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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 2012

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 2012 as follows:

Condensed Consolidated Income Statement
For the six months ended 30th June 2012

	Note	Unaudited Six months ended 30.6.2012 HK$'000	30.6.2011 HK$'000 (Restated)
Turnover	2	878,903	805,264
Cost of sales	4	(355,824)	(323,289)
Gross profit		523,079	481,975
Other gains, net	3	69,406	41,756
Selling and marketing costs	4	(164,116)	(151,437)
Administrative expenses	4	(123,070)	(98,593)
Operating profit		305,299	273,701
Interest income		14,030	9,508
Profit before income tax		319,329	283,209
Income tax expense	5	(68,733)	(78,100)
Profit for the period		250,596	205,109
Profit attributable to:			
Owners of the parent		249,982	204,692
Non-controlling interests		614	417
		250,596	205,109
Earnings per share for profit attributable to owners of the parent during the period	6	*HK cents*	*HK cents*
- basic		25.45	20.84
- diluted		25.45	20.84

	30.6.2012 HK$'000	30.6.2011 HK$'000
Dividend	88,390	83,480

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th June 2012

	Unaudited Six months ended	
	30.6.2012	**30.6.2011**
	HK$'000	HK$'000 (Restated)
Profit for the period	250,596	205,109
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	18,307	59,056
Total comprehensive income for the period	268,903	264,165
Attributable to:		
Owners of the parent	268,289	263,748
Non-controlling interests	614	417
Total comprehensive income for the period	268,903	264,165

Condensed Consolidated Balance Sheet
As at 30th June 2012

	Note	**As at 30.6.2012 (Unaudited)** HK$'000	**As at 31.12.2011 (Audited)** HK$'000 (Restated)
ASSETS			
Non-current assets			
Land use rights		21,708	15,734
Property, plant and equipment		202,936	209,223
Investment properties		2,038,488	1,963,815
Prepayments		4,634	-
Deferred income tax assets		45,746	40,174
		2,313,512	2,228,946
Current assets			
Completed properties held for sale		2,684	3,332
Inventories		214,534	313,269
Trade receivables	7	43,445	68,854
Prepayments, deposits and other receivables		117,952	71,153
Bank deposits		598,766	666,440
Cash and cash equivalents		508,545	354,539
		1,485,926	1,477,587
Total assets		**3,799,438**	**3,706,533**
EQUITY			
Capital and reserve attributable to owners of the parent			
Share capital		98,211	98,211
Reserves		2,859,117	2,679,218
Proposed dividend		88,390	166,959
		3,045,718	2,944,388
Non-controlling interests		1,925	1,311
Total equity		3,047,643	2,945,699
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		316,979	310,090
Current liabilities			
Trade payables	8	73,014	92,929
Other payables and accruals		342,894	337,641
Current income tax liabilities		18,908	20,174
		434,816	450,744
Total liabilities		751,795	760,834
Total equity and liabilities		**3,799,438**	**3,706,533**
Net current assets		1,051,110	1,026,843
Total assets less current liabilities		3,364,622	3,255,789

Notes:

1. Principal accounting policies

This condensed consolidated interim financial information for the six months ended 30th June 2012 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 ("HKICPA"), 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 annual financial statements for the year ended 31st December 2011.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2011, as described in those annual financial statements.

In December 2010, the HKICPA amended HKAS 12, "Income taxes", to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1st January 2012 with early adoption permitted.

The Group has adopted this amendment retrospectively for the financial period ended 30th June 2012 and the effects of adoption are disclosed as follows.

The Group has investment properties measured at their fair values totaling HK$1,963,815,000 as of 1st January 2012. As required by the amendment, the Group has re-measured retrospectively the deferred tax relating to certain investment properties in Hong Kong on the presumption that they are recovered entirely by sale retrospectively. The comparative figures for 2011 have been restated to reflect the change in accounting policy, as summarized below.

Effect on consolidated balance sheet	**As at 30.6.2012**	**As at 31.12.2011**
	HK$'000	HK$'000
Decrease in deferred tax liabilities	17,034	11,209
Increase in retained earnings	17,034	11,209

Effect on consolidated income statement	**Six months ended**	
	30.6.2012	**30.6.2011**
	HK$'000	HK$'000
Decrease in income tax expense	5,825	1,650
Increase in profit attributable to owners of the parent	5,825	1,650
Increase in basic earnings per share	0.59 HK cents	0.17 HK cents
Increase in diluted earnings per share	0.59 HK cents	0.17 HK cents

For the other investment properties amounting to HK$1,474,845,000, they are held by certain subsidiaries in China Mainland with a business model to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. For these investment properties, the presumption is rebutted and related deferred tax is not re-measured.

2. Turnover and segment information

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

	Six months ended	
	30.6.2012	**30.6.2011**
	HK$'000	HK$'000
Sales of goods	764,347	665,428
Gross rental income from investment properties	64,387	59,525
Building management income	18,808	17,637
Sales of properties	-	33,381
Licensing income	31,361	29,293
	878,903	805,264

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

	Six months ended		**Six months ended**	
	30.6.2012	**30.6.2011**	**30.6.2012**	**30.6.2011**
	Segment turnover	**Segment turnover**	**Segment results**	**Segment results**
	HK$'000	HK$'000	HK$'000	HK$'000 (Restated)
Operating segments				
Apparel in China Mainland and Hong Kong SAR	721,977	613,863	214,859	185,363
Apparel in Singapore and Malaysia	73,731	80,858	4,160	5,523
Property investment and development	86,579	113,194	121,728	110,617
Inter-segment sales	(3,384)	(2,651)	-	-
	878,903	805,264	340,747	301,503
Unallocated costs			(21,418)	(18,294)
Profit before income tax			319,329	283,209
Income tax expense			(68,733)	(78,100)
Profit for the period			250,596	205,109

3. Other gains, net

	Six months ended 30.6.2012 HK$'000	30.6.2011 HK$'000
Fair value gains on investment properties	69,406	38,707
Gain on disposal of an investment property	-	3,049
	69,406	41,756

4. Expenses by nature

	Six months ended 30.6.2012 HK$'000	30.6.2011 HK$'000
Cost of properties sold	-	12,725
Cost of inventories sold	342,654	295,864
Reversal of impairment for inventories	(8,933)	(4,344)
Direct operating expenses arising from investment properties that generated rental income	19,678	15,043
Amortization of land use rights	983	894
Depreciation of property, plant and equipment	13,458	14,055
Staff costs including directors' emoluments	126,068	107,503
Other expenses	149,102	131,579
	643,010	573,319
Representing:		
Cost of sales	355,824	323,289
Selling and marketing costs	164,116	151,437
Administrative expenses	123,070	98,593
	643,010	573,319

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the period.

Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the period at the rate of 25% (2011: 25%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	Six months ended	
	30.6.2012	**30.6.2011**
	HK$'000	HK$'000
		(Restated)
Current tax		
- Hong Kong	564	466
- PRC enterprise income tax	68,308	56,065
- Overseas taxation	707	939
- PRC land appreciation tax	-	6,936
Deferred income tax	(846)	13,694
Total income tax expense	68,733	78,100

6. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the parent of HK$249,982,000 (six months ended 30th June 2011 (restated): HK$204,692,000) and the weighted average number of 982,114,035 shares (six months ended 30th June 2011: 982,114,035 shares) in issue during the period. There were no potential dilutive shares in existence during the six months ended 30th June 2012 and 2011.

7. Trade receivables

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

	As at 30.6.2012 HK$'000	**As at 31.12.2011** HK$'000
1-30 days	32,323	60,823
31-90 days	8,509	7,491
Over 90 days	2,613	540
	43,445	68,854

8. Trade payables

Trade payables are aged as follows:

	As at 30.6.2012 HK$'000	**As at 31.12.2011** HK$’000
1-30 days	60,632	82,293
31-90 days	11,769	7,803
Over 90 days	613	2,833
	73,014	92,929

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 9.0 HK cents per share (2011: 8.5 HK cents per share) for the year ending 31st December 2012, totaling HK$88,390,000 (2011: HK$83,480,000), which is expected to be payable on or about 26th September 2012 to shareholders whose names appear on the Register of Members as at 14th September 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover and gross profit

The Group continued to record a stable growth in the six months ended 30th June 2012 with turnover totaling HK$878,903,000, representing an increase of 9% over the same period last year. The growth will be 14% if income from properties sales of the Meizhou property development project in same period last year amounting to HK$33,381,000 is excluded.

During the period, sales growth was mainly generated from the Group's apparel sales in the China Mainland market which registered a growth of 18%. Income from rental of properties, building management and licensing of brand name was higher than the same period last year. However, a drop in turnover of 9% was recorded for our apparel business in the Singapore and Malaysia markets.

Gross profit for the period was HK$523,079,000, up by 9% from HK$481,975,000 of the same period last year. Such an increase was in line with the growth rate of total turnover. Overall gross profit margin was approximately 59.5% which was at the same level of the same period last year.

Operating expenses and operating profit

Selling and marketing costs for the period were HK$164,116,000, increased by 8% from the same period last year. Selling and marketing costs expressed as a percentage to overall turnover was stable and stood at approximately 19%.

Administrative expenses for the period were HK$123,070,000, increased by 25% from the same period last year. Except the impact of rising staff costs, the increase was also partly related to the depreciation charge arising from additional capital expenditures on the Group's self-used properties in Guangzhou.

During the period, the Group recorded fair value gains on investment properties of HK$69,406,000, compared with HK$38,707,000 of the same period last year. Other gains for the same period last year also included gain on disposal of an investment property in Meizhou of HK$3,049,000.

Operating profit for the reporting period amounted to HK$305,299,000 compared with HK$273,701,000 of the same period last year, representing an increase of 12%. The operating profit margin was approximately 34.7% and was slightly higher than same period last year by about 0.7 percentage point.

Profit attributable to owners of the parent

Profit attributable to owners of the parent for the period was HK$249,982,000, rising by 22% from HK$204,692,000 (restated) of the same period last year. Profit for the period would be HK$186,583,000 if fair value gains after tax on investment properties of HK$63,399,000 were excluded. Such profit marked an increase of 19% from HK$156,923,000 (if the restated fair value gains after tax on investment properties of HK$33,960,000 and gains after tax on sales of properties in Meizhou of HK$13,809,000 were excluded) of the same period last year.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets

During the period under review, China Mainland's economy was affected by weakened export demand impacted by global economic downturn and the European debt crisis. The growth rate of the GDP in China Mainland slowed down to the lowest in recent years. Weak consumer sentiment and sluggish retail market posed challenges to the Group's business in China Mainland.

However, the Group's apparel operation in the local market recorded an increase of approximately 18% in turnover to HK$690,270,000, or approximately 15% increase in Renminbi ("RMB") over the same period last year.

Our apparel operation in China Mainland market is mainly conducted through wholesaling to distributors in various cities and provinces, as well as self-operated retail shops (including factory outlets) in Guangzhou, Shanghai and Beijing. In terms of RMB, sales to distributors and by self-operated retail shops for the period grew by 18% and 6% respectively.

During the period, the Group mainly sold its 2012 spring and summer collections to the distributors. As orders of these products were mainly placed during the sales fair held last year, such sales were not substantially affected by the current weakened market condition. Due to the shorter peak season before the Chinese New Year compared with last year and weak market sentiment, the sales of our self-operated retail shops grew at a slower pace when compared with previous year.

During the period, the number of outlets of the Group remained stable. There were a total of around 1,300 outlets in China Mainland, of which around 85 were under the Group's direct operation at the end of the period.

In view of the adverse market condition, the Group maintained close liaison with its distributors during the period to better understand their operations and difficulties faced in the market. The Group also provided them with appropriate assistance and support if necessary.

The Group continued to carry out the "Gold Label Scheme" during the period. Sales of "Gold Label" products accounted for approximately 15% of the total sales of the Group in China Mainland. At the end of the period, there were about 50 "Gold Label" stores in China Mainland, of which 12 were directly operated by the Group.

Licensing income for the period amounted to HK$31,361,000, representing a rise of about 7%, or approximately 4% in RMB over the same period last year. The growth was mainly attributable to the incremental increase in license fees stipulated in the current agreements. Licenses granted during the period mainly cover shoes, leather goods, undergarments, woolen sweaters, casual wear and accessories for the China Mainland market.

Singapore and Malaysia Markets

Growth of the Singapore's open economy slowed down during the period as a result of weak global economy and the European debt crisis. The retail market was adversely affected by unfavorable consumer sentiment. The Group's apparel retail operation was no exception. During the period, sales in Singapore amounted to HK$70,827,000, representing a decrease of approximately 8%, or approximately 5% in local currency over the same period last year.

Due to shorter peak season before the Chinese New Year as compared with that of last year and the sluggish market condition, our operation in Singapore was under pressure. Sales of comparable outlets in Singapore decreased by approximately 6% in local currency compared with the same period last year. At the end of the period, there were a total of 8 Goldlion shops and 21 counters, same as at the end of last year.

During the period, the Group reduced its operating costs to below that of the same period last year. Operating profit in Singapore for the period amounted to approximately HK$3,695,000, representing a decrease of about 19% when compared with the corresponding period of last year. Operating profit margin was 5%, slightly lower than 6% of same period last year.

The Group's business in the Malaysia market being smaller in scale, sales stood at HK$2,904,000, declining by approximately 27% over the same period last year. Decrease in sales was partly attributable to sluggish market condition and severe competition, and partly to the decrease in number of outlets. At the end of the period, the Group had a total of 20 outlets in the local market. Operating profit in Malaysia for the period amounted to approximately HK$465,000, representing a decrease of approximately 51% when compared with the same period last year.

Property Investments and Development

There was no major change in the Group's portfolio of investment properties from its position at the end of last year and performance continued to be stable. Fair value gains on investment properties recognized by the Group after independent professional valuations amounted to HK$69,406,000. Such gains included those from investment properties in Hong Kong of HK$45,380,000 which was a reflection of the robust Hong Kong property market during the period. In comparison, fair value gains for the same period last year was HK$38,707,000.

Rental income and building management fee generated during the period stood at HK$64,387,000 and HK$18,808,000 respectively, representing a respective growth of approximately 8% and 7%. Leasing of the Goldlion Digital Network Centre in Tianhe, Guangzhou remained to be stable. Occupancy rate of the building slightly improved to approximately 93% as more vacant units were leased out during the period. Together with the benefits from climbing rentals, rental income increased by approximately 10% over the same period last year.

Leasing for the Goldlion Commercial Building in Shenyang was likewise stable, with overall occupancy maintaining at 100%. A growth of about 7% in rental income and building management fee from same period last year was registered.

Regarding the resettlement of our property in Anhua Road in Changning, Shanghai, the Group continued the negotiation with relevant authorities during the period. The local authorities have placed their initial compensation proposal, yet, which was still behind our expectation. Further negotiation will be conducted.

Although the occupancy of the Goldlion Holdings Centre in Shatin decreased during the period, total rental income of Hong Kong properties increased by approximately 8% over the same period last year due to the general upward adjustment of rentals. The occupancy of the Group's investment properties in Hong Kong is currently over 90%.

PROSPECTS

Looking ahead, the global economy will remain volatile in the second half of 2012 as the European debt crisis drags on. Concern on the downtrend of China's economy resulting from weak export demand will continue to affect the market. The Group remains cautious about the business environment for the coming months.

Despite challenges to be faced by our China Mainland operation in the second half of the year, the Group will keep up our commitment to enhancing product quality and design and promoting our brand image through effective promotional activities. The Group's Mainland sales fair of the 2013 spring and summer collections was just held last month with initial order amount increased by 12% as compared with the 2012 spring and summer collections. As a business partner, the Group fully realizes the difficulties of our distributors faced in the market and will continue to keep close liaison in order to ease their pressure and ensure advancement in their operations.

The "Gold Label Scheme" has been launched for more than one year. The Group will review the effectiveness of the scheme in due course and adjust the business strategy as necessary. The Group had just entered into an agreement with a retailer in China Mainland with proven track records by appointing the retailer to operate the "Gold Label" retail business in certain cities and provinces in China. It is expected this would enhance the retail advantage and boost sales of the "Gold Label" products.

In Singapore, the market is expected to remain weak in the second half of the year. Aiming at uplifting the profitability, the Group will continue to target for a sales growth and to control the operating costs.

As for investment properties, the Group will continue to add value to its properties on hand to ensure a steady inflow of rental revenue.

FINANCIAL POSITION

As at 30th June 2012, the Group had cash and bank balances of approximately HK$1,107,311,000, which was HK$86,332,000 higher than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK$236,434,000 and gains from foreign exchange rate changes of HK$7,161,000, received interest income of HK$14,030,000 and paid dividends of HK$166,959,000. As at 30th June 2012, the Group did not have any bank loans or overdrafts.

As at 30th June 2012, the Group's current assets and liabilities were HK$1,485,926,000 and HK$434,816,000 respectively, with current ratio at approximately 3.4. Total current liabilities were 15% of the average capital and reserves attributable to owners of the parent of HK$2,995,053,000.

As at 30th June 2012, 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 2012, the Group had approximately 1,800 employees. Employees' costs during the first six months of the year including directors emoluments amounted to HK$126,068,000. 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 13th September 2012 and 14th September 2012 (two days), during which period no transfer of shares 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, 12th September 2012 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 (during the period from 1st January 2012 to 31st March 2012) and the Corporate Governance Code (during the period from 1st April 2012 to 30th June 2012) 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") 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 2012, 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. Li Ka Fai, David (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 2012. 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 2012 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. Li Ka Fai, David as independent non-executive Directors.

By order of the Board
Kam Yiu Kwok
Company Secretary

Hong Kong, 24th August 2012