

2015 INTERIM REPORT 中期報告



金利來集團有限公司
GOLDLION
HOLDINGS LIMITED

股份代號 STOCK CODE : 00533

CHAIRMAN'S STATEMENT

OPERATING RESULTS

Turnover and gross profit

The Group recorded a turnover of HK\$732,673,000 in the six months period ended 30th June 2015, or a slight drop of 1%, over the same period last year. The drop in turnover was mainly due to the decrease of 9% in apparel sales of Singapore and Malaysia caused by the exchange rate fluctuation. Comparing to the same period last year, increments were noted for other operations, including rental income from investment properties, building management income and licensing income.

Gross profit for the period was HK\$444,270,000, representing an increase by 3% from HK\$432,996,000 of the same period last year. The overall gross profit margin increased by 1.9 percentage points from 58.7% to 60.6%, mainly due to the reversal of impairment for inventories in China during the period.

Operating expenses and operating profit

Selling and marketing costs for the period increased by 14% to HK\$176,641,000. The growth in sales of the Group's self-operated retailing and e-commerce operations in China during the period caused the increases in relevant operating rental and commission expenses. Besides, the Group put more resources in advertising and promotion activities in the period. Due to higher proportion of turnover generated from self-operated retailing and e-commerce businesses which incurred more selling expenses, percentage of selling and marketing costs to the overall turnover increased from 20.9% to 24.1% compared to the same period last year.

Administrative expenses for the period were HK\$97,706,000, decreased by 10% from the same period last year. The stable Renminbi ("RMB") exchange rate during the period resulted in a decrease in exchange loss (mainly on RMB deposits in Hong Kong) of HK\$7,305,000 from the same period last year. Decrease in administrative expenses is also a result of the Group's stringent cost control measures during the period.

During the period, the Group recorded fair value gains on investment properties of HK\$71,781,000. Other gains for the same period last year included fair value gains on investment properties of HK\$47,366,000 and gain on disposal of assets classified as held for sale (the properties in Anhua Road, Changning District, Shanghai) of HK\$90,321,000.

Operating profit for the period amounted to HK\$241,704,000 compared with HK\$307,870,000 of the same period last year, representing a decrease of 21%. The operating profit margin was approximately 33% and was lower than same period last year of 41.7% by 8.7 percentage points mainly due to the decrease in other gains.

CHAIRMAN'S STATEMENT *(continued)*

OPERATING RESULTS *(continued)*

Profit attributable to owners of the parent

Profit attributable to owners of the parent for the period was HK\$208,974,000, decreased by 16% from HK\$248,250,000 of the same period last year.

Profit for the period would be HK\$143,625,000 if fair value gains after tax on investment properties of HK\$65,349,000 were excluded. Such profit marked an increase of 5% from HK\$136,996,000 of the same period last year if the fair value gains after tax on investment properties of HK\$43,637,000 and gain after tax on disposal of assets classified as held for sale of HK\$67,617,000 were excluded.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets

During the period under review, economic uncertainties persisted and GDP growth slackened in China Mainland. With consumer sentiment remaining weak and the industry still in the process of readjustment, consumption of mid to high-end products continued to be adversely affected and there was little sign that the retail market was picking up.

In China Mainland, the Group has been conducting its apparel operation primarily through wholesaling to distributors in various cities and provinces, through self-operated retail shops (including factory outlets) located mainly in Guangzhou, Shanghai and Beijing, as well as through e-commerce.

For our wholesaling operation, business of the Group's distributors has not rebounded as they were still suffering from difficulties like sluggish inventory turnover, high inventory levels and tight cash flows. During the period, the Group mainly sold its 2015 spring and summer products to distributors with a sales amount comparable with that of the corresponding period last year. However, the Group allowed distributors to return an appropriate amount of off-season stocks for our e-commerce sales during the period. Taking into account of the sales return, sales to distributors fell by approximately 10% in RMB.

The Group has made it a practice to regularly review the performance of local distributors. To further expand sales for the Goldlion brand, appropriate assistance has been offered to distributors in order to enhance their sale capabilities.

Sales of self-operated retail shops (excluding factory outlets) denominated in RMB recorded a slight increase during the period. The increase was mainly contributed by retail shops in the Guangzhou area. Owing to unfavourable market conditions, sales by those in Beijing and Shanghai were lower than the same period last year. Besides, the Group took over 15 retail shops in Chongqing that were originally operated by our local distributor by end of the period.

CHAIRMAN'S STATEMENT *(continued)***BUSINESS REVIEW** *(continued)***Apparel Business** *(continued)*China Mainland and Hong Kong SAR Markets *(continued)*

Despite the weak market, the Group's factory outlets achieved growth during the period, registering a year-on-year increase of 3% in overall sales.

At the end of the period, the Group had approximately 1,080 retail outlets in China, among which about 100 were self-operated. The total number of retail outlets was slightly smaller than that of last year mainly because of the closure of certain low performers during the period. This restructuring process is expected to continue.

Launched in the second half of 2013, e-commerce became increasingly established. Overall sales amounted to approximately HK\$42,763,000, representing a year-on-year increase of about 77%, which is better than our expectation. Without compromising offline sales, online stores were opened at major e-commerce websites in China Mainland primarily for clearing off-season inventories. In view of the rapid growth in e-sales in the Mainland market, the Group will further expand its e-commerce business by taking advantage of this trend and it is expected to become a driver of the Group's business growth.

Due to the sales growth of both factory outlets and e-commerce operations which have been set up mainly for clearing off-season stocks, overall inventory balance at end of the period was lower than that of last year. As a result, a reversal of impairment for inventories in China by approximately HK\$20,305,000 was recognized during the period.

Licensing income for the period amounted to HK\$39,389,000, representing an increase of around 9% over the same period last year. The growth was mainly attributable to the annual increment of license fees stipulated in the licensing agreements. During the period under review, the Group continued to grant licenses for distribution of shoes, leather goods, undergarments, woollen 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. The aim was to ensure they are in line with the Group's brand development.

CHAIRMAN'S STATEMENT *(continued)*

BUSINESS REVIEW *(continued)*

Apparel Business *(continued)*

Singapore and Malaysia Markets

Overall sales of the Group's businesses in Singapore and Malaysia amounted to HK\$62,752,000, representing a decrease of approximately 9% when compared with the same period last year. The drop was partly attributable to the weak Singapore Dollar, the exchange rate of which was 8% lower than that of the same period last year. In local currency, sales reduced by approximately 1% when compared with the same period last year.

During the period, the local economy did not show any sign of recovery. With consumers staying on the sidelines in a quiet retail market, the Group's apparel business was affected accordingly. Sales of comparable retail outlets also decreased by about 1% in local currency when compared with the same period last year. At the end of the period, there were a total of 8 Goldlion shops and 24 counters in Singapore and 22 counters in Malaysia. The figures were the same as those at the end of last year.

Given the Group's vigorous efforts in cost control during the period, there was no growth in overall expenses despite high local operating costs during the period. Owing to a slide in gross profit margin by around 1.5 percentage points, however, operating profit for the period amounted to approximately HK\$1,009,000, representing a year-on-year decrease of 62%. Operating profit margin was 2%, dropping from last year's 4%.

Property Investment and Development

The Group's investment property portfolio had no significant changes since the end of last year and business has continued to remain stable during the period. Fair value gains on investment properties recognized by the Group after independent professional valuations amounted to HK\$71,781,000. These included gains of HK\$46,050,000 from investment properties in Hong Kong, the growth of which was largely attributable to the upward rental trend in the local properties held by the Group and the buoyancy of the local property market. The fair value gains for the corresponding period last year stood at HK\$47,366,000.

Rental income and building management fees for the period amounted to HK\$78,582,000 and HK\$21,031,000 respectively, representing an increase of around 7% in total over the corresponding period last year. Leasing of Goldlion Digital Network Centre in Tianhe, Guangzhou, remained stable and occupancy rate was maintained at around 95%, which was slightly higher than the percentage of the same period last year. Coupled with renewal of leases at a higher rental level, this has led to an increase of approximately 7% in rental income and building management fees when compared with the same period last year.

CHAIRMAN'S STATEMENT *(continued)***BUSINESS REVIEW** *(continued)***Property Investment and Development** *(continued)*

In Shenyang, leasing of Goldlion Commercial Building was likewise stable, with overall occupancy rate maintained at 100%. Rental income and building management fees for the period increased by approximately 6% over the same period last year.

In Hong Kong, on account of higher rental levels under new leases, total rental income and building management fees of the Group's local properties increased by approximately 8% over the same period last year. All local properties held by the Group were leased out during the period.

Regarding the piece of land with a site area of approximately 75,949 square meters in Meixian, the certificate of land use right was not granted until early this year owing to resettlement delays. The project is currently at the initial planning phase and caution will be exercised in view of the declining property market in China Mainland.

PROSPECTS

In China Mainland, the recent wild swings in the financial market and the depreciation of the RMB both forebode a tired economy and a shrinking economic growth for some time to come. Overshadowed by risks of a prolonged economic downturn, business of mid to high-end men's apparel is expected to be fraught with difficulties and challenges. Since distributors need more time to overcome their operation difficulties in such circumstances, wholesaling business in the second half of this year is not expected to improve significantly.

The Group's Mainland 2016 spring and summer collections sales fair was held in the first half of July. The dramatic fluctuations in China Mainland's stock markets in July had severely hit the distributor's confidence and led to a reduction in value of orders when compared with last year. It is expected to have an impact on the Group's sales of the relevant products in the first half of the coming year. However, the Group also foresees that there will be continuing growth in other businesses, especially e-commerce in coming year.

Considering the continually weak retail market in China Mainland, it is unlikely that the Group's business of self-operated retail shops and factory outlets will make any major breakthrough in the second half of the year. Remarkable growth, however, is expected for the e-commerce business in the second half of the year, in view of the rapid surge in online sales in recent years and the peak online shopping season being mainly in that period.

CHAIRMAN'S STATEMENT *(continued)*

PROSPECTS *(continued)*

The rapid change in the China Mainland market in recent years suggests that conventional business model may not be able to respond most effectively to the latest market developments. To ensure business growth in the foreseeable future, the Group will closely monitor the development of the macro market environment in its review and enhancement of existing operations. Feasible and profitable business strategies will also be formulated to this end.

In Singapore, market conditions are expected to remain unimproved. In order to boost overall profitability through striving for business growth and cost control, the Group will continue to adopt sound business strategies.

As for property investment, the Group will continue to enhance the leasing potential of the properties on hand for maintaining a steady growth in rental income. In particular, the Group will take stock of the market conditions before deciding on the development strategies for the Meixian site.

FINANCIAL POSITION

As at 30th June 2015, the Group had cash and bank balances of approximately HK\$1,276,545,000, which was HK\$36,511,000 higher than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK\$185,235,000 and received interest income of HK\$17,658,000. However, the Group also paid dividends of HK\$157,138,000 and recorded losses from foreign exchange rate changes of HK\$8,107,000 during the period. As at 30th June 2015, the Group did not have any bank loans or overdrafts.

As at 30th June 2015, the Group's current assets and liabilities were HK\$1,715,816,000 and HK\$396,926,000 respectively, with current ratio at approximately 4.3. Total current liabilities were 11% of the average capital and reserves attributable to owners of the parent of HK\$3,592,989,000.

As at 30th June 2015, the Group did not have any significant contingent liabilities or capital commitments and there were no charges on any of the Group's assets.

ACKNOWLEDGEMENT

On behalf on the Board, I would like to extend my gratitude to our staff for their dedication and continuous support.

Dr. Tsang Hin Chi

Chairman

Hong Kong, 21st August 2015

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

羅兵咸永道

**TO THE BOARD OF DIRECTORS OF
GOLDLION HOLDINGS LIMITED***(Incorporated in Hong Kong with limited liability)***INTRODUCTION**

We have reviewed the interim financial information set out on pages 8 to 26, which comprises the condensed consolidated balance sheet of Goldlion Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th June 2015 and the related condensed consolidated income statement, the condensed consolidated statements of comprehensive income and changes in equity, and the condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers*Certified Public Accountants*

Hong Kong, 21st August 2015

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June 2015 and 31st December 2014

		Unaudited 30th June 2015	Audited 31st December 2014
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Land use rights	6	27,981	29,026
Property, plant and equipment	6	195,224	208,832
Investment properties	6	2,383,300	2,317,794
Deferred income tax assets		70,231	77,175
		<u>2,676,736</u>	<u>2,632,827</u>
Current assets			
Property under development held for sale		133,045	–
Inventories		151,380	245,580
Trade receivables	7	71,615	103,654
Prepayments, deposits and other receivables	8	77,628	178,648
Tax recoverable		5,603	–
Bank deposits		926,256	882,383
Cash and cash equivalents		350,289	357,651
		<u>1,715,816</u>	<u>1,767,916</u>
Total assets		<u>4,392,552</u>	<u>4,400,743</u>
EQUITY			
Capital and reserves attributable to owners of the parent			
Share capital	9	1,101,358	1,101,358
Reserves		2,441,237	2,316,139
Proposed dividend		68,748	157,138
Total equity		<u>3,611,343</u>	<u>3,574,635</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		384,283	377,745
Current liabilities			
Trade payables	10	26,178	51,405
Other payables and accruals		354,116	360,484
Current income tax liabilities		16,632	36,474
		<u>396,926</u>	<u>448,363</u>
Total liabilities		<u>781,209</u>	<u>826,108</u>
Total equity and liabilities		<u>4,392,552</u>	<u>4,400,743</u>
Net current assets		<u>1,318,890</u>	<u>1,319,553</u>
Total assets less current liabilities		<u>3,995,626</u>	<u>3,952,380</u>

The notes on pages 13 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INCOME STATEMENT*For the six months ended 30th June 2015*

	<i>Note</i>	Unaudited	
		Six months ended	
		30th June 2015	30th June 2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	<i>5</i>	732,673	737,904
Cost of sales	<i>12</i>	(288,403)	(304,908)
Gross profit		444,270	432,996
Other gains	<i>11</i>	71,781	137,687
Selling and marketing costs	<i>12</i>	(176,641)	(154,542)
Administrative expenses	<i>12</i>	(97,706)	(108,271)
Operating profit		241,704	307,870
Interest income		18,922	15,687
Profit before income tax		260,626	323,557
Income tax expense	<i>13</i>	(51,652)	(75,307)
Profit for the period attributable to owners of the parent		<u>208,974</u>	<u>248,250</u>
Earnings per share		<i>HK cents</i>	<i>HK cents</i>
– Basic and diluted	<i>15</i>	<u>21.28</u>	<u>25.28</u>

The notes on pages 13 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30th June 2015*

	Unaudited	
	Six months ended	
	30th June 2015	30th June 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	208,974	248,250
Other comprehensive income		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Revaluation of investment property upon reclassification from land use rights, and property, plant and equipment	–	7
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	(15,128)	(36,693)
Other comprehensive income for the period	(15,128)	(36,686)
Total comprehensive income for the period attributable to owners of the parent	<u>193,846</u>	<u>211,564</u>

The notes on pages 13 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30th June 2015*

	Unaudited				
	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Other reserves <i>HKS'000</i>	Retained earnings <i>HKS'000</i>	Total <i>HKS'000</i>
Balance at 1st January 2014	98,211	1,002,662	460,708	1,877,930	3,439,511
Comprehensive income					
Profit for the period	-	-	-	248,250	248,250
Other comprehensive income					
Revaluation of investment property upon reclassification from land use rights, and property, plant and equipment	-	-	7	-	7
Currency translation differences	-	-	(36,693)	-	(36,693)
Release of revaluation reserves upon disposal of assets classified as held for sale	-	-	(1,216)	1,216	-
Other comprehensive income for the period	-	-	(37,902)	1,216	(36,686)
Total comprehensive income for the period	-	-	(37,902)	249,466	211,564
Transactions with owners					
Transition to no-par value regime on 3rd March 2014	1,003,147	(1,002,662)	(485)	-	-
Dividend relating to 2013	-	-	-	(176,781)	(176,781)
Total transactions with owners	1,003,147	(1,002,662)	(485)	(176,781)	(176,781)
Balance at 30th June 2014	1,101,358	-	422,321	1,950,615	3,474,294
Balance at 1st January 2015	1,101,358	-	428,439	2,044,838	3,574,635
Comprehensive income					
Profit for the period	-	-	-	208,974	208,974
Other comprehensive income					
Currency translation differences	-	-	(15,128)	-	(15,128)
Total comprehensive income for the period	-	-	(15,128)	208,974	193,846
Transactions with owners					
Appropriation to reserves	-	-	12,357	(12,357)	-
Dividend relating to 2014	-	-	-	(157,138)	(157,138)
Total transactions with owners	-	-	12,357	(169,495)	(157,138)
Balance at 30th June 2015	1,101,358	-	425,668	2,084,317	3,611,343

The notes on pages 13 to 26 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June 2015

	<i>Note</i>	Unaudited Six months ended	
		30th June 2015	30th June 2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities			
Cash generated from operations		247,711	120,283
Income tax paid		(62,476)	(58,815)
		<u>185,235</u>	<u>61,468</u>
Net cash generated from operating activities		----- 185,235	----- 61,468
Cash flows from investing activities			
Additions to investment properties	6	(156)	(24,640)
Purchase of property, plant and equipment	6	(1,781)	(6,029)
Proceeds from disposals of assets classified as held for sale		-	51,150
Proceeds from disposals of property, plant and equipment		800	313
(Increase)/decrease in bank deposits with maturity over 3 months		(43,873)	122,039
Interest received		17,658	18,202
		<u>(27,352)</u>	<u>161,035</u>
Net cash (used in)/generated from investing activities		----- (27,352)	----- 161,035
Cash flows from financing activity			
Dividends paid to owners of the parent		(157,138)	(176,781)
		<u>(157,138)</u>	<u>(176,781)</u>
Net cash used in financing activity		----- (157,138)	----- (176,781)
Net increase in cash and cash equivalents		745	45,722
Cash and cash equivalents at 1st January		357,651	440,586
Effect of foreign exchange rate changes		(8,107)	(13,616)
Cash and cash equivalents at 30th June		<u>350,289</u>	<u>472,692</u>

The notes on pages 13 to 26 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. *General information*

Goldlion Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) distribute and manufacture garments, leather goods and accessories, license the brand name, and hold and develop properties for investment and development purposes.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 7th floor, Goldlion Holdings Centre, 13-15 Yuen Shun Circuit, Siu Lek Yuen, Shatin, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 21st August 2015.

This condensed consolidated interim financial information has not been audited.

2. *Basis of preparation and accounting policies*

This condensed consolidated interim financial information for the six months ended 30th June 2015 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2014, which were prepared in accordance with Hong Kong Financial Reporting Standards.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2014, as described in those annual financial statements.

HKAS 19 (Amendment)	Employee benefits
HKFRSs (Amendment)	Annual improvements 2012 cycle
HKFRSs (Amendment)	Annual improvements 2013 cycle

These amended standards have not had a significant impact on the Group’s condensed consolidated interim financial information for the six months ended 30th June 2015.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a significant impact on this Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk, and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st December 2014.

There have been no changes in risk management policies since year end.

4. Critical accounting estimates and judgements

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st December 2014.

5. Operating Segments

	Six months ended	
	30th June 2015	30th June 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysis of turnover		
Sales of goods	593,671	608,433
Gross rental income from investment properties	78,582	72,353
Building management income	21,031	21,091
Licensing income	39,389	36,027
	<u>732,673</u>	<u>737,904</u>

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***5. Operating Segments (continued)**

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different marketing strategies. The following summary describes the operations of each of the Group's reportable segments:

- 1) Apparel in China Mainland and Hong Kong SAR – Distribution and manufacturing of garments, leather goods and accessories and licensing of the brand name in China Mainland and Hong Kong SAR;
- 2) Apparel in Singapore and Malaysia – Distribution and manufacturing of garments, leather goods and accessories in Singapore and Malaysia;
- 3) Property investment and development – Investment in and development of properties in China Mainland and Hong Kong SAR.

An analysis of the Group's reportable segment profit before income tax and other selected financial information for the period by operating segment is as follows:

	Six months ended 30th June 2015				
	Apparel in China Mainland and Hong Kong SAR	Apparel in Singapore and Malaysia	Property investment and development	Eliminations	Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	570,308	62,752	99,613	–	732,673
Inter-segment sales	–	–	3,921	(3,921)	–
	570,308	62,752	103,534	(3,921)	732,673
Segment results	149,500	1,009	138,557		289,066
Unallocated costs					(28,440)
Profit before income tax					260,626
Income tax expense					(51,652)
Profit for the period					<u>208,974</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

5. Operating Segments (continued)

	Six months ended 30th June 2014				
	Apparel in China Mainland and Hong Kong SAR HK\$'000	Apparel in Singapore and Malaysia HK\$'000	Property investment and development HK\$'000	Eliminations HK\$'000	Group HK\$'000
Turnover	575,669	68,791	93,444	–	737,904
Inter-segment sales	–	–	4,060	(4,060)	–
	575,669	68,791	97,504	(4,060)	737,904
Segment results	158,122	2,672	195,829		356,623
Unallocated costs					(33,066)
Profit before income tax					323,557
Income tax expense					(75,307)
Profit for the period					<u>248,250</u>

Central costs (mainly costs of support functions that centrally provide services to all of the operating segments) are included as unallocated costs. Taxation charge is not allocated to reportable segments.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

*(continued)*6. *Capital expenditure*

	Land use rights <i>HK\$'000</i>	Property, plant and equipment <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Opening net book amount as at 1st January 2014	32,488	240,066	2,194,161	2,466,715
Additions	–	6,029	24,640	30,669
Disposals	–	(82)	–	(82)
Transfer	(1,251)	(6,367)	7,625	7
Amortization and depreciation <i>(note 12)</i>	(1,001)	(16,441)	–	(17,442)
Fair value gains <i>(note 11)</i>	–	–	47,366	47,366
Exchange differences	(309)	(1,632)	(24,529)	(26,470)
	<u>29,927</u>	<u>221,573</u>	<u>2,249,263</u>	<u>2,500,763</u>
Closing net book amount as at 30th June 2014				
Opening net book amount as at 1st January 2015	29,026	208,832	2,317,794	2,555,652
Additions	–	1,781	156	1,937
Disposals	–	(800)	–	(800)
Amortization and depreciation <i>(note 12)</i>	(973)	(13,138)	–	(14,111)
Fair value gains <i>(note 11)</i>	–	–	71,781	71,781
Exchange differences	(72)	(1,451)	(6,431)	(7,954)
	<u>27,981</u>	<u>195,224</u>	<u>2,383,300</u>	<u>2,606,505</u>
Closing net book amount as at 30th June 2015				

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***7. 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 30th June 2015	As at 31st December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
1-30 days	35,085	67,104
31-90 days	28,992	34,826
Over 90 days	7,538	1,724
	<u>71,615</u>	<u>103,654</u>

8. Prepayments, deposits and other receivables

	As at 30th June 2015	As at 31st December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchase deposits (<i>note (a)</i>)	41,998	8,218
Deposits (<i>note (b)</i>)	–	133,577
Prepayments	4,990	3,918
General deposits	6,559	6,406
Interest receivable	12,944	11,680
VAT recoverable	6,076	9,962
Others	5,061	4,887
	<u>77,628</u>	<u>178,648</u>
Total of prepayments, deposits and other receivables	<u>77,628</u>	<u>178,648</u>

Notes:

- (a) Purchase deposits represent the amounts paid by the Group in advance to suppliers mainly for the apparel operation in its ordinary course of business.
- (b) Deposits represent the amounts paid by the Group in relation to the acquisition of land use right. The land use certificate was obtained on 4th January 2015. The deposits were transferred to property under development held for sale during the period.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***9. Share capital**

Ordinary shares, issued and fully paid:

	Number of shares <i>(thousands)</i>	Share capital <i>HK\$'000</i>
Balance at 1st January 2014	982,114	98,211
Transition to no-par value regime on 3rd March 2014 <i>(note)</i>	—	1,003,147
	<u>982,114</u>	<u>1,101,358</u>
Balance at 30th June 2014	<u>982,114</u>	<u>1,101,358</u>
Balance at 1st January and 30th June 2015	<u>982,114</u>	<u>1,101,358</u>

Note:

In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3rd March 2014, any amounts standing to the credit of the share premium account and capital redemption reserve account have become part of the Company's share capital.

10. Trade payables

Trade payables are aged as follows:

	As at 30th June 2015 <i>HK\$'000</i>	As at 31st December 2014 <i>HK\$'000</i>
1-30 days	16,557	32,469
31-90 days	6,038	12,000
Over 90 days	3,583	6,936
	<u>26,178</u>	<u>51,405</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

11. Other gains

	Six months ended	
	30th June 2015	30th June 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value gains on investment properties (<i>note 6</i>)	71,781	47,366
Gain on disposal of assets classified as held for sale	–	90,321
	<u>71,781</u>	<u>137,687</u>

12. Expenses by nature

	Six months ended	
	30th June 2015	30th June 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	285,085	259,672
(Reversal of)/provision for impairment for inventories	(19,000)	22,652
Direct operating expenses arising from investment properties that generated rental income	21,211	19,964
Amortization of land use rights (<i>note 6</i>)	973	1,001
Depreciation of property, plant and equipment (<i>note 6</i>)	13,138	16,441
Staff costs including directors' emoluments	114,404	118,994
Other expenses	146,939	128,997
	<u>562,750</u>	<u>567,721</u>
Representing:		
Cost of sales	288,403	304,908
Selling and marketing costs	176,641	154,542
Administrative expenses	97,706	108,271
	<u>562,750</u>	<u>567,721</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***13. Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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% (2014: 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	
	30th June 2015	30th June 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
– Hong Kong	869	760
– PRC enterprise income tax	35,986	78,346
– Overseas taxation	176	453
Deferred income tax	14,621	(4,252)
	<hr/>	<hr/>
Total income tax expense	<u>51,652</u>	<u>75,307</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

14. Dividend

	Six months ended	
	30th June 2015	30th June 2014
	HK\$'000	HK\$'000
Interim dividend of 7.0 HK cents (2014: 8.0 HK cents) per ordinary share	68,748	78,569

The final dividend for the year ended 31st December 2014 of 16.0 HK cents (2013 final: 18.0 HK cents) per ordinary share, totalling HK\$157,138,000 was paid in June 2015 (2013 final: HK\$176,781,000).

At a meeting held on 21st August 2015, the Directors declared an interim dividend of 7.0 HK cents per share. This interim dividend has not been reflected as a dividend payable in the condensed interim financial information but will be reflected as an appropriation of retained earnings for the year ending 31st December 2015.

15. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the parent of HK\$208,974,000 (six months ended 30th June 2014: HK\$248,250,000) and the number of ordinary shares in issue of 982,114,035 (six months ended 30th June 2014: 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 2015 and 2014.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***16. Commitments**

(a) Capital commitments

	As at 30th June 2015	As at 31st December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment Contracted but not provided for	<u>479</u>	<u>213</u>

- (b) At 30th June 2015, the Group had future aggregate minimum lease payments receivable and payable under non-cancellable operating leases as follows:

	As at 30th June 2015	As at 31st December 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental receivables		
– not later than one year	133,153	134,700
– later than one year and not later than five years	201,845	189,971
– later than five years	13,871	18,515
	<u>348,869</u>	<u>343,186</u>
Rental payables		
– not later than one year	10,970	12,381
– later than one year and not later than five years	5,547	10,602
	<u>16,517</u>	<u>22,983</u>

Payment obligations in respect of operating leases on properties with rentals which vary with gross revenues are not included as future minimum lease payments.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***17. Related party transactions**

The Company is controlled by the Tsang Family (comprising Dr. Tsang Hin Chi, Madam Wong Lei Kuan, Mr. Tsang Chi Ming, Ricky and other direct descendants of Dr. Tsang Hin Chi and Madam Wong Lei Kuan) which, together with 5.49% of the Company's issued shares held by Tsang Hin Chi Charities (Management) Limited, collectively controlled approximately 68.17% of the Company's issued shares at 30th June 2015. The remaining 31.83% of the Company's issued shares are widely held.

The following transactions were carried out with related parties:

	<i>Note</i>	Six months ended	
		30th June 2015	30th June 2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Sales of services:			
Rental received from related companies	<i>(i)</i>	581	850
Building management fees received from related companies	<i>(ii)</i>	213	339
(b) Purchase of services:			
Professional fees paid to a related company	<i>(iii)</i>	160	160
(c) Sale of asset:			
Disposal of a motor vehicle to a related company	<i>(iv)</i>	800	–

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***17. Related party transactions (continued)***Notes:*

- (i) Rental was received from Guangzhou World Trade Center Club Company Limited ('GWTCCCL') for lease of a business center and facilities therein located at Goldlion Digital Network Centre in Guangzhou, and from China Hong Kong Digital Audiovisual Management Company Limited ('CHKDAM') for lease of a unit located at Goldlion Holdings Centre in Hong Kong. Rental was charged at rates based on the relevant lease agreements entered. Mr. Tsang Chi Hung has indirect beneficial interest in GWTCCCL and CHKDAM as he is a major shareholder of the holding company of GWTCCCL and CHKDAM. Dr. Tsang Hin Chi, Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in this transaction as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Madam Wong Lei Kuan, and a brother of Mr. Tsang Chi Ming, Ricky.
- (ii) Building management fees were received under normal commercial terms from GWTCCCL for the provision of building management services for a business center at Goldlion Digital Network Centre, and from CHKDAM for the provision of building management services for a unit located at Goldlion Holdings Centre in Hong Kong. Mr. Tsang Chi Hung has indirect beneficial interest in GWTCCCL and CHKDAM as he is a major shareholder of the holding company of GWTCCCL and CHKDAM. Dr. Tsang Hin Chi, Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in these transactions as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Madam Wong Lei Kuan, and a brother of Mr. Tsang Chi Ming, Ricky.
- (iii) Equitas Capital Limited acted as financial advisor to the Group during the period for which professional fee of HK\$160,000 (six months ended 30th June 2014: HK\$160,000) was paid by the Company. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is the managing director and a principal shareholder of Equitas Capital Limited.
- (iv) On 9th June 2015, the Group entered into an agreement with Access Step Limited to dispose a motor vehicle at a consideration of HK\$800,000, with a net carrying value of HK\$800,000. Mr. Tsang Chi Ming, Ricky, the Deputy Chairman and Chief Executive Officer of the Company, is the sole shareholder and director of Access Step Limited.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(continued)

17. Related party transactions *(continued)*

(d) Period-end balances arising from purchase of services

	As at 30th June 2015	As at 30th June 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accruals		
– Equitas Capital Limited	<u>160</u>	<u>160</u>

(e) Key management compensation amounted to HK\$25,751,000 for the six months ended 30th June 2015 (six months ended 30th June 2014: HK\$28,250,000).

SUPPLEMENTARY INFORMATION

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 7.0 HK cents per share (2014: 8.0 HK cents per share) for the year ending 31st December 2015, totalling HK\$68,748,000 (2014: HK\$78,569,000), which is expected to be payable on or about 21st September 2015 to shareholders whose names appear on the Register of Members as at 11th September 2015.

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 10th September 2015 and 11th September 2015 (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 shares certificates must be lodged by 4:30 p.m. on Wednesday, 9th September 2015 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.

SHARE OPTIONS

At the Annual General Meeting of the Company held on 23rd May 2014, the shareholders approved the adoption of a new share option scheme (the "New Option Scheme"). The New Option Scheme is designed to enable the Group to reward and motivate executives and key employees in service of the Group and other persons who may make a contribution to the Group.

During the six months ended 30th June 2015, no options had been granted or remained outstanding under the New Option Scheme or any other share option scheme of the Company.

SUPPLEMENTARY INFORMATION *(continued)***DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

At 30th June 2015, the interests and short positions of each Director and Chief Executive in the shares, underlying shares and debentures of the Company and its associated companies (within the meaning of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required maintained by the Company under section 352 of Part XV of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Ordinary shares of the Company at 30th June 2015

Directors		Number of shares held			Total	Percentage to total issued share capital
		Personal interests	Family interests <i>(note(a))</i>	Other interests <i>(note(b))</i>		
Tsang Hin Chi	Long positions	–	1,210,000	613,034,750	614,244,750	62.54%
	Short positions	–	–	–	–	–
Tsang Chi Ming, Ricky	Long positions	1,404,000	–	613,034,750	614,438,750	62.56%
	Short positions	–	–	–	–	–
Wong Lei Kuan	Long positions	1,210,000	–	613,034,750	614,244,750	62.54%
	Short positions	–	–	–	–	–

Notes:

- (a) Madam Wong Lei Kuan is the spouse of Dr. Tsang Hin Chi. Her shareholding disclosed under the heading "Personal interests" in the above table is the family interest of Dr. Tsang Hin Chi.
- (b) The shareholdings disclosed by Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan under the heading "Other interests" in the above table refer to the same shares which were held by Hin Chi Family Management Limited (being trustee of the Tsang Hin Chi (2007) Family Settlement) as disclosed in the paragraph headed "Substantial shareholders" below.

SUPPLEMENTARY INFORMATION *(continued)****DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION*** *(continued)*

Save as disclosed above, as at 30th June 2015, none of the Directors and Chief Executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated companies (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the six months ended 30th June 2015 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Other than those interests and short positions disclosed above, the Directors and Chief Executives also hold shares of certain subsidiaries in trust for the Company solely for the purpose of ensuring that the relevant subsidiary has more than one member.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 30th June 2015, the register of substantial shareholders maintained under section 336 of Part XV of the SFO shows that as at 30th June 2015, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

Name of holder of securities	Type of securities		Number of shares held	Percentage to total issued share capital
Hin Chi Family Management Limited <i>(note)</i>	Ordinary shares	Long positions	613,034,750	62.42%
		Short positions	–	–
Top Grade Holdings Limited <i>(note)</i>	Ordinary shares	Long positions	613,034,750	62.42%
		Short positions	–	–
Silver Disk Limited <i>(note)</i>	Ordinary shares	Long positions	160,616,000	16.35%
		Short positions	–	–
Tsang Hin Chi Charities (Management) Limited	Ordinary shares	Long positions	53,880,750	5.49%
		Short positions	–	–

Note:

Hin Chi Family Management Limited as trustee of the Tsang Hin Chi (2007) Family Settlement, held all of the issued share capital of Top Grade Holdings Limited ("Top Grade"). Top Grade held 613,034,750 shares in the Company including 160,616,000 shares held by Silver Disk Limited, a wholly owned subsidiary of Top Grade.

SUPPLEMENTARY INFORMATION *(continued)*

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules for the six months ended 30th June 2015 except that Dr. Wong Ying Ho, Kennedy, a non-executive Director of the Company and resigned on 3rd August 2015, was unable to attend the annual general meeting of the Company held on 22nd May 2015 owing to an important engagement at the relevant time, which is not consistent with the requirements of Code Provision A.6.7.

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. During the six months ended 30th June 2015, 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. As at the date of this report, the Audit Committee has four 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, 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 2015. 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.

BOARD OF DIRECTORS

As at the date of this report, the directors of the Company comprise Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan as executive Directors; Mr. Ng Ming Wah, Charles as a non-executive Director; and Dr. Lau Yue Sun, Mr. Li Ka Fai, David and Mr. Nguyen, Van Tu Peter as independent non-executive Directors.

