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金利來

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 2021**

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 2021 as follows:

**Condensed Consolidated Interim Income Statement
For the six months ended 30th June 2021**

| | Note | Unaudited Six months ended | |
|---|------|-------------------------------|-----------------------|
| | | 30.6.2021 HK\$'000 | 30.6.2020 HK\$'000 |
| Turnover | 2 | 589,659 | 539,403 |
| Cost of sales | 4 | (205,636) | (248,755) |
| Gross profit | | 384,023 | 290,648 |
| Other losses | 3 | (25,347) | (18,520) |
| Selling and marketing costs | 4 | (201,829) | (145,861) |
| Administrative expenses | 4 | (75,702) | (68,941) |
| Operating profit | | 81,145 | 57,326 |
| Interest income | | 10,091 | 10,936 |
| Interest expense | | (462) | (690) |
| Profit before income tax | | 90,774 | 67,572 |
| Income tax expense | 5 | (11,786) | (11,780) |
| Profit for the period attributable to owners of the Company | | 78,988 | 55,792 |
| Earnings per share | | <i>HK cents</i> | <i>HK cents</i> |
| - Basic and diluted | 6 | 8.04 | 5.68 |

Condensed Consolidated Interim Statement of Comprehensive Income
For the six months ended 30th June 2021

| | Unaudited | |
|---|-------------------------|------------------|
| | Six months ended | |
| | 30.6.2021 | 30.6.2020 |
| | HK\$'000 | HK\$'000 |
| Profit for the period | 78,988 | 55,792 |
| Other comprehensive income/(loss) | | |
| <i>Item that will not be reclassified subsequently to profit or loss</i> | | |
| Revaluation of property, plant and equipment upon reclassification to investment property | 11,030 | - |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | |
| Exchange differences on translation of financial statements of overseas subsidiaries | 24,585 | (50,344) |
| Other comprehensive income/(loss) for the period | 35,615 | (50,344) |
| Total comprehensive income for the period attributable to owners of the Company | 114,603 | 5,448 |

**Condensed Consolidated Interim Balance Sheet
As at 30th June 2021**

| | Note | As at 30.6.2021 (Unaudited) HK\$'000 | As at 31.12.2020 (Audited) HK\$'000 |
|---|------|---|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 136,792 | 142,299 |
| Right-of-use assets | | 61,152 | 50,321 |
| Investment properties | | 2,957,584 | 2,950,107 |
| Financial assets at fair value through other comprehensive income | | 6,268 | 6,215 |
| Deferred income tax assets | | 50,404 | 51,580 |
| | | <u>3,212,200</u> | <u>3,200,522</u> |
| Current assets | | | |
| Property under development held for sale | | 514,843 | 424,548 |
| Inventories | | 148,692 | 156,479 |
| Trade receivables | 8 | 42,201 | 99,257 |
| Prepayments, deposits and other receivables | | 125,139 | 121,930 |
| Contract assets | | 44,831 | 49,442 |
| Tax recoverable | | 6,245 | 472 |
| Restricted cash | | 97,894 | - |
| Bank deposits | | 809,425 | 745,102 |
| Cash and cash equivalents | | 442,663 | 492,715 |
| | | <u>2,231,933</u> | <u>2,089,945</u> |
| Total assets | | <u>5,444,133</u> | <u>5,290,467</u> |
| EQUITY | | | |
| Capital and reserves attributable to owners of the Company | | | |
| Share capital | | 1,101,358 | 1,101,358 |
| Reserves | | 3,369,645 | 3,318,880 |
| Total equity | | <u>4,471,003</u> | <u>4,420,238</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Other payables and accruals | | 30,604 | 33,116 |
| Lease liabilities | | 8,880 | 2,806 |
| Deferred income tax liabilities | | 442,269 | 445,477 |
| | | <u>481,753</u> | <u>481,399</u> |
| Current liabilities | | | |
| Trade payables | 9 | 14,621 | 25,171 |
| Other payables and accruals | | 154,312 | 152,989 |
| Contract liabilities | | 305,106 | 189,733 |
| Lease liabilities | | 12,051 | 7,710 |
| Current income tax liabilities | | 5,287 | 13,227 |
| | | <u>491,377</u> | <u>388,830</u> |
| Total liabilities | | <u>973,130</u> | <u>870,229</u> |
| Total equity and liabilities | | <u>5,444,133</u> | <u>5,290,467</u> |

Notes:

1. Principal accounting policies

This condensed consolidated interim financial information for the six months ended 30th June 2021 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 2020, which were prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS).

The financial information relating to the year ended 31st December 2020 that is included in this preliminary announcement of interim results for the six months ended 30th June 2021 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 2020 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 2020. 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 2020, except for the adoption of amended standard as set out below.

(a) Amended standard adopted by the Group

-19-related rent
co

1st April 2021). The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 to cover lease payments related rent concessions that are originally due on or before 30th June 2022, provided the other conditions for applying the practical expedient are met. The early adoption of HKFRS 16 (Amendment) does not have any impact to the Group for the period ended 30th June 2021.

(b) Amended standards effective in 2021 but not relevant to the Group

HKAS 39, HKFRS 4, HKFRS 7, Interest rate benchmark reform - Phase 2
HKFRS 9 and HKFRS 16
(Amendments)

1. Principal accounting policies (*continued*)

- (c) The following new standard, new interpretation and amended standards have been issued but are not effective for the financial year beginning on 1st January 2021 and have not been early adopted by the Group:

| | | Effective for accounting periods beginning on or after |
|--|---|---|
| HKAS 1 (Amendment) | Classification of liabilities as current or non-current | 1st January 2023 |
| HKAS 1 and HKFRS Practice Statement 2 (Amendments) | Disclosure of accounting policies | 1st January 2023 |
| HKAS 8 (Amendment) | Definition of accounting estimates | 1st January 2023 |
| HKAS 12 (Amendment) | Deferred tax related to assets and liabilities arising from a single transaction | 1st January 2023 |
| HKAS 16 (Amendment) | Property, plant and equipment: Proceeds before intended use | 1st January 2022 |
| HKAS 37 (Amendment) | Onerous contracts - Cost of fulfilling a contract | 1st January 2022 |
| HKFRS 3 (Amendment) | Reference to the conceptual framework | 1st January 2022 |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or contribution of assets between an investor and its associate or joint venture | Not yet established |
| HKFRS 17 | Insurance contracts | 1st January 2023 |
| HKFRSs (Amendments) | Annual improvements 2018-2020 cycle | 1st January 2022 |
| HK (IFRIC) - Int 5 | Presentation of financial statements - Classification by the borrower of a term loan that contains a repayment on demand clause | 1st January 2023 |

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 | |
|--|------------------|----------------|
| | 30.6.2021 | 30.6.2020 |
| | HK\$'000 | HK\$'000 |
| Revenue recognized under HKFRS 15 | | |
| Sales of goods | 452,224 | 427,363 |
| Building management fees | 19,722 | 18,124 |
| Licensing income | 45,558 | 26,337 |
| | <u>517,504</u> | <u>471,824</u> |
| Revenue recognized under other accounting standard | | |
| Rental income from investment properties | 72,155 | 67,579 |
| | <u>589,659</u> | <u>539,403</u> |
| Timing of revenue recognition | | |
| At a point in time | 452,224 | 427,363 |
| Over time | 65,280 | 44,461 |
| | <u>517,504</u> | <u>471,824</u> |

2. Turnover and segment information (*continued*)

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

| | Six months ended | | Six months ended | |
|---|-------------------------|-------------------------|-------------------------|------------------------|
| | 30.6.2021 | 30.6.2020 | 30.6.2021 | 30.6.2020 |
| | Segment turnover | Segment turnover | Segment results | Segment results |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Operating segments | | | | |
| Apparel in China Mainland and Hong Kong SAR | 482,019 | 437,836 | 91,332 | 59,330 |
| Apparel in Singapore and Malaysia | 16,108 | 15,864 | 3,609 | (9,081) |
| Property investment and development | 96,531 | 90,184 | 20,293 | 38,856 |
| Inter-segment sales | (4,999) | (4,481) | - | - |
| | <u>589,659</u> | <u>539,403</u> | <u>115,234</u> | <u>89,105</u> |
| Unallocated costs | | | <u>(24,460)</u> | <u>(21,533)</u> |
| Profit before income tax | | | 90,774 | 67,572 |
| Income tax expense | | | <u>(11,786)</u> | <u>(11,780)</u> |
| Profit for the period | | | <u>78,988</u> | <u>55,792</u> |

3. Other losses

| | Six months ended | |
|--|------------------|-----------|
| | 30.6.2021 | 30.6.2020 |
| | HK\$'000 | HK\$'000 |
| Fair value losses on investment properties | (25,347) | (18,520) |

4. Expenses by nature

| | Six months ended | |
|---|------------------|----------------|
| | 30.6.2021 | 30.6.2020 |
| | HK\$'000 | HK\$'000 |
| Cost of inventories sold | 203,557 | 188,559 |
| (Reversal of)/provision for impairment of inventories | (18,383) | 45,920 |
| Direct operating expenses arising from investment properties that generated rental income | 19,851 | 14,001 |
| Expenses relating to short-term leases and variable lease payments (note) | 43,077 | 26,390 |
| Depreciation of property, plant and equipment | 10,059 | 10,787 |
| Depreciation of right-of-use assets | 6,348 | 9,040 |
| Impairment of property, plant and equipment | 25 | 421 |
| Impairment of right-of-use assets | 336 | 1,441 |
| Reversal of impairment of trade receivables, net | (229) | (45) |
| Staff costs including directors' emoluments | 111,454 | 91,623 |
| Advertising and promotion expenses | 43,545 | 23,956 |
| Other expenses | 63,527 | 51,464 |
| | <u>483,167</u> | <u>463,557</u> |
| Representing: | | |
| Cost of sales | 205,636 | 248,755 |
| Selling and marketing costs | 201,829 | 145,861 |
| Administrative expenses | 75,702 | 68,941 |
| | <u>483,167</u> | <u>463,557</u> |

Note:

The Group did not receive any rent concessions related to COVID-19 during the six months ended 30th June 2021 (six months ended 30th June 2020: rent concessions of HK\$729,000 was credited in profit or loss and included in selling and marketing costs).

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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% (2020: 25%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

| | Six months ended | |
|-----------------------------|------------------|---------------|
| | 30.6.2021 | 30.6.2020 |
| | HK\$'000 | HK\$'000 |
| Current tax | | |
| - Hong Kong | - | 172 |
| - PRC enterprise income tax | 17,169 | 17,520 |
| Deferred income tax | (5,383) | (5,912) |
| Total income tax expense | <u>11,786</u> | <u>11,780</u> |

6. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the Company of HK\$78,988,000 (six months ended 30th June 2020: HK\$55,792,000) and the number of ordinary shares in issue of 982,114,035 (six months ended 30th June 2020: 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 2021 and 2020.

7. Dividend

| | Six months ended | |
|---|------------------|---------------|
| | 30.6.2021 | 30.6.2020 |
| | HK\$'000 | HK\$'000 |
| Interim dividend of 4.0 HK cents (2020: 3.0 HK cents) per ordinary share | <u>39,285</u> | <u>29,463</u> |

8. Trade receivables

after delivery. The ageing of the trade receivables based on invoice date is as follows:

| | As at 30.6.2021 | As at 31.12.2020 |
|---|----------------------------|-----------------------------|
| | HK\$'000 | HK\$'000 |
| 1-30 days | 37,688 | 92,028 |
| 31-90 days | 2,631 | 5,214 |
| Over 90 days | 3,012 | 3,371 |
| | <hr/> | <hr/> |
| Trade receivables | 43,331 | 100,613 |
| Less: provision for impairment of trade receivables | (1,130) | (1,356) |
| | <hr/> | <hr/> |
| Trade receivables - net | 42,201 | 99,257 |
| | <hr/> | <hr/> |

9. Trade payables

Trade payables are aged as follows:

| | As at 30.6.2021 | As at 31.12.2020 |
|--------------|----------------------------|-----------------------------|
| | HK\$'000 | HK\$'000 |
| 1-30 days | 13,144 | 23,812 |
| 31-90 days | 1,352 | 1,293 |
| Over 90 days | 125 | 66 |
| | <hr/> | <hr/> |
| | 14,621 | 25,171 |
| | <hr/> | <hr/> |

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 4.0 HK cents per share (2020: 3.0 HK cents per share) for the year ending 31st December 2021, totalling HK\$39,285,000 (2020: HK\$29,463,000), which is expected to be payable on or about 14th September 2021 to shareholders whose names appear on the Register of Members as at 3rd September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover

During the period business had not yet completely recovered although the pandemic situation in China Mainland has stabilized. Total turnover for the first half of the year was HK\$589,659,000, representing an increase of 9% from HK\$539,403,000 of the corresponding period last year. The increase was mainly attributable to the use of a RMB exchange rate during the period by about 9% higher than that of the same period last year, and no further fee reductions granted to the licensees during the period.

Cost of sales and gross profit

Cost of sales for the period were HK\$205,636,000, decreased by 17%. The decrease was mainly due to the movements in provision for impairment of inventories.

During the period, the cost of inventories sold for apparel was HK\$203,557,000, representing an increase of 8% from HK\$188,559,000 of the same period last year. The increase was approximately the same as the increase in relevant turnover. Due to the clearing of off-season stocks and the control of inventory level during the period, the Group recorded a reversal of impairment of inventories of HK\$18,383,000, whereas the provision for impairment of last year was HK\$45,920,000.

Cost of sales for the period included the direct operating expenses arising from investment properties of HK\$19,851,000, representing an increase of 42% from HK\$14,001,000 of the same period last year. Various pandemic related fee and tax reductions resulted in lower expenditures last year.

Gross profit for the period was HK\$384,023,000, representing an increase of 32% from HK\$290,648,000 of the same period last year. Gross profit margin before movements in provision for impairment of inventories for our apparel sales was approximately 54.9%, and was 0.9 percentage point lower than the corresponding period last year's 55.8%.

Other losses

During the period, the Group recorded fair value losses on investment properties of HK\$25,347,000, slightly higher than HK\$18,520,000 of the same period last year.

Operating expenses

Selling and marketing costs mainly consist of manpower costs for sales staff, rental expenses of the sales outlets, operating costs for e-commerce sales platforms, and advertising and promotion. In view of abatement of the pandemic during the period, the commercial activities have resumed normal operations. Coupled with the growth in overall turnover, the Group therefore recorded selling and marketing costs of HK\$201,829,000 for the period, representing an increase of 38% from HK\$145,861,000 of the same period 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\$75,702,000 for the period, also higher than the amount of HK\$68,941,000 of the same period last year by 10%. Higher costs were mainly due to the receipt of various pandemic related fee reductions in last year.

Operating profit

Operating profit for the period amounted to HK\$81,145,000, an increase of approximately 42% from HK\$57,326,000 of the same period last year. The operating profit margin was about 14%, which was higher than the 11% of the same period last year.

Profit attributable to owners of the Company

The Group also recorded a net interest income of HK\$9,629,000 for the period, slightly lower than the same period last year's HK\$10,246,000 by approximately 6%. The decrease was mainly due to the ongoing low deposit interest rate during the period.

After offsetting the reversal of tax for fair value losses on investment properties amounting to HK\$9,326,000 (HK\$4,201,000 for the corresponding period last year), the income tax expense for the period was HK\$11,786,000 and was comparable with the amount of HK\$11,780,000 of the same period last year. Effective tax rate excluding fair value losses on investment properties and the related tax effect was 18.2% and was also comparable with the corresponding period last year's 18.6%.

78,988,000,
increased by approximately 42% from HK\$55,792,000 of the same period last year. Profit for the period would be HK\$95,009,000 if the net fair value losses after tax on investment properties of HK\$16,021,000 (HK\$14,319,000 for the corresponding period last year) were excluded, and was approximately 36% higher than the amount of HK\$70,111,000 of the same period last year.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets

Although economic activities in China Mainland gradually returned to normal since the second half of last year, the Group's business had yet to show any sign of significant improvement during the review period. Owing to the Group's business model, there was lagging effect in the Group's performance as reflecting the actual market conditions. Further, there were still isolated clusters of COVID-19 infections.

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 and Jilin, as well as through e-commerce and custom-ordering. Overall turnover for the period as a whole amounted to HK\$436,116,000, representing an increase of approximately 6% from the same period last year. However, owing to the use of a higher RMB exchange rate by about 9% during the review period, there was a decrease of approximately 3% in RMB mainly from wholesaling and e-commerce.

Wholesaling for the review period was focused on the supply of our 2021 spring and summer products. As the related sales fair held in August last year was impacted by the pandemic, the pre-order amount declined substantially. As such, even though no additional sales return allowances were granted to the distributors during the period, sales to the distributors registered a drop of approximately 24% in RMB compared to last year.

Sales of our self-operated retail shops rebounded by approximately 59% in RMB from the relatively low comparative figures mainly due to the closure of some self-operated outlets resulted from the pandemic early last year. Sales increase was also due to the recovery of retail market and the takeover of retail operation in some provinces by the Group since last year. Business of the

has continued to improve since the second half of last year and sales increased by approximately 28% during the period amid market stability.

re sold through 828 retail outlets in China Mainland, among which 119 were self-operated (including 32 factory outlets and 14 retail outlets taken over from our Shandong distributor for self-operation starting from late March).

Regarding e-commerce, procurement and sales proportion of special selected items were scaled down for clearing off-season stocks returned by our distributors. As a result, instead of rebounding, e-commerce sales dropped year on year by approximately 14% in RMB. During the period, special selected items accounted for approximately 79% of the e-commerce sales and the total e-commerce sales accounted for approximately 31

Our operation in custom-made corporate uniforms managed to stabilize during the review period but clients were still prudent in placing orders. Although sales registered a year-on-year increase of approximately 23% in RMB, they still trailed behind pre-pandemic levels.

During the period, the Group continued to control its purchasing volume tightly and to make efforts in the clearance of off-season stocks. As a result, a reversal of the provision for impairment of inventories of HK\$12,899,000 was recorded for our China Mainland operation in the period, whereas the provision for the same period last year was HK\$42,768,000.

During the review period, the Group continued to grant licenses for distribution of shoes, leather goods, undergarments and casual wear in the China Mainland. Licensing fees were charged in accordance with terms in the relevant licensing agreements during the period. As the Group had granted special fee reductions early last year, licensing income of HK\$45,558,000 or an increase of approximately 73% from the same period last year was recorded during the period.

Singapore and Malaysia Markets

Following the vaccination campaign launched in Singapore early this year, the pandemic situation anti-pandemic measures had to be tightened in response to a resurgence of infections in mid-June. During the period, apparel sales amounted to HK\$16,108,000, representing an increase of approximately 2% when compared to the corresponding period

Since the second half of last year, the Group has ceased its retail operation in Malaysia and has reduced the number of its counters in Singapore. At the end of the review period, there were a total of 5 Goldlion shops and 11 counters in Singapore, or down by 2 in number when compared with the end of last year.

During the review period, local sales continued to focus on clearing off-season stocks while higher discounts were offered in accordance with the local market condition. As a result, overall profit margin excluding movements in impairment of inventories stood at approximately 39%, which was lower than the 45% for the corresponding period last year. The Group also reversed the provision for impairment of inventories by HK\$5,484,000 during the period, whereas the provision for last year was HK\$3,152,000.

In response to the pandemic, the Group stepped up control over its operation scale and cut back on unnecessary expenses during the period. As a result, overall expenses amounted to HK\$8,175,000, representing a decrease of approximately 37 3,000.

Including net rental income from investment properties of HK\$265,000 (HK\$241,000 for the same period HK\$3,874,000, compared with an operating loss of HK\$8,840,000 for the same period last year.

Property Investment and Development

period. Value of investment properties recognized by the Group after independent professional valuations amounted to HK\$2,957,584,000 at the end of the period. Because of the appreciation of RMB, total value of investment properties in Hong Kong dollar was higher than the amount of HK\$2,950,107,000 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\$25,347,000 which mainly came from the property holding in China Mainland and especially the Goldlion Digital Network Centre in Guangzhou. Fair value losses were HK\$18,520,000 for the same period last year.

Although the rental property market had not yet fully recovered in China Mainland and Hong Kong, total rental income and building management fees for the period stood respectively at HK\$72,155,000 and HK\$19,722,000, the total of which represented an increase of approximately 7% over the same period last year owing to the use of a higher RMB exchange rate by about 9%.

In Guangzhou, rental income and building management fees in RMB generated from Goldlion Digital Network Centre were comparable with those of the corresponding period last year. With certain vacant units had still not yet filled up, our leasing position still had room for improvement. Overall occupancy rate for the period was about 79%, which was lower than the corresponding period in Guangzhou completely leased out and the higher RMB exchange rate, rental income and building management fees from this building grew by approximately 68%.

In Shenyang, leasing of Goldlion Commercial Building was stable. Total rental income and building management fees in RMB were comparable with those of last year.

Leasing in Hong Kong continued to be gloomy under the pandemic. Overall rental income and building management fees generated from Goldlion Holdings Centre in Shatin fell by about 11%. In addition to a gap between leases for certain premises, upward adjustment of contracted rents was not possible. On average, occupancy rate stood at about 82% for the period. Besides, the Group's property at No. 3 Yuk Yat Street, To Kwa Wan had almost completely leased out during the period and overall income rose year on year by approximately 13%.

Development projects are under way. By the end of the period, development expenditure amounted to HK\$514,843,000, representing an increase of HK\$90,295,000 when compared with the end of last year. Under the first of its two phases, a total of 6 high-rise buildings with about 500 residential units will be provided. Since the commencement of presale early in the year, about 120 units have been sold. It is currently expected that phase one can be substantially completed by the middle of next year.

PROSPECTS

Thanks to appropriate preventive and control measures in China Mainland, the pandemic has consistently been kept in check despite intermittent outbreaks. To take advantage of the normalized economic activities that ensued, the Group will develop its apparel business in China Mainland mainly by enhancing product quality and streamlining sales channels. Compared against a relatively low base pushed down by COVID-19 during the corresponding season last year, the order amount achieved at the sales fair for the 2022 spring and summer collections held in early August registered an increase but is still below our expectations. It is expected that the orders will be delivered during the first half of 2022.

In Singapore, our operating loss that has persisted for some time has begun to come under control. In light of the locally unpredictable ebb and flow of the pandemic, the Group will continue to keep its operating scale under control so as to improve operation.

As regards property investment, which is still under pressure, efforts will be made to boost the occupancy of our investment properties and to enhance their leasing potential. In respect of the and presale and will adjust as and when necessary.

Turning to the Group's mask factory in Meizhou, the necessary production permits were approved in the second quarter. Currently, investments in machinery, plant and equipment amounted to approximately RMB9,170,000. Production and sales will commence depending on actual conditions.

FINANCIAL POSITION

As at 30th June 2021, the Group had cash and bank balances (including restricted cash of HK\$97,894,000) of approximately HK\$1,349,982,000, which was HK\$112,165,000 higher than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK\$172,226,000 but also paid dividends of HK\$63,838,000 and principal elements of lease payments of HK\$6,818,000. Besides, changes in foreign exchange rate during the period resulted in an increase in cash and bank balances of HK\$10,603,000.

As at 30th June 2021, the Group did not have any bank loans or overdrafts. The gearing ratio, defined as the ratio of total lease liabilities less cash and cash equivalents and restricted cash divided by total equity, was zero.

As at 30th June 2021, the Group's current assets and liabilities were HK\$2,231,933,000 and HK\$491,377,000 respectively, with current ratio at 4.5. Total current liabilities were 11.1% of the average capital and reserves attributable to owners of the Company of HK\$4,445,621,000.

As at 30th June 2021, the Group did not have any material contingent liabilities and had not charged any of the For the project in Meixian, the total property development expenditure authorized but not contracted for and contracted but not provided for were HK\$132,000,000 and HK\$399,706,000 respectively.

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 2021, the Group had approximately 1,700 employees. Staff costs including directors emoluments amounted to HK\$111,454,000 for the six months ended 30th June 2021. The Group 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

Members of the Company will be closed on 2nd September 2021 and 3rd September 2021 (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, 1st September 2021 with the Company's Registrars, Computer1 /Span /MCID 37/Lang (e 0 1 491.77-3())TJg (e/Lan12]TJg (e/Lan186 Tm0()]

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 2021 interim report, containing all the information required by Appendix 16 to the Listing Rules, will be dispatched to shareholders and made available on the above websites in due course.

BOARD OF DIRECTORS

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

By order of the Board
Kam Yiu Kwok
Company Secretary

Hong Kong, 13th August 2021