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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 2012**

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 2012 together with the comparative figures for the previous years as follows:

Consolidated Income Statement

For the year ended 31st December 2012

	Note	2012 HK\$'000	2011 HK\$'000 (Restated)
Turnover	2	1,863,075	1,801,669
Cost of sales	4	(812,918)	(769,726)
Gross profit		1,050,157	1,031,943
Other gains	3	158,882	66,926
Selling and marketing costs	4	(366,413)	(328,241)
Administrative expenses	4	(229,455)	(226,584)
Operating profit		613,171	544,044
Interest income		28,478	21,501
Profit before income tax		641,649	565,545
Income tax expense	5	(138,362)	(142,389)
Profit for the year		503,287	423,156
Profit attributable to:			
Owners of the parent		502,235	422,309
Non-controlling interests		1,052	847
		503,287	423,156
		<i>HK cents</i>	<i>HK cents</i> (Restated)
Earnings per share for profit attributable to owners of the parent during the year	6		
- basic		51.14	43.00
- diluted		51.14	43.00

Details of dividends payable to owners of the parent attributable to the profit for the year are set out in note 7.

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2012

	2012 HK\$'000	2011 HK\$'000 (Restated)
Profit for the year	503,287	423,156
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	56,756	89,307
Total comprehensive income for the year	<u>560,043</u>	<u>512,463</u>
Attributable to:		
Owners of the parent	558,991	511,616
Non-controlling interests	1,052	847
Total comprehensive income for the year	<u>560,043</u>	<u>512,463</u>

**Consolidated Balance Sheet
As at 31st December 2012**

	Note	31.12.2012 HK\$'000	31.12.2011 HK\$'000 (Restated)	1.1.2011 HK\$'000 (Restated)
ASSETS				
Non-current assets				
Land use rights		21,174	15,734	17,017
Property, plant and equipment		202,013	209,223	208,407
Investment properties		2,102,764	1,963,815	1,838,348
Deposits		12,265	-	-
Deferred income tax assets		40,855	40,174	42,139
		<u>2,379,071</u>	<u>2,228,946</u>	<u>2,105,911</u>
Current assets				
Completed properties held for sale		1,470	3,332	14,712
Inventories		376,900	313,269	144,222
Trade receivables	8	110,707	68,854	49,831
Prepayments, deposits and other receivables		71,744	71,153	52,279
Tax recoverable		1,466	-	-
Bank deposits		724,073	666,440	60,552
Cash and cash equivalents		341,188	354,539	869,108
		<u>1,627,548</u>	<u>1,477,587</u>	<u>1,190,704</u>
Assets classified as held for sale		60,342	-	-
		<u>1,687,890</u>	<u>1,477,587</u>	<u>1,190,704</u>
Total assets		<u>4,066,961</u>	<u>3,706,533</u>	<u>3,296,615</u>
EQUITY				
Capital and reserves attributable to owners of the parent				
Share capital		98,211	98,211	98,211
Reserves		2,962,982	2,679,218	2,418,041
Proposed final dividend		176,781	166,959	137,496
		<u>3,237,974</u>	<u>2,944,388</u>	<u>2,653,748</u>
Non-controlling interests		-	1,311	1,311
Total equity		<u>3,237,974</u>	<u>2,945,699</u>	<u>2,655,059</u>
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities		336,151	310,090	270,250
Current liabilities				
Trade payables	9	91,727	92,929	56,572
Other payables and accruals		385,353	337,641	295,605
Current income tax liabilities		15,756	20,174	19,129
		<u>492,836</u>	<u>450,744</u>	<u>371,306</u>
Total liabilities		<u>828,987</u>	<u>760,834</u>	<u>641,556</u>
Total equity and liabilities		<u>4,066,961</u>	<u>3,706,533</u>	<u>3,296,615</u>
Net current assets		<u>1,195,054</u>	<u>1,026,843</u>	<u>819,398</u>
Total assets less current liabilities		<u>3,574,125</u>	<u>3,255,789</u>	<u>2,925,309</u>

Notes:

1. Principal accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). 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 following amended standard is mandatory for the first financial year beginning on or after 1st January 2012.

The HKICPA has amended HKAS 12, ‘Income taxes’, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively with effect from annual periods beginning on or after 1st January 2012.

The Group has adopted this amendment retrospectively for the financial year ended 31st December 2012 and the effects of adoption are disclosed as follows.

The Group had investment properties measured at their fair values totalling HK\$1,963,815,000 (1st January 2011: HK\$1,838,348,000) as of 1st January 2012. As required by the amendment, the Group has re-measured retrospectively the deferred tax relating to certain investment properties in Hong Kong with aggregate carrying value of HK\$568,500,000 as at 31st December 2012 (31st December 2011: HK\$488,970,000) on the presumption that their values will be recovered entirely by sale. The comparative figures for 2011 have been restated to reflect the change in accounting policy, as summarized below.

Effect on consolidated balance sheet	As at 31.12.2012 HK\$’000	As at 31.12.2011 HK\$’000	As at 1.1.2011 HK\$’000
Decrease in deferred tax liabilities	20,680	11,209	7,447
Increase in retained earnings	<u>20,680</u>	<u>11,209</u>	<u>7,447</u>
Effect on consolidated income statement	Year ended 31st December		
	2012 HK\$’000		2011 HK\$’000
Decrease in income tax expense	9,471		3,762
Increase in profit attributable to owners of the parent	9,471		3,762
Increase in basic earnings per share	0.96 HK cents		0.38 HK cents
Increase in diluted earnings per share	<u>0.96 HK cents</u>		<u>0.38 HK cents</u>

As at 31st December 2012, the remaining investment properties amounting to HK\$1,534,264,000 (31st December 2011: HK\$1,474,845,000) are held by certain subsidiaries outside Hong Kong with a business model to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. For these investment properties, the presumption is rebutted and the related deferred tax is not re-measured.

The following amendments to standards have been published and are mandatory for the Group's accounting periods beginning on or after 1st January 2012, but are not currently relevant to the Group.

		Effective for accounting periods beginning on or after
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1st July 2011
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets	1st July 2011

The following new standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1st January 2012 and have not been early adopted.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1st July 2012
HKAS 19 (Amendment)	Employee benefits	1st January 2013
HKAS 27 (Revised)	Separate financial statements	1st January 2013
HKAS 28 (Revised)	Investments in associates and joint ventures	1st January 2013
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1st January 2014
HKFRS 1 (Amendment)	Government loans	1st January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1st January 2013
HKFRS 9	Financial instruments	1st January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1st January 2015
HKFRS 10	Consolidated financial statements	1st January 2013
HKFRS 11	Joint arrangements	1st January 2013
HKFRS 12	Disclosures of interests in other entities	1st January 2013
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance	1st January 2013
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment entities	1st January 2014
HKFRS 13	Fair value measurement	1st January 2013
HK(IFRIC) - Int 20	Stripping costs in the production phase of a surface mine	1st January 2013
Annual improvements project	Annual improvements 2009-2011 cycle	1st January 2013

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 investment and development. Turnover recognized during the year is as follows:

	2012	2011
	HK\$'000	HK\$'000
Sales of goods	1,611,605	1,537,802
Gross rental income from investment properties	132,111	122,437
Building management fee	39,223	36,621
Licensing income	80,136	70,867
Sales of properties	-	33,942
	<u>1,863,075</u>	<u>1,801,669</u>

The segments are managed separately as each business offers different products and services and requires different marketing strategies. The Group has three reportable segments including apparel in China Mainland and Hong Kong SAR, apparel in Singapore and Malaysia as well as property investment and development.

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

An analysis of the Group's segment information by operating segment is as follows:

	2012	2011	2012	2011
	Segment	Segment	Segment	Segment
	turnover	turnover	results	results
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)
Operating segments				
Apparel - China Mainland and Hong Kong SAR	1,543,801	1,448,140	417,906	409,685
Apparel - Singapore and Malaysia	147,940	160,528	7,616	15,348
Property investment and development	177,941	199,732	260,285	182,096
Inter-segment sales	(6,607)	(6,731)	-	-
	<u>1,863,075</u>	<u>1,801,669</u>	<u>685,807</u>	<u>607,129</u>
Unallocated costs			(44,158)	(41,584)
Profit before income tax			641,649	565,545
Income tax expense			(138,362)	(142,389)
Profit for the year			<u>503,287</u>	<u>423,156</u>

3. Other gains

	2012	2011
	HK\$'000	HK\$'000
Fair value gains on investment properties	158,882	63,825
Gain on disposal of an investment property	-	3,101
	<u>158,882</u>	<u>66,926</u>

4. Expenses by nature

	2012	2011
	HK\$'000	HK\$'000
Cost of inventories sold	761,956	722,732
Cost of properties sold	-	13,001
Provision for/(reversal of) impairment of inventories	3,929	(3,271)
Direct operating expenses arising from investment properties that generated rental income	42,491	31,910
Operating lease rentals - land and buildings	75,103	79,078
Amortization of land use rights	1,997	1,833
Depreciation of property, plant and equipment	27,202	26,892
Staff costs including directors' emoluments	235,236	231,447
Auditors' remuneration	3,368	3,200
Other expenses	257,504	217,729
	<u>1,408,786</u>	<u>1,324,551</u>
Representing:		
Cost of sales	812,918	769,726
Selling and marketing costs	366,413	328,241
Administrative expenses	229,455	226,584
	<u>1,408,786</u>	<u>1,324,551</u>

5. Income tax expense

	2012	2011
	HK\$'000	HK\$'000 (Restated)
Hong Kong profits tax		
Current year	960	833
Over-provision in prior year	(45)	-
	<u>915</u>	<u>833</u>
Taxation outside Hong Kong		
Current year	118,378	108,857
Under-provision in prior years	51	357
	<u>118,429</u>	<u>109,214</u>
Deferred income tax	19,018	32,342
Total income tax expense	<u>138,362</u>	<u>142,389</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated 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% (2011: 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.

6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the parent of HK\$502,235,000 (2011 (restated): HK\$422,309,000) and the number of ordinary shares in issue of 982,114,035 (2011: 982,114,035) 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 2012 and 2011.

7. Dividends

	2012	2011
	HK\$'000	HK\$'000
2011 interim dividend, paid, of 8.5 HK cents per ordinary share	-	83,480
2011 final dividend, paid, of 17.0 HK cents per ordinary share	-	166,959
2012 interim dividend, paid, of 9.0 HK cents per ordinary share	88,390	-
2012 final dividend, proposed, of 18.0 HK cents per ordinary share	176,781	-
	<u>265,171</u>	<u>250,439</u>

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 of the trade receivables based on invoice date, net of provision, was as follows:

	As at	As at
	31.12.2012	31.12.2011
	HK\$'000	HK\$'000
1-30 days	74,714	60,823
31-90 days	27,199	7,491
Over 90 days	8,794	540
	<u>110,707</u>	<u>68,854</u>

9. Trade payables

The ageing of the trade payables based on invoice date was as follows:

	As at 31.12.2012	As at 31.12.2011
	HK\$'000	HK\$'000
1-30 days	75,607	82,293
31-90 days	7,212	7,803
Over 90 days	8,908	2,833
	<hr/> <u>91,727</u>	<hr/> <u>92,929</u>

FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 18.0 HK cents per share (2011: 17.0 HK cents per share) for the year ended 31st December 2012, totalling HK\$176,781,000 (2011: HK\$166,959,000). Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on or about 11th June 2013 to shareholders whose names appear on the Register of Members as at 31st May 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover and gross profit

During the period under review, the Group continued to record growth with turnover totalling HK\$1,863,075,000, representing a year-on-year increase of 3%, despite the slowdown in economic growth in China and weakening domestic demand. The growth would be 5% if income from property sales of the Meizhou property development project in 2011, amounting to HK\$33,942,000, was excluded.

During the year, sales growth was mainly generated from the Group's apparel sales in the China Mainland market which registered a growth of 6%. Besides, income from rental of properties, building management and licensing of brand name was higher than that of last year. However, a drop in turnover of 8% was recorded for our apparel business in the Singapore and Malaysia markets.

Gross profit of the year was HK\$1,050,157,000, up by 2% from HK\$1,031,943,000 of last year. Overall gross profit margin was approximately 56.4%, representing a drop of about 0.9 percentage point from 57.3% of last year. For the Group's apparel operation, the gross profit margin was approximately 52.2% and was slightly lower than 52.9% of last year by 0.7 percentage point.

Operating expenses and operating profit

Operating expenses (including selling and marketing costs and administrative expenses) of the Group during the year were HK\$595,868,000, which were 7% higher than that of last year. Among which selling and marketing costs were HK\$366,413,000, increased by 12% over last year, as the Group has devoted more resources in marketing and promotion for the apparel operation during the year. Selling and marketing costs expressed as a percentage to overall turnover increased for 1.1 percentage points to 19.7% over last year.

During the year, the Group recorded fair value gains on investment properties of HK\$158,882,000, compared with HK\$63,825,000 of last year. Other gains for last year also included gain on disposal of an investment property in Meizhou of HK\$3,101,000.

Operating profit for the year amounted to HK\$613,171,000, representing an increase of 13% compared with HK\$544,044,000 of last year. The operating profit margin was about 32.9%, representing an increment of about 2.7 percentage points from 30.2% of last year. This is mainly resulted from the rise in fair value gains on investment properties during the year. The operating profit margin would be 24.4%, lower than 25.7% of last year for 1.3 percentage points, if the fair value gains on investment properties and gains on sales of properties of last year were excluded.

Profit attributable to owners of the parent

Profit attributable to owners of the parent during the year was HK\$502,235,000, rising by 19% from HK\$422,309,000 (restated) of last year. Profit for the year would be HK\$363,191,000 if fair value gains on investment properties (after tax) of HK\$139,044,000 were excluded. Such profit marked an increase of 4% from HK\$349,683,000 (if the restated fair value gains after tax on investment properties of HK\$57,541,000 and gains after tax on sales of properties in Meizhou of HK\$15,085,000 were excluded).

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets

During the year under review, China Mainland's economy grew at a comparatively slower pace as global demand was weakened by the European debt crisis. Business environment of the apparel sector was challenged by not only gloomy consumer sentiment but also a sluggish retail market.

For the year as a whole, the Group's apparel and accessories sales in the local market amounted to HK\$1,462,996,000, representing an increase of 6%, or approximately 4% in Renminbi ("RMB"), over the previous year.

Our apparel operation in the China Mainland market is mainly conducted through wholesaling to distributors in various cities and provinces, as well as through self-operated retail shops mainly in Guangzhou, Shanghai and Beijing. In terms of RMB, annual sales to distributors grew by about 2% while sales by self-operated retail shops (excluding factory outlets) remained comparable to those of last year. Besides, due to the boosting measures, sales by factory outlets recorded a growth of about 34%.

Regarding wholesaling to distributors in various cities and provinces, since orders had mainly been placed at sales fairs held in July 2011 and February 2012, the market downturn in the year had no substantial impact on the relevant sales.

At the end of the year, there was a total of around 1,300 outlets in China Mainland, of which 84 were self-operated retail shops and 28 were factory outlets. Also counted towards the total were 47 "Gold Label" stores, among which 12 were directly operated by the Group.

Under an agreement reached in the year, a Mainland retailer with a proven track record has been appointed by the Group to retail "Gold Label" products in certain cities and provinces in China. In light of the weakening apparel market in the second half of the year, the Group exercised prudence and slowed down the schedule of opening "Gold Label" stores. The retailer's plan for opening stores was therefore adjusted accordingly.

At the end of the year, the Group held inventories of the 2013 spring and summer collections (scheduled to be sold in early 2013) amounted to HK\$170,232,000 and of the various seasons for 2012 amounted to HK\$107,807,000. In response to market conditions, the Group launched certain measures to relieve the stock pressure of our distributors and resulted in the year-on-year increase in inventories for current year's collections.

Trade receivables from our Mainland apparel and accessories operation stood at HK\$78,573,000 at the end of the year compared with the amount of HK\$40,038,000 registered for last year. The increase was primarily attributable to certain special trade credit arrangements for some retailers and a clustering of sales in corporate uniforms towards the end of the year.

The acquisitions of minority interests of Goldlion (China) Limited and Goldlion Clothes Making Company Limited in China were completed towards the end of the year. With the two companies now under the Group's full control, it is expected that administrative costs can be reduced through simplifying relevant administrative procedures and enhancing operational efficiency.

Licensing income for the year amounted to HK\$80,136,000, representing a rise of about 13%, or approximately 10% in RMB, over last year. The growth was mainly attributable to the incremental increase in license fees stipulated in the current agreements. Further, there was an increase in some licensees' turnover during the year, resulting in an increase in license fee charged at turnover. Licenses granted during the year mainly cover shoes, leather goods, undergarments, woolen sweaters and casual wear for the China Mainland market.

Singapore and Malaysia Markets

As an externally-oriented economy, Singapore was inevitably exposed to the effects of the weak global economy. In turn, the enduring slow economic growth and damp consumer sentiment in the local market had a negative impact on the Group's operation. Annual sales in Singapore amounted to HK\$141,264,000, representing a year-on-year decrease of approximately 8%, or approximately 10% in local currency.

Previous growth levels could no longer be maintained under unfavorable retail market conditions that were aggravated by the shorter peak season before the Chinese New Year. Sales of comparable outlets decreased by approximately 9% in local currency. At the end of the year, there were a total of 7 Goldlion shops and 21 counters, or a drop of 1 shop when compared with that at the end of last year.

Overall expenditure remained similar to that of last year as operating costs continued to be under vigorous control by the Group during the year. Operating profit in Singapore for the year amounted to approximately HK\$6,888,000. The decrease by about 50% when compared with last year was mainly attributable to a shrinkage in sales of the year. Operating profit margin was 5%, representing a drop from 9% for last year.

The Group's business in the Malaysia market is relatively small. Sales for the year amounted to HK\$6,676,000, declining by approximately 10% when compared with last year, primarily because of adverse market conditions. Operating profit for the year stood at approximately HK\$728,000, representing a year-on-year decrease of about 51%. At the end of the year, there were a total of 20 counters in the local market.

Property Investment and Development

Fair value gains on investment properties recognized by the Group after independent professional valuations at the end of the year amounted to HK\$158,882,000. These included the amount of HK\$79,530,000 from investment properties in Hong Kong, which largely reflected the continually robust local property market during the year and the satisfactory leasing position of our local properties.

The fair value gains above included an amount of HK\$40,164,000 generated from the investment property portion of our property portfolio in Anhua Road in Changning, Shanghai. Under a compensation agreement with the authorized developer for redevelopment of the site entered into towards the end of the year, the resettlement compensation payable to the Group is RMB122,920,000 (or approximately HK\$152,421,000). At the end of the year, the carrying value of the properties stood at approximately HK\$60,342,000. Provided that all relevant procedures are on schedule, delivery of the properties is expected to be completed in the first half of 2013. Gains on disposal of properties (including the difference of the total compensation and the latest carrying value of the properties and after deducting relevant expenses) will be recognized once the properties have been properly delivered.

Rental income and building management fees generated during the year stood at HK\$132,111,000 and HK\$39,223,000 respectively, representing a respective growth of approximately 8% and 7% over last year. In Tianhe, Guangzhou, leasing of the Goldlion Digital Network Centre remained to be stable. Rental income and building management fees rose by 12% over last year with more vacant units of the building leased out during the year and overall upward adjustment in rentals. During the year, occupancy of the building improved to reach approximately 93%.

Leasing of the Goldlion Commercial Building in Shenyang was likewise stable, with overall occupancy maintaining at 100%. A year-on-year growth of about 7% in rental income and building management fee was registered.

Total rental income of Hong Kong properties increased by approximately 5% over last year mainly due to the general upward adjustment of rentals. The occupancy of the Group's investment properties in Hong Kong at the end of the year exceeded 90%.

PROSPECTS

With Mainland China's economy slowing down in 2012 after years of remarkable growth, the shrink in demand and intense competition in the market have posed challenges to retail businesses as a whole. In view of the possible impact on the retail market from such readjustment that is likely to continue into 2013 amidst vigorous austerity policies to be pursued by the Central Government, the Group maintains a prudent outlook for its operations in the coming year.

The Group, however, believes that the negative economic conditions will not have a long term impact on the market. The Group will eventually enjoy a more healthy business development from these market changes. The Group will continue to gear its efforts towards enhancing product design and development, perfecting quality control and further controlling production and operating costs. Well aware of the importance of safeguarding and enhancing brand image to our competitive power, we will place more resources to our marketing departments for the support of marketing activities and branding initiatives and put it as our important duties in medium and long term.

The Group will continue to keep close liaison with our distributors for a more timely understanding of their businesses. The Group will also provide them with appropriate support to ease their operation pressures and request them to place orders in a more prudent manner. These measures would ensure their stable business development in the long term and in turn would provide a win-win position. Furthermore, the Group will seek to boost the selling capacity of our various sales channels, including factory outlets, with an aim to lower the inventory level and possible inventory risk.

As for our licensing operation, the target will continue to be enhancing our brand image through better communication with and optimum monitoring of our licensees.

The general manageress overseeing the China Mainland's apparel business retired in early 2013. The Company's Deputy Chief Executive Officer has also been appointed as the chief executive officer of the Group's Mainland operations. The apparel operation in the Mainland will be reorganized to achieve higher efficiency through a clearer definition and division of duties.

The Group's Mainland sales fair of the 2013 fall and winter collections was held in early March 2013. Due to the relatively prudent orders placed by our distributors, total order amount as shown in our preliminary records was at the same level of our 2012 fall and winter collections. Deliveries are expected to be made in the second half of 2013.

Over in Singapore, improvement in the market is yet to be expected in 2013. The already challenging operating environment will likely be aggravated by higher operating costs. As such, the Group will continue to pursue pragmatism for achieving stable development.

As for investment properties, the Group will continue to boost the leasing potential of its properties on hand to ensure a steady inflow of rental revenue.

FINANCIAL POSITION

As at 31st December 2012, cash and bank balances held by the Group amounted to approximately HK\$1,065,261,000, which was HK\$44,282,000 higher than the balance at the end of last year.

During the year, the Group recorded a net cash inflow from operating activities of HK\$284,655,000 and gains from foreign exchange rate changes of HK\$22,511,000, and paid dividends of HK\$255,349,000 during the year. As at 31st December 2012, the Group did not have any bank loans or overdrafts.

As at 31st December 2012, the Group's current assets and current liabilities were HK\$1,687,890,000 and HK\$492,836,000 respectively, with a current ratio at 3.4. Total current liabilities were 16% of the average capital and reserves attributable to owners of the parent of HK\$3,091,181,000.

As at 31st December 2012, the Group did not have any material contingent liabilities or capital commitments and had not charged any of the Group's assets.

HUMAN RESOURCES

At 31st December 2012, the Group had approximately 1,750 employees. Staff costs including directors' emoluments of the year amounted to HK\$235,236,000. 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 MEMBERS

The Register of Members of the Company will be closed for the following periods:

- (a) For the purpose of determining shareholders' entitlement to attend and vote at the forthcoming annual general meeting to be held on 24th May 2013 (the "2013 AGM"), the Register of Members of the Company will be closed from 22nd May 2013 to 24th May 2013 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2013 AGM, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Tuesday, 21st May 2013 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.
- (b) For the purpose of determining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed on 30th May 2013 and 31st May 2013, 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 Wednesday, 29th May 2013 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 (during the period from 1st January 2012 to 31st March 2012) and the Corporate Governance Code (during the period from 1st April 2012 to 31st December 2012) 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") 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 five members including Mr. Li Ka Fai, David (Chairman), Dr. Lau Yue Sun and Mr. Nguyen, Van Tu Peter, all of them are independent non-executive Directors, and Dr. Wong Ying Ho, Kennedy (Deputy Chairman) and Mr. Ng Ming Wah, Charles, being non-executive Directors of the Company.

REVIEW OF FINANCIAL STATEMENTS

The Group’s consolidated financial statements for the year ended 31st December 2012 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 consolidated financial statements for the year ended 31st December 2012. 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.hkexnews.hk). The Company's 2012 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 and Dr. Wong Ying Ho, Kennedy as non-executive Directors; and Dr. Lau Yue Sun, Mr. Li Ka Fai, David and Mr. Nguyen, Van Tu Peter as independent non-executive Directors.

By order of the Board
Kam Yiu Kwok
Company Secretary

Hong Kong, 21st March 2013