# GOLDLION HOLDINGS LIMITED

*(Incorporated in Hong Kong under the Hong Kong Companies Ordinance)*
**(Stock code: 533)**

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2013

**RESULTS**

The Board of Directors announces the unaudited condensed consolidated results of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 30th June 2013 as follows:

**Condensed Consolidated Income Statement**
**For the six months ended 30th June 2013**

| | Note | **Unaudited Six months ended 30.6.2013** | **30.6.2012** |
|---|---|---|---|
| | | HK$'000 | HK$'000 |
| Turnover | 2 | 818,240 | 878,903 |
| Cost of sales | 4 | (343,794) | (355,824) |
| Gross profit | | 474,446 | 523,079 |
| Other gains, net | 3 | 52,953 | 69,406 |
| Selling and marketing costs | 4 | (157,815) | (164,116) |
| Administrative expenses | 4 | (92,868) | (123,070) |
| Operating profit | | 276,716 | 305,299 |
| Interest income | | 14,376 | 14,030 |
| Profit before income tax | | 291,092 | 319,329 |
| Income tax expense | 5 | (65,184) | (68,733) |
| Profit for the period | | 225,908 | 250,596 |
| Profit attributable to: | | | |
| Owners of the parent | | 225,908 | 249,982 |
| Non-controlling interests | | - | 614 |
| | | 225,908 | 250,596 |
| Earnings per share for profit attributable to owners of the parent during the period | 6 | *HK cents* | *HK cents* |
| - basic | | 23.00 | 25.45 |
| - diluted | | 23.00 | 25.45 |

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

**Condensed Consolidated Statement of Comprehensive Income**
**For the six months ended 30th June 2013**

| | Unaudited Six months ended | |
|---|---|---|
| | **30.6.2013** | **30.6.2012** |
| | HK$'000 | HK$'000 |
| Profit for the period | 225,908 | 250,596 |
| Other comprehensive income | | |
| *Item that may be reclassified subsequently to profit or loss* | | |
| Exchange differences on translation of financial statements of overseas subsidiaries | 31,333 | 18,307 |
| Total comprehensive income for the period | 257,241 | 268,903 |
| Attributable to: | | |
| Owners of the parent | 257,241 | 268,289 |
| Non-controlling interests | - | 614 |
| Total comprehensive income for the period | 257,241 | 268,903 |

## Condensed Consolidated Balance Sheet
## As at 30th June 2013

| | Note | As at 30.6.2013 (Unaudited) HK$'000 | As at 31.12.2012 (Audited) HK$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Land use rights | | 20,403 | 21,174 |
| Property, plant and equipment | | 195,590 | 202,013 |
| Investment properties | | 2,180,984 | 2,102,764 |
| Deposits | | 14,226 | 12,265 |
| Deferred income tax assets | | 52,384 | 40,855 |
| | | 2,463,587 | 2,379,071 |
| **Current assets** | | | |
| Completed properties held for sale | | - | 1,470 |
| Inventories | | 254,811 | 376,900 |
| Trade receivables | 8 | 62,521 | 110,707 |
| Prepayments, deposits and other receivables | | 136,640 | 71,744 |
| Tax recoverable | | - | 1,466 |
| Bank deposits | | 797,232 | 724,073 |
| Cash and cash equivalents | | 422,079 | 341,188 |
| | | 1,673,283 | 1,627,548 |
| Assets classified as held for sale | | 61,155 | 60,342 |
| | | 1,734,438 | 1,687,890 |
| **Total assets** | | **4,198,025** | **4,066,961** |
| **EQUITY** | | | |
| **Capital and reserve attributable to owners of the parent** | | | |
| Share capital | | 98,211 | 98,211 |
| Reserves | | 3,131,833 | 2,962,982 |
| Proposed dividend | | 88,390 | 176,781 |
| **Total equity** | | 3,318,434 | 3,237,974 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | 345,657 | 336,151 |
| **Current liabilities** | | | |
| Trade payables | 9 | 39,358 | 91,727 |
| Other payables and accruals | | 472,775 | 385,353 |
| Current income tax liabilities | | 21,801 | 15,756 |
| | | 533,934 | 492,836 |
| **Total liabilities** | | 879,591 | 828,987 |
| **Total equity and liabilities** | | **4,198,025** | **4,066,961** |
| **Net current assets** | | 1,200,504 | 1,195,054 |
| **Total assets less current liabilities** | | 3,664,091 | 3,574,125 |

Notes:

## 1. Principal accounting policies

This condensed consolidated interim financial information for the six months ended 30th June 2013 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 ("HKICPA"), 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 2012.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2012, as described in those annual financial statements.

The following new standard and amendment to standard are relevant to the Group and are mandatory for the first time for the financial year beginning on or after 1st January 2013.

HKAS 1 (Amendment), 'Presentation of financial statements'
HKFRS 10, 'Consolidated financial statements'

This standard and the amendment to standard have not had any significant impact on the Group's condensed consolidated interim financial information for the six months ended 30th June 2013.

The following standards, amendments and interpretation to existing standard are effective in 2013 but not relevant to the Group.

HKFRSs (Amendment), 'Annual improvements 2009-2011 cycle'
HKAS 19 (Amendment), 'Employee benefits'
HKAS 27 (Revised), 'Separate financial statements'
HKAS 28 (Revised), 'Investments in associates and joint ventures'
HKFRS 1 (Amendment), 'Government loans'
HKFRS 7 (Amendment), 'Financial instruments: Disclosures – Offsetting financial assets and financial liabilities'
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments), 'Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance'
HKFRS 11, 'Joint arrangements'
HKFRS 12, 'Disclosures of interests in other entities'
HKFRS 13, 'Fair value measurement'
HK(IFRIC) - Int 20, 'Stripping costs in the production phase of a surface mine'

## 2. Turnover and segment information

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

| | Six months ended 30.6.2013 HK$'000 | Six months ended 30.6.2012 HK$'000 |
|---|---|---|
| Sales of goods | 696,898 | 764,347 |
| Gross rental income from investment properties | 67,112 | 64,387 |
| Building management income | 20,176 | 18,808 |
| Licensing income | 34,054 | 31,361 |
| | 818,240 | 878,903 |

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

| | Six months ended 30.6.2013 Segment turnover HK$'000 | Six months ended 30.6.2012 Segment turnover HK$'000 | Six months ended 30.6.2013 Segment results HK$'000 | Six months ended 30.6.2012 Segment results HK$'000 |
|---|---|---|---|---|
| Operating segments | | | | |
| Apparel in China Mainland and Hong Kong SAR | 653,294 | 721,977 | 201,108 | 214,859 |
| Apparel in Singapore and Malaysia | 77,658 | 73,731 | 5,919 | 4,160 |
| Property investment and development | 90,655 | 86,579 | 104,319 | 121,728 |
| Inter-segment sales | (3,367) | (3,384) | - | - |
| | 818,240 | 878,903 | 311,346 | 340,747 |
| Unallocated costs | | | (20,254) | (21,418) |
| Profit before income tax | | | 291,092 | 319,329 |
| Income tax expense | | | (65,184) | (68,733) |
| Profit for the period | | | 225,908 | 250,596 |

## 3. Other gains, net

| | Six months ended 30.6.2013 HK$'000 | Six months ended 30.6.2012 HK$'000 |
|---|---|---|
| Fair value gains on investment properties | 53,016 | 69,406 |
| Fair value loss on assets classified as held for sale | (63) | - |
| | 52,953 | 69,406 |

## 4. Expenses by nature

| | Six months ended 30.6.2013 HK$'000 | Six months ended 30.6.2012 HK$'000 |
|---|---|---|
| Cost of inventories sold | 301,566 | 342,654 |
| Provision for/(reversal of) impairment for inventories | 18,672 | (8,933) |
| Direct operating expenses arising from investment properties that generated rental income | 21,411 | 19,678 |
| Amortization of land use rights | 1,013 | 983 |
| Depreciation of property, plant and equipment | 13,723 | 13,458 |
| Staff costs including directors' emoluments | 107,708 | 126,068 |
| Other expenses | 130,384 | 149,102 |
| | 594,477 | 643,010 |
| Representing: | | |
| Cost of sales | 343,794 | 355,824 |
| Selling and marketing costs | 157,815 | 164,116 |
| Administrative expenses | 92,868 | 123,070 |
| | 594,477 | 643,010 |

## 5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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% (2012: 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 income statement represents:

| | Six months ended | |
|---|---|---|
| | **30.6.2013** | **30.6.2012** |
| | HK$'000 | HK$'000 |
| Current tax | | |
| - Hong Kong | 380 | 564 |
| - PRC enterprise income tax | 70,024 | 68,308 |
| - Overseas taxation | 1,006 | 707 |
| Deferred income tax | (6,226) | (846) |
| Total income tax expense | 65,184 | 68,733 |

## 6. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the parent of HK$225,908,000 (six months ended 30th June 2012: HK$249,982,000) and the number of ordinary shares in issue of 982,114,035 (six months ended 30th June 2012: 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 2013 and 2012.

## 7. Dividend

| | Six months ended | |
|---|---|---|
| | **30.6.2013** | **30.6.2012** |
| | HK$'000 | HK$'000 |
| Interim dividend of 9.0 HK cents (2012: 9.0 HK cents) per ordinary share | 88,390 | 88,390 |

## 8. Trade receivables

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

| | **As at 30.6.2013** HK$'000 | **As at 31.12.2012** HK$'000 |
|---|---|---|
| 1-30 days | 43,510 | 74,714 |
| 31-90 days | 18,010 | 27,199 |
| Over 90 days | 1,001 | 8,794 |
| | 62,521 | 110,707 |

## 9. Trade payables

Trade payables are aged as follows:

| | **As at 30.6.2013** HK$'000 | **As at 31.12.2012** HK$'000 |
|---|---|---|
| 1-30 days | 33,281 | 75,607 |
| 31-90 days | 4,669 | 7,212 |
| Over 90 days | 1,408 | 8,908 |
| | 39,358 | 91,727 |

## INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 9.0 HK cents per share (2012: 9.0 HK cents per share) for the year ending 31st December 2013, totaling HK$88,390,000 (2012: HK$88,390,000), which is expected to be payable on or about 24th September 2013 to shareholders whose names appear on the Register of Members as at 13th September 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING RESULTS

### Turnover and gross profit

The Group recorded a turnover of HK$818,240,000 in the six months ended 30th June 2013, or a drop of 7%, over the same period last year. The drop in turnover was mainly due to the unsatisfactory performance of apparel sales in the China Mainland market. A drop of 10% in turnover was recorded over the same period last year, which was mainly attributable to the wholesale business to distributors. For other operations, including the apparel business in the Singapore and Malaysia markets, income from rental of properties, building management and licensing of brand name, the turnover were all higher than the same period last year.

Gross profit for the period was HK$474,446,000, representing a drop by 9% from HK$523,079,000 of the same period last year. Overall gross profit margin also decreased by 1.5 percentage points to 58%, mainly due to additional provision for increasing off-season stocks at the end of the period than that of last year.

### Operating expenses and operating profit

In light of the market uncertainties, the Group has implemented stringent cost controls during the period. Selling and marketing costs for the period decreased by 4% to HK$157,815,000, representing 19% of the overall turnover, same as the same period last year.

Administrative expenses for the period were reduced by 25% to HK$92,868,000. Other than implementation of effective cost control measures, the drop was also related to the decrease in the annual bonus accrual after the retirement of a key management staff early this year.

During the period, the Group recorded other gains, net of HK$52,953,000 including fair value gains on investment properties of HK$53,016,000 and fair value loss on assets classified as held for sale of HK$63,000. Other gains for the same period last year represented fair value gains on investment properties of HK$69,406,000.

Operating profit for the period amounted to HK$276,716,000 compared with HK$305,299,000 of the same period last year, representing a drop of 9%. The operating profit margin was approximately 33.8% and was slightly lower than same period last year by 0.9 percentage point.

### Profit attributable to owners of the parent

Profit attributable to owners of the parent for the period was HK$225,908,000, decreasing by 10% from HK$249,982,000 of



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## BUSINESS REVIEW

### Apparel Business

*China Mainland and Hong Kong SAR Markets*

During the period under review, the overall economy of China Mainland remained weak. Sluggish retail market and gloomy consumer sentiment was resulted from the slowdown in GDP growth. Besides, the demand of mid to high-end consumer products was weakened by various campaigns pursued by the Central Government to curb extravagance. The operating environment was becoming more difficult and brought severe challenges to the mid to high-end wholesalers and retailers.

Our apparel operation in China Mainland is mainly conducted through wholesaling to distributors in various cities and provinces, as well as through self-operated retail shops (including factory outlets) mainly in Guangzhou, Shanghai and Beijing.

Sales to distributors dropped by about 18% in Renminbi ("RMB") during the period. In response to the unsatisfactory market conditions, distributors of the Group strengthened the efforts to clear the inventories on hand. The sales of new season products were slowed down without achieving the original sales target. In addition, longer repayment period from department stores also affected the operation of distributors. To ease the pressures of the distributors, the Group provided appropriate assistance and support to the distributors during the period. The Group also adopted a more flexible sales return measure to allow the distributors to return and exchange goods beyond the established goods return policy. Allowances for the return were recorded in this interim financial information.

Last year, the Group appointed a retailer to operate the "Gold Label" retail business in certain cities and provinces in China. However, serious market downturn held up the shop opening schedule of this retailer. In turn, the appointment for operating "Gold Label" retail business was terminated in the middle of the year. The Group took up the few "Gold Label" outlets for direct operation and the retailer returned the unsold goods to the Group. Allowances for the return were recorded in this interim financial information.

During the period, the sales to distributors mainly covered products of the 2013 spring and summer collections. The total sales, excluding the impact from the above sales returns, were comparable to that for the corresponding period of last year.

Despite the difficult market conditions, sales of self-operated retail shops (excluding factory outlets) still recorded an increase of 4% in RMB during the period. Besides, due to the boosting measures, sales of factory outlets for the period also recorded a growth of about 9%.

At the end of the period, the Group had approximately 1,250 outlets in China Mainland, including approximately 82 self-operated outlets. The number of outlets was slightly lower than that of last year as the Group had reorganized some outlets with relatively unsatisfactory performance during the period. For better brand positioning, the Group also plans to further restructure the underperforming outlets.

During the period, the Group adjusted the structure of the apparel business in China Mainland and implemented stricter monitoring and control procedures. Some positions and job duties were clearly redefined and segregated. For key positions, qualified personnel were employed to enhance the competence and professionalism of the team. As such, the overall operation efficiency is expected to improve.

Licensing income for the period amounted to HK$34,054,000, representing an increase of around 9%, or around 5% in RMB, over the corresponding period of last year. The growth was mainly attributable to the annual increment of license fees stipulated in some of the licensing agreements.

During the period, the Group continues to grant licenses for distribution of shoes, leather goods, undergarments, woolen sweaters and casual wear in the China Mainland market. The Group also strengthened supervision over licensees and provided appropriate support through the designated brand licensing department during the period. The effort is to make sure that they were in line with the brand development of the Group. To ensure healthy development of the brand, the Group will enhance the monitoring of the retail operations of licensees. In case the operations of licensees are not up to the Group's established standards, the Group will take appropriate actions to ensure that the brand is protected, including the possibility to terminate the relevant license.

*Singapore and Malaysia Markets*

During the period, the Singapore's economy was still exposed to the effects of the external environment, leading to slow economic growth. Weak consumer sentiment created pressure on the retail market. However, the Group's business in Singapore was not affected in the first half of 2013. During the period, the local sales amounted to HK$74,237,000, representing an increase of 5% as compared with the corresponding period of last year, or approximately 3% in local currency.

During the period, the increase in retail sales of the Group was attributable to both the longer peak season before the Chinese New Year as compared with last year and more joint promotion programs with other brands. Sales of comparable outlets increased by approximately 2% in local currency compared with the same period last year. At the end of the period, there were a total of 7 Goldlion shops and 22 counters, or one more counter over that at the end of last year.

During the period, the operating costs in Singapore such as rent and manpower costs keep soaring. Nevertheless, the overall expenditure remained comparable to that of the corresponding period of last year under vigorous cost control implemented by the Group. During the period, the operating profit in Singapore amounted to approximately HK$5,496,000, representing an increase of approximately 49% as compared with the corresponding period of last year. Operating profit margin was 7%, representing an increase from 5% for the same period last year.

The Group's business in the Malaysia market is relatively smaller in scale. Sales for the period amounted to HK$3,421,000, increasing by approximately 18% when compared with the corresponding period of last year. At the end of the period, the Group had a total of 21 counters in the local market. Operating profit in Malaysia for the period stood at approximately HK$423,000, representing a decrease of approximately 9% as compared with the same period last year.

**Property Investment and Development**

During the period, the investment property portfolio had no significant change as compared to the end of last year and the business remained stable. Fair value gains on investment properties recognized by the Group based on independent professional valuations amounted to HK$53,016,000. These included the gain of HK$39,330,000 from investment properties in Hong Kong, which largely reflected the satisfactory rental performance of the Hong Kong properties during the period. The fair value gains of the same period last year amounted to HK$69,406,000.

Rental income and building management fees for the period stood at HK$67,112,000 and HK$20,176,000, increasing by around 4% and 7% over the same period last year, respectively. In Tianhe, Guangzhou, leasing of the Goldlion Digital Network Centre remained stable. Occupancy of the building remained at approximately 92%. Rental income rose by approximately 5% over the corresponding period of last year as a result of overall upward adjustment in rentals.

Leasing of the Goldlion Commercial Building in Shenyang was likewise stable, with overall occupancy maintaining at 100%. Rental income and building management fee increased by approximately 4% compared with the corresponding period of last year.

Total rental income and property management fee of Hong Kong properties increased by approximately 6% over the corresponding period of last year, mainly due to the general upward adjustment of rentals in Hong Kong and full occupancy rate of the properties as at the end of the period. Among which, the Group's Goldlion Holdings Centre located in Shatin also recorded an increment of approximately 6%.

In respect of the property resettlement of the Group in Anhua Road in Changning, Shanghai, the Group had delivered Block Nos. 2, 3 and 4 of such property during the period and received compensation of RMB80,000,000 in aggregate which was recorded as an "other payables" item in the balance sheet at the end of the period. On the other hand, the tenant of Block No.9 of the property has not moved out and has illegally occupied the block upon the expiration of the lease. During the period, the Group commenced legal proceedings to evict the tenant. The relevant proceeding is still in progress and there are no further updates at this stage. As the property was not entirely delivered, the transaction has not been completed. The relevant gains on disposal of properties will be recognized upon completion of delivery and in accordance with relevant terms of the agreement.

## PROSPECTS

Without seeing any signs of improvement of the China Mainland market in the short term, the Group expects that the domestic apparel business will still be difficult in the second half of 2013. Management will exercise prudency to minimize unfavorable impacts to the Group's business.

As a partner, the Group fully understands the challenges faced by the distributors in the market. Assisting the distributors to clear excessive inventories would be the Group's top priority in the coming twelve months. This includes revising the wholesales target to the distributors to ensure healthy and sustainable development of the business. The Group will also continue to keep close liaison with the distributors and further understand their business, including during the sales fair for the 2014 spring and summer collections to be held in the end of August. Besides, the Group will provide the distributors with appropriate support to ease their operational pressures and maintain the business growth.

Moreover, the Group will enhance the operating efficiency through restructuring the operation team in China Mainland. In respect of brand image, the Group has appointed a professional market research company to conduct a country-wide survey for brand positioning. The brand promotion strategy will be adjusted in accordance to the survey results. In respect of products, the Group will streamline the procurement process and enhance product design and quality so as to provide the best products to the market.

Apart from the plan to strengthen the self-operated retail shops and factory outlets, the Group will also put the internet sales business into trial run in the second half of the year. This is an attempt to expand the sales channels and enhance the brand awareness of the products as well as to clear off-season stocks.

In view of the relatively small proportion of the "Gold Label" products to the Group's total sales, the Group will review the relevant operation and adjust the operation strategies accordingly.

In Singapore, the Group will maintain prudent operation strategies under the challenging market conditions to strive for business growth with better profitability by implementing effective operating cost control measures.

As for investment properties, the Group will continue to boost the leasing potential of the properties on hand for maintaining steady growth of rental income and identify properties with development potential. The Group will also endeavour to complete the resettlement of properties in Anhua Road in Changning, Shanghai, as soon as possible.

## FINANCIAL POSITION

As at 30th June 2013, the Group had cash and bank balances of approximately HK$1,219,311,000, which was HK$154,050,000 higher than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK$212,612,000 and gains from foreign exchange rate changes of HK$10,486,000. The Group also received interest income of HK$14,376,000 and compensation in relation to the surrender of property in Shanghai of HK$100,640,000, and paid dividends of HK$176,781,000 during the period. As at 30th June 2013, the Group did not have any bank loans or overdrafts.

As at 30th June 2013, the Group's current assets and liabilities were HK$1,734,438,000 and HK$533,934,000 respectively, with current ratio at approximately 3.2. Total current liabilities were 16% of the average capital and reserves attributable to owners of the parent of HK$3,278,204,000.

As at 30th June 2013, the Group did not have any significant contingent liabilities or capital commitment and there were no charges on any of the Group’s assets.

## HUMAN RESOURCES

At 30th June 2013, the Group had approximately 1,800 employees. Employees’ costs during the first six months of the year including directors emoluments amounted to HK$107,708,000. The Group ensures that employees’ remuneration packages are competitive and are determined mainly on factors including job nature, market conditions, individual performance, qualification and experience. The Group also provides other benefits to its employees and training as and when required.

## CLOSURE OF REGISTER OF MEMBER

For the purpose of determining shareholders’ entitlement to the proposed dividend, the Register of Members of the Company will be closed on 12th September 2013 and 13th September 2013 (two days), during which period no transfer of shares will be effected.

In order to qualify for the above-mentioned interim dividend, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Wednesday, 11th September 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, Wanchai, 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 2013 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 six months ended 30th June 2013, 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.

The Board announces that Mr. Nguyen, Van Tu Peter, an independent non-executive Director, has been appointed as the Deputy Chairman of the Audit Committee in place of Dr. Wong Ying Ho, Kennedy with effect from 22nd August 2013. Dr. Wong Ying Ho, Kennedy will remain as a member of the Audit Committee.

As at the date of this announcement, the Audit Committee has five members comprising Mr. Li Ka Fai, David (Chairman), Mr. Nguyen, Van Tu Peter (Deputy Chairman) and Dr. Lau Yue Sun, all of them being independent non-executive Directors, and Mr. Ng Ming Wah, Charles and Dr. Wong Ying Ho, Kennedy, being non-executive Directors 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 2013. At the request of the Board of Directors, the Company's external auditors, PricewaterhouseCoopers, have 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 2013 interim report, containing all the information required by Appendix 16 to the Listing Rules, will be despatched to shareholders and make 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, 22nd August 2013