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 2008

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 2008 as follows:

Condensed Consolidated Interim Income Statement
For the six months ended 30th June 2008

		Unaudited Six months ended	
		30.6.2008	**30.6.2007**
	Note	HK$'000	HK$'000
Turnover	2	723,711	492,413
Cost of sales	3	(296,880)	(185,923)
Gross profit		426,831	306,490
Other gain – fair value gains on investment properties		37,167	39,296
Selling and marketing costs	3	(107,178)	(101,254)
Administrative expenses	3	(104,047)	(94,782)
Operating profit		252,773	149,750
Interest income		5,675	6,030
Profit before income tax		258,448	155,780
Income tax (expense)/credit	4	(75,909)	13,414
Profit for the period		182,539	169,194
Attributable to:			
Equity holders of the Company		182,150	168,835
Minority interest		389	359
		182,539	169,194
Interim dividend		58,927	39,285
Earnings per share for profit attributable to the equity holders of the Company during the period (HK cents) - basic and diluted	5	18.55	17.72

Condensed Consolidated Interim Balance Sheet
As at 30th June 2008

	Note	As at 30.6.2008 (Unaudited) HK$'000	31.12.2007 (Audited) HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		114,337	115,486
Property, plant and equipment		174,844	154,887
Investment properties		1,594,254	1,468,250
Deferred income tax assets		30,959	37,296
Deposit for acquisition of property, plant and equipment		2,084	3,982
		1,916,478	1,779,901
Current assets			
Completed property held for sale		99,015	-
Property under development held for sale		-	113,060
Inventories		139,534	130,151
Trade receivables	6	43,397	36,751
Prepayments and deposits		49,783	33,035
Cash and cash equivalents		469,351	461,511
		801,080	774,508
Total assets		**2,717,558**	**2,554,409**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		98,211	98,211
Reserves		2,026,318	1,813,966
Proposed dividend		58,927	78,569
		2,183,456	1,990,746
Minority interest		1,700	1,311
Total equity		2,185,156	1,992,057
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		205,277	180,632
Other payables		4,387	4,142
		209,664	184,774
Current liabilities			
Trade payables	7	40,388	48,679
Other payables and accruals		263,840	289,684
Taxation payables		18,510	39,215
		322,738	377,578
Total liabilities		532,402	562,352
Total equity and liabilities		**2,717,558**	**2,554,409**
Net current assets		478,342	396,930
Total assets less current liabilities		2,394,820	2,176,831

Notes:

1. Principal accounting policies

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2008 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 2007 annual financial statements.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

The following interpretations are mandatory for the financial year beginning on 1 January 2008. They are not relevant to the Group.

HK(IFRIC) – Int 11, 'HKFRS 2 – Group and treasury share transactions'
HK(IFRIC) – Int 12, 'Service concession arrangements'
HK(IFRIC) – Int 14, 'HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The following new standards, amendments or interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

HKAS 1 (amendment), 'Presentation of financial statements'
HKAS 23 (amendment), 'Borrowing costs'
HKAS 32 (amendment), 'Financial instruments: presentation' and consequential amendments to HKAS 1 'Presentation of financial statements'
HKFRS 2 (amendment), 'Share-based payment – oeion' sin8(C)-13.4015())7(d)62.74(l)-2.161.57503(K)1.5
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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 investment and development. Turnover recognized during the period were as follows:

	Six months ended 30.6.2008 HK$'000	Six months ended 30.6.2007 HK$'000
Sales of goods	534,881	423,760
Gross rental income from investment properties	55,452	37,458
Building management income	14,590	12,963
Licensing income	21,320	18,232
Sales of properties	97,468	-
	723,711	492,413

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

	Six months ended		Six months ended	
	30.6.2008 Segment turnover HK$'000	**30.6.2007 Segment turnover** HK$'000	**30.6.2008 Segment results** HK$'000	**30.6.2007 Segment results** HK$'000
Business segments				
Apparel	556,201	441,992	153,720	135,732
Property investment and development	171,110	51,100	124,940	35,924
Inter-segment sales	(3,600)	(679)	-	-
	723,711	492,413	278,660	171,656
Unallocated costs			(20,212)	(15,876)
Profit before income tax			258,448	155,780

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

	Six months ended 30.6.2008 Segment turnover HK$'000	Six months ended 30.6.2007 Segment turnover HK$'000	Six months ended 30.6.2008 Segment results HK$'000	Six months ended 30.6.2007 Segment results HK$'000
Geographical segments				
China Mainland	625,466	404,258	269,780	160,023
Hong Kong SAR	25,855	21,321	2,596	108
Singapore and Malaysia	71,747	65,679	8,075	13,037
Other countries	643	1,155	(1,791)	(1,512)
	723,711	492,413	278,660	171,656
Unallocated costs			(20,212)	(15,876)
Profit before income tax			258,448	155,780

3. Expenses by nature

	Six months ended 30.6.2008 HK$'000	Six months ended 30.6.2007 HK$'000
Cost of completed properties sold	50,655	-
Cost of goods sold	227,207	181,897
Provision/(reversal) for impairment of inventories	7,925	(3,011)
Direct operating expenses arising from investment properties	11,092	7,037
Amortization of leasehold land and land use rights	1,852	1,842
Depreciation of property, plant and equipment	9,454	6,291
Staff costs including directors' emoluments	94,387	79,582
Other expenses	105,533	108,321
	508,105	381,959
Representing:		
Cost of sales	296,880	185,923
Selling and marketing costs	107,178	101,254
Administrative expenses	104,047	94,782
	508,105	381,959

4. Income tax expense/(credit)

No Hong Kong profits tax has been provided as there is no estimated assessable profits or there are available tax losses 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.

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and all property development expenditures.

Pursuant to the PRC corporate income tax law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. As a result, the enterprise income tax rate of all the subsidiaries of the Company incorporated in the PRC has changed from 33% or 24% to 25% with effect from 1 January 2008.

The amount of income tax charged/(credited) to the condensed consolidated interim income statement represents:

	Six months ended	
	30.6.2008	**30.6.2007**
	HK$'000	HK$'000
Current tax		
- PRC enterprise income tax	44,527	27,522
- Overseas taxation	755	1,634
- Land appreciation tax	7,695	-
Deferred income tax	22,932	(42,570)
Total income tax expense/(credit)	75,909	(13,414)

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$182,150,000 (six months ended 30 June 2007: HK$168,835,000) and the weighted average number of 982,114,035 (six months ended 30th June 2007: 952,528,400) 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 30 June 2007 and 30 June 2008.

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 30.6.2008 HK$'000	**As at 31.12.2007** HK$'000
1-30 days	25,519	26,304
31-90 days	15,218	9,995
Over 90 days	2,660	452
	43,397	36,751

7. Trade payables

The ageing analysis of the trade payables was as follows:

	As at 30.6.2008 HK$'000	**As at 31.12.2007** HK$'000
1-30 days	31,024	40,239
31-90 days	5,937	6,368
Over 90 days	3,427	2,072
	40,388	48,679

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 6.0 HK cents per share (2007: 4.0 HK cents per share) for the year ending 31st December 2008, totalling HK$58,927,000 (2007: HK$39,285,000), which is expected to be payable on or about 10th October 2008 to shareholders whose names appear on the Register of Members as at 26th September 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The Group continued to perform well in the six months ended 30th June 2008, with turnover as well as overall profits registering satisfactory growth. Turnover for the period totaled HK$723,711,000, or 47% over the same period last year. The growth still reached 27% even if sales income from the Group's Meizhou property development project of HK$97,468,000 is excluded. Increases were registered for all of the Group's major avenues of income, namely sales of goods, rentals from investment properties and licensing income.

As for profits, profit attributable to equity holders of the Company during the period was HK$182,150,000, rising by 8% from last year's HK$168,835,000. An analysis of profit for the period is as follows:

	Six months ended	
	30.6.2008	**30.6.2007**
	HK$'000	HK$'000
Profit per financial statements	182,150	168,835
Adjusted for:		
Fair value gains on investment properties net of deferred tax effect	(29,013)	(29,638)
Deferred tax effect on change of PRC tax rate	-	(51,818)
(Profit)/loss after tax from Meizhou property development project	(27,551)	14,367
Profit of the Group from underlying business	125,586	101,746

From the above table, a satisfactory growth in profit after tax of approximately 23% from our underlying business (apparel and property investment business) is noted.

BUSINESS REVIEW

Apparel Business

China Mainland Market
The apparel business continued to perform with satisfactory results during the period under review, pushing overall sales up by 30% over the same period last year, or 20% even when the appreciation of the Renminbi ("RMB") is excluded.

The entire consumer market was overcast with gloom in a country ravaged by first severe snow storms and then the earthquake in Sichuan. The situation was aggravated by runaway inflation, slides in the stock markets and receding wealth effect. Increasingly intense competition posed further threats to the Group's business. Despite the adverse environment, the Group pressed forward with its established strategies and finally garnered success in the period.

To ensure sustained growth, our China arm continued to preoccupy themselves with product development and sourcing, monitoring of production flow, improvement in brand image and consolidation of sales network.

During the period, the Group sought to upgrade its design teams so as to come up with better designs that fall in line with our pursuit for fashion. In addition to identifying potential quality suppliers, we have increased cooperation with suppliers with a good track record, thus reaping the benefits of not just improving product quality but also containing the materials and manpower costs for maintaining gross profits. Targeted monitoring was also made possible following finer segmentation of the production process.

To update our distributors with the latest product news and to gain in-depth understanding of the market for more effective marketing strategy and consolidation of our sales network, regular meetings were held on top of the seasonal sales fairs.

Singapore and Malaysia Markets

Troubled by fringe market conditions, the local economy lost some of its steam and consumer sentiment took a more cautious turn. As a result, total turnover at local currency for the period could only stand at the same level of last year. Nevertheless, a growth of about 9% in value at Hong Kong dollar has been reported due to the appreciation of the Singapore dollar by approximately 10% over the same period last year.

Improving the overall quality of our products to cater to the taste of the local clientele remained to be our primary concern for the period. To better control operating cost and to practice the better possible management, information technology systems were upgraded towards the end of last year and workflow and manpower deployment revamped during the period.

The number of outlets has changed little from the same period last year, so has the turnover of major comparable outlets. At the end of the period, there were 9 Goldlion shops and 20 counters in Singapore.

Over in Malaysia, the number of outlets stabilized at 34, the business of which was stable with aggregate sales at local currency rising by about 2% over the same period last year.

Hong Kong Market

In view of the prolonged unfavourable local retail business environment especially the high operating costs, the Group continued to practice prudence in its operation in Hong Kong. As a result, the Group has had no expansion plans for the market other than the opening of an accessories shop in Tuen Mun at the end of May. At present, the Group operates 2 shops and 3 counters directly. Sales for the period recorded a growth of 17% when compared with the same period last year.

With the expiry of the lease, the business of the Group's concept store "TSR" in Lan Kwai Fong, Central, had ceased at the end of August. The store was first opened at the end of 2005 with the target of improving the brand image of Goldlion in the local market.

Licensing Income

Licensing income for the Group reached HK$21,320,000 during the period, surpassing last year's mark by about 17%. The growth was due on the one hand to the appreciation of the RMB and on the other to the higher contracted fees under the renewed agreements for leather goods in the Mainland market effective from the end of last year. The growth was also due to the incremental increases in license fees stipulated in the existing license agreements.

At present, licenses granted range from leather goods, shoes, jewellery products, undergarments to woolen sweaters within the China Mainland market. To protect our brand image, on-site inspections were performed regularly to ensure compliance with the Group's requirements while we continued to provide our licensees with appropriate support.

Property Investments and Development

As in previous periods, the Group's property investment has continued to perform well. During the period, the Group recognized fair value gains on investment properties of HK$37,167,000 after an independent professional valuation, as compared with HK$39,296,000 for the same period last year. The gain was mainly derived from an increase in value of the Goldlion Commercial Building in Shenyang following the extension of our land use rights from the originally remaining at around 17 years to around 40 years after the payment of a consideration. Further, the valuation was not affected by the recent market volatility in view of the Group's stable rental return during the period.

Turning to the Group's leasing activities, rental income for the period amounted to HK$55,452,000, or a hefty 48% over and above that for the corresponding period last year.

Having shot up by about 57%, the Goldlion Digital Network Centre in Tianhe, Guangzhou, has continued to be our major source of income, with occupancy remaining at around 95%. The increase in rental income from the building was the results of the appreciation of the RMB and the Group's acquisition of additional floor area since the end of last April. Excluding these effects, the growth was still as much as about 6%.

Leasing of the Goldlion Commercial Building held by the Group in Shenyang was largely stable for the period under review, with occupancy remaining at around 100%. Rental income increased by 40% over the same period last year mainly due to the recognition of a higher amount of turnover rental during the period.

Riding on the inflating rentals, overall rental income generated by the Group's properties in Hong Kong was approximately 17% higher than the same period last year. Overall occupancy rate stood at over 95% during the period.

The Group saw the completion of its property development project in Meizhou, Guangdong, during the period under review. The project generated properties for sales with gross floor area of 77,729 square meters comprising about 53,067 square meters of residential units, 9,498 square meters of parking spaces and 15,164 square meters of commercial spaces. Pre-sale of the residential units has begun towards the end of last year. Upon delivery of the sold flats totaling about 27,940 square meters for possession during the period, aggregate sales reached approximately HK$97,468,000. The Group recognized a net profit after tax of about HK$27,551,000 from the project during the period.

PROSPECTS

With uncertainties facing economies around the globe showing no signs to ease off, the gloomy climate is expected to continue into the latter half of the year. The conditions will be further implicated by waning consumer sentiment and rocketing production cost. As such, the Group is prudent about overall performance in the coming six months.

Despite all these challenges, the Group will continue to grow and expand, building on our solid foundation laid down over the years and our leading position in the various markets.

The apparel business in China Mainland will continue to move towards more fashionable products for the younger clientele by putting a greater emphasis on smart casual wear. Two other major initiatives for the near future will be the development and promotion of high-end apparel products as well as the upgrading of information technology systems towards the end of the year.

In Singapore, the negative impact of pessimistic consumer sentiment on the Group's business is expected to be mitigated when the sluggish local economy eases pressure on high operating costs and labour shortage.

As for property investment, stability is expected. For the property development project in Meizhou, additional residential units and parking spaces have been sold subsequent to the reporting period. The Group will offer the commercial spaces for sale as and when appropriate depending on market condition and the people flow triggered by the intake of the residential units.

FINANCIAL POSITION

As at 30th June 2008, the Group had cash and bank balances of approximately HK$469,351,000, which was HK$7,840,000 higher than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK$101,142,000 and gains from foreign exchange rate changes of HK$19,455,000. However, the Group also recorded a net cash used in investing activities of HK$27,888,000 and paid dividends of HK$78,569,000. As at 30th June 2008, the Group did not have any bank loans or overdrafts.

As at 30th June 2008, the Group's current assets and liabilities were HK$801,080,000 and HK$322,738,000 respectively, with current ratio at 2.5. Total current liabilities were only 15% of the average capital and reserves attributable to the Company's equity holders of HK$2,087,101,000.

As at 30th June 2008, the Group did not have any significant contingent liabilities or capital commitment and did not charge any of the Group's assets.

HUMAN RESOURCES

At 30th June 2008, the Group had approximately 1,700 employees. Employees' costs during the first six months of the year including directors emoluments amounted to HK$94,387,000. The Group ensures that employees' remuneration packages are competitive and are determined mainly on factors including job nature, market conditions, individual performance, qualification and experience. The Group also provides other benefits to its employees and training as and when required.

CLOSURE OF REGISTER OF MEMBER

For the purpose of determining shareholders' entitlement to the proposed dividend, the Register of Members of the Company will be closed on 25th September 2008 and 26th September 2008 (two days), during which period no transfer will be effected.

In order to qualify for the above-mentioned interim dividend, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Wednesday, 24th September 2008 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the six months ended 30th June 2008 except that all of the non-executive Directors of the Company have not been appointed for a specific term but are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Articles of Association of the Company.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. During the six months ended 30th June 2008, 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. At present, the Audit Committee has four members including Mr. Yin, Richard Yingneng (Chairman), Dr. Wong Ying Ho, Kennedy (Deputy Chairman) and Dr. Lau Yue Sun, all of them are independent non-executive Directors, and Mr. Ng Ming Wah, Charles, 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 2008. At the request of the Board of Directors, the Company's external auditors have carried out a review of this unaudited interim financial information in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE COMPANY AND THE STOCK EXCHANGE

The interim results announcement is published on the website of the Company (www.goldlion.com) and the Stock Exchange (www.hkexnews.hk). The 2008 interim report, containing all the information required by relevant paragraphs in Appendix 16 to the Listing Rules, will be despatched to shareholders and make available on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the directors of the Company comprise Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan as executive Directors; Mr. Ng Ming Wah, Charles as a non-executive Director; and Dr. Lau Yue Sun, Dr. 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, 9th September 2008