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 2023

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 2023 as follows:

Condensed Consolidated Interim Income Statement
For the six months ended 30th June 2023

		Unaudited Six months ended	
		30.6.2023	**30.6.2022**
	Note	HK$'000	HK$'000
Turnover	2	661,236	615,489
Cost of sales	4	(272,109)	(248,550)
Gross profit		389,127	366,939
Other losses	3	(22,856)	(17,244)
Selling and marketing costs	4	(207,278)	(189,233)
Administrative expenses	4	(81,124)	(77,906)
Operating profit		77,869	82,556
Interest income		13,206	10,516
Interest expense		(787)	(626)
Profit before income tax		90,288	92,446
Income tax expense	5	(11,680)	(9,527)
Profit for the period attributable to owners of the Company		78,608	82,919
Earnings per share		*HK cents*	*HK cents*
- Basic and diluted	6	8.03	8.44

Condensed Consolidated Interim Statement of Comprehensive Income
For the six months ended 30th June 2023

	Unaudited Six months ended	
	30.6.2023	**30.6.2022**
	HK$'000	HK$'000
Profit for the period	78,608	82,919
Other comprehensive income/(loss)		
Item that will not be reclassified subsequently to profit or loss		
Revaluation of property, plant and equipment upon reclassification to investment property	875	-
Income tax relating to these items	(219)	-
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	(72,717)	(128,076)
Other comprehensive loss for the period	(72,061)	(128,076)
Total comprehensive income/(loss) for the period attributable to owners of the Company	6,547	(45,157)

Condensed Consolidated Interim Balance Sheet
As at 30th June 2023

	Note	As at 30.6.2023 (Unaudited) HK$'000	As at 31.12.2022 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		147,993	145,273
Right-of-use assets		86,406	87,053
Investment properties		2,752,845	2,775,582
Financial assets at fair value through other comprehensive income		5,288	5,432
Deferred income tax assets		49,136	57,478
		3,041,668	3,070,818
Current assets			
Property under development held for sale		714,362	767,938
Inventories		167,254	204,578
Trade receivables	8	60,394	125,091
Prepayments, deposits and other receivables		113,465	80,503
Contract assets		42,570	64,980
Tax recoverable		7,215	3
Restricted cash		20,300	26,186
Bank deposits		842,794	840,885
Cash and cash equivalents		305,346	309,805
		2,273,700	2,419,969
Total assets		**5,315,368**	**5,490,787**
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		1,096,939	1,096,939
Reserves		3,308,069	3,350,444
Total equity		4,405,008	4,447,383
LIABILITIES			
Non-current liabilities			
Other payables and accruals		28,902	26,152
Lease liabilities		24,563	31,048
Deferred income tax liabilities		381,686	399,376
		435,151	456,576
Current liabilities			
Trade payables	9	27,368	47,251
Other payables and accruals		203,083	227,776
Contract liabilities		219,075	269,118
Lease liabilities		18,151	18,629
Current income tax liabilities		7,532	24,054
		475,209	586,828
Total liabilities		910,360	1,043,404
Total equity and liabilities		**5,315,368**	**5,490,787**

Notes:

1. Principal accounting policies

This condensed consolidated interim financial information for the six months ended 30th June 2023 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 2022, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The financial information relating to the year ended 31st December 2022 that is included in this preliminary announcement of interim results for the six months ended 30th June 2023 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 2022 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 2022. 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 2022, as described in those annual financial statements.

(a) The new standard and amended standards effective in 2023 but not relevant to the Group

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of accounting policies
HKAS 8 (Amendment)	Definition of accounting estimates
HKAS 12 (Amendment)	Deferred tax related to assets and liabilities arising from a single transaction
HKAS 12 (Amendment)	International Tax Reform – Pillar Two Model Rules

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

(a) The new standard and amended standards effective in 2023 but not relevant to the Group *(continued)*

HKFRS 17	Insurance contracts
HKFRS 17 (Amendment)	Amendments to HKFRS 17
HKFRS 17 (Amendment)	Initial application of HKFRS 17 and HKFRS 9 – Comparative information

The above new standard and 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.

(b) The following amended standards and new interpretation have been issued but are not effective for the financial year beginning on 1st January 2023 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 2024
HKAS 1 (Amendment)	Non-current liabilities with covenants	1st January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1st January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established
HKFRS 16 (Amendment)	Lease liability in a sale and leaseback	1st January 2024
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 2024

The above amended standards and new interpretation 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 30.6.2023 HK$'000	Six months ended 30.6.2022 HK$'000
Revenue recognized under HKFRS 15		
Sales of goods	481,238	467,901
Sales of properties	43,046	-
Building management fees	20,737	20,548
Licensing income	38,891	48,045
	583,912	536,494
Revenue recognized under other accounting standards		
Rental income from investment properties	77,324	78,995
	661,236	615,489
Timing of revenue recognition under HKFRS 15		
At a point in time	524,284	467,901
Over time	59,628	68,593
	583,912	536,494

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	
	30.6.2023 Segment turnover HK$'000	**30.6.2022 Segment turnover** HK$'000	**30.6.2023 Segment results** HK$'000	**30.6.2022 Segment results** HK$'000
Operating segments				
Apparel in China Mainland and Hong Kong SAR	502,618	500,403	63,258	75,337
Apparel in Singapore	17,703	15,950	(1,482)	1,859
Property investment and development	146,408	102,774	44,904	38,767
Inter-segment sales	(5,493)	(3,638)	-	-
	661,236	615,489	106,680	115,963
Unallocated costs			(16,392)	(23,517)
Profit before income tax			90,288	92,446
Income tax expense			(11,680)	(9,527)
Profit for the period			78,608	82,919

3. Other losses

	Six months ended 30.6.2023 HK$'000	30.6.2022 HK$'000
Fair value losses on investment properties	22,856	17,244

4. Expenses by nature

	Six months ended 30.6.2023 HK$'000	30.6.2022 HK$'000
Cost of inventories sold	218,044	217,149
Cost of properties sold	31,030	-
Provision for impairment of inventories	4,441	11,205
Direct operating expenses arising from investment properties that generated rental income	18,209	19,309
Expenses relating to short-term leases and variable lease payments	42,818	40,478
Depreciation of property, plant and equipment	12,836	10,132
Depreciation of right-of-use assets	8,699	8,237
Impairment of right-of-use assets	127	-
(Reversal of provision)/provision for impairment of trade receivables, net	(737)	1,256
Staff costs including directors' emoluments	111,546	107,559
Advertising and promotion expenses	46,514	35,621
Other expenses	66,984	64,743
	560,511	515,689
Representing:		
Cost of sales	272,109	248,550
Selling and marketing costs	207,278	189,233
Administrative expenses	81,124	77,906
	560,511	515,689

5. Income tax expense

Hong Kong profits tax has not been provided for as the Group's estimated assessable profit for the period are set off by tax loss carried forward from prior years (2022: Hong Kong profits tax has been provided at the rate of 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% (2022: 25%). For subsidiaries that qualify for the inclusive tax reduction policy for small and micro enterprises, in accordance with the existing policy of the PRC, taxation on profits generated in the PRC has been calculated at a preferential rate of 5% (2022: 2.5% to 5%). 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	
	30.6.2023	**30.6.2022**
	HK$'000	HK$'000
Current tax		
- Hong Kong	-	55
- PRC enterprise income tax	12,257	20,345
Deferred income tax	(577)	(10,873)
Total income tax expense	11,680	9,527

6. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the Company of HK$78,608,000 (six months ended 30th June 2022: HK$82,919,000) and the number of ordinary shares in issue of 978,436,035 (six months ended 30th June 2022: 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 2023 and 2022.

7. Dividend

	Six months ended	
	30.6.2023	**30.6.2022**
	HK$'000	HK$'000
Interim dividend of 3.5 HK cents (2022: 3.5 HK cents) per ordinary share	34,245	34,374

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:

	As at 30.6.2023 HK$'000	**As at 31.12.2022** HK$'000
1-30 days	48,024	101,618
31-90 days	9,151	17,827
Over 90 days	4,677	7,841
Trade receivables	61,852	127,286
Less: provision for impairment of trade receivables	(1,458)	(2,195)
Trade receivables - net	60,394	125,091

9. Trade payables

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

	As at 30.6.2023 HK$'000	**As at 31.12.2022** HK$'000
1-30 days	19,763	40,130
31-90 days	5,132	4,760
Over 90 days	2,473	2,361
	27,368	47,251

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 3.5 HK cents per share (2022: 3.5 HK cents per share) for the year ending 31st December 2023, totalling HK$34,245,000 (2022: HK$34,374,000), which is expected to be payable on or about 20th September 2023 to shareholders whose names appear on the Register of Members as at 8th September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover

During the period under review, as China Mainland has withdrawn various anti-pandemic control measures, the market has returned to normal gradually. However, the significant economic rebound as expected before has not yet occurred, and market condition needs to improve. Due to the record of revenue from sales of properties of HK$43,046,000 during the period, the total turnover of the Group in the first half of the year was HK$661,236,000, representing an increase of 7% from HK$615,489,000 of the corresponding period last year. The turnover would remain the same as last year if the revenue from sales of properties was excluded, of which revenue from the apparel business increased by 3%, while from property investment and licensing business decreased by 1% and 19% respectively.

Cost of sales and gross profit

Cost of sales for the period was HK$272,109,000, including cost of inventories sold of our apparel operation of HK218,044,000, provision for impairment of inventories of HK$4,441,000, cost of properties sold of HK$31,030,000 and direct operating expenses arising from investment properties of HK$18,209,000.

During the period, the cost of inventories sold of our apparel operation was HK$218,044,000 and was in line with HK$217,149,000 of the same period last year. Gross profit margin excluding the effect of impairment of inventories was 54.6%, which was slightly higher than the margin of 53.4% for the corresponding period last year. The Group recorded a provision for impairment of inventories of HK$4,441,000 which was lower than the amount of HK$11,205,000 of the same period last year.

Cost of sales for the period included the direct operating expenses arising from investment properties of HK$18,209,000, representing a decrease of approximately 6% from HK$19,309,000 of the same period last year.

Other losses

During the period, the Group recorded fair value losses on investment properties of HK$22,856,000, representing an increase of HK$5,612,000 when compared with the losses of HK$17,244,000 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, advertising and promotion, and relevant marketing expenses and tax fees relating to the Meixian property development project. The Group recorded selling and marketing costs of HK$207,278,000 for the period, representing an increase of 10% from HK$189,233,000 of the same period last year. The increase was mainly due to a smaller comparative figure resulted from the cancellation or delay of certain promotional activities caused by various anti-pandemic measures in last year.

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$81,124,000 for the period, higher than the amount of HK$77,906,000 of the same period last year by 4%.

Operating profit

Operating profit for the period amounted to HK$77,869,000, a decrease of approximately 6% from HK$82,556,000 of the same period last year. The operating profit margin of 11.8% was lower than the margin of 13.4% of the same period last year mainly relating to the increase in fair value losses on investment properties.

Profit attributable to owners of the Company

Due to the rise in deposit interest rate starting from second quarter of last year, the Group recorded a net interest income of HK$12,419,000 for the period, higher than the same period last year's HK$9,890,000 by approximately 26%.

After offsetting the reversal of tax for fair value losses on investment properties amounting to HK$8,553,000 (HK$8,998,000 for the corresponding period last year), the income tax expense for the period was HK$11,680,000 and was higher than the amount of HK$9,527,000 of the same period last year. Effective tax rate excluding fair value losses on investment properties and the related tax effect was 17.9% and was also higher than the corresponding period last year's 16.9%.

The Group's profit attributable to owners of the Company for the period was HK$78,608,000, decreased by approximately 5% from HK$82,919,000 of the same period last year. Profit for the period would be HK$92,911,000 if the net fair value losses after tax on investment properties of HK$14,303,000 (HK$8,246,000 for the corresponding period last year) were excluded, and was approximately 2% higher than the amount of HK$91,165,000 of the same period last year.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets
As the new wave of pandemic that broke out in the fourth quarter of last year eased at the beginning of the year, various anti-pandemic measures had been withdrawn at the beginning of the period under review. Overall business environment has returned to normal gradually. However, the recovery was slower than expected, and the growth momentum still needs to be improved. The overall turnover for the period amounted to HK$463,535,000, increased by approximately 3% from the corresponding period last year. However, owing to the use of a lower RMB exchange rate by about 8% during the period, the increase was approximately 11% in term of RMB.

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.

During the period, our wholesaling business was focused on the supply of our 2023 spring and summer products to distributors. Orders for related products were placed by distributors in August last year and decreased as compared with previous year. However, as some deliveries that were originally scheduled before the end of last year were postponed to this year due to the pandemic, sales to distributors in RMB increased by approximately 6%. During the period, the sales of this business accounted for approximately 36% of the Group's apparel sales in China Mainland.

Domestic retail market has returned to normal during the period following the relaxation of various anti-pandemic measures. Sales disruption affected by the pandemic in last year results in a lower base of comparison. As such, sales of our self-operated retail shops increased by approximately 29% in RMB from last year. Double digits growths were achieved by all of our major operating regions. During the period, the sales of this business accounted for approximately 18% of the Group’s apparel sales in China Mainland.

Similarly, the business of the Group’s factory outlets has also rebounded significantly. The sales increased by approximately 25% in RMB as compared with the same period last year. During the period, the sales of this business accounted for approximately 14% of the Group’s apparel sales in China Mainland.

The Group continued to operate three “Goldlion 3388” lifestyle stores in Shanghai and Guangzhou. Such stores recorded a small amount of sales during the period, and the operating loss after various expenses and provisions amounted to HK$12,893,000.

At the end of the period, the Group’s apparel products were sold through 779 retail outlets in China Mainland, among which 117 were self-operated (including 35 factory outlets).

Similarly, the Group's e-commerce business was benefited from market recovery during the period. Due to a lower base of comparison and lowering of product price for inventory clearance, e-commerce sales also increased by approximately 18% in RMB from last year. During the period, the Group continued to focus on the sales of special selected items, which accounted for approximately 94% of the e-commerce sales. Total e-commerce sales accounted for approximately 28% of the Group’s apparel sales in China Mainland. In addition, the Group introduced its “g+” brand casual wear in last year. Market response still fell short of expectations during the period and sales amount was minimal.

Performance of our operation in custom-made corporate uniforms was not able to meet our expectations during the period. Sales registered a year-on-year decrease of approximately 61% in RMB. However, such business accounts for a small proportion of the Group’s domestic apparel sales.

During the period under review, 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 downward adjustment of certain charges, the Group recorded a licensing income of HK$38,891,000 during the period, representing a decrease of approximately 19% from the corresponding period last year.

Singapore Markets

Singapore markets have returned to normal since the second half of last year, and the market situation has improved significantly. However, as consumers have become more cautious in their consumptions since the second quarter due to the increasing cost of living and unstable external environment, our sales have slowed down accordingly. Our apparel sales amounted to HK$17,703,000 during the period, representing an increase of 11% as compared with HK$15,950,000 of the corresponding period last year.

During the period, there was no material change in the Group's retailing network from that at the end of last year. Currently, there are a total of 4 Goldlion shops and 6 counters in Singapore.

The Group focused on clearing off-season stocks during the corresponding period last year and turned to the sales of new arrivals with higher profit margin during the period. As a result, gross profit margin excluding changes in impairment of inventories was 55%, representing an increase of approximately 12 percentage points when compared with 43% of last year. Due to the rebound of inventory level following the resumption of purchases, a provision for impairment of inventories during the period amounting to HK$1,218,000 was recorded, as against a reversal of provisions of HK$3,484,000 in last year.

Mainly due to the changes in the provision for impairment of inventories, the Group's Singapore operation recorded a loss of HK$1,482,000 during the period, as compared with a profit of HK$1,859,000 last year.

Property Investment and Development

Except for the transfer of newly completed commercial units of "Goldlion Garden" in Meixian to investment properties, 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$2,752,845,000 at the end of the period, of which property holdings in China Mainland, Hong Kong and Singapore were approximately HK$1,525,345,000, HK$1,181,100,000 and HK$46,400,000 respectively. Because of the decreases in valuation amounts and RMB exchange rate, total value of investment properties in Hong Kong dollar was lower than the amount of HK$2,775,582,000 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$22,856,000, whereas the fair value losses were HK$17,244,000 for the corresponding 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.

During the period, the Group's rental income and building management fees amounted to HK$77,324,000 and HK$20,737,000, respectively, the total of which represented a decrease of approximately 1% over last year. The decrease is mainly due to a lower RMB exchange rate.

In Guangzhou, rental income and building management fees in RMB generated from Goldlion Digital Network Centre were approximately 4% higher than that of last year. The overall occupancy rate is approximately 83%, which was higher than the 79% of last year. However, the leasing situation still needs improvement. With the premises in Yuan Village in Guangzhou completely leased out during the period, rental income and building management fees increased by approximately 6% in RMB.

In Shenyang, leasing of Goldlion Commercial Building continued to be stable. Total rental income and building management fees in RMB were in line with those of the corresponding period last year.

The leasing of the Group's investment properties in Hong Kong remained stable. During the period, overall rental income and building management fees generated from Goldlion Holdings Centre in Shatin, which had been completely leased out during the period, increased by approximately 3%. Besides, the Group's property at No. 3 Yuk Yat Street, To Kwa Wan had also been completely leased out during the year and overall income rose year on year by approximately 6%.

The development project "Goldlion Garden" in Meixian has two phases. For the phase one of the project, a total of six high-rise buildings with an aggregate of 524 residential units were mainly provided, while for the second phase, a total of five high-rise buildings with an aggregate of 452 residential units and 47 low-rise units were provided. First phase of the project was completed in September last year and the construction of high-rise buildings of the second phase was expected to be successively completed in the second half of the year. Currently, about 239 units of phase one have been sold, of which 154 completed units were delivered last year, and 51 completed units were delivered during the period and the income from property sales recognized amounted to HK$43,046,000. As for the second phase, about 35 units have been sold. After deducting the cost of property sales of HK$31,030,000 during the period, the total expenditure of the project at the end of the period was HK$714,362,000. Under the current market conditions, it is expected that the unsold units will take time to sell.

PROSPECTS

It is expected that the business of the Group will continue to be affected by various Mainland and external uncertainties in the foreseeable future. Mainland economic situation has not yet fully bottomed out after the pandemic. Coupled with the impact of weak demand and the continued sluggish real estate market, we can foresee that the business situation will remain very difficult this year.

As for the apparel business in China Mainland, the Group will continue to improve product quality, strengthen self-operated retailing capabilities and optimize various sales channels including distributors. In its pre-order of 2024 spring and summer collections in sales fair held in early August, the Group had increased the rate of returns and exchanges for its distributors, and introduced new trading models such as consignment and franchising. The Group will also continue to promote "Goldlion 3388" lifestyle stores, and build a brand museum to promote the "Goldlion" brand in Meizhou.

In respect of the apparel business in Singapore, the Group will continue to improve its local operations and strengthen its sales network to ensure a sustainable growth of business.

In addition, the Group established a new energy company in China, which is planned to engage in photovoltaic business. Authorized share capital of the Company is RMB30,000,000 and its operation is expected to commence in the second half of the year.

In respect of property investment business, the Group will continue to improve the leasing of Goldlion Digital Network Centre and other properties by reducing its vacancies and exploring its leasing potential.

As for the property development project "Goldlion Garden" in Meixian, the Group will focus on the progress of phase two construction works and strive to sell the remaining units.

FINANCIAL POSITION

As at 30th June 2023, the Group had cash and bank balances (including restricted cash of HK$20,300,000) of approximately HK$1,168,440,000, which was HK$8,436,000 lower than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK$79,839,000 and received interest income of HK$12,484,000. However, the Group also paid dividends of HK$48,922,000, increased fixed assets of HK$18,746,000 and paid principal elements of lease payments of HK$8,888,000. Besides, changes in foreign exchange rate during the period resulted in a decrease in cash and bank balances of HK$24,312,000.

As at 30th June 2023, 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 2023, the Group's current assets and liabilities were HK$2,273,700,000 and HK$475,209,000 respectively, with a current ratio at 4.8. Total current liabilities were 10.7% of the average capital and reserves attributable to owners of the Company of HK$4,426,196,000.

As at 30th June 2023, 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$514,000,000 and HK$62,486,000 respectively.

As at 30th June 2023, the Group had guarantees in respect of mortgage facilities for certain property buyers amounting to HK$16,929,000. 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) the banks received the corresponding real estate ownership certificates as custody; or (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 2023, the Group had approximately 1,730 employees. Staff costs including directors' emoluments amounted to HK$111,546,000 for the six months ended 30th June 2023. 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 7th September 2023 and 8th September 2023 (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, 6th September 2023 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 2023. 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 2023, 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 five members comprising Mr. Li Ka Fai, David (Chairman), Dr. Lau Yue Sun, Mr. Ngan On Tak and Ms. Lo Wing Sze, 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 2023. 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) and the Stock Exchange (www.hkexnews.hk). The 2023 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 as an executive Director; Mr. Ng Ming Wah, Charles as a non-executive Director; and Dr. Lau Yue Sun, Mr. Li Ka Fai, David, Mr. Ngan On Tak and Ms. Lo Wing Sze as independent non-executive Directors.

By order of the Board
Kam Yiu Kwok
Company Secretary

Hong Kong, 17th August 2023