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 FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2009

RESULTS

The Board of Directors is pleased to announce the consolidated results of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December 2009 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31st December 2009

	Note	**2009** HK$'000	**2008** HK$'000
Turnover	2	1,395,681	1,429,576
Cost of sales	4	(612,737)	(600,615)
Gross profit		782,944	828,961
Other gains, net	3	44,064	44,372
Selling and marketing costs	4	(228,537)	(242,101)
Administrative expenses	4	(197,140)	(211,944)
Operating profit		401,331	419,288
Interest income		6,481	10,993
Profit before income tax		407,812	430,281
Income tax expense	5	(108,945)	(138,039)
Profit for the year		298,867	292,242
Profit attributable to:			
Equity holders of the Company		298,072	291,453
Minority interest		795	789
		298,867	292,242
		HK cents	*HK cents*
Earnings per share for profit attributable to the equity holders of the Company during the year	6		
- basic		30.46	29.73
- diluted		30.35	29.68

		2009 HK$'000	**2008** HK$'000
Dividends	7	176,339	176,118

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2009

	2009 HK$'000	**2008** HK$'000
Profit for the year	298,867	292,242
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	13,840	100,111
Surplus on revaluation of leasehold properties transferred to investment properties	1,548	5,943
Total comprehensive income for the year	314,255	398,296
Attributable to:		
Equity holders of the Company	313,460	397,507
Minority interest	795	789
Total comprehensive income for the year	314,255	398,296

Consolidated Balance Sheet
As at 31st December 2009

	Note	31.12.2009 HK$'000	31.12.2008 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		64,802	111,459
Property, plant and equipment		141,816	178,494
Investment properties		1,742,660	1,635,675
Deferred income tax assets		45,805	34,610
		1,995,083	1,960,238
Current assets			
Completed property held for sale		33,175	71,020
Inventories		160,930	205,843
Trade receivables	8	44,565	47,535
Prepayments, deposits and other receivables		25,656	32,500
Cash and cash equivalents		775,226	523,159
		1,039,552	880,057
Total assets		**3,034,635**	**2,840,295**
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		98,211	98,211
Reserves		2,171,736	2,032,856
Proposed final dividend		117,633	117,412
		2,387,580	2,248,479
Minority interest		1,311	1,311
Total equity		2,388,891	2,249,790
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		249,403	223,874
Other payable		-	5,310
		249,403	229,184
Current liabilities			
Trade payables	9	68,657	56,023
Other payables and accruals		285,519	276,277
Current income tax liabilities		42,165	29,021
		396,341	361,321
Total liabilities		645,744	590,505
Total equity and liabilities		**3,034,635**	**2,840,295**
Net current assets		643,211	518,736
Total assets less current liabilities		2,638,294	2,478,974

Notes:

1. Principal accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. They have been prepared under the historical cost convention, as modified by the revaluation of investment properties.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Group has adopted the following new, revised and amended standards which became effective on 1st January 2009:

HKAS 1 (Revised), 'Presentation of financial statements'
HKFRS 2 (Amendment), 'Share-based payment'
Amendment to HKFRS 7, 'Financial instruments: disclosures'
HKFRS 8, 'Operating segments'

The adoption of the above standards has no material impact to the financial statements except for certain presentation changes and additional disclosures.

The following new/revised standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's annual accounting periods beginning or after 1st January 2010 or later periods, but the Group has not early adopted them:

HKAS 24 (Revised), 'Related party disclosures'
HKAS 27 (Revised), 'Consolidated and separate financial statements'
HKAS 32 (Amendment), 'Classification of rights issue'
HKAS 38 (Amendment), 'Intangible Assets'
HKAS 39 (Amendment), 'Eligible hedged items'
HKFRS 1 (Revised), 'First-time adoption of HKFRSs'
HKFRS 1 (Amendment), 'Additional exemptions for first-time adopters'
HKFRS 2 (Amendment), 'Group cash-settled share-based payment transaction'
HKFRS 3 (Revised), 'Business combinations'
HKFRS 9, 'Financial Instruments'
HK(IFRIC) – Int 14 (Amendment), 'Prepayments for a minimum funding requirement'
HK(IFRIC) – Int 17, 'Distribution of non-cash assets to owners'
HK(IFRIC) – Int 19, 'Extinguishing financial liabilities with equity instruments'

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 year were as follows:

	2009 HK$'000	2008 HK$'000
Sales of goods	1,090,034	1,099,821
Gross rental income from investment properties	114,911	109,240
Sales of properties	108,101	143,673
Building management fee	30,179	29,347
Licensing income	52,456	47,495
	1,395,681	1,429,576

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The segments are managed separately as each business offers different products and services and requires different marketing strategies. The Group has four reportable segments including apparel in China Mainland and Hong Kong SAR, apparel in Singapore and Malaysia, apparel in other countries as well as property investment and development. An analysis of the Group's segment information by operating segment is as follows:

	2009 Segment turnover HK$'000	2008 Segment turnover HK$'000	2009 Segment results HK$'000	2008 Segment results HK$'000
Operating segments				
Apparel - China Mainland and Hong Kong SAR	1,014,766	1,007,999	249,377	279,100
Apparel - Singapore and Malaysia	127,650	138,630	9,865	16,257
Apparel - other countries	74	687	(1,725)	(3,966)
Property investment and development	259,235	289,456	195,929	193,220
Inter-segment sales	(6,044)	(7,196)	-	-
	1,395,681	1,429,576	453,446	484,611
Unallocated costs			(45,634)	(54,330)
Profit before income tax			407,812	430,281
Income tax expense			(108,945)	(138,039)
Profit for the year			298,867	292,242

3. Other gains, net

	2009	2008
	HK$'000	HK$'000
Fair value gains on investment properties	40,307	44,372
Gain on disposal of a property	3,757	-
	44,064	44,372

4. Expenses by nature

	2009	2008
	HK$'000	HK$'000
Cost of inventories sold	504,437	481,829
Cost of property sold	39,789	77,633
Provision for impairment of inventories	21,133	14,843
Direct operating expenses arising from investment properties	29,279	23,429
Operating lease rentals - land and buildings	67,241	58,842
Amortization of leasehold land and land use rights	4,145	3,851
Depreciation of property, plant and equipment	23,855	20,653
Impairment loss on property, plant and equipment	12,168	229
Staff costs including directors' emoluments	185,220	186,868
Auditors' remuneration	2,963	3,035
Other expenses	148,184	183,448
	1,038,414	1,054,660
Representing:		
Cost of sales	612,737	600,615
Selling and marketing costs	228,537	242,101
Administrative expenses	197,140	211,944
	1,038,414	1,054,660

5. Income tax expense

	2009	2008
	HK$'000	HK$'000
Taxation outside Hong Kong		
Current year	95,629	102,124
Under/(over) provision in prior years	489	(25)
	96,118	102,099
Deferred income tax	12,827	35,940
Total income tax expense	108,945	138,039

Hong Kong profits tax has not been provided as there is no estimated assessable profit or there are available tax losses to offset assessable profit for the year. Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the year at the rate of 25% (2008: 25%). Taxation on profits outside Hong Kong and the PRC 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.

6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$298,072,000 (2008: HK$291,453,000) and the weighted average number of 978,439,076 (2008: 980,424,855) ordinary shares in issue during the year 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$298,072,000 (2008: HK$291,453,000) and the weighted average number of 982,114,035 (2008: 982,114,035) ordinary shares in issue during the year after adjusting for the effect of all potential dilutive ordinary shares deemed to be transferred to the employee at nil consideration under the Share Award Scheme.

7. Dividends

	2009	**2008**
	HK$'000	HK$'000
2008 interim dividend, paid, of 6.0 HK cents per ordinary share	-	58,706
2008 final dividend, paid, of 12.0 HK cents per ordinary share	-	117,412
2009 interim dividend, paid, of 6.0 HK cents per ordinary share	58,706	-
2009 final dividend, proposed, of 12.0 HK cents per ordinary share	117,633	-
	176,339	176,118

8. Trade receivables

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

	As at 31.12.2009	**As at 31.12.2008**
	HK$'000	HK$'000
1-30 days	37,890	38,993
31-90 days	6,363	8,267
Over 90 days	312	275
	44,565	47,535

9. Trade payables

The ageing analysis of the trade payables was as follows:

	As at 31.12.2009 HK$'000	**As at 31.12.2008** HK$'000
1-30 days	65,592	46,916
31-90 days	2,002	8,210
Over 90 days	1,063	897
	68,657	56,023

FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 12.0 HK cents per share (2008: 12.0 HK cents per share) for the year ended 31st December 2009, totalling HK$117,633,000 (2008: HK$117,412,000). Subject to the shareholders' approval at the forthcoming Annual General Meeting, the final dividend will be paid on or about 10th June 2010 to shareholders whose names appear on the Register of Members as at 28th May 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

In the first half of the reporting year, worldwide economies were overshadowed by financial crises and markets were affected by sluggish demand. It was not until the second quarter that financial markets started to stabilize as economic stimulus measures launched by various governments began to take effect. Consumer spending, however, failed to gather momentum all at once. Under this background, China continued to be the leading engine of growth for the global economy. With our operations focused on the China Mainland market, the Group has not been significantly impacted by the global financial crisis.

For the financial year ended 31 December 2009, the Group's turnover stood at HK$1,395,681,000, representing a decrease of approximately 2%. After excluding sales income from the Meizhou property development project, the turnover is at the same level of last year, with sales of goods falling slightly by 1% while incomes from rentals, management fees and licensing registering rises.

Profits attributable to equity holders of the Company during the year amounted to HK$298,072,000, representing an increase of about 2% when compared with previous year's HK$291,453,000. With respect to the Group's fundamental business (comprise apparel and property investment businesses), there was a decrease of approximately 8%. An analysis of profit for the year is as follows:

	2009 HK$'000	**2008** HK$'000
Profit per financial statements	**298,072**	**291,453**
Adjusted for:		
Fair value gains on investment properties net of deferred tax effect	(32,468)	(35,827)
Gain on disposal of properties	(3,757)	-
(Reversal of)/provision for deferred tax on unrealized exchange gain (note)	(11,611)	16,378
Profit after tax from Meizhou property development project	(38,427)	(42,915)
Profit of the Group from fundamental business	**211,809**	**229,089**

Note: Deferred tax was provided in 2008 on unrealized exchange gain arising on certain intercompany balances denominated in US$ and HK$ between a PRC subsidiary of the Company and its holding companies in Hong Kong. A part of the provision was reversed during the year as the conversion of a portion of such balances into registered capital of that PRC subsidiary was completed before the date of approval of the financial statements. Management considers the reversal of such provision is appropriate since the deferred tax liability arising from the unrealized exchange gain related to the portion of the balances converted would not be crystallized.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets

Implicated by deterioration in the neighbouring markets, China Mainland's exports slowed down remarkably in the first months of the year under review. Following the successive measures implemented by the Central Government to boost domestic demand, the problem eased in the middle of the year and the economy as a whole rebounded in the latter half of the year.

The performance of the apparel business basically followed a similar trend during the year. Overall sales dropped slightly in a sluggish market in the first half but reverted mildly in the second half of the year. Overall turnover recorded an annual increase of approximately 2%, or approximately 1% in Renminbi, over the previous year.

In response to a China Mainland market that was stagnated by the financial turmoil, the Group adjusted its operating strategies early in the year by maintaining close liaison with its distributors. Besides, the Group also involved actively in promotional activities at various sales channels and increased the number of discount outlets. These measures benefited in the disposal of off-season stocks and the increase of sales.

To better ensure that our products meet with the expectations of our target customers, research prior to product development were strengthened. Along with that, quality control and evaluation of suppliers were made more stringent in the hope of inducing stronger sales with upgraded and better quality products. On the management front, workflow was streamlined and fine-tuned for higher efficiency and effectiveness.

Further, products of the 2010 spring and summer collections were released to distributors a little earlier than last year. As a result, the sales of a small portion of these stocks were recognized before the year-end and this contributed partly to the rise in turnover of the year. Besides, the relative cold winter was also favourable for the sale of our autumn and winter products.

As for the Hong Kong market, the Group continued to be prudent in its operation by keeping expenditures tightly under control. Upon expiry of the leases of our retail outlets, the local retail apparel business terminated in March 2010. The focus of our local market will then shift to corporate uniform business.

The license for jewellery products expired in the middle of the year. Subsequently, the Group entered into a new licence agreement on sportswear and accessories with a Mainland operator in the second half of the year. Other than that, the Group continued to grant licenses covering shoes, leather goods, undergarments and woolen sweaters for the Mainland market during the year. Licensing income for the year amounts to HK$52,456,000, or about 10% over that of last year. The growth was mainly attributable to the incremental increase in licensing fees stipulated in respective agreements.

Singapore and Malaysia Markets

With the local economy hard hit by the global financial crisis, the weak retail market in Singapore was further impacted. Consumer spending remained conservative despite the rebound of local capital market in the second half of the year. All these unfavourable conditions cumulated in the Group's first ever decline for the last ten years in its local business. Overall sales for the year fell by approximately 8%, or about 10% in local currency, when compared with that of last year.

Faced with the most testing operating environment in recent years, the Group's first and foremost objective was to boost sales. The measures adopted include stepping up marketing campaigns and participating in sales events organized by major department stores. Parallel to boosting sales, efforts were made at the same time to reduce inventory level. These measures were gradually withdrawn when the market began to stabilize in the latter half of the year.

There was little change in the number of outlets operating in the local market. At the end of the reporting period, there were a total of 10 Goldlion shops and 19 counters in Singapore.

Over in Malaysia, the Group's operations suffered significantly with the local market badly impacted by the financial turmoil. In local currency, sales dropped by about 14% when compared with that of last year and the number of outlets in Malaysia remained to be 30 at the end of the year.

Property Investment and Development

With the effects of the global financial crisis gradually wearing off in the second quarter, the Mainland and Hong Kong property markets promptly rebounded to the benefit of the Group's property investment operation. Fair value gains on investment properties recognized by the Group after an independent professional valuation stood at HK$40,307,000 compared with HK$44,372,000 for last year.

Fair value gains were recorded for all major investment properties of the Group, topped by those in Hong Kong and Meizhou. The Group's investment properties in Hong Kong are primarily for industrial use. Fair value gains on these properties reached HK$17,730,000 which was mainly a result of the improved local market conditions. As regards our properties in Meizhou, four commercial units were transferred from properties held for sale to investment properties during the year. As the valued amounts of these properties are higher than their costs and on account of the satisfactory rental returns, fair value gains of HK$11,211,000 were recorded from our investment properties in Meizhou.

As for leasing, income from rentals amounted to HK$114,911,000, climbing by approximately 5% over that of last year.

Rental income generated by the Goldlion Digital Network Centre in Tianhe, Guangzhou, also rose by approximately 3%. Owing to increased supply of office spaces in the city and market uncertainties in the early months, there was no significant increase in rentals for new leases entered into during the year, resulting in a leveling in rental income. Occupancy remained to be around 90%.

Leasing for the Goldlion Commercial Building held by the Group in Shenyang remained stable with occupancy maintaining at about 100%. Due to an upward rental adjustment for a lease renewed towards the end of the year, rental income for the year as a whole grew by approximately 13% over that of last year.

Gross rental income derived from the Group's investment properties in Hong Kong grew by about 8%, benefitting from a general upward rental adjustment for new leases entered into during the year. Occupancy for the year as a whole continued to exceed 95%.

During the year, a total of 11,051 square meters of residential units, 4,264 square meters of commercial spaces and 56 carparks from the property development project in Meizhou were sold. Altogether, the Group recognized sale proceeds in the amount of HK$108,101,000 and profit after property costs, related expenses and taxes in the amount of HK$38,427,000 for the year.

PROSPECTS

After a tumultuous year, the global economy has apparently bottomed out and the Chinese economy is expected to pick up further. Looking into the year 2010, however, the market is foreseen to be clouded by quite some uncertainties especially in anticipation of possible government exits from the market.

In such light, the Group will continue to pursue a prudent and proactive strategy for its operations. As far as the China Mainland market is concerned, development of new products will be further geared towards fresh and trendy designs. Publicity will be stepped up through placing advertisements in not just traditional media but also the internet. Information technology system will also be upgraded to enhance corporate management capacity for the Company.

Regarding the Singapore market, recovery is expected to take some time although the worst is already behind us. Coupled with the completion of casinos and a theme park in early 2010, the opening of large shopping malls will lead to new developments in the local retail market. The Group will therefore adjust its operating strategies accordingly to bring business back on the rising track.

Turning to property investments, efforts will be made to enhance the leasing potential of the Group's holdings to ensure sustainable growth in rental income. As for the property development project in Meizhou that was first offered for sale two years ago, there were 12% of residential units, 18% of carparks and 44% of shop spaces yet to be sold at the end of the year. Depending on market conditions, total sellout will be the Group's target for the year 2010.

Boasting a solid footing in the market, sound financial position and prudent operation, the Group is confident to secure continuous satisfactory performance and business growth.

FINANCIAL POSITION

As at 31st December 2009, cash and bank balances held by the Group amounted to approximately HK$775,226,000, which was HK$252,067,000 higher than the balance at the end of last year. During the year, the Group recorded a net cash generated from operating activities of HK$423,333,000 and paid dividends of HK$176,118,000 during the year. As at 31st December 2009, the Group did not have any bank loans or overdrafts.

As at 31st December 2009, the Group's current assets and current liabilities were HK$1,039,552,000 and HK$396,341,000 respectively, with current ratio at 2.6. Total current liabilities were only 17% of the average capital and reserves attributable to the Company's equity holders of HK$2,318,030,000.

As at 31st December 2009, the Group did not have any material contingent liabilities or capital commitments and did not charge any of the Group's assets.

HUMAN RESOURCES

At 31st December 2009, the Group had approximately 1,840 employees. Staff costs including directors' emoluments of the year amounted to HK$185,220,000. 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 final dividend, the Register of Members of the Company will be closed from 26th May 2010 to 28th May 2010 (both days inclusive), during which period no transfer of shares will be registered.

In order to qualify for the proposed final dividend of the year, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Tuesday, 25th May 2010 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

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") throughout the year 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 year, 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 STATEMENTS

The Group's consolidated financial statements for the year ended 31st December 2009 have been reviewed by the Company's Audit Committee. Also, the figures in respect of this preliminary results announcement have been agreed by the Company's external auditors, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year ended 31st December 2009. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary results announcement.

PUBLICATION OF DETAILED FINANCIAL AND RELATED INFORMATION ON THE WEBSITE OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the website of the Company (www.goldlion.com) and the Stock Exchange (www.hkexnews.hk). The Company's 2009 annual report, containing all the information required by Appendix 16 of 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 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, 31st March 2010