1. CORPORATE INFORMATION AND UPDATE

The Company was incorporated in Bermuda with limited liabilities and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda. The Company's shares have been suspended for trading on the Stock Exchange since 24 March 2003.

The Company is an investment holding company. The principal activities of the Company's subsidiaries of which their accounts have been consolidated at 31 December 2004 are set out in note 15 to the accounts.

2. WINDING-UP PETITION AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

As explained in the Group's 2002 annual report, the Group has been experiencing financial difficulties since about 2002. On 25 March 2003, the Bank of East Asia Limited ("BEA") petitioned for the winding-up of the Company as the Company failed to comply with the statutory demand issued by BEA on 2 December 2002. Upon the application of the Company by summons filed on 30 April 2003, Mr. Derek K.Y.Lai and Mr. Joseph K.C.Lo of Deloitte Touche Tohmatsu were appointed as joint and several provisional liquidators of the Company by the High Court of Hong Kong Special Administrative Region on 21 June, 2003 so as to preserve the assets and business of the Company and to consider and review all restructuring proposals or scheme of arrangement to be proposed by any interested party. In addition, the winding up petition was further adjourned to 9 September 2005.

3. BASIS OF PREPARATION

(i) Going concern

At the balance sheet date, the Group's total liabilities included current liabilities of HK$305 million (2003: HK$535 million) and long term portion of finance lease obligations of nil balance (2003: HK$10 million).

As detailed in note 2 to the accounts, one of the creditors of the Company had filed writs of summon to demand petition for the winding-up of the Company on 25 March 2003. Following the petition, the Company applied to the court for stay of the winding-up proceedings and for the appointment of the provisional liquidators for the purpose of restructuring of the Company.

On 10 June 2004, the Company announced that, inter alia, an escrow and exclusivity agreement ("Escrow Agreement") was entered into on 4 June 2004 amongst (i) the Company, (ii) the potential investor, (iii) the provisional liquidators and (iv) the escrow agent (together the "Relevant Parties"). In the Escrow Agreement, the potential investor submitted a restructuring proposal which outlined the major terms for restructuring of the Company. Pursuant to the Escrow agreement, it was agreed to grant the potential investor an exclusivity period for discussion and finalisation of the restructuring proposal. Due to additional time is required for finalisation of the restructuring proposal, the Relevant Parties agreed to extend the exclusive period. The principal elements of the restructuring proposal are as follows:

(a) Capital reorganisation

The Company will undergo capital reorganisation, involving share consolidation and cancellation, capital reduction and unissued share subdivision.

3. BASIS OF PREPARATION (Continued)

(i) Going concern (Continued)

(b) Subscription

The net funds of approximately HK$40 million, after expenses, raising from subscription of new shares will be used as to HK$21.5 million for the creditors' settlement, as to approximately HK$13.5 million for working capital of the Company and as to HK$5 million for the professional fees.

(c) Debt restructuring

It is proposed that all indebtedness of the Company will be restructured pursuant to the scheme of arrangement ("Creditors' Scheme"). According to the Creditors' Scheme, all the Company's secured debts will be satisfied by their respective collateralised property or assets and all the unsecured debts will be settled by way of a cash payment on a pro-rata basis out of the HK$21.5 million from the proceeds of the subscription as mentioned in (b) above. Upon the implementation of this Creditors' Scheme under section 99 of the Companies Act of Bermuda and under section 166 of the Companies Ordinance of Hong Kong, the Company's total indebtedness, including the accrued interest will be cancelled.

The capital reorganisation, subscription and debt restructuring are conditional upon the fulfillment of, including but not limited to, certain terms and conditions as detailed in the Escrow Agreement. In the opinion of the Directors, the restructuring proposal is still subject to contract and detailed terms and conditions of the restructuring are yet to be finalised.

The Directors have prepared the accounts on the basis that the Escrow Agreement and the restructuring of the Company will be successfully implemented and that the Group will be able to improve its financial position and business upon completion of restructuring. As at the date of approval of the accounts, the Directors are not aware of any circumstances or reasons that would likely affect the successful finalisation of the restructuring proposal and the intention of the potential investor. In light of the foregoing, the Directors opined that it is appropriate to prepare the accounts on a going concern basis. The accounts do not incorporate any adjustments for possible failure of the above mentioned restructuring proposal and the continuance of the Group as a going concern.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these potential adjustments has not been incorporated in the accounts.

3. BASIS OF PREPARATION (Continued)

(ii) Subsidiaries not consolidated

(a) The accounts have been prepared based on the books and records maintained by the Company and its subsidiaries. However, due to (a) the liquidation of certain significant subsidiaries or their immediate holding companies; or (b) the seizure of the major assets and production facilities of the major subsidiaries under the court orders as security for the unsettled claims, the Directors have not been able to obtain access to the books and records of these subsidiaries and considered that control has been lost. The results, assets and liabilities of these subsidiaries were not consolidated into the accounts of the Group. Details of these subsidiaries deconsolidated from the group accounts since 1 April 2002 are set out in note 16(a).

As explained by the Directors, since 5 November 2004, being the date on which last year's accounts approved by the Directors, they had not received any further information concerning the progress and possible outcome of the liquidation or seizure of the assets of the aforesaid subsidiaries or their immediate holding companies. Any changes to the above status of liquidation or possible outcome from the seizure of assets of these subsidiaries or their immediate holdings companies might have a consequential effect on net liabilities of the Group and the Company as at 31 December 2004 and the results of the Group for the year ended 31 December 2004.

One of the subsidiaries, Great Wall France SA, has been put into liquidation pursuant to a France court order issued during the year ended 31 December 2004. The Directors considered that control over Great Wall France SA and its immediate holding companies, Lipon Products Limited and Great Wall Electronics Group Limited, (together "GW France group") has been lost. In previous years, the results, assets and liabilities of the GW France group were included in the consolidated accounts of the Group. The Directors confirmed that they were unable to have access to any books and records and unable to obtain any further financial information of the GW France group due to the liquidation therefore this group were deconsolidated from the group accounts as of 1 January 2004, being the date on which the Directors considered that control over the GW France group has been lost, resulting in a gain of HK$205,229,000 which was included in the consolidated profit and loss account for the year ended 31 December 2004. Details of these three subsidiaries are set out in note 16(a) to the accounts.

(a) In the opinion of the Directors, the accounts for the year ended 31 December 2004 prepared on the aforementioned basis present more fairly the results and state of affairs of the Group as a whole in light of liquidation or seizure of the assets of subsidiaries.

(b) In addition, the Directors considered that the non-consolidation of the results, assets and liabilities of subsidiaries as set out in note 16(b) to the accounts would not significantly affect the results of the Group for the current year as the cost of obtaining this information would exceed the value of this information to the members of the Company.

Details of subsidiaries not consolidated in the accounts are set out in note 16(a) and 16(b) to the accounts.

3. BASIS OF PREPARATION (Continued)

(iii) In addition to the limited financial information available concerning certain subsidiaries due to liquidation or seizure of assets of certain major subsidiaries as detailed in note 3(ii)(a) to the accounts, the Directors have used their best endeavours to relocate all the financial and business records of the Group as most of the former accounting personnel of the Group have left. The Directors were unable to obtain sufficient documentary information to satisfy themselves regarding the treatment of various balances of the Group and of the Company as at 31 December 2004.

(a) The Directors were unable to obtain sufficient documentary evidence to support other payables and accruals of approximately HK$293,978,000 included in the Group's and the Company's balance sheet as at 31 December 2004, including the liabilities under indemnities given to subsidiaries not consolidated of approximately HK$291,130,000 as at 31 December 2004. Accordingly the Directors were unable to satisfy themselves as to whether these amounts are fairly stated in the accounts.

(b) The Directors were unable to satisfy themselves as to whether the amounts due to subsidiaries not consolidated of approximately HK$5,983,000 included in the Group's balance sheet as at 31 December 2004 and the amounts due to subsidiaries of approximately HK$5,983,000 included in the Company's balance sheet and in note 15 to the accounts are fairly stated in the accounts.

(c) The accounts have been prepared based on the books and records maintained by the Company and its subsidiaries. However, in view of the lack of evidence available, the Directors were unable to represent as to the completeness of recording of all transactions entered into by the Company and its subsidiaries for the years ended 31 December 2003 and 2004. Accordingly, the Directors were also unable to represent as to the completeness of identification and disclosures of directors' and employees' emoluments in note 9, taxation in note 10 and inventories in note 18 to the accounts.

(d) Due to limited books and records available to the Directors, the following have not been made in the accounts:

– Disclosures in respect of subsidiaries excluded from consolidation as required by SSAP 32 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries";

– Disclosures in respect of finance lease obligations as required by SSAP 14 (Revised) "Leases";

– Details of the retirement benefit scheme and the employee benefits as required by SSAP 34 "Employee benefits";

– Details of the share option scheme as required by the Listing Rules;

– Segment information disclosures as required by SSAP 26 (Revised) "Segment Reporting" and the Listing Rules;

– Details of analysis of pledge of assets as required by the Hong Kong Companies Ordinance;

– Details of deferred taxation as required by SSAP12 (Revised) "Income Taxes";

– Details of related party disclosures as required by SSAP 20 "Related Party Disclosures";

– Details of the Group's credit risk and ageing of debtors and creditors as required by the Listing Rules;

3. BASIS OF PREPARATION (Continued)

(iii) (Continued)

- Details of contingent liabilities and commitments as required by the Hong Kong Companies Ordinance and relevant SSAPs.

(e) Due to insufficient information, the accounts do not contain a cash flow statement as required by SSAP 15 "Cash flow statements".

Any adjustments arising from the matters described in above would affect the net liabilities of the Company and the Group as at 31 December 2004 and the profit of the Group for the year then ended.

Also, as a result of the matters described in above, the comparative figures at 31 December 2003 shown in the consolidated balance sheet on page 16, Company's balance sheet on page 17 and in the consolidated profit and loss account for the year then ended on page 15 may not be comparable with the figures for the current year.

4. PRINCIPAL ACCOUNTING POLICIES

Impact of recently issued accounting standards

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 31 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.

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

The accounts have been prepared under the historical cost convention.

Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to the balance sheet date, other than those excluded for the reasons referred to note 16 to the accounts. The results of the subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively.

Where the Company holds more than half of the issued share capital of a subsidiary, but does not control the composition of the board of directors or equivalent governing body, the accounts of that subsidiary are not consolidated because it would be misleading to do so. Where the Company is in a position to exercise significant influence, such investments are dealt with as associates as appropriate. Otherwise, they are dealt with as investments in securities.

All significant intercompany transactions and balances within the Group, other than with subsidiaries not consolidated, are eliminated on consolidation.

Certain subsidiaries within the Group have not been consolidated from the consolidated accounts as of 1 April 2002 or the date the Company has been unable to obtain access to any financial information of these subsidiaries because in the opinion of the Directors, the Group has lost control over these subsidiaries and it will be misleading to the users if these subsidiaries are consolidated into the Group's results and assets and liabilities.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

Investments in subsidiaries are included in the Company's balance sheet at cost, less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or jointly-controlled entity, in which an equity interest is held for the long term and significant influence is exercised in its management. The consolidated profit and loss account includes the Group's share of the results of the associates for the year, and the consolidated balance sheet includes the Group's share of net assets of the associates and goodwill/negative goodwill (net of accumulated amortisation) on acquisition.

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

Goodwill

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of 10 years. In the case of associates and jointly-controlled entities, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate.

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Negative goodwill

Negative goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities as at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

Negative goodwill (Continued)

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses as at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful lives of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

In the case of associates and jointly-controlled entities, any negative goodwill not yet recognised in the consolidated profit and loss account is included in the carrying amount thereof, rather than as a separately identified item on the consolidated balance sheet.

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of negative goodwill which has not been recognised in the consolidated profit and loss account and any relevant reserves as appropriate.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the year in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the year in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Changes in the values of fixed assets are dealt with as movements in the revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

Fixed assets (Continued)

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land	Over the unexpired lease terms
Buildings	2% – 4%
Plant and machinery	10% – $33^{1}/_{3}$%
Furniture, fixtures and equipment	20% – $33^{1}/_{3}$%

Freehold land is not depreciated. No depreciation is provided on properties under development until they are completed and put into use.

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the estimated useful lives of the assets on the same basis as owned fixed assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any further costs expected to be incurred to completion and disposal.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

4. PRINCIPAL ACCOUNTING POLICIES (Continued)

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the accounts. The principal temporary differences arise from depreciation on fixed assets, revaluation of certain non-current assets and of investments, provisions for pensions and other post retirement benefits and tax losses carried forward; and, in relation to acquisition, on the differences between the fair values of the net assets acquired and their tax base. 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 differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

– from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

Foreign currencies

Monetary assets and liabilities in foreign currencies at the year end date are translated into Hong Kong Dollars at approximately the market rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Hong Kong Dollars at exchange rates ruling at the transactions dates. Profits and losses arising on exchange are dealt with in the profit and loss account.

The balance sheets of subsidiaries, jointly controlled entities and associates expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss items are translated at an average rate. Exchange differences are dealt with as a movement in the exchange fluctuation reserve.

Retirement benefits scheme

The Group operates defined contribution retirement benefits schemes including the scheme set up under the Mandatory Provident Fund Schemes Ordinance, for its employees who are eligible to participate. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. When an employee leaves the Group prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions. In respect of the Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme"), the Group's employer contributions vest fully with the employees when contributed into the MPF Scheme except for the Group's voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully.

5. REVENUE AND TURNOVER

Turnover represents the net amounts received and receivable from goods sold to customers, less returns and discounts, during the year. Revenue recognised during the year is as follows:

	2004 *HK$'000*	2003 *HK$'000*
Turnover		
Sale of consumer electronic products	**119,677**	59,070
Other revenue		
Others	–	475
	119,677	59,545

6. GAIN ON DECONSOLIDATION OF SUBSIDIARIES

	2004 *HK$'000*	2003 *HK$'000*
Gain on deconsolidation of subsidiaries	**205,229**	–

The above amount represents a gain on deconsolidation of the subsidiaries, Great Wall France SA which has been put into liquidation during the year ended 31 December 2004, together with its immediate holding companies, after the release of exchange fluctuation reserve of approximately HK$5,470,000.

7. PROFIT (LOSS) FROM OPERATING ACTIVITIES

The Group's profit (loss) from operating activities is arrived at after charging:

	2004 *HK$'000*	2003 *HK$'000*
Staff costs:		
Wages and salaries	**2,225**	19,525
Mandatory provident fund contributions	**67**	–
Staff welfare and related expenses	**1**	–
	2,293	19,525
Depreciation	**3**	2,472
Minimum lease payments under operating leases in respect of land and buildings	**803**	105
Auditors' remuneration	**90**	60
Bad and doubtful debts	**11**	–
Provision against amounts due from subsidiaries not consolidated	**19**	6,056

8. FINANCE COSTS

	2004 *HK$'000*	2003 *HK$'000*
Interest on:		
Bank loans and overdrafts wholly repayable within five years	–	1
Interest on other loans wholly repayable within five years	**42**	–
Finance leases	–	958
	42	959

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	2004 *HK$'000*	2003 *HK$'000*
Directors		
Fees:		
Executive directors	–	–
Independent non-executive directors	–	–
Other emoluments (executive directors):		
Salaries, allowances, benefits in kind and pension costs	–	1,996
	–	1,996

Emoluments of the directors were within the following bands:

	2004 *Number of directors*	2003 *Number of directors*
Nil to HK$1,000,000	**7**	9
	7	9

There was no arrangement under which a director waived or agreed to waive remuneration during the year.

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

During the year, the five highest paid individuals did not include any directors of the Company. In 2003, the five highest paid individuals included three executive directors of the Company, details of whose emoluments are set out above. The emoluments of the remaining highest paid individual were as follows:

	2004 ***HK$'000***	2003 *HK$'000*
Salaries and other benefits	**850**	719
	850	719

Their emoluments were within the following bands:

	2004 **Number of directors**	2003 Number of directors
Nil to HK$1,000,000	**–**	2

10. TAXATION

Hong Kong profits tax has been provided at the rate of 17.5% (2003: Nil) on the estimated assessable profits for the year.

	2004 ***HK$'000***	2003 *HK$'000*
Hong Kong Profits Tax	**57**	–

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

	2004 ***HK$'000***	2003 *HK$'000*
Profit (loss) before taxation	**200,507**	(35,697)
Calculated at a taxation rate of 17.5% (2003: 17.5%)	**35,089**	(6,247)
Tax effect of income not subject to taxation	**(35,915)**	–
Tax effect of expenses not deductible for taxation purposes	**536**	122
Tax effect of unrecognised tax losses for the year	**358**	6,125
Tax effect of unrecognised timing differences for the year	**(11)**	–
Taxation charge	**57**	–

11. INDEMNIFIED LIABILITIES OF SUBSIDIARIES NOT CONSOLIDATED

The Company has given indemnities to certain bankers and vendors of its subsidiaries and associates, which are at present under liquidation or their assets are now under seizure pursuant to the court orders for the unsettled claims, in respect of loans advanced and services rendered to those subsidiaries and associates. The Company's obligations under these indemnities crystallised upon default payment on the part of those subsidiaries and associates.

12. PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The profit (loss) attributable to shareholders for the year ended 31 December 2004 dealt with in the accounts of the Company was a loss of HK$3,049,000 (2003: a loss of HK$695,000).

13. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the year ended 31 December 2004 is based on the profit attributable to shareholders for the year of HK$200,450,000 (2003: Loss attributable to shareholders of HK$35,697,000) and the weighted average number of 8,076,257,020 ordinary shares (2003: 8,076,257,020 ordinary shares) in issue.

No diluted earnings per share has been presented for the both years as there were no outstanding dilutive potential ordinary shares.

14. FIXED ASSETS

Group

	Land and buildings *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
Cost:				
At 1 January 2004	31,917	41,206	7,382	80,505
Additions	–	–	75	75
Subsidiaries deconsolidated	(31,917)	(41,206)	(7,382)	(80,505)
At 31 December 2004	–	–	75	75
Accumulated depreciation and impairment:				
At 1 January 2004	13,789	39,017	6,585	59,391
Provided during the year	–	–	3	3
Subsidiaries deconsolidated	(13,789)	(39,017)	(6,585)	(59,391)
At 31 December 2004	–	–	3	3
Net book value:				
At 31 December 2004	–	–	72	72
At 31 December 2003	18,128	2,189	797	21,114

An analysis of the land and buildings of the Group at the balance sheet date is as follows:

	Group	
	2004 ***HK$'000***	2003 *HK$'000*
Freehold properties outside Hong Kong	–	31,917

The assets held under finance leases included in the total amount of fixed assets are as follows:

	Group	
	2004 ***HK$'000***	2003 *HK$'000*
Net book value	–	123

15. INTERESTS IN SUBSIDIARIES

	Company	
	2004	2003
	HK$'000	*HK$'000*
Unlisted shares, at cost	**5,001**	5,001
Due from subsidiaries	**1,285,670**	1,285,670
	1,290,671	1,290,671
Impairment losses and provision for doubtful debts	**(1,290,671)**	(1,290,671)
	–	–
Due to subsidiaries	**(6,870)**	(5,983)
	(6,870)	(5,983)

The Directors have formed the opinion that the carrying amount of the Company's investments in subsidiaries of approximately HK$5,001,000 have been impaired and amounts due from these subsidiaries of approximately HK$1,285,670,000 cannot be recovered and, accordingly, such provisions for impairment losses and doubtful debts have been recognised in the accounts.

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

Details of the Company's subsidiaries as at 31 December 2004 which have been consolidated in these accounts are as follows:

Name	**Nominal value of issued and fully paid ordinary share capital**	**Attributable equity interest of the Company**		**Principal activities**
		Direct	**Indirect**	
Fortune Hand Industries Limited	USD1	100%	–	Investment holding
Great Wall Infrastructure Limited	USD1	–	100%	Sales of audio-visual products
Innovision Enterprises Limited	HK$1	–	100%	Sales of audio-visual products

Notes: 1. The subsidiaries, Fortune Hand Industries Limited and Great Wall Infrastructure Limited, were incorporated in the British Virgin Islands and operated in Hong Kong.

2. The subsidiary, Innovision Enterprises Limited, was incorporated and operated in Hong Kong.

16. INTERESTS IN SUBSIDIARIES NOT CONSOLIDATED

(a) The consolidated accounts for the year ended 31 December 2004 do not include the following subsidiaries, which (i) either themselves or their immediate holding companies are in the course of liquidation or (ii) the major assets and production facilities of the subsidiaries have been under seizure by the Mainland China Court Orders as a security for the unsettled claims against the Group. Accordingly, the Directors of the Company were unable to have access to the books and records of these subsidiaries.

Details of these subsidiaries where the Directors considered that control has been lost are as follows:

	Proportion of nominal value of issued capital held by the Company	
Name of the principal subsidiaries	**Directly**	**Indirectly**
Video Epoch Limited (*)	–	100%
Video Epoch Electronic (Huizhou) Limited	–	100%
Huizhou City Caixing Electrical Appliance Limited	–	75%
Huizhou City Hua Xing Packing Material Company Limited	–	88%
Huizhou City Hang Tung Paper Products Printing Limited	–	70%
Brilliant Plastic Manufacturing Limited (*)	–	100%
Brilliant Plastic and Mould Manufacturing (Huizhou) Limited	–	90%
Brilliant Plastic Industrial (Huizhou) Limited	–	100%
Art-Tech Speakers Manufacturing (Huizhou City) Limited	–	67%
Art-Tech Electronics (Huizhou) Limited	–	100%
Great Wall Industries Company Limited	–	100%
Guangzhou Rowa Electronics Company Limited	–	60%
Great Wall France SA (**)	–	100%
Lipon Products Limited (***)	–	100%
Great Wall Electronics Group Limited (***)	100%	–

* private company incorporated and operated in Hong Kong.

** private company incorporated and operated in France.

*** private company incorporated in the British Virgin Islands and operated in Hong Kong.

16. INTERESTS IN SUBSIDIARIES NOT CONSOLIDATED (Continued)

(a) The above subsidiaries were incorporated and operated in the People's Republic of China, except as otherwise noted.

The consolidated accounts do not include the results of these subsidiaries up to the respective dates of appointment of liquidators as ordered by the courts as, in the opinion of the Directors, the accounts prepared on the captioned basis present more fairly the results and state of affairs of the Group as a whole in light of liquidation and seizure of the assets of subsidiaries.

(b) The accounts of the Group do not consolidate the accounts of the following subsidiaries set out below as in the opinion of the Directors, the non-consolidation of the results of these subsidiaries would not significantly affect the results of the Group for the year and the cost of obtaining this information would exceed the value of this information to the members of the Company.

Details of these principal subsidiaries not consolidated as at 31 December 2004 are as follows:

	Proportion of nominal value of issued capital held by the Company	
Name of the principal subsidiaries	**Directly**	**Indirectly**
Great Wall Capital Management Limited	–	100%
Great Wall Electronics Holding Limited	100%	–
Great Wall Strategic Holdings (BVI) Limited #	–	100%
Shenzhen Rowa Digital Network Technology Limited *	–	90%
Star Source Industries Limited	–	100%
Well Concur Limited	–	100%

incorporated in the British Virgin Islands

* registered and operating in the People's Republic of China as a sino-foreign equity joint venture

The above subsidiaries were incorporated and operating in Hong Kong, except as otherwise noted.

(c) The Directors have formed the opinion that the Group's interests in the above subsidiaries have been impaired and such impairment losses have been recognised in the accounts in previous years.

17. ASSOCIATES

Summarised particulars of the Group's principal associates held by subsidiaries not consolidated as at 31 December 2004 were as follows:

Name	Nominal value of issued and fully paid ordinary share capital/ registered capital	Attributable equity interest held by subsidiaries not consolidated	Principal activities
Eltic Electronics Company Limited	HK$5,000,000	50%	Manufacture and sale of audio visual products
Eltic Electronics (Huizhou) Limited *	HK$7,000,000	50%	Manufacture and sale of audio visual products
Great Wall Electronics Limited	HK$1,000 HK$4,000,000 ++	50%	Manufacture and sale of audio products
Welsona Polyfoam Limited	HK$2,500,000	40%	Manufacture and sale of polyfoam products

* Registered and operating in the PRC as a wholly foreign owned enterprise.

++ Non-voting deferred shares.

The above associates were incorporated and operating in Hong Kong, except as otherwise noted.

18. INVENTORIES

	Group	
	2004	2003
	HK$'000	*HK$'000*
Raw materials	–	14,604
Finished goods	–	2,285
	–	16,889

Due to limited books and records available to the Directors as set out in note 3(iii)(c) to the accounts, the carrying amounts of inventories carried at net realisable value at 31 December 2003 were not obtainable.

19. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Accrued liabilities	**2,904**	16,427	**2,848**	697
Other payables	**294,453**	291,130	**291,130**	291,130
	297,357	307,557	**293,978**	291,827

Included in other payables were the liabilities under indemnities given to subsidiaries not consolidated of approximately HK$291,130,000 (2003: HK$291,130,000) (note 11).

20. SHARE CAPITAL

Shares

	Company	
	2004	2003
	HK$'000	*HK$'000*
Authorised:		
25,000,000,000 ordinary shares of HK$0.01 each	**250,000**	250,000
Issued and fully paid:		
8,076,257,020 ordinary shares of HK$0.01 each	**80,763**	80,763

Share options

Due to insufficient information available to the Directors as set out in note 3(iii)(d) to the accounts, no disclosures concerning the share options of the Company have been made in the accounts.

21. RESERVES

Group	Share Premium Account HK$'000	Capital redemption reserve HK$'000	Contributed surplus account HK$'000	Revaluation reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000
At 31 December 2002	792,011	9,924	145,372	–	(5,100)	(1,495,401)	(553,194)
Exchange realignment	–	–	–	–	10,570	–	10,570
Loss for the year	–	–	–	–	–	(35,697)	(35,697)
At 31 December 2003	792,011	9,924	145,372	–	5,470	(1,531,098)	(578,321)
Realisation upon deconsolidation	–	–	–	–	(5,470)	–	(5,470)
Profit for the year	–	–	–	–	–	200,450	200,450
At 31 December 2004	792,011	9,924	145,372	–	–	(1,330,648)	(383,341)

Company	Share premium account HK$'000	Capital redemption reserve HK$'000	Contributed surplus account HK$'000 (Note)	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 December 2002	792,011	9,924	145,372	71,382	(1,396,556)	(377,867)
Loss for the year	–	–	–	–	(695)	(695)
At 31 December 2003	792,011	9,924	145,372	71,382	(1,397,251)	(378,562)
Loss for the year	–	–	–	–	(3,049)	(3,049)
At 31 December 2004	792,011	9,924	145,372	71,382	(1,400,300)	(381,611)

Note: The contributed surplus account of the Company and the Group represents the credit arising from capital reduction.

22. POST BALANCE SHEET EVENTS

Details of post balance sheet events are summarised in notes 2 and 3 to the accounts.

23. APPROVAL OF THE ACCOUNTS

The accounts were approved and authorised for issue by the Board of Directors on 20 July 2005.