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 2009

RESULTS

The Board of Directors announces the unaudited condensed consolidated results of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 30th June 2009 as follows:

Condensed Consolidated Income Statement
For the six months ended 30th June 2009

	Note	Unaudited Six months ended 30.6.2009 HK$'000	30.6.2008 HK$'000
Turnover	2	649,394	732,709
Cost of sales	3	(271,339)	(296,880)
Gross profit		378,055	435,829
Other gain – fair value gains on investment properties		4,600	37,167
Selling and marketing costs	3	(116,378)	(116,176)
Administrative expenses	3	(99,642)	(104,047)
Operating profit		166,635	252,773
Interest income		3,260	5,675
Profit before income tax		169,895	258,448
Income tax expense	4	(51,485)	(75,909)
Profit for the period		118,410	182,539
Profit attributable to:			
Equity holders of the Company		118,013	182,150
Minority interest		397	389
		118,410	182,539
Interim dividend		58,706	58,927
Earnings per share for profit attributable to the equity holders of the Company during the period (HK cents)			
- basic	5	12.06	18.55
- diluted	5	12.02	18.55

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th June 2009

	Unaudited Six months ended	
	30.6.2009	**30.6.2008**
	HK$'000	HK$'000
Profit for the period	118,410	182,539
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	11,136	87,929
Surplus on revaluation of leasehold properties	-	1,200
Total comprehensive income for the period	129,546	271,668
Total comprehensive income attributable to:		
Equity holders of the Company	129,149	271,279
Minority interest	397	389
	129,546	271,668

Condensed Consolidated Statement of Financial Position
As at 30th June 2009

	Note	As at 30.6.2009 (Unaudited) HK$'000	31.12.2008 (Audited) HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		109,512	111,459
Property, plant and equipment		166,438	178,494
Investment properties		1,650,187	1,635,675
Deferred income tax assets		44,006	34,610
		1,970,143	1,960,238
Current assets			
Property held for sale		56,728	71,020
Inventories		157,036	205,843
Trade receivables	6	39,940	47,535
Prepayments, deposits and other receivables		49,188	32,500
Cash and cash equivalents		565,644	523,159
		868,536	880,057
Total assets		**2,838,679**	**2,840,295**
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		98,211	98,211
Reserves		2,104,179	2,032,856
Proposed dividend		58,706	117,412
		2,261,096	2,248,479
Minority interest		1,708	1,311
Total equity		2,262,804	2,249,790
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		244,614	223,874
Other payable		-	5,310
		244,614	229,184
Current liabilities			
Trade payables	7	30,386	56,023
Other payables and accruals		278,010	276,277
Taxation payables		22,865	29,021
		331,261	361,321
Total liabilities		575,875	590,505
Total equity and liabilities		**2,838,679**	**2,840,295**
Net current assets		537,275	518,736
Total assets less current liabilities		2,507,418	2,478,974

Notes:

1. Principal accounting policies

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2009 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 2008 annual financial statements. Certain comparative figures have been reclassified to conform with changes in presentation in the current period and full year results of 2008. The reclassification has resulted in an increase in both turnover and selling and marketing costs for the six months ended 30 June 2008 by HK$8,998,000 but with no impact on the Group's net profit and/or financial position.

Except with the adoption of new standards, amendments or interpretations mandatory for the financial year beginning on 1 January 2009, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

The adoption of the following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

HKAS 1 (revised), 'Presentation of financial statements'
HKFRS 8, 'Operating segments'
Amendment to HKFRS 7, 'Financial instruments: disclosures'

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant to the Group.

HKAS 23 (amendment), 'Borrowing costs'
HKFRS 2 (amendment), 'Share-based payment'
HKAS 32 (amendment), 'Financial instruments: presentation'
HK(IFRIC) 9 (amendment), 'Reassessment of embedded derivatives' and HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'
HK(IFRIC) 15, 'Agreements for the construction of real estate'
HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation'
HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted.

HKFRSs (amendments), 'Improvements to HKFRSs'
Amendment to HKAS 39, 'Financial instruments: Recognition and measurement' on eligible hedged items
HKFRS 3 (revised), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures'
HK(IFRIC) 17, 'Distributions of non-cash assets to owners'
HK(IFRIC) 18, 'Transfers of assets from customers'

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	
	30.6.2009	**30.6.2008**
	HK$'000	HK$'000
Sales of goods	511,170	543,879
Gross rental income from investment properties	57,818	55,452
Building management income	15,018	14,590
Licensing income	25,010	21,320
Sales of properties	40,378	97,468
	649,394	732,709

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

	Six months ended		Six months ended	
	30.6.2009 Segment turnover	**30.6.2008 Segment turnover**	**30.6.2009 Segment results**	**30.6.2008 Segment results**
	HK$'000	HK$'000	HK$'000	HK$'000
Operating segments				
Apparel - China Mainland and Hong Kong SAR	472,717	492,809	116,594	149,069
Apparel - Singapore and Malaysia	63,389	71,747	4,208	8,275
Apparel - other countries	74	643	(1,725)	(1,779)
Property investment and development	117,036	171,110	73,133	127,390
Inter-segment sales	(3,822)	(3,600)	-	-
	649,394	732,709	192,210	282,955
Unallocated costs			(22,315)	(24,507)
Profit before income tax			169,895	258,448
Income tax expense			(51,485)	(75,909)
Profit for the period			118,410	182,539

3. Expenses by nature

	Six months ended 30.6.2009 HK$'000	Six months ended 30.6.2008 HK$'000
Cost of properties sold	15,660	50,655
Cost of inventories sold	245,047	227,207
(Reversal)/provision for impairment of inventories	(3,279)	7,925
Impairment loss of property, plant and equipment	7,853	-
Direct operating expenses arising from investment properties	13,912	11,092
Amortization of leasehold land and land use rights	2,073	1,852
Depreciation of property, plant and equipment	12,054	9,454
Staff costs including directors' emoluments	87,689	94,387
Other expenses	106,350	114,531
	487,359	517,103
Representing:		
Cost of sales	271,339	296,880
Selling and marketing costs	116,378	116,176
Administrative expenses	99,642	104,047
	487,359	517,103

4. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2008:16.5%) and overseas profits taxes have been provided at the rates of taxation prevailing in the 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.

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

	Six months ended	
	30.6.2009	**30.6.2008**
	HK$'000	HK$'000
Current tax		
- Hong Kong	76	-
- PRC enterprise income tax	35,308	44,527
- Overseas taxation	881	755
- Land appreciation tax	4,952	7,695
Deferred income tax	10,268	22,932
Total income tax expense	51,485	75,909

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$118,013,000 (six months ended 30 June 2008: HK$182,150,000) and the weighted average number of 978,434,035 (six months ended 30th June 2008: 982,114,035) shares in issue during the period excluding ordinary shares purchased by a subsidiary and held as treasury shares.

The calculation of diluted earnings per share is based on the Group's profit attributable to equity holders of the Company of HK$118,013,000 (six months ended 30 June 2008: HK$182,150,000) and the weighted average number of 982,114,035 (six months ended 30 June 2008: 982,114,035) shares in issue during the period after adjusting the effect of all potential dilutive ordinary shares deemed to be transferred to an employee at nil consideration under the Share Award Scheme.

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 30.6.2009 HK$'000	As at 31.12.2008 HK$'000
1-30 days	31,115	38,993
31-90 days	8,505	8,267
Over 90 days	320	275
	39,940	47,535

7. Trade payables

The ageing analysis of the trade payables was as follows:

	As at 30.6.2009 HK$'000	As at 31.12.2008 HK$'000
1-30 days	24,100	46,916
31-90 days	3,648	8,210
Over 90 days	2,638	897
	30,386	56,023

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 6.0 HK cents per share (2008: 6.0 HK cents per share) for the year ending 31st December 2009, totalling HK$58,706,000 (2008: HK$58,927,000), which is expected to be payable on or about 6th October 2009 to shareholders whose names appear on the Register of Members as at 25th September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

The global economy has continued to be hit by the financial crisis that broke out last year. Consumer sentiment has shown little sign of improvement although the financial market began to stabilize in the second quarter of the year following stimulus measures implemented by the various governments. Two of the Group's major markets, namely Mainland China and Singapore, were affected in different degrees by the market slumps during the period under review.

Under such a difficult operating environment, the Group achieved a turnover totaling HK$649,394,000, or a drop of 11%, when compared with the corresponding period last year. The decrease stood at 4% after excluding sales income from the Meizhou property development project.

Profits attributable to equity holders of the Company during the period amounted to HK$118,013,000. On account of the decreases in both fair value gains on investment properties and profit from the Meizhou property development project, profits attributable to equity holders decrease by approximately 35%, when compared with the same period last year of HK$182,150,000. The decrease, however, amounted to about 20% with respect to the Group's fundamental business. An analysis of profit for the period is as follows:

	Six months ended	
	30.6.2009	**30.6.2008**
	HK$'000	HK$'000
Profit per financial statements	118,013	182,150
Adjusted for:		
Fair value gains on investment properties net of deferred tax effect	(3,820)	(29,013)
Profit after tax from Meizhou property development project	(13,435)	(27,551)
Profit of the Group from fundamental business	100,758	125,586

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets
Implicated by deterioration in the neighbouring economies, China's export trade suffered a significant slowdown. This has in turn dealt a blow to the job market and dampened consumer spending although the situation has improved in recent months following the Central Government's successive measures to stimulate domestic demand.

Affected by the slackening market, the Group's China Mainland apparel business witnessed a slight decline in turnover at a rate of approximately 3%, or about 5% in Renminbi ("RMB"), when compared with the same period last year.

During the period under review, the Group adopted a more flexible marketing approach and promoted sales through its major sales channels in the Mainland. Additional discount outlets were opened to ease the disposal of off-season stocks and to boost our sales in general.

In response to changes in the market, the Group maintained close liaison with its distributors in the Mainland for follow-up actions and provision of appropriate assistance to ensure steady advancement in their operations.

To maximize this market adjustment, the Group took the opportunity to reinforce production and quality control so as to ensure quality production and prompt deliveries. Information technology system in the Mainland has also been updated to keep the Group better informed of the production, sales and inventory positions so that operating strategies can be adjusted in time and workflow streamlined for greater efficiency.

Regarding the Hong Kong market, in view of the difficulties faced by the local retail industry during the period, the Group redirected its local apparel business with caution and exercised stringent costs control. During the period, there were two counters and one store under the Group in Hong Kong. With the decrease in the number of outlets, retail turnover fell by about 27% when compared with the corresponding period last year.

Licensing income for the Group amounted to HK$25,010,000 during the period, representing a rise of approximately 17% over last year. The growth was primarily due to the incremental increases in license fees as stipulated in the existing license agreements. There was no change in either the licensees or the licenses granted, which continued to cover mainly shoes and leather goods within the China Mainland market.

Singapore and Malaysia Markets

Singapore experienced the worst economic recession in recent years, dealing a heavy blow to the local market and its major industries. The Group's business there was no exception, suffering a decline of approximately 11% in turnover. In local currency, the decrease was in the region of 5%, reflecting the drop in the exchange rate from last year's level.

Faced with the severest market conditions in recent years, the Group directed its efforts towards energizing the sluggish sales through launching a variety of marketing drives and participating actively in promotional campaigns organized by local department stores. Such measures were generally effective in easing the impact of the economic crisis and in reducing stocks.

The number of outlets in the local market remained the same as that at the end of last year. At the end of the reporting period, there were 9 Goldlion shops and 18 counters in Singapore.

Over in Malaysia, the number of outlets stood at 33 by the end of the period. The business slackened along with the local economy with sales dropping by about 12% in local currency.

Property Investments and Development

Performance in this sector remained stable on the whole during the period. Fair value gains on investment properties recognized by the Group after an independent professional valuation stood at HK$4,600,000 compared with HK$37,167,000 for last year. Although bearing the brunt of the economic crisis, China Mainland and Hong Kong property markets stabilized and quickly rebounded in the second quarter of the year.

As for leasing, rental income generated during the period reached HK$57,818,000, or up by about 4% over the same period last year.

With respect to rental income derived from the Goldlion Digital Network Centre in Tianhe, Guangzhou, there was a growth of 2%. Owing to the downturn in the market and the increased supply of office spaces in the city, rentals fetched by new leases did not register any significant increase and rental income began to flatten. Occupancy rate was maintained at about 90% during the period.

Enjoying full occupancy, the Goldlion Commercial Building held by the Group in Shenyang remained stable as far as leasing is concerned. Benefiting from the higher rental for a renewed lease entered into by the end of last year, a rise in rental income of about 11% was registered.

In Hong Kong, upward adjustment in rentals for leases entered into since last year have pushed aggregate rental income up by approximately 14% while occupancy was over 95%.

During the period, a total of 4,064 square meters of residential units, 1,770 square meters of commercial spaces and 15 parking spaces from the property development project in Meizhou were sold. The Group recognized sale proceeds of HK$40,378,000 and profit after development costs, related expenses and tax of HK$13,435,000 for the period.

PROSPECTS

According to prevailing major economic analysis, the worst of the economic crisis is already behind us following the latest rebounds in the capital market. However, there is still a long way to go on the road of recovery. Since consumer spending is expected to remain sluggish for some time, the Group will be prudent about its overall operation in the coming six months.

Regarding the Mainland China market, the Group will make efforts to boost sales in order to meet the set targets and to manage stock levels. In parallel with this, the quality and design of our products will continue to be improved along with staff training and rejuvenation of store image. As our competitors are faced with the same adverse market conditions, we aim at expanding our market share and, in so doing, secured the sustained development of our brand.

Over in Singapore, consumers are expected to remain cautious while the retail market flagging. As such, the Group will continue to devise marketing strategies in the hope of mitigating the associated adverse effects.

Turning to property investment, in view of the slowdown in the rental market as a result of the economic crisis, the Group will concentrate on improving the leasing potential of its properties to ensure stability in its rental income. As for the property development project in Meizhou with about 30% of its residential units and parking spaces and about 70% of its commercial spaces unsold at the end of the period, the Group will offer them for sale depending on the market condition.

FINANCIAL POSITION

As at 30th June 2009, the Group had cash and bank balances of approximately HK$565,644,000, which was HK$42,485,000 higher than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK$162,592,000 and paid dividends of HK$117,412,000. As at 30th June 2009, the Group did not have any bank loans or overdrafts.

As at 30th June 2009, the Group's current assets and liabilities were HK$868,536,000 and HK$331,261,000 respectively, with current ratio at 2.6. Total current liabilities were 15% of the average equity attributable to the Company's equity holders of HK$2,254,788,000.

As at 30th June 2009, the Group did not have any significant contingent liabilities or capital commitment and there were no charges on any of the Group's assets.

HUMAN RESOURCES

At 30th June 2009, the Group had approximately 1,800 employees. Employees' costs during the first six months of the year including directors emoluments amounted to HK$87,689,000. 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 24th September 2009 and 25th September 2009 (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, 23rd September 2009 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 2009 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 2009, 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 being 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 2009. At the request of the Board of Directors, the Company's external auditors, PricewaterhouseCoopers, 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 2009 interim report, containing all the information required by 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, 2nd September 2009