



GOLDLION HOLDINGS LIMITED

金利來集團有限公司

(Incorporated in Hong Kong under the Hong Kong Companies Ordinance)

(Stock code: 533)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER 2007**

RESULTS

The Board of Directors is pleased to announce the consolidated results of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December 2007 together with the comparative figures for the previous year as follows:

**Consolidated Profit and Loss Account
For the year ended 31st December 2007**

	Note	2007 HK\$'000	2006 HK\$'000
Turnover	2	1,073,369	798,301
Cost of sales	4	(429,459)	(326,910)
Gross profit		643,910	471,391
Other gains, net	3	105,755	57,853
Selling and marketing costs	4	(212,629)	(179,247)
Administrative expenses	4	(189,650)	(134,100)
Operating profit		347,386	215,897
Interest income		11,716	12,426
Profit before income tax		359,102	228,323
Income tax expense	5	(33,380)	(61,471)
Profit for the year		325,722	166,852
Attributable to:			
Equity holders of the Company		324,987	166,161
Minority interest		735	691
		325,722	166,852
Dividends	6	117,854	95,745
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	7		
- basic		33.59	17.73
- diluted		33.59	17.73

Consolidated Balance Sheet
As at 31st December 2007

		As at	
	Note	31.12.2007	31.12.2006
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		115,486	113,167
Property, plant and equipment		154,887	108,291
Investment properties		1,468,250	1,089,002
Deferred income tax assets		37,296	22,553
Deposit for acquisition of property, plant and equipment		3,982	-
		1,779,901	1,333,013
Current assets			
Property under development held for sale		113,060	23,368
Inventories		130,151	78,849
Trade receivables	8	36,751	34,953
Prepayments, deposits and other receivables		33,035	22,485
Cash and cash equivalents		461,511	518,976
		774,508	678,631
Total assets		2,554,409	2,011,644
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		98,211	93,711
Reserves		1,813,966	1,506,893
Proposed final dividend		78,569	61,849
		1,990,746	1,662,453
Minority interest		1,311	1,311
Total equity		1,992,057	1,663,764
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		180,632	122,125
Other payable		4,142	-
		184,774	122,125
Current liabilities			
Trade payables	9	48,679	28,120
Other payables and accruals		289,684	168,053
Taxation payables		39,215	29,582
		377,578	225,755
Total liabilities		562,352	347,880
Total equity and liabilities		2,554,409	2,011,644
Net current assets		396,930	452,876
Total assets less current liabilities		2,176,831	1,785,889

Notes:

1. Principal accounting policies

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies adopted in the preparation of the accounts are consistent with those used in the accounts for the year ended 31st December 2006, except for the adoption of the following standard, amendment and interpretations, which are effective for the financial year ended 31st December 2007.

HKAS 1 Amendment	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) Interpretation 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) Interpretation 8	Scope of HKFRS 2
HK(IFRIC) Interpretation 9	Reassessment of Embedded Derivatives
HK(IFRIC) Interpretation 10	Interim Financial Reporting and Impairment

The adoption of the above new standard, amendment and interpretations does not result in substantial changes to the Group’s accounting policies and has no significant effect on the accounts for the year ended 31st December 2007.

No early adoption of the following new standard, amendments and interpretations that have been issued but are not yet effective. The Group is in the process of assessing their impacts on the Group’s results and financial position.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
HK(IFRIC) Interpretation 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) Interpretation 12	Service Concession Arrangements
HK(IFRIC) Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) Interpretation 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

2. Turnover and segment information

The Group is principally engaged in the distribution and manufacturing of garments, leather goods and accessories, licensing of brand name, and property investments and development. Turnover recognized during the year were as follows:

	2007	2006
	HK\$'000	HK\$'000
Sales of goods	918,924	695,513
Gross rental income from investment properties	88,756	62,018
Building management fee	27,107	7,694
Licensing income	38,582	33,076
	<u>1,073,369</u>	<u>798,301</u>

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

	2007	2006	2007	2006
	Segment turnover	Segment turnover	Segment results	Segment results
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business segments				
Apparel	957,507	728,590	235,161	147,561
Property investments and development	121,533	70,448	152,990	104,607
Inter-segment sales	(5,671)	(737)	-	-
	<u>1,073,369</u>	<u>798,301</u>	<u>388,151</u>	<u>252,168</u>
Unallocated costs			<u>(29,049)</u>	<u>(23,845)</u>
Profit before income tax			<u>359,102</u>	<u>228,323</u>

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

	2007	2006	2007	2006
	Segment turnover	Segment turnover	Segment results	Segment results
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical segments				
China Mainland	890,507	643,506	352,648	229,116
Hong Kong SAR	46,524	41,608	22,448	11,465
Singapore and Malaysia	134,016	111,720	15,965	14,466
Other countries	2,322	1,467	(2,910)	(2,879)
	<u>1,073,369</u>	<u>798,301</u>	<u>388,151</u>	<u>252,168</u>
Unallocated costs			<u>(29,049)</u>	<u>(23,845)</u>
Profit before income tax			<u>359,102</u>	<u>228,323</u>

3. Other gains, net

	2007	2006
	HK\$'000	HK\$'000
Fair value gains on investment properties	95,006	60,283
Gain/(loss) on disposal of properties	3,281	(2,430)
Tax refund for reinvestment	7,468	-
	<u>105,755</u>	<u>57,853</u>

4. Expenses by nature

	2007	2006
	HK\$'000	HK\$'000
Cost of goods sold	422,483	314,581
(Reversal)/provision of impairment for inventories	(10,980)	1,277
Direct operating expenses arising from investment properties	17,956	11,052
Operating lease rentals - land and buildings	20,594	24,350
Amortization of leasehold land and land use rights	3,729	3,683
Depreciation of property, plant and equipment	14,510	12,522
Impairment loss on property, plant and equipment	404	2,729
Staff costs including directors' emoluments	169,545	122,113
Auditors' remuneration	2,758	1,841
Other expenses	190,739	146,109
	<u>831,738</u>	<u>640,257</u>
Representing:		
Cost of sales	429,459	326,910
Selling and marketing costs	212,629	179,247
Administrative expenses	189,650	134,100
	<u>831,738</u>	<u>640,257</u>

5. Income tax expense

	2007	2006
	HK\$'000	HK\$'000
Taxation outside Hong Kong		
Current year	78,424	36,975
Under provision in prior years	18	25
	<hr/>	<hr/>
	78,442	37,000
Deferred income tax	(45,062)	24,471
	<hr/>	<hr/>
Total income tax expense	<u>33,380</u>	<u>61,471</u>

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 outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the regions/countries in which the Group operates.

Pursuant to the Corporate Income Tax Law of the People's Republic of China ("PRC") approved by the National People's Congress on 16th March 2007, the new enterprise income tax rates for domestic enterprises and foreign invested enterprises are unified at 25% with effect from 1st January 2008. Regarding the deferred income tax assets and liabilities of certain PRC subsidiaries which are expected to be settled after 1st January 2008, the Group made an adjustment to their carrying amounts using the applicable tax rate of 25%, resulting in an increase of deferred income tax assets by approximately HK\$1,492,000 and reduction in liabilities by approximately HK\$55,522,000 for the year ended 31st December 2007. The reduction in deferred income tax liabilities was mainly attributable from the reduction of applicable tax rate from 33% to 25% on the fair value gains of the investment properties held in PRC.

6. Dividends

	2007	2006
	HK\$'000	HK\$'000
2006 interim dividend, paid, of 3.3 HK cents per ordinary share	-	30,925
2006 final dividend, paid, of 6.6 HK cents per ordinary share	-	64,820
2007 interim dividend, paid, of 4.0 HK cents per ordinary share	39,285	-
2007 final dividend, proposed of 8.0 HK cents per ordinary share	78,569	-
	<hr/>	<hr/>
	117,854	95,745

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$324,987,000 (2006: HK\$166,161,000) and the weighted average number of 967,442,802 (2006: 937,114,035) shares in issue during the year.

Diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares in issue during the years ended 31st December 2007 and 2006.

8. Trade receivables

The Group grants credit terms to customers ranging from cash on delivery, letter of credit or credit terms ranging from 30 days to 90 days after delivery. The ageing analysis of the trade receivables, net of provision, was as follows:

	As at 31.12.2007 HK\$'000	As at 31.12.2006 HK\$'000
1-30 days	26,304	26,751
31-90 days	9,995	8,202
Over 90 days	452	-
	<hr/> 36,751	<hr/> 34,953

9. Trade payables

The ageing analysis of the trade payables was as follows:

	As at 31.12.2007 HK\$'000	As at 31.12.2006 HK\$'000
1-30 days	40,239	22,465
31-90 days	6,368	5,569
Over 90 days	2,072	86
	<hr/> 48,679	<hr/> 28,120

FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 8.0 HK cents per share (2006: 6.6 HK cents per share) for the year ended 31st December 2007, totalling HK\$78,569,000 (2006: HK\$64,820,000). Subject to the shareholders' approval at the forthcoming Annual General Meeting, the final dividend will be paid on or about 5th June 2008 to shareholders whose names appear on the Register of Members as at 23rd May 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

For the financial year ended 31 December 2007, the Group's performance was encouraging with satisfactory increases registered in both turnover and overall profit. Annual turnover, in particular, amounted to HK\$1,073,369,000, representing an increase of 34% over the previous year. It was a year of growth for all our major operating locations, especially China Mainland and Singapore. Increases were invariably registered for all of our major sources of income with sales of goods at a rate of 32%.

Profit attributable to equity holders of the Company for the year was HK\$324,987,000, or an increase of 96% when compared with last year's HK\$166,161,000.

During the year, the Group recorded fair value gains on investment properties of HK\$95,006,000 and the related deferred taxation charge at approximately HK\$23,429,000 (calculated by applicable tax rates of the year), compared with the corresponding figures of HK\$60,283,000 and HK\$9,294,000 respectively for the previous year. Besides, a gain of HK\$3,281,000 and a loss of HK\$2,430,000 on disposal of properties were recorded respectively in the current and last year.

The Group also received a tax refund for re-investment in China Mainland of approximately HK\$7,468,000 for the year under review. Pursuant to the new Corporate Income Tax Law of the People's Republic of China, the new enterprise income tax rates for domestic enterprises and foreign invested enterprises are unified at 25% with effect from 1st January 2008. Accordingly, the Group made an adjustment to its deferred income tax assets and liabilities of certain PRC subsidiaries that are expected to be settled after 1st January 2008 using the applicable tax rate of 25%, which resulted in a reduction of net deferred tax liabilities of HK\$57,014,000 during the year.

Excluding the fair value gain on investment properties, its related deferred taxation charge, the profit and loss on disposal of properties, and the effects of the tax refund and change of PRC tax rate on the Group's deferred tax position, profit attributable to shareholders for the year stood at HK\$185,647,000, representing an increase of 58% over last year's HK\$117,602,000.

BUSINESS REVIEW

Apparel Business

China Mainland Market

The year-on-year growth in overall turnover for the apparel business in the China Mainland market was a dazzling 36%, or 28% even if excluding the effect of appreciation of the Renminbi ("RMB"). The impetus can be ascribed to a number of factors including the enhancement in the Group's product development and the economic boom on the Mainland.

Following years of efforts in perfecting and improving our product development, we have progressively turned our attention towards building up a collection rather than working on individual items. Our refreshingly new designs turned out by overseas designers recruited in the year, not to mention the quality materials, have proved to be well received by the market.

Coupled with upgraded design, reinforced monitoring and quality control mechanisms in the production process have ensured that our finished products meet the most stringent quality standards when they reach our customers.

At the retail end, the phased face-lift programme for our outlets as conceived by our Japanese designers in the year and the “Key Shop Plan” that has been pursued for years to improve the layout and visual appeal of our major outlets have paid off to secure for the Group a firm foothold in the market.

On top of these, the Group’s sales have benefited from Mainland’s spiraling spending power fueled by its robust economy and bullish capital market.

Singapore and Malaysia Markets

The Group’s performance in the apparel market of Singapore was equally satisfactory. Total sales rose sharply by 20% over the last year, or 13% even at local currency. This was the fourth time in the last five years that a double-digit growth was reported, an indication of our continual expansion in the local market.

The growth was in part due to the favourable local economic condition where unemployment was at its lowest in recent years. High consumer spending power and buoyant retail market have combined to contribute to the surge in the Group’s sales.

At the end of the year, the Group directly operated 26 Goldlion outlets in Singapore, or one outlet more than last year. Some of our outlets have further expanded in terms of floor area. Sales for our major comparable outlets all compared favourably with those of the previous year.

To keep up with our pragmatic expansion strategy, two new specialty boutiques were opened in the year to realize our potential at shopping malls. We have also sought to bring our products to the next level by continuing to improve our product design and overall quality.

Information technology systems for our local operation were upgraded in the second half of the year for bringing in automated stock control and financial management functions. With the software installed, the Group can now strengthen its internal management, speed up financial reporting with higher level of accuracy, and improve the efficiency of sourcing and stock management.

The number of Camel Active outlets remained to be six at the end of the year. The line sold well in the year, boosting turnover by about 10%, but the relative small size of the outlets have prevented it from contributing significantly towards overall sales in the market.

Prudence continued to guide our operation in Malaysia. To meet business needs, outlets were increased to 33 at the end of the year, or seven more than that of last year. At local currency, sales climbed by approximately 14%.

Hong Kong Market

During the year under review, the Hong Kong retail market suffered generally from high rentals and escalating operating costs. Mindful of the unfavourable conditions, the Group did not venture to launch ambitious expansion plan in the year but rather concentrated our efforts to improving our brand image and maintaining our profile in the market. At the end of the year, the number of outlets directly under the Group dropped to four with sales slipping accordingly by approximately 10%.

Licensing Income

Licensing income in the year totaled HK\$38,582,000, increasing by approximately 17% over that of the previous year. The increase was mainly due to the progressive increases in licensing income as provided in existing agreements and the appreciation of the RMB. At present, licenses granted by the Group are primarily confined to leather goods, shoes, jewellery products, undergarments and woolen sweaters within the China Mainland market.

Property Investment and Development

Property investment continued to provide the Group with satisfactory yield during the year. Due to the strong RMB and the stable Mainland and Hong Kong property markets, fair value gain on investment properties stood at HK\$95,006,000 for the year as compared with HK\$60,283,000 for last year.

Rental income for the year amounted to HK\$88,756,000, or a sharp increase of 43% over that of last year.

A major source of our rental income for the year was the Goldlion Digital Network Centre in Tianhe, Guangzhou. The acquisition of Joint Corporation Limited at an aggregate consideration of HK\$177,000,000 and 45,000,000 ordinary shares of the Company was completed by the end of April 2007. This has placed under the Group office spaces totaling 48,891 square meters in floor area and the whole car parking spaces by the end of the year. With the increase in leasable area, rental income rose accordingly by 57%. Even when the increase in area is excluded, the growth for the building as a whole still reached 10%. Besides, the Group has provided quality building management services to tenants of the building through its property management subsidiary since end of 2006. The said property management subsidiary recorded a building management income of HK\$16,231,000 and was able to achieve breakeven during the year.

Over in Shenyang, the stable leasing position of Goldlion Commercial Building saw rental income rising by approximately 14% when compared to last year. The building currently enjoys almost full occupancy.

In Hong Kong, spurred by optimism in the local rental market, not only occupancy but also rentals have generally ascended, registering an overall increase of about 21% for the market as a whole.

Construction for our property development project in Meizhou, Guangdong, proceeded on schedule during the year. The project will yield saleable area totaling 70,850 square meters, comprising approximately 52,942 square meters of residential units, 8,195 square meters of car parking spaces and 9,713 square meters of commercial spaces. The pre-sale of all the residential units started in October 2007 and at the end of last year with approximately 27,438 square meters successfully sold for a total of HK\$90,874,000. The sold flats had already been delivered for possession starting from the end of March 2008 and the Group would recognize the results of the sales simultaneously.

PROSPECTS

The Group takes pride to report that performance had been remarkable for not only our sales but also our profits during the year under review. Nevertheless, it is the long-term sustainable development that matters more greatly to the Group.

Despite uncertainties in the fringe market owing to the subprime mortgage problem, the Group remains optimistic about its major markets in the foreseeable future. In the China Mainland market, in particular, steady growth, although believed to be less drastic than the previous two years, is anticipated for the year in view of soaring consumer spending and the stimulating effects of the Beijing Olympics. To further extend our clientele, goals have been set to improve our product design and coordination among our individual products as we continue to strive for fashion sensitivity with an elitist design team.

As for the Singapore market, the overall rosy operating environment is expected to continue into 2008 although somewhat overcast by the high operating costs and labour shortage. Given the opportunity, the Group will focus on our business expansion while keeping our operating costs well in check.

As far as the property investment business is concerned, demand for quality commercial premises is expected to be keen. Against this background, leasing of our Goldlion Digital Network Centre in Guangzhou is expected to remain stable. Naturally, the Group will continue to improve the quality and rental value of all of its investment properties in order to secure even more satisfactory returns.

Regarding the property development project in Meizhou, construction works have just completed and the sold units were delivered for possession starting from the end of March 2008. Sale of the units is expected to gather momentum once intake begins. Depending on market sentiments, the remaining commercial and car parking spaces will be offered for sale at the opportune time.

FINANCIAL POSITION

As at 31st December 2007, cash and bank balances held by the Group was approximately HK\$461,511,000, which was HK\$57,465,000 lower than the balance at the end of last year. During the year, the Group recorded a net cash generated from operating activities of HK\$285,205,000 and interest income of HK\$11,716,000. However, the Group also paid dividends of HK\$104,105,000, acquired Joint Corporation Limited with a cash consideration of HK\$177,000,000 and paid for Meizhou property development project of approximately HK\$89,692,000 during the year. As at 31st December 2007, the Group did not have any bank loans or overdrafts.

As at 31st December 2007, the Group's current assets and liabilities were HK\$774,508,000 and HK\$377,578,000 respectively, with current ratio at 2.1. Total current liabilities were only 21% of the average capital and reserves attributable to the Company's equity holders of HK\$1,826,600,000.

As at 31st December 2007, the Group did not have any material contingent liabilities and did not charge any of the Group's assets. As at 31st December 2007, the Group had capital commitments of HK\$22,549,000 mainly for the remaining construction contract sum of the Meizhou property development project contracted but not provided for.

HUMAN RESOURCES

At 31st December 2007, the Group had approximately 1,700 employees. Staff costs including directors' emoluments of the year amounted to HK\$169,545,000. The Group ensures that employees' remuneration packages are competitive and are determined mainly on factors including job nature, market conditions, individual performance, qualification and experience. The Group also provides other benefits to its employees and training as and when required.

CLOSURE OF REGISTER OF MEMBER

For the purpose of determining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed from 21st May 2008 to 23rd May 2008 (both days inclusive), during which period no transfer of shares will be registered.

In order to qualify for the proposed final dividend of the year, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Tuesday, 20th May 2008 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year except that 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.

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.

AUDIT COMMITTEE

The Company has formed an Audit Committee to review and supervise the financial reporting process and internal control procedures of the Group. At present, the Audit Committee has four members including Mr. Yin, Richard Yingneng (Chairman), Dr. Wong Ying Ho, Kennedy (Deputy Chairman) and Dr. Lau Yue Sun, all of them are independent non-executive Directors, and Mr. Ng Ming Wah, Charles, a non-executive Director of the Company.

REVIEW OF ACCOUNTS

The Group's consolidated accounts for the year ended 31st December 2007 have been reviewed by the Company's Audit Committee. Also, the figures in respect of this preliminary results announcement have been agreed by the Company's external auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated accounts for the year ended 31st December 2007. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary results announcement.

PUBLICATION OF DETAILED FINANCIAL AND RELATED INFORMATION ON THE WEBSITE OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the website of the Company (www.goldlion.com) and the Stock Exchange (www.hkex.com.hk). The Company's 2007 annual report, containing all the information required by Appendix 16 of the Listing Rules, will be dispatched to shareholders and made available on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors of the Company comprise Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan as executive Directors; Mr. Ng Ming Wah, Charles as a non-executive Director; and Dr. Lau Yue Sun, Dr. Wong Ying Ho, Kennedy and Mr. Yin, Richard Yingneng as independent non-executive Directors.

By order of the Board

Kam Yiu Kwok

Company Secretary

Hong Kong, 3rd April 2008