road East Hong Kong

REGISTERED OFFICE

7th Floor Goldlion Holdings Centre 13-15 Yuen Shun Circuit Siu Lek Yuen Shatin New Territories Hong Kong Telephone: 852-26860666 Fax: 852-26453899 Website: www.goldlion.com

FINANCIAL POSITION

As at 31st December 2004, the Group's total shareholders' funds were HK\$1,484,651,000 including the net amount of various reserves of HK\$1,390,940,000.

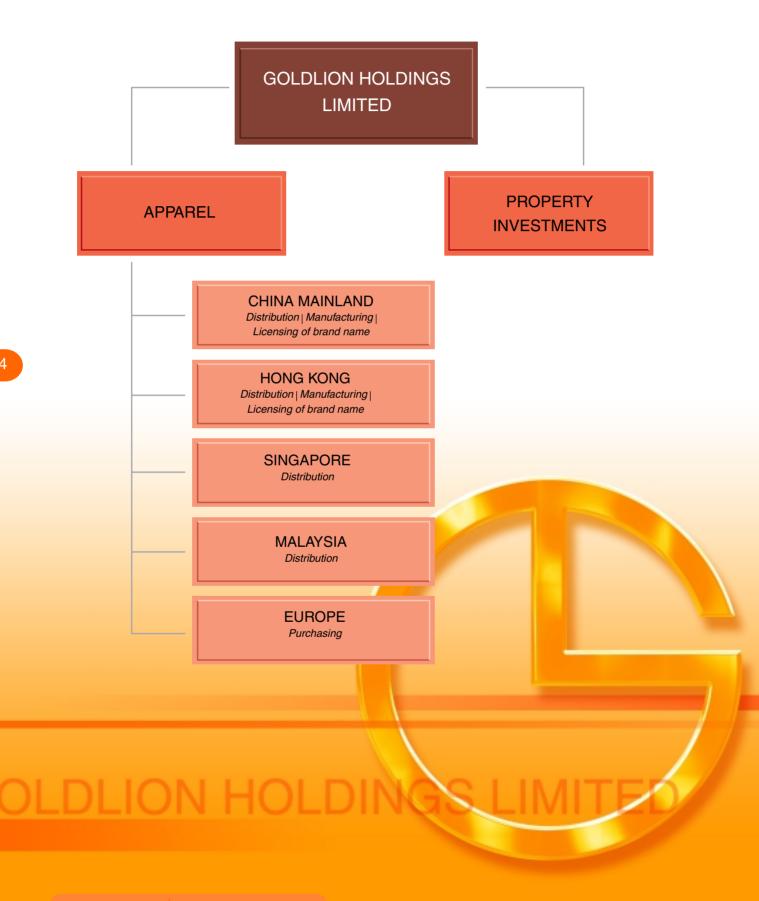
At 31st December 2004, cash and bank balances held by the Group were HK\$397,100,000, which was approximately HK\$56,959,000 more than the balance at the end of last year. During the year, the Group recorded a net cash inflow from operating activities of HK\$109,890,000 and proceeds from sales of fixed assets of HK\$14,664,000. The Group also paid during the year dividends of approximately HK\$46,855,000 and purchased fixed assets (mainly properties) of approximately HK\$26,107,000. The Group further expects to pay within the first half of 2005 approximately HK\$57,552,000 representing the remaining balance of the purchase consideration in respect of the acquisition of four floors at Guangzhou Goldlion Digital Network Centre.

The Group's operation is stable. Earnings from its operations are sufficient to meet its major expenses and general capital expenditures. With abundant cash in hand and no bank loans or overdrafts, the Group is confident to fund its future expansion with its own ample financial resources.

As at 31st December 2004, the Group's current assets and liabilities were HK\$540,133,000 and HK\$160,739,000 respectively, with current ratio at 3.4. Total current liabilities were only 11% of the average shareholders' funds of HK\$1,474,782,000.

With extensive business presence in China Mainland and Singapore, the Group is exposed to risks of exchange rate fluctuations in these regions. During the year, the exchange rates of the currencies in these regions were relatively stable and most of the Group's purchases were made directly from domestic suppliers and settled in local currencies. As such, the related foreign exchange risk was reduced. The Group did not carry out any hedging activities against any foreign exchange risk during the year.

As at 31st December 2004, the Group had no material contingent liabilities or guarantees, as well as any charge on assets.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2005 Annual General Meeting of the shareholders of Goldion Holdings Limited (the "Company") will be held at the Main Conference Room, 7th Floor, Goldion Holdings Centre, 13-15 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong on Friday, 20th May 2005 at 11:30 a.m. for the following purposes:

- 1. To receive and consider the audited accounts and reports of the Directors and of the Auditors of the Company for the year ended 31st December 2004.
- 2. To declare a final dividend in respect of the year ended 31st December 2004.
- 3. To re-elect Directors and to authorise the Board of Directors to fix their remuneration.
- 4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.
- 5. To transact any other ordinary business.

By Order of the Board

Kam Yiu Kwok

Company Secretary

Hong Kong, 6th April 2005

Registered office: 7th Floor Goldlion Holdings Centre 13-15 Yuen Shun Circuit Siu Lek Yuen Shatin New Territories Hong Kong

Notes:

- 1. Every member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not also be a member of the Company.
- 2. In order to be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the registered office of the Company not less than 48 hours before the time fixed for holding the Meeting or adjourned Meeting (as the case may be).

GOLDLION HOLDINGS LIMITED



Dr. the Hon. Tsang Hin Chi, G.B.M., Chairman of the Group

GROUP RESULTS

Led mainly by the rise in turnover and gross profit, the Group's operating profit for the financial year ended 31 December 2004 amounted to HK\$97,510,000, representing a hefty year-on-year increase of 53%. As such, the profit attributable to shareholders was HK\$68,675,000, increasing by a large margin of 52% when compared with last year's HK\$45,150,000. Correspondingly, profit ratio of the year increased by 3.2 percentage points from 8.8% to 12%.

The Group's total turnover for the year increased by 12% over that of last year to HK\$571,390,000. During the year, satisfactory growth was recorded for all the major sources of income including sales of goods, rental income from investment properties, building management fee and licensing income.

Gross profit from sales of goods stood at 51.6%, or 4 percentage points higher than last year's 47.6%. The increase was mainly due to the stringent control of production costs.

FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 4.0 HK cents per share (2003: 3.0 HK cents per share) for the year ended 31st December 2004, totalling HK\$37,485,000 (2003: HK\$28,113,000). Subject to the shareholders' approval at the forthcoming Annual General Meeting, the final dividend will be paid on 1st June 2005 to shareholders whose names appear on the Register of Members as at 20th May 2005.



BUSINESS REVIEW

Apparel Business

China Mainland Market

China mainland remained to be the primary market for the Group's apparel business. Although the mainland economy continued to prosper, competition in the apparel sector became more intense. Nevertheless, the Group's overall apparel sales registered a growth of 9%, tallying with expectations.

To achieve its target volumes of sales, the Group imposed greater control over product design, style of display in shops and service quality in order to boost its general brand image. Measures taken included:

- Adopting a new style for product design so as to cater to the taste and demand of a younger and fashion-conscious market. Materials, workmanship and packaging were also improved to bring about a fresh look in the Group's wide range of products. Responses from the market have been highly encouraging.
- Continuing to strengthen the partnership between the Group and its distributors. Well aware of the importance of the distributors' performance to the Group's operations, the Group devised a stringent appraisal system to help its distributors upgrade their management of sales and in turn their service to the customers. As a result, their sales increased to the benefit of the Group.
- Hiring famous interior designers to refurbish the Group's various outlets. During the year, all the major outlets have been repackaged. Together with the elegant window displays, the trendy outlets not only impress the customers with their chic but also serve to accentuate the style of the merchandise.



In addition to the increase in sales, operational profit from the mainland market also compared favorably with that of last year mainly because of the effective control measures taken during the year. These included:

- Perfecting the customer ordering system. Through such a system, well-informed estimates could be made in time to regulate sourcing more flexibly so that stocks can be kept at a minimum level to save on storage expenses for unnecessary stocks.
- Lowering production costs effectively to bring up gross profit. This was achieved without compromising the quality through strict cost control and budgetary monitoring.

Singapore and Malaysia Markets

With the economy of Singapore picking up considerably, the Group registered a remarkable growth of 20% at Hong Kong dollars, or 13% at the local currency, in its annual sales. This was the fifth consecutive year in which growth in sales has been recorded for the market.

The strong sales were attributed mainly to the apt market strategy and effective marketing drives such as engaging in joint promotional activities with major local department stores, placing more advertisements, providing more discounts and offering attractively packaged gift packs during festivals. As a result, the products sold well throughout the year and were well received by the local consumers. In terms of sales, the Group has been the leader for similar products and operates 4 specialty stores and 17 counters in Singapore.

With a growth rate of 3% in turnover, sales in Malaysia remained stable. In view of the unsound local market and hence the relatively high business risks, the Group exercised caution in its operation by maintaining 25 counters during the year. This accounted for the moderate growth in sales but the increase in profit was still satisfactory.



Trendy products of Goldlion from our licensees

Hong Kong Market

Thanks mainly to the Individual Visit Scheme and CEPA, the economy of Hong Kong as a whole has been recovering. The retail market also rebounded to the benefit of our local apparel business. The annual retail turnover shot up by 14% over that of the last year.

To make the most of the increasingly bullish retail market, the Group launched a series of measures during the year to improve its product quality and design and the style of its outlets. Responses from the market have so far been encouraging.

There are at present 1 shop, 8 counters and quite a number of consignment outlets in major department stores in Hong Kong.

Licensing income

Licensing income for the year totaled HK\$25,752,000, representing a dramatic increase of 40% over that of last year. This was partly because license fees were to increase annually in accordance with mainland's licensing agreements for leather goods and shoes. Another reason for the soar in income from this source was that full-year license fees for jewellery products, undergarments and woolen sweaters mainly for the China market had become receivable in the year since the grant of such licenses began only in the second half of the previous year.

With licensing income becoming a major source of income, our Group will continue to process with prudence applications for licenses for other products in order to protect our brand image. In fact, a designated department has been set up to support the licensees and monitor the use of their respective licenses.

Property investment

Property markets in Hong Kong and Guangzhou continued to thrive. Following years of decline, the local market, in particular, revived at a fast pace as spurred by the economic upturn. The leasing market also became active to the benefit of the Group. The Group's total annual rental income amounted to HK\$45,226,000, or 18% over that of last year.

In Guangzhou where the economy has been booming in recent years, there has been a growing demand for quality offices with rentals climbing continually. Leasing of the Group's "Goldlion Digital Network Centre" in Tianhe, Guangzhou was good. Rentals from the building continued to rise over the year and was 17% higher than that of last year. At an occupancy rate of nearly 100%, the building is primarily leased out to large domestic and multinational enterprises. The commendable quality of the building and high standard of property management service, coupled with its prime location in the central commercial district of Guangzhou, the building has been very much sought after by the large enterprises. This is why rental levels have all along been in the top bracket in the local market.



Optimistic about the outlook of the property market in Guangzhou, the Group restructured its local property portfolio during the year. Twelve newly completed quality residential units have been acquired, repackaged and leased out as service apartments. The response has been good so far and the return has met with the Group's expectations. During the year, several relatively older properties that the Group had been holding for years were sold, yielding a profit of about HK\$2,670,000.

Leasing of the Group's "Goldlion Commercial Building" in Shenyang has also improved for the year. Annual income from rentals and management fees was higher than that of last year. The leasing position has been improving steadily following the adjustment in our leasing strategy in last year. The occupancy rate was nearly 100% and the rental levels have largely matched with expectations. Back in Hong Kong, the Group's leasing performance was in line with the improving local property market. The whole block of property at No. 3 Yuk Yat Street, Tokwawan was let out at the end of last year. The occupancy rate of "Goldlion Holdings Centre" also climbed sharply and the rental levels also compared favorably with those of last year. Taken together, the rentals received locally was 21% higher than those of last year.

PROSPECTS

During the year, the Group succeeded in enhancing the Group's profitability by means of a range of control strategies. With such a solid foundation for further development, the Group is expected to make even more steady advances in its business in the coming year.

As far as the China Mainland apparel market is concerned, the Group will continue to provide optimum conditions for its business. In addition to keeping up with its proven operation and marketing strategy from last year, further efforts will be made to develop new products, promote brand image, expand the market, train up staff and upgrade customer service.

As for Singapore, besides consolidating and building on its existing satisfactory performance, the Group plans to introduce other apparel products into the market. An example is the "Camel Active" line of casual wear, the local franchise of which has recently been granted. As a trial, the first counter for the brand has just been launched whilst its first specialty store is scheduled to be opened in the second quarter of 2005.

Turning to Hong Kong where the retail market is expected to improve further, the Group plans to readjust its marketing strategy to expand its local retail operation, increase retail outlets and strengthen publicity in order to maximize profitability.

In the area of property investment, the Group is optimistic about the outlook of the property market in Guangzhou. This prompted the Group to enter into two agreements with two connected persons at the end of the year to acquire four floors of "Goldlion Digital Network Centre" with a total floor area of 5,402 square meters at a total consideration of RMB81,340,000. The agreements have already been approved by the Company's independent shareholders at the Extraordinary General Meeting held on 7th February 2005 and formalities for the transfer of the properties are expected to be completed by the end of May 2005, thereby increasing the Group's interest in the block to 65% of its total gross floor area for satisfactory rental returns. The Group will continue to identify quality properties in Guangzhou with a view to further augmenting returns from the Group's property portfolio.

Thanks to the booming property market in Guangzhou and the rebounding leasing market in Hong Kong, the Group's income and returns from property investment are expected to rise steadily to a level above that of the current year.

All in all, the Group is poised to seize any opportunity that comes its way and to develop aggressively in order to provide higher returns for our shareholders.

ACKNOWLEDGMENT

On behalf on the board, I would like to extend my gratitude to our staff for their dedication and continuous support.

Dr. Tsang Hin Chi *Chairman*

Hong Kong, 6th April 2005





SCHEDULE OF INVESTMENT PROPERTIES

As at 31st December 2004

Property	Description	Lot number	Туре	Lease term
Hong Kong				
 1st, 2nd, 3rd, 4th and 5th floors, Goldlion Holdings Centre, 13-15 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories. 	The property, with a gross floor area of 19,580 sq.m., comprises the entire 1st, 2nd, 3rd, 4th and 5th floors of a modern 8-storey factory/ warehouse. The building was completed in 1989.	Shatin Town Lot No. 273	Industrial	The property is held for a term commencing on 26th February 1987 and expiring on 30th June 2047.
 Ground, 1st, 2nd, 3rd, 4th (together with flat roof), 5th, 6th, 8th and 11th floors and main roof, Wai Shun Industrial Building, 5 Yuk Yat Street, To Kwa Wan, Kowloon. 	The property comprises altogether 9 floors in a 12-storey industrial building completed in 1972. The property has a gross floor area of 553 sq.m. on the ground floor and 4,831 sq.m. for the upper floors. The gross floor area of the flat roof on the 4th floor is 147 sq.m. and on the main roof is 267 sq.m	483/618th shares of and in Kowloon Inland Lot No. 9677	Industrial	The property is held for a term of 75 years from 5th January 1970 renewable for a further term of 75 years.
 No. 3 Yuk Yat Street, To Kwa Wan, Kowloon. 	The property comprises a modified 12-storey building completed in 1973. The property has a total gross floor area of 7,018 sq.m	Kowloon Inland Lot No. 9676	Industrial/ office	The property is held for a term of 75 years from 12th November 1969 renewable for a further term of 75 years.
 Unit D on 6th floor, Unit A, B, C and D on 14th floor, together with car parking S18 on the ground floor, Ming Wah Industrial Building, 17-33 Wang Lung Street, Tsuen Wan, New Territories. 	The property comprises a unit on 6th floor, the whole of 14th floor and a car parking space on the ground floor of a 24-storey industrial building completed in 1979. The property has a total gross floor area of 2,127 sq.m	51/1024th shares of and in Tsuen Wan Town Lot No. 143	Industrial	The property is held for a term of 99 years from 1st July 1898 less the last three days and renewed to 30th June 2047.
 Unit B on 3rd floor, Acro Industrial Building, 19 Yuk Yat Street, To Kwa Wan, Kowloon. 	The property comprises a workshop unit on the third floor of a 12-storey plus basement industrial building completed in 1978. The property has a gross floor area of 536 sq.m	58/1184th shares of and in Kowloon Inland Lot No. 9681	Industrial	The property is held for a term of 75 years and renewable for a further term of 75 years from 23rd March 1970.

SCHEDULE OF INVESTMENT PROPERTIES

As at 31st December 2004

Property	Description	Lot number	Туре	Lease term
Singapore				
 Unit 08-03, 3C Ridley Park, Tanglin Park, Singapore. 	The property, with a floor area of 148 sq.m., is situated in an up market private condominiums completed around 1990.	Lot 2155/U204	Residential	Freehold
 Unit 04-03, Goldlion Building, 161 Kampong Ampat, Singapore. 	The property, with a floor area of 405 sq.m., is situated in a 6-storey flatted factory building completed in the early 1980's.	Strata Lot 5994/U12	Industrial	Freehold
China Mainland				
8. Level 4, Block C1, Shen Hua Ge, 131 Si You Xin Ma Road, Guangzhou, Guangdong Province.	The property comprises the whole of the 4th level of a 25-storey composite building completed in 1992. The property has a gross floor area of 1,679 sq.m	-	Residential	The land use rights are held for a term of 70 years from 7th November 1990.
9. Levels 1 to 7, Units 03 to 05 on Level 8, Levels 23 to 29 and 53% interest of the parking spaces, Goldlion Digital Network Centre, Ti Yu Dong Road, Tianhe District, Guangzhou, Guangdong Province.	The property is a 29-storey plus 4 basements commercial building built on a site of 6,670 sq.m The gross floor area of the commercial and office portions attributable to the Group is approximately 26,366 sq.m The carparking area comprises 256 carparking spaces and 10 lorry parking spaces.	_	Commercial/ office	The land use right is held for a term of 50 years from 1994.

SCHEDULE OF INVESTMENT PROPERTIES

As at 31st December 2004

Property	Description	Lot number	Туре	Lease term
China Mainland (cont	inued)			
10. Shenyang Goldlion Commercial Building, 186-190 Zhong Jie Lu, Shen He Qu, Shenyang, Liaoning Province.	The property is a 7-storey commercial building built on a site of 5,379 sq.m The 2 phases were completed in 1991 and 1993 respectively and was completely refurbished in 2002. The property has a gross floor area of 14,801 sq.m	-	Commercial	The land use right is held for a term of 30 years from 28th December 1994.
11. Unit 07 on Level 24, Unit 07 and 08 on Level 26 and Unit 07 and 08 on Level 28, No. 577 Tianhe North Road, Unit 07 and 08 on Level 25, Unit 07 on Level 26, Unit 07 on Level 27 and Unit 07 and 08 on Level 28, No. 581 Tianhe North Road, Concord New World Garden, Tianhe District, Guangzhou, Guangdong Province.	The property comprises 11 domestic units in the multi- storey residential estate built in 2003. The property has a gross floor area of 1,031 sq.m	-	Residential	The land use right is held for a term of 70 years from 1st April 1999.
12. Unit 03 on Level 10, No. 852 Dongfeng East Road and Unit 01 on Level 18, No. 856 Dongfeng East Road, Glorious City Garden, Dongshan District, Guangzhou, Guangdong Province.	The property comprises 2 residential units in one of the 32-storey building of the estate built in 2001. The property has a gross floor area of 243 sq.m	_	Residential	The land use right is held for a term of 70 years from 7th April 1990.

The Directors submit their report together with the audited accounts of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December 2004.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are set out in note 12 to the accounts.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 2 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December 2004 are set out in the consolidated profit and loss account on page 31.

The Directors have declared an interim dividend of 2.0 HK cents (2003: 1.5 HK cents) per ordinary share, totalling HK\$18,742,000 (2003: HK\$14,057,000), which was paid on 5th October 2004.

The Directors recommend the payment of a final dividend of 4.0 HK cents (2003: 3.0 HK cents) per ordinary share totalling HK\$37,485,000 (2003: HK\$28,113,000), which is to be payable on 1st June 2005 to shareholders whose names appear on the Register of members on 20th May 2005. This recommendation shall become effective subject to the approval of shareholders at the Annual General Meeting to be held on 20th May 2005.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 18 to the accounts.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$3,000 (2003: HK\$135,000).

FIXED ASSETS

Details of the movements in fixed assets are set out in note 11 to the accounts.

PRINCIPAL PROPERTIES

Details of the principal properties held for investment purposes at 31st December 2004 are set out on pages 16 to 18.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 17 to the accounts.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31st December 2004, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK\$191,942,000 (2003: HK\$237,816,000).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 71.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

DIRECTORS

The Directors during the year were:

Executive Directors

TSANG Hin Chi TSANG Chi Ming, Ricky WONG Lei Kuan

Non-executive Director

NG Ming Wah, Charles

Independent Non-executive Directors

WONG Yu Hong, Philip LAU Yue Sun WONG Ying Ho, Kennedy (appointed on 1 June 2004)

In accordance with Article 92 of the Company's Article of Association, Mr. Wong Ying Ho, Kennedy retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 101 of the Company's Articles of Association, Dr. Tsang Hin Chi and Mr. Tsang Chi Ming, Ricky retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Company has received confirmation from each of the independent non-executive Directors as regards their independence to the Company and considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation (other than statutory compensation).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

A description of the Directors and senior management of the Group is set out as follows:

Executive Directors

Dr. the Honourable Tsang Hin Chi, G.B.M., aged 71, is the Chairman and one of the founders of the Group. Dr. Tsang holds an honorary doctorate from Zhong Shan University in the People's Republic of China ("PRC"). He is a standing committee member of the National People's Congress of the PRC, honorary vice chairman of All-China Federation of Industry & Commerce, Ex-officio life honorary chairman of The Chinese General Chamber of Commerce, and sits on the committees of several Hong Kong and Mainland trade associations. He is also the director of Tsang Hin Chi Manned Space Foundation, director of Tsang Hin Chi Education Foundation, Ministry of Education of the PRC, deputy managing director of Jinan University, Guangzhou, honorary president of Jiaying University Guangdong, and a Honorary Citizen of Beijing, Harbin, Shenyang, Dalin and Guangzhou.

Mr. Tsang Chi Ming, Ricky, aged 38, is the Deputy Chairman and Chief Executive Officer of the Company overseeing the development and operations of the Group's business. Mr. Tsang joined the Group in 1989 and was appointed as an executive director in 2001. He is a committee member of the C.P.P.C.C. Guangzhou, a standing committee member of the Chinese General Chamber of Commerce, Hong Kong, vice chairman of Ka Ying Chow Commercial Association Limited, an executive director of Hong Kong United Youth Association Limited and a director of Young Entrepreneur Association of China. He is a son of Dr. Tsang Hin Chi and Mdm. Wong Lei Kuan.

Mdm. Wong Lei Kuan, aged 68, is one of the founders of the Group and the wife of Dr. Tsang Hin Chi. She is a honorary chairman of Ka Ying Chow Commercial Association Limited, supervising advisor of Hong Kong Federation of Women, committee member of The Chinese General Chamber of Commerce and vice chairman of Ladies' Sub-Committee, committee member of the C.P.P.C.C. Guangdong and executive committee member of All-China Women's Federation. She is also an executive director of China Women's Development Fund and director of the China Council for the Promotion of Peaceful National Reunification.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued) Non-Executive Director

Mr. Ng Ming Wah, Charles, aged 55, was appointed to the Board as a non-executive Director in 1992. Mr. Ng graduated from Loughborough University in England in 1972 with a bachelor degree in Electrical and Electronic Engineering and from London Business School in England in 1974 with a Master degree in Business Administration. He is the Managing Director of Equitas Capital Limited, the business of which is the provision of corporate financial advisory services. Mr. Ng has over 25 years of experience in corporate finance and investment banking. Mr. Ng is also an independent non-executive director of two Hong Kong listed companies, namely China Everbright Limited and Stone Group Holdings Limited and has acted as the chairman of the audit committees of such companies since August 1999 and September 2004, respectively. Mr. Ng also holds independent directorships in 中國光大銀行股份有限公司 (China Everbright Bank Company, Limited), 德邦証券有限責任公司 (Tebon Securities Company Limited) and 招金礦業股份有限公司 (Zhaojin Mining Industry Company, Limited), which are, respectively, a licensed commercial bank, a licensed securities firm and a gold mining company in China Mainland. In addition, Mr. Ng holds a number of community service positions, including as a member of the Council of Lingnan University of Hong Kong and a member of the Board of Governors of Hong Kong Arts Centre.

Independent non-executive Directors

Dr. the Honourable Wong Yu Hong, Philip, G.B.S., aged 66, holds a doctorate in Law from Southland University and a doctorate in Engineering from California Coast University, both in the United States of America. Dr. Wong is a deputy of the National People's Congress, a member of the Legislative Council and a treasurer of The Chinese General Chamber of Commerce. He holds positions with a number of public bodies and is also a director of listed companies in Hong Kong including Hop Hing (Holdings) Limited, Asia Financial Holdings Limited, Qin Jia Yuan Media Services Company Limited and Grand Investment International Limited. Dr. Wong was appointed to the Board of Directors in 1992.

Dr. Lau Yue Sun, B.B.S., aged 64, is the Managing Director of New Products Investment Limited and Jip Fair Development Limited, as well as an independent non-executive director of Wing Lee Holdings Limited. Dr Lau has over 30 years of experience in manufacturing, electronics, plastic injection products and import-export business. He is a member of the National Committee of the C.P.P.C.C., member of the Selection Committee for the First Government of the H.K.S.A.R., member of the Election Committee of H.K.S.A.R., appointed member of Kowloon City District Council and standing committee member of the Chinese General Chamber of Commerce. He is also an advisor of Guangdong Education Foundation and a vice president of Guangdong General Chamber of Commerce. Dr. Lau was appointed to the Board of Directors in 1994.

Mr. Wong Ying Ho, Kennedy, J.P., aged 42, is a solicitor and a China Appointed Attesting Officer. He is the Managing Partner of Philip K.H. Wong, Kennedy Y.H. Wong & Co., Solicitors & Notaries. Mr. Wong is a member of the National Committee of the C.P.P.C.C.. He is also a director of listed companies in Hong Kong including Raymond Industrial Limited, China Overseas Land & Investment Limited, i-SteelAsia Holdings Limited, Capinfo Company Limited, Qin Jia Yuan Media Services Company Limited and Far Eastern Polychem Industries Limited. Mr. Wong was appointed to the Board of Directors in June 2004.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Senior Management

Mr. Chan Kee Leung, Gary, aged 42, is the Qualified Accountant and Chief Financial Officer of the Group. Mr. Chan has extensive experience in finance, stockbroking and corporate finance. Prior to joining the Group in 2000, Mr. Chan has worked with a listed company as an executive director for over 3 years. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mdm. Hu Bing Xin, aged 54, is the General Manageress of the Group's China Mainland operation in charge of the Group's apparel business in China. She joined the Group in 2000. Mdm. Hu won the title of "Superior Economist" in 1987 and held position of general manageress of several listed enterprises in China. With more than 20 years of experience in market development and sales management, she won the title of the "Nation's Women Red Flag", and the name of "Model Toiler" and "Excellent Entrepreneur" in Wuhan. She was listed as one of the ten "Outstanding Female Entrepreneurs in China" in 2002. She is now the honorary vice-chairman of the Hubei Entrepreneur Association.

Mr. Quek Chew Teck, aged 43, re-joined the Group in 1998 as the General Manager of Goldlion Singapore and is also a director of Goldlion Malaysia since 2000. He is responsible for the Group's operations in Singapore and Malaysia. Mr. Quek holds a Diploma in Sales and Marketing from the Marketing Institute of Singapore. He has more than 14 years experience in marketing and company management. He was the Assistant General Manager of Goldlion Singapore from 1987 to 1994.

Mr. Dieter Nothofer, aged 60, is the Managing Director of Goldlion (Europe) GmbH and is responsible for the Group's operations in Europe. He holds a Diploma in Textiles from Krefeld Textile School of Engineering and had over 20 years of experience in sales and marketing in the textiles industry before joining the Group in 1993.

Mr. Tu Wu Yi, aged 43, graduated with a Bachelor's Degree of Finance. Mr. Tu is a qualified accountant in China mainland and has more than 15 years of experience in finance. He has extensive experience in working with large enterprises and listed companies in China Mainland. He joined the Group in 2000 and is now the financial controller of the Group's operations in China Mainland.

Mr. Kam Yiu Kwok, aged 42, joined the Group in 1999 and was appointed as Secretary of the Company in 2000. Mr. Kam is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

DIRECTORS' INTEREST IN CONTRACTS AND COMPETING BUSINESSES

(a) In July 1994, the Group through a wholly owned subsidiary acquired from Goldlion Property Development Limited ("GPDL") the benefit of 53% of GPDL's capital contribution to, and the right and obligation to contribute 53% of the capital requirement of Guangzhou Goldlion City Properties Company Limited ("GGCP") which is the developer of, and owns the Goldlion Digital Network Centre in Guangzhou. Details of the contract are set out in note 11(d) to the accounts.

Dr. Tsang Hin Chi, Mdm. Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky have beneficial interests in GPDL and GGCP. Ownership of and the leasing activities of GGCP constitute a competing business to the Group. Since the leasing activities of GGCP is conducted on a fair and open market basis, the Directors consider that the Group's interest is adequately safeguarded.

During the year, the Group paid rental of HK\$938,000 (2003: HK\$337,000) to GGCP for the office located at Goldlion Digital Network Centre in Guangzhou.

(b) The Group paid building management fees of HK\$608,000 (2003: HK\$756,000) to Guangzhou Silver Disk Property Management Company Limited ("SDPMCL"). Dr. Tsang Hin Chi and Mr. Tsang Chi Ming, Ricky are interested in these transactions as Dr. Tsang Hin Chi and Mr. Tsang Chi Ming, Ricky have direct beneficial interests in SDPMCL.

Save as disclosed above, no contracts and interests in competing businesses of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SHARE OPTIONS

At an Extraordinary General Meeting of the Company held on 21st May 2002, the shareholders approved the adoption of a new share option scheme (the "New Option Scheme"). The New Option Scheme is designed to enable the Group to reward and motivate executives and key employees in service of the Group and other persons who may make a contribution to the Group (the "Eligible Participants").

SHARE OPTIONS (continued)

Under the New Option Scheme which is valid and effective for a term of ten years from the date of its adoption, the Directors may grant options to the Eligible Participants to subscribe for ordinary shares in the Company at a price to be notified by the Directors and to be no less than the higher of: (i) the closing price of the Company's ordinary shares as stated in the Daily Quotation Sheets on the day of offer; (ii) the average of the closing prices of the Company's ordinary shares as stated in the Daily Quotation Sheets on the day of offer; (ii) the average of the closing prices of the Company's ordinary shares as stated in the Daily Quotation Sheets for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's ordinary shares. The number of ordinary shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1 percent of the issued ordinary share capital of the Company at the date of such grant, without prior approval from the Company's shareholders. The maximum number of shares in respect of which option Scheme and any other schemes of the Group shall not exceed 30 percent of the issued ordinary share capital of the Company from time to time. The maximum number of shares which may be issued upon exercise of all options to be granted under the New Option Scheme and any other schemes adopted by the Group must not in aggregate exceed 10 percent of the issued ordinary share capital of the relevant resolution adopting this New Option Scheme.

Offer for the grant of options under the New Option Scheme must be accepted within 28 days from the offer date, upon payment of a nominal price. Options may be exercised in accordance with the terms of the New Option Scheme at any time to be determined by the Board and, in the absence of such determination, such period of time shall not be exceed a period of three years commencing on the expiry of six months after the acceptance date. No options had been granted or remained outstanding under the New Option Scheme or any other share option scheme of the Company during the year.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 31st December 2004, the interests and short positions of each Director and Chief Executive in the shares, underlying shares and debentures of the Company and its associated companies (within the meaning of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company under section 352 of the SFO or as notified to the Company were as follows:

(a) Ordinary shares of HK\$0.10 each in the Company at 31st December 2004

						Percentage
		Personal	Family	Other		to total issued
Directors		interests	interests	interests	Total	share capital
			(Note 1)	(Note 2)		
Tsang Hin Chi	Long positions	_	1,210,000	565,440,750	566,650,750	60.47%
	Short positions	-	_	-	-	-
Tsang Chi Ming,	Long positions	1,404,000	_	565,440,750	566,844,750	60.49%
Ricky	Short positions	-	_	-	-	-
Wong Lei Kuan	Long positions	1,210,000	_	565,440,750	566,650,750	60.47%
	Short positions	-	-	-	-	-

Note:

1. Mdm. Wong Lei Kuan is the wife of Dr. Tsang Hin Chi. Her shareholding disclosed under the heading "personal interests" in the above table is the family interest of Dr. Tsang Hin Chi.

2. The shareholdings disclosed by Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Mdm. Wong Lei Kuan under the heading "other interests" in the above table refer to the same shares which were held by HSBC International Trustee Limited for Gold Trustee Holding Corporation and Silver Trustee Holding Corporation as disclosed in the paragraph headed "Substantial shareholders" below.

(b) During the year, none of the Directors and Chief Executives (including their spouse and children under 18 years of age) had any interests in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (continued)

- (c) Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.
- (d) Other than those interests and short positions disclosed above, the Directors and Chief Executives also hold shares of certain subsidiaries in trust for the Company solely for the purpose of ensuring that the relevant subsidiary has more than one member.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 31st December 2004, the register of substantial shareholders maintained under section 336 of the SFO shows that as at 31st December 2004, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

Name of holder of securities	Type of securities		Gold Trustee Holding Corporation Number of shares	Silver Trustee Holding Corporation Number of shares	Others Number of shares	Total number of shares	Percentage to total issued share capital
HSBC	Ordinary shares	Long positions	339,530,000	225,910,750	-	565,440,750	60.34%
International	of \$0.10 each	Short positions	-	_	-	-	-
Trustee Limited							
Silver Disk	Ordinary shares	Long positions	-	_	158,022,000	158,022,000	16.86%
Limited	of \$0.10 each	Short positions	-	-	-	-	-
Tsang Hin Chi	Ordinary shares	Long positions	-	-	53,880,750	53,880,750	5.75%
Charities	of \$0.10 each	Short positions	-	-	-	-	-
(Management)							
Limited							

Note: HSBC International Trustee Limited held shares for Gold Trustee Holding Corporation and Silver Trustee Holding Corporation as set out above. Gold Trustee Holding Corporation and Silver Trustee Holding Corporation act as trustees, respectively, for the Gold Unit Trust and the Silver Unit Trust, which units (other than 2 units each of which are beneficially owned by Dr. Tsang Hin Chi and Mdm. Wong Lei Kuan respectively) are beneficially owned by the Tsang Family Trust.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

Connected transactions which are required to be disclosed under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") are as follows:

- (a) The Group paid rental of HK\$938,000 to GGCP during the year in the ordinary course of its business. Dr. Tsang Hin Chi, Mdm. Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky have beneficial interests in GGCP.
- (b) The Group paid building management fees of HK\$608,000 to SDPMCL under normal commercial terms in the ordinary course of its business. Dr. Tsang Hin Chi and Mr. Tsang Chi Ming, Ricky have direct beneficial interests in SDPMCL.
- (c) The Group paid professional fee of HK\$700,000 to Equitas Capital Limited during the year in the ordinary course of its business. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is the Managing Director of, and a principal shareholder in Equitas Capital Limited.
- (d) On 18th July 2002, the Group, as lessor, entered into a lease with Guangzhou World Trade Center Club Company Limited ("GWTCCL") as lessee and China World Trade Corporation ("CWTC"), the holding company of GWTCCL, as guarantor in respect of a business center and facilities therein located at Goldlion Digital Network Centre. During the year, the Group received HK\$2,666,000 from GWTCCL as rental payment under the lease. Mr. Tsang Chi Hung has indirect beneficial interest in GWTCCL as he is a major shareholder of CWTC. Dr. Tsang Hin Chi, Mdm. Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in this transaction as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Mdm. Wong Lei Kuan, and a sibling of Mr. Tsang Chi Ming, Ricky.
 - (e) On 30th December 2004, Guangzhou Goldlion Environmental Technology Co. Limited, a wholly owned subsidiary of the Company, entered into two conditional acquisition agreements (the "Agreements") with General Business Network (Holdings) Limited ("GBNL") and Mr. Tsang Chi Hung to acquire Level 19 and Levels 20 to 22 (inclusive) of Goldlion Digital Network Centre in Guangzhou respectively at an aggregate consideration of RMB81,340,000 (approximately HK\$76,735,850). The consideration was negotiated on an arm's length basis by reference to open market valuations by an independent professional property valuer. Completions of the acquisitions are subject to the conditions precedent stated in the Agreements and disclosed in the related Circular of the Company to its shareholders dated 20th January 2005. GBNL is a wholly owned subsidiary of CWTC and Mr. Tsang Chi Hung is a major shareholder of CWTC. Dr. Tsang Hin Chi, Mdm. Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in those transactions as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Mdm. Wong Lei Kuan, and a sibling of Mr. Tsang Chi Ming, Ricky.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% from its five largest suppliers, and sold less than 30% of its goods to its five largest customers.

None of the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest (as defined in the Listing Rules) in these major suppliers and customers.

CORPORATE GOVERNANCE

Throughout the year, the Company was in compliance with the prevailing Code of Best Practice as set out in Appendix 14 of the Listing Rules except that the independent non-executive Directors of the Company were not appointed for a specific term and they are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the provisions of the Company's Articles of Association.

AUDIT COMMITTEE

In compliance with the requirement with the Stock Exchange of Hong Kong Limited, an Audit Committee was formed. The primary duties of the Audit Committee are (i) to review the Company's accounts and half year report, (ii) to provide advice and comments to the Board of Directors, and (iii) to review and supervise the financial reporting process and internal control procedures of the Group. At present, the Audit Committee has four members including Dr. Wong Yu Hong, Philip, Dr. Lau Yue Sun and Mr. Wong Ying Ho, Kennedy, all of them are independent non-executive Directors, and Mr. Ng Ming Wah, Charles, a non-executive Director of the Company.

SUBSEQUENT EVENT

On 7th February 2005, the independent shareholders of the Company approved the transactions referred to in item (e) under the paragraph headed "Connected Transactions" of this report and the acquisition of Levels 20 to 22 of Goldlion Digital Network Centre was completed as at the date of this report.

AUDITORS

The accounts for the year ended 31st December 2004 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Dr. Tsang Hin Chi *Chairman*

Hong Kong, 6th April 2005

AUDITORS' REPORT



羅兵咸永道會計師事務所

PricewaterhouseCoopers 22/F, Prince's Building Central, Hong Kong Telephone (852) 2289 8888 Facsimile (852) 2810 9888 www.pwchk.com

AUDITORS' REPORT TO THE SHAREHOLDERS OF GOLDLION HOLDINGS LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 31 to 70 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Hong Kong Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2004 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers Certified Public Accountants

Hong Kong, 6th April 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2004

	Note	2004 HK\$'000	2003 HK\$'000
Turnover	2	571,390	511,258
Cost of sales		(248,266)	(246,066)
Gross profit		323,124	265,192
Other revenues	2	3,859	2,930
Other operating income		2,670	-
Selling and distribution costs		(127,530)	(111,960)
Administrative expenses		(104,613)	(92,477)
Operating profit	3	97,510	63,685
Taxation	4	(28,226)	(17,691)
Profit after taxation		69,284	45,994
Minority interests		(609)	(844)
Profit attributable to shareholders	5	68,675	45,150
Dividends	6	56,227	42,170
		HK cents	HK cents
Basic earnings per share	7	7.33	4.82

CONSOLIDATED BALANCE SHEET

As at 31st December 2004

	Note	2004 HK\$'000	2003 HK\$'000
NON-CURRENT ASSETS Fixed assets Deferred tax assets	11 19	1,173,647 30,748	1,185,096 24,093
		1,204,395	1,209,189
CURRENT ASSETS Stocks Trade debtors Prepayments and deposits	13 14	85,394 26,130 31,509	97,573 26,273 15,624
Bank balances and cash	15	<u> </u>	340,141
CURRENT LIABILITIES Creditors and bills payables Other payables and accruals Taxation payable	16	26,218 108,590 25,931	479,611 27,530 98,425 2,846 128,801
NET CURRENT ASSETS		379,394	350,810
TOTAL ASSETS LESS CURRENT LIABILITIES		1,583,789	1,559,999
Financed by:			
SHARE CAPITAL RESERVES PROPOSED FINAL DIVIDEND	17 18 18	93,711 1,353,455 37,485	93,711 1,343,088 28,113
SHAREHOLDERS' FUNDS MINORITY INTERESTS		1,484,651 2,494	1,464,912 1,885
NON-CURRENT LIABILITIES Deferred tax liabilities	19	96,644	93,202
		1,583,789	1,559,999

On behalf of the Board

Dr. Tsang Hin Chi *Chairman*

Mr. Tsang Chi Ming, Ricky

Deputy Chairman and Chief Executive Officer

BALANCE SHEET

As at 31st December 2004

	Note	2004 HK\$'000	2003 HK\$'000
NON-CURRENT ASSETS			
Subsidiaries	12	1,216,044	1,262,068
CURRENT ASSETS Prepayments		172	172
Bank balances and cash		71	72
Dank balances and cash			
		243	244
CURRENT LIABILITIES			
Accruals		838	989
NET CURRENT LIABILITIES		(595)	(745)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,215,449	1,261,323
Financed by:			
SHARE CAPITAL	17	93,711	93,711
RESERVES	18	1,084,253	1,139,499
PROPOSED FINAL DIVIDEND	18	37,485	28,113
		1,215,449	1,261,323

On behalf of the Board

Dr. Tsang Hin Chi *Chairman* **Mr. Tsang Chi Ming, Ricky** Deputy Chairman and Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2004

	Note	2004 HK\$'000	2003 HK\$'000
Total equity as at 1st January		1,464,912	1,473,333
Deficit on revaluation of investment properties – gross – taxation	18(a)	(7,424) 3,589	(20,666) 125
Exchange differences arising on translation of the accounts of foreign subsidiaries	18(a)	2,443	(231)
Net losses not recognised in the consolidated profit and loss account		(1,392)	(20,772)
Profit attributable to shareholders		68,675	45,150
Reserves transferred to profit and loss account upon disposal of investment properties – gross – taxation	18(a)	(801) 112	-
Dividends	18(a)	(46,855)	(32,799)
		21,131	12,351
Total equity as at 31 December		1,484,651	1,464,912

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December 2004

	Note	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20(a)	114,543	124,335
Taxation outside Hong Kong paid		(4,653)	(3,951)
Hong Kong taxation paid		-	(70)
Disposal of trading investments		-	530
Dividend received from trading investments			9
Net cash inflow from operating activities		109,890	120,853
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(26,107)	(9,702)
Disposal of fixed assets		14,664	540
Interest received		3,859	2,921
Net cash used in investing activities		(7,584)	(6,241)
NET CASH INFLOW BEFORE FINANCING		102,306	114,612
CASH FLOWS FROM FINANCING ACTIVITIES	20(b)		
Dividends paid		(46,855)	(32,799)
Dividends paid to minority shareholders in subsidiaries		-	(1,692)
Net cash used in financing activities		(46,855)	(34,491)
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES		1,508	(231)
INCREASE IN CASH AND CASH EQUIVALENTS		56,959	79,890
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		340,141	260,251
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	20(c)	397,100	340,141

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

(a) Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). They have been prepared under the historical cost convention except that, as disclosed in the accounting policies below, investment properties are stated at fair value.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1st January 2005.

The Group has not early adopted these new HKFRSs in the accounts for the year ended 31st December 2004.

The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

(b) Group accounting consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st December.

Subsidiaries are those entities in which the Group controls the composition of the board of directors, controls more than half of the voting power or holds more than half of the issued share capital.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(b) Group accounting consolidation (continued)

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill, including goodwill taken to reserves which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet the investments in subsidiaries are stated at cost less any provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Goodwill/negative goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the Group's share of the net assets of subsidiaries, associated companies and jointly controlled entities acquired at the date of acquisition.

Goodwill on acquisitions occurring on or after 1st January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life of not more than twenty years. Goodwill on acquisitions that occurred prior to 1st January 2001 was taken directly to reserves. Where the fair values ascribed to the net assets of subsidiaries, associated companies and jointly controlled entities acquired exceeded the purchase consideration, such differences were taken directly to capital reserves on acquisitions prior to 1st January 2001.

Where an indication of impairment exists, the carrying amount of goodwill, including goodwill previously taken to reserves, is assessed and written down immediately to its recoverable amount.

(d) Fixed assets

(i) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

For the year ended 31st December 2004

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Fixed assets (continued)

(i) Investment properties (continued)

Investment properties held on leases with unexpired periods longer than 20 years are valued annually by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account.

(ii) Construction-in-progress

Construction-in-progress, representing building on which construction work has not been completed, is stated at cost, which includes construction expenditures incurred and other direct costs capitalised during the construction period, less accumulated impairment losses. No depreciation is provided in respect of construction-in-progress until the construction work is completed. On completion, the construction-in-progress is transferred to appropriate categories of fixed assets.

(iii) Other properties, plant and equipment

Other properties are interests in land and buildings other than investment properties as mentioned in note 1(d)(i). Freehold land is stated at cost less accumulated impairment losses. Plant and equipment and other properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not amortised whereby leasehold land is amortised on a straight line basis over the unexpired period of the lease.

Improvements are capitalised and depreciated over their expected useful lives to the Group.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Fixed assets (continued)

(iii) Other properties, plant and equipment (continued)

Other tangible fixed assets are depreciated at rates sufficient to write off their cost over their estimated useful lives on a straight line basis. The principal annual rates are as follows:

Buildings on freehold and leasehold land	2% to 5%
Plant and machinery	10% to 20%
Furniture and fixtures	20%
Computers	30%
Motor vehicles	20%

(iv) Impairment and gain or loss on sale

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in constructionin-progress, other properties and other tangible fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any remaining revaluation reserve balance attributable to the relevant asset is transferred to retained profits and is shown as a movement in reserves.

(e) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Payment obligations in respect of operating leases on properties with fixed rentals are accounted for on a straight-line basis over the periods of the respective leases. Payment obligations in respect of operating leases on properties with rentals which vary with gross revenues of the Group are charged to the profit and loss account as incurred.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(g) Trade debtors

Provision is made against trade debtors to the extent that they are considered to be doubtful. Trade debtors in the balance sheet is stated net of such provision.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investments and bank overdrafts.

(i) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheets of subsidiaries expressed in foreign currencies are translated at rates of exchange ruling at the balance sheet date whilst the profit and loss account are translated at average exchange rate during the year. Exchange differences are dealt with as a movement in reserves.

(j) Revenue recognition

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Operating lease rental income is recognised on a straight line basis over the periods of the respective leases.

Licensing income and building management fee income are recognised on an accrual basis.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(j) Revenue recognition (continued)

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

(k) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(ii) Profit sharing and bonus plans

The expected cost of profit sharing and bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for profit sharing and bonus plans are expected to be settled within the next twelve months and are measured at the amounts expected to be paid when they are settled.

(iii) Pension obligations

The Group operates defined contribution retirement schemes which are available for all qualified employees in Hong Kong and Singapore. The assets of the schemes are held separately from those of the Group in independently administered funds. For the retirement schemes for Hong Kong and Singapore employees, monthly contributions made by the Group and the employees are calculated as a fixed percentage of the employees' basic salaries or a fixed sum for each employee where appropriate. Contributions to these schemes by the Group are expensed as incurred and/or are reduced by those employees who leave the schemes prior to vesting fully in the contributions.

For the year ended 31st December 2004

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Employee benefits (continued)

(iii) Pension obligations (continued)

The Group also participates in the employee pension schemes operated by the municipal governments of various cities in the Peoples' Republic of China (the "PRC") and is required to make annual contributions in the range of 2% to 28% of annual payroll costs to these schemes. The municipal governments are responsible for the entire pension obligations payable to retired employees. The only obligation of the Group is to pay the ongoing required contribution under these schemes. The contributions are charged to the profit and loss account as incurred.

(iv) Equity compensation benefits

Share options are granted to certain Directors and employees. No compensation cost is recognised in the profit and loss account in connection with share options granted. When the share options are exercised, the proceeds received net of any transaction costs are credited to share capital (nominal value) and share premium.

(I) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(m) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(m) Contingent liabilities and contingent assets (continued)

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(n) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that the primary segment reporting format is by business segments and the secondary segment reporting is by geographical segments.

Unallocated costs represent corporate expenses less interest income. Segment assets consist primarily of fixed assets, stocks, receivables and operating cash, and mainly exclude corporate cash funds and trading investments. Segment liabilities comprise operating liabilities and exclude items such as payables and accruals for corporate expenses. Capital expenditure comprises additions to fixed assets.

In respect of geographical segment reporting, sales are based on the countries in which the group company operates. Total assets and capital expenditure are where the assets are located.

For the year ended 31st December 2004

2. REVENUES AND SEGMENT INFORMATION

The Group is principally engaged in distribution and manufacturing of garments, leather goods and accessories, property investments and licensing of brand name. Revenues recognised during the year are as follows:

	2004 HK\$'000	2003 HK\$'000
Turnover		
Sales of goods	494,210	451,690
Gross rental income from investment properties	45,226	38,272
Building management fee	6,202	2,869
Licensing income	25,752	18,427
	571,390	511,258
Other revenues Interest income	2 950	2 0 2 1
	3,859	2,921
Dividend income from trading investments		9
	3,859	2,930
Total revenues	575,249	514,188

Primary reporting format – business segment

The Group is organised into two main business segments.

Apparel – Distribution and manufacturing of garments, leather goods and accessories and licensing of brand name.

Property investments – Investments in properties in China Mainland, Hong Kong SAR and Singapore.

There are no material transactions between the business segments except for office rental charge.

2. REVENUES AND SEGMENT INFORMATION (continued)

Primary reporting format – business segment (continued)

An analysis of the Group's segment information by business segment is set out as follows:

		Property	004			Property	003	
	Apparel HK\$'000	investments HK\$'000	Eliminations HK\$'000	Group HK\$'000	Apparel HK\$'000	investments HK\$'000	Eliminations HK\$'000	Group HK\$'000
Results Turnover Inter-segment sales	519,962	51,428 250	_ (250)	571,390 -	470,117 -	41,141 4,911	_ (4,911)	511,258
	519,962	51,678	(250)	571,390	470,117	46,052	(4,911)	511,258
Segment results	94,074	33,076		127,150	73,315	19,636		92,951
Unallocated costs				(29,640)				(29,266)
Operating profit Taxation				97,510 (28,226)				63,685 (17,691)
Profit after taxation Minority interests				69,284 (609)				45,994 (844)
Profit attributable to shareholders				68,675				45,150
Assets Segment assets Unallocated assets	523,912	1,017,212		1,541,124 203,404	445,224	961,831		1,407,055 281,745
Total assets				1,744,528				1,688,800
Liabilities Segment liabilities Unallocated liabilities	121,458	23,234		144,692 112,691	95,334	15,978		111,312 110,691
Total liabilities				257,383				222,003
Other information Capital expenditure Depreciation Provision for slow	5,931 15,004	20,176 2,282		26,107 17,286	5,284 14,476	4,418 4,597		9,702 19,073
moving stocks	20,296			20,296	14,878			14,878

For the year ended 31st December 2004

2. **REVENUES AND SEGMENT INFORMATION** (continued)

Secondary reporting format – geographical segment

The Group operates in the following three main geographical areas:

China Mainland - Apparel and property investments

Hong Kong SAR – Apparel and property investments

Singapore and Malaysia – Apparel and property investments

An analysis of the Group's segment information by geographical segment is as follows:

		2004	1	
		Segment	Segment	Capital
	Turnover	results	assets	expenditure
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical segments				
China Mainland	438,899	110,670	1,163,459	21,590
Hong Kong SAR	45,453	9,082	505,950	2,822
Singapore and Malaysia	84,592	9,587	64,592	1,675
Other countries	2,446	(2,189)	10,527	20
	571,390	127,150	1,744,528	26,107
Unallocated costs		(29,640)		
Operating profit		97,510		

For the year ended 31st December 2004

2. **REVENUES AND SEGMENT INFORMATION** (continued)

Secondary reporting format – geographical segment (continued)

	2003			
		Segment	Segment	Capital
	Turnover	results	assets	expenditure
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical segments				
China Mainland	394,824	85,848	1,035,363	8,300
Hong Kong SAR	42,489	1,769	586,405	954
Singapore and Malaysia	71,557	7,208	56,278	443
Other countries	2,388	(1,874)	10,754	5
	511,258	92,951	1,688,800	9,702
Unallocated costs		(29,266)		
Operating profit		63,685		

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)	2004 HK\$'000	2003 HK\$'000
the following:		
Cost of stocks sold	218,682	221,781
Provision for slow moving stocks	20,296	14,878
Outgoings in respect of investment properties	9,288	9,407
Operating lease rentals - land and buildings	16,341	12,210
Depreciation	17,286	19,073
Staff costs including Directors' emoluments (note 8)	87,693	76,170
Auditors' remuneration		
- Current year	1,307	1,537
- Over provision in prior year	(250)	(47)
Provision for doubtful debts	308	967
Loss on disposal of fixed assets	986	1,045
Net exchange (gain)/loss	(256)	325
Gain on disposal of properties	(2,670)	_

For the year ended 31st December 2004

4. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profit for the year. Taxation on profits outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the regions/countries in which the Group operates.

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

	2004 HK\$'000	2003 HK\$'000
Hong Kong profits tax		
Under provision in prior years	1	70
Taxation outside Hong Kong		
Current year	27,737	4,013
Over provision in prior years		(656)
	27,737	3,357
Deferred taxation (note 19)	488	14,264
Total taxation charges	28,226	17,691

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	2004 HK\$'000	2003 HK\$'000
Profit before taxation	97,510	63,685
Calculated at a taxation rate of 17.5%	17,064	11,145
Effect of different taxation rates in other countries	10,324	8,149
Income not subject to taxation	(1,597)	(3,910)
Expenses not deductible for taxation purposes	792	847
Utilisation of previously unrecognised tax losses	(2,125)	(3,630)
Tax loss for the year not recognised	7,666	8,431
Recognition of previously unrecognised deferred tax assets	(3,874)	(2,750)
Others	(24)	(591)
Total taxation charges	28,226	17,691

For the year ended 31st December 2004

5. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders includes profit of the Company to the extent of HK\$981,000 (2003: HK\$197,273,000).

6. **DIVIDENDS**

	2004	2003
	HK\$'000	HK\$'000
2004 interim dividend, paid, of 2.0 HK cents		
per ordinary share	18,742	_
2003 interim dividend, paid, of 1.5 HK cents		
per ordinary share	-	14,057
2004 final dividend, proposed of 4.0 HK cents		
per ordinary share (Note)	37,485	_
2003 final dividend, paid, of 3.0 HK cents		
per ordinary share	-	28,113
	56,227	42,170

Note:

At a meeting held on 6th April 2005, the Directors declared a final dividend of 4.0 HK cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained profits for the year ending 31st December 2005.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$68,675,000 (2003: HK\$45,150,000) and the weighted average number of 937,114,035 (2003: 937,114,035) shares in issue during the year.

No diluted earnings per share is presented as there were no potential dilutive ordinary shares in issue during the years ended 31st December 2004 and 2003.

For the year ended 31st December 2004

8. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2004	2003
	HK\$'000	HK\$'000
Staff costs		
- Wages and salaries	82,316	72,365
- Retirement benefit costs (note 9)	5,377	3,805
	87,693	76,170
	_	
RETIREMENT BENEFIT COSTS		
	2004	2003
	2004 НК\$'000	HK\$'000
	1114 000	1110 000
Defined contribution schemes for:		
The Hong Kong employees (note (a))	747	597
The Singaporean employees (note (b))	2,235	2,022
The PRC employees (note (c))	2,395	1,186
	5,377	3,805

Notes:

(a) Under the Mandatory Provident Fund (the "MPF") scheme, both the employer and employee have to contribute 5% of the employee's relevant income or HK\$1,000, whichever is lower, as mandatory contribution. The employer and employee may further contribute certain percentage of the employee's relevant income, as voluntary contribution.

The amount represents contributions paid and payable by the Group to the MPF scheme totalling HK\$768,000 (2003: HK\$786,000) including forfeited contributions of HK\$21,000 (2003: HK\$189,000). The forfeited contributions represent contributions to the retirement scheme prior to the MPF scheme for those employees who leave prior to vesting fully on the contributions. Contributions totalling HK\$109,000 (2003: HK\$129,000) payable to the MPF scheme at the year end are included in other payables. There was no unutilised forfeited contribution at year end (2003: Nil).

- (b) Contributions paid and payable by the Group to the schemes amounted to HK\$2,235,000 (2003: HK\$2,022,000). Contributions totalling HK\$806,000 (2003: HK\$986,000) payable to the schemes at the year end are included in other payables. There was no unutilised forfeited contribution at year end (2003: Nil).
- (c) This represents gross contributions made by the Group to employee pension schemes operated by the municipal governments of various cities in the PRC. There was no contributions payable (2003: Nil) to the municipal governments at the year end.

9.

For the year ended 31st December 2004

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) The aggregate amounts of emoluments payable to the Directors of the Company during the year are as follows:

	2004 HK\$'000	2003 HK\$'000
Fees Basic salaries, housing and other allowances Contributions to retirement scheme	430 14,396 28	360 13,180 29
	14,854	13,569

The emoluments of the Directors fell within the following bands:

	Number of Directors	
	2004	2003
Emolument bands		
HK\$ nil – HK\$1,000,000	4	3
HK\$1,500,001 – HK\$2,000,000	1	1
HK\$2,500,001 – HK\$3,000,000	-	1
HK\$3,000,001 – HK\$3,500,000	1	-
HK\$8,500,001 – HK\$9,000,000	-	1
HK\$9,000,001 – HK\$9,500,000	1	_

Directors' fees include HK\$310,000 (2003: HK\$240,000) paid to three (2003: two) independent non-executive Directors.

10. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(b) The five individuals whose emoluments were the highest in the Group for the year included three (2003: three) Directors whose emoluments are reflected in the analysis presented in 10(a) above. The emoluments payable to the remaining two (2003: two) individual during the year are as follows:

	2004 HK\$'000	2003 HK\$'000
Basic salaries, housing and other allowances Contributions to retirement scheme	4,146 302	3,206 7
	4,448	3,213

The emoluments fell within the following band:

	Number of individual		
	2004	2003	
Emolument bands			
HK\$1,000,001 – HK\$1,500,000	-	1	
HK\$1,500,001 – HK\$2,000,000	1	_	
HK\$2,000,001 – HK\$2,500,000	1	1	

(c) Other than disclosed above, no emoluments have been paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. No Directors or the five highest paid individuals waived or agreed to waive any emoluments during the year.

For the year ended 31st December 2004

11. FIXED ASSETS - GROUP

	Investment properties HK\$'000	Other properties HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Computers HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation							
At 1st January 2004	927,203	323,334	15,759	82,653	10,335	10,804	1,370,088
Translation differences	599	415	-	171	53	101	1,339
Additions	19,660	-	372	1,805	903	3,367	26,107
Disposals	(2,480)	(18,706)	-	(35,283)	(345)	(3,085)	(59,899)
Revaluation (note 11(a))	(7,424)	_	-	-	-	-	(7,424)
At 31st December 2004	937,558	305,043	16,131	49,346	10,946	11,187	1,330,211
Accumulated depreciation and impairment losses	d						
At 1st January 2004	-	77,740	13,637	78,272	8,266	7,077	184,992
Translation differences	-	135	-	160	49	60	404
Depreciation charge	-	9,668	1,003	4,082	1,115	1,418	17,286
Disposals		(9,478)	-	(33,951)	(344)	(2,345)	(46,118)
At 31st December 2004		78,065	14,640	48,563	9,086	6,210	156,564
Net book value							
At 31st December 2004	937,558	226,978	1,491	783	1,860	4,977	1,173,647
At 31st December 2003	927,203	245,594	2,122	4,381	2,069	3,727	1,185,096
The analysis of the cost or valuation of the above assets is as follows:							
At cost At 2004 professional	-	305,043	16,131	49,346	10,946	11,187	392,653
valuation	937,558	-	-	-	-	-	937,558
At 31st December 2004	937,558	305,043	16,131	49,346	10,946	11,187	1,330,211
At cost At 2003 professional	-	323,334	15,759	82,653	10,335	10,804	442,885
valuation	927,203	-	-	_	-	-	927,203
At 31st December 2003	927,203	323,334	15,759	82,653	10,335	10,804	1,370,088

11. FIXED ASSETS – GROUP (continued)

- (a) Investment properties were revalued at 31st December 2004 and 2003 on an open market value basis by Mr. Ng Sai Hee, an independent professional valuer, for properties located in Hong Kong and the PRC, and Knight Frank Pte Limited, an independent professional valuer, for properties located in Singapore. The gross revaluation deficit of HK\$7,424,000 (2003: HK\$20,666,000) was taken to investment properties revaluation reserve (note 18(a)).
- (b) The Group's interests in investment properties and other properties are analysed at their net book values as follows:

	20	004	20	003
	Investment	Other	Investment	Other
	properties	properties	properties	properties
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
In Hong Kong, held on:				
Leases of over 50 years	31,650	-	30,200	_
Leases of between				
10 to 50 years	225,410	118,226	222,610	121,190
	257,060	118,226	252,810	121,190
Outside Hong Kong, held on:				
Freehold	9,998	13,390	10,113	13,482
Leases of over 50 years	16,000	-	8,480	3,831
Leases of between				
10 to 50 years	654,500	95,362	655,800	107,091
	680,498 	108,752	674,393	124,404
	937,558	226,978	927,203	245,594

(c) Included in other properties are properties with aggregate net book value of HK\$42,709,000 as at 31st December 2004 (2003: HK\$50,797,000) located in the PRC in respect of which title documents have not been obtained from the relevant government authorities.

11. FIXED ASSETS – GROUP (continued)

(d) Included in investment properties is a property with total net book value of HK\$579,000,000 as at 31st December 2004 (2003: HK\$579,000,000) which represents the Group's interests of approximately 53% of the gross floor area and the car parking spaces of a commercial complex, named as Goldlion Digital Network Centre, situates at Ti Yu Dong Road, Tianhe District, the city of Guangzhou, the PRC (the "Designated Property").

On 22nd July 1994, Goldlion (Guangdong) Limited ("Goldlion Guangdong"), a wholly owned subsidiary of the Group, entered into a contract (the "Contract") with Goldlion Property Development Limited ("GPDL") to acquire 53% of GPDL's capital contribution to, and the right and obligation to contribute 53% of the capital requirement of Guangzhou Goldlion City Properties Company Limited ("GGCP"). In accordance with GGCP's Articles of Association, Goldlion Guangdong, other than receiving the Designated Property as mentioned above, will not participate in any profit or loss of GGCP and will not be entitled to the distribution of GGCP's assets on liquidation. The entire issued share capital of GPDL is beneficially owned by three executive Directors, Dr. Tsang Hin Chi, Mdm. Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky, and the Tsang family trust. The principal activity of GGCP is to develop, construct, market, let and manage Goldlion Digital Network Centre. In consideration of the capital contribution to GGCP, Goldion Guangdong, on completion of Goldlion Digital Network Centre, is entitled to receive, free of further payment to GGCP or any other partner thereto, approximately 53% of the Designated Property. The construction of Goldlion Digital Network Centre was practically completed as at 31st March 1999.

On 29th May 1999, Goldlion Guangdong entered into a supplemental contract and a memorandum with GPDL and the other PRC joint venture partner of GGCP to amend certain terms of the Contract for the purpose of minimising tax liabilities of GGCP. Simultaneously, Dr. Tsang Hin Chi and GPDL had executed an indemnity in favour of Goldlion Guangdong as an additional measure to safeguard Goldlion Guangdong's interest in the Designated Properties. The Directors are of the opinion that the entitlements and the rights of the Group in the Designated Property before and after the amendment of the terms of the Contract remain unchanged. In this connection, the Group has not obtained the title documents in respect of the Designated Properties from the relevant government authorities.

For the year ended 31st December 2004

12. SUBSIDIARIES - COMPANY

	2004	2003
	HK\$'000	HK\$'000
Unlisted investments, at cost	10	10
Amounts due from subsidiaries, net of provision	1,216,861	1,262,885
Amount due to a subsidiary	(827)	(827)
	1,216,044	1,262,068

The balances with subsidiaries are unsecured and interest free, and have no fixed terms of repayment.

The underlying value of investment in subsidiaries, which in the opinion of the Directors, is not less than their carrying values as at 31st December 2004.

The following is a list of principal subsidiaries, which in the opinion of the Directors, are significant to the results and net assets of the Group:

	Place of incorporation and	Principal activities and	lssued share capital/paid-up	Class of shares		equity rest
Name	kind of legal entity	place of operation	capital	held	2004	2003
China Silverlion Limited	PRC Equity joint venture	Distribution and manufacturing of garments in the PRC	RMB3,613,724	-	90%	90%
Goldlion (China) Limited	PRC Equity joint venture	Distribution and manufacturing of garments in the PRC	RMB103,640,175	-	99.25%	99.25%
Goldlion Clothes Making Company Limited	PRC Equity joint venture	Distribution and manufacturing of garments in the PRC	US\$6,330,110	-	98.82%	98.82%
* Goldlion Enterprise (Singapore) Pte Limited	Singapore Limited liability company	Distribution of garments in Singapore	S\$1,000,000	Ordinary	100%	100%

For the year ended 31st December 2004

12. SUBSIDIARIES – COMPANY (continued)

000000000000000	Place of	Principal	Issued share	Class of	Group	equity
	incorporation and	activities and	capital/paid-up	shares	inte	
Name	kind of legal entity	place of operation	capital	held	2004	2003
# Goldion Distribution (M) Sdn. Bhd.	Malaysia Limited liability company	Distribution of garments in Malaysia	MYR1,200,000	Ordinary	100%	100%
Goldlion (Europe) GmbH	Germany Limited liability company	Purchasing office in Germany	EUR127,823	Ordinary	90%	90%
Goldlion (Far East) Limited	Hong Kong Limited liability company	Distribution and manufacturing of garments in Hong Kong	HK\$200 HK\$50,000,000 (non-voting deferred shares)	Ordinary	100%	100%
* Goldlion Group (BVI) Limited	British Virgin Islands Limited liability company	Investment holding in Hong Kong	US\$10,000	Ordinary	100%	100%
Goldlion (Guangdong) Limited	Hong Kong Limited liability company	Property holding in the PRC	HK\$2	Ordinary	100%	100%
Guangzhou Goldlion Environmental Technology Co. Limited (formerly known as Guangzhou Goldlion Commercial Network Limited)	PRC Limited liability company	Property holding in the PRC	RMB10,609,000	_	100%	100%
Hallman Properties Limited	British Virgin Islands Limited liability company	Property holding in Germany	US\$50,000	Ordinary	100%	100%

For the year ended 31st December 2004

12. SUBSIDIARIES – COMPANY (continued)

	Place of incorporation and	Principal activities and	lssued share capital/paid-up	Class of shares	Group equi interest	•
Name	kind of legal entity	place of operation	capital	held	2004	2003
Renard Investments Limited	British Virgin Islands Limited liability company	Property holding in Hong Kong	HK\$2 HK\$59,999,998 (redeemable shares)	Ordinary	100%	100%
Shenyang Goldlion Commercial Mansion Limited	PRC Limited liability company	Property holding in the PRC	RMB70,000,000	-	100%	100%
Rich Smart Resources Limited	Hong Kong Limited liability company	Property holding in Hong Kong	HK\$2	Ordinary	100%	100%
Smart View Investment Limited	Hong Kong Limited liability company	Investment holding in Hong Kong	HK\$2	Ordinary	100%	100%

* Subsidiary held directly by the Company

Subsidiaries not audited by PricewaterhouseCoopers

The aggregate net assets and turnover of subsidiaries not audited by PricewaterhouseCoopers accounted for approximately 3% and 15% (2003: 3% and 14%) of the Group's net assets and turnover respectively.

For the year ended 31st December 2004

13. STOCKS - GROUP

	2004	2003
	HK\$'000	HK\$'000
Raw materials	3,081	2,927
Work in progress	11,609	14,727
Finished goods	70,704	79,919
	85,394	97,573

At 31st December 2004, the carrying amount of stocks that are carried at net realisable value amounted to HK\$66,533,000 (2003: HK\$74,278,000).

14. TRADE DEBTORS – GROUP

The Group's turnover is on cash on delivery, letter of credit or credit terms ranging from 30 days to 90 days after delivery. At 31st December 2004, the ageing analysis of the trade debtors, net of provision, was as follows:

	2004	2003
	HK\$'000	HK\$'000
Current	19,486	16,613
31-90 days	6,644	7,405
Over 90 days	-	2,255
	26,130	26,273

15. BANK BALANCES AND CASH - GROUP

Bank balances and cash of the Group include an amount of HK\$272,767,000 (2003: HK\$139,994,000) denominated in Renminbi. The conversion of these balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

16. CREDITORS AND BILLS PAYABLES - GROUP

At 31st December 2004, the ageing analysis of the creditors and bills payables was as follows:

		2004	2003
		HK\$	HK\$
	Current	19,676	17,230
	31-90 days	3,135	3,717
	Over 90 days	3,407	6,583
		26,218	27,530
7.	SHARE CAPITAL		
		2004	2003
		HK\$'000	HK\$'000
	Authorised:		
	1,200,000,000 (2003: 1,200,000,000) shares		
	of HK\$0.10 each	120,000	120,000
	Issued and fully paid:		
	937,114,035 (2003: 937,114,035) shares of HK\$0.10 each	93,711	93,711

At an Extraordinary General Meeting of the Company held on 21st May 2002, a new share option scheme was approved and adopted (the "New Option Scheme"). No share options were granted during the year (2003: Nil) under the New Option Scheme.

17

For the year ended 31st December 2004

10		
19		
18.	 SER۱	

(a) Group

	Share	Investment properties revaluation	Capital	Capital redemption	Other	Exchange	Retained	
	premium	reserve	reserve	reserve	reserves	reserve	profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2003 Deficit on revaluation of investment properties (note 11(a))	929,312	36,373	183,001	484	27,801	(10,784)	213,435	1,379,622
- gross	-	(20,666)	_	_	_	_	-	(20,666)
- taxation	_	125	_	_	_	_	_	125
Exchange translation		120						120
differences	-	_	-	-	-	(231)	-	(231)
Profit for the year	-	-	_	_	-	_	45,150	45,150
2002 final dividend paid	_	-	-	-	-	-	(18,742)	(18,742)
2003 interim dividend paid	-	-	-	-	-	-	(14,057)	(14,057)
At 31st December 2003	929,312	15,832	183,001	484	27,801	(11,015)	225,786	1,371,201
Representing:								
Reserves 2003 final dividend	929,312	15,832	183,001	484	27,801	(11,015)	197,673	1,343,088
proposed	_	-	-	-	-	-	28,113	28,113
	929,312	15,832	183,001	484	27,801	(11,015)	225,786	1,371,201

For the year ended 31st December 2004

18. **RESERVES** (continued)

(a)

Group (continued	d)							
		Investment		Conital				
	Share	properties revaluation	Capital	Capital redemption	Other	Exchange	Retained	
	premium	reserve	reserve	reserve	reserves	reserve	profits	Tota
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2004	929,312	15,832	183,001	484	27,801	(11,015)	225,786	1,371,201
Deficit on revaluation of investment								
properties (note 11(a))								
- gross	-	(7,424)	_	-	-	-	-	(7,424
- taxation	-	3,589	_	-	-	-	-	3,589
Exchange translation								
differences	-	-	-	-	-	2,443	-	2,443
Profit for the year	-	-	_	-	-	-	68,675	68,675
Reserves transferred								
to profit and loss								
account upon disposal								
of investment properties								
- gross	-	(801)	-	-	-	-	-	(801
- taxation	-	112	-	-	-	-	-	112
2003 final dividend paid	-	-	-	-	-	-	(28,113)	(28,113
2004 interim dividend paid		-	-	-	-	-	(18,742)	(18,742
At 31st December 2004	929,312	11,308	183,001	484	27,801	(8,572)	247,606	1,390,940
Representing:								
Reserves	929,312	11,308	183,001	484	27,801	(8,572)	210,121	1,353,455
2004 final dividend	0201012	17,000	100,001	דטד	21,001	(0,012)	210,121	1,000,700
proposed	_	-	-	-	-	-	37,485	37,485
	929,312	11,308	183,001	484	27,801	(8,572)	247,606	1,390,940

Other reserves are attributable to certain subsidiaries established in the PRC. These reserves, comprising a general reserve fund and an enterprise development fund, are set aside in accordance with the relevant statutory requirements in the PRC. The amount set aside is determined by the Board of Directors of these subsidiaries at their financial year end.

For the year ended 31st December 2004

18. **RESERVES** (continued)

(b)	Company
()	

		Capital	-	
	Share	redemption	Retained	Tatal
	premium HK\$'000	reserve HK\$'000	profits HK\$'000	Total <i>HK</i> \$'000
	ΠΑΦ 000	1110 000	1110000	ΤΠΑΦ ΟΟΟ
At 1st January 2003	929,312	484	73,342	1,003,138
Profit for the year	_	-	197,273	197,273
2002 final dividend paid	_	-	(18,742)	(18,742)
2003 interim dividend paid	-	_	(14,057)	(14,057)
At 31st December 2003	929,312	484	237,816	1,167,612
Representing:				
Reserves	929,312	484	209,703	1,139,499
2003 final dividend proposed	-	-	28,113	28,113
-	929,312	484	237,816	1,167,612
At 1st January 2004	929,312	484	237,816	1,167,612
Profit for the year	-	_	981	981
2003 final dividend paid	_	_	(28,113)	(28,113)
2004 interim dividend paid	_	-	(18,742)	(18,742)
At 31st December 2004	929,312	484	191,942	1,121,738
-			·	
Representing:				
Reserves	929,312	484	154,457	1,084,253
2004 final dividend proposed	_	-	37,485	37,485
	929,312	484	191,942	1,121,738
-				

19. DEFERRED TAXATION - GROUP

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5%.

The movement on the net deferred tax liabilities of the Group is as follows:

	2004 HK\$'000	2003 HK\$'000
At 1st January Deferred taxation charged to profit and loss account	69,109 488	54,970 14,264
Taxation credited to investment properties revaluation reserves <i>(note 18(a))</i>	(3,701)	(125)
At 31st December	65,896	69,109

Deferred tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of HK\$308,603,000 (2003: HK\$444,154,000), which is subject to agreement by relevant tax authority, to carry forward against future taxable income. Included in the unrecognised tax losses, HK\$229,775,000 (2003: HK\$341,664,000) have no expiry date and the remaining losses will expire at various dates up to and including 2009.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

		elerated exation						
Deferred tax liabilities	dep	reciation	Fair v	alues gains	Others		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January	5,803	6,825	91,070	91,195	774	1,471	97,647	99,491
Charged/(credited) to								
profit and loss account	7,656	(1,022)	-	-	3,145	(697)	10,801	(1,719)
Credited to equity	-	-	(3,701)	(125)	-	-	(3,701)	(125)
At 31 December	13,459	5,803	87,369	91,070	3,919	774	104,747	97,647

For the year ended 31st December 2004

DEFERTIED WOOT		anoon	Continue					
Deferred tax assets	Provisions		Tax	Tax losses		Others Tot		Total
	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January	(19,354)	(16,282)	(4,369)	(17,810)	(4,815)	(10,429)	(28,538)	(44,521)
Charged/(credited) to								
profit and loss account	(3,765)	(3,072)	(1,342)	13,441	(5,206)	5,614	(10,313)	15,983
At 31 December	(23,119)	(19,354)	(5,711)	(4,369)	(10,021)	(4,815)	(38,851)	(28,538)

19. DEFERRED TAXATION – GROUP (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2004	2003
	HK\$'000	HK\$'000
Deferred tax assets	(30,748)	(24,093)
Deferred tax liabilities	96,644	93,202
	65,896	69,109

For the year ended 31st December 2004

20. CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to cash generated from operations:

	2004	2003
	HK\$'000	HK\$'000
Operating profit	97,510	63,685
Depreciation	17,286	19,073
Interest income	(3,859)	(2,921)
Dividend income from trading investments	-	(9)
Gain on disposal of properties	(2,670)	_
Loss on disposal of fixed assets	986	1,045
Operating profit before working capital changes	109,253	80,873
Decrease in stocks	12,179	13,526
(Increase)/decrease in debtors and prepayments	(15,742)	5,814
Increase in creditors, other payables and accruals	8,853	24,122
Cash generated from operations	114,543	124,335

(b) Analysis of changes in financing during the year

Share capital and							
	share premium		Dividend	s payable	Minority interests		
	2004	2003	2004	2003	2004	2003	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1st January	1,023,023	1,023,023	-	-	1,885	2,733	
Minority interests in							
share of results	-	-	-	-	609	844	
Dividends declared	-	-	46,855	32,799	-	-	
Dividends paid	-	-	(46,855)	(32,799)	-	-	
Dividends paid to							
minority shareholders	-	-	-	-	-	(1,692)	
Balance at							
31st December	1,023,023	1,023,023	-	-	2,494	1,885	

For the year ended 31st December 2004

20. CONSOLIDATED CASH FLOW STATEMENT (continued)

(c) Analysis of balances of cash and cash equivalents

	2004	2003
	HK\$'000	HK\$'000
Bank balances and cash	397,100	340,141
CONTINGENT LIABILITIES – COMPANY		
	2004	2003
	HK\$'000	HK\$'000
Guarantees for credit facilities given to subsidiaries	154,328	162,464

At 31st December 2004, the utilised amount of such facilities covered by the Company's guarantees which also represented the financial exposure of the Company was HK\$2,232,000. At 31st December 2003, the above facilities, which were covered by the Company's guarantee, were not utilised by the subsidiaries.

22. COMMITMENTS - GROUP

21.

(a) Capital commitments for fixed assets

	2004 HK\$'000	2003 HK\$'000
Contracted but not provided for Authorised but not contracted for	2,387 6,384	-
	8,771	
Acquisition of properties, net of deposits paid (note 23(b))	57,552	_
	66,323	_

22. COMMITMENTS – GROUP (continued)

(b) Commitments under operating leases – where the Group is the lessee

At 31st December 2004, the Group had future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2004 HK\$'000	2003 HK\$'000
Land and buildings		
Not later than one year Later than one year and not later than five years	2,647 1,768	2,551 1,199
	4,415	3,750

Payment obligations in respect of operating leases on properties with rentals vary with gross revenues are not included as future minimum lease payments.

The Company did not have any commitments at 31st December 2004 (2003: Nil).

(c) Commitments under operating leases – where the Group is the lessor

The future minimum rental payments receivable under non-cancellable leases are as follows:

	2004 HK\$'000	2003 HK\$'000
Land and buildings		
Not later than one year	41,034	36,349
Later than one year and not later than five years	67,023	96,732
Later than five years	11,813	68,141
	119,870	201,222

23. RELATED PARTY TRANSACTIONS - GROUP

(a) Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

	Note	2004 HK\$'000	2003 HK\$'000
Rental paid to a related company Building management fees paid to a	<i>(i)</i>	938	337
related company	<i>(ii)</i>	608	756
Professional fee paid to a related company	(iii)	700	680
Rental received from a related company	(iv)	2,666	3,448

Note:

- (i) Rental was paid to Guangzhou Goldlion City Properties Company Limited for lease of office area in Goldlion Digital Commercial Centre. Rental charges were calculated under normal commercial terms in accordance with the lease agreement. Dr. Tsang Hin Chi, Mdm. Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky have beneficial interest in Guangzhou Goldlion City Properties Company Limited.
- Guangzhou Silver Disk Property Management Company Limited provided building management services to a subsidiary of the Group. The fees were charged under normal commercial terms. Dr. Tsang Hin Chi and Mr. Tsang Chi Ming, Ricky have direct beneficial interest in Guangzhou Silver Disk Property Management Company Limited.
- (iii) Equitas Capital Limited acted as financial advisor to the Group during the year for which professional fee was paid by the Company at a fixed amount mutually agreed between the two parties. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is the Managing Director of, and a principal shareholder in Equitas Capital Limited.
- (iv) Rental was received from Guangzhou World Trade Center Club Company Limited ("GWTCCL") for lease of a business center and facilities therein located at Goldlion Digital Network Centre. Rental was calculated under normal commercial terms in accordance with the lease agreement. Mr. Tsang Chi Hung has indirect beneficial interest in GWTCCL as he is a major shareholder of China World Trade Corporation ("CWTC"), the holding company of GWTCCL. Dr. Tsang Hin Chi, Mdm. Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in this transaction as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Mdm. Wong Lei Kuan, and a sibling of Mr. Tsang Chi Ming, Ricky.

For the year ended 31st December 2004

23. RELATED PARTY TRANSACTIONS – GROUP (continued)

(b) On 30th December 2004, Guangzhou Goldlion Environmental Technology Co. Limited, a wholly owned subsidiary of the Company, entered into two conditional acquisition agreements (the "Agreements") with General Business Network (Holdings) Limited ("GBNL") and Mr. Tsang Chi Hung to acquire Level 19 and Level 20 to 22 (inclusive) of Goldlion Digital Network Centre in Guangzhou respectively at an aggregate consideration of RMB81,340,000 (approximately HK\$76,735,850). The consideration was negotiated on an arm's length basis by reference to open market valuations by an independent professional property valuer. Completions of the acquisitions are subject to the conditions precedent stated in the Agreements and disclosed in the related Circular of the Company to its shareholders dated 20th January 2005. GBNL is a wholly owned subsidiary of CWTC and Mr. Tsang Chi Hung is a major shareholder of CWTC. Dr. Tsang Hin Chi, Mdm. Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in those transactions as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Mdm. Wong Lei Kuan, and a sibling of Mr. Tsang Chi Ming, Ricky.

24. SUBSEQUENT EVENT

On 7th February 2005, the independent shareholders of the Company approved the transactions referred to in item (b) of Note 23 headed " Related Parties Transactions – Group" of the Notes to the Accounts and the acquisition of Levels 20 to 22 of Goldlion Digital Network Centre was completed as at the date of this report.

25. APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 6th April 2005.

FIVE YEAR FINANCIAL SUMMARY

	Year	Year	Year	Year	Year
	ended	ended	ended	ended	ended
	31.12.2004	31.12.2003	31.12.2002	31.12.2001	31.12.2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Restated)	(Restated)	(Restated)
Turnover	571,390	511,258	522,981	487,368	434,244
Operating profit/(loss)	97,510	63,685	14,197	33,527	(120,773)
Finance costs		_	(41)	(201)	(536)
Profit/(loss) before taxation	97,510	63,685	14,156	33,326	(121,309)
Profit/(loss) attributable to shareholders (Note)	68,675	45,150	(12,174)	3,675	(137,372)
Total assets (Note)	1,744,528	1,688,800	1,676,159	1,896,556	1,960,790
Total liabilities (including minority interests) (Note)	(259,877)	(223,888)	(202,826)	(238,214)	(258,931)
Shareholders' funds	1,484,651	1,464,912	1,473,333	1,658,342	1,701,859

Note:

The profit/(loss) attributable to shareholders for the three years ended 31st December 2002 and total assets and total liabilities as at 31st December 2002, 2001 and 2000 have been restated as a result of prior year adjustments in respect of provision for net deferred tax liabilities in accordance with revised Statement of Standard Accounting Practice 12 "Income taxes", issued by the HKICPA.

INFORMATION OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

In accordance with the Company's Article of Association, Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Mr. Wong Ying Ho, Kennedy, Directors of the Company, will retire from office at the 2005 Annual General Meeting and will offer themselves for re-election. The following are the brief biographical particulars of each of these Directors for the shareholders' information:

Dr. the Honourable Tsang Hin Chi, G.B.M. *(Executive Director)*, aged 71, is the Chairman and one of the founders of the Group. Dr. Tsang holds an honorary doctorate from Zhong Shan University in the People's Republic of China ("PRC"). He is a standing committee member of the National People's Congress of the PRC, honorary vice chairman of All-China Federation of Industry & Commerce, Ex-officio life honorary chairman of The Chinese General Chamber of Commerce, and sits on the committees of several Hong Kong and Mainland trade associations. He is also the director of Tsang Hin Chi Manned Space Foundation, director of Tsang Hin Chi Education Foundation, Ministry of Education of the PRC, deputy managing director of Jinan University, Guangzhou, honorary president of Jiaying University Guangdong, and a Honorary Citizen of Beijing, Harbin, Shenyang, Dalin and Guangzhou.

Dr. Tsang is deemed to be interested in a total of 566,650,750 shares in the issued capital of the Company, details of which are set out under "Directors and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" in the Report of the Directors on page 26. Save as aforesaid, he has no other interest in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Dr. Tsang is the husband of Madam Wong Lei Kuan, an Executive Director of the Company and father of Mr. Tsang Chi Ming, Ricky, Deputy Chairman and Chief Executive Officer of the Company. Save as aforesaid, he has no other relationships with any director, senior management, substantial or controlling shareholdings of the Company.

Dr. Tsang is entitled to annual emoluments (including pension contribution) of HK\$3,900,000 which are determined with reference to his duties and responsibilities with the Company. In addition, Dr. Tsang is entitled to receive an annual bonus to be determined by reference to the Group's performance and profitability.

Dr. Tsang has entered into a service agreement with the Company with no specific term but can be terminated by either party giving to the other six months' notice. He is subject to retirement and eligible for re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

Save as disclosed above, Dr. Tsang confirmed that he is not aware of any matters that need to be brought to the attention of the Shareholders.

INFORMATION OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

Mr. Tsang Chi Ming, Ricky (*Executive Director*), aged 38, is the Deputy Chairman and Chief Executive Officer of the Group overseeing the development and operations of the Group's business. Mr. Tsang joined the Group in 1989 and was appointed as an executive director in 2001. He is a committee member of the C. P.P.C.C. Guangzhou, a standing committee member of the Chinese General Chamber of Commerce, Hong Kong, vice chairman of Ka Ying Chow Commercial Association Limited, an executive director of Hong Kong United Youth Association Limited and a director of Young Entrepreneur Association of China.

Mr. Tsang is deemed to be interested in a total of 566,844,750 shares in the issued capital of the Company, details of which are set out under "Directors and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" in the Report of the Directors on page 26. Save as aforesaid, he has no other interest in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is the youngest son of Dr. Tsang Hin Chi, the Chairman of the Company and Madam Wong Lei Kuan, an Executive Director of the Company. Save as aforesaid, he has no other relationships with any director, senior management, substantial or controlling shareholdings of the Company.

Mr. Tsang is entitled to annual emoluments (including pension contribution) of HK\$2,845,000 which are determined with reference to his duties and responsibilities with the Company. In addition, Mr. Tsang is entitled to receive an annual bonus to be determined by reference to the Group's performance and profitability.

Mr. Tsang has entered into a service agreement with the Company with no specific term but can be terminated by either party giving to the other not less than six months' notice. He is subject to retirement and eligible for re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

Save as disclosed above, Mr. Tsang confirmed that he is not aware of any matters that need to be brought to the attention of the Shareholders.

Mr. Wong Ying Ho, Kennedy (Independent Non-Executive Director), aged 42, is a solicitor and a China Appointed Attesting Officer. He is the Managing Partner of Philip K.H. Wong, Kennedy Y.H. Wong & Co., Solicitors & Notaries. Mr. Wong is a member of the National Committee of the C.P.P.C.C. He is also a director of listed companies in Hong Kong including Raymond Industrial Limited, China Overseas Land & Investment Limited, i-SteelAsia Holdings Limited, Capinfo Company Limited, Qin Jia Yuan Media Services Company Limited and Far Eastern Polychem Industries Limited.

Mr. Wong was appointed to the Board of Directors in June 2004. He is not connected with any directors, senior management or substantial and controlling shareholders of the Company, and as at 6th April 2005, he does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Future Ordinance.

INFORMATION OF RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED

There is no service contract between the Company and Mr. Wong. He is subject to retirement by rotation and re-election pursuant to Company's Articles of Association. He is entitled to receive an annual director's fee of HK\$120,000.

Save as disclosed above, Mr. Wong confirmed that he is not aware of any matters that need to be brought to the attention of the Shareholders.