

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE 12 MONTHS ENDED 30 JUNE 2003

	Notes	Unaudited	
		Six months ended	
		30.6.2003	30.6.2002
		<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(RMB'000)</i>
Turnover	2	248,025	248,197
Cost of sales		<u>(121,983)</u>	<u>(121,338)</u>
Gross profit		126,042	126,859
Other revenues	2	1,547	1,904
Selling and distribution costs		(55,884)	(56,377)
Administrative expenses		(43,382)	(61,480)
Impairment loss of commercial center	3	<u>–</u>	<u>(29,428)</u>
Operating profit/(loss)	4	28,323	(18,522)
Finance costs		<u>–</u>	<u>(37)</u>
Profit/(loss) before taxation		28,323	(18,559)
Taxation	5	<u>(7,432)</u>	<u>(10,309)</u>
Profit/(loss) after taxation		20,891	(28,868)
Minority interests		<u>(800)</u>	<u>(420)</u>
Profit/(loss) attributable to shareholders		<u>20,091</u>	<u>(29,288)</u>
Proposed interim dividend	6	<u>14,057</u>	<u>9,371</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Basic earnings/(loss) per share	7	<u>2.14</u>	<u>(3.24)</u>
Fully diluted earnings/(loss) per share	7	<u>not applicable</u>	<u>(3.20)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

A A 30 H J NE 2003 AND 31 DECEMBER 2002

		Unaudited	Audited
		30.6.2003	31.12.2002
	<i>N.º</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(R.º.º.º.)</i>
Non-current assets			
Fixed assets	8	1,208,174	1,216,719
Deferred tax assets	12	31,686	39,849
		<u>1,239,860</u>	<u>1,256,568</u>
Current assets			
Stocks		98,505	111,099
Trade debtors	9	16,263	25,715
Prepayments and deposits		16,818	21,996
Trading investments		530	530
Bank balances and cash		287,933	260,251
		<u>420,049</u>	<u>419,591</u>
Current liabilities			
Creditors and bills payables	10	14,685	20,262
Other payables and accruals		73,133	81,571
Taxation payable		3,503	3,441
		<u>91,321</u>	<u>105,274</u>
Net current assets		<u>328,728</u>	<u>314,317</u>
Total assets less current liabilities		<u>1,568,588</u>	<u>1,570,885</u>
Financed by:			
Share capital	11	93,711	93,711
Reserves		1,365,750	1,360,880
Proposed dividend		14,057	18,742
Shareholders' funds		<u>1,473,518</u>	<u>1,473,333</u>
Minority interests		2,308	2,733
Non-current liabilities			
Deferred tax liabilities	12	92,762	94,819
		<u>1,568,588</u>	<u>1,570,885</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE MONTH ENDED 30 JUNE 2003

	Unaudited	
	Six months ended	
	30.6.2003	30.6.2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(RMB'000)</i>
Total equity as at 1st January, as previously reported	1,528,303	1,725,844
Effect of changes in accounting policy		
Provision for net deferred tax liabilities (Note 1)	(54,970)	(67,502)
	<u>1,473,333</u>	<u>1,658,342</u>
Total equity as at 1st January, as restated	1,473,333	1,658,342
Deficit on revaluation of investment properties		
Gross	(1,773)	–
Taxation	585	–
Exchange differences arising on translation of the accounts of foreign subsidiaries	24	714
	<u> </u>	<u> </u>
Net (losses)/profit not recognised in the consolidated profit and loss account	(1,164)	714
	<u> </u>	<u> </u>
Profit/(loss) attributable to shareholders	20,091	(29,288)
Issue of shares upon exercise of share options	–	18,739
Dividends	(18,742)	(14,057)
	<u> </u>	<u> </u>
Total equity as at 30th June	<u>1,473,518</u>	<u>1,634,450</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE 1 MONTH ENDED 30 JUNE 2003

	Unaudited	
	Six months ended	
	30.6.2003	30.6.2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash inflow from operating activities	49,875	18,035
Net cash used in investing activities	(2,241)	(15,705)
Net cash (used in)/inflow from financing activities	<u>(19,967)</u>	<u>4,682</u>
Increase in cash and cash equivalents	27,667	7,012
Cash and cash equivalents at 1st January	260,251	220,658
Effect of foreign exchange rate changes	<u>15</u>	<u>(67)</u>
Cash and cash equivalents at 30th June	<u><u>287,933</u></u>	<u><u>227,603</u></u>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	<u><u>287,933</u></u>	<u><u>227,603</u></u>

NOTES TO THE CONDENSED INTERIM ACCOUNTS

1. Basis of preparation and accounting policies

The unaudited consolidated condensed interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 – “Interim financial reporting”, issued by the Hong Kong Society of Accountants (the “HKSA”) and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These condensed interim accounts should be read in conjunction with the 2002 annual accounts.

The accounting policies and methods of computation used in the preparation of the condensed interim accounts are consistent with those used in the annual accounts for the year ended 31st December 2002 except that the Group has adopted SSAP 12 (revised) “Income Taxes” issued by the HKSA which is effective for accounting periods commencing on or after 1st January 2003. The effect to the Group arising from adopting this revised SSAP is set out as below:

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior year, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in the condensed consolidated statement of changes in equity, opening retained earnings at 1st January 2003 has been reduced by HK\$54,970,000 (at 1st January 2002: HK\$67,502,000), which represent the unprovided net deferred tax liabilities. This change has resulted in an increase in deferred tax assets and deferred tax liabilities at 31st December 2002 by HK\$39,849,000 and HK\$94,819,000 respectively. The loss for the six months ended 30th June 2002 has been increased by HK\$9,443,000. The balance on the Group’s investment properties revaluation reserve at 1st January 2003 have been reduced by HK\$91,195,000 (at 1st January 2002: investment properties and other properties revaluation reserves of HK\$126,340,000), which represented the unprovided deferred tax liabilities.

NOTES TO THE CONDENSED INTERIM ACCOUNTS (Continued)

4. Operating profit/(loss)

	Six months ended	
	30.6.2003	30.6.2002
	HK\$'000	HK\$'000
Operating profit/(loss) is stated after charging the following:		
Cost of stocks sold	113,714	115,556
Net provision for slow moving stocks	3,815	3,089
Outgoings in respect of investment properties	4,454	2,693
Depreciation	10,608	16,553
	<u>10,608</u>	<u>16,553</u>

5. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profit for the period. In 2003, the Government of Hong Kong SAR enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the condensed consolidated profit and loss account represents:

	Six months ended	
	30.6.2003	30.6.2002
	HK\$'000	HK\$'000 (Revised)
Hong Kong profits tax		
Under/(over) provision in prior periods	69	(33)
Overseas taxation		
Current period	1,358	899
Over provision in prior periods	(686)	-
	<u>672</u>	<u>899</u>
Deferred taxation relating to the origination and reversal of temporary differences	6,691	9,443
Taxation charge	<u>7,432</u>	<u>10,309</u>

NOTES TO THE CONDENSED INTERIM ACCOUNTS (Continued)

6. Proposed interim dividend

	Six months ended	
	30.6.2003	30.6.2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend, proposed of 1.5 HK cents (2002: 1 HK cent) per ordinary share	<u>14,057</u>	<u>9,371</u>

Note:

At a meeting held on 10th September 2003, the Board of Directors declared an interim dividend of 1.5 HK cents per share. This proposed dividend is not reflected as a dividend payable in the condensed interim accounts but will be reflected as an appropriation of retained earnings for the year ending 31st December 2003.

7. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on profit attributable to shareholders of HK\$20,091,000 (six months ended 30th June 2002: restated loss of HK\$29,288,000).

The basic earnings/(loss) per share is based on the weighted average number of 937,114,035 (six months ended 30th June 2002: 903,817,332) shares in issue during the period.

No fully diluted earnings per share for the current period is presented as all share options granted by the company to employees were exercised on 11th April 2002 and no share options were outstanding during the six months ended 30th June 2003.

The fully diluted loss per share for the period ended 30th June 2002 was based on 915,659,656 shares which was the weighted average number of shares in issue during the period plus the weighted average number of shares of 11,842,324 which were deemed to be issued at no consideration if the outstanding share options had been exercised.

8. Capital expenditure

	Fixed assets
	<i>HK\$'000</i>
Net book value at 1.1.2003	1,216,719
Additions	4,048
Disposals	(220)
Construction-in-progress cost adjustments	(1,773)
Depreciation	(10,608)
Translation differences	8
	<u>1,208,174</u>
Net book value at 30.6.2003	<u>1,208,174</u>

NOTES TO THE CONDENSED INTERIM ACCOUNTS (Continued)

9. Trade debtors

The Group's turnover is on cash on delivery, letter of credit or credit terms ranging from 30 days to 90 days after delivery. At 30th June 2003, the ageing analysis of the trade debtors, net of provision, was as follows:

	30.6.2003 HK\$'000	31.12.2002 HK\$'000
Current	9,783	18,918
31-90 days	5,008	6,343
Over 90 days	1,472	454
	<u>16,263</u>	<u>25,715</u>

10. Creditors and bills payables

At 30th June 2003, the ageing analysis of the creditors and bills payables was as follows:

	30.6.2003 HK\$'000	31.12.2002 HK\$'000
Current	5,675	9,432
31-90 days	4,373	3,759
Over 90 days	4,637	7,071
	<u>14,685</u>	<u>20,262</u>

11. Share capital

	30.6.2003 HK\$'000	31.12.2002 HK\$'000
Authorized share capital:		
1,200,000,000 (31.12.2002: 1,200,000,000) shares of HK\$0.10 each	<u>120,000</u>	<u>120,000</u>
Issued and fully paid up share capital:		
937,114,035 (31.12.2002: 937,114,035) shares of HK\$0.10 each	<u>93,711</u>	<u>93,711</u>

NOTES TO THE CONDENSED INTERIM ACCOUNTS (Continued)

12. Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5%.

The movement on the deferred tax assets and liabilities account is as follows:

	Six months ended 30.6.2003 HK\$'000	Year ended 31.12.2002 HK\$'000
Deferred tax assets		
At the beginning of the period/year	39,849	62,982
Exchange differences	–	(29)
Deferred taxation charged to profit and loss account	(8,163)	(23,104)
	<u>31,686</u>	<u>39,849</u>
At the end of the period/year	<u>31,686</u>	<u>39,849</u>
Deferred tax liabilities		
At the beginning of the period/year	94,819	130,484
Deferred taxation credited to profit and loss account	(1,472)	(520)
Taxation credited to investment properties revaluation reserves	(585)	(35,145)
	<u>92,762</u>	<u>94,819</u>
At the end of the period/year	<u>92,762</u>	<u>94,819</u>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the condensed consolidated balance sheet.

	30.6.2003 HK\$'000	31.12.2002 HK\$'000
Deferred tax assets	(31,686)	(39,849)
Deferred tax liabilities	92,762	94,819
	<u>61,076</u>	<u>54,970</u>
At the end of the period/year	<u>61,076</u>	<u>54,970</u>

The amounts shown in the condensed consolidated balance sheet include the following:

Deferred tax assets to be recovered after more than 12 months	<u>(31,686)</u>	<u>(39,849)</u>
Deferred tax liabilities to be settled after more than 12 months	<u>92,762</u>	<u>94,819</u>

NOTES TO THE CONDENSED INTERIM ACCOUNTS (Continued)

13. Appropriation to reserves

During the period, the Group's subsidiaries established in the PRC has transferred HK\$662,000 from retained profits to the PRC statutory reserves (six months ended 30th June 2002: nil).

14. Commitments

- (a) At 30th June 2003, the Group had future aggregate minimum rental receivables and payments under non-cancellable operating leases as follows:

	30.6.2003	31.12.2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental receivables		
not later than one year	32,059	36,281
later than one year and not later than five years	61,947	57,173
later than five years	12,672	9,020
	106,678	102,474
Rental payables		
not later than one year	2,871	3,046
later than one year and not later than five years	622	930
	3,493	3,976

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

- (b) The Group did not have any other significant commitments at 30th June 2003 (31st December 2002: Nil).

NOTES TO THE CONDENSED INTERIM ACCOUNTS (Continued)

15. Related party transactions

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

	Note	Six months ended	
		30.6.2003	30.6.2002
		HK\$'000	HK\$'000
Building management fees paid to a related company	()	(369)	(610)
Professional fees paid to a related company	()	(330)	(120)
Rental income from a related company	(-)	1,978	-
Administrative and conference fees received from a related company		-	526

Note:

- (a) Guangzhou Silver Disk Property Management Company Limited provided building management services to a subsidiary of the Group. The fees were charged at HK\$31 per square meter. Dr. Tsang Hin Chi and Mr. Tsang Chi Ming, Ricky have direct beneficial interest in Guangzhou Silver Disk Property Management Company Limited.
- (b) Equitas Capital Limited acted as financial advisor to the Group during the period for which professional fees of HK\$330,000 were 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.
- (c) On 18th July 2002, the Group entered into a lease as lessor with Guangzhou World Trade Centre Club Company Limited ("GWTCCCL") and China World Trade Corporation ("CWTC"), the holding company of GWTCCCL, as lessee and guarantor respectively in respect of the properties and facilities situated at the whole third and fifth floor and a portion of fourth floor of Goldlion Digital Network Centre. During the period, the Group received HK\$1,978,000 from GWTCCCL as rental payment under the lease.

Mr. Tsang Chi Hung, an ex-director of the Group, has indirect beneficial interest in GWTCCCL as he become a major shareholder of CWTC starting from 17th December 2002.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Position

At the end of the reporting period, the Group's financial position is as follows: As at 30 June 2003, the Group's cash and bank balances are HK\$287,933,000, accounts receivable HK\$27,682,000, and accounts payable HK\$49,875,000. At the end of the reporting period, the Group's total assets are HK\$4,048,000 and total liabilities are HK\$18,742,000.

The Group's financial position is further detailed in the Group's financial statements as at 30 June 2003, which are set out in the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

Apparel Business (Continued)

Singapore and Malaysia Markets

T... Singapore... 4%... HK... 2%...

S... Singapore... SARS... Malaysia... Goldlion...

I... Malaysia... 2%... Goldlion... Direct...

Hong Kong Market

T... Hong Kong... SARS... 29%...

G... Hong Kong... Direct... Goldlion...

Royalty Income

R... HK\$8,275,000... HK\$2,256,000... Goldlion... C...

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

Apparel Business (Continued)

Royalty Income (Continued)

As a result of the above, Goldlion's total operating income for the year ended 31 December 2015 was RMB5,200,000, an increase of 10.2% over the corresponding period of the year ended 31 December 2014. The increase was primarily due to the increase in the number of retail outlets and the increase in the number of retail outlets in the PRC. The increase in the number of retail outlets was primarily due to the increase in the number of retail outlets in the PRC.

The Group's operating expenses for the year ended 31 December 2015 were RMB1,200,000, an increase of 10.2% over the corresponding period of the year ended 31 December 2014. The increase was primarily due to the increase in the number of retail outlets and the increase in the number of retail outlets in the PRC.

Property Investment

The Group's property investment for the year ended 31 December 2015 was HK\$19,513,000, an increase of 10.2% over the corresponding period of the year ended 31 December 2014. The increase was primarily due to the increase in the number of retail outlets and the increase in the number of retail outlets in the PRC. The increase in the number of retail outlets was primarily due to the increase in the number of retail outlets in the PRC.

Goldlion Digital Network Centre, Tianhe, Guangzhou

The Group's property investment for the year ended 31 December 2015 was HK\$19,513,000, an increase of 10.2% over the corresponding period of the year ended 31 December 2014. The increase was primarily due to the increase in the number of retail outlets and the increase in the number of retail outlets in the PRC. The increase in the number of retail outlets was primarily due to the increase in the number of retail outlets in the PRC.

Goldlion Commercial Building, Shenyang

The Group's property investment for the year ended 31 December 2015 was HK\$19,513,000, an increase of 10.2% over the corresponding period of the year ended 31 December 2014. The increase was primarily due to the increase in the number of retail outlets and the increase in the number of retail outlets in the PRC. The increase in the number of retail outlets was primarily due to the increase in the number of retail outlets in the PRC.

OTHER INFORMATION

Interim Dividend

The Directors have recommended a final dividend of 1.5 HK cents per share (2002: 1 HK cent per share) for the year ended 31 December 2003, amounting to HK\$14,057,000 (2002: HK\$9,371,000), which is payable on 8 October 2003 to the shareholders as at the Record Date of Monday 30 September 2003.

Closure of Register of Member

Register of Members will be closed from Friday 29 September 2003 to 30 September 2003, during which period no new shares will be issued.

Dividend cheques will be available for collection from 9.00 a.m. to 4.00 p.m. on Friday, 26 September 2003 at the Company's Registered Office, Century Square, Level 26, 1712-1716, 17/F, Century Square, 183 Queen's Road East, Hong Kong.

Purchase, Sale or Redemption of Shares

The Company has not made any purchase, sale or redemption of its shares since the listing of the Company's shares on the Stock Exchange of Hong Kong.

Share Options

At the Extraordinary General Meeting of the Company held on 21 May 2002, the Company adopted the Company's 2002 Share Option Scheme (the "Share Option Scheme"). The Share Option Scheme is administered by the General Manager of the Company as the administrator of the Share Option Scheme.

Details of the Share Option Scheme are set out in the Company's 2002 Share Option Scheme Circular, which is available on the Company's website at www.goldlion.com.

