GOLDLION
HOLDINGS LIMITED
ANNUAL REPORT 2009
STOCK CODE: 00533

CONTENTS

Corporate Information

Directors

Chairman:

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

Deputy Chairman and Chief Executive Officer:

Mr. Tsang Chi Ming, Ricky

Executive Director:

Madam Wong Lei Kuan

Non-executive Director:

Mr. Ng Ming Wah, Charles

Independent Non-executive Directors:

Dr. Lau Yue Sun B.B.S.
Dr. Wong Ying Ho, Kennedy B.B.S., J.P.
Mr. Yin, Richard Yingneng

Company Secretary

Mr. Kam Yiu Kwok

Audit Committee

Mr. Yin, Richard Yingneng (Chairman)
Dr. Wong Ying Ho, Kennedy B.B.S., J.P. (Deputy Chairman)
Dr. Lau Yue Sun B.B.S.
Mr. Ng Ming Wah, Charles

Remuneration Committee

Dr. Wong Ying Ho, Kennedy B.B.S., J.P. (Chairman)
Dr. Lau Yue Sun B.B.S.
Mr. Yin, Richard Yingneng
Mr. Ng Ming Wah, Charles
Mr. Tsang Chi Ming, Ricky

Nomination Committee

Dr. Lau Yue Sun B.B.S. (Chairman)
Dr. Wong Ying Ho, Kennedy B.B.S., J.P.
Mr. Yin, Richard Yingneng
Mr. Ng Ming Wah, Charles
Mr. Tsang Chi Ming, Ricky

Solicitors

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

Auditors

PricewaterhouseCoopers

Principal Bankers

Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

Registrars

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Registered Office

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

Financial Highlights

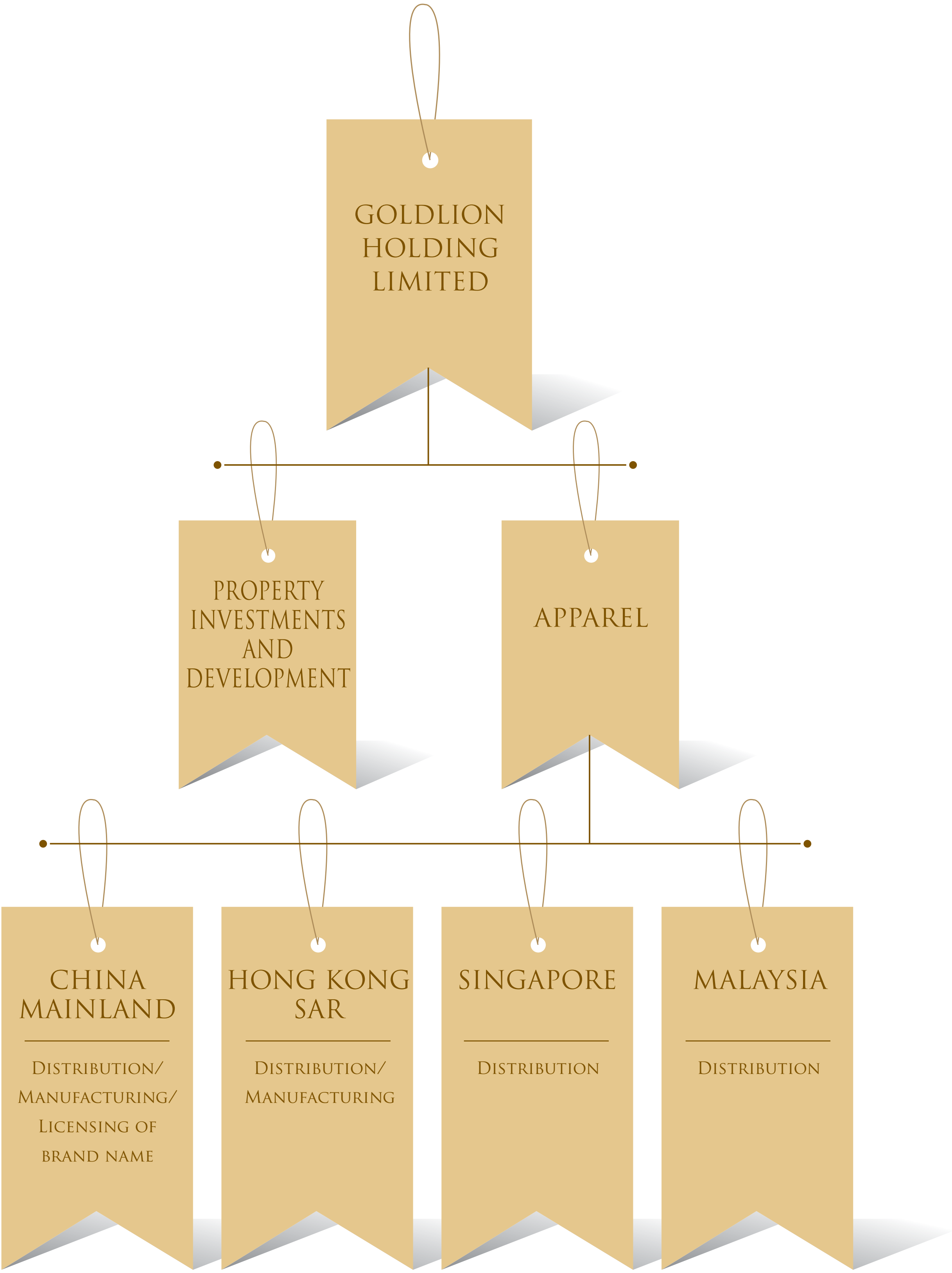
Financial Position

As at 31st December 2009, cash and bank balances held by the Group amounted to approximately HK$775,226,000, which was HK$252,067,000 higher than the balance at the end of last year. During the year, the Group recorded a net cash generated from operating activities of HK$423,333,000 and paid dividends of HK$176,118,000 during the year. As at 31st December 2009, the Group did not have any bank loans or overdrafts.

As at 31st December 2009, the Group's current assets and current liabilities were HK$1,039,552,000 and HK$396,341,000 respectively, with current ratio at 2.6. Total current liabilities were only 17% of the average capital and reserves attributable to the Company’s equity holders of HK$2,318,030,000.

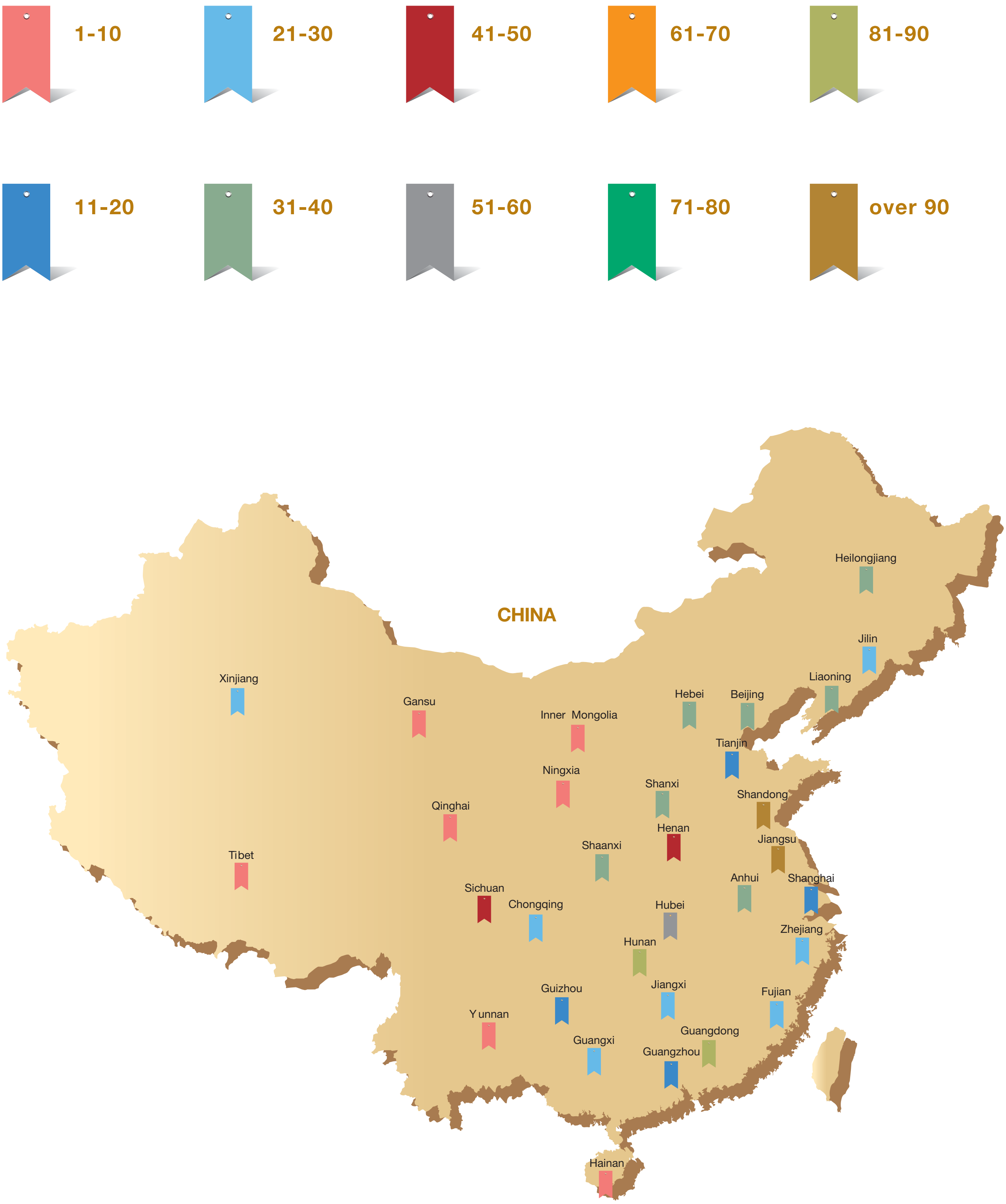
As at 31st December 2009, the Group did not have any material contingent liabilities or capital commitments and did not charge any of the Group’s assets.

Group Principal Operational Structure



Distribution Network in China Mainland

Number of GOLDLION sales outlet




Chairman's Statement

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

Group results

In the first half of the reporting year, worldwide economies were overshadowed by financial crises and markets were affected by sluggish demand. It was not until the second quarter that financial markets started to stabilize as economic stimulus measures launched by various governments began to take effect. Consumer spending, however, failed to gather momentum all at once. Under this background, China continued to be the leading engine of growth for the global economy. With our operations focused on the China Mainland market, the Group has not been significantly impacted by the global financial crisis.

For the financial year ended 31st December 2009, the Group's turnover stood at HK$1,395,681,000, representing a decrease of approximately 2%. After excluding sales income from the Meizhou property development project, the turnover is at the same level of last year, with sales of goods falling slightly by 1% while incomes from rentals, management fees and licensing registering rises.

Profits attributable to equity holders of the Company during the year amounted to HK$298,072,000, representing an increase of about 2% when compared with previous year's HK$291,453,000. With respect to the Group's fundamental business (comprise apparel and property investment businesses), there was a decrease of approximately 8%. An analysis of profit for the year is as follows:

Chairman's Statement

	2009 HK$'000	2008 HK$'000
Profit per financial statements	**298,072**	291,453
Adjusted for:		
Fair value gains on investment properties net of deferred tax effect	**(32,468)**	(35,827)
Gain on disposal of properties	**(3,757)**	–
(Reversal of)/provision for deferred tax on unrealized exchange gain (note)	**(11,611)**	16,378
Profit after tax from Meizhou property development project	**(38,427)**	(42,915)
Profit of the Group from fundamental business	**211,809**	229,089

Note:

Deferred tax was provided in 2008 on unrealized exchange gain arising on certain intercompany balances denominated in US$ and HK$ between a PRC subsidiary of the Company and its holding companies in Hong Kong. A part of the provision was reversed during the year as the conversion of a portion of such balances into registered capital of that PRC subsidiary was completed before the date of approval of the financial statements. Management considers the reversal of such provision is appropriate since the deferred tax liability arising from the unrealized exchange gain related to the portion of the balances converted would not be crystallized.

Final Dividend

The Directors have recommended the payment of a final dividend of 12.0 HK cents per share (2008: 12.0 HK cents per share) for the year ended 31st December 2009, totalling HK$117,633,000 (2008: HK$117,412,000). Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on or about 10th June 2010 to shareholders whose names appear on the Register of Members as at 28th May 2010.

Business Review

Apparel Business

China Mainland and Hong Kong SAR Markets

Implicated by deterioration in the neighbouring markets, China Mainland's exports slowed down remarkably in the first months of the year under review. Following the successive measures implemented by the Central Government to boost domestic demand, the problem eased in the middle of the year and the economy as a whole rebounded in the latter half of the year.

The performance of the apparel business basically followed a similar trend during the year. Overall sales dropped slightly in a sluggish market in the first half but reverted mildly in the second half of the year. Overall turnover recorded an annual increase of approximately 2%, or approximately 1% in Renminbi, over the previous year.

Chairman's Statement

In response to a China Mainland market that was stagnated by the financial turmoil, the Group adjusted its operating strategies early in the year by maintaining close liaison with its distributors. Besides, the Group also involved actively in promotional activities at various sales channels and increased the number of discount outlets. These measures benefited in the disposal of off-season stocks and the increase of sales.

To better ensure that our products meet with the expectations of our target customers, research prior to product development were strengthened. Along with that, quality control and evaluation of suppliers were made more stringent in the hope of inducing stronger sales with upgraded and better quality products. On the management front, workflow was streamlined and fine-tuned for higher efficiency and effectiveness.

Further, products of the 2010 spring and summer collections were released to distributors a little earlier than last year. As a result, the sales of a small portion of these stocks were recognized before the year-end and this contributed partly to the rise in turnover of the year. Besides, the relative cold winter was also favourable for the sale of our autumn and winter products.

As for the Hong Kong market, the Group continued to be prudent in its operation by keeping expenditures tightly under control. Upon expiry of the leases of our retail outlets, the local retail apparel business terminated in March 2010. The focus of our local market will then shift to corporate uniform business.

The license for jewellery products expired in the middle of the year. Subsequently, the Group entered into a new licence agreement on sportswear and accessories with a Mainland operator in the second half of the year. Other than that, the Group continued to grant licenses covering shoes, leather goods, undergarments and woolen sweaters for the Mainland market during the year. Licensing income for the year amounts to HK$52,456,000, or about 10% over that of last year. The growth was mainly attributable to the incremental increase in licensing fees stipulated in respective agreements.

Singapore and Malaysia Markets

With the local economy hard hit by the global financial crisis, the weak retail market in Singapore was further impacted. Consumer spending remained conservative despite the rebound of local capital market in the second half of the year. All these unfavourable conditions cumulated in the Group's first ever decline for the last ten years in its local business. Overall sales for the year fell by approximately 8%, or about 10% in local currency, when compared with that of last year.

Faced with the most testing operating environment in recent years, the Group's first and foremost objective was to boost sales. The measures adopted include stepping up marketing campaigns and participating in sales events organized by major department stores. Parallel to boosting sales, efforts were made at the same time to reduce inventory level. These measures were gradually withdrawn when the market began to stabilize in the latter half of the year.

There was little change in the number of outlets operating in the local market. At the end of the reporting period, there were a total of 10 Goldlion shops and 19 counters in Singapore.

Over in Malaysia, the Group's operations suffered significantly with the local market badly impacted by the financial turmoil. In local currency, sales dropped by about 14% when compared with that of last year and the number of outlets in Malaysia remained to be 30 at the end of the year.

Property Investment and Development

With the effects of the global financial crisis gradually wearing off in the second quarter, the Mainland and Hong Kong property markets promptly rebounded to the benefit of the Group's property investment operation. Fair value gains on investment properties recognized by the Group after an independent professional valuation stood at HK$40,307,000 compared with HK$44,372,000 for last year.

Fair value gains were recorded for all major investment properties of the Group, topped by those in Hong Kong and Meizhou. The Group's investment properties in Hong Kong are primarily for industrial use. Fair value gains on these properties reached HK$17,730,000 which was mainly a result of the improved local market conditions. As regards our properties in Meizhou, four commercial units were transferred from properties held for sale to investment properties during the year. As the valued amounts of these properties are higher than their costs and on account of the satisfactory rental returns, fair value gains of HK$11,211,000 were recorded from our investment properties in Meizhou.

As for leasing, income from rentals amounted to HK$114,911,000, climbing by approximately 5% over that of last year.

Rental income generated by the Goldlion Digital Network Centre in Tianhe, Guangzhou, also rose by approximately 3%. Owing to increased supply of office spaces in the city and market uncertainties in the early months, there was no significant increase in rentals for new leases entered into during the year, resulting in a leveling in rental income. Occupancy remained to be around 90%.

Leasing for the Goldlion Commercial Building held by the Group in Shenyang remained stable with occupancy maintaining at about 100%. Due to an upward rental adjustment for a lease renewed towards the end of the year, rental income for the year as a whole grew by approximately 13% over that of last year.

Gross rental income derived from the Group's investment properties in Hong Kong grew by about 8%, benefitting from a general upward rental adjustment for new leases entered into during the year. Occupancy for the year as a whole continued to exceed 95%.

During the year, a total of 11,051 square meters of residential units, 4,264 square meters of commercial spaces and 56 carparks from the property development project in Meizhou were sold. Altogether, the Group recognized sale proceeds in the amount of HK$108,101,000 and profit after property costs, related expenses and taxes in the amount of HK$38,427,000 for the year.

Prospects

After a tumultuous year, the global economy has apparently bottomed out and the Chinese economy is expected to pick up further. Looking into the year 2010, however, the market is foreseen to be clouded by quite some uncertainties especially in anticipation of possible government exits from the market.

In such light, the Group will continue to pursue a prudent and proactive strategy for its operations. As far as the China Mainland market is concerned, development of new products will be further geared towards fresh and trendy designs. Publicity will be stepped up through placing advertisements in not just traditional media but also the internet. Information technology system will also be upgraded to enhance corporate management capacity for the Company.

Regarding the Singapore market, recovery is expected to take some time although the worst is already behind us. Coupled with the completion of casinos and a theme park in early 2010, the opening of large shopping malls will lead to new developments in the local retail market. The Group will therefore adjust its operating strategies accordingly to bring business back on the rising track.

Turning to property investments, efforts will be made to enhance the leasing potential of the Group's holdings to ensure sustainable growth in rental income. As for the property development project in Meizhou that was first offered for sale two years ago, there were 12% of residential units, 18% of carparks and 44% of shop spaces yet to be sold at the end of the year. Depending on market conditions, total sellout will be the Group's target for the year 2010.

Boasting a solid footing in the market, sound financial position and prudent operation, the Group is confident to secure continuous satisfactory performance and business growth.

Acknowledgement

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

Dr. Tsang Hin Chi
Chairman

Hong Kong, 31st March 2010


Schedule of Investment Properties

As at 31st December 2009

Property	Description	Lot Number	Type	Lease term
Hong Kong				
1. 1st to 6th floors, Goldlion Holdings Centre, 13-15 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories.	The property, with a gross floor area of 23,449 sq.m., comprises the entire 1st, 2nd, 3rd, 4th, 5th and 6th floor of a modern 8-storey factory/ warehouse. The building was completed in 1989.	Shatin Town Lot No. 273	Industrial	The property is held for a term commencing on 26th February 1987 and expiring on 30th June 2047.
2. No. 3 Yuk Yat Street, To Kwa Wan, Kowloon.	The property comprises a modified 12-storey building completed in 1973. The property has a total gross floor area of 7,013 sq.m..	Kowloon Inland Lot No. 9676	Industrial/ office	The property is held for a term of 75 years from 12th November 1969 renewable for a further term of 75 years.
3. Unit A on 5th floor, Unit D on 6th floor, Units A and B on 7th floor, Units A, B, C and D on 14th floor, together with car parking S18 on the ground floor, Ming Wah Industrial Building, 13-33 Wang Lung Street, Tsuen Wan, New Territories.	The property comprises units on the 5th, 6th and 7th floor, the whole of 14th floor and a car parking space on the ground floor of a 24-storey industrial building completed in 1979. The property has a total gross floor area of 3,238 sq.m..	81/1024th shares of and in Tsuen Wan Town Lot No. 134	Industrial	The property is held for a term of 99 years from 1st July 1898 less the last three days and renewed to 30th June 2047.
4. Unit B on 3rd floor, Acro Industrial Building, 19 Yuk Yat Street, To Kwa Wan, Kowloon.	The property comprises a workshop unit on the third floor of a 12-storey plus basement industrial building completed in 1978. The property has a gross floor area of 536 sq.m..	58/1184th shares of and in Kowloon Inland Lot No. 9681	Industrial	The property is held for a term of 75 years from 23rd March 1970 and renewable for a further term of 75 years.

Schedule of Investment Properties

As at 31st December 2009

Property	Description	Lot Number	Type	Lease term
China Mainland				
5. Levels 1 to 5, Level 7, Units 01 to 07 and Units 09 to 12 on Level 8, Level 9, Unit 01 and Units 03 to 12 on Level 10, Level 11, Unit 01 and Units 03 to 12 on Level 12, Level 13, Units 02 to 12 on Level 14, Level 15, Unit 01 and Units 03 to 12 on Level 16, Units 07 to 12 on Level 17, Units 03 to 12 on Level 18, Levels 19 to 29, the car parking spaces in the basement levels 1 to 3 and the mezzanine level of the building, Goldlion Digital Network Centre, Ti Yu Dong Road, Tianhe District, Guangzhou, Guangdong Province.	The property is a 29-storey plus 4 basements commercial building built on a site of 6,670 sq.m.. The gross floor area of the commercial and office portions is approximately 50,530 sq.m..	–	Commercial/ Office	The land use right is held for a term of 40 years for commercial or car parking uses and 50 years for office use commencing from 27th January 1997.
6. Shenyang Goldlion Commercial Building, 186-190 Zhong Jie Lu, Shen He Qu, Shenyang, Liaoning Province.	The property is a 7-storey commercial building built on a site of 5,379 sq.m.. The 2 phases were completed in 1991 and 1993 respectively and was completely refurbished in 2002. The property has a gross floor area of 14,801 sq.m..	–	Commercial	The land use right is held for a term of 40 years for commercial use commencing from 23rd April 2008.

Schedule of Investment Properties

As at 31st December 2009

Property	Description	Lot Number	Type	Lease term
China Mainland *(continued)*				
7. Unit 07 on Level 24, Unit 07 and 08 on Level 26 and Unit 07 and 08 on Level 28, No. 577 Tianhe North Road, Unit 07 and 08 on Level 25, Unit 07 on Level 26, Unit 07 on Level 27 and Unit 07 and 08 on Level 28, No. 581 Tianhe North Road, Concord New World Garden, Tianhe District, Guangzhou, Guangdong Province.	The property comprises 11 domestic units in the multi-storey residential estate built in 2003. The property has a gross floor area of 1,031 sq.m..	–	Residential	The land use right is held for a term of 70 years from 1st April 1999.
8. Unit 03 on Level 10, No. 852 Dongfeng East Road, Glorious City Garden, Dongshan District, Guangzhou, Guangdong Province.	The property comprises a residential unit in one of the 32-storey buildings of the estate built in 2001. The property has a gross floor area of 158 sq.m..	–	Residential	The land use right is held for a term of 70 years from 7th April 1990.
9. Block 9 of 44 An Hua Lu, Changning Gu, Shanghai.	The property comprises 8-storey hostel type development built in 1990. The property has a gross floor area of 2,903 sq.m..	–	Residential	–
10. Unit A1502 on Level 2, Unit C18 on Level 1, 2 and 3, Units D01 and D27 on Level 1 and 2, Units E17, E25 and E26 on Level 1 and 2, Goldlion Fashion Walk, Jiangnan Binfang Dai Dao, Meizhou Ze, Guangdong Province.	The property comprises units in a commercial podium built in 2008. The property has a gross floor area of 3,970 sq.m.	140209020490 and 140209020608-1	Commercial	The land use right is held for a term of 40 years for commercial use.

Schedule of Completed Property Held for Sale

As at 31st December 2009

Property	Description	Lot Number	Type	Group interest
Goldlion City Garden, Goldlion Fashion Walk, Jiangnan Binfang Dai Dao, Meizhou Ze, Guangdong Province, PRC.	The Group held a total of 6,620 sq.m. of residential units, 2,644 sq.m. of parking spaces and 6,685 sq.m. of commercial space for sale as at 31st December 2009.	140209020490 and 140209020608-1	Residential/ commercial/ parking space	100%

Corporate Governance Report

The Board and the Management of the Company are committed to maintain a high standard of corporate governance. The Board believes that to carry the business in an accountable and transparent manner will ultimately maximize the long-term value to shareholders and stakeholders.

Throughout the year under review, the Company complied with the Code Provision of the Code on Corporate Governance Practices (the "CG Code") set out in the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited except for a derivation as specified and explained below. During the year, the Company also complied with, to a certain extent, the Recommended Best Practices in the CG Code.

Board of Directors

The Board assumes responsibility for leadership, control and development of the Company and is collectively responsible for promoting the success of the Company.

The Board is accountable for the supervision of the Management in the business and affairs of the Company and the Group. Apart from its statutory and fiduciary duties, the Board sets the Group's objective and approves strategic plans, key operational targets, capital expenditure, major investments and financing decisions. The Board regularly reviews businesses and performance of the Group.

The Board is also continuously reviewing the adequacy and effectiveness of the Group's internal control system. The Board recognizes that the maintenance of a sound system of control is an essential element for protecting the best interests of the shareholders.

The Board meets regularly and as and when required. In the year under review, four full Board meetings had been held. Details of Directors' attendance records in 2009 are set out below:

	Attendance (%)	
Executive Directors		
Dr. Tsang Hin Chi	(4/4)	100%
Mr. Tsang Chi Ming, Ricky	(4/4)	100%
Ms. Wong Lei Kuan	(3/4)	75%
Non-executive Director		
Mr. Ng Ming Wah, Charles	(4/4)	100%
Independent non-executive Directors		
Dr. Lau Yue Sun	(3/4)	75%
Dr. Wong Ying Ho, Kennedy	(3/4)	75%
Mr. Yin, Richard Yingneng	(4/4)	100%

The Company Secretary assists the Chairman in establishing the meeting agenda, and each of the Directors may request inclusion of items in the agenda. Board members are also provided with timely and adequate information prior to the Board meetings, and on an on-going basis, can have separate and independent access to the Group's Senior Management.

Board of Directors *(continued)*

At the Board meetings, there is open atmosphere for Directors to contribute alternative views and major decisions would only be taken after a full discussion at the meetings. For matters on transactions where Directors are considered having conflict of interests, the Directors concerned would not be counted in quorum of meeting and shall abstain from voting of the relevant resolution.

To assist in the execution of its responsibilities, the Board has established a number of Committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. All of these Board Committees have clear written terms of reference and are available on the Company's website.

The Directors can have separate and independent access to the Company Secretary. Minutes of the meetings are kept by the Company Secretary and are open for inspection by Directors.

Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer of the Company are segregated and are not performed by the same individual. Currently, Dr. Tsang Hin Chi is the Chairman of the Board and Mr. Tsang Chi Ming, Ricky, a son of Dr. Tsang Hin Chi, serves as the Company's Chief Executive Officer.

There are clear definitions of the responsibilities and functions between the Chairman and the Chief Executive Officer. The Chairman focuses on the Group's strategic development and provides leadership to the Board. The Chief Executive Officer is being assisted by Senior Management of the Group in assuming his executive duties and responsibility for the Group's operation and performance.

Board composition

The Board has a balance of skills and experience appropriate for the requirements of the Group's business. Currently, the Board comprises totally seven members including three executive Directors, one non-executive Director and three independent non-executive Directors. Non-executive Directors provide the Board with diversified expertise and experience. The Board believes that the presence of independent non-executive Directors can provide sufficient checks and balances that safeguard the interests of shareholders and the Group as a whole.

Each of the independent non-executive Directors has confirmed in writing to the Company their independence in particularly in regard to the requirements under Rule 3.13 of the Listing Rules. The Board considers that the independent non-executive Directors are free from any business or other relationship that may influence their exercise of independent judgement.

Biographical details of the Directors are set out on page 26 to 27.

Appointments, re-election and removal of directors

In accordance with the Company's Articles of Association, any Director appointed to fill casual vacancy should be subject to election at the first general meeting after their appointment and every Director should be subject to retirement by rotation at least once every three years. However, all of the non-executive Directors of the Company have not been appointed for a specific term but are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Articles of Association of the Company, which is not in accordance with the requirements of Code Provision A.4.1.

Besides, the Board has established the Nomination Committee with specific terms of reference. The Nomination Committee consists of three independent non-executive Directors, a non-executive Director and an executive Director. List of members of Nomination Committee is set out in the "Corporate Information" on page 2.

Board of Directors *(continued)*

Appointments, re-election and removal of directors *(continued)*

With a view to ensure that the Board has members with the right profile of expertise, skill and ability as well as an appropriate balance of independent directors, the Nomination Committee is responsible for formulating policy and making recommendations to the Board on nominations, appointment of Directors and Board succession. The Committee also reviews the size, structure and composition of the Board and assesses the independence of the independent non-executive Directors. The Nomination Committee held two meetings during the year and the attendance records are as follows:

Members	Attendance (%)	
Dr. Lau Yue Sun *(Chairman)*	(2/2)	100%
Dr. Wong Ying Ho, Kennedy	(2/2)	100%
Mr. Yin, Richard Yingneng	(2/2)	100%
Mr. Ng Ming Wah, Charles	(2/2)	100%
Mr. Tsang Chi Ming, Ricky	(2/2)	100%

Responsibilities of Directors

The Company has clear policy to ensure that all Directors have a proper understanding of the business and operation of the Group and that they are fully aware their roles and responsibilities as Directors under relevant legislations and regulatory requirements.

On appointment, new Directors will be given a comprehensive introduction to the Group's major business activities, induction into their responsibilities and duties, and other regulatory requirements.

From time to time, non-executive Directors are updated with comprehensive briefings on the Group's strategic and business development, financial objective, plans and actions.

All Directors have full and timely access to all relevant information about the Group so that they can discharge their duties and responsibilities as Directors effectively. Where any member of the Board, whether individual or as a group, needs independent professional advice, the Company will appoint a professional advisor to render such service. The costs of such professional services will be borne by the Company. A directors' and officers' liabilities insurance has also been arranged.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. During the year, all the Directors have complied with the relevant requirements under the Model Code regarding their dealing in the securities of the Company.

Remuneration Committee

The Board has established the Remuneration Committee with specific terms of reference. The Remuneration Committee consists of three independent non-executive Directors, a non-executive Director and an executive Director. List of members of Remuneration Committee is set out in the "Corporate Information" on page 2.

The key role of the Committee is to formulate the remuneration policy, to review and recommend to the Board the remuneration policy, and to fix the remuneration packages of the executive Directors and members of the Senior Management. The primary objective of the remuneration policy is to ensure that the Company is able to attract, retain and motivate a high-calibre team of staff.

Remuneration Committee *(continued)*

In determining remuneration packages, the Company mainly considers employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual staff.

To maintain a proper management control, no Director and members of the Senior Management can determine his own remuneration.

The Remuneration Committee reviews remuneration packages of the executive Directors and Senior Management regularly to ensure that those packages are commensurate with their performance. The Chairman of the Committee will report the work, findings and recommendations to the Board after each meeting.

The Remuneration Committee held two meetings during the year and the attendance records were as follows:

Members	**Attendance (%)**	
Dr. Wong Ying Ho, Kennedy *(Chairman)*	(2/2)	100%
Dr. Lau Yue Sun	(1/2)	50%
Mr. Yin, Richard Yingneng	(2/2)	100%
Mr. Ng Ming Wah, Charles	(2/2)	100%
Mr. Tsang Chi Ming, Ricky	(2/2)	100%

Accountability and Audit

Financial reporting

The Board is responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Group and the results for the corresponding period. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. In preparing the accounts for the year, the Directors have:

– selected suitable accounting policies and applied them consistently;

– adopted accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants;

– make judgements and estimates that are reasonable; and have prepared the accounts on the going concern basis.

Audit Committee

The Audit Committee was established in 1998. Currently the Committee comprises three independent non-executive Directors and a non-executive Director, and is chaired by Mr. Yin, Richard Yingneng. Mr. Yin is a fellow member of the Hong Kong Institute of Certified Public Accountants and had worked as a senior member with regulatory bodies in Hong Kong and Australia.

The Audit Committee is primarily assisting the Board in fulfilling its oversight responsibilities for financial reporting, risk management and evaluation of internal controls and auditing processes. It also ensures that the Group complies with all applicable laws and regulations. List of members of Audit Committee is set out in the "Corporate Information" on page 2.

Accountability and Audit *(continued)*

Audit Committee *(continued)*

The Committee is also empowered to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices, with full access to records, resources and personnel, to enable it to discharge its functions properly.

In respect of maintaining an appropriate relationship with the Company's auditors, the Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the Company's external auditors, and to approve their remuneration and terms of engagement, and any questions of resignation or dismissal of the auditors. The Committee reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee also discusses with the auditors the nature and scope of the audit and reporting obligations before the audit commences.

The Committee had held a meeting with the external auditors without the presence of the Management to discuss various auditing issues. The Committee has also conducted regular reviews on the nature and extent of non-audit services supplied by the external auditors.

The Chairman of the Committee will report the work, findings and recommendations to the Board after each meeting. The Audit Committee held five meetings during the year and the attendance records were as follows:

Members	Attendance (%)	
Mr. Yin, Richard Yingneng *(Chairman)*	(5/5)	100%
Dr. Lau Yue Sun	(4/5)	80%
Dr. Wong Ying Ho, Kennedy	(5/5)	100%
Mr. Ng Ming Wah, Charles	(5/5)	100%

Internal controls

The Board has ultimate responsibility for maintaining a sound and effective internal control system, which is designed to provide reasonable but not absolute assurance against material errors, losses or fraud. The Board, through the Audit Committee, has conducted regular reviews on the effectiveness of the system.

The Group's internal control system comprises an established organizational structure and comprehensive policies and working procedures. Areas of responsibilities of each business and operational unit are reasonably defined to ensure sufficient segregation of duties.

The key procedures that the Board established to provide effective controls are as follows:

– a distinct organization structure exists with defined lines of authority and control responsibilities;

– a comprehensive management accounting system is in place to provide financial and operational performance indicators to the management and the relevant financial information for reporting and disclosure purpose;

– policies and procedures are designed for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information used within the business or for publication;

Accountability and Audit *(continued)*

Internal controls *(continued)*

– systems and procedures are also in place to identify, measure, manage and control risks including reputation, strategic, legal, credit, market, liquidity, interest rate and operational risks;

– procedures are designed to ensure compliance with applicable laws, rules and regulations;

– Audit Committee reviews recommendations submitted by external auditors to the Group's management in connection with the annual audit and interim review.

The Group's Internal Audit Department plays a major role in monitoring the internal governance of the Group. The Department conducts systematic reviews of the Group's internal control system by using a risk-based audit approach and reviews the effectiveness of the Group's system of internal control against the framework of the Committee of Sponsoring Organization of the Treadway Commission (COSO) in order to provide reasonable assurance of the effectiveness of the system. The Department reports directly to the Audit Committee and has free access to review all aspects of the Group's activities and controlling system. The Department summaries audit findings and control weaknesses and reports to the Audit Committee on a regular basis.

The whistle-blowing procedure of the Group is in place during the year. The procedure is to provide a reporting channel to employees of the Group, in confidence, raise concerns about possible improprieties or fraud in financial reporting, internal control or other matters to the Audit Committee.

During the year, the Audit Committee, on behalf of the Board, has reviewed the effectiveness of the various systems put in place by the management covering all material controls, including financial, operational and compliance controls as well as risk management functions.

Auditors' remuneration

During the year, total auditors' remuneration in relation to statutory audit work of the Group amounted to HK$2,963,000, of which a sum of HK$2,700,000 was paid to the Group's principal external auditors, PricewaterhouseCoopers. The remuneration for PricewaterhouseCoopers and its affiliated firms, for services rendered is broken down below:

	HK$
Statutory audit and interim review fee	2,700,000
Tax consulting services	228,250
Total	2,928,250

Communication with Shareholders

The Board strives for timeliness and transparency in its disclosures to shareholders and the public. The Company disseminates its information to shareholders in a timely manner through various channels including interim and annual reports, published announcements, press releases and shareholders' circulars. Regular meetings are held with investors, analysts, bankers and the press. The Group has a corporate website where shareholders and members of the public are able to access to up-to-date corporate information and events related to the Group.

The Annual General Meeting of the Company also provides a useful platform for dialogue and interaction with all the shareholders. At the Annual General Meeting, the Chairman as well as chairmen of the Board Committees, or in their absence, members of the Committees are available to answer shareholders' questions.

Report of the Directors

The Directors submit their report together with the audited financial statements of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December 2009.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are set out in note 9 to the financial statements.

An analysis of the Group's performance for the year by operating segments is set out in note 5 to the financial statements.

Results and appropriations

The results of the Group for the year are set out in the consolidated income statement on page 37.

The Directors have declared an interim dividend of 6.0 HK cents (2008: 6.0 HK cents) per ordinary share, totalling HK$58,706,000 (2008: HK$58,706,000), which was paid on 6th October 2009.

The Directors recommend the payment of a final dividend of 12.0 HK cents (2008: 12.0 HK cents) per ordinary share totalling HK$117,633,000 (2008: HK$117,412,000) in respect of the year ended 31st December 2009, which is to be payable on or about 10th June 2010 to shareholders whose names appear on the Register of Members on 28th May 2010. This recommendation shall become effective subject to the approval of shareholders at the Annual General Meeting to be held on 28th May 2010.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 39 and note 16 to the financial statements.

Donations

Charitable and other donations made by the Group during the year amounted to HK$1,181,000 (2008: HK$3,151,000).

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in note 7 to the financial statements.

Principal properties

Details of the principal properties of the Group held for investment and for sale at 31st December 2009 are set out on pages 14 to 17.

Share capital

Details of the share capital of the Company are set out in note 15 to the financial statements.

Distributable reserves

Distributable reserves of the Company at 31st December 2009, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK$212,426,000 (2008: HK$191,779,000).

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction against such rights under the laws of Hong Kong, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 82.

Directors

The Directors during the year and up to the date of this report were:

Executive Directors:

Dr. TSANG Hin Chi
Mr. TSANG Chi Ming, Ricky
Madam WONG Lei Kuan

Non-executive Director:

Mr. NG Ming Wah, Charles

Independent Non-executive Directors:

Dr. LAU Yue Sun
Dr. WONG Ying Ho, Kennedy
Mr. YIN, Richard Yingneng

In accordance with Article 101 of the Company's Articles of Association, Madam Wong Lei Kuan, Dr. Lau Yue Sun and Mr. Ng Ming Wah, Charles retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

Directors' service contracts

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

Biographical details of directors and senior management

A description of the Directors and Senior Management of the Group is set out as follows:

Executive Directors

Dr. the Honourable Tsang Hin Chi, G.B.M., aged 76, is Chairman and a founder of the Group together with his wife, Madam Wong Lei Kuan. Dr. Tsang holds an Honorary Doctorate degree from the Zhong Shan University in the People's Republic of China ("PRC"), and an Honorary Doctorate degree in Social Science from the Hong Kong Polytechnic University. He is an honorary citizen of Beijing, Harbin, Shenyang, Dalin and Guangzhou. Dr. Tsang is concurrently Honorary Vice Chairman of the All-China Federation of Industry & Commerce, Ex-officio Life Honorary Chairman of the Chinese General Chamber of Commerce, and Committee Member to several Hong Kong and Mainland trade associations. Other public offices he holds include Honorary Director of the Tsang Hin Chi Education Foundation under the Ministry of Education of the PRC, Honorary Director of the Tsang Hin Chi Manned Space Foundation, Honorary Director of the Tsang Hin Chi Sports Foundation, Deputy Managing Director of the Jinan University in Guangzhou, and Honorary President of the Jiaying University in Guangdong. Previously, he served as Standing Committee Member in the National People's Congress of the PRC from the Eighth through the Tenth session. He is the husband of Madam Wong Lei Kuan, and father of Mr. Tsang Chi Ming, Ricky, both are executive Directors of the Group.

Mr. Tsang Chi Ming, Ricky, aged 43, is Deputy Chairman and Chief Executive Officer of the Company overseeing the operations and development of the Group. Mr. Tsang joined the Group in 1989 and was appointed as Executive Director in 2001. He is a member of the National Committee of the C.P.P.C.C. and the C.P.P.C.C. Guangzhou, and Executive Committee Member of the All-China Federation of Industry & Commerce. Mr. Tsang is also Executive Vice Chairman of the Guangdong Chamber of Foreign Investors, Vice Chairman of Guangzhou Youth Federation, Chairman of Chamber of Commerce of Guangzhou Foreign Investment Enterprises, Director of the Jinan University in Guangzhou, Chairman of the Ka Ying Chow Commercial Association Limited, Standing Committee Member of the Chinese General Chamber of Commerce and Chairman of the Young Executives' Committee, Deputy Chairman of Federation of Hong Kong Guangdong Community Organisations, and an honorary citizen of Guangzhou and Meizhou. He is a son of Dr. Tsang Hin Chi and Madam Wong Lei Kuan, executive Directors of the Group.

Madam Wong Lei Kuan, aged 73, is a founder of the Group. She is Honorary Executive Committee Member of the All-China Women's Federation, Honorary Chairman of the Ka Ying Chow Commercial Association Limited and a supervising advisor of the Hong Kong Federation of Women. Madam Wong is also Honorary Committee Member of the Chinese General Chamber of Commerce and Honorary Chairman of Ladies' Sub-Committee. She is Executive Director of the China Women's Development Fund and Director of the China Council for the Promotion of Peaceful National Reunification. Besides, Madam Wong has served as a member of the C.P.P.C.C. Guangdong of the PRC from the Seventh through the Ninth session. She is the wife of Dr. Tsang Hin Chi, and mother of Mr. Tsang Chi Ming, Ricky, both are executive Directors of the Group.

Non-executive Director

Mr. Ng Ming Wah, Charles, aged 60, was appointed to the Board in 1992. Mr. Ng graduated from Loughborough University in England in 1972 with a B.Sc. degree in Electronic and Electrical Engineering and from London Graduate School of Business Studies (London Business School) in England in 1974 with a M.Sc. degree in Business Studies. Mr. Ng has over 30 years of experience in corporate finance and investment banking. He is a director of Somerley Limited, the principal business of which is the provision of corporate financial advisory services. He is also an independent non-executive director of each of China Everbright Limited (stock code: 165), Dalian Ports (PDA) Company Limited (stock code: 2880) and China Molybdenum Company Limited (stock code: 3993). He was an independent non-executive director of Stone Group Holdings Limited (stock code: 409) from September 2004 to November 2009 and of Zhaojin Mining Industry Company Limited (stock code: 1818) from October 2004 to April 2007. In addition, Mr. Ng is also a member of the Board of Governors of Hong Kong Arts Centre.

Biographical details of directors and senior management *(continued)*

Independent non-executive Directors

Dr. Lau Yue Sun, B.B.S., aged 69, is the Managing Director of New Products Investment Limited and Jip Fair Development Limited, as well as an independent non-executive director of Wing Lee Holdings Limited (stock code: 876). Dr. Lau has over 30 years of experience in manufacturing, electronics, plastic injection products and import/export business. He is a member of the National Committee of the C.P.P.C.C., a member of the Election Committee of Hong Kong SAR, a standing committee member of the Chinese General Chamber of Commerce and Chairman of Hong Kong Human Resources Exchange Centre. He is also an advisor of Guangdong Education Foundation and Director of Guangdong Chamber of Foreign Investors. Dr. Lau was appointed to the Board in 1994.

Dr. Wong Ying Ho, Kennedy, B.B.S., J.P., aged 47, is a solicitor and a China Appointed Attesting Officer. He is the Managing Partner of Philip K.H. Wong, Kennedy Y.H. Wong & Co., Solicitors & Notaries. Dr. Wong is a member of the National Committee of the C.P.P.C.C.. He also holds directorship in listed companies in Hong Kong including Asia Cement (China) Holdings Corporation (stock code: 743), China Overseas Land & Investment Limited (stock code: 688), Great Wall Technology Company Limited (stock code: 074), Hong Kong Resources Holdings Company Limited (stock code: 2882) and Qin Jia Yuan Media Services Company Limited (stock code: 2366). Dr. Wong was appointed to the Board in 2004.

Mr. Yin, Richard Yingneng, aged 57, is the Chairman of First Vanguard Limited, a company principally engaged in the provision of financial services. He is a non-executive director of Hong Kong Resources Holdings Company Limited (stock code: 2882) and was also a non-executive director of Sino-Ocean Land Holdings Limited (stock code: 3377) from May 2008 to March 2010. Mr. Yin has solid experience in the securities and futures industry and held senior positions in various regulatory bodies including the Australian Securities Commission, the New South Wales Corporate Affairs Commission and the Securities and Futures Commission of Hong Kong for over 10 years. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in Australia and the Institute of Chartered Accountants in England and Wales. Mr. Yin was appointed to the Board in 2006.

Senior Management

Madam Hu Bing Xin, aged 59, is the General Manageress of the Group's China Mainland operation and is in charge of the Group's apparel business in China. She joined the Group in 2000. Madam Hu won the title of "Superior Economist" in 1987 and held position of general manageress of several listed enterprises in China. With more than 20 years of experience in market development and sales management, she won the title of the "Nation's Women Red Flag", and the name of "Model Toiler" and "Excellent Entrepreneur" in Wuhan. She was honoured with the "Ten Outstanding Female Entrepreneurs in China" in 2002 and the "Chinese Businesswomen Award for Outstanding Contribution" in 2005.

Mr. Quek Chew Teck, aged 48, was the Assistant General Manager of Goldlion Singapore from 1987 to 1994 and re-joined the Group in 1998 as the General Manager of Goldlion Singapore. He was appointed as a director and Chief Executive Officer of Goldlion Singapore in 2005 and is also a director of Goldlion Malaysia since 2000. He is responsible for the Group's operations in Singapore and Malaysia as well as the export business to neighbouring countries. Mr. Quek holds a Diploma in Sales and Marketing from the Marketing Institute of Singapore. He has over 19 years experience in corporate management.

Biographical details of directors and senior management *(continued)*

Senior Management *(continued)*

Mr. Liu Hong An, aged 48, holds a Bachelor Degree in Mechanical Engineering from the South China University of Technology and is a certified engineer in Quota, Budget and Settlement of Construction Project. Mr. Liu has over twenty years experience in property investment and management and has worked with large enterprises in China for many years. Mr. Liu has been with the Group since 1997 and is the General Manager of the Group's property investment and development operation in Guangzhou and Meizhou.

Mr. Kam Yiu Kwok, aged 47, joined the Group in 1999 as Accounting Manager. He was appointed as Secretary of the Company in 2000 and as Chief Financial Officer of the Group in 2010. Mr. Kam has extensive experience in accounting and finance and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales.

Mr. Tu Wu Yi, aged 48, graduated with an Executive Master of Business Administration Degree. Mr. Tu is a qualified accountant in China Mainland and has more than 20 years of experience in finance. He has extensive experience in working with large enterprises and listed companies in China Mainland. He joined the Group in 2000 and is now the financial controller of the Group's operations in China Mainland.

Share options

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

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

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

Share Award Scheme

On 17th July 2008, the Board adopted the Share Award Scheme in which a selected employee of the Group is entitled to participate. The purpose of the scheme is to recognize the contributions by the employee of the Group and to provide the retirement benefit for the employee of the Group.

Pursuant to the rules of the Share Award Scheme, the Group has set up a trust, for the purpose of administering the Share Award Scheme and holding the awarded shares before they are vested.

During the year ended 31st December 2009, the Company has not purchased or awarded any of its shares to eligible employees pursuant to the aforementioned scheme. During the year, 1,840,000 shares of the Company were transferred to the relevant employees according to the rules of the Share Award Scheme. Details of the unallocated shares at 31st December 2009 are set out below.

		Number of shares			
Date of Grant	Awarded sum HK$	As at 1st January 2009	Vested during the year	As at 31st December 2009	Vesting Period
17th July 2008	6,017,000	3,680,000	1,840,000	1,840,000	1st January 2010 to 10th September 2010

Purchase, sale or redemption of shares

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

Directors' and Chief Executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation

At 31st December 2009, the interests and short positions of each Director and Chief Executive in the shares, underlying shares and debentures of the Company and its associated companies (within the meaning of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required maintained by the Company under section 352 of Part XV of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Ordinary shares of HK$0.10 each in the Company at 31st December 2009

		Number of shares held				
Directors		**Personal interests**	**Family Interests** (Note 1)	**Other interests** (Note 2)	**Total**	**Percentage to total issued share capital**
Tsang Hin Chi	Long position	–	1,210,000	613,034,750	614,244,750	62.54%
	Short position	–	–	–	–	–
Tsang Chi Ming, Ricky	Long position	1,404,000	–	613,034,750	614,438,750	62.56%
	Short position	–	–	–	–	–
Wong Lei Kuan	Long position	1,210,000	–	613,034,750	614,244,750	62.54%
	Short position	–	–	–	–	–
Ng Ming Wah, Charles	Long position	1,800,000	–	–	1,800,000	0.18%
	Short position	–	–	–	–	–

Note:

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

2. The shareholdings disclosed by Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan under the heading "Other interests" in the above table refer to the same shares which were held by Hin Chi Family Management Limited (being trustee of the Tsang Hin Chi (2007) Family Settlement) as disclosed in the paragraph headed "Substantial Shareholders" below.

(b) Save as disclosed above, as at 31st December 2009, none of the Directors and the Chief Executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated companies (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' and Chief Executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation

(continued)

(c) Save as disclosed above, at no time during the year ended 31st December 2009 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

(d) Other than those interests and short positions disclosed above, the Directors and the Chief Executive also hold shares of certain subsidiaries in trust for the Company solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Substantial shareholders' interests and short positions in the shares, underlying shares of the Company

As at 31st December 2009, the register of substantial shareholders maintained under section 336 of Part XV of the SFO shows that as at 31st December 2009, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

Name of holder of securities	Type of securities		Number of shares held	Percentage to total issued share capital
Hin Chi Family Management Limited (Note)	Ordinary shares of $0.10 each	Long position	613,034,750	62.42%
		Short position	–	–
Top Grade Holdings Limited (Note)	Ordinary shares of $0.10 each	Long position	613,034,750	62.42%
		Short position	–	–
Silver Disk Limited (Note)	Ordinary shares of $0.10 each	Long position	160,616,000	16.35%
		Short position	–	–
Tsang Hin Chi Charities (Management) Limited	Ordinary shares of $0.10 each	Long position	53,880,750	5.49%
		Short position	–	–

Note: Hin Chi Family Management Limited as trustee of the Tsang Hin Chi (2007) Family Settlement, held all of the issued share capital of Top Grade Holdings Limited ("Top Grade"). Top Grade held 613,034,750 shares in the Company including 160,616,000 shares held by Silver Disk Limited, a wholly-owned subsidiary of Top Grade.

Directors' interests in contracts of significance

Other than as disclosed under the section "Connected Transactions", no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Connected transactions

The following transactions between certain connected parties (as defined in the Listing Rules) and the Group have entered into and/or are ongoing for which are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

(a) The Group paid professional fees of HK$320,000 to Equitas Capital Limited during the year in the ordinary course of its business. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is the managing director of, and a principal shareholder of, Equitas Capital Limited.

(b) The Group paid consultancy fees of HK$272,000 to Mr. Zhang Zi Hong during the year in the ordinary course of its business. Mr. Zhang is a director of Goldlion (China) Limited, a subsidiary of the Company.

(c) On 19th December 2007, the Group, as lessor, entered into a lease with China World Trade Corporation ("CWTC") as lessee in respect of a unit located at Goldlion Holdings Centre in Hong Kong. During the year, the Group received HK$378,000 from CWTC as rental payment under the lease. Mr. Tsang Chi Hung has indirect beneficial interest in CWTC as he is a major shareholder of the holding company of CWTC. Dr. Tsang Hin Chi, Madam 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 Madam Wong Lei Kuan, and a brother of Mr. Tsang Chi Ming, Ricky.

(d) On 15th December, 2008, the Group as lessee, entered into a lease with Gold State Properties Limited ("GSPL") as lessor in respect of a shop located in Hong Kong. During the year, the Group paid HK$74,000 to GSPL as rental payment under the lease. As Dr. Tsang Hin Chi, Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky have beneficial interest in, and are directors of GSPL, they are interested in this transaction.

(e) The Company paid professional fees of HK$120,000 to Somerley Limited during the year in the ordinary course of its business. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is a director of Somerley Limited.

Details of the continuing connected transaction that is exempt from the independent shareholders' approval requirements but is subject to the reporting and announcement requirements of the Listing Rules are set out as below.

Lease Agreement

On 28th April 2009, the Group, as lessor, entered into a supplementary lease agreement with Guangzhou World Trade Center Club Company Limited ("GWTCCL") as lessee in respect of a business centre and facilities therein located at Goldlion Digital Network Centre, Guangzhou. The term of the supplementary lease agreement is three years commenced from 15th July 2008 with monthly rental and management fee fixed at RMB279,000. During the year, the Group received HK$4,393,000 from GWTCCL under the lease, of which HK$1,023,000 being repayment of shortfall of rental charged below the market rate for the period from 15th July 2008 to 30th April 2009. Mr. Tsang Chi Hung has indirect beneficial interest in GWTCCL as he is a major shareholder of the holding company of GWTCCL. Dr. Tsang Hin Chi, Madam 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 Madam Wong Lei Kuan, and a brother of Mr. Tsang Chi Ming, Ricky.

Financial assistance and guarantees to affiliated companies

There was no advance (including guarantee given by the Company and any of its subsidiaries) which are of non-trading nature to the affiliated companies as at 31st December 2009 under Chapter 13 of the Listing Rules.

Management contracts

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

Major customers and suppliers

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

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

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at the latest practicable date prior to the issue of the annual report.

Corporate governance

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on page 18 to 23.

Auditor

The financial statements for the year ended 31st December 2009 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Dr. Tsang Hin Chi
Chairman

Hong Kong, 31st March 2010

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

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TO THE SHAREHOLDERS OF GOLDLION HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Goldlion Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 35 to 81, which comprise the consolidated and company balance sheets as at 31st December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 31st March 2010

Consolidated Balance Sheet

As at 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights	6	**64,802**	111,459
Property, plant and equipment	7	**141,816**	178,494
Investment properties	8	**1,742,660**	1,635,675
Deferred income tax assets	18	**45,805**	34,610
		1,995,083	1,960,238
Current assets			
Completed property held for sale	10	**33,175**	71,020
Inventories	11	**160,930**	205,843
Trade receivables	13	**44,565**	47,535
Prepayments, deposits and other receivables	13	**25,656**	32,500
Cash and cash equivalents	14	**775,226**	523,159
		1,039,552	880,057
Total assets		**3,034,635**	2,840,295
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	15	**98,211**	98,211
Reserves	16	**2,171,736**	2,032,856
Proposed final dividend	16	**117,633**	117,412
		2,387,580	2,248,479
Minority interest		**1,311**	1,311
Total equity		**2,388,891**	2,249,790
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	18	**249,403**	223,874
Other payable		**–**	5,310
		249,403	229,184
Current liabilities			
Trade payables	17	**68,657**	56,023
Other payables and accruals		**285,519**	276,277
Current income tax liabilities		**42,165**	29,021
		396,341	361,321
Total liabilities		**645,744**	590,505
Total equity and liabilities		**3,034,635**	2,840,295
Net current assets		**643,211**	518,736
Total assets less current liabilities		**2,638,294**	2,478,974

On behalf of the Board

Dr. Tsang Hin Chi
Chairman

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

Balance Sheet

As at 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Subsidiaries	9	**1,314,267**	1,293,619
Current assets			
Prepayments		**172**	172
Cash and cash equivalents	14	**84**	85
		256	257
Total assets		**1,314,523**	1,293,876
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	15	**98,211**	98,211
Reserves	16	**1,097,939**	1,077,513
Proposed final dividend	16	**117,633**	117,412
Total equity		**1,313,783**	1,293,136
LIABILITIES			
Current liabilities			
Accruals		**740**	740
Total equity and liabilities		**1,314,523**	1,293,876
Net current liabilities		**(484)**	(483)
Total assets less current liabilities		**1,313,783**	1,293,136

On behalf of the Board

Dr. Tsang Hin Chi
Chairman

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

Consolidated Income Statement

For the year ended 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
Turnover	5	**1,395,681**	1,429,576
Cost of sales	20	**(612,737)**	(600,615)
Gross profit		**782,944**	828,961
Other gains, net	19	**44,064**	44,372
Selling and marketing costs	20	**(228,537)**	(242,101)
Administrative expenses	20	**(197,140)**	(211,944)
Operating profit		**401,331**	419,288
Interest income		**6,481**	10,993
Profit before income tax		**407,812**	430,281
Income tax expense	24	**(108,945)**	(138,039)
Profit for the year		**298,867**	292,242
Profit attributable to:			
Equity holders of the Company	25	**298,072**	291,453
Minority interest		**795**	789
		298,867	292,242
		HK cents	HK cents
Earnings per share for profit attributable to the equity holders of the Company during the year			
– basic	27	**30.46**	29.73
– diluted	27	**30.35**	29.68

	Note	2009 HK$'000	2008 HK$'000
Dividends	26	**176,339**	176,118

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2009

	2009 HK$'000	2008 HK$'000
Profit for the year	**298,867**	292,242
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	**13,840**	100,111
Surplus on revaluation of leasehold properties transferred to investment properties	**1,548**	5,943
Total comprehensive income for the year	**314,255**	398,296
Attributable to:		
Equity holders of the Company	**313,460**	397,507
Minority interest	**795**	789
Total comprehensive income for the year	**314,255**	398,296

Consolidated Statement of Changes in Equity

For the year ended 31st December 2009

	Attributable to equity holders of the company							
	Share capital	**Share premium**	**Other reserves**	**Retained earnings**	**Total**	**Minority interest**	**Treasury shares**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1st January 2008	98,211	1,002,662	59,685	830,188	1,990,746	1,311	–	1,992,057
Appropriation to reserves	–	–	11,270	(11,270)	–	–	–	–
Employee share-based compensation benefits (note 21)	–	–	3,518	–	3,518	–	–	3,518
Repurchase of shares (notes 15(b))	–	–	–	–	–	–	(6,017)	(6,017)
Dividend relating to 2007	–	–	–	(78,569)	(78,569)	–	–	(78,569)
Dividend relating to 2008	–	–	–	(58,706)	(58,706)	(789)	–	(59,495)
Total comprehensive income for the year	–	–	106,054	291,453	397,507	789	–	398,296
	–	–	120,842	142,908	263,750	–	(6,017)	257,733
Balance at 31st December 2008	98,211	1,002,662	180,527	973,096	2,254,496	1,311	(6,017)	2,249,790
Balance at 1st January 2009	**98,211**	**1,002,662**	**180,527**	**973,096**	**2,254,496**	**1,311**	**(6,017)**	**2,249,790**
Appropriation to reserves	**–**	**–**	**(10,211)**	**10,211**	**–**	**–**	**–**	**–**
Employee share-based compensation benefits (note 21)	**–**	**–**	**–**	**1,759**	**1,759**	**–**	**–**	**1,759**
Vesting of shares of Share Award Scheme (note 21(a))	**–**	**–**	**(2,870)**	**–**	**(2,870)**	**–**	**2,870**	**–**
Dividend relating to 2008	**–**	**–**	**–**	**(117,412)**	**(117,412)**	**–**	**–**	**(117,412)**
Dividend relating to 2009	**–**	**–**	**–**	**(58,706)**	**(58,706)**	**(795)**	**–**	**(59,501)**
Total comprehensive income for the year	**–**	**–**	**15,388**	**298,072**	**313,460**	**795**	**–**	**314,255**
	–	**–**	**2,307**	**133,924**	**136,231**	**–**	**2,870**	**139,101**
Balance at 31st December 2009	**98,211**	**1,002,662**	**182,834**	**1,107,020**	**2,390,727**	**1,311**	**(3,147)**	**2,388,891**

Consolidated Cash Flow Statement

For the year ended 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Cash generated from operations	28	**506,307**	389,735
Overseas taxation paid		**(82,974)**	(112,293)
Net cash generated from operating activities		**423,333**	277,442
Cash flows from investing activities			
Additions to property under development held for sale		**(1,188)**	(25,403)
Purchase of investment properties	8	**(3,722)**	(24,282)
Purchase of property, plant and equipment	7	**(10,982)**	(43,094)
Proceeds from sales of investment properties	28(a)	**409**	1,096
Proceeds from sales of property, plant and equipment	28(b)	**11,644**	251
Interest received		**6,481**	10,993
Net cash outflow from disposal of a subsidiary		**(811)**	–
Net cash generated from/(used in) investing activities		**1,831**	(80,439)
Cash flows from financing activities			
Dividends paid to equity holders of the Company		**(176,118)**	(137,275)
Dividends paid to minority shareholders in subsidiaries		**(795)**	(789)
Repurchase of shares		**–**	(6,017)
Net cash used in financing activities		**(176,913)**	(144,081)
Net increase in cash and cash equivalents		**248,251**	52,922
Cash and cash equivalents at 1st January		**523,159**	461,511
Effect of foreign exchange rate changes		**3,816**	8,726
Cash and cash equivalents at 31st December	14	**775,226**	523,159

1. General information

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are set out in note 9 to the financial statements.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 7th floor, Goldlion Holdings Centre, 13-15 Yuen Shun Circuit, Siu Lek Yuen, Shatin, Hong Kong SAR.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in HK dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 31st March 2010.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Goldlion Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(a) New, revised and amended standards adopted by the Group

The Group has adopted the following new, revised and amended standards which became effective on 1st January 2009:

- HKAS 1 (Revised), 'Presentation of financial statements' – The revised standard requires the items of income and expenses (that is, 'non-owner changes in equity') to be presented in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKFRS 2 (Amendment), 'Share-based payment' deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company have adopted HKFRS 2 (amendment) from 1st January 2009. The amendment does not have a material impact on the Group's or Company's financial statements.

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(a) New, revised and amended standards adopted by the Group *(continued)*

- Amendment to HKFRS 7, 'Financial instruments: disclosures' – The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The amendment does not have a material impact on the consolidated financial statements.

- HKFRS 8, 'Operating segments'– HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported apparel segment has been split into apparel China Mainland and Hong Kong, and apparel Singapore and Malaysia.

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new/revised standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's annual accounting periods beginning on or after 1st January 2010 or later periods, but the Group has not early adopted them:

HKAS 24 (Revised)	Related party disclosures
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issue
HKAS 38 (Amendment)	Intangible Assets
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Revised)	First-time adoption of HKFRSs
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transaction
HKFRS 3 (Revised)	Business combinations
HKFRS 9	Financial Instruments
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement
HK(IFRIC) – Int 17	Distribution of non-cash assets to owners
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments

2. Summary of significant accounting policies *(continued)*

2.1 Basis of preparation *(continued)*

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group* *(continued)*

HKICPA's improvements to HKFRS have been published in October 2008 and May 2009, which have introduced certain amendments to the existing accounting standards. These amendments are not effective for the financial year beginning 1st January 2009 and have not been early adopted.

The Group plans to adopt the above new/revised standards, amendments and interpretations to existing standards when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new/revised standards, amendments and interpretations to existing standards to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will be resulted.

2.2 Subsidiaries

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

Subsidiaries are entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

2. Summary of significant accounting policies *(continued)*

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

2.5 Property, plant and equipment

Buildings comprise mainly factories, retail outlets and offices other than investment properties as mentioned in note 2.7. Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

2. Summary of significant accounting policies *(continued)*

2.5 Property, plant and equipment *(continued)*

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	2% to 5%
Plant and machinery	10% to 20%
Furniture and fixtures	20% to 33%
Computers	20% to 33%
Motor vehicles	20% to 25%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement.

2.6 Leasehold land and land use rights

Leasehold land and land use rights are stated at cost less accumulated amortization and accumulated impairment losses. Cost mainly represents consideration paid for the rights to use the land on which plants and buildings are situated for a period of 50 to 70 years from the dates the respective rights were granted. Amortization of leasehold land and land use right is calculated on a straight-line basis over the period of the rights.

2.7 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by an independent valuer. Changes in fair values are recorded in the income statement as part of other gains.

Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

2.8 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Summary of significant accounting policies *(continued)*

2.9 Completed property held for sale

Completed property held for sale is initially measured at the carrying amount of the property at the date of reclassification from property under development held for sale. Subsequently, the prepaid leasehold land component is measured at amortized cost less accumulated impairment losses; the building component is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less selling expenses.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.11 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet date.

2.13 Share capital

Ordinary shares are classified as equity. Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.14 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2. Summary of significant accounting policies *(continued)*

2.15 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized directly in equity. In this case, the tax is also recognized in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax 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 consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

2.16 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized 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 recognized until the time of leave.

(b) Profit sharing and bonus plans

The expected cost of profit sharing and bonus payments are recognized 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.

2. Summary of significant accounting policies *(continued)*

2.16 Employee benefits *(continued)*

(c) *Equity compensation benefits*

For awarded shares granted under the Employees' Share Award Scheme, the fair value of the employee services received in exchange for the grant of the awarded shares is recognized as an expense and credited to an employee share-based compensation reserve under equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the awarded shares awarded and purchased.

At the end of each reporting period, the Group revises its estimates of the number of awarded shares that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss over the remaining vesting period, with a corresponding adjustment to the employee share-based compensation reserve.

When the awarded shares purchased with contributions paid to the Employee Share Trust are vested, the related cost of the vested shares is released from the employee share-based compensation reserve to eliminate the related amount of Share held for Share Award Scheme.

(d) *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.

The Group also participates in the employee pension schemes operated by the municipal governments of various cities in China Mainland and is required to make annual contributions in the range of 19% to 32% 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 income statement as incurred.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) *Sales of goods – wholesale*

Sales of goods are recognized when a Group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

2. Summary of significant accounting policies *(continued)*

2.17 Revenue recognition *(continued)*

(b) Sales of goods – retail

Sales of goods are recognized when a Group entity sells a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue includes credit card fees payable for the transaction. Such fees are included in selling and marketing costs.

(c) Sales of properties

Revenue from sales of properties is recognized when a Group entity has delivered the relevant properties to the purchaser and collectability of related receivable is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

(d) Gross rental income from investment properties

Gross rental income from investment properties is recognized on a straight-line basis over the periods of the respective leases.

(e) Licensing income and building management fee

Licensing income and building management fee income are recognized on an accrual basis in accordance with the substance of the relevant agreements.

(f) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

2.18 Leases (as the lessee for operating leases)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land and land use rights, are charged to the income statement on a straight-line basis over the period of the lease.

2.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders for final dividend and Board of Directors for interim dividend.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest-rate risk and credit risk.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of an asset, liability or highly probable forecast transaction denominated in foreign currency will fluctuate because of changes in foreign exchange rates. The Group operates in various regions and is exposed to foreign exchange risk primarily arising from net investments in foreign subsidiaries in China Mainland and Singapore.

The Group is exposed to foreign exchange risk arising from the net investments in the China Mainland. At 31st December 2009, if Hong Kong dollar had weakened/strengthened by 1% against Renminbi with all other variables held constant, equity would have been HK$16,776,000 (2008: HK$15,621,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of net assets of the subsidiaries in China Mainland. If Hong Kong dollar had weakened/strengthened by 1% against Renminbi with all other variables held constant, post-tax profit for the year would have been HK$3,213,000 (2008: HK$3,174,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of the income statements of the subsidiaries in China Mainland.

The Group is also exposed to foreign exchange risk arising from the net investments in Singapore. At 31st December 2009, if Hong Kong dollar had weakened/strengthened by 3% against Singapore dollar with all other variables held constant, equity would have been HK$3,464,000 (2008: HK$3,130,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of net assets of the subsidiaries in Singapore. If Hong Kong dollar had weakened/strengthened by 3% against Singapore dollar with all other variables held constant, post-tax profit for the year would have been HK$254,000 (2008: HK$390,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of the income statements of the subsidiaries in Singapore.

(ii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates, except for the interest income derived from bank deposits. Apart from the bank deposits, the Group has no significant interest bearing assets or liabilities.

3. Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(b) *Credit risk*

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is managed on a group basis and individual basis. Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to wholesale and retail customers, including outstanding receivables. Impairment provisions are made for losses that have been incurred at the balance sheet date.

The Group limits its exposure to credit risk by rigorously selecting the counterparties including the deposits-takers and debtors and by diversification. Deposits are placed only with major and sizeable banks approved by the Board from time to time and there was no significant concentration risk to a single counterparty.

The Group mitigates its exposure to risks relating to trade receivables by its established procedures in granting credit only to customers with sound credit track records. Sales to retail customers are settled in cash or using major credit cards. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

As at 31st December 2009, the financial assets of the Group that were exposed to credit risk and their maximum exposure were as follows:

	31st December 2009		31st December 2008	
	Carrying amount in balance sheet HK$'000	**Maximum exposure to credit risk HK$'000**	Carrying amount in balance sheet HK$'000	Maximum exposure to credit risk HK$'000
Financial assets:				
Cash and cash equivalents	**775,226**	**775,226**	523,159	523,159
Trade receivables	**44,565**	**44,565**	47,535	47,535

(c) *Liquidity risk*

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Company employs projected cash flow analysis to manage liquidity risk by forecasting the amount of cash required and monitoring the working capital of the Group to ensure that all liabilities due and known funding requirements could be met. In addition, banking facilities have been put in place for contingency purposes. As at 31st December 2009, the Group's total available banking facilities amounted to HK$32,808,000 (2008: HK$64,950,000).

3. Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Trade payables, other payables and accruals	
	2009	2008
	HK$'000	HK$'000
Less than 1 year	**396,341**	361,321
Between 1 and 2 years	**–**	5,310

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

4. Critical accounting estimates and judgements *(continued)*

4.1 Critical accounting estimates and assumptions *(continued)*

(b) Useful lives and residual values of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charge where useful lives are less than previously estimated lives. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(c) Write-down of inventories to net realizable value

Net realizable value of inventories is the estimated selling prices in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of change in customer taste and competitor actions in response to severe industry cycle. The Group reassesses these estimates at each balance sheet date.

(d) Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences.

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

4. Critical accounting estimates and judgements *(continued)*

4.2 Critical judgements in applying the entity's accounting policies

Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the portions are accounted for separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgement.

5. Operating Segment

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has four reportable segments. The segments are managed separately as each business offers different products and services and requires different marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

Apparel in China Mainland and Hong Kong SAR – Distribution and manufacturing of garments, leather goods and accessories in China Mainland and Hong Kong SAR, and licensing of brand name in China Mainland.

Apparel in Singapore and Malaysia – Distribution and manufacturing of garments, leather goods and accessories in Singapore and Malaysia.

Apparel in other countries – Distribution and manufacturing of garments, leather goods and accessories in other countries.

Property investment and development – Investment in and development of properties in China Mainland and Hong Kong SAR.

5. Operating Segment *(continued)*

(a) An analysis of the Group's reportable segment profit before taxation and other selected financial information for the year by operating segment is as follows:

	2009					
	Apparel in China Mainland and Hong Kong SAR HK$'000	Apparel in Singapore and Malaysia HK$'000	Apparel in other countries HK$'000	Property investment and development HK$'000	(Elimination)/ unallocated HK$'000	Group HK$'000
Turnover	1,014,766	127,650	74	253,191	–	1,395,681
Inter-segment sales	–	–	–	6,044	(6,044)	–
	1,014,766	127,650	74	259,235	(6,044)	1,395,681
Segment results	249,377	9,865	(1,725)	195,929		453,446
Unallocated costs						(45,634)
Profit before income tax						407,812
Income tax expense						(108,945)
Profit for the year						298,867
Interest income	2,056	147	8	3,806	464	6,481
Depreciation of property, plant and equipment	17,607	2,258	3	3,987	–	23,855
Amortization of leasehold land and land use rights	3,532	–	–	613	–	4,145
Impairment of property, plant and equipment	12,168	–	–	–	–	12,168
Reportable segment assets	746,349	134,109	–	2,101,508	52,669	3,034,635
Reportable segment liabilities	245,477	17,417	–	66,728	316,122	645,744
Capital expenditure	9,119	73	–	5,512	–	14,704

5. Operating Segment *(continued)*

(a) *(continued)*

	2008					
	Apparel in China Mainland and Hong Kong SAR HK$'000	Apparel in Singapore and Malaysia HK$'000	Apparel in other countries HK$'000	Property investment and development HK$'000	(Elimination)/ unallocated HK$'000	Group HK$'000
Turnover	1,007,999	138,630	687	282,260	–	1,429,576
Inter-segment sales	–	–	–	7,196	(7,196)	–
	1,007,999	138,630	687	289,456	(7,196)	1,429,576
Segment results	279,100	16,257	(3,966)	193,220		484,611
Unallocated costs						(54,330)
Profit before income tax						430,281
Income tax expense						(138,039)
Profit for the year						292,242
Interest income	2,938	312	39	5,135	2,569	10,993
Depreciation of property, plant and equipment	14,484	2,459	14	3,696	–	20,653
Amortization of leasehold land and land use rights	3,239	–	–	612	–	3,851
Impairment of property, plant and equipment	229	–	–	–	–	229
Reportable segment assets	648,351	129,650	9,081	2,006,246	46,967	2,840,295
Reportable segment liabilities	204,240	22,305	1,255	85,007	277,698	590,505
Capital expenditure	38,240	603	39	28,494	–	67,376

The accounting policies of the reportable segments are the same as the Group's accounting described in note 2. Central costs (mainly costs of support functions that centrally provide services to all of the operating segments) are included as unallocated costs that are used by the chief operating decision-maker for the purposes of resources allocation and assessment of segment performance. Performance is measured based on segment results. Taxation charge is not allocated to reportable segments.

5. Operating Segment *(continued)*

(b) Geographical information

The Group's income from external customers is derived from the following geographical areas:

	2009 HK$'000	2008 HK$'000
China Mainland	**1,230,972**	1,241,464
Hong Kong SAR	**36,782**	48,795
Singapore and Malaysia	**127,650**	138,630
Other countries	**277**	687
	1,395,681	1,429,576

The Group's non-current assets (excluding deferred income tax assets) by geographical location are detailed below:

	2009 HK$'000	2008 HK$'000
China Mainland	**1,484,867**	1,467,308
Hong Kong SAR	**443,835**	428,207
Singapore and Malaysia	**20,576**	22,432
Other countries	**–**	7,681
	1,949,278	1,925,628

(c) Information about major customers

In 2009 and 2008, the revenue from the Group's largest customer amounted to less than 10 per cent of the Group's total revenue.

(d) Analysis of turnover by category

	2009 HK$'000	2008 HK$'000
Sales of goods	**1,090,034**	1,099,821
Gross rental income from investment properties	**114,911**	109,240
Sales of properties	**108,101**	143,673
Building management fee	**30,179**	29,347
Licensing income	**52,456**	47,495
	1,395,681	1,429,576

6. Leasehold land and land use rights – Group

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analyzed as follows:

	2009 HK$'000	2008 HK$'000
In Hong Kong held on:		
Leases of between 10 to 50 years	**51,102**	96,324
Outside Hong Kong, held on:		
Leases of over 50 years	**768**	789
Leases of between 10 to 50 years	**12,932**	14,346
	64,802	111,459

	2009 HK$'000	2008 HK$'000
At 1st January	**111,459**	115,486
Exchange difference	**71**	745
Transfer to investment property	**(42,637)**	(1,018)
Transfer from completed property held for sale	**54**	97
Amortization of prepaid operating lease payment (note 20)	**(4,145)**	(3,851)
At 31st December	**64,802**	111,459

7. Property, plant and equipment – Group

	Buildings HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Computers HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1st January 2008						
Cost	199,230	25,151	60,707	19,515	18,232	322,835
Accumulated depreciation	(69,180)	(20,382)	(54,992)	(12,769)	(10,625)	(167,948)
Net book amount	130,050	4,769	5,715	6,746	7,607	154,887
Year ended 31st December 2008						
Opening net book amount	130,050	4,769	5,715	6,746	7,607	154,887
Additions	–	20,390	18,381	2,250	2,073	43,094
Disposals	–	(24)	(13)	(24)	(147)	(208)
Transfer from completed property held for sale	1,351	–	–	–	–	1,351
Transfer to investment properties	(6,056)	–	–	–	–	(6,056)
Depreciation	(7,788)	(1,778)	(4,819)	(3,512)	(2,756)	(20,653)
Impairment charges	–	–	(229)	–	–	(229)
Exchange differences	4,860	422	339	404	283	6,308
Closing net book amount	122,417	23,779	19,374	5,864	7,060	178,494
At 31st December 2008						
Cost	194,529	47,190	79,385	22,548	19,921	363,573
Accumulated depreciation	(72,112)	(23,411)	(60,011)	(16,684)	(12,861)	(185,079)
Net book amount	122,417	23,779	19,374	5,864	7,060	178,494

7. Property, plant and equipment – Group *(continued)*

	Buildings HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Computers HK$'000	Motor vehicles HK$'000	Total HK$'000
Year ended 31st December 2009						
Opening net book amount	122,417	23,779	19,374	5,864	7,060	178,494
Additions	–	4,241	2,193	3,800	748	10,982
Disposals	(7,438)	–	(48)	(12)	(284)	(7,782)
Disposal of a subsidiary	–	–	(34)	–	–	(34)
Transfer from completed property held for sale	306	–	–	–	–	306
Transfer to investment properties	(5,509)	–	–	–	–	(5,509)
Depreciation	(8,402)	(4,131)	(4,814)	(3,880)	(2,628)	(23,855)
Impairment charges	–	(12,168)	–	–	–	(12,168)
Exchange differences	944	176	160	52	50	1,382
Closing net book amount	102,318	11,897	16,831	5,824	4,946	141,816
At 31st December 2009						
Cost	177,252	51,770	78,573	25,483	19,415	352,493
Accumulated depreciation	(74,934)	(39,873)	(61,742)	(19,659)	(14,469)	(210,677)
Net book amount	102,318	11,897	16,831	5,824	4,946	141,816

Depreciation expense of HK$5,931,000 (2008: HK$2,881,000) has been expensed in cost of sales, HK$2,033,000 (2008: HK$1,377,000) in selling and marketing costs and HK$15,891,000 (2008: HK$16,395,000) in administrative expenses.

8. Investment properties – Group

	2009 HK$'000	2008 HK$'000
At 1st January	1,635,675	1,468,250
Additions	3,722	24,282
Disposals (note)	(1,300)	(4,186)
Transfer from leasehold land and land use rights, and property, plant and equipment	50,000	13,017
Transfer from completed property held for sale	4,862	3,911
Fair value gains (note 19)	40,307	44,372
Exchange differences	9,394	86,029
At 31st December	1,742,660	1,635,675

Note:

This mainly represented the carrying value of certain fixtures and fittings included in the investment properties being disposed at scrap value.

8. Investment properties – Group *(continued)*

The investment properties were revalued at 31st December 2009 on an open market value basis by an independent professional valuer, S.H. Ng & Co., Ltd. Valuations were performed using income approach by capitalising the rental income having regard to the current rental income from the existing tenancies and the potential future rental income at the current market level.

The Group's interests in investment properties are analyzed as follows:

	2009 HK$'000	2008 HK$'000
In Hong Kong, held on:		
Leases of over 50 years	**76,200**	71,800
Leases of between 10 to 50 years	**312,030**	248,700
Outside Hong Kong, held on:		
Leases of over 50 years	**18,898**	14,426
Leases of between 10 to 50 years	**1,335,532**	1,300,749
	1,742,660	1,635,675

The period of leases whereby the Group leases out its investment property under operating leases is 1 month to 120 months.

9. Subsidiaries – Company

	2009 HK$'000	2008 HK$'000
Unlisted investments, at cost	**10**	10
Amounts due from subsidiaries	**1,314,257**	1,293,609
	1,314,267	1,293,619

Amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment. The balances represent equity funding by the Company to the respective subsidiaries and are measured in accordance with the Company's accounting policy for investments in subsidiaries.

9. Subsidiaries – Company *(continued)*

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	Particulars of issued share capital/ registered capital	Group equity Interest 2009	Group equity Interest 2008
2	China Silverlion Limited	PRC Limited liability company	Distribution and manufacturing of garments in the PRC	RMB3,613,724	**100%**	100%
2	Goldlion (China) Limited	PRC Equity joint venture	Distribution and manufacturing of garments in the PRC	RMB136,000,155	**99.44%**	99.44%
2	Goldlion Clothes Making Company Limited	PRC Equity joint venture	Distribution and manufacturing of garments in the PRC	US$6,934,000	**98.92%**	98.92%
	Goldlion Enterprise (Singapore) Pte Limited	Singapore Limited liability company	Distribution of garments in Singapore	10,000 ordinary shares of S$100 each	**100%**	100%
	Goldlion Distribution (M) Sdn. Bhd.	Malaysia Limited liability company	Distribution of garments in Malaysia	1,200,000 ordinary shares of MYR1 each	**100%**	100%
	Goldlion (Far East) Limited	Hong Kong Limited liability company	Distribution and manufacturing of garments in Hong Kong	2 ordinary shares of HK$100 each and 500,000 non-voting deferred shares of HK$100 each	**100%**	100%
1	Goldlion Group (BVI) Limited	British Virgin Islands Limited liability company	Investment holding in Hong Kong	10,000 ordinary shares of US1 each	**100%**	100%
	Goldlion (Guangdong) Limited	Hong Kong Limited liability company	Investment holding in Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%
2	Guangzhou Goldlion Investment Consultancy Company Limited	PRC Limited liability company	Property holding in the PRC	HK$10,000,000	**100%**	100%
	Hallman Properties Limited	British Virgin Islands Limited liability company	Investment holding in British Virgin Islands	50,000 ordinary shares of US$1 each	**100%**	100%

9. Subsidiaries – Company *(continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Group equity Interest 2009	2008
Renard Investments Limited	British Virgin Islands Limited liability company	Property holding in Hong Kong	2 ordinary shares of HK$1 each and 59,999,998 redeemable shares of HK$1 each	**100%**	100%
[2] Meizhou Silver Dip Property Management Company Limited	PRC Limited liability company	Property management in the PRC	RMB595,000	**100%**	100%
[2] 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	2 ordinary shares of HK$1 each	**100%**	100%
Smart View Investment Limited	Hong Kong Limited liability company	Investment holding in Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%
Wise Planner Limited	Hong Kong Limited liability company	Sub-leasing of retail shops to group companies	2 ordinary shares of HK$1 each	**100%**	100%
[2] Meizhou Goldlion Corporate Clothing Limited	PRC Limited liability company	Distribution and manufacturing of garments in the PRC	HK$5,000,000	**100%**	100%
[2] Meizhou Goldlion Properties Development Limited	PRC Limited liability company	Property holding and development in the PRC	HK$50,000,000	**100%**	100%
[2] Guangzhou Silver Dip Property Management Company Limited	PRC Limited liability company	Property management in the PRC	HK$1,000,000	**100%**	100%
[2] Guangzhou Goldlion City Properties Company Limited	PRC Limited liability company	Property holding in the PRC	RMB175,667,260	**100%**	100%
Joint Corporation Limited	Hong Kong Limited liability company	Investment holding in Hong Kong	1 ordinary share of HK$1 each	**100%**	100%

[1] Subsidiary held directly by the Company
[2] English names of the subsidiaries are direct translations of their Chinese registered names

10. Completed property held for sale – Group

The Group's interests in completed property held for sale is analyzed as follows:

	2009 **HK$'000**	2008 HK$'000
Leasehold land and land use right	**2,922**	6,799
Development costs	**30,253**	64,221
	33,175	71,020
Outside Hong Kong, held on:		
Leases of over 50 years	**13,153**	31,228
Leases of between 10 to 50 years	**20,022**	39,792
	33,175	71,020

The completed property held for sale is located in the PRC.

11. Inventories – Group

	2009 **HK$'000**	2008 HK$'000
Raw materials	**6,885**	10,859
Work in progress	**17,968**	25,384
Finished goods	**136,077**	169,600
	160,930	205,843

The cost of inventories recognized as expense and included in cost of sales amounted to HK$504,437,000 (2008: HK$481,829,000) (note 20).

The Group reversed HK$5,199,000 (2008: HK$102,000) of previous years' inventory write-down. The amount reversed has been included in cost of sales in the income statement.

12. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Group:

	2009 HK$'000	2008 HK$'000
Financial assets – Loans and receivables		
Trade receivables	**44,565**	47,535
Deposits and other receivables	**11,720**	20,446
Cash and cash equivalents	**775,226**	523,159
Total	**831,511**	591,140

	2009 HK$'000	2008 HK$'000
Financial liabilities		
Trade payables	**68,657**	56,023
Other payables and accruals – current	**285,519**	276,277
Other payable – non-current	**–**	5,310
Total	**354,176**	337,610

Company:

	2009 HK$'000	2008 HK$'000
Financial assets – Loans and receivables		
Cash and cash equivalents	**84**	85

	2009 HK$'000	2008 HK$'000
Financial liabilities		
Accruals	**740**	740

13. Trade receivables, prepayments, deposits and other receivables – Group

	2009	2008
	HK$'000	HK$'000
Trade receivables	**45,040**	48,334
Less: provision for impairment	**(475)**	(799)
Trade receivables – net	**44,565**	47,535
Prepayments, deposits and other receivables	**25,656**	32,500
	70,221	80,035

The above carrying amounts of trade receivables, prepayments, deposits and other receivables approximate to their fair values.

The Group's sales are on cash on delivery, letter of credit or credit terms ranging from 30 days to 90 days after delivery. At 31st December 2009, an ageing analysis of the trade receivables was as follows:

	2009	2008
	HK$'000	HK$'000
1-30 days	**37,890**	38,993
31-90 days	**6,363**	8,267
Over 90 days	**787**	1,074
	45,040	48,334

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers dispersed in China Mainland and Singapore. The credit quality of trade receivables neither past due nor impaired has been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

As of 31st December 2009, trade receivables of HK$4,077,000 (2008: HK$4,477,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2009	2008
	HK$'000	HK$'000
Overdue less than and up to 3 months	**4,071**	4,443
Overdue by 3 to 6 months	**6**	34
	4,077	4,477

13. Trade receivables, prepayments, deposits and other receivables – Group *(continued)*

As of 31st December 2009, trade receivables of HK$475,000 (2008: HK$799,000) were impaired. The amount of the provision was HK$475,000 as of 31st December 2009 (2008: HK$799,000). The individually impaired receivables mainly relate to wholesalers and department stores. An ageing of these receivables is as follows:

	2009 **HK$'000**	2008 HK$'000
Overdue less than and up to 6 months	**–**	57
Overdue over 6 months	**475**	742
	475	799

The carrying amount of the Group's trade receivables, prepayments, deposits and other receivable are denominated in the following currencies:

	2009 **HK$'000**	2008 HK$'000
Singapore dollar	**20,999**	29,727
Renminbi	**45,544**	45,478
Hong Kong dollar	**3,678**	4,718
Euro	**–**	112
	70,221	80,035

Movements on the provision for impairment of trade receivables are as follows:

	2009 **HK$'000**	2008 HK$'000
At 1st January	**799**	1,058
Reversal for impairment	**(332)**	(245)
Exchange differences	**8**	(14)
At 31st December	**475**	799

The creation and release of provision for impaired receivables have been included in administrative expenses in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Prepayments, deposits and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

14. Cash and cash equivalents

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**273,953**	101,728	**84**	85
Fixed deposits with maturities less than 3 months	**501,273**	421,431	**–**	–
Total	**775,226**	523,159	**84**	85
Maximum exposure to credit risk	**775,226**	523,159	**84**	85

Cash and cash equivalents in the balance sheets are denominated in the following currencies:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi	**505,442**	308,324	**–**	–
Hong Kong dollar	**199,178**	157,780	**84**	85
US dollars	**8,210**	17,999	**–**	–
Singapore dollar	**61,855**	37,206	**–**	–
Euro	**541**	1,850	**–**	–
	775,226	523,159	**84**	85

The conversion of bank balances and cash of the Group denominated in Renminbi into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the China Mainland government.

15. Share capital

	Number of share	**Ordinary Shares HK$**
Authorized:		
Ordinary shares of HK$0.10 each	1,200,000,000	120,000,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
As at 31st December 2008 and 2009	982,114,035	98,211,404

(a) At the Extraordinary General Meeting of the Company held on 21st May 2002, a share option scheme was approved and adopted (the "New Option Scheme"). No share options were granted during the year (2008: nil) under the New Option Scheme.

(b) During the year ended 31st December 2008, a subsidiary of the Company purchased a total of 3,680,000 of the Company's shares from the market at a price of approximately HK$1.63 per share, for a total consideration of approximately HK$6,017,000 (including related transaction costs). The purchased shares were held on trust as treasury shares, which will be awarded to the relevant employee according to the vesting period as set out in the Share Award Scheme (note 21(a)).

16. Reserves

(a) Group

	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve[1] HK$'000	Revaluation reserve HK$'000	Other reserves[2] HK$'000	Exchange reserve HK$'000	Sub-total HK$'000	Retained earnings HK$'000	Treasury Shares (note 15(b)) HK$'000	Total reserves HK$'000
Balance at 1st January 2009	1,002,662	(23,768)	484	3,518	5,943	50,683	143,667	1,183,189	973,096	(6,017)	2,150,268
Currency translation differences	–	–	–	–	–	–	13,840	13,840	–	–	13,840
Appropriation to other reserves	–	–	–	–	–	10,211	–	10,211	(10,211)	–	–
Employee share-based compensation benefits	–	–	–	1,759	–	–	–	1,759	–	–	1,759
Revaluation of leasehold properties transferred to investment properties	–	–	–	–	1,548	–	–	1,548	–	–	1,548
Vesting of shares of Share Award Scheme	–	–	–	(2,870)	–	–	–	(2,870)	–	2,870	–
2008 final dividend paid	–	–	–	–	–	–	–	–	(117,412)	–	(117,412)
2009 interim dividend paid	–	–	–	–	–	–	–	–	(58,706)	–	(58,706)
Profit for the year	–	–	–	–	–	–	–	–	298,072	–	298,072
Balance at 31st December 2009	1,002,662	(23,768)	484	2,407	7,491	60,894	157,507	1,207,677	1,084,839	(3,147)	2,289,369
Representing:											
Reserves	1,002,662	(23,768)	484	2,407	7,491	60,894	157,507	1,207,677	967,206	(3,147)	2,171,736
2009 final dividend proposed	–	–	–	–	–	–	–	–	117,633	–	117,633
	1,002,662	(23,768)	484	2,407	7,491	60,894	157,507	1,207,677	1,084,839	(3,147)	2,289,369

16. Reserves *(continued)*

(a) Group *(continued)*

	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Employee share-based compensation reserve[1] HK$'000	Revaluation reserve HK$'000	Other reserves[2] HK$'000	Exchange reserve HK$'000	Sub-total HK$'000	Retained earnings HK$'000	Treasury Shares (note 15(b)) HK$'000	Total reserves HK$'000
Balance at 1st January 2008	1,002,662	(23,768)	484	–	–	39,413	43,556	1,062,347	830,188	–	1,892,535
Currency translation differences	–	–	–	–	–	–	100,111	100,111	–	–	100,111
Appropriation to other reserves	–	–	–	–	–	11,270	–	11,270	(11,270)	–	–
Repurchase of shares	–	–	–	–	–	–	–	–	–	(6,017)	(6,017)
Employee share-based compensation benefits	–	–	–	3,518	–	–	–	3,518	–	–	3,518
Revaluation of leasehold properties transferred to investment properties	–	–	–	–	5,943	–	–	5,943	–	–	5,943
2007 final dividend paid	–	–	–	–	–	–	–	–	(78,569)	–	(78,569)
2008 interim dividend paid	–	–	–	–	–	–	–	–	(58,706)	–	(58,706)
Profit for the year	–	–	–	–	–	–	–	–	291,453	–	291,453
Balance at 31st December 2008	1,002,662	(23,768)	484	3,518	5,943	50,683	143,667	1,183,189	973,096	(6,017)	2,150,268
Representing:											
Reserves	1,002,662	(23,768)	484	3,518	5,943	50,683	143,667	1,183,189	855,684	(6,017)	2,032,856
2008 final dividend proposed	–	–	–	–	–	–	–	–	117,412	–	117,412
	1,002,662	(23,768)	484	3,518	5,943	50,683	143,667	1,183,189	973,096	(6,017)	2,150,268

(1) Employee share-based compensation benefits represent the fair value of employee services estimated to be received in exchange for the grant of the relevant shares awards over the relevant vesting periods, the total of which is based on the fair value of the share awards granted. The amount for each period is determined by spreading the fair value of the share awards over the relevant vesting periods and is recognized as staff costs and related expenses (note 21) with a corresponding increase in the employee share-based compensation reserve.

(2) Other reserves are attributable to certain subsidiaries established in China Mainland. These reserves, comprising a general reserve fund and an enterprise development fund, are set aside in accordance with the relevant statutory requirements in China Mainland. The amount set aside is determined by the Directors of these subsidiaries at their financial year end. The fund can only be used to make up losses incurred, increase registered capital or used for collective welfare of employees.

16. Reserves *(continued)*

(b) Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Sub-total HK$'000	Retained earnings HK$'000	Total reserves HK$'000
At 1st January 2009	**1,002,662**	**484**	**1,003,146**	**191,779**	**1,194,925**
2008 final dividend paid	**–**	**–**	**–**	**(117,854)**	**(117,854)**
2009 interim dividend paid	**–**	**–**	**–**	**(58,927)**	**(58,927)**
Profit for the year	**–**	**–**	**–**	**197,428**	**197,428**
At 31st December 2009	**1,002,662**	**484**	**1,003,146**	**212,426**	**1,215,572**
Representing:					
Reserves	**1,002,662**	**484**	**1,003,146**	**94,793**	**1,097,939**
2009 final dividend proposed	**–**	**–**	**–**	**117,633**	**117,633**
	1,002,662	**484**	**1,003,146**	**212,426**	**1,215,572**
At 1st January 2008	1,002,662	484	1,003,146	131,958	1,135,104
2007 final dividend paid	–	–	–	(78,569)	(78,569)
2008 interim dividend paid	–	–	–	(58,927)	(58,927)
Profit for the year	–	–	–	197,317	197,317
At 31st December 2008	1,002,662	484	1,003,146	191,779	1,194,925
Representing:					
Reserves	1,002,662	484	1,003,146	74,367	1,077,513
2008 final dividend proposed	–	–	–	117,412	117,412
	1,002,662	484	1,003,146	191,779	1,194,925

17. Trade payables – Group

At 31st December 2009, the ageing analysis of the trade payables was as follows:

	2009 HK$'000	2008 HK$'000
1–30 days	**65,592**	46,916
31–90 days	**2,002**	8,210
Over 90 days	**1,063**	897
	68,657	56,023

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2009 HK$'000	2008 HK$'000
Renminbi	**58,913**	43,326
Singapore dollar	**9,702**	12,625
Hong Kong dollar	**42**	56
Euro	**–**	16
	68,657	56,023

The carrying amounts of trade payables approximate to their fair values.

18. Deferred income tax – Group

The gross movement on the deferred income tax account of the Group is as follows:

	2009 HK$'000	2008 HK$'000
At 1st January	**189,264**	143,336
Deferred taxation charged to consolidated income statement (note 24)	**12,827**	35,940
Deferred taxation charged to equity	**306**	–
Exchange difference	**1,201**	9,988
At 31st December	**203,598**	189,264

Deferred income tax assets are recognized for tax losses carry forward to the extent that realization of the related tax benefit through the future taxable profits is probable. The Group has unrecognized tax losses of HK$577,270,000 (2008: HK$537,819,000), of which HK$348,542,000 (2008: HK$311,667,000) and HK$16,942,000 (2008: HK$14,367,000) are subject to agreement by the Inland Revenue Department in Hong Kong and the relevant tax authorities in the PRC respectively, to carry forward against future taxable income. HK$561,558,000 of unrecognized tax losses (2008: HK$527,100,000) have no expiry date and the remaining losses will expire at various dates up to and including 2014.

18. Deferred income tax – Group *(continued)*

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

Deferred income tax liabilities	Accelerated taxation depreciation		Fair values gains		Others		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1st January	**56,112**	45,017	**158,234**	140,229	**30,363**	1,614	**244,709**	186,860
Exchange difference	**388**	3,146	**1,079**	9,830	**123**	118	**1,590**	13,094
Charged/(credited) to consolidated income statement	**10,087**	7,949	**8,088**	8,175	**(5,562)**	28,631	**12,613**	44,755
Charged to equity	**–**	–	**306**	–	**–**	–	**306**	–
At 31st December	**66,587**	56,112	**167,707**	158,234	**24,924**	30,363	**259,218**	244,709

Deferred income tax assets	Provisions		Tax losses		Others		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1st January	**(25,047)**	(21,919)	**(3,346)**	(3,156)	**(27,052)**	(18,449)	**(55,445)**	(43,524)
Exchange difference	**(178)**	(1,607)	**(19)**	(146)	**(192)**	(1,353)	**(389)**	(3,106)
(Credited)/charged to consolidated income statement	**(9,263)**	(1,521)	**2,335**	(44)	**7,142**	(7,250)	**214**	(8,815)
At 31st December	**(34,488)**	(25,047)	**(1,030)**	(3,346)	**(20,102)**	(27,052)	**(55,620)**	(55,445)

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:

	2009	2008
	HK$'000	HK$'000
Deferred income tax assets	**(45,805)**	(34,610)
Deferred income tax liabilities	**249,403**	223,874
	203,598	189,264

19. Other gains, net

	2009 **HK$'000**	2008 HK$'000
Fair value gains on investment properties	**40,307**	44,372
Gain on disposal of a property	**3,757**	–
	44,064	44,372

20. Expenses by nature

	2009 **HK$'000**	2008 HK$'000
Cost of inventories sold	**504,437**	481,829
Cost of property sold	**39,789**	77,633
Provision for impairment of inventories	**21,133**	14,843
Direct operating expenses arising from investment properties	**29,279**	23,429
Operating lease rentals – land and buildings	**67,241**	58,842
Amortization of leasehold land and land use rights (note 6)	**4,145**	3,851
Depreciation of property, plant and equipment (note 7)	**23,855**	20,653
Impairment loss on property, plant and equipment (note 7)	**12,168**	229
Staff costs including directors' emoluments (note 21)	**185,220**	186,868
Auditors' remuneration	**2,963**	3,035
Advertising and promotion expenses	**79,586**	100,084
Other expenses	**67,569**	84,079
Net exchange loss/(gain)	**1,029**	(715)
	1,038,414	1,054,660
Representing:		
Cost of sales	**612,737**	600,615
Selling and marketing costs	**228,537**	242,101
Administrative expenses	**197,140**	211,944
	1,038,414	1,054,660

21. Staff costs, including directors' emoluments

	2009	2008
	HK$'000	HK$'000
Staff costs		
– Wages and salaries	**166,853**	168,054
– Retirement benefit costs (note 22)	**16,608**	15,296
– Employee share-based compensation benefits (notes a and 15(b))	**1,759**	3,518
	185,220	186,868

(a) Employee share-based compensation benefits

On 17th July 2008, the Directors of a subsidiary approved the Share Award Scheme under which awarded shares will be awarded to an employee of the Group in accordance with the terms and conditions of the Share Award Scheme. Pursuant to the rules of the Share Award Scheme, the Group has engaged a trustee, for the purpose of administering the Share Award Scheme and holding the awarded shares before they are vested. The Directors of that subsidiary approved the payment of an aggregate amount of approximately HK$6,017,000 to the trustee for the purchase of 3,680,000 of the Company' shares at a price of approximately HK$1.63 per share. The awarded shares will be awarded to the relevant employee according to the vesting period by September 2010 as set out in the Share Award Scheme. During the year, 1,840,000 Award Shares were allocated to the employee. The remaining awarded shares will be transferred to the employee at nil consideration upon vesting on 30th June 2010 and 10th September 2010 respectively.

Movements in the number of awarded shares awarded and their related average fair value were as follows:

	2009	2008
Outstanding at 1st January	**3,680,000**	–
Awarded (fair value per share of HK$1.56 at grant date)	**–**	3,680,000
Vested	**(1,840,000)**	–
Outstanding at 31st December	**1,840,000**	3,680,000

The remaining vesting periods of the awarded shares outstanding as at 31st December 2009 were as follows:

		Number of awarded shares outstanding 2009
Fair value at grant date	Remaining vesting period	
– HK$1.56	– 0.5 year	**1,104,000**
– HK$1.56	– 0.7 year	**736,000**
		1,840,000

22. Retirement benefit costs

	2009 HK$'000	2008 HK$'000
Defined contribution schemes for:		
Hong Kong employees (note (a))	**512**	954
Singapore employees (note (b))	**3,435**	3,438
China Mainland employees (note (c))	**12,661**	10,904
	16,608	15,296

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$514,000 (2008: HK$954,000) and forfeited contributions of HK$2,000 (2008: nil). 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$78,000 (2008: HK$106,000) payable to the MPF scheme at the year end are included in other payables. There was no unutilized forfeited contribution at year end (2008: nil).

(b) Contributions paid and payable by the Group to the schemes amounted to HK$3,435,000 (2008: HK$3,438,000). Contributions totalling HK$891,000 (2008: HK$2,057,000) payable to the schemes at the year end are included in other payables. There was no unutilized forfeited contribution at year end (2008: 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 (2008: nil) to the municipal governments at the year end.

23. Directors' and senior management's emoluments

(a) The remuneration of every Director for the year ended 31st December 2009:

Name of Director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Others benefits[1] HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Dr. Tsang Hin Chi	–	4,136	7,643	688	–	12,467
Mr. Tsang Chi Ming, Ricky	–	3,477	4,804	12	–	8,293
Madam Wong Lei Kuan	–	1,511	1,911	16	–	3,438
Mr. Ng Ming Wah, Charles	180	–	–	–	–	180
Dr. Lau Yue Sun	180	–	–	–	–	180
Dr. Wong Ying Ho, Kennedy	180	–	–	–	–	180
Mr. Yin, Richard Yingneng	180	–	–	–	–	180

23. Directors' and senior management's emoluments *(continued)*

(a) *(continued)*

The remuneration of every Director for the year ended 31st December 2008:

Name of Director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Others benefits[(1)] HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Dr. Tsang Hin Chi	–	4,102	8,264	474	–	12,840
Mr. Tsang Chi Ming, Ricky	–	3,264	4,532	12	–	7,808
Madam Wong Lei Kuan	–	1,502	2,066	30	–	3,598
Mr. Ng Ming Wah, Charles	180	–	–	–	–	180
Dr. Lau Yue Sun	180	–	–	–	–	180
Dr. Wong Ying Ho, Kennedy	180	–	–	–	–	180
Mr. Yin, Richard Yingneng	180	–	–	–	–	180

Note:

(1) Other benefits include medical benefit and retirement benefit costs.

(b) The five individuals whose emoluments were the highest in the Group for the year included three (2008: three) Directors whose emoluments are reflected in the analysis presented in 23(a) above. The emoluments payable to the remaining two (2008: two) individuals during the year are as follows:

	2009 HK$'000	2008 HK$'000
Basic salaries, housing and other allowances	**7,748**	6,218
Bonuses	**21,715**	25,240
Retirement benefit costs	**419**	34
Employee share-based compensation benefits	**1,759**	3,518
	31,641	35,010

The emoluments fell within the following band:

	Number of individuals	
	2009	2008
Emolument bands		
HK$4,000,001 – HK$4,500,000	**1**	1
HK$27,000,001 – HK$27,500,000	**1**	–
HK$30,500,001 – HK$31,000,000	**–**	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. None of the Directors or the five highest paid individuals waived or agreed to waive any emoluments during the year.

24. Income tax expense

	2009 **HK$'000**	2008 HK$'000
Taxation outside Hong Kong:		
Current year	**95,629**	102,124
Under/(over) provision in prior years	**489**	(25)
	96,118	102,099
Deferred income tax (note 18)	**12,827**	35,940
Total income tax expense	**108,945**	138,039

Hong Kong profits tax has not been provided as there is no estimated assessable profit or there are available tax losses to offset assessable profit for the year.

Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the year at the rate of 25% (2008: 25%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

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

	2009 **HK$'000**	2008 HK$'000
Profit before income tax	**407,812**	430,281
Calculated at a tax on rate of 16.5%	**67,289**	70,996
Effect of different taxation rates in other countries	**59,664**	61,897
Income not subject to tax	**(18,405)**	(17,695)
Expenses not deductible for tax purposes	**3,506**	4,094
Utilization of unrecognized tax losses	**(705)**	(3,286)
Tax losses not recognized	**8,844**	12,494
(Reversal of)/provision for deferred tax on unrealized exchange gain (note)	**(11,611)**	16,378
Tax effect of increase/(decrease) in net deferred tax liabilities resulting from increase/(decrease) in tax rate	**92**	(442)
Others	**271**	(6,397)
Total income tax expense	**108,945**	138,039

Note:

Deferred tax was provided in 2008 on unrealized exchange gain arising on certain intercompany balances denominated in US$ and HK$ between a PRC subsidiary of the Company and its holding companies in Hong Kong. A part of the provision was reversed during the year as the conversion of a portion of such balances into registered capital of that PRC subsidiary was completed before the date of approval of these financial statements. Management considers the reversal of such provision is appropriate since the deferred tax liability arising from the unrealized exchange gain related to the portion of the balances converted would not be crystallized.

Corporate withholding income tax on dividend distribution

Under the New CIT Law, corporate withholding income tax will be levied on the foreign investor incorporated in Hong Kong for dividend which arises from profit of foreign investment enterprises earned after 1st January 2008 at a tax rate of 5%.

25. Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of a profit of HK$197,428,000 (2008: HK$197,317,000).

26. Dividends

	2009 **HK$'000**	2008 HK$'000
2008 interim dividend, paid, of 6.0 HK cents per ordinary share	**–**	58,706
2008 final dividend, paid, of 12.0 HK cents per ordinary share	**–**	117,412
2009 interim dividend, paid, of 6.0 HK cents per ordinary share	**58,706**	–
2009 final dividend, proposed, of 12.0 HK cents per ordinary share (note)	**117,633**	–
	176,339	176,118

Note:

At a meeting held on 31st March 2010, the Directors declared a final dividend of 12.0 HK cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2009.

27. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by a subsidiary and held as treasury shares (note 15(b)).

	2009	2008
Profit attributable to shareholders (HK$'000)	**298,072**	291,453
Weighted average number of shares in issue less shares held for Share Award Scheme	**978,439,076**	980,424,855
Basic earnings per share (HK cents)	**30.46**	29.73

(b) Diluted

The calculation of diluted earnings per share is based on the Group's profit attributable to equity holders of the Company of HK$298,072,000 (2008: HK$291,453,000) and the weighted average number of 982,114,035 (2008: 982,114,035) ordinary shares in issue during the year after adjusting for the effect of all potential dilutive ordinary shares deemed to be transferred to the employee at nil consideration under the Share Award Scheme.

28. Cash generated from operations

Reconciliation of profit for the year to cash generated from operations:

	2009 HK$'000	2008 HK$'000
Profit for the year	**298,867**	292,242
Adjustments for:		
– Income tax expense (note 24)	**108,945**	138,039
– Amortization of leasehold land and land use rights (note 6)	**4,145**	3,851
– Depreciation of property, plant and equipment (note 7)	**23,855**	20,653
– Interest income	**(6,481)**	(10,993)
– Loss on disposal of investment properties (note 28(a))	**891**	3,090
– Gain on disposal of property, plant and equipment (note 28(b))	**(3,862)**	(43)
– Fair value gains on investment properties	**(40,307)**	(44,372)
– Impairment loss on property, plant and equipment (note 7)	**12,168**	229
– Employee share-based compensation benefits	**1,759**	3,518
– Loss on disposal of a subsidiary	**757**	–
Changes in working capital:		
– Inventories	**44,913**	(75,692)
– Trade receivables, prepayments and deposits	**9,414**	(6,267)
– Trade and other payables and accruals	**16,929**	(4,895)
– Completed property held for sale	**34,314**	70,375
Net cash generated from operations	**506,307**	389,735

Notes:

(a) Sales of investment properties

	2009 HK$'000	2008 HK$'000
Net book amount (note 8)	**1,300**	4,186
Loss on sale of investment properties	**(891)**	(3,090)
Net proceeds received	**409**	1,096

(b) Sales of property, plant and equipment

	2009 HK$'000	2008 HK$'000
Net book amount (note 7)	**7,782**	208
Gain on sale of property, plant and equipment	**3,862**	43
Net proceeds received	**11,644**	251

29. Contingent liabilities – Company

	2009	2008
	HK$'000	HK$'000
Guarantees for credit facilities given to subsidiaries	**54,808**	78,950

At 31st December 2008 and 2009, none of the subsidiaries had utilized any of the facilities.

30. Commitments

(a) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

	2009	2008
	HK$'000	HK$'000
Property, plant and equipment		
Contracted but not provided for	**3,602**	1,362

(b) At 31st December 2009, the Group had future aggregate minimum lease payments receivable and payable under non-cancellable operating leases as follows:

	2009	2008
	HK$'000	HK$'000
Rental receivables		
– not later than one year	**94,930**	94,301
– later than one year and not later than five years	**130,323**	109,619
– later than five years	**19,245**	28,547
	244,498	232,467
Rental payables		
– not later than one year	**9,112**	11,018
– later than one year and not later than five years	**4,616**	5,064
	13,728	16,082

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 significant commitments at 31st December 2009 (2008: nil).

31. Related party transactions – Group

(a) The Company is controlled by the Tsang Family (comprising Dr. Tsang Hin Chi, Madam Wong Lei Kuan, Mr. Tsang Chi Ming, Ricky and the other direct descendants of Dr. Tsang Hin Chi and Madam Wong Lei Kuan) which, together with 5.49% of the Company's issued shares held by Tsang Hin Chi Charities (Management) Limited, collectively controlled approximately 68.17% of the Company's issued shares. The remaining 31.83% are widely held.

(b) During the year, the following significant transactions were carried out with related parties:

	2009	2008
	HK$'000	HK$'000
Sales of services		
Rental and building management fee received from related companies	**4,771**	3,612

Note:

Rental and management fee were received from Guangzhou World Trade Center Club Company Limited ("GWTCCL") for lease of a business center and facilities therein located at Goldlion Digital Network Centre amounting to HK$4,393,000 and from China World Trade Corporation ("CWTC") for lease of a unit located at Goldlion Holdings Centre in Hong Kong amounting to HK$378,000. Rental and management fee were charged at rate based on the relevant lease agreement entered and include HK$1,023,000 being repayment of shortfall of rental charged below the market rate for the period from 15th July 2008 to 30th April 2009. Mr. Tsang Chi Hung has indirect beneficial interest in CWTC and GWTCCL as he is a major shareholder of the holding company of CWTC and GWTCCL. Dr. Tsang Hin Chi, Madam 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 Madam Wong Lei Kuan, and a brother of Mr. Tsang Chi Ming, Ricky.

(c) **Key management compensation**

	2009	2008
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**60,488**	62,741
Retirement benefit costs	**492**	246
Retirement compensation benefits	**432**	–
Employee share-based compensation benefits	**1,759**	3,518
	63,171	66,505

Five-year Financial Summary

Results	2009 HK$'000	2008 HK$'000	2007 HK$'000	2006 HK$'000	2005 HK$'000
	Year ended 31st December				
Profit attributable to:					
– Equity holders	**298,072**	291,453	324,987	166,161	136,201
– Minority interest	**795**	789	735	691	864
Assets and liabilities					
Total assets	**3,034,635**	2,840,295	2,554,409	2,011,644	1,863,850
Total liabilities	**(645,744)**	(590,505)	(562,352)	(347,880)	(295,945)
Total equity	**2,388,891**	2,249,790	1,992,057	1,663,764	1,567,905