GOLDLION HOLDINGS LIMITED
金 利 來 集 團 有 限 公 司

(Incorporated in Hong Kong under the Hong Kong Companies Ordinance)
(Stock code: 00533)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2020

RESULTS

The Board of Directors (the "Board") 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 2020 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31st December 2020

	Note	**2020** HK$'000	**2019** HK$'000
Turnover	2	1,239,276	1,591,930
Cost of sales	4	(512,776)	(678,577)
Gross profit		726,500	913,353
Other (losses)/gains	3	(60,255)	51,518
Selling and marketing costs	4	(354,888)	(443,324)
Administrative expenses	4	(145,949)	(171,280)
Operating profit		165,408	350,267
Interest income		21,265	23,902
Interest expense		(1,186)	(1,538)
Profit before income tax		185,487	372,631
Income tax expense	5	(37,201)	(66,603)
Profit for the year attributable to owners of the Company		148,286	306,028
		HK cents	*HK cents*
Earnings per share for profit attributable to owners of the Company during the year			
- Basic and diluted	6	15.10	31.16

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2020

	2020 HK$'000	**2019** HK$'000
Profit for the year	148,286	306,028
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss		
Revaluation of investment property upon reclassification from right-of-use assets and property, plant and equipment	-	5,670
Change in fair value of financial assets at fair value through other comprehensive income	(382)	(484)
Income tax relating to these items	96	(1,296)
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	171,628	(41,791)
Other comprehensive income/(loss) for the year	171,342	(37,901)
Total comprehensive income for the year attributable to owners of the Company	319,628	268,127

Consolidated Balance Sheet
As at 31st December 2020

	Note	As at 31.12.2020 HK$'000	As at 31.12.2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		142,299	148,136
Right-of-use assets		50,321	69,121
Investment properties		2,950,107	2,900,247
Financial assets at fair value through other comprehensive income		6,215	6,209
Deferred income tax assets		51,580	54,876
		3,200,522	3,178,589
Current assets			
Property under development held for sale		424,548	258,082
Inventories		156,479	243,095
Trade receivables	8	99,257	109,704
Prepayments, deposits and other receivables		121,930	98,760
Contract assets		49,442	84,662
Tax recoverable		472	215
Bank deposits		745,102	822,169
Cash and cash equivalents		492,715	385,832
		2,089,945	2,002,519
Total assets		**5,290,467**	**5,181,108**
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		1,101,358	1,101,358
Reserves		3,318,880	3,122,016
Total equity		4,420,238	4,223,374
LIABILITIES			
Non-current liabilities			
Other payables and accruals		33,116	20,739
Lease liabilities		2,806	9,900
Deferred income tax liabilities		445,477	424,219
		481,399	454,858
Current liabilities			
Trade payables	9	25,171	49,806
Other payables and accruals		152,989	160,375
Contract liabilities		189,733	264,340
Lease liabilities		7,710	16,530
Current income tax liabilities		13,227	11,825
		388,830	502,876
Total liabilities		870,229	957,734
Total equity and liabilities		**5,290,467**	**5,181,108**

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 ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income.

The preparation of consolidated 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 financial information relating to the years ended 31st December 2020 and 2019 included in this preliminary announcement of annual results of 2020 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31st December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31st December 2020 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(a) Amended standard adopted by the Group

The Group has early adopted HKFRS 16 (Amendment) "COVID-19-related rent concessions" (effective for annual periods beginning on or after 1st June 2020) which allows lessee to elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. Such practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30th June 2021; and
- There is no substantive change to other terms and conditions of the lease.

1. Principal accounting policies *(continued)*

(a) Amended standard adopted by the Group *(continued)*

All of the COVID-19 related rent concessions amounted to HK$3,486,000 have been credited to the consolidated income statement within "selling and marketing costs".

(b) Amended standards effective in 2020 but not relevant to the Group

HKAS 1 and HKAS 8 (Amendments)	Definition of material
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Interest rate benchmark reform
HKFRS 3 (Amendment)	Definition of a business
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting

(c) The following new and amended standards have been issued but are not effective for the financial year beginning on 1st January 2020 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Classification of liabilities as current or non-current	1st January 2023
HKAS 16 (Amendment)	Property, plant and equipment: Proceeds before intended use	1st January 2022
HKAS 37 (Amendment)	Onerous contracts – Cost of fulfilling a contract	1st January 2022
HKFRS 3 (Amendment)	Reference to the conceptual framework	1st January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established
HKFRS 17	Insurance contracts	1st January 2023
HKFRSs (Amendments)	Annual improvements 2018-2020 cycle	1st January 2022

The above new and amended standards are not expected to have a material impact on the consolidated financial statements of the Group.

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 is as follows:

	2020 HK$'000	**2019** HK$'000
Revenue recognized under HKFRS 15		
Sales of goods	964,473	1,285,900
Building management fees	36,857	38,976
Licensing income	102,369	120,256
	1,103,699	1,445,132
Revenue recognized under other accounting standard		
Rental income from investment properties	135,577	146,798
	1,239,276	1,591,930

Timing of revenue recognition		
At a point in time	976,785	1,314,627
Over time	126,914	130,505
	1,103,699	1,445,132

The segments are managed separately as each business offers different products and services and requires different marketing strategies. The Group has three reportable segments including apparel in China Mainland and Hong Kong SAR, apparel in Singapore and Malaysia as well as property investment and development.

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

2. Turnover and segment information *(continued)*

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

	2020 Segment turnover HK$'000	**2019 Segment turnover** HK$'000	**2020 Segment results** HK$'000	**2019 Segment results** HK$'000
Operating segments				
Apparel in China Mainland and Hong Kong SAR	1,032,082	1,348,149	199,807	268,168
Apparel in Singapore and Malaysia	34,831	63,420	(14,883)	(14,753)
Property investment and development	181,367	194,475	45,589	168,903
Inter-segment sales	(9,004)	(14,114)	-	-
	1,239,276	1,591,930	230,513	422,318
Unallocated costs			(45,026)	(49,687)
Profit before income tax			185,487	372,631
Income tax expense			(37,201)	(66,603)
Profit for the year			148,286	306,028

3. Other (losses)/gains

	2020 HK$'000	**2019** HK$'000
Fair value (losses)/gains on investment properties	(60,255)	51,518

4. Expenses by nature

	2020 HK$'000	2019 HK$'000
Cost of inventories sold	455,415	623,757
Provision for impairment of inventories	24,704	16,373
Direct operating expenses arising from investment properties that generated rental income	32,137	37,712
Expenses relating to:		
- short-term leases	24,047	30,835
- variable lease payments (note)	42,704	51,131
Depreciation of property, plant and equipment	21,471	22,260
Depreciation of right-of-use assets	18,131	15,878
Impairment of property, plant and equipment	702	-
Impairment of right-of-use assets	4,328	-
Staff costs including directors' emoluments	195,562	236,393
Auditors' remuneration - audit services	3,018	3,939
Advertising and promotion expenses	77,767	112,063
(Reversal of)/provision for impairment of trade receivables, net	(258)	1,602
Net exchange gain	(655)	(441)
Other expenses	114,540	141,679
	1,013,613	1,293,181
Representing:		
Cost of sales	512,776	678,577
Selling and marketing costs	354,888	443,324
Administrative expenses	145,949	171,280
	1,013,613	1,293,181

Note:

Rent concessions related to COVID-19 pandemic of HK$3,486,000 (2019: nil) have been credited in profit or loss and included in selling and marketing costs for the year.

5. Income tax expense

	2020 HK$'000	2019 HK$'000
Hong Kong profits tax:		
Current year	-	572
Over-provision in prior year	-	(111)
	-	461
Taxation outside Hong Kong:		
Current year	35,863	60,002
Under/(over)-provision in prior year	154	(42)
	36,017	59,960
Deferred income tax	1,184	6,182
Total income tax expense	37,201	66,603

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated 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% (2019: 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 owners of the Company of HK$148,286,000 (2019: HK$306,028,000) and the number of ordinary shares in issue of 982,114,035 (2019: 982,114,035) during the year.

Diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares in issue during the years ended 31st December 2020 and 2019.

7. Dividends

	2020 HK$'000	2019 HK$'000
2019 interim dividend, paid, of 5.5 HK cents per ordinary share	-	54,016
2019 final dividend, paid, of 9.5 HK cents per ordinary share	-	93,301
2020 interim dividend, paid, of 3.0 HK cents per ordinary share	29,463	-
2020 final dividend, proposed, of 6.5 HK cents per ordinary share	63,838	-
	93,301	147,317

8. Trade receivables

The Group's sales are on cash on delivery or credit terms ranging from 30 days to 180 days after delivery. The ageing of the trade receivables based on the invoice date is as follows:

	As at 31.12.2020 HK$'000	**As at 31.12.2019** HK$'000
1-30 days	92,028	99,093
31-90 days	5,214	7,594
Over 90 days	3,371	4,619
Trade receivables	100,613	111,306
Less: provision for impairment of trade receivables	(1,356)	(1,602)
Trade receivables - net	99,257	109,704

9. Trade payables

The ageing of the trade payables based on invoice date is as follows:

	As at 31.12.2020 HK$'000	**As at 31.12.2019** HK$'000
1-30 days	23,812	46,516
31-90 days	1,293	2,627
Over 90 days	66	663
	25,171	49,806

FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 6.5 HK cents per share (2019: 9.5 HK cents per share) for the year ended 31st December 2020, totalling HK$63,838,000 (2019: HK$93,301,000). Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on or about 1st June 2021 to shareholders whose names appear on the Register of Members as at 21st May 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover

During the year under review, the Group's business suffered a heavy blow from the COVID-19 pandemic. Total turnover was HK$1,239,276,000, representing a drop of approximately 22% from HK$1,591,930,000 of last year. Among them, the apparel business was mostly affected with a decrease in sales income of 25%. Licensing income also dropped by 15% while the overall income from property investment recorded a single-digit decrease.

Cost of sales and gross profit

Cost of sales for the year was HK$512,776,000, dropped by 24%. This amount included the direct operating expenses from investment properties of HK$32,137,000, representing a decrease by approximately 15% from HK$37,712,000 of last year. The decrease in direct operating expenses from investment properties was mainly a result of tighter spending control and decrease in expenses that were relevant to income.

Due to the decrease in sales, cost of inventories sold was HK$455,415,000 for the year, representing a decrease by 27% from HK$623,757,000 of last year. A provision for impairment of inventories of HK$24,704,000 was recorded for the year, higher than the provision of HK$16,373,000 for last year.

Overall gross profit was HK$726,500,000, or approximately 20% decrease from the amount of HK$913,353,000 for last year. Overall gross profit margin slightly increased for approximately 1.2 percentage points from 57.4% of last year to 58.6% for the year. Our apparel sales recorded a gross profit margin of 50.2% for the year, same as the margin of last year.

Other losses/gains

During the year, the Group recorded fair value losses on investment properties of HK$60,255,000, compared with fair value gains of HK$51,518,000 of last year.

Operating expenses

Selling and marketing costs mainly consist of manpower costs for sales staff, rental expenses of the sales outlets, operating costs for e-commerce sales platforms, and advertising and promotion. In addition to the decrease in sales-related expenses due to the decline in sales, the pandemic has forced the cancellation or delay of many commercial activities. The Group therefore only recorded selling and marketing costs of HK$354,888,000 for the year, representing a decrease of 20% from the amount of HK$443,324,000 for last year.

Administrative expenses mainly consist of manpower costs for non-sales staff, depreciation and amortization charges and other miscellaneous expenses. The Group recorded administrative expenses of HK$145,949,000 for the year, also lower than the amount of HK$171,280,000 of last year by 15%. Decline in expenses was mainly due to the Group's cost saving efforts, decrease in staff expenses that were related to profit, waiver of a part of the Director's bonus and grants from government authorities during the year.

Profit for the year

Operating profit for the year was HK$165,408,000, decreased by approximately 53% from HK$350,267,000 of last year. Operating margin was approximately 13%, lower than the margin of 22% of last year. Except the fair value losses on investment properties, the drop was also due to the remarkable decline in profit from the apparel operation caused by the pandemic.

Profit attributable to owners of the Company

The Group also recorded a net interest income of HK$20,079,000 for the year, dropped by approximately 10% from last year's HK$22,364,000. The decrease was mainly due to the ongoing decrease in deposit interest rate during the year.

The Group's income tax expense of the year was HK$37,201,000, dropped by approximately 44% from last year's HK$66,603,000. Effective tax rate of 20.1% for the year was higher than last year's 17.9% mainly due to the tax effect of fair value losses/gains on investment properties. If such effects were excluded, tax rate of the year would be 20.5% as against the rate of 19.8% for last year.

The Group's profit attributable to owners of the Company for the year was HK$148,286,000, decreased by approximately 52% from HK$306,028,000 of last year. Profit for year would be HK$195,463,000 if the net fair value losses after tax on investment properties of HK$47,177,000 were excluded. Such profit marked a decrease of approximately 24% from HK$257,415,000 of last year if the net fair value gains after tax on investment properties of HK$48,613,000 were excluded.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets

The apparel business in the China Mainland market has suffered a lot of setbacks in recent years owing to the slowdown in economic growth. This was further aggravated by the COVID-19 pandemic that broke out early this year. From late January onwards, most economic activities came to a standstill. In compliance with the Central Government's order, many outlets operated by the Group or our distributors had to either suspend business or shorten their business hours. These lockdown measures were gradually lifted not until the second quarter when the pandemic showed signs of coming under control. Fortunately, under the Central Government's efficacious anti-pandemic efforts, the pandemic receded so that the Group's business began to pick up in the second half of the year.

In China Mainland, the Group has conducted its apparel operation through wholesaling to distributors in various cities and provinces, through self-operated retail shops and factory outlets located mainly in Guangzhou, Shanghai, Beijing and Chongqing, as well as through e-commerce and custom-ordering. Overall turnover for the year as a whole amounted to HK$929,642,000, representing a year-on-year decrease of approximately 24%.

Regarding our wholesaling operation, the Group's distributors were faced with extremely hostile market conditions because of the pandemic early this year. To help them cope with the operating problems caused by disrupted sales, the Group agreed to cancel some of their orders for 2020 spring and summer products and to grant them additional sales return allowances. With the pandemic raging, the sales fair for our 2020 fall and winter collections originally scheduled for

February was postponed. Eventually, pre-order had to be conducted online instead in April. Pre-order for the products concerned was negatively impacted, resulting in a decline in sales to distributors in the second half of the year. Furthermore, retailing in Liaoning, Jilin and Shandong were gradually switched to self-operation as the Group took over business of its distributors in the provinces. All these factors resulted in a year-on-year decrease of about 30% in sales to distributors.

The pandemic also dealt a heavy blow to our self-operated retailing operation. Many of our retail shops had to shorten their business hours or even be closed temporarily. In any case, shoppers were few and shopping sentiment was damp. Even when the situation improved when the pandemic eased in the second half of the year, market conditions could not be restored to their pre-pandemic levels. As a result, sales continued to lag behind although 7 more self-operated retail shops were opened in Shenyang in Liaoning and Changchun in Jilin. For the year as a whole, sales of self-operated retail shops (excluding factory outlets) dropped by approximately 18% when compared with last year. The decrease has already narrowed since the first half of the year.

The damage that the pandemic inflicted on sales of our factory outlets was also severe. Annual sales decreased year-on-year by approximately 13%. During the second half of the year, business improved with sales levelling with the corresponding period last year.

At the end of the year, the Group’s apparel products were sold through 846 retail outlets in China, among which 104 were self-operated (including 31 factory outlets). Because of the pandemic, the number of our retail outlets was down by 72. Some of the retail outlets originally operated by our distributors in the Shandong province are expected to be taken over for self-operation in late March 2021.

During the year under review, the Group’s e-commerce was also adversely affected especially in the early days of the pandemic. Demand for apparel lagged far behind necessity goods and deliveries were obstructed by various lockdown measures. As a result, online sales for the first quarter fell and did not improve until the second quarter. Sales for the year declined by approximately 21%. The focus for the year remained to be the sale of special selected items, which continued to account for approximately 87% of the Group’s total e-commerce sales. During the review year, e-commerce made up about 32% of the Group’s China Mainland apparel sales.

Our operation in custom-made corporate uniforms was also badly hit. Marketing activities and negotiations with clients were disrupted because of the pandemic while ordering remained to be sluggish. As a result, sales decreased year-on-year by approximately 45%.

In order to minimize the risk of accumulating excessive inventories following the pandemic, the Group placed stringent control on its procurement activities during the year. Together with the effect of impairment of inventories amounting to HK$23,647,000 provided in the year, net inventories balance of our China Mainland apparel operation therefore stood at HK$150,293,000 at the end of the year, and was remarkably lower than the amount of HK$220,504,000 at the end of last year.

The review year saw the Group continuing to grant licenses for distribution of shoes, leather goods, undergarments, woollen sweaters and casual wear in the China Mainland market. To alleviate the grave operating difficulties brought on by the sudden pandemic outbreak, special fee reductions were granted to the licensees early in the year. As a result, licensing income for the year decreased year-on-year by approximately 15% to stand at only HK$102,369,000.

Singapore and Malaysia Markets
Over in Singapore and Malaysia, the local markets were impacted by the outbreak of COVID-19 immediately after the Chinese New Year in late January and suffered a sharp decline in sales. As the pandemic spread further, Singapore imposed a lockdown in early April and the related measures were gradually lifted not until mid-June. For over two months, the Group's local retail business was completely shut down. Even when the shops could reopen, they were required to take stringent preventive measures. Shoppers were few and promotional and hot selling activities had to be put on hold. The closure of the remaining counters in Malaysia in October was also a factor. As a result, apparel sales amounted to only HK$34,831,000 for the year, representing a year-on-year decrease of approximately 45%.

At the end of the review year, there were a total of 5 Goldlion shops and 13 counters in Singapore, or down by 5 in number when compared with the end of last year. In light of the operating condition under the pandemic, the Group has ceased its operation in Malaysia and has closed some of the shops in Singapore.

In response to the pandemic, the Group stopped all local purchases to focus on clearing off-season stocks. Because of the extremely weak local consumer market, it was necessary to offer higher discounts to boost sales. As a result, overall profit margin for the year as a whole could only be maintained at 37.5%.

Including net rental income from investment properties of HK$336,000 (HK$497,000 for last year), government grant income of HK$2,385,000 as pandemic relief and impairment of HK$5,030,000 for loss making shops, operating loss of the Group's Singapore and Malaysia operation for the year stood at HK$14,547,000, which is slightly higher than last year's HK$14,256,000.

Property Investment and Development

The Group's investment property portfolio had no significant changes during the year under review. Value of investment properties recognized by the Group after independent professional valuations amounted to HK$2,950,107,000, of which property holdings in China Mainland, Hong Kong and Singapore were HK$1,799,827,000, HK$1,120,700,000 and HK$29,580,000 respectively. Because of the adoption of a higher RMB exchange rate, total value of investment properties in Hong Kong dollar was higher than last year's HK$2,900,247,000.

Fair value losses on investment properties as based on the same independent professional valuations for the year amounted to HK$60,255,000, which was equivalent to approximately 2% of the total value of property holdings by end of last year. Fair value gains for last year were HK$51,518,000. As our investment properties were held as long-term investments to earn recurring rental income, the fair value losses, being a non-cash item in nature, did not have real impact on the Group's cash flow position. Fair value losses of the year mainly came from the Group's property holding of Goldlion Digital Network Centre in Guangzhou, reflecting the negative effect of the pandemic on the China Mainland market for commercial and office premises.

The Group's property investment bore the brunt of the pandemic. Even after the inclusion of full year income from the Guangzhou property in Yuan Village and the Hong Kong property at No. 3 Yuk Yat Street, To Kwa Wan, rental income and building management fees for the year as a whole amounted to only HK$135,577,000 and HK$36,857,000 respectively, representing a decline of approximately 7% in total.

In Guangzhou, rental income and building management fees generated by Goldlion Digital Network Centre fell year-on-year by approximately 14%. This was attributable to pandemic fallout that included shrinking demand, a slowdown in leasing activities, a gap between leases for some of the premises and the need to grant rental concessions to some struggling tenants. Overall occupancy rate for the year was about 81%, which was lower than last year's 90%.

During the review year, the Guangzhou premises in Yuan Village generated rental income and building management fees amounting to approximately HK$9,950,000. An increase of 22% was registered over last year when leasing had just begun. With the last floor already leased out towards the end of the year, the property is now completely leased out.

In Shenyang, leasing of Goldlion Commercial Building was also adversely affected by the pandemic. Turnover rental slumped since some tenants could not open for business. This was aggravated by the need to offer rental concessions to individual tenants. As a result, total rental income and building management fees decreased by approximately 4%.

In Hong Kong, leasing of investment properties was also gloomy under the pandemic. Overall rental income and building management fees generated from Goldlion Holdings Centre in Shatin fell by about 14%. There was not only a gap between leases for certain premises but also a need to offer rental concessions to individual tenants. Occupancy rate stood at about 82% for the year as a whole.

The Hong Kong property at No. 3 Yuk Yat Street, To Kwa Wan, generated annual income in the amount of approximately HK$10,037,000 compared with HK$3,145,000 for last year when leasing had just begun. At present, the property has been completely leased out following the lease of the remaining vacant units after year end.

Regarding the development project "Goldlion Garden" in Meixian, construction works commenced in March last year. By the end of the year, development expenditure amounted to HK$424,548,000, representing an increase of HK$166,466,000 when compared with the end of last year. To be carried out in two phases, this primarily residential development comprises 11 high-rise buildings as well as low-rise buildings and ancillary facilities. Under phase one, a total of 6 high-rise buildings with about 500 residential units will be provided. Since presale in late January 2021, about 60 units have been sold. It is currently expected that phase one can be substantially completed by mid-2022. Provided that all relevant revenue recognition conditions are met, sales proceeds can be booked at that time.

PROSPECTS

The COVID-19 pandemic that is ravaging the world has profound ramifications on the global economy and market. Since the road to full recovery is fraught with uncertainties, the business outlook for 2021 is extremely unpredictable. As such, the Group is expected to be faced with challenges in its operation.

Into 2021, there has been isolated outbreaks in some of the localities in China Mainland. Although the situation was soon put under control, it is evident that there will bound to be some unexpected rebounds and resurgences. Therefore, although vaccination has already begun, life can hardly return to normal in the near future and it will be a long time before things will get back on the right track. Even when the pandemic is over, the economic and market conditions are unlikely to compare with what they used to be before the pandemic.

Looking ahead regarding China Mainland, where effective preventive measures have successively brought the pandemic under control, the Group is not overly pessimistic about the prospect of the apparel business in view of the economic growth that has ensued. In the meantime, the Group will continue to clear the stocks that are tied up in its distribution channel, enhance the quality of its products, streamline its sales channels, improve its self-operation capacity and regularly review the operation of its distributors in order to ensure that both market and customer expectations can be met. Besides, as compared with a low comparable amount caused by the pandemic for the corresponding season last year, the Group recorded an expected growth for the pre-order of 2021 fall and winter collections in the sales fair held in early March 2021. The orders will be delivered during the second half of 2021.

In Singapore, the Group will speed up clearance of stocks. In addition, efforts will be made to reduce operating costs, scale down the operation and adjust the number of outlets in a bid to improve operation.

With respect to property investment, occupancy for the Group's holdings has picked up and the leasing rate of individual properties has rebounded. In this light, although the sector is still under pressure, the Group will rise to the challenge in order to minimize the impact. Regarding the development project "Goldlion Garden" in Meixian, the Group will continue with its construction and presale and will closely monitor every aspect of the project for adjustment as and when necessary.

In light of the acute increase in demand for face masks due to the pandemic, the Group set up a mask factory in Meizhou during the year in order to provide a stable supply of surgical masks for hospitals in China Mainland. Currently factory construction is basically completed and investments in machinery, plant and equipment amounted to RMB7,530,000 by end of the year. It is expected that full production can be commenced by mid-2021 when production permits are approved by relevant governmental authorities.

FINANCIAL POSITION

As at 31st December 2020, the Group had cash and bank balances of approximately HK$1,237,817,000, which was HK$29,816,000 higher than that at the end of last year. During the year, the Group recorded a net cash inflow from operating activities of HK$82,127,000 and received interest income of HK$22,270,000. However, the Group also paid dividends of HK$122,764,000, increased fixed assets of HK$17,575,000 and paid principal elements of lease payments of HK$17,170,000. Besides, changes in foreign exchange rate during the year resulted in an increase in cash and bank balances of HK$82,534,000.

As at 31st 3US

The Group conducted the business mainly in the China Mainland market through its PRC subsidiaries. Most of the relevant transactions were denominated in RMB and transactions involving foreign currencies were minimal. Foreign currency exposure did not pose a significant risk for the Group, but we will remain vigilant and closely monitor our exposure to movements in relevant currencies.

HUMAN RESOURCES

At 31st December 2020, the Group had approximately 1,690 employees. Staff costs including directors' emoluments of the year amounted to HK$195,562,000. 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 MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders' entitlement to atte

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, risk management and internal control procedures of the Group. As at the date of this announcement, the Audit Committee has four members comprising Mr. Li Ka Fai, David (Chairman), Dr. Lau Yue Sun and Mr. Ngan On Tak, all of them being independent non-executive Directors, and Mr. Ng Ming Wah, Charles, being a non-executive Director of the Company.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December 2020. Also, the figures in respect of this 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 2020. 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 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 2020 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 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. Li Ka Fai, David and Mr. Ngan On Tak as independent non-executive Directors.

By order of the Board
KAM Yiu Kwok
Company Secretary

Hong Kong, 17th March 2021