



GOLDLION HOLDINGS LIMITED

金利來集團有限公司

(Incorporated in Hong Kong under the Hong Kong Companies Ordinance)

(Stock code: 533)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH JUNE 2007**

RESULTS

The Board of Directors is pleased to announce the unaudited condensed consolidated results of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 30th June 2007 as follows:

**Condensed Consolidated Interim Profit and Loss Account
For the six months ended 30th June 2007**

		Unaudited	
		Six months ended	
		30.6.2007	30.6.2006
		HK\$'000	HK\$'000
	Note		
Turnover	2	492,413	363,302
Cost of sales	3	<u>(185,923)</u>	<u>(143,166)</u>
Gross profit		306,490	220,136
Other gain - fair value gains on investment properties		39,296	33,681
Selling and marketing costs	3	(101,254)	(80,996)
Administrative expenses	3	(94,782)	(60,649)
Operating profit		149,750	112,172
Interest income		6,030	5,813
Profit before income tax		155,780	117,985
Income tax credit/(expense)	4	13,414	(33,573)
Profit for the period		<u>169,194</u>	<u>84,412</u>
Attributable to:			
Equity holders of the Company		168,835	83,975
Minority interest		359	437
		<u>169,194</u>	<u>84,412</u>
Interim dividend		<u>39,285</u>	<u>30,925</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share for profit attributable to the equity holders of the Company during the period	5		
- basic		<u>17.72</u>	<u>8.96</u>
- diluted		<u>17.72</u>	<u>8.96</u>

Notes:

1. Principal accounting policies

This unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This unaudited condensed consolidated interim financial information should be read in conjunction with the 2006 annual financial statements.

The accounting policies adopted in the preparation of these condensed consolidated interim financial information are consistent with those used in the annual report for the year ended 31st December 2006, except for the adoption of the following standard, amendment and interpretations, which are effective for accounting periods beginning on or after 1st January 2007.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC) Interpretation 7	Applying the Restatement Approach under HKAS 29
HK(IFRIC) Interpretation 8	Scope of HKFRS 2
HK(IFRIC) Interpretation 9	Reassessment of Embedded Derivatives
HK(IFRIC) Interpretation 10	Interim Financial Reporting and Impairment

The adoption of the above new standard amendment and interpretations has no material impact on the Group’s balance sheet and profit and loss account.

No early adoption of the following new standard, amendment and interpretations that have been issued but are not yet effective. The adoption of such new standard, amendment and interpretations will not result in substantial changes to the Group’s accounting policies.

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC) Interpretation 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) Interpretation 12	Service Concession Arrangements

2. Turnover and segment information

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

	Six months ended	
	30.6.2007	30.6.2006
	HK\$'000	HK\$'000
Sales of goods	423,760	314,505
Gross rental income from investment properties	37,458	29,563
Building management income	12,963	3,081
Licensing income	18,232	16,153
	<u>492,413</u>	<u>363,302</u>

An analysis of the Group's segment information by business segment is set out as follows:

	Six months ended		Six months ended	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
	Segment	Segment	Segment	Segment
	turnover	turnover	results	results
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business segments				
Apparel	441,992	330,658	135,732	72,928
Property investments and development	51,100	32,931	35,924	56,643
Inter-segment sales	<u>(679)</u>	<u>(287)</u>	<u>-</u>	<u>-</u>
	<u>492,413</u>	<u>363,302</u>	171,656	129,571
Unallocated costs			<u>(15,876)</u>	<u>(11,586)</u>
Profit before income tax			<u>155,780</u>	<u>117,985</u>

An analysis of the Group's segment information by geographical segment is set out as follows:

	Six months ended		Six months ended	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
	Segment turnover	Segment turnover	Segment results	Segment results
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical segments				
China Mainland	404,258	291,144	160,023	122,238
Hong Kong SAR	21,321	19,822	108	(726)
Singapore and Malaysia	65,679	51,637	13,037	9,340
Other countries	1,155	699	(1,512)	(1,281)
	<u>492,413</u>	<u>363,302</u>	171,656	129,571
Unallocated costs			<u>(15,876)</u>	<u>(11,586)</u>
Profit before income tax			<u>155,780</u>	<u>117,985</u>

3. Expenses by nature

	Six months ended	
	30.6.2007	30.6.2006
	HK\$'000	HK\$'000
Cost of goods sold	181,897	131,160
(Reversal)/provision for impairment of inventories	(3,011)	7,109
Direct operating expenses arising from investment properties	7,037	4,897
Amortization of leasehold land and land use rights	1,842	1,792
Depreciation of property, plant and equipment	6,291	6,340
Impairment for property, plant and equipment	-	2,630
Staff costs including directors' emoluments	79,582	54,810
Other expenses	108,321	76,073
	<u>381,959</u>	<u>284,811</u>
Representing:		
Cost of sales	185,923	143,166
Selling and marketing costs	101,254	80,996
Administrative expenses	94,782	60,649
	<u>381,959</u>	<u>284,811</u>

4. Income tax credit/(expense)

No Hong Kong profits tax has been provided as there is no estimated assessable profits or there are available tax losses available to offset assessable profits for the period. Taxation on profits outside Hong Kong has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the regions/countries in which the Group operates.

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

	Six months ended	
	30.6.2007	30.6.2006
	HK\$'000	HK\$'000
Taxation outside Hong Kong		
Current period	29,156	17,387
Under provision in prior periods	-	275
	<u>29,156</u>	<u>17,662</u>
Deferred income tax	(42,570)	15,911
	<u>(13,414)</u>	<u>33,573</u>
Total income tax (credit)/expense		

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law") approved by the National People's Congress on 16th March 2007, the new enterprise income tax rates for domestic enterprises and foreign invested enterprises are unified at 25% with effect from 1st January 2008. Regarding the deferred income tax assets and liabilities of certain PRC subsidiaries which are expected to be settled after 1st January 2008, the Group made an adjustment to their carrying amounts using the applicable tax rate of 25%, resulting in reduction in deferred income tax assets by approximately HK\$1,205,000 and liabilities by approximately HK\$53,023,000 in the six-month period ended 30th June 2007. The reduction in deferred income tax liabilities was mainly attributable from the reduction of applicable tax rate from 33% to 25% on the fair value gains of the investment properties held in PRC.

The new CIT Law has provided that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. As and when the State Council announces the additional regulations, the Company will assess their impact, if any.

5. Earnings per share

The calculation of basic earnings per share is based on profit attributable to the equity holders of the Company of HK\$168,835,000 (six months ended 30th June 2006: HK\$83,975,000) and the weighted average number of 952,528,400 (six months ended 30th June 2006: 937,114,035) shares in issue during the period.

Diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares in issue during the period ended 30th June 2006 and 30th June 2007.

6. Trade receivables

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

	As at 30.6.2007	As at 31.12.2006
	HK\$'000	HK\$'000
1-30 days	16,224	26,751
31-90 days	12,714	8,202
	<u>28,938</u>	<u>34,953</u>

7. Trade payables

The ageing analysis of the trade payables was as follows:

	As at 30.6.2007	As at 31.12.2006
	HK\$'000	HK\$'000
1-30 days	14,715	22,465
31-90 days	2,239	5,569
Over 90 days	420	86
	<u>17,374</u>	<u>28,120</u>

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 4.0 HK cents per share (2006: 3.3 HK cents per share) for the year ending 31st December 2007, totalling HK\$39,285,000 (2006: HK\$30,925,000), which is expected to be payable on or about 17th October 2007 to shareholders whose names appear on the Register of Members as at 5th October 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The Group continued to perform well in the six months ended 30th June 2007, with turnover as well as overall profits registering satisfactory growth. Turnover for the period totaled HK\$492,413,000, or 36% over the same period last year. The growth in sales mainly originated from our two major markets of China Mainland and Singapore while our major avenues of income, namely sales of goods, rentals from investment properties and licensing income, combined to produce an income over and above the corresponding period last year.

As for profits, profit attributable to equity holders of the Company during the period was HK\$168,835,000, rising substantially by 101% from last year's HK\$83,975,000.

According to an independent professional valuation of the Group's investment properties conducted as at 30th June 2007, fair value gains on investment properties were recorded at HK\$39,296,000 which also resulted in deferred taxation charges of approximately HK\$9,658,000 (calculated by prevailing applicable tax rates). Fair value gains and related deferred taxation charges for the same

Property Investments and Development

Thanks to the rising RMB and the overall stability of the property market, the Group's investment in properties has continued to produce encouraging results. Fair value gains on investment properties for the period after independent professional valuation are HK\$39,296,000 as compared with HK\$33,681,000 for the same period last year.

Overall performance for leasing was equally satisfactory, with rental income reaching HK\$37,458,000, or 27% over and above that for the corresponding period last year.

The main source of rental income remained to be the Goldlion Digital Network Centre in Tianhe, Guangzhou. The acquisition of Joint Corporation Limited at an aggregate consideration of HK\$177,000,000 and 45,000,000 ordinary shares of the Company was completed by the end of April 2007. Together with the interests already held, the Group now owns approximately 96.3% of the total office area and 100% of car parking spaces of the building. As a result, rental income from the building rose by approximately 29%, or about 7% if excluding the effect of the newly acquired premises, over the same period last year. Besides, the Group has provided quality building management services to tenants of the building through its property management subsidiary since end of last year. The said property management subsidiary recorded a building management income of HK\$7,789,000 and was able to achieve breakeven during the period under review.

Almost fully occupied, the Goldlion Commercial Building held by the Group in Shenyang enjoyed stability in its overall leasing position. Given the similarity of tenancies to those of last year, rental income grew by about 6%.

Reflecting the congenial climate in the rental market, the rise in both leasing rate and rental levels have pushed overall rental income from the Group's properties in Hong Kong up by approximately 24% during the period under review.

The development project in Meizhou, Guangdong, progressed as planned during the period, with total development costs amounting to HK\$55,617,000 as at end of June 2007.

PROSPECTS

The Group is optimistic about its business outlook for the latter half of the year. Regarding the Mainland apparel business, focus will continue to be placed on overall quality enhancement. Aided by effective marketing, it is expected that the Group's leading position can be secured even further.

As for the Singapore market, our objectives will be to extend our coverage of the market and to maintain a reasonable level of profits to counter the increasingly swelling local operating costs. There are also plans to upgrade the local computer system by the end of the year for higher efficiency in our operations.

Turning to property investment, the Group's rental income is expected to climb further following the acquisition of remaining interests in the Goldlion Digital Network Centre in Guangzhou. In tandem with this, the Group will continue to improve the quality and rental value of our other investment properties in the hope of gaining even better returns.

BOARD OF DIRECTORS

As at the date of this announcement, the directors of the Company comprise Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan as executive Directors; Mr. Ng Ming Wah, Charles as a non-executive Director; and Dr. Lau Yue Sun, Mr. Wong Ying Ho, Kennedy and Mr. Yin, Richard Yingneng as independent non-executive Directors.

By order of the Board

Kam Yiu Kwok

Company Secretary

Hong Kong, 18th September 2007