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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: 00533)

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30TH JUNE 2022**

**RESULTS**

The Board of Directors (the “Board”) announces the unaudited condensed consolidated interim results of Goldlion Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) for the six months ended 30th June 2022 as follows:

**Condensed Consolidated Interim Income Statement  
For the six months ended 30th June 2022**

|   | Note | Unaudited<br>Six months ended |                       |
|---|------|-------------------------------|-----------------------|
|   |      | 30.6.2022<br>HK\$'000         | 30.6.2021<br>HK\$'000 |
| Turnover  | 2    | 615,489                       | 589,659               |
| Cost of sales   | 4    | (248,550)                     | (205,636)             |
| Gross profit  |      | 366,939                       | 384,023               |
| Other losses  | 3    | (17,244)                      | (25,347)              |
| Selling and marketing costs                                 | 4    | (189,233)                     | (201,829)             |
| Administrative expenses                                     | 4    | (77,906)                      | (75,702)              |
| Operating profit  |      | 82,556                        | 81,145                |
| Interest income   |      | 10,516                        | 10,091                |
| Interest expense  |      | (626)                         | (462)                 |
| Profit before income tax                                    |      | 92,446                        | 90,774                |
| Income tax expense  | 5    | (9,527)                       | (11,786)              |
| Profit for the period attributable to owners of the Company |      | 82,919                        | 78,988                |
| Earnings per share  |      | <i>HK cents</i>               | <i>HK cents</i>       |
| - Basic and diluted   | 6    | 8.44                          | 8.04                  |

**Condensed Consolidated Interim Statement of Comprehensive Income**  
**For the six months ended 30th June 2022**

|   | <b>Unaudited</b>        |                  |
|---|-------------------------|------------------|
|   | <b>Six months ended</b> |                  |
|   | <b>30.6.2022</b>        | <b>30.6.2021</b> |
|   | HK\$'000                | HK\$'000         |
| Profit for the period   | 82,919                  | 78,988           |
| Other comprehensive (loss)/income   |                         |                  |
| <i>Item that will not be reclassified subsequently to profit or loss</i>                  |                         |                  |
| Revaluation of property, plant and equipment upon reclassification to investment property | -                       | 11,030           |
| <i>Item that may be reclassified subsequently to profit or loss</i>                       |                         |                  |
| Exchange differences on translation of financial statements of overseas subsidiaries      | (128,076)               | 24,585           |
| Other comprehensive (loss)/income for the period  | (128,076)               | 35,615           |
| Total comprehensive (loss)/income for the period attributable to owners of the Company    | (45,157)                | 114,603          |

**Condensed Consolidated Interim Balance Sheet  
As at 30th June 2022**

|   | Note | As at<br>30.6.2022<br>(Unaudited)<br>HK\$'000 | As at<br>31.12.2021<br>(Audited)<br>HK\$'000 |
|---|------|---|--|
| <b>ASSETS</b>   |      |   |  |
| <b>Non-current assets</b>   |      |   |  |
| Property, plant and equipment                                     |      | 155,572                                       | 121,642                                      |
| Right-of-use assets   |      | 80,138  | 66,352                                       |
| Investment properties   |      | 2,852,017                                     | 2,994,394                                    |
| Financial assets at fair value through other comprehensive income |      | 6,662   | 6,947  |
| Deferred income tax assets  |      | 47,482  | 46,814                                       |
|   |      | <u>3,141,871</u>                              | <u>3,236,149</u>                             |
| <b>Current assets</b>   |      |   |  |
| Property under development held for sale                          |      | 814,082                                       | 715,807                                      |
| Inventories   |      | 171,547                                       | 195,886                                      |
| Trade receivables   | 8    | 56,590  | 100,565                                      |
| Prepayments, deposits and other receivables                       |      | 93,597  | 126,445                                      |
| Contract assets   |      | 49,414  | 59,147                                       |
| Tax recoverable   |      | 6,222   | 5,110  |
| Restricted cash   |      | 21,363  | 20,687                                       |
| Bank deposits   |      | 784,379                                       | 876,185                                      |
| Cash and cash equivalents   |      | 465,547                                       | 454,342                                      |
|   |      | <u>2,462,741</u>                              | <u>2,554,174</u>                             |
| <b>Total assets</b>   |      | <b><u>5,604,612</u></b>                       | <b><u>5,790,323</u></b>                      |
| <b>EQUITY</b>   |      |   |  |
| <b>Capital and reserves attributable to owners of the Company</b> |      |   |  |
| Share capital   |      | 1,101,358                                     | 1,101,358                                    |
| Reserves  |      | 3,409,477                                     | 3,523,382                                    |
| <b>Total equity</b>   |      | <u>4,510,835</u>                              | <u>4,624,740</u>                             |
| <b>LIABILITIES</b>  |      |   |  |
| <b>Non-current liabilities</b>                                    |      |   |  |
| Other payables and accruals                                       |      | 30,776  | 31,862                                       |
| Lease liabilities   |      | 14,547  | 11,171                                       |
| Deferred income tax liabilities                                   |      | 421,293                                       | 447,608                                      |
|   |      | <u>466,616</u>                                | <u>490,641</u>                               |
| <b>Current liabilities</b>  |      |   |  |
| Trade payables  | 9    | 26,829  | 48,594                                       |
| Other payables and accruals                                       |      | 202,791                                       | 238,696                                      |
| Contract liabilities  |      | 374,628                                       | 365,446                                      |
| Lease liabilities   |      | 15,284  | 13,985                                       |
| Current income tax liabilities                                    |      | 7,629   | 8,221  |
|   |      | <u>627,161</u>                                | <u>674,942</u>                               |
| <b>Total liabilities</b>  |      | <u>1,093,777</u>                              | <u>1,165,583</u>                             |
| <b>Total equity and liabilities</b>                               |      | <b><u>5,604,612</u></b>                       | <b><u>5,790,323</u></b>                      |

Notes:

## 1. Principal accounting policies

This condensed consolidated interim financial information for the six months ended 30th June 2022 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants, and applicable requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2021, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The financial information relating to the year ended 31st December 2021 that is included in this preliminary announcement of interim results for the six months ended 30th June 2022 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements for the year ended 31st December 2021. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

The accounting policies applied by the Group are consistent with those of the annual financial statements for the year ended 31st December 2021, except for the adoption of amended standard as set out below.

(a) Amended standard adopted by the Group

The Group has adopted HKFRS 16 (Amendment) “COVID-19-related rent concessions beyond 30th June 2021” (effective for annual periods beginning on or after 1st April 2021). The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 to cover lease payments related rent concessions that are originally due on or before 30th June 2022, provided the other conditions for applying the practical expedient are met.

All of the COVID-19 related rent concessions amounted to HK\$897,000 (six months ended 30th June 2021: nil) have been credited to the condensed consolidated income statement within “selling and marketing costs”.

## 1. Principal accounting policies (*continued*)

### (b) Amended standards effective in 2022 but not relevant to the Group

|                                    |   |
|------------------------------------|---|
| HKAS 16 (Amendment)                | Property, plant and equipment: Proceeds before intended use |
| HKAS 37 (Amendment)                | Onerous contracts - Cost of fulfilling a contract           |
| HKFRS 3 (Amendment)                | Reference to the conceptual framework                       |
| HKFRSs (Amendments)                | Annual improvements 2018-2020 cycle                         |
| Accounting Guideline 5 (Amendment) | Merger accounting for common control combinations           |

The above amended standards did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

### (c) The following new standard, new interpretation and amended standards have been issued but are not effective for the financial year beginning on 1st January 2022 and have not been early adopted by the Group:

|  |   | Effective for accounting periods beginning on or after |
|--|---|--|
| HKAS 1 (Amendment)                                 | Classification of liabilities as current or non-current   | 1st January 2023                                       |
| HKAS 1 and HKFRS Practice Statement 2 (Amendments) | Disclosure of accounting policies   | 1st January 2023                                       |
| HKAS 8 (Amendment)                                 | Definition of accounting estimates  | 1st January 2023                                       |
| HKAS 12 (Amendment)                                | Deferred tax related to assets and liabilities arising from a single transaction  | 1st January 2023                                       |
| HKFRS 10 and HKAS 28 (Amendments)                  | Sale or contribution of assets between an investor and its associate or joint venture   | Not yet established                                    |
| HKFRS 17   | Insurance contracts   | 1st January 2023                                       |
| HK (IFRIC) - Int 5                                 | Presentation of financial statements - Classification by the borrower of a term loan that contains a repayment on demand clause | 1st January 2023                                       |

The above new standard, new interpretation and amended standards are not expected to have a material impact on the condensed consolidated financial statements of the Group.

## 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 period is as follows:

|  | Six months ended |                |
|--|------------------|----------------|
|  | 30.6.2022        | 30.6.2021      |
|  | HK\$'000         | HK\$'000       |
| Revenue recognized under HKFRS 15                  |                  |                |
| Sales of goods                                     | 467,901          | 452,224        |
| Building management fees                           | 20,548           | 19,722         |
| Licensing income                                   | 48,045           | 45,558         |
|  | <u>536,494</u>   | <u>517,504</u> |
| Revenue recognized under other accounting standard |                  |                |
| Rental income from investment properties           | 78,995           | 72,155         |
|  | <u>615,489</u>   | <u>589,659</u> |
| Timing of revenue recognition under HKFRS 15       |                  |                |
| At a point in time                                 | 467,901          | 452,224        |
| Over time  | 68,593           | 65,280         |
|  | <u>536,494</u>   | <u>517,504</u> |

## 2. Turnover and segment information (*continued*)

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

|   | Six months ended |                  | Six months ended |                 |
|---|------------------|------------------|------------------|-----------------|
|   | 30.6.2022        | 30.6.2021        | 30.6.2022        | 30.6.2021       |
|   | Segment turnover | Segment turnover | Segment results  | Segment results |
|   | HK\$'000         | HK\$'000         | HK\$'000         | HK\$'000        |
| Operating segments                          |                  |                  |                  |                 |
| Apparel in China Mainland and Hong Kong SAR | 500,403          | 482,019          | 75,337           | 91,332          |
| Apparel in Singapore                        | 15,950           | 16,108           | 1,859            | 3,609           |
| Property investment and development         | 102,774          | 96,531           | 38,767           | 20,293          |
| Inter-segment sales                         | (3,638)          | (4,999)          | -                | -               |
|   | <u>615,489</u>   | <u>589,659</u>   | <u>115,963</u>   | <u>115,234</u>  |
| Unallocated costs                           |                  |                  | <u>(23,517)</u>  | <u>(24,460)</u> |
| Profit before income tax                    |                  |                  | 92,446           | 90,774          |
| Income tax expense                          |                  |                  | <u>(9,527)</u>   | <u>(11,786)</u> |
| Profit for the period                       |                  |                  | <u>82,919</u>    | <u>78,988</u>   |

### 3. Other losses

|  | Six months ended |           |
|--|------------------|-----------|
|  | 30.6.2022        | 30.6.2021 |
|  | HK\$'000         | HK\$'000  |
| Fair value losses on investment properties | 17,244           | 25,347    |

### 4. Expenses by nature

|   | Six months ended |                |
|---|------------------|----------------|
|   | 30.6.2022        | 30.6.2021      |
|   | HK\$'000         | HK\$'000       |
| Cost of inventories sold  | 217,149          | 203,557        |
| Provision/(reversal of provision) for impairment of inventories                           | 11,205           | (18,383)       |
| Direct operating expenses arising from investment properties that generated rental income | 19,309           | 19,851         |
| Expenses relating to short-term leases and variable lease payments (note)                 | 40,478           | 43,077         |
| Depreciation of property, plant and equipment   | 10,132           | 10,059         |
| Depreciation of right-of-use assets   | 8,237            | 6,348          |
| Impairment of property, plant and equipment   | -                | 25             |
| Impairment of right-of-use assets   | -                | 336            |
| Provision/(reversal of provision) for impairment of trade receivables, net                | 1,256            | (229)          |
| Staff costs including directors' emoluments   | 107,559          | 111,454        |
| Advertising and promotion expenses  | 35,621           | 43,545         |
| Other expenses  | 64,743           | 63,527         |
|   | <u>515,689</u>   | <u>483,167</u> |
| Representing:   |                  |                |
| Cost of sales   | 248,550          | 205,636        |
| Selling and marketing costs   | 189,233          | 201,829        |
| Administrative expenses   | 77,906           | 75,702         |
|   | <u>515,689</u>   | <u>483,167</u> |

Note:

Rent concessions related to COVID-19 of HK\$897,000 (six months ended 30th June 2021: nil) have been credited in profit or loss and included in selling and marketing costs during the six months ended 30th June 2022.



## 5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the period.

Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the period at the rate of 25% (2021: 25%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of income tax charged to the condensed consolidated interim income statement represents:

|                             | Six months ended |               |
|-----------------------------|------------------|---------------|
|                             | 30.6.2022        | 30.6.2021     |
|                             | HK\$'000         | HK\$'000      |
| Current tax                 |                  |               |
| - Hong Kong                 | 55               | -             |
| - PRC enterprise income tax | 20,345           | 17,169        |
| Deferred income tax         | (10,873)         | (5,383)       |
| Total income tax expense    | <u>9,527</u>     | <u>11,786</u> |

## 6. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the Company of HK\$82,919,000 (six months ended 30th June 2021: HK\$78,988,000) and the number of ordinary shares in issue of 982,114,035 (six months ended 30th June 2021: 982,114,035) during the period.

Diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares in issue during the six months ended 30th June 2022 and 2021.

## 7. Dividend

|   | Six months ended |               |
|---|------------------|---------------|
|   | 30.6.2022        | 30.6.2021     |
|   | HK\$'000         | HK\$'000      |
| Interim dividend of 3.5 HK cents (2021: 4.0 HK cents)<br>per ordinary share | <u>34,374</u>    | <u>39,285</u> |

## 8. Trade receivables

The Group's sales are on cash on delivery or credit terms ranging from 30 days to 180 days after delivery. The ageing of the trade receivables based on invoice date is as follows:

|   | <b>As at<br/>30.6.2022<br/>HK\$'000</b> | <b>As at<br/>31.12.2021<br/>HK\$'000</b> |
|---|---|--|
| 1-30 days   | 45,566                                  | 91,438                                   |
| 31-90 days  | 7,247                                   | 7,227                                    |
| Over 90 days  | 6,433                                   | 3,320                                    |
|   | <hr/>                                   | <hr/>                                    |
| Trade receivables                                   | 59,246                                  | 101,985                                  |
| Less: provision for impairment of trade receivables | (2,656)                                 | (1,420)                                  |
|   | <hr/>                                   | <hr/>                                    |
| Trade receivables - net                             | <u>56,590</u>                           | <u>100,565</u>                           |

## 9. Trade payables

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

|              | <b>As at<br/>30.6.2022<br/>HK\$'000</b> | <b>As at<br/>31.12.2021<br/>HK\$'000</b> |
|--------------|---|--|
| 1-30 days    | 20,462                                  | 38,892                                   |
| 31-90 days   | 3,828                                   | 8,584                                    |
| Over 90 days | 2,539                                   | 1,118                                    |
|              | <hr/>                                   | <hr/>                                    |
|              | <u>26,829</u>                           | <u>48,594</u>                            |

## INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 3.5 HK cents per share (2021: 4.0 HK cents per share) for the year ending 31st December 2022, totalling HK\$34,374,000 (2021: HK\$39,285,000), which is expected to be payable on or about 21st September 2022 to shareholders whose names appear on the Register of Members as at 9th September 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING RESULTS

#### Turnover

During the period under review, global economy has slowed down against the unfavourable impacts of geopolitical conflicts, inflationary pressures and rising interest rates. The market of China Mainland remained unsatisfactory due to various measures taken to control the pandemic. Nevertheless, the Group still recorded a total turnover of HK\$615,489,000 for the first half of the year, representing an increase of 4% from HK\$589,659,000 of the corresponding period last year. The increase was mainly attributable to the property investments operation and apparel wholesale business in China Mainland.

#### Cost of sales and gross profit

Cost of sales for the period was HK\$248,550,000, increased by 21%. The increase was mainly due to the movements in provision for impairment of inventories.

During the period, the cost of inventories sold of our apparel operation was HK\$217,149,000, representing an increase of 7% from HK\$203,557,000 of the same period last year. Gross profit margin excluding the effect of impairment of inventories was 53.4%, which was lower than the 54.9% for the corresponding period last year. The decrease was mainly associated with the slight reduction in the gross profit margin of products for current season in China Mainland. During the period, the Group recorded a provision for impairment of inventories of HK\$11,205,000, whereas the reversal of provision for impairment of the same period last year was HK\$18,383,000.

Cost of sales for the period included the direct operating expenses arising from investment properties of HK\$19,309,000, representing a decrease of approximately 3% from HK\$19,851,000 of the same period last year.

#### Other losses

During the period, the Group recorded fair value losses on investment properties of HK\$17,244,000, lower than HK\$25,347,000 of the same period last year.

#### Operating expenses

Selling and marketing costs mainly consist of manpower costs for sales staff, rental expenses of the sales outlets, operating costs for e-commerce sales platforms, and advertising and promotion. The Group recorded selling and marketing costs of HK\$189,233,000 for the period, representing a decrease of 6% from HK\$201,829,000 of the same period last year. The decrease was mainly resulted from the cancellation or delay of certain promotional activities caused by various anti-pandemic measures, as well as the decrease in relevant selling expenses due to the decline in sales of our self-operated retailing and e-commerce operations in China Mainland.

Administrative expenses mainly consist of manpower costs for non-sales staff, depreciation and amortization charges and other miscellaneous expenses. The Group recorded administrative expenses of HK\$77,906,000 for the period, higher than the amount of HK\$75,702,000 of the same period last year by 3%.

## **Operating profit**

Operating profit for the period amounted to HK\$82,556,000, an increase of approximately 2% from HK\$81,145,000 of the same period last year. The operating profit margin was about 13.4%, which was in line the 13.8% of the same period last year.

## **Profit attributable to owners of the Company**

The Group also recorded a net interest income of HK\$9,890,000 for the period, higher than the same period last year's HK\$9,629,000 by approximately 3%. The increase was mainly due to the rise in deposit interest rate starting from second quarter of the year.

After offsetting the reversal of tax for fair value losses on investment properties amounting to HK\$8,998,000 (HK\$9,326,000 for the corresponding period last year), the income tax expense for the period was HK\$9,527,000 and was lower than the amount of HK\$11,786,000 of the same period last year. Effective tax rate excluding fair value losses on investment properties and the related tax effect was 16.9% and was also lower than the corresponding period last year's 18.2%. This is mainly due to the increase in profits derived from regions with lower tax rates.

The Group's profit attributable to owners of the Company for the period was HK\$82,919,000, increased by approximately 5% from HK\$78,988,000 of the same period last year. Profit for the period would be HK\$91,165,000 if the net fair value losses after tax on investment properties of HK\$8,246,000 (HK\$16,021,000 for the corresponding period last year) were excluded, and was approximately 4% lower than the amount of HK\$95,009,000 of the same period last year.

## **BUSINESS REVIEW**

### **Apparel Business**

#### *China Mainland and Hong Kong SAR Markets*

During the period, China Mainland remained plagued by the spread of the Omicron virus. To safeguard people's safety and lives, the central government has adhered to the "dynamic zero" pandemic prevention policy to block the spread of the virus, and implemented various strict prevention and control measures. Moreover, the market was still overshadowed by the liquidity problems of the real estate enterprises. Under such circumstances, the Group's apparel business was inevitably affected. However, coupled with the sale increase of the wholesaling operation, the Group recorded an overall turnover of HK\$451,951,000 during the period, representing an increase of approximately 4% from the same period last year.

In China Mainland, the Group has continued to conduct its apparel operation through wholesaling to distributors in various cities and provinces, through self-operated retail shops and factory outlets located mainly in Guangzhou, Shanghai, Beijing, Chongqing, Liaoning, Jilin and Shandong, as well as through e-commerce and custom-ordering.

Owing to the Group's business model, there was lagging effect in the wholesale business performance as reflecting the latest market conditions. During the period, the business was focused on the supply of our 2022 spring and summer products to distributors. Compared against a relatively low base of ordering amounts of 2021 spring and summer products affected by COVID-19 in last year, and with no material sales return allowances granted to distributors during the period, sales to distributors in RMB increased by approximately 36%. However, impact of the worsening economic conditions on the distributor business during the period is yet to be observed.

The Group's self-operated retail operation has suffered a great deal from various strict anti-pandemic measures during the period. Some of our self-operated retail shops (mainly in Shanghai, Shenyang and Jilin) were required to close temporarily. As a result, the sales of our self-operated retail shops dropped year on year by approximately 14% in RMB, or 23% if excluding the outlets in Shandong taken over last April. Similarly, the business of the Group's factory outlets was also impacted by various lockdown measures and poor market sentiment, resulting in a year-on-year decrease in sales by approximately 18% in RMB.

At the end of the period, the Group's apparel products were sold through 814 retail outlets in China Mainland, among which 117 were self-operated (including 35 factory outlets).

The performance of e-commerce fell short of our expectations during the period due to the weak demands and difficulties in the delivery of e-commerce products caused by lockdown measures. As a result, e-commerce sales dropped year on year by approximately 12% in RMB. During the period, the Group continued to focus on the sales of special selected items, which accounted for approximately 89% of the e-commerce sales and the total e-commerce sales accounted for approximately 26% of the Group's apparel sales in China Mainland. The Group also started to introduce the "g+" brand casual wear on some e-commerce platforms at the end of the period. As this was only an attempt to test the market, the sales was minimal.

As our operation in custom-made corporate uniforms managed to stabilize during the period, coupled with a relatively low base from last year, sales registered a year-on-year increase of approximately 73% in RMB, the amount of which was generally in line with our expectations.

During the review period, the Group continued to grant licenses for distribution of shoes, leather goods, undergarments and casual wear in the China Mainland. Licensing fees were charged in accordance with terms in the relevant licensing agreements during the period. As a result of the upward adjustment of certain charges, the Group recorded a licensing income of HK\$48,045,000 during the period, representing an increase of approximately 5% from the same period last year.

In addition, the Group entered into an investment agreement, which was a framework agreement in nature, with the Guangzhou Airport Economic Zone Management Committee under the Guangzhou People's Government at the beginning of the year. Under the agreement, the Group planned to commence the construction of an integrated trading headquarter, including a logistics centre in Guangzhou Airport Economic Zone. No significant progress has been made for the project during the period, and relevant details are still subject to further negotiation.

#### *Singapore Markets*

With the successive release of various anti-pandemic measures in Singapore during the period, the market started to pick up. However, as the sales plan for new arrivals was delayed by the unscheduled delivery of the goods ordered due to global supply chain strains, local sales continued to focus on clearing off-season stocks during the period. As such, apparel sales stood at HK\$15,950,000 during the period, which was comparable with HK\$16,108,000 of the corresponding period last year.

During the period, the Group continued to streamline the retail network, including the closure of two underperforming shops after the expiry of current lease. At the end of the review period, there were a total of 3 Goldlion shops and 7 counters in Singapore, down by 3 in number when compared with the end of last year.

Although local sales continued to focus on clearing off-season stocks during the period, the sales of new arrivals went up. As a result, gross profit margin excluding movements in impairment of inventories stood at approximately 43%, which was higher than the 39% for the corresponding period last year. The Group also reversed the provision for impairment of inventories by HK\$3,484,000 during the period, whereas the reversal of provision for last year was HK\$5,484,000.

As the local government ceased to provide COVID-19-related wage subsidy, overall expenses during the period amounted to HK\$8,536,000, representing an increase of approximately 4% when compared with last year's HK\$8,175,000.

Including net rental income from investment properties of HK\$395,000 (HK\$265,000 for the same period last year), operating profit of the Group's Singapore operation for the period stood at HK\$2,254,000, representing a decrease of approximately 42% from HK\$3,874,000 for the same period last year, which was mainly related to the decrease in the reversal of inventory provision.

### **Property Investment and Development**

Except for the transfer of several office units to self-use, the Group's investment property portfolio had no significant changes during the period when compared with the end of last year. Value of investment properties recognized by the Group after independent professional valuations amounted to HK\$2,852,017,000 at the end of the period, of which property holdings in China Mainland, Hong Kong and Singapore were approximately HK\$1,638,562,000, HK\$1,168,710,000 and HK\$44,745,000, respectively. Because of the decreases in valuation amounts and RMB exchange rate, as well as the transfer of several investment properties to self-use, total value of investment properties in Hong Kong dollar was lower than the amount of HK\$2,994,394,000 at the end of last year. The Group's fair value losses on investment properties as based on the same independent professional valuations amounted to HK\$17,244,000, whereas the fair value losses were HK\$25,347,000 for the same period last year. The losses generated during the period mainly came from the property holding in China Mainland and especially the Goldlion Digital Network Centre in Guangzhou, while the fair value for properties in Hong Kong was slightly increased.

The Group's rental income and building management fees for the period stood respectively at HK\$78,995,000 and HK\$20,548,000, the total of which represented an increase of approximately 8% over the same period last year. The increase is because of all the vacant units in Yuan Village in Guangzhou and Hong Kong in last year were leased out during the period.

In Guangzhou, rental income and building management fees in RMB generated from Goldlion Digital Network Centre were approximately 3% higher than that of the corresponding period last year. With certain vacant units had still not yet filled up, our leasing position remained relatively stable. Overall occupancy rate for the period was about 79%, which was comparable with that of the corresponding period last year. With the premises in Yuan Village in Guangzhou completely leased out, rental income and building management fees from this building grew by approximately 27% in RMB.

In Shenyang, leasing of Goldlion Commercial Building was stable. Total rental income and building management fees in RMB increased by approximately 8% from the corresponding period last year.

Despite the outbreak of the fifth wave of the pandemic during the period, the impact on the leasing of the Group's investment properties in Hong Kong were immaterial. During the period, overall rental income and building management fees generated from Goldlion Holdings Centre in Shatin, which had been completely leased out since the end of last year, increased by about 18%. Besides, the Group's property at No. 3 Yuk Yat Street, To Kwa Wan had also been completely leased out during the period and overall income rose year on year by approximately 3%.

Regarding the development project "Goldlion Garden" in Meixian, construction works continued to be under way. By the end of the period, total development expenditure amounted to HK\$814,082,000, representing an increase of HK\$98,275,000 when compared with the end of last year. Under the first of its two phases, a total of six high-rise buildings with an aggregate of 524 residential units were mainly provided. Currently about 176 units of phase one have been sold. As the construction works were substantially completed, it was expected that the completed units can be delivered before the end of October 2022. In addition, the construction of the second phase of the project (with 456 residential units in five high-rise buildings and 47 low-rise units) was expected to be successively completed from 2023, and the pre-sale of certain units had been started. However, due to the significant decline in the market demand for residential properties resulting from the liquidity problems of the domestic real estate enterprises since last year as well as the on-going impact of the pandemic on overall economy, the pre-sale numbers of the project were below our expectations.

## **PROSPECTS**

Amid the current unsettling external environment, the economic recession seems to be imminent and the China Mainland economy shows no signs of improvement. In addition, economic activities are still affected by the prevention and control measures. It will continue to be challenging for the Group's operation in the rest of the year and business outlook is not optimistic.

Nonetheless, the Group will adhere to its prudent operation principle when developing its apparel business in China Mainland, with special efforts on optimizing the sales channels including the distributors. The Group will continue to follow up on the investment agreement regarding the Guangzhou Airport Economic Zone. Moreover, capitalizing on the "Guochao" (or the "Chinese fashion trend") in recent years, the Group is also planning to open a "Goldlion 3888" lifestyle store to promote its corporate culture and raise the brand awareness.

In addition, the Group's pre-order of 2023 spring and summer collections in sales fair was held in early August 2022. Initial figures reflected the reservation of our distributors in the market outlook and there was approximately 10% decrease in order amount from last year. It is expected that the orders will be delivered to distributors in the first half of 2023.

The Group will further strengthen the apparel business in Singapore to ensure the profitability recorded since last year can be sustained.

In respect of property investment business, except for Goldlion Digital Network Centre in Guangzhou, other properties have almost been leased out completely. The Group will focus on improving the leasing of Goldlion Digital Network Centre by reducing its vacancies and exploring its leasing potential.

As for the property development project "Goldlion Garden" in Meixian, phase one of the project is expected to be completed during the fourth quarter of the year. The Group will then place the emphasis on the construction progress of its second phase. The project is wholly funded by internal resources of the Group and do not involve any borrowings. Despite the poor market sentiment, the Group will strive to sell the remaining units according to actual market situation.

## **FINANCIAL POSITION**

As at 30th June 2022, the Group had cash and bank balances (including restricted cash of HK\$21,363,000) of approximately HK\$1,271,289,000, which was HK\$79,925,000 lower than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK\$38,813,000 and received interest income of HK\$10,233,000. However, the Group also paid dividends of HK\$68,748,000, increased fixed assets of HK\$6,818,000 and paid principal elements of lease payments of HK\$6,773,000. Besides, changes in foreign exchange rate during the period resulted in a decrease in cash and bank balances of HK\$46,669,000.

As at 30th June 2022, the Group did not have any bank loans or overdrafts. The gearing ratio, defined as the ratio of total lease liabilities less cash and bank balances divided by total equity, was zero.

As at 30th June 2022, the Group's current assets and liabilities were HK\$2,462,741,000 and HK\$627,161,000 respectively, with a current ratio at 3.9. Total current liabilities were 13.7% of the average capital and reserves attributable to owners of the Company of HK\$4,567,788,000.

As at 30th June 2022, the Group did not have any material contingent liabilities and had not charged any of the Group's assets. Commitments authorized but not contracted for and contracted but not provided for were HK\$555,000,000 and HK\$225,569,000 respectively.

As at 30th June 2022, the Group had guarantees in respect of mortgage facilities for certain property buyers amounting to HK\$93,062,000. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The above guarantees are to be discharged upon the earlier of (i) issue of the real estate ownership certificates; and (ii) the satisfaction of mortgaged loans by the property buyers. The Board considers that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the guarantees.

The Group conducted the business mainly in the China Mainland market through its PRC subsidiaries. Most of the relevant transactions were denominated in RMB and transactions involving foreign currencies were minimal. Foreign currency exposure did not pose a significant risk for the Group, but we will remain vigilant and closely monitor our exposure to movements in relevant currencies.

## **HUMAN RESOURCES**

At 30th June 2022, the Group had approximately 1,680 employees. Staff costs including directors' emoluments amounted to HK\$107,559,000 for the six months ended 30th June 2022. The Group ensures that employees' remuneration packages are competitive and are determined mainly on factors including job nature, market conditions and 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**

For the purpose of determining shareholders' entitlement to the proposed dividend, the Register of Members of the Company will be closed on 8th September 2022 and 9th September 2022 (two days), during which period no transfer of shares will be registered.

In order to qualify for the above-mentioned interim dividend, all transfers accompanied by the relevant share certificates must be lodged by 4:30 p.m. on Wednesday, 7th September 2022 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

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

## **CORPORATE GOVERNANCE**

The Company has complied with the Code Provisions in the Corporate Governance Code 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") for the six months ended 30th June 2022. In respect of Code Provision C.2.1, the positions of the Chairman of the Board and the Chief Executive Officer are held by the same individual, namely, Mr. Tsang Chi Ming, Ricky. The Board believes that holding the positions of both Chairman and Chief Executive Officer by Mr. Tsang Chi Ming, Ricky provides the Group with more effective planning and execution of long-term business strategies and enhances efficiency in decision-making. The Board also believes that an effective corporate governance structure of the Group has been in place to ensure an appropriate monitoring of management.

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 six months ended 30th June 2022, 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, risk management and internal control procedures of the Group. As at the date of this announcement, the Audit Committee has four members comprising Mr. Li Ka Fai, David (Chairman), Dr. Lau Yue Sun and Mr. Ngan On Tak, all of them being independent non-executive Directors, and Mr. Ng Ming Wah, Charles, being a non-executive Director of the Company.

## **REVIEW OF FINANCIAL INFORMATION**

The Audit Committee has reviewed the Group's unaudited interim financial information for the six months ended 30th June 2022. At the request of the Board of Directors, the Company's external auditor, PricewaterhouseCoopers, has carried out a review of this unaudited interim financial information in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

## **PUBLICATION OF INFORMATION ON THE WEBSITE OF THE COMPANY AND THE STOCK EXCHANGE**

The interim results announcement is published on the website of the Company ([www.goldlion.com](http://www.goldlion.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2022 interim 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 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, Mr. Li Ka Fai, David and Mr. Ngan On Tak as independent non-executive Directors.

By order of the Board  
**Kam Yiu Kwok**  
Company Secretary

Hong Kong, 17th August 2022