

NOTES TO THE ACCOUNTS

For the year ended 31st December 2004

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.

NOTES TO THE ACCOUNTS

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 construction-in-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.

NOTES TO THE ACCOUNTS

For the year ended 31st December 2004

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.

NOTES TO THE ACCOUNTS

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.

(l) 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.

NOTES TO THE ACCOUNTS

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	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:

	2004				2003			
	Apparel HK\$'000	Property investments HK\$'000	Eliminations HK\$'000	Group HK\$'000	Apparel HK\$'000	Property investments HK\$'000	Eliminations HK\$'000	Group HK\$'000
Results								
Turnover	519,962	51,428	-	571,390	470,117	41,141	-	511,258
Inter-segment sales	-	250	(250)	-	-	4,911	(4,911)	-
	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				97,510				63,685
Taxation				(28,226)				(17,691)
Profit after taxation				69,284				45,994
Minority interests				(609)				(844)
Profit attributable to shareholders				68,675				45,150
Assets								
Segment assets	523,912	1,017,212		1,541,124	445,224	961,831		1,407,055
Unallocated assets				203,404				281,745
Total assets				1,744,528				1,688,800
Liabilities								
Segment liabilities	121,458	23,234		144,692	95,334	15,978		111,312
Unallocated liabilities				112,691				110,691
Total liabilities				257,383				222,003
Other information								
Capital expenditure	5,931	20,176		26,107	5,284	4,418		9,702
Depreciation	15,004	2,282		17,286	14,476	4,597		19,073
Provision for slow moving stocks	20,296	-		20,296	14,878	-		14,878

NOTES TO THE ACCOUNTS

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			
Turnover	Segment	Segment	Capital	
HK\$'000	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		

2. REVENUES AND SEGMENT INFORMATION (continued)

Secondary reporting format – geographical segment (continued)

	2003			
	Turnover	Segment	Segment	Capital
	HK\$'000	results	assets	expenditure
		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
	<u>511,258</u>	92,951	<u>1,688,800</u>	<u>9,702</u>
Unallocated costs		<u>(29,266)</u>		
Operating profit		<u>63,685</u>		

3. OPERATING PROFIT

	2004	2003
	HK\$'000	HK\$'000
Operating profit is stated after charging/(crediting) 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)	–

NOTES TO THE ACCOUNTS

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 <i>HK\$'000</i>
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 (<i>note 19</i>)	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 <i>HK\$'000</i>
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
	-----	-----

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 HK\$'000	2003 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 (<i>Note</i>)	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.

NOTES TO THE ACCOUNTS

For the year ended 31st December 2004

8. STAFF COSTS INCLUDING DIRECTORS' EMOLUMENTS

	2004 HK\$'000	2003 <i>HK\$'000</i>
Staff costs		
– Wages and salaries	82,316	72,365
– Retirement benefit costs (<i>note 9</i>)	5,377	3,805
	87,693	76,170

9. RETIREMENT BENEFIT COSTS

	2004 HK\$'000	2003 <i>HK\$'000</i>
Defined contribution schemes for:		
– The Hong Kong employees (<i>note (a)</i>)	747	597
– The Singaporean employees (<i>note (b)</i>)	2,235	2,022
– The PRC employees (<i>note (c)</i>)	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.

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	430	360
Basic salaries, housing and other allowances	14,396	13,180
Contributions to retirement scheme	28	29
	14,854	13,569

The emoluments of the Directors fell within the following bands:

Emolument bands	Number of Directors	
	2004	2003
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.

NOTES TO THE ACCOUNTS

For the year ended 31st December 2004

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

11. FIXED ASSETS – GROUP

	Investment properties <i>HK\$'000</i>	Other properties <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Computers <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
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 (<i>note 11(a)</i>)	(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							
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	–	305,043	16,131	49,346	10,946	11,187	392,653
At 2004 professional 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	–	323,334	15,759	82,653	10,335	10,804	442,885
At 2003 professional valuation	927,203	–	–	–	–	–	927,203
At 31st December 2003	927,203	323,334	15,759	82,653	10,335	10,804	1,370,088

NOTES TO THE ACCOUNTS

For the year ended 31st December 2004

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:

	2004		2003	
	Investment properties HK\$'000	Other properties HK\$'000	Investment properties HK\$'000	Other properties 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, situated 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, Goldlion 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.

NOTES TO THE ACCOUNTS

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.

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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:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued share capital/paid-up capital	Class of shares held	Group equity interest	
					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%

12. SUBSIDIARIES – COMPANY (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued share capital/paid-up capital	Class of shares held	Group equity interest	
					2004	2003
# Goldlion 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%

NOTES TO THE ACCOUNTS

For the year ended 31st December 2004

12. SUBSIDIARIES – COMPANY (continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued share capital/paid-up capital	Class of shares held	Group equity interest	
					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.

13. STOCKS – GROUP

	2004 HK\$'000	2003 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 HK\$'000	2003 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.

NOTES TO THE ACCOUNTS

For the year ended 31st December 2004

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

17. SHARE CAPITAL

	2004	2003
	HK\$'000	HK\$'000
<i>Authorised:</i>		
1,200,000,000 (2003: 1,200,000,000) shares of HK\$0.10 each	120,000	120,000
<i>Issued and fully paid:</i>		
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.

18. RESERVES

(a) Group

	Share premium HK\$'000	Investment properties revaluation reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Other reserves HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st January 2003	929,312	36,373	183,001	484	27,801	(10,784)	213,435	1,379,622
Deficit on revaluation of investment properties (note 11(a))								
– gross	-	(20,666)	-	-	-	-	-	(20,666)
– taxation	-	125	-	-	-	-	-	125
Exchange translation 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	929,312	15,832	183,001	484	27,801	(11,015)	197,673	1,343,088
2003 final dividend proposed	-	-	-	-	-	-	28,113	28,113
	929,312	15,832	183,001	484	27,801	(11,015)	225,786	1,371,201

NOTES TO THE ACCOUNTS

For the year ended 31st December 2004

18. RESERVES (continued)

(a) Group (continued)

	Share premium HK\$'000	Investment properties revaluation reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Other reserves HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total 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 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.

18. RESERVES (continued)

(b) Company

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
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)
	<hr/>	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>	<hr/>
	929,312	484	237,816	1,167,612
	<hr/>	<hr/>	<hr/>	<hr/>
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)
	<hr/>	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>	<hr/>
	929,312	484	191,942	1,121,738
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

For the year ended 31st December 2004

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

Deferred tax liabilities	Accelerated taxation		Fair values gains		Others		Total	
	depreciation							
	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)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	13,459	5,803	87,369	91,070	3,919	774	104,747	97,647

19. DEFERRED TAXATION – GROUP (continued)

Deferred tax assets	Provisions		Tax losses		Others		Total	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 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)

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

NOTES TO THE ACCOUNTS

For the year ended 31st December 2004

20. CONSOLIDATED CASH FLOW STATEMENT

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

	2004 HK\$'000	2003 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
	<hr/>	<hr/>
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
	<hr/>	<hr/>
Cash generated from operations	114,543	124,335

(b) Analysis of changes in financing during the year

	Share capital and share premium		Dividends payable		Minority interests	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 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)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31st December	1,023,023	1,023,023	-	-	2,494	1,885

20. CONSOLIDATED CASH FLOW STATEMENT *(continued)*

(c) Analysis of balances of cash and cash equivalents

	2004 HK\$'000	2003 HK\$'000
Bank balances and cash	397,100	340,141

21. CONTINGENT LIABILITIES – COMPANY

	2004 HK\$'000	2003 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

(a) Capital commitments for fixed assets

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

NOTES TO THE ACCOUNTS

For the year ended 31st December 2004

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	2,647	2,551
Later than one year and not later than five years	1,768	1,199
	<hr/> 4,415	<hr/> 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
	<hr/> 119,870	<hr/> 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	(i)	938	337
Building management fees paid to a related company	(ii)	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.
- (ii) 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 ("GWTCCCL") 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 GWTCCCL as he is a major shareholder of China World Trade Corporation ("CWTC"), the holding company of GWTCCCL. 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.

NOTES TO THE ACCOUNTS

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.

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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.