



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

GROUP RESULTS

Total turnover of the Group for the financial year ended 31st December 2001 was HK\$487,368,000, which was 12% higher than HK\$434,244,000 of 2000. Improvement in operations of the Group has led to a profit attributable to shareholders of HK\$32,283,000 in 2001, as compared with a loss of HK\$124,313,000 in 2000.

FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 1.5 HK cents per share (2000: 2.5 HK cents per share) for the year ended 31st December 2001, totalling HK\$13,157,000 (2000: HK\$21,928,000), which is to be payable on 30th May 2002 to shareholders whose names appear on the Register of Members as at 21st May 2002.

BUSINESS REVIEW

Last year, the Group, through certain restructuring, divided its businesses into two segments, namely Apparel and Commercial Network. The Apparel division mainly comprises Goldlion's traditional businesses in distribution of garments and accessories. The Commercial Network division comprises the Group's businesses in property investments and operations of a new commercial center.

Apparel Business

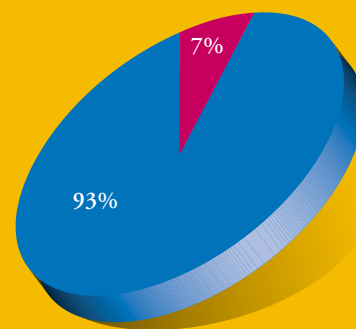
China Mainland Market:

During the year, turnover from the China Mainland apparel business registered a 15% growth from last year, reflecting the effectiveness of existing operating strategies.

Series of market orientated operating strategies were adopted in reaction to the changing market condition and the intensified competition in the China Mainland apparel market. One of the aims is to strengthen control on products in terms of both product design and material selection so as to suit market demand. Moreover, prices of major products are competitive due to strict control on production costs. The Group also endeavoured to shorten production cycle to keep abreast of the rapidly changing market condition. On the other hand, the Group's PRC subsidiaries have also enhanced their application of management information system, which includes the use of new computerized inventory system that allows the Group to control more effectively the inventory level.

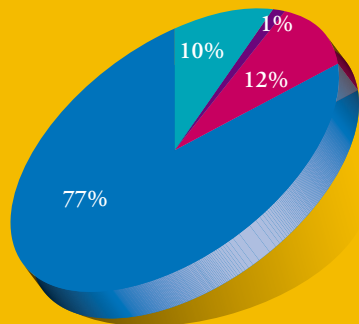


Group turnover by business segments for the year ended 31st December 2001



● Apparel ● Commercial Network

Group turnover by geographical segments for the year ended



China Mainland is currently the major market of the Group. With China's admission to the World Trade Organisation ("WTO"), the Management anticipates the continuous increase of domestic consumption power. Our business objectives are to position Goldlion at a prestigious market presence and to enhance profit margins.

Singapore and Malaysia Market:

The Group's business was expanded into Malaysia early this year. Currently the Group has a total of about 36 retail outlets in Malaysia. Breakeven was achieved.

In response to serious trademark infringement, the Group's subsidiaries in the PRC took measures against trademark infringement and successfully identified and prosecuted certain forgers.

Furthermore, the total royalty income of the Group surged to HK\$5,478,000, which was more than double of last year's figure. Royalty income represented incomes from licensing Goldlion leather shoes and optical glasses and from licensing Goldlion leather series to a business operator by a PRC subsidiary in November 2001. Management expects royalty income will grow steadily in 2002 and provide the Group with stable source of income.



Regional economy deteriorated rapidly during the year. However, due to the strong recognition of Goldlion's products in the region, turnover increased from last year and continued to make contribution to the Group's operating profit even if excluding the newly developed Malaysian operation. In terms of local currency, turnover from Singapore market increased 3% over last year's figure. The Group currently operates three boutiques and twenty-four retail outlets in Singapore.

Notwithstanding the tough local operating environment in 2002, the Management targets to outperform the 2001 turnover and profit contributions in the coming year.



Hong Kong Market:

The local retail business environment remained weak during the year. With the expiry of the leases of the Group's counters in certain department stores early this year, the Group's retail outlets was reduced from fourteen to the existing seven counters and one franchised store. Total turnover decreased, but the remaining outlets were able to maintain reasonable level of turnover.



During the year, the Group has commenced the business of supplying tailor-made local group uniforms, which gave reasonable operating contributions to the Group. In addition, the Group has developed the business in distributing to local department stores in the second half of the year and will continue such business in 2002.

Commercial Network Business

Property Investment:

During the year, total rental income and building management fees increased by 41% from last year's HK\$23,294,000 to HK\$32,871,000.

- Except certain floors are designated as “Goldlion Global Commercial Center”, the remaining shopping and office spaces in Goldlion Digital Network Centre in Tianhe District, Guangzhou have been leased out, with an occupancy rate of over 90%. Rental income was 62% higher than last year. With favourable conditions including the provision of quality serviced facilities and the opening of “Goldlion Commercial Center”, the rental of the building is comparable to the rental values of Grade A commercial buildings in the same region. Rental income derived from the building was one of the main contributors to the Group's rental income.
- Goldlion Commercial Building in Shenyang is currently under interior renovation and refurbishment, which is expected to be completed in 2002. The building is scheduled to be on lease. As the building is located in a prime location in Shenyang, the Management is optimistic to its lease prospects.
- Total floor area of 11,750 sq.m. in Goldlion Holdings Centre in Shatin, Hong Kong continued to be leased during the year, bringing reasonable rental income.
- In mid 2000, the Group acquired an industrial building at 3 Yuk Yat Street, Tokwawan, together with the adjacent property of the Group at 5 Yuk Yat Street, with a total site area of 1,400 sq.m. In



light of the uncertain property market, the Group holds these two buildings for investment purposes instead of scheduled residential use. Further feasible uses are being explored.

Commercial Center:

The Group designated three floors at the Goldlion Digital Network Building in Tianhe District, Guangzhou as "Goldlion Global Commercial Center", which was opened in August 2001. The initial operating performance did not meet expectation and brought a loss to the Group. The Group has taken cost control measures and has upgraded and diversified its services. It has also devoted itself to achieve a breakeven point or profitable position in 2002.

PROSPECTS

Looking ahead towards 2002, there will be an influx of abundant business opportunities and challenges. China's entry into the WTO will foster a more open but competitive domestic market. Management will pursue market-oriented operating strategies for widening the Group's distribution network and enhancing recognition of the brand in the PRC market. As external economic condition continues to be uncertain in 2002, Management anticipates that the business environment in Hong Kong and Singapore will remain difficult. Despite of this, the Group follows its prudent but progressive approach. On the one hand, it explores business with development potentials, while on the others, to fully utilise the existing resources and to strictly control the operating expenses.

ACKNOWLEDGEMENTS

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

Dr. Tsang Hin Chi

Chairman

11th April 2002