股份代號 STOCK CODE: 00533

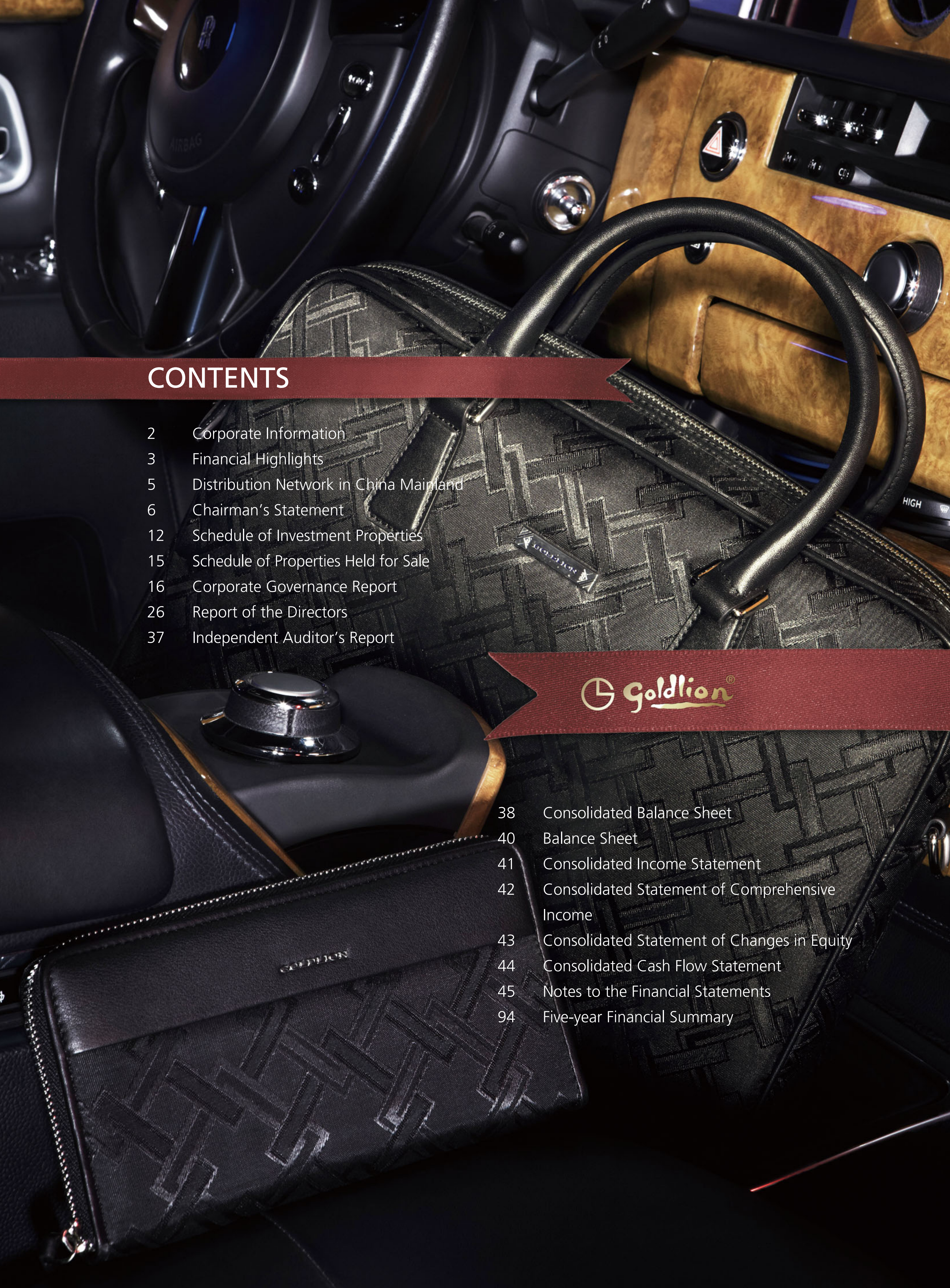
2013 ANNUAL REPORT

二零一三年年報

GOLDLION HOLDINGS LIMITED

金利來集團有限公司

Goldlion®



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Goldlion®

CORPORATE INFORMATION

DIRECTORS

Chairman:
Dr. the Hon. Tsang Hin Chi G.B.M.

Deputy Chairman and Chief Executive Officer:
Mr. Tsang Chi Ming, Ricky

Executive Director:
Madam Wong Lei Kuan

Non-executive Directors:
Mr. Ng Ming Wah, Charles
Dr. Wong Ying Ho, Kennedy B.B.S., J.P.

Independent Non-executive Directors:
Dr. Lau Yue Sun B.B.S.
Mr. Li Ka Fai, David
Mr. Nguyen, Van Tu Peter

COMPANY SECRETARY

Mr. Kam Yiu Kwok

AUDIT COMMITTEE

Mr. Li Ka Fai, David (Chairman)
Mr. Nguyen, Van Tu Peter (Deputy Chairman)
Dr. Lau Yue Sun B.B.S.
Mr. Ng Ming Wah, Charles
Dr. Wong Ying Ho, Kennedy B.B.S., J.P.

REMUNERATION COMMITTEE

Mr. Nguyen, Van Tu Peter (Chairman)
Dr. Lau Yue Sun B.B.S.
Mr. Li Ka Fai, David
Mr. Ng Ming Wah, Charles
Mr. Tsang Chi Ming, Ricky

NOMINATION COMMITTEE

Dr. Lau Yue Sun B.B.S. (Chairman)
Mr. Li Ka Fai, David
Mr. Nguyen, Van Tu Peter
Mr. Ng Ming Wah, Charles
Mr. Tsang Chi Ming, Ricky

SOLICITORS

Woo, Kwan, Lee & Lo

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited

REGISTRARS

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

REGISTERED OFFICE

7th Floor
Goldlion Holdings Centre
13–15 Yuen Shun Circuit
Siu Lek Yuen
Shatin
New Territories
Hong Kong
Telephone: 852-26860666
Fax: 852-26453899
Website: www.goldlion.com
Email : contact@goldlion.com

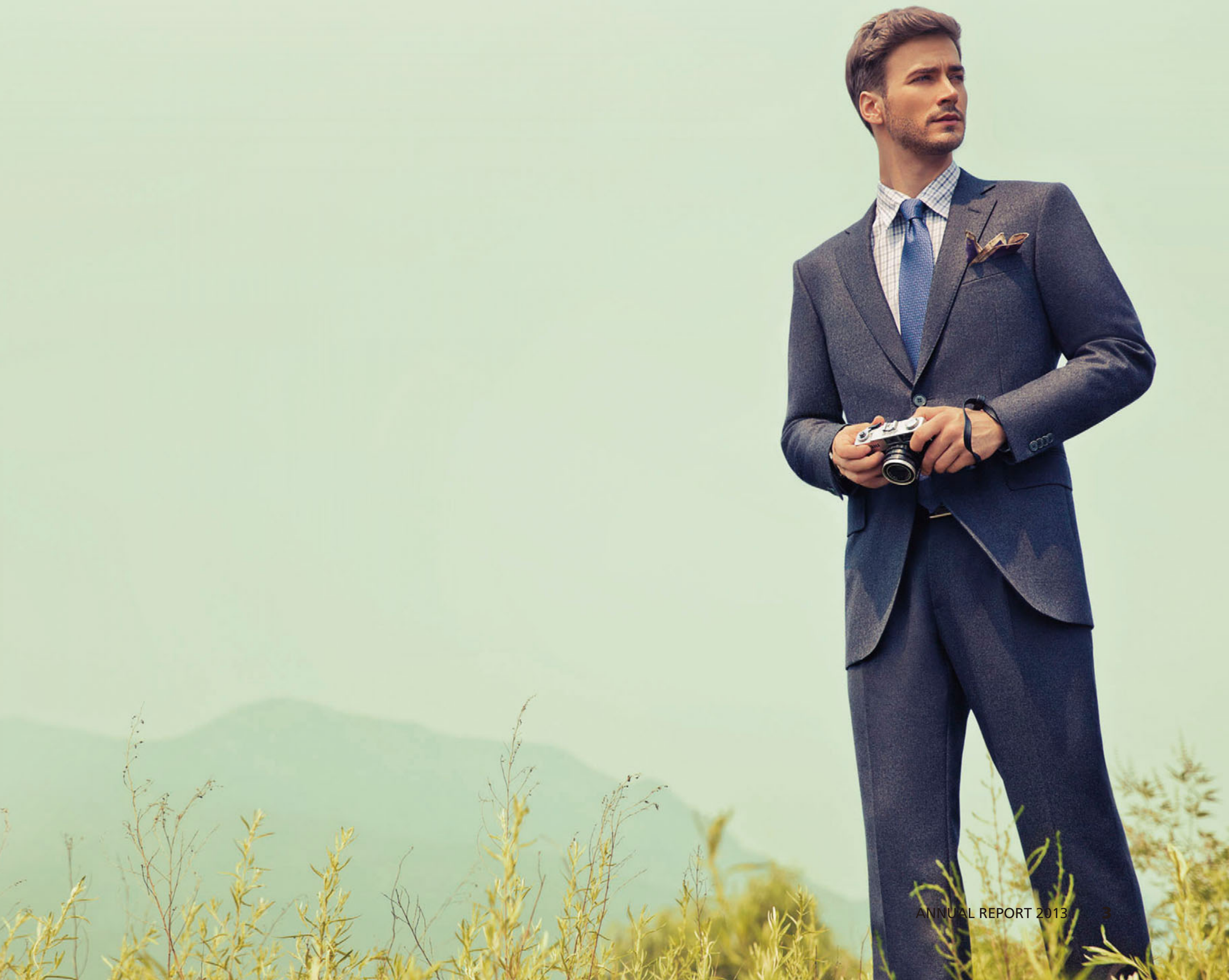
FINANCIAL HIGHLIGHTS

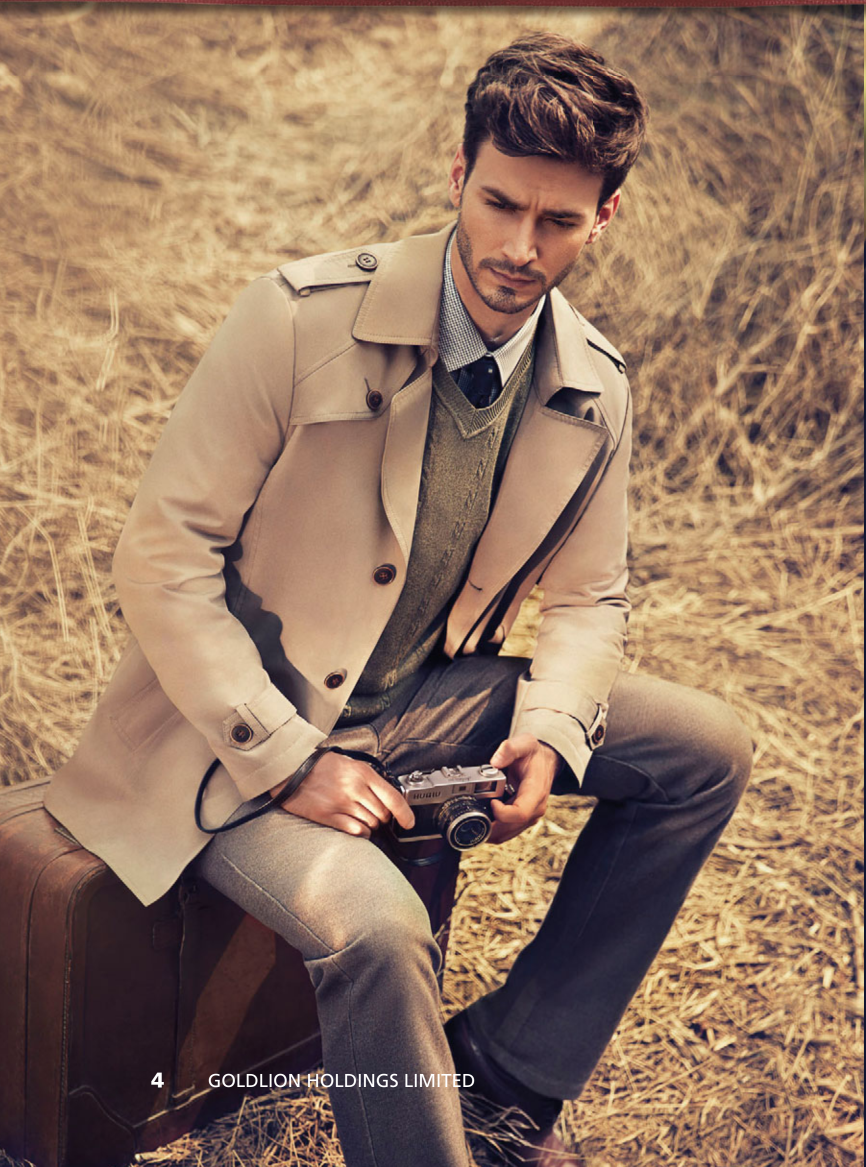
FINANCIAL POSITION

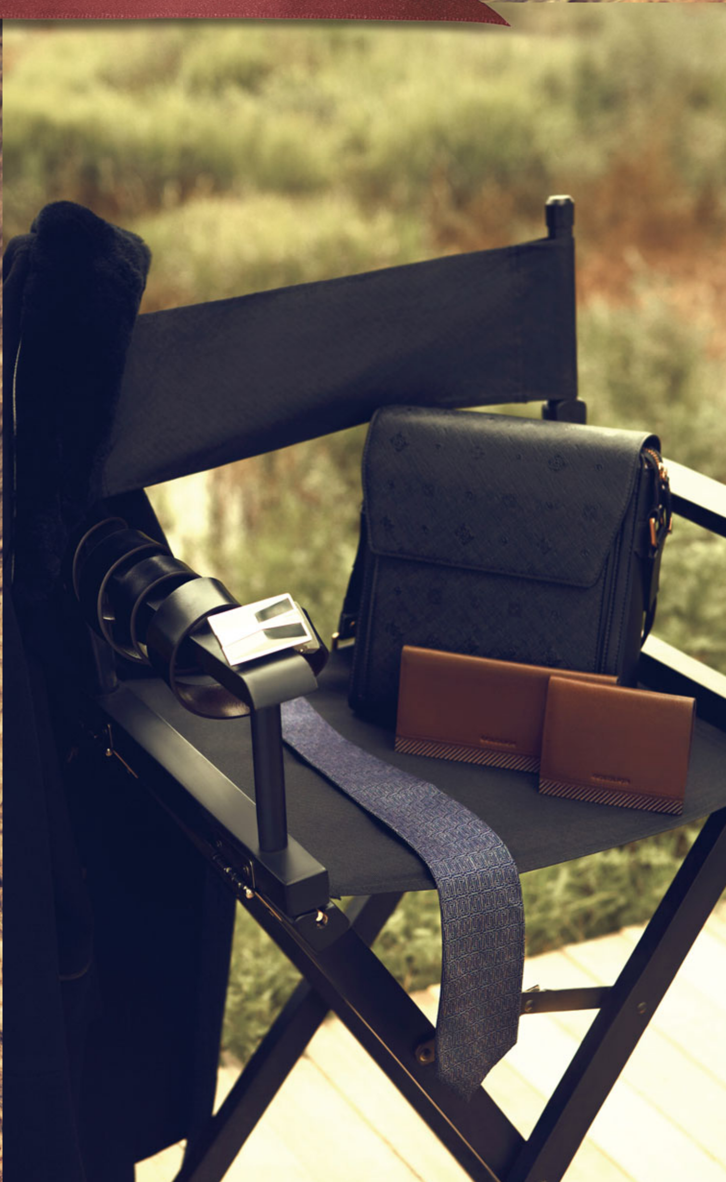
As at 31st December 2013, cash and bank balances held by the Group amounted to approximately HK$1,295,686,000, which was HK$230,425,000 higher than the balance as at 31st December 2012. During the year, the Group recorded a net cash inflow from operating activities of HK$379,417,000 and gains from foreign exchange rate changes of HK$17,753,000, received compensation in relation to the surrender of property in Shanghai of HK$101,600,000 and paid dividends of HK$265,171,000 during the year. As at 31st December 2013, the Group did not have any bank loans or overdrafts.

As at 31st December 2013, the Group's current assets and current liabilities were HK$1,878,042,000 and HK$609,975,000 respectively, with a current ratio at 3.1. Total current liabilities were 18% of the average capital and reserves attributable to owners of the parent of HK$3,338,743,000.

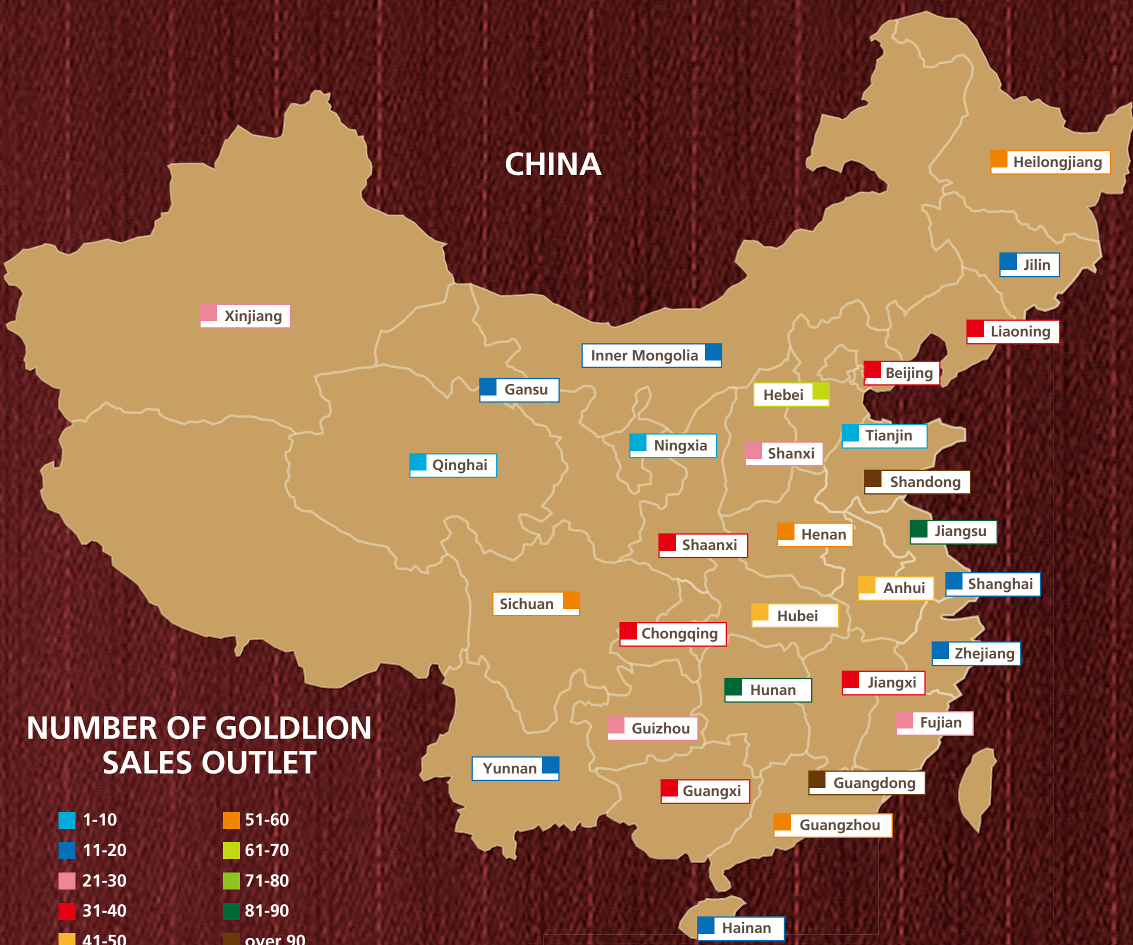
As at 31st December 2013, the Group did not have any material contingent liabilities or capital commitments and had not charged any of the Group's assets.

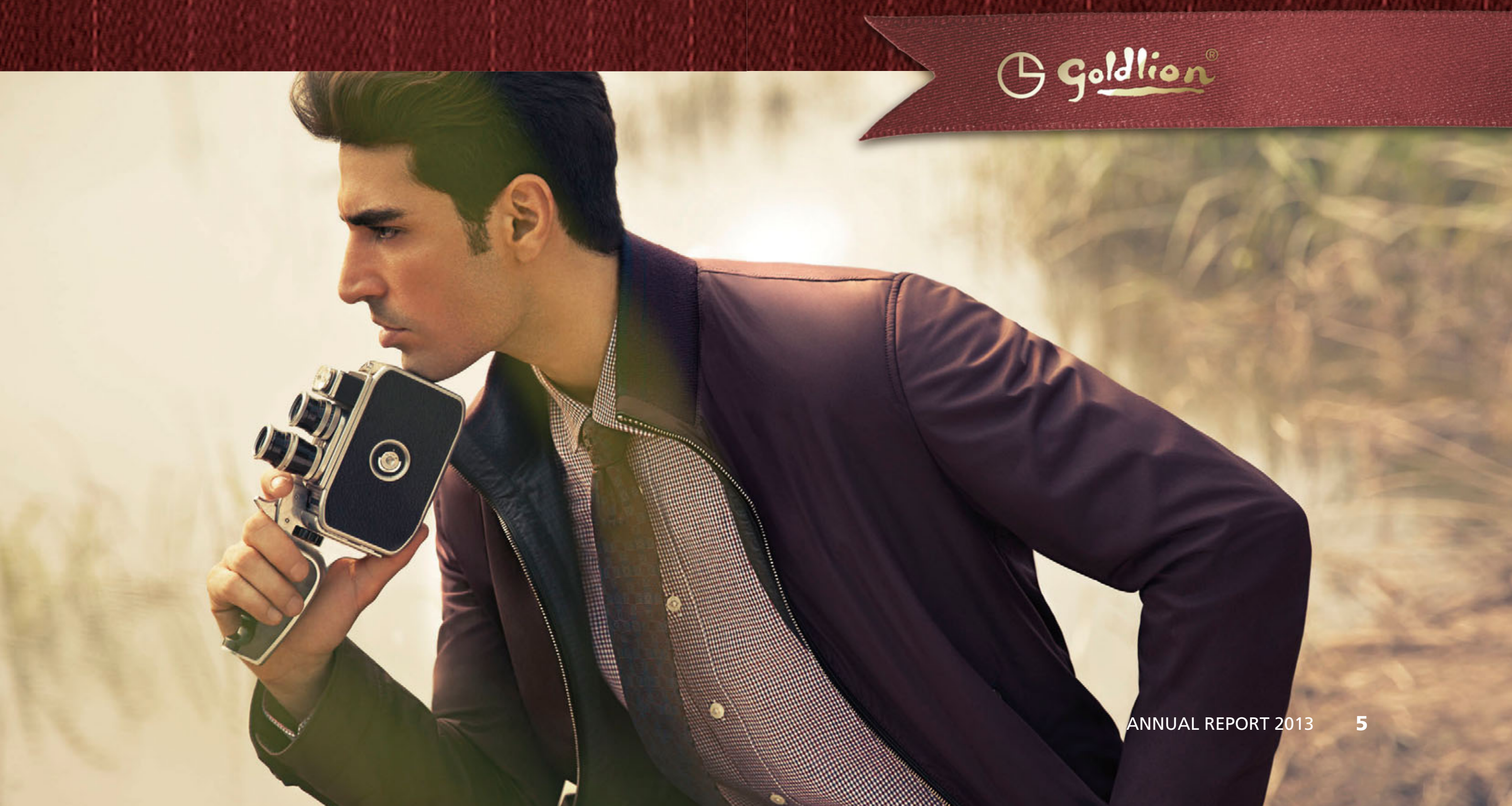






DISTRIBUTION NETWORK IN CHINA MAINLAND





CHAIRMAN'S STATEMENT

Dr. the Hon. Tsang Hin Chi, G.B.M.,
Chairman of the Group

GROUP RESULTS

Turnover and gross profit

The Group's apparel operation in China Mainland was seriously affected in 2013 by the combined effects of slowdown in economic growth, shrinkage of domestic demand and the Central Government's extravagance curbs. The Group recorded a turnover of HK$1,875,490,000 in 2013, which was broadly in line with HK$1,863,075,000 of last year. The unsatisfactory performance of apparel and accessories wholesale business in China led to a drop of 5% in turnover over last year. For other operations, which include the apparel business in the Singapore and Malaysia markets, income from rental of properties, building management and licensing of brand name, the turnover all remained stable.

Gross profit for the year was HK$1,013,806,000, representing a drop of 3% comparing with HK$1,050,157,000 of last year. Overall gross profit margin was approximately 54.1%, a decrease of 2.3 percentage points from 56.4% of last year. For the Group's apparel operation, the gross profit margin also decreased by 2.9 percentage points from 52.2% of last year to 49.3%, mainly due to the provision for impairment of inventories of HK$77,414,000 for the year. High level of provision was resulted from increasing off-season inventories returned from distributors in China to the Group progressively during the year.

Operating expenses and operating profit

Selling and marketing costs of the Group during the year increased by 10% from last year to HK$403,726,000. This was mainly due to the increase in retail sales related expenses including rental expenses of retail shops as well as salesman salaries, in light of the growth of retail sales during the year. Besides, the Group had also devoted more resources in marketing and promotion for the apparel and accessories operation during the year.

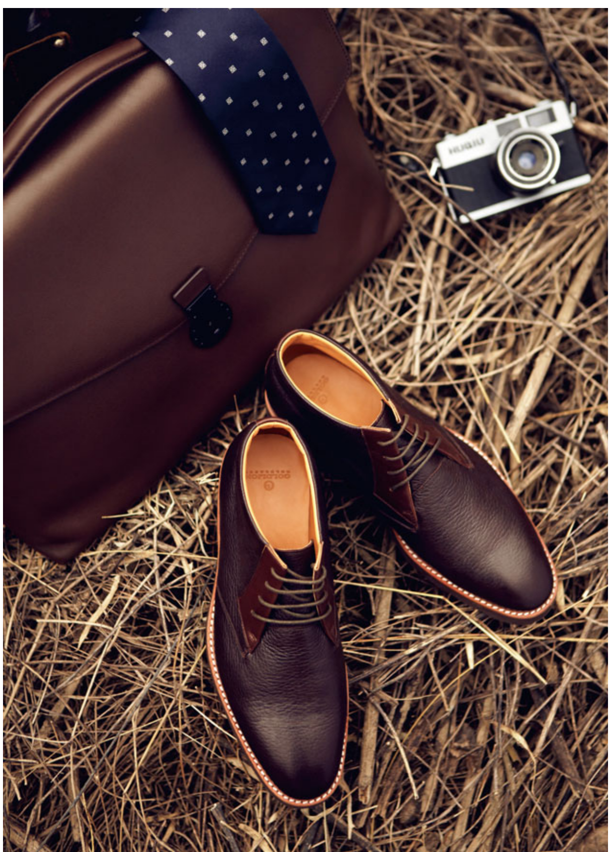
Administrative expenses of the Group during the year dropped by 15% from last year to HK$194,388,000. In addition to the implementation of effective cost control measures, the drop was also contributed by the decrease in annual bonus after the retirement of a key management staff early this year.

During the year, the Group recorded fair value gains on investment properties of HK$87,351,000, compared with HK$158,882,000 of last year.

Operating profit for the year amounted to HK$503,043,000, representing a drop of 18% comparing with HK$613,171,000 of last year. The operating profit margin was about 26.8%, a decrease of 6.1 percentage points from 32.9% of last year. This was mainly due to the drop in fair value gains on investment properties as well as the unsatisfactory performance of apparel business in China during the year. If the fair value gains on investment properties were excluded, the operating profit margin would be 22.2%, a decrease of 2.2 percentage points from 24.4% of last year.

Profit attributable to owners of the parent

Profit attributable to owners of the parent during the year was HK$414,579,000, a decrease of 17% from HK$502,235,000 of last year. Profit for the year would be HK$332,066,000 if fair value gains on investment properties (after tax) of HK$82,513,000 were excluded. This represented a decrease of 9% from HK$363,191,000, if the fair value gains after tax on investment properties of HK$139,044,000 were excluded in last year.



FINAL DIVIDEND

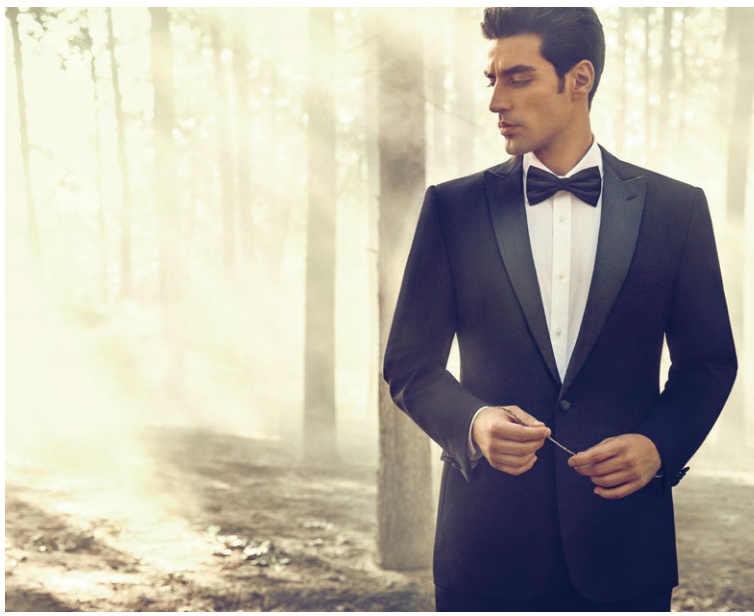
The Directors have recommended the payment of a final dividend of 18.0 HK cents per share (2012: 18.0 HK cents per share) for the year ended 31st December 2013, totalling HK$176,781,000 (2012: HK$176,781,000). Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on or about 9th June 2014 to shareholders whose names appear on the Register of Members as at 30th May 2014.

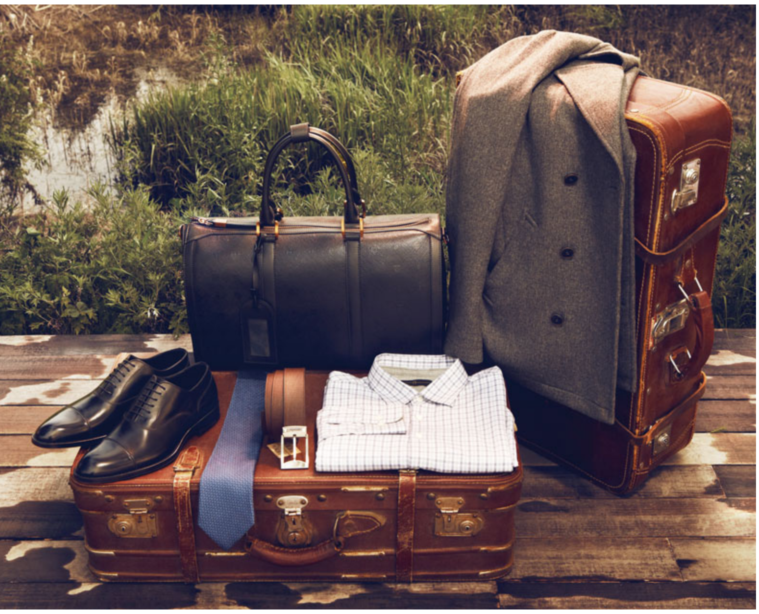
BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets

During the year under review, the Group continued to conduct its apparel operation in China Mainland primarily through wholesaling to distributors in various cities and provinces, as well as through self-operated retail shops (including factory outlets) located mainly in Guangzhou, Shanghai and Beijing.



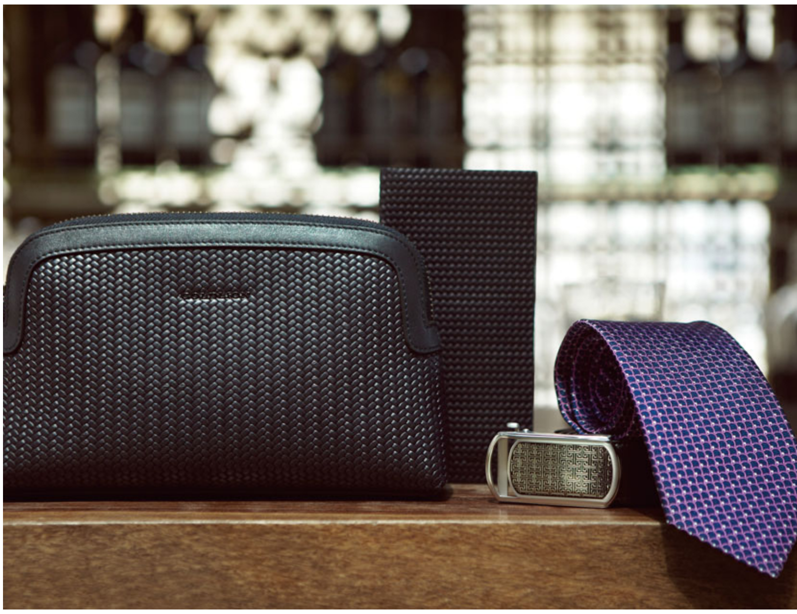


The Central Government's extravagance curbs and anti-bribery measures have weakened the high-end consumption significantly during the year. With GDP growing slower and consumer sentiment remaining to be gloomy, the retail market showed little sign of improvement and demand for mid to high-end consumer products was further dampened.

Due to unfavorable market conditions, distributors of the Group were generally troubled by high inventory levels accumulated in the past few seasons. Facing sluggish inventory turnover and lagging repayment from department stores, distributors are confronted with difficulties not happening in years. To improve their cash flows and ease their inventory pressure, the Group adopted certain designated sales return measures during the year to allow distributors to return and exchange goods beyond the established sales return policy. Owing to these sales return measures and the lack of ordering incentives from distributors, the Group's sales have been dragged down.

Last year, the Group appointed a retailer in China to operate the "Gold Label" retail business in certain cities and provinces. The plan, however, was preempted by the sudden plunge in the market. In the middle of the year, the retailer decided to terminate the appointment and returned the unsold goods. This also had a negative impact on wholesales for the year.

Sales to distributors dropped by about 7% in Renminbi ("RMB") during the year. As a result of the increase in sales return, the Group recorded an increase in off-season inventories and the related inventory provisions.



Sales of self-operated retail shops, on the contrary, recorded a growth despite the unfavorable market conditions. During the year, the Group strengthened and enlarged business in this segment including through taking over several retail shops previously run by the "Gold Label" retailer. Sales of self-operated retail shops (excluding factory outlets) recorded an increase of 13% while sales of comparable retails shops recorded an increase of 5% in RMB.

Concurrently, the Group sought to expand business of factory outlets by adding 9 outlets during the year to clear off-season inventories. The annual growth in sales was approximately 5% in RMB. To increase sales channels, enhance brand recognition and clear off-season inventories, the Group launched an e-commerce business in the third quarter. Online sales have initially been satisfactory.

At the end of the year, the Group had approximately 1,240 outlets in China, including 93 self-operated outlets, of which 34 were factory outlets. The number of outlets was slightly less than that of last year as the Group had reorganized some relatively low performers. The number is expected to shrink further in view of the ongoing optimization of the sales network.

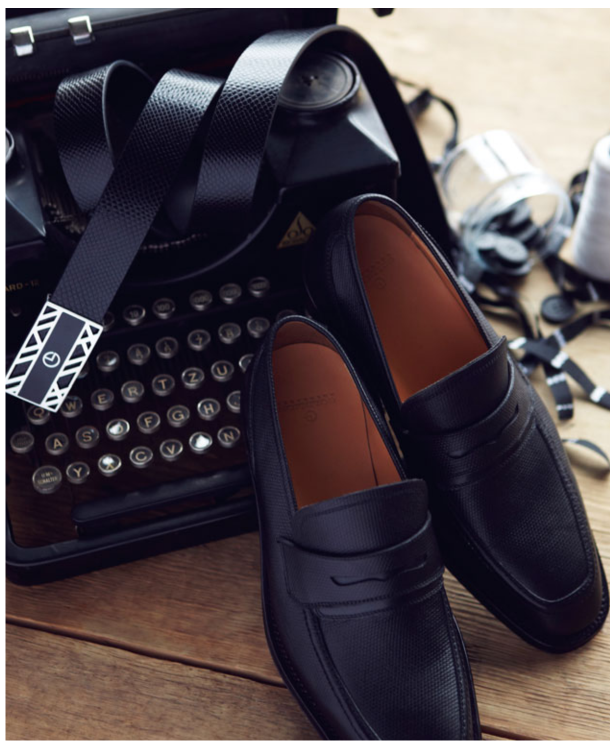
With respect to marketing activities, a professional market research company was engaged to conduct a country-wide survey on the Group's brand position during the year. To enhance the efficiency and effectiveness in promotion, the branding and promotion strategies have been adjusted in accordance to the survey result. In addition, the Group is also updating the customer relations management system with the hope of achieving better sales through more interaction with customers.

With respect to supply chain management, the Group reintegrated its team structure and manpower allocation during the year, including the recruitment of foreign designers to further improve cutting, design and material of the products by targeting at the designated customer bases. The Group had also taken proactive steps to streamline its procurement process, enhance efficiency and tighten cost control so as to offer the best products to the market. Effects of these products advancement measures are expected to realize initially in the Group's 2014 fall and winter collections.

Following a deferment in the production of the 2014 spring and summer collections and the shortening of the production cycle, inventories of the 2014 spring and summer collections in China stood at HK$34,108,000 at the end of the year. This was substantially lower than HK$170,232,000 of the 2013 spring and summer collections at the end of 2012, and had therefore led to a year-on-year decrease in the total amount of inventories.

Licensing income for the year amounted to HK$84,860,000, representing an increase of around 6%, or around 3% in RMB, over last year. The growth was mainly attributable to the annual increment of license fees stipulated in the licensing agreements. Since certain licensees' businesses were slackened by the market downturn, there was no increase in the part of license fees charged at turnover.

During the year, the Group granted licenses for distribution of shoes, leather goods, undergarments, woolen sweaters and casual wear in the China Mainland market. The Group also strengthened supervision over licensees and provided appropriate support through the designated brand licensing department during the year. The effort is to ensure they are in line with the Group's brand development so as to protect its brand interests.



Singapore and Malaysia Markets

Singapore's economy continued to be affected by external factors and slowed down accordingly during the year. With consumers sitting on the sidelines, the retail market came under pressure. However, the Group's business in Singapore had not been significantly impacted during the year. Sales amounted to HK$140,894,000, which was comparable with that of the previous year, with a growth of approximately 1% in local currency.

Despite the adverse market conditions, the Group strove to expand its business in the local market, including joining other brands in marketing activities to induce retail growth. At the end of the year, there were a total of 8 Goldlion shops and 23 counters in Singapore, or an increase of 3 outlets when compared with that at the end of last year. Sales of comparable outlets recorded an increase of about 1% in local currency over last year.

During the year, operating costs such as rentals and manpower costs kept soaring. A replacement at the management level before the end of the year has also pushed up the relevant human resources expenses. As a result, operating profit in Singapore for the year amounted to approximately HK$3,183,000, representing a year-on-year decrease of about 54%. Operating profit margin was 2%, dropping from 5% of last year.

The Group's business in the Malaysia market is relatively small in scale. Sales for the year amounted to HK$7,008,000, representing an increase of approximately 5% when compared with last year. At the end of the year, there were a total of 19 counters in the local market. Operating profit for the year stood at approximately HK$524,000, representing a year-on-year decrease of about 28%.

Property Investment and Development

Except for the addition of two shops in Harbin and the transferal of some office units at the Goldlion Digital Network Centre in Tianhe, Guangzhou, for the Group's own use during the year, the Group's investment property portfolio had no substantial changes since the end of last year. The business also remained stable. Fair value gains on investment properties recognized by the Group after independent professional valuations at the end of the year amounted to HK$87,351,000. These included gains of HK$68,000,000 from investment properties in Hong Kong, the growth of which was largely attributable to the upward rental trend in the local properties of the Group. The fair value gains for last year were HK$158,882,000.

Rental income and building management fees for the year amounted to HK$138,516,000 and HK$41,467,000, respectively, representing an increase of around 5% and 6% over last year. Leasing of Goldlion Digital Network Centre in Tianhe, Guangzhou, remained stable. With some of the vacant units leased out and rentals adjusting upward on the whole during the year, rental income and building management fees recorded a year-on-year increase of approximately 4%, with occupancy rate remained at about 92%.

In Shenyang, leasing of Goldlion Commercial Building was likewise stable, with overall occupancy rate maintained at 100%. Rental income and building management fees increased by approximately 5% over that of last year.

Buoyed up by rising rentals in Hong Kong, total rental income and building management fees of the Group's properties in Hong Kong increased for approximately 11% over last year. At the end of the year, the Group's investment properties in Hong Kong were fully occupied.

In respect of the resettlement of the Group's property in Anhua Road in Changning, Shanghai, the Group had delivered Block Nos. 2, 3, 4 and 5 of such property during the year and received compensation of RMB80,000,000 in aggregate, which was recorded as an "other payables and accruals" item in the consolidated balance sheet at the end of the year. On the other hand, a tenant of Block No. 9 of such property had illegally occupied the block since the expiration of the relevant lease. The Group had instigated legal proceedings to evict the tenant with ongoing negotiations. As the property was not entirely delivered, the transaction had not been completed as at 31st December 2013. The relevant gain on disposal of property will therefore be recognized upon completion of delivery in accordance with relevant terms of the agreement.

PROSPECTS

Market conditions are expected to remain grim in the China Mainland market in 2014. After a prolonged period of rapid growth, the mid to high-end apparel industry is subjected to the greatest downward pressure in recent years. There was no notably relief to the difficulties faced by the Group's distributors in 2013. Slow turnover, high inventory levels and tight liquidity are expected to continue. The Group believes that recovery in the apparel industry will depend on the distributors' capability and effectiveness of clearing their inventories, restoring a healthy inventory level, as well as our ability in product innovation.

In view of this, the Group will continue to pursue a prudent business strategy. To ensure a steady development of the distributors in the long run, assisting them to clear excessive inventories would be the Group's top priority. The Group also urges prudence from distributors in placing orders and has the related wholesales target kept under control. Deliveries of the 2014 spring and summer collections, mainly in the first half of 2014, has apparently slowed down. As for the 2014 fall and winter collections, conservative stance taken by distributors at the sales fair held in mid-March 2014 is expected to impact the Group's sales of the relevant business in 2014. However, the growth in the Group's retail, factory outlets and e-commerce businesses is expected to compensate part of the shortfall in turnover of the wholesale business.

Self-operated retail shops will continue to be a growth area for the Group for building up its own retail capacity and brand innovation. The Group also considers taking back the distributorship from some distributors for direct operation of such retail business. Moreover, the capacity of the sales channels including factory outlets will be expanded to minimize the risks of overstocking and inventory backlog.

Besides, in view of the boom in internet shopping in recent years, the Group is closely gauging the potential of e-commerce. Without compromising offline sales, the Group will formulate strategies to tap the online market aiming at clearing off-season inventories in the coming year, and it is expected that the e-commerce business will generate growth.

In Singapore, where market conditions will take time to improve, the Group will maintain prudent operation strategies to strive for better profitability through business growth and cost control.

As for property investment, the Group will continue to enhance the leasing potential of the properties on hand for maintaining a steady growth in rental income. Towards the end of the year, the Group made a successful bid for a piece of land with a site area of approximately 75,949 square meters in Meixian for RMB102,600,000. It is preliminarily scheduled to develop in phases as residential and commercial property for approximately 155,000 square meters in total. According to the existing development schedule, the first phase of the project (approximately half of the gross floor area of the whole project) is initially expected to be commenced in early 2015 and completed in 2016.

It is the Group's firm belief that the apparel industry will become sounder once competition has entailed survival of the fittest. Bolstered by the solid foundation of the Group, strong financial background and reputable brand, the Group is in the best position to ultimately weather the current market volatility and be on the rise once again.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my gratitude to our staff for their dedication and continuous support.

Dr. Tsang Hin Chi
Chairman

Hong Kong, 24th March 2014

SCHEDULE OF INVESTMENT PROPERTIES

As at 31st December 2013

Property		Description	Lot Number	Type	Lease term
Hong Kong					
1.	1st to 6th floors, Goldlion Holdings Centre, 13–15 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories	The property, with a gross floor area of 23,077 sq.m., comprises the entire 1st, 2nd, 3rd, 4th, 5th and 6th floors of a 8-storey factory/ warehouse. The building was completed in 1989.	Shatin Town Lot No. 273	Industrial	The property is held for a term commencing on 26th February 1987 and expiring on 30th June 2047.
2.	No. 3 Yuk Yat Street, To Kwa Wan, Kowloon	The property comprises a modified 12-storey building completed in 1971. The property has a total gross floor area of 7,013 sq.m..	Kowloon Inland Lot No. 9676	Industrial/ Office	The property is held for a term of 75 years from 12th November 1969 renewable for a further term of 75 years.
3.	Unit A on 5th floor, Unit D on 6th floor, Units A and B on 7th floor, Units A, B, C and D on 14th floor, together with car parking S18 on the ground floor, Ming Wah Industrial Building, 13–33 Wang Lung Street, Tsuen Wan, New Territories	The property comprises units on the 5th, 6th and 7th floor, the whole of 14th floor and a car parking space on the ground floor of a 24-storey industrial building completed in 1976. The property has a total gross floor area of 3,238 sq.m..	81/1024th shares of and in Tsuen Wan Town Lot No. 134	Industrial	The property is held for a term of 99 years from 1st July 1898 less the last three days and renewed to 30th June 2047.
4.	Unit B on 3rd floor, Acro Industrial Building, 19 Yuk Yat Street, To Kwa Wan, Kowloon	The property comprises a workshop unit on the third floor of a 12-storey plus basement industrial building completed in 1978. The property has a gross floor area of 536 sq.m..	58/1184th shares of and in Kowloon Inland Lot No. 9681	Industrial	The property is held for a term of 75 years from 23rd March 1970 and renewable for a further term of 75 years.

SCHEDULE OF INVESTMENT PROPERTIES

As at 31st December 2013

Property	Description	Lot Number	Type	Lease term
China Mainland				
5. Units 01 to 07 and Units 10 to 11 on Level 1, Levels 2 to 3, Units 01 to 05 and Units 07 to 12 on Level 4, Level 5, Level 7, Units 01 to 07 and Units 09 to 12 on Level 8, Level 9, Unit 01 and Units 03 to 12 on Level 10, Level 11, Unit 01 and Units 03 to 12 on Level 12, Level 13, Units 02 to 05 and Units 08 to 12 on Level 14, Level 15, Unit 01 and Units 03 to 12 on Level 16, Units 08 to 12 on Level 17, Units 03 to 12 on Level 18, Levels 19 to 28, the car parking spaces in the basement levels 1 to 3 and the mezzanine level of the building, Goldlion Digital Network Centre, Ti Yu Dong Road, Tianhe District, Guangzhou, Guangdong Province	The property is a 29-storey plus 4 basements commercial building built on a site of 6,670 sq.m.. The gross floor area of the commercial and office portions is approximately 47,503 sq.m..	–	Commercial/ Office	The land use right is held for a term of 40 years for commercial or car parking uses and 50 years for office use commencing from 27th January 1997.
6. Shenyang Goldlion Commercial Building, 186–190 Zhong Jie Lu, Shen He Qu, Shenyang, Liaoning Province	The property is a 7-storey commercial building built on a site of 5,379 sq.m.. The 2 phases were completed in 1991 and 1993 respectively and was completely refurbished in 2002. The property has a gross floor area of 14,801 sq.m..	–	Commercial	The land use right is held for a term of 40 years for commercial use commencing from 23rd April 2008.

SCHEDULE OF INVESTMENT PROPERTIES

As at 31st December 2013

Property	Description	Lot Number	Type	Lease term
China Mainland *(continued)*				
7. Unit 07 on Level 24 and Unit 07 on Level 26, No. 577 Tianhe North Road, Unit 07 on Level 25, Unit 07 on Level 26 and Unit 07 on Level 28, No. 581 Tianhe North Road, Concord New World Garden, Tianhe District, Guangzhou, Guangdong Province	The property comprises 5 domestic units in the multi – storey residential estate built in 2003. The property has a gross floor area of 478 sq.m..	–	Residential	The land use right is held for a term of 70 years from 1st April 1999.
8. Unit 03 on Level 10, No. 852 Dongfeng East Road, Glorious City Garden, Yue Xiu District, Guangzhou, Guangdong Province	The property comprises a residential unit in one of the 32-storey buildings of the estate built in 2001. The property has a gross floor area of 158 sq.m..	–	Residential	The land use right is held for a term of 70 years from 7th April 1990.
9. Units C18, 101, 102A, 102B and 103 on Level 1, Unit C18 on Levels 2 and 3, Units C11, C12, C19, C20-101, D01, D26, D27, D30, E17, E25 and E26 on Levels 1 and 2, Goldlion Fashion Walk, Jiangnan Binfang Dai Dao, Meizhou Ze, Guangdong Province	The property comprises units in a commercial podium built in 2008. The property has a gross floor area of 4,432 sq.m.	140209020490 and 140209020608-1	Commercial	The land use right is held for a term of 40 years for commercial use.
10. Units 05 and 06 on Level 1, Block B3, Yuanda Shopping Plaza, Qunli Dai Dao, Daoli Qu, Harbin, Heilongjiang Province	The property comprises 2 adjoining units of a complex built in 2013. The property has a gross floor area of 228 sq.m..	–	Commercial	The land use right is held for a term of 40 years for commercial use from 30th June 2011.

SCHEDULE OF PROPERTIES HELD FOR SALE

As at 31st December 2013

Property	Description	Lot Number	Type	Group interest
Assets classified as held for sale				
Block Nos. 2, 3, 4, 5 and 9, No. 44 Anhua Road, Changning District, Shanghai, PRC	The property has a gross floor area of 4,123 sq.m..	–	Industrial/ Residential	100%

CORPORATE GOVERNANCE REPORT

The Board and the management of the Company are committed to maintain a high standard of corporate governance. The Board believes that to carry the business in an accountable and transparent manner and following good corporate governance practices serve the long-term value to shareholders and stakeholders.

Throughout the year under review, the Company complied with the Code Provisions in the Corporate Governance Code 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 for derivations as specified and explained below.

The Directors continue to monitor and review the Company's corporate governance practices to ensure compliance.

BOARD OF DIRECTORS

Overall Accountability

The Board assumes full responsibility for leadership, control and development of the Company and is collectively responsible for promoting the success and sustainable development of the Company. It provides direction in matters concerning the Company's business strategies, policies and plans whereas daily business operations are delegated to the senior management. In discharging its corporate accountability, each Director is required to pursue excellence in the interests of the shareholders at a whole and fulfill his fiduciary duties by applying the required level of skills, care and diligence to a standard in accordance with the statutory requirements.

Board composition

The Board has a balance of skills and experience appropriate for the requirements of the Group's business. Currently, the Board comprises eight members in total including three executive Directors, two non-executive Directors and three independent non-executive Directors. Non-executive Directors provide the Board with diversified expertise and experience. The Board believes that the presence of independent non-executive Directors can provide sufficient checks and balances that safeguard the interests of shareholders and the Group as a whole.

Each of the independent non-executive Directors has confirmed in writing to the Company their independence in particularly in regard to the requirements under Rule 3.13 of the Listing Rules. The Board considers that the independent non-executive Directors are free from any business or other relationship that may influence their exercise of independent judgement.

In case of an independent non-executive Director serves more than 9 years, his further appointment is subject to a separate resolution to be approved by shareholders. The circular to shareholders accompanying that resolution includes the reasons why the Board believes he is still independent and should be re-elected.

Biographical details of the Directors are set out on pages 28 to 29.

BOARD OF DIRECTORS *(continued)*

Responsibilities and Delegation

The Company has clear policy to ensure that all Directors have a proper understanding of the business and operation of the Group and that they are fully aware their roles and responsibilities as Directors under relevant legislations and regulatory requirements.

The Board is accountable for the supervision of the management in the business and affairs of the Company and the Group. Apart from its statutory and fiduciary duties, the Board sets the Group's objective and approves strategic plans, key operational targets, capital expenditure, major investments and financing decisions. Day-to-day management of the Company is delegated to the executive Directors and the officers in charge of each business unit and function who are required to report to the Board.

All Board members are provided with full and timely information about the conduct of the business and development of the Company including monthly reports and updates on major matters. The Board regularly reviews businesses and performance of the Group.

To assist in the execution of its responsibilities, the Board has established a number of Committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. All of these Board Committees have clear written terms of reference and are available on the websites of the Company and the Stock Exchange.

Board Meetings

The Board meets regularly and as and when required. In the year under review, four regular full Board meetings had been held at approximately quarterly intervals. The Directors discussed the overall strategies of the Group, monitored financial and operational performance, approved the Group's financial statements and the appointments of Directors, as well as other material contracts and significant matters at the Board meetings.

Details of Directors' attendance records in 2013 are set out below:

	Attendance (%)	
Executive Directors		
Dr. Tsang Hin Chi	(2/4)	50%
Mr. Tsang Chi Ming, Ricky	(4/4)	100%
Madam Wong Lei Kuan	(3/4)	75%
Non-executive Directors		
Mr. Ng Ming Wah, Charles	(4/4)	100%
Dr. Wong Ying Ho, Kennedy	(3/4)	75%
Independent non-executive Directors		
Dr. Lau Yue Sun	(3/4)	75%
Mr. Li Ka Fai, David	(4/4)	100%
Mr. Nguyen, Van Tu Peter	(4/4)	100%

BOARD OF DIRECTORS *(continued)*

Board Meetings *(continued)*

Dates of regular Board meetings are scheduled in the prior year to provide sufficient notice for all the Directors an opportunity to attend. For special Board meeting, reasonable notice is given.

The Company Secretary assists the Chairman in establishing the meeting agenda, and each of the Directors may request inclusion of items in the agenda. Board members are also provided with timely and adequate information prior to the Board meetings, and on an on-going basis, can have separate and independent access to the Group's senior management. Where queries are raised by Directors, prompt and full responses will be given if possible.

At the Board meetings, there is open atmosphere for Directors to contribute alternative views and major decisions would only be taken after a full discussion at the meetings. For matters on transactions where Directors are considered having conflict of interests, the Directors concerned would not be counted in quorum of meeting and shall abstain from voting of the relevant resolution.

The Directors can have separate and independent access to the Company Secretary. Minutes of the meetings are kept by the Company Secretary and are open for inspection by Directors.

All Directors have full and timely access to all relevant information about the Group so that they can discharge their duties and responsibilities as Directors effectively. Where any member of the Board, whether individual or as a group, needs independent professional advice, the Company will appoint a professional advisor to render such service. The costs of such professional services will be borne by the Company.

A directors' and officers' liabilities insurance in respect of legal actions against Directors and officers has also been arranged.

Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer of the Company are segregated and are not performed by the same individual. Currently, Dr. Tsang Hin Chi is the Chairman of the Board and Mr. Tsang Chi Ming, Ricky, a son of Dr. Tsang Hin Chi, serves as the Company's Chief Executive Officer.

There are clear and written definitions of the responsibilities and functions between the Chairman and the Chief Executive Officer. The Chairman focuses on the Group's strategic development and provides leadership to the Board. He also ensures that good corporate governance practices and procedures are established and all Directors are properly briefed on issues arising at the Board meetings and receive, in a timely manner, adequate information which is accurate, clear, complete and reliable.

The Chief Executive Officer is being assisted by senior management of the Group in assuming his executive duties and responsibility for the Group's day-to-day operation and the effective implementation of corporate strategy and policies, and is answerable to the Board.

The Chairman had held a meeting with the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors.

BOARD OF DIRECTORS *(continued)*

Appointments, re-election and removal of directors

In accordance with the Company's Articles of Association, any Director appointed to fill casual vacancy should be subject to election at the first general meeting after their appointment and every Director should be subject to retirement by rotation at least once every three years. However, 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, which is not consistent with the requirements of Code Provision A.4.1.

The Board has established the Nomination Committee with specific terms of reference. The Nomination Committee consists of three independent non-executive Directors, a non-executive Director and an executive Director. List of members of Nomination Committee is set out in the "Corporate Information" on page 2.

With a view to ensure that the Board has members with the right profile of expertise, skill and ability as well as an appropriate balance of independent directors, the Nomination Committee is responsible for formulating policy and making recommendations to the Board on nominations, appointment of Directors and Board succession. The Committee develops selection procedures for candidates, and considers different criteria including appropriate professional knowledge and industry experience, as well as consult external recruitment professionals when required. The Committee also reviews the size, structure and composition of the Board and assesses the independence of the independent non-executive Directors. The Committee is provided with sufficient resources enabling it to perform its duties and it can seek independent professional advice at the Company's expense if necessary.

The Company has adopted a Board diversity policy setting out approach to achieve diversity on the Board. The Company recognizes that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. Board appointments are based on merit and candidates are considered against objective criteria, having due regard to diversity on the Board, including but not limited to race, gender, age, cultural and educational background, professional experience, skill and knowledge. The Nomination Committee will monitor the implementation of the Diversity Policy and review as appropriate.

The Nomination Committee held one meeting during the year to discuss the nomination of retiring Directors at the annual general meeting and other relevant matters. The attendance records are as follows:

Members	Attendance (%)	
Dr. Lau Yue Sun (Chairman)	(1/1)	100%
Mr. Li Ka Fai, David	(1/1)	100%
Mr. Ng Ming Wah, Charles	(1/1)	100%
Mr. Nguyen, Van Tu Peter	(1/1)	100%
Mr. Tsang Chi Ming, Ricky	(0/1)	0%

BOARD OF DIRECTORS *(continued)*

Training and Support for Directors

Directors should keep abreast of their collective responsibilities. Each newly appointed Directors will receive a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive briefing and professional development necessary for them to have proper understanding of the Group's operations and business and are fully aware of their responsibilities under relevant statutory and regulatory requirements. Guidance and notes are issued to Directors where appropriate to ensure compliance and enhance their awareness of best corporate governance practices.

During the period under review, the Directors participated in the following trainings:

	Type of trainings
Executive Directors	
Dr. Tsang Hin Chi	B
Mr. Tsang Chi Ming, Ricky	A, B
Madam Wong Lei Kuan	B
Non-executive Directors	
Mr. Ng Ming Wah, Charles	A, B
Dr. Wong Ying Ho, Kennedy	A, B
Independent non-executive Directors	
Dr. Lau Yue Sun	A, B
Mr. Li Ka Fai, David	A, B
Mr. Nguyen, Van Tu Peter	A

A: attending seminars and/or conferences
B: reading newspapers, journals and updates relating to the economy, general business or director's duties and responsibilities

Compliance with Model Code

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. All the Directors confirmed that they have complied with the relevant requirements under the Model Code during the year.

REMUNERATION COMMITTEE

The Board has established the Remuneration Committee in 2005 with specific terms of reference. The Remuneration Committee is currently consisting of three independent non-executive Directors, a non-executive Director and an executive Director. List of members of Remuneration Committee is set out in the "Corporate Information" on page 2.

The key role of the Committee is to formulate a formal and transparent procedure for setting of remuneration policy, to review and recommend to the Board the remuneration policy, and to review the remuneration packages of the executive Directors and members of the senior management. The main objective of the remuneration policy is to ensure that the Company is able to attract, retain and motivate a high-calibre team of staff.

REMUNERATION COMMITTEE *(continued)*

In determining remuneration packages, the Company mainly considers employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual staff.

The Company has adopted the model in which the Remuneration Committee should make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. The Remuneration Committee reviews remuneration packages of the executive Directors and senior management regularly to ensure that those packages are commensurate with their performance. The chairman of the Committee will report the work, findings and recommendations to the Board after each meeting.

The Board provides sufficient resources (including access to independent professional advice if necessary) to the Remuneration Committee to enable it to discharge its duties effectively.

To maintain a proper management control, no Director and members of the senior management can determine his own remuneration.

The Remuneration Committee held two meetings during the year and the attendance records were as follows:

Members	Attendance (%)	
Mr. Nguyen, Van Tu Peter (Chairman)	(2/2)	100%
Dr. Lau Yue Sun	(2/2)	100%
Mr. Li Ka Fai, David	(2/2)	100%
Mr. Ng Ming Wah, Charles	(2/2)	100%
Mr. Tsang Chi Ming, Ricky	(2/2)	100%

ACCOUNTABILITY AND AUDIT

Financial reporting

The Board is responsible for overseeing the preparation of financial statements of each financial period which give a true and fair view of the state of affairs of the Group and the results for the corresponding period, as well as price-sensitive announcements and other financial disclosures as required. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. In preparing the financial statements for the year, the Directors have:

– selected suitable accounting policies and applied them consistently;
– adopted accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants;
– made judgements and estimates that are reasonable; and have prepared the financial statements on the going concern basis.

ACCOUNTABILITY AND AUDIT *(continued)*

Audit Committee

The Audit Committee was established in 1998. Currently the Committee comprises three independent non-executive Directors and two non-executive Directors, and is currently chaired by Mr. Li Ka Fai, David. Mr. Li is a fellow member of the Hong Kong Institute of Certified Public Accountants and has extensive accounting and auditing experiences.

The Audit Committee is primarily assisting the Board in fulfilling its oversight responsibilities for financial reporting, risk management and evaluation of internal controls and auditing processes. It also reports to the Board on the matters relating to the Audit Committee under the relevant regulations. List of members of Audit Committee is set out in the "Corporate Information" on page 2.

The Committee is also empowered to investigate any matters relating to the Group's accounting, auditing, internal controls and financial practices, with full access to records, resources and personnel, to enable it to discharge its functions properly.

In respect of maintaining an appropriate relationship with the Company's auditors, the Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the Company's external auditors, and to approve their remuneration and terms of engagement, and any questions of resignation or dismissal of the auditors. The Committee reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee also discusses with the auditors the nature and scope of the audit and reporting obligations before the audit commences.

The Audit Committee will review the external auditor's management letter, any material queries raised by the external auditors to management about accounting records, financial statements or systems of control and management's response. The chairman of the Committee will report the work, findings and recommendations to the Board after each meeting.

The Committee had held a meeting with the external auditors without the presence of the management to discuss various auditing issues. The Committee has also conducted regular reviews on the nature and extent of non-audit services supplied by the external auditors.

The Audit Committee held five meetings during the year and the attendance records were as follows:

Members	Attendance (%)	
Mr. Li Ka Fai, David (Chairman)	(5/5)	100%
Mr. Nguyen, Van Tu Peter (Deputy Chairman)	(5/5)	100%
Dr. Lau Yue Sun	(5/5)	100%
Mr. Ng Ming Wah, Charles	(5/5)	100%
Dr. Wong Ying Ho, Kennedy	(5/5)	100%

ACCOUNTABILITY AND AUDIT *(continued)*

Internal controls

The Board has ultimate responsibility for maintaining a sound and effective internal control system, which is designed to provide reasonable but not absolute assurance against material errors, losses or fraud. The Board, through the Audit Committee, has conducted regular reviews on the effectiveness of the system.

The Group's internal control system comprises an established organizational structure and comprehensive policies and working procedures. Areas of responsibilities of each business and operational unit are reasonably defined to ensure sufficient segregation of duties.

The key procedures that the Board established to provide effective controls are as follows:

– a distinct organizational structure exists with defined lines of authority and control responsibilities;
– a comprehensive management accounting system is in place to provide financial and operational performance indicators to the management and the relevant financial information for reporting and disclosure purpose;
– policies and procedures are designed for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information used within the business or for publication;
– systems and procedures are also in place to identify, measure, manage and control risks including reputation, strategic, legal, credit, market, liquidity, interest rate and operational risks;
– procedures are designed to ensure compliance with applicable laws, rules and regulations;
– Audit Committee reviews recommendations submitted by external auditors to the Group's management in connection with the annual audit and interim review.

The Group's Internal Audit Department plays a major role in monitoring the internal control of the Group. The Department conducts systematic reviews of the Group's internal control system by using a risk-based audit approach and reviews the effectiveness of the Group's system of internal control against the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in order to provide reasonable assurance of the effectiveness of the system. The Department reports directly to the Audit Committee and has free access to review all aspects of the Group's activities and controlling system. The Department summaries audit findings and control weaknesses and reports to the Audit Committee on a regular basis.

The whistle-blowing procedure of the Group is in place during the year. The procedure is to provide a reporting channel to employees of the Group, in confidence, to raise concerns about possible improprieties or frauds in financial reporting, internal control or other matters to the Audit Committee.

During the year, the Audit Committee, as delegated by the Board, has reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational and compliance controls as well as risk management functions. The annual review also considered the adequacy of resources, staff qualifications and experience, training programs and budgets of the Group's accounting and financial reporting function.

ACCOUNTABILITY AND AUDIT *(continued)*

External auditors and their remuneration

The external audit function provides an objective assessment of the financial information presented by the management, and is considered one of the essential elements to ensure effective corporate governance. A statement by the Company's external auditors, PricewaterhouseCoopers, in respect of their reporting responsibilities is set out in the Independent Auditor's Report on page 37.

During the year, total auditors' remuneration in relation to statutory audit work of the Group amounted to HK$3,494,000, of which a sum of HK$3,080,000 was paid to PricewaterhouseCoopers. The remuneration for PricewaterhouseCoopers and its affiliated firms, for services rendered is broken down below:

	HK$
Statutory audit and interim review fee	3,080,000
Tax consulting services	169,300
Review on continuing connected transactions	60,000
Total	3,309,300

COMMUNICATION WITH SHAREHOLDERS

The Board strives for timeliness and transparency in its disclosures to shareholders and the public. The Company disseminates its information to shareholders in a timely manner through various channels including interim and annual reports, published announcements, press releases and shareholders' circulars. Regular meetings are held with investors, analysts, bankers and the press. The Group has a corporate website where shareholders and members of the public are able to access to up-to-date corporate information and events related to the Group.

Contact details of the Company (including telephone and fax numbers, postal and email addresses) are listed in the "Corporate Information" on page 2. Shareholders can send their enquiries to the Company through these channels. Shareholders can also contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

Shareholders' views on matters relating to the Group are always welcomed by the Company. The Company encourages shareholders to attend at the shareholders' meetings to express any concerns they may have with the Board and management directly.

The annual general meeting of the Company provides a useful platform for dialogue and interaction with all the shareholders. At the annual general meeting, the Chairman as well as chairmen of the Board Committees, or in their absence, members of the Committees and the Company's external auditors are available to answer shareholders' questions.

Proceedings of the annual general meeting are reviewed regularly to ensure that the Company follows good corporate governance practices. The notice of annual general meeting is distributed to all shareholders at least twenty clear business days prior to the date of meeting and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the annual general meeting proposes separate resolutions for each issue to be considered and exercises his power under the Articles of Association of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the meeting prior to the polls being taken. Voting results are posted on the websites of the Company and the Stock Exchange on the day of the meeting.

COMMUNICATION WITH SHAREHOLDERS *(continued)*

The 2013 annual general meeting was held on 24th May 2013. The attendance records of the Directors at the meeting were as follows:

	Attended/ held
Executive Directors	
Dr. Tsang Hin Chi	1/1
Mr. Tsang Chi Ming, Ricky	1/1
Madam Wong Lei Kuan	1/1
Non-executive Directors	
Mr. Ng Ming Wah, Charles	1/1
Dr. Wong Ying Ho, Kennedy	0/1
Independent non-executive Directors	
Dr. Lau Yue Sun	1/1
Mr. Li Ka Fai, David	1/1
Mr. Nguyen, Van Tu Peter	1/1

Dr. Wong Ying Ho, Kennedy, a non-executive Director of the Company, was unable to attend the annual general meeting of the Company held on 24th May 2013 owing to an important engagement at the relevant time, which is not consistent with the requirements of Code Provision A.6.7.

Convening an general meeting on requisition by shareholders

Shareholder(s) holding not less than one-twentieth of the paid up capital of the Company can make a requisition to convene an extraordinary general meeting pursuant to Section 113 of the Companies Ordinance. The requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the registered office of the Company. Besides, Section 115A of the Companies Ordinance provides that (i) shareholder(s) representing not less than one-fortieth of the total voting rights of all shareholders of the Company or (ii) not less than 50 shareholders holding the shares in the Company on which there has been paid up an average sum of not less than HK$2,000 per shareholder can put forward proposals for consideration at a general meeting of the Company by depositing a requisition in writing signed by the relevant shareholder(s) at the registered office of the Company.

If the Directors of the Company do not within 21 days from the date of the deposit of the requisition proceed duly to convene an extraordinary general meeting for a day not more than 28 days after the date on which the notice convening the extraordinary general meeting is given, the shareholder(s) concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an extraordinary general meeting, provided that the extraordinary general meeting so convened shall not be held after the expiration of 3 months from the said date.

The extraordinary general meeting convened by shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the Directors of the Company.

During the year ended 31st December 2013, the Company has not made any changes to its Memorandum and Articles of Association.

REPORT TO THE DIRECTORS

The Directors submit their report together with the audited financial statements of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December 2013.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are set out in note 9 to the financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 41.

The Directors declared an interim dividend of 9.0 HK cents (2012: 9.0 HK cents) per ordinary share, totalling HK$88,390,000 (2012: HK$88,390,000), which was paid on 24th September 2013.

The Directors recommend the payment of a final dividend of 18.0 HK cents (2012: 18.0 HK cents) per ordinary share totalling HK$176,781,000 (2012: HK$176,781,000) in respect of the year ended 31st December 2013. Subject to the shareholders' approval at the Annual General Meeting to be held on 23rd May 2014, the final dividend will be paid on or about 9th June 2014 to shareholders whose names appear on the register of members as at 30th May 2014.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 43 and note 17(a) to the financial statements. The movements in the reserves of the Company are set out in note 17(b) to the financial statements.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$4,780,000 (2012: HK$3,968,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 7 to the financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group held for sale and investment purposes at 31st December 2013 are set out on pages 12 to 15.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 16 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31st December 2013, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK$372,649,000 (2012: HK$341,171,000).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there was no restriction against such rights under the laws of Hong Kong, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for each of the last five financial years is set out on page 94.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:
Dr. TSANG Hin Chi
Mr. TSANG Chi Ming, Ricky
Madam WONG Lei Kuan

Non-executive Directors:
Mr. NG Ming Wah, Charles
Dr. WONG Ying Ho, Kennedy

Independent non-executive Directors:
Dr. LAU Yue Sun
Mr. LI Ka Fai, David
Mr. NGUYEN, Van Tu Peter

In accordance with Article 101 of the Company's Articles of Association, Dr. Tsang Hin Chi, Mr. Ng Ming Wah, Charles, and Mr. Li Ka Fai, David, retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The Company has received confirmation from each of the independent non-executive Directors as regards their independence from the Company and considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Descriptions of the Directors and Senior Management of the Group are set out as follows:

Executive Directors

Dr. the Honourable Tsang Hin Chi, G.B.M., aged 80, is Chairman and a founder of the Group. Dr. Tsang holds an Honorary Doctorate degree from the Sun Yat-sen University in the People's Republic of China (the "PRC"), and an Honorary Doctorate degree in Social Science from the Hong Kong Polytechnic University. He is an honorary citizen of Beijing, Harbin, Shenyang, Dalian and Guangzhou. Dr. Tsang is concurrently honorary vice chairman of the All-China Federation of Industry & Commerce, ex-officio life honorary chairman of the Chinese General Chamber of Commerce, and committee member to several Hong Kong and Mainland trade associations. Other public offices he holds include honorary director of the Tsang Hin Chi Education Foundation under the Ministry of Education of the PRC, honorary director of the Tsang Hin Chi Manned Space Foundation, honorary director of the Tsang Hin Chi Sports Foundation, deputy managing director of the Jinan University, and honorary president of the Jiaying University in Guangdong. Previously, he served as a member of the Standing Committee in the National People's Congress of the PRC from the Eighth through the Tenth session. He is the spouse of Madam Wong Lei Kuan and father of Mr. Tsang Chi Ming, Ricky, both are executive Directors of the Group.

Mr. Tsang Chi Ming, Ricky, aged 47, is Deputy Chairman and Chief Executive Officer of the Company overseeing the operations and development of the Group. Mr. Tsang joined the Group in 1989 and was appointed as an executive Director in May 2001. He is a member of the National Committee of the C.P.P.C.C. and the C.P.P.C.C. Guangzhou. Mr. Tsang is also vice chairman of Guangdong Federation of Industry & Commerce, vice chairman of Guangzhou Federation of Industry & Commerce, vice chairman of the Chinese General Chamber of Commerce, vice chairman of Hong Kong Hakka Associations, vice president of Centum Charitas Foundation, chairman of Hong Kong – Taiwan Youth Exchange Promotion Association and an honorary citizen of Guangzhou and Meizhou. He is a son of Dr. Tsang Hin Chi and Madam Wong Lei Kuan, executive Directors of the Group.

Madam Wong Lei Kuan, aged 76, is a founder of the Group. She is honorary executive committee member of the All-China Women's Federation, honorary chairman of the Ka Ying Chow Commercial Association Limited and a supervising advisor of the Hong Kong Federation of Women. Madam Wong is also honorary committee member of the Chinese General Chamber of Commerce and honorary chairman of Ladies' Sub-Committee. She is executive director of the China Women's Development Fund and director of the China Council for the Promotion of Peaceful National Reunification. Besides, Madam Wong has served as a member of the C.P.P.C.C. Guangdong of the PRC from the Seventh through the Ninth session. She is the spouse of Dr. Tsang Hin Chi and mother of Mr. Tsang Chi Ming, Ricky, both are executive Directors of the Group.

Non-executive Directors

Mr. Ng Ming Wah, Charles, aged 64, was appointed to the Board in July 1992. Mr. Ng graduated from Loughborough University in England in 1972 with a B.Sc. degree in Electronic and Electrical Engineering and from London Graduate School of Business Studies (London Business School) in England in 1974 with a M.Sc. degree in Business Studies. Mr. Ng has over 35 years of experience in corporate finance and investment banking. He is a director of Somerley Capital Limited, the principal business of which is the provision of corporate financial advisory services. During the last three years, Mr. Ng was an independent non-executive director of China Everbright Limited (stock code: 165), Dalian Ports (PDA) Company Limited (stock code: 2880) and China Molybdenum Company Limited (stock code: 3993) (Mr. Ng resigned from Dalian Ports (PDA) Company Limited in March 2011. His terms of office at China Molybdenum Company Limited and China Everbright Limited expired in August 2012 and in May 2013 respectively). In addition, Mr. Ng is a member of the board of Governors of Hong Kong Arts Centre.

Dr. Wong Ying Ho, Kennedy, B.B.S., J.P., aged 51, is a solicitor and a China Appointed Attesting Officer. He is the Managing Partner of Philip K.H. Wong, Kennedy Y.H. Wong & Co., Solicitors & Notaries. Dr. Wong is a member of the National Committee of the C.P.P.C.C. and is currently the chairman of Hong Kong Resources Holdings Company Limited (stock code: 2882). He is also an independent non-executive director of Asia Cement (China) Holdings Corporation (stock code: 743), China Overseas Land & Investment Limited (stock code: 688) and Shanghai Industrial Urban Development Group Limited (stock code: 563). Dr. Wong was appointed to the Board as an independent non-executive Director in June 2004 and was re-designated as a non-executive Director in September 2012.

Independent non-executive Directors

Dr. Lau Yue Sun, B.B.S., aged 73, is the managing director of New Products Investment Limited and Jip Fair Development Limited, as well as an independent non-executive director of Wing Lee Holdings Limited (stock code: 876). Dr. Lau has over 40 years of experience in manufacturing, electronics, plastic injection products and import/export business. He is a member of the Election Committee of Hong Kong SAR, a standing committee member of the Chinese General Chamber of Commerce, permanent honorary president of Hong Kong Industrial & Commercial Association, director of Hong Kong Guangdong Chamber of Foreign Investors and chairman of Hong Kong Human Resources Exchange Centre. He is also an advisor of Guangdong Education Foundation, vice chairman of Zhongkai University of Agriculture and Engineering, as well as honorary citizen of Shenzhen, Heyuan, Meizhou and Xingning. Previously, he served as member of the National Committee of the C.P.P.C.C. from the Eighth through the Eleventh session. Dr. Lau was appointed to the Board in December 1994.

Mr. Li Ka Fai, David, aged 59, is currently the deputy managing partner of Li, Tang, Chen & Co. CPA (Practising). He is a fellow of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, U.K. as well as The Institute of Chartered Secretaries and Administrators, U.K. and an associate member of The Institute of Chartered Accountants in England and Wales. Mr. Li is the former independent director, chairman of the audit committee and former advisor of China Vanke Co., Ltd., a company listed on the Shenzhen Stock Exchange. He is an independent non-executive director and chairman of the audit committee of each of China-Hongkong Photo Products Holdings Limited (stock code: 1123) and Shanghai Industrial Urban Development Group Limited (stock code: 563), all being listed companies in Hong Kong. Mr. Li is also an independent non-executive director, chairman of the audit committee, member of the nomination committee and member of the remuneration committee of Cosmopolitan International Holdings Limited (stock code: 120), an independent non-executive director, member of the audit committee, member of the nomination committee and chairman of the remuneration committee of China Merchants Holdings (International) Company Limited (stock code: 144) and an independent non-executive director, member of the audit committee and member of the remuneration committee of AVIC International Holding (HK) Limited (stock code: 232), all being listed companies in Hong Kong. Mr. Li was appointed to the Board in August 2010.

Mr. Nguyen, Van Tu Peter, aged 70, is a Senior Counsel and was called to the Bar in England by the Honourable Society of the Middle Temple in 1970. He was an Assistant Crown Counsel and Crown Counsel in the Legal Department of Hong Kong during the period from August 1970 to November 1974 and was in private practice as a barrister in Hong Kong subsequently for approximately twenty years. Mr. Nguyen was appointed as a director of Public Prosecutions in the Legal Department of Hong Kong during the period from July 1994 to October 1997 and was the first Chinese to hold such position. Mr. Nguyen became a Queen's Counsel in 1995 and was appointed as a Judge of the Court of First Instance of the High Court, Hong Kong from February 1998 to April 2009. Mr. Nguyen was an independent non-executive director of Mayer Holdings Limited (stock code: 1116) from June 2010 to December 2011. Currently, Mr. Nguyen is an independent non-executive director of Integrated Waste Solutions Group Holdings Limited (stock code: 923), IPE Group Limited (stock code: 929) and Combest Holdings Limited (stock code: 8190). Mr. Nguyen was appointed to the Board in September 2012.

Senior Management

Mr. Tsang Wing Hong, aged 51, was appointed as the Deputy Chief Executive Officer of the Group in May 2012 and also as the chief executive officer of the Group's China Mainland operations in December 2012. He reports to the Group Chief Executive Officer and assists in discharging executive duties relating to the supervision and management of the day-to-day operations. Mr. Tsang graduated from the University of Birmingham in the United Kingdom with a Bachelor's Degree in Mathematics in 1986 and obtained his MBA Degree from the Kellogg School of Management at Northwestern University and the Hong Kong University of Science and Technology EMBA Program in 2008. In addition, He has completed executive programs in leading universities including Harvard University, INSEAD and TsingHua University. Mr. Tsang has over 20 years of experience in retail management, sales and marketing management, and operational management and has been appointed by the Education Bureau of the Hong Kong SAR Government as a member of the Retail Industry Training Advisory Committee since September 2010. Prior to joining the Company, Mr. Tsang spent eight years with the Hong Kong Jockey Club (the "Club"). He was the Club's Head of Betting Services (Off-course) from May 2004 to March 2009 and the Head of Betting Services (Cashbet) from April 2009 to March 2012 respectively. Before that, Mr. Tsang worked in Hong Kong Telecommunications Limited (and subsequently PCCW Limited) for ten years, where he held several general manager positions before he was made the director of retail and direct sales.

Mr. Kam Yiu Kwok, aged 51, joined the Group in 1999 as an accounting manager. He was appointed as Secretary of the Company in 2000 and as Chief Financial Officer of the Group in 2010. Mr. Kam has extensive experience in accounting and finance, and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales.

Ms. Claudia Lee, aged 50, joined the Group in January 2014 as the General Manageress of the Group's China Mainland apparel operation. She takes full responsibility in the operation and development of the Group's apparel business in China. Ms. Lee graduated from the University of Essex in the United Kingdom with a Bachelor's Degree in Arts and obtained a Master's Degree in Business Administration from The University of Macau (formerly known as the University of East Asia). Ms. Lee held key management positions in various corporations and has solid experience in retailing of apparel and luxury products. Prior to joining the Group, she worked as the general manageress of a leading apparel company and held full responsibilities for its China Mainland operation.

Mr. Hui Chi Hang, Michael, aged 41, joined the Group in July 2013 as the General Manager (Product) of our China Mainland apparel operation. He is fully in charge of the Group's Mainland supply chain management, including research innovation, product design, merchandising and quality control. Mr. Hui graduated from the Hong Kong Polytechnic University with a Diploma in Design and a Master's Degree in Business Administration of Fashion Business. He has over 15 years of extensive experience in fashion design and product development. Prior to joining the Group, Mr. Hui held key merchandising position in a renowned British menswear brand.

Mr. Luo Yi Bing, aged 43, joined the Group in 1991 and is currently the General Manager (Sales and Operation) of our China Mainland apparel operation. He is in charge of the Group's Mainland apparel sales activities. Mr. Luo graduated from the Sun Yat-sen University in the PRC and has over 20 years of solid experience in sales and operational management.

Mr. Teng Kiah Seng, aged 41, joined the Group in December 2013 as the chief executive officer of Goldlion Singapore and Malaysia in charge of the respective apparel operations. Mr. Teng graduated from the National University of Singapore with a Bachelor's Degree in Science (Mathematics). He held various key management positions with extensive experience in retail and merchandising. Prior to joining the Company, Mr. Teng was a general manager, sales and marketing of a multinational corporation focused on the South Asia market.

Mr. Tsang Pui Yuen, aged 46, joined the Group in December 2013 as the Group's General Manager in property investment and development. He is fully in charge of the Group's property activities in China Mainland and Hong Kong. Mr. Tsang is a registered professional surveyor and is a member of the Hong Kong Institute of Surveyors Institute, the Royal Institution of Chartered Surveyors and the Chartered Institute of Arbitrators. Mr. Tsang has over 20 years of experience in the real estate profession. Prior to joining the Group, Mr. Tsang held senior position in a Hong Kong listed company with wide range of property investment and development activities.

Mr. Tu Wu Yi, aged 52, graduated with an Executive Master of Business Administration Degree. Mr. Tu is a qualified accountant in China Mainland and has more than 20 years of experience in finance. He has extensive experience in working with large enterprises and listed companies in China Mainland. He joined the Group in 2000 and is now the chief financial officer of the Group's operations in China Mainland.

Mr. Zeng Hai Bo, aged 42, joined the Group in January 2013 as the legal director of our China Mainland operation. Mr. Zeng graduated from Shanghai Fudan University in the PRC with a Bachelor's Degree in Law and was admitted to the Chinese Bar subsequently. He works in the legal profession for more than 18 years including experience gained from judicial authority and multinational corporations. Prior to joining the Group, Mr. Zeng was the legal director, Greater China of the Luxottica Group.

Ms. Zhou Yan Ling, aged 41, joined the Group in February 2013 as the human resources director of our China Mainland operation. Ms. Zhou graduated from Nankai University in the PRC with a Bachelor's Degree in Physical Electronics and obtained a Master's Degree in Business Administration from the Sun Yat-sen University in the PRC. She has over 15 years of experience in human resources. Prior to joining the Group, Ms. Zhou held senior human resources positions from multinational corporations, including P&G and Novartis China.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 31st December 2013, the interests and short positions of each Director and Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required maintained by the Company under section 352 of Part XV of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Ordinary shares of HK$0.10 each in the Company at 31st December 2013

Directors		Number of shares held				Percentage to total issued share capital
		Personal interests	Family interests (Note 1)	Other interests (Note 2)	Total	
Tsang Hin Chi	Long position	–	1,210,000	613,034,750	614,244,750	62.54%
	Short position	–	–	–	–	–
Tsang Chi Ming, Ricky	Long position	1,404,000	–	613,034,750	614,438,750	62.56%
	Short position	–	–	–	–	–
Wong Lei Kuan	Long position	1,210,000	–	613,034,750	614,244,750	62.54%
	Short position	–	–	–	–	–
Ng Ming Wah, Charles	Long position	1,800,000	–	–	1,800,000	0.18%
	Short position	–	–	–	–	–

Notes:

1. Madam Wong Lei Kuan is the spouse of Dr. Tsang Hin Chi. Her shareholding disclosed under the heading "Personal interests" in the above table is the family interest of Dr. Tsang Hin Chi.

2. The shareholdings disclosed by Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan under the heading "Other interests" in the above table refer to the same shares which were held by Hin Chi Family Management Limited (being trustee of the Tsang Hin Chi (2007) Family Settlement) as disclosed in the paragraph headed "Substantial Shareholders" below.

(b) Save as disclosed above, as at 31st December 2013, none of the Directors and the Chief Executive of the Company has or is deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(continued)*

(c) Save as disclosed above, at no time during the year ended 31st December 2013 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

(d) Other than those interests and short positions disclosed above, the Directors and the Chief Executive also hold shares of certain subsidiaries in trust for the Company solely for the purpose of ensuring that the relevant subsidiary has more than one member.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31st December 2013, the register of substantial shareholders maintained under section 336 of Part XV of the SFO shows that as at 31st December 2013, the Company has been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

Name of holder of securities	Type of securities		Number of shares held	Percentage to total issued share capital
Hin Chi Family Management Limited (Note)	Ordinary shares of $0.10 each	Long position	613,034,750	62.42%
		Short position	–	–
Top Grade Holdings Limited (Note)	Ordinary shares of $0.10 each	Long position	613,034,750	62.42%
		Short position	–	–
Silver Disk Limited (Note)	Ordinary shares of $0.10 each	Long position	160,616,000	16.35%
		Short position	–	–
Tsang Hin Chi Charities (Management) Limited	Ordinary shares of $0.10 each	Long position	53,880,750	5.49%
		Short position	–	–

Note: Hin Chi Family Management Limited as trustee of the Tsang Hin Chi (2007) Family Settlement, held all of the issued share capital of Top Grade Holdings Limited ("Top Grade"). Top Grade was interested in 613,034,750 shares in the Company including 160,616,000 shares held by Silver Disk Limited, a wholly-owned subsidiary of Top Grade.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed under the section "Connected Transactions" below, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

The following transactions between certain connected parties (as defined in the Listing Rules) and the Group have been entered into and/or are ongoing and are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

(a) The Group paid professional fees of HK$320,000 to Equitas Capital Limited during the year in the ordinary course of its business. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is the managing director and the principal shareholder of Equitas Capital Limited.

(b) On 21st January 2011, the Group, as lessor, entered into a lease with China Hong Kong Digital Audiovisual Management Company Limited ("CHKDAM") as lessee in respect of a unit located at Goldlion Holdings Centre in Hong Kong. The lease was renewed subsequently on 25th January 2013, for two years commencing from 1st February 2013. During the year, the Group received HK$429,000 from CHKDAM as rental and building management fee income under the leases. Mr. Tsang Chi Hung has an indirect beneficial interest in CHKDAM as he is a major shareholder of the holding company of CHKDAM. Dr. Tsang Hin Chi, Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in this transaction as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Madam Wong Lei Kuan, and a brother of Mr. Tsang Chi Ming, Ricky.

Details of other connected transactions and continuing connected transactions that are exempt from the independent shareholders' approval requirements but are subject to the reporting and announcement requirements of the Listing Rules are set out as below.

(a) Continuing connected transaction – Lease Agreement

On 4th July 2011, the Group, as lessor, entered into a lease with Guangzhou World Trade Center Club Company Limited ("GWTCCL"), as lessee, in respect of a business centre and facilities therein located at Goldlion Digital Network Centre, Guangzhou. The lease was renewed subsequently on 24th June 2013, for two years commencing from 15th July 2013. During the year, the Group received HK$1,932,000 from GWTCCL as rental and building management fee income under the lease. Mr. Tsang Chi Hung has an indirect beneficial interest in GWTCCL as he is a major shareholder of the holding company of GWTCCL. Dr. Tsang Hin Chi, Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in this transaction as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Madam Wong Lei Kuan, and a brother of Mr. Tsang Chi Ming, Ricky.

(b) Continuing connected transactions – Framework Agreement

On 5th September 2012, the Group entered into a framework agreement (the "Framework Agreement") with Hong Kong Resources Holdings Company Limited ("Hong Kong Resources"), pursuant to which the Group agreed to procure various products, including but not limited to jewellery, accessories, corporate gifts and related products, from Hong Kong Resources and its subsidiaries ("HKR Group"). The Framework Agreement is for a term of three years commencing from 5th September 2012. The maximum aggregate annual value of such transactions under the Framework Agreement is HK$11,000,000 for each of the three financial years ended 31st December 2012, 31st December 2013 and 31st December 2014. Details of the Framework Agreement were set out in the Company's announcement dated 5th September 2012. During the year, the Group purchased various products from HKR Group at approximately HK$159,000. Dr. Wong Ying Ho, Kennedy, a non-executive Director of the Company, is the chairman and an executive director and a substantial shareholder of Hong Kong Resources.

CONNECTED TRANSACTIONS *(continued)*

Confirmations

The aforesaid continuing connected transactions have been reviewed by independent non-executive Directors of the Company. The independent non-executive Directors confirmed that the aforesaid connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

PricewaterhouseCoopers, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter thereon containing the findings and conclusions in respect of the continuing connected transactions that are exempt from the independent shareholders' approval requirements but are subject to the reporting and announcement requirements of the Listing Rules disclosed above by the Group in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

There is no advance (including guarantee given by the Company and any of its subsidiaries), which is of non-trading nature, to any of the affiliated companies as at 31st December 2013 as defined under Chapter 13 of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 30% of its inventories from its five largest suppliers, and sold less than 30% of its goods to its five largest customers.

None of the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest (as defined in the Listing Rules) in these major suppliers and customers.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of more than 25% of the Company's issued shares at the latest practicable date prior to the issue of the annual report.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 16 to 25.

AUDITOR

The financial statements for the year ended 31st December 2013 have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Dr. Tsang Hin Chi
Chairman

Hong Kong, 24th March 2014

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

TO THE SHAREHOLDERS OF GOLDLION HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Goldlion Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 93, which comprise the consolidated and company balance sheets as at 31st December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24th March 2014

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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CONSOLIDATED BALANCE SHEET

As at 31st December 2013

	Note	As at 31st December 2013 HK$'000	As at 31st December 2012 HK$'000
ASSETS			
Non-current assets			
Land use rights	6	**32,488**	21,174
Property, plant and equipment	7	**240,066**	202,013
Investment properties	8	**2,194,161**	2,102,764
Deposits	13	**–**	12,265
Deferred income tax assets	19	**68,048**	40,855
		2,534,763	2,379,071
Current assets			
Completed properties held for sale	10	**–**	1,470
Inventories	11	**237,839**	376,900
Trade receivables	13	**119,338**	110,707
Prepayments, deposits and other receivables	13	**163,377**	71,744
Tax recoverable		**–**	1,466
Bank deposits	14	**855,100**	724,073
Cash and cash equivalents	14	**440,586**	341,188
		1,816,240	1,627,548
Assets classified as held for sale	15	**61,802**	60,342
		1,878,042	1,687,890
Total assets		**4,412,805**	4,066,961
EQUITY			
Capital and reserves attributable to owners of the parent			
Share capital	16	**98,211**	98,211
Reserves	17	**3,164,519**	2,962,982
Proposed final dividend	17	**176,781**	176,781
Total equity		**3,439,511**	3,237,974

CONSOLIDATED BALANCE SHEET

As at 31st December 2013

	Note	As at 31st December 2013 HK$'000	As at 31st December 2012 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	19	**363,319**	336,151
Current liabilities			
Trade payables	18	**69,631**	91,727
Other payables and accruals		**510,271**	385,353
Current income tax liabilities		**30,073**	15,756
		609,975	492,836
Total liabilities		**973,294**	828,987
Total equity and liabilities		**4,412,805**	4,066,961
Net current assets		**1,268,067**	1,195,054
Total assets less current liabilities		**3,802,830**	3,574,125

On behalf of the Board

Dr. Tsang Hin Chi
Chairman

Mr. Tsang Chi Ming, Ricky
Deputy Chairman and Chief Executive Officer

BALANCE SHEET

As at 31st December 2013

	Note	As at 31st December 2013 HK$'000	As at 31st December 2012 HK$'000
ASSETS			
Non-current assets			
Subsidiaries	9	**1,473,129**	1,442,252
Current assets			
Prepayments		**172**	172
Cash and cash equivalents	14	**1,908**	1,551
		2,080	1,723
Total assets		**1,475,209**	1,443,975
EQUITY			
Capital and reserves attributable to owners of the parent			
Share capital	16	**98,211**	98,211
Reserves	17	**1,199,014**	1,167,536
Proposed final dividend	17	**176,781**	176,781
Total equity		**1,474,006**	1,442,528
LIABILITIES			
Current liabilities			
Accruals		**1,203**	1,447
Total equity and liabilities		**1,475,209**	1,443,975
Net current assets		**877**	276
Total assets less current liabilities		**1,474,006**	1,442,528

On behalf of the Board

Dr. Tsang Hin Chi
Chairman

Mr. Tsang Chi Ming, Ricky
Deputy Chairman and Chief Executive Officer

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2013

	Note	**2013** **HK$'000**	2012 HK$'000
Turnover	5	**1,875,490**	1,863,075
Cost of sales	21	**(861,684)**	(812,918)
Gross profit		**1,013,806**	1,050,157
Other gains	20	**87,351**	158,882
Selling and marketing costs	21	**(403,726)**	(366,413)
Administrative expenses	21	**(194,388)**	(229,455)
Operating profit		**503,043**	613,171
Interest income		**30,751**	28,478
Profit before income tax		**533,794**	641,649
Income tax expense	26	**(119,215)**	(138,362)
Profit for the year		**414,579**	503,287
Profit attributable to:			
Owners of the parent		**414,579**	502,235
Non-controlling interests		**–**	1,052
		414,579	503,287
		HK cents	HK cents
Earnings per share for profit attributable to owners of the parent during the year			
– basic	29	**42.21**	51.14
– diluted	29	**42.21**	51.14

Details of dividends payable to owners of the parent attributable to the profit for the year are set out in note 28.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2013

	2013 HK$'000	2012 HK$'000
Profit for the year	**414,579**	503,287
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	**52,129**	56,756
Total comprehensive income for the year	**466,708**	560,043
Attributable to:		
Owners of the parent	**466,708**	558,991
Non-controlling interests	**–**	1,052
Total comprehensive income for the year	**466,708**	560,043

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2013

	Attributable to owners of the parent					Non-controlling interests	Total
	Share capital HK$'000	Share premium HK$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	HK$'000	HK$'000
Balance at 1st January 2012	98,211	1,002,662	353,298	1,490,217	2,944,388	1,311	2,945,699
Appropriation to reserves (note 17(a)(i))	–	–	8,581	(8,581)	–	–	–
Changes in ownership interests in subsidiaries without change of control (note 17(a)(ii))	–	–	(10,056)	–	(10,056)	(2,363)	(12,419)
Final dividend relating to 2011	–	–	–	(166,959)	(166,959)	–	(166,959)
Interim dividend relating to 2012	–	–	–	(88,390)	(88,390)	–	(88,390)
Total comprehensive income for the year	–	–	56,756	502,235	558,991	1,052	560,043
	–	–	55,281	238,305	293,586	(1,311)	292,275
Balance at 31st December 2012	98,211	1,002,662	408,579	1,728,522	3,237,974	–	3,237,974
Balance at 1st January 2013	**98,211**	**1,002,662**	**408,579**	**1,728,522**	**3,237,974**	**–**	**3,237,974**
Final dividend relating to 2012	**–**	**–**	**–**	**(176,781)**	**(176,781)**	**–**	**(176,781)**
Interim dividend relating to 2013	**–**	**–**	**–**	**(88,390)**	**(88,390)**	**–**	**(88,390)**
Total comprehensive income for the year	**–**	**–**	**52,129**	**414,579**	**466,708**	**–**	**466,708**
	–	**–**	**52,129**	**149,408**	**201,537**	**–**	**201,537**
Balance at 31st December 2013	**98,211**	**1,002,662**	**460,708**	**1,877,930**	**3,439,511**	**–**	**3,439,511**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December 2013

	Note	**2013 HK$'000**	2012 HK$'000
Cash flows from operating activities			
Cash generated from operations	30	**489,895**	409,883
Income tax paid		**(110,478)**	(125,228)
Net cash generated from operating activities		**379,417**	284,655
Cash flows from investing activities			
Additions to investment properties		**(10,322)**	(9,494)
Purchase of property, plant and equipment	7	**(19,892)**	(16,443)
Deposits from disposals of assets classified as held for sale		**101,600**	–
Proceeds from disposals of land use rights, and property, plant and equipment	30(a)	**609**	2,343
Increase in bank deposits with maturity over 3 months		**(131,027)**	(57,633)
Interest received		**26,431**	28,478
Net cash used in investing activities		**(32,601)**	(52,749)
Cash flows from financing activities			
Dividends paid to owners of the parent		**(265,171)**	(255,349)
Acquisitions of non-controlling interests	17(a)(ii)	**–**	(12,419)
Net cash used in financing activities		**(265,171)**	(267,768)
Net increase/(decrease) in cash and cash equivalents		**81,645**	(35,862)
Cash and cash equivalents at 1st January		**341,188**	354,539
Effect of foreign exchange rate changes		**17,753**	22,511
Cash and cash equivalents at 31st December	14	**440,586**	341,188

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are set out in note 9 to the financial statements.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 7th floor, Goldlion Holdings Centre, 13-15 Yuen Shun Circuit, Siu Lek Yuen, Shatin, Hong Kong SAR.

The Company is listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 24th March 2014.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basis and principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st December.

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

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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

(a) New and amended standards adopted by the Group

The following new and amended standards are mandatory for the first financial year beginning on or after 1st January 2013.

- Amendment to HKAS 1, "Financial statement presentation" regarding other comprehensive income is effective for annual periods beginning on or after 1st July 2012. The main change resulting from this amendment is a requirement for entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). This amendment did not have any material impact on the Group's consolidated financial statements.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(a) ***New and amended standards adopted by the Group*** *(continued)*

- HKFRS 10, "Consolidated financial statements" is effective for annual periods beginning on or after 1st January 2013. It builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company has made an assessment as at the date of initial application of HKFRS 10 (i.e. 1st January 2013) in respect of the Group's control in its investees under the new definition in this standard and concluded that the application of the new standard did not result in any change in the consolidation status of its subsidiaries.

- HKFRS 13, "Fair value measurement" is effective for annual periods beginning on or after 1st January 2013. It aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. Other than the additional disclosures as presented, the application of HKFRS 13 did not have any material impact on the amounts recognized in the Group's consolidated financial statements.

(b) ***New and amended standards and interpretation mandatory for the first time for the financial year beginning 1st January 2013 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)***

The following new and amended standards and interpretation have been published and are mandatory for the Group's accounting periods beginning on or after 1st January 2013, but are not currently relevant to the Group.

		Effective for accounting periods beginning on or after
HKAS 19 (Amendment)	Employee benefits	1st January 2013
HKAS 27 (Revised)	Separate financial statements	1st January 2013
HKAS 28 (Revised)	Investments in associates and joint ventures	1st January 2013
HKFRS 1 (Amendment)	Government loans	1st January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1st January 2013
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance	1st January 2013
HKFRS 11	Joint arrangements	1st January 2013
HKFRS 12	Disclosures of interests in other entities	1st January 2013
HKFRSs (Amendment)	Annual improvements 2009-2011 cycle	1st January 2013
HK(IFRIC) – Int 20	Stripping costs in the production phase of a surface mine	1st January 2013

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(c) *The following new and amended standards and interpretation have been issued but are not effective for the financial year beginning 1st January 2013 and have not been early adopted*

		Effective for accounting periods beginning on or after
HKAS 19 (Amendment)	Employee benefits	1st July 2014
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1st January 2014
HKAS 36 (Amendment)	Impairment of assets	1st January 2014
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement – Novation of derivatives	1st January 2014
HKFRS 9	Financial instruments	Not yet established by HKICPA
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment entities	1st January 2014
HKFRSs (Amendment)	Annual improvements 2012 cycle	1st July 2014
HKFRSs (Amendment)	Annual improvements 2013 cycle	1st July 2014
HK(IFRIC) – Int 21	Levies	1st January 2014

The Group plans to adopt the above new standards, amendments and interpretations when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new standards, amendments and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will result.

2.2 Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation *(continued)*

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the parent are reclassified to the income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in the income statement.

2.5 Property, plant and equipment

Land and buildings comprise mainly factories, retail outlets and offices other than investment properties as mentioned in note 2.7. Leasehold land classified as finance leases and all other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortization from the time when the land interest becomes available for its intended use. Amortization on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Remaining lease term
Buildings	2% to 5%
Plant and machinery	10% to 20%
Furniture and fixtures	20% to 33%
Computers	20% to 33%
Motor vehicles	20% to 25%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Land use rights

Land use rights are stated at cost less accumulated amortization and accumulated impairment losses. Cost mainly represents consideration paid for the rights to use the land on which plants and buildings are situated for a period of between 50 to 70 years from the dates the respective rights were granted. Amortization of land use right is calculated on a straight-line basis over the period of the rights.

2.7 Investment properties

Investment properties are held for long-term rental yields and are not occupied by the Group. This category of asset also includes properties that are being constructed or developed for future use as investment properties. Investment properties are measured initially at their costs, including related transaction costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of other gains.

Land held under operating leases is classified and accounted for as investment properties when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

2.8 Impairment of investments in subsidiaries and non-financial assets

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment. All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each subsequent reporting date.

2.9 Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realizable value. Cost comprises land use rights and development costs attributable to the unsold properties. Net realizable value is the estimated selling price in the ordinary course of business less selling expenses.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises materials, direct labour and an appropriate proportion of all production overhead expenditure. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.11 Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet (notes 2.12 and 2.13).

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within administrative expenses. When a trade receivable is deemed uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Assets classified as held for sale

Non-current assets are re-classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for investment properties. Investment properties, if held for sale, continue to be measured in accordance with the policies set out in note 2.7.

2.15 Share capital

Ordinary shares are classified as equity. Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the parent until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the parent.

2.16 Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.17 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Current and deferred income tax *(continued)*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognized until the time of leave.

(b) *Profit sharing and bonus plans*

The expected cost of profit sharing and bonus payments are recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for profit sharing and bonus plans are expected to be settled within the next twelve months and are measured at the amounts expected to be paid when they are settled.

(c) *Pension obligations*

The Group operates defined contribution retirement schemes which are available for all qualified employees in Hong Kong and Singapore. The assets of the schemes are held separately from those of the Group in independently administered funds. For the retirement schemes for Hong Kong and Singapore employees, monthly contributions made by the Group and the employees are calculated as a fixed percentage of the employees' basic salaries or a fixed sum for each employee where appropriate. Contributions to these schemes by the Group are expensed as incurred and/or are reduced by contribution forfeited by employees who leave the schemes prior to vesting fully in the contributions.

The Group also participates in the employee pension schemes operated by the municipal governments of various cities in China Mainland and is required to make annual contributions in the range of 19% to 32% of annual payroll costs to these schemes. The municipal governments are responsible for the entire pension obligations payable to retired employees. The only obligation of the Group is to pay the ongoing required contribution under these schemes. The contributions are charged to the income statement as incurred.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods – wholesale

Sales of goods are recognized when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) Sales of goods – retail

Sales of goods are recognized when a group entity sells a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue includes credit card fees payable for the transaction. Such fees are included in selling and marketing costs.

(c) Sales of properties

Revenue from sales of properties is recognized when a group entity has delivered the relevant properties to the purchaser and collectibility of related receivable is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

(d) Gross rental income from investment properties

Gross rental income from investment properties is recognized on a straight-line basis over the periods of the respective leases.

(e) Licensing income and building management fee

Licensing income and building management fee income are recognized on an accrual basis in accordance with the substance of the relevant agreements.

(f) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

2.20 Leases (as the lessee for operating leases)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for land use rights, are charged to the income statement on a straight-line basis over the period of the lease.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders for final dividend and Board of Directors for interim dividend.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of an asset, liability or highly probable forecast transaction denominated in foreign currency will fluctuate because of changes in foreign exchange rates. The Group operates in various regions and is exposed to foreign exchange risk primarily arising from bank deposits, cash and cash equivalents and trade receivables which are denominated in Renminbi and Singapore dollar, and net investments in foreign subsidiaries in China Mainland and Singapore.

At 31st December 2013, if Hong Kong dollar had weakened/strengthened by 2% against Renminbi with all other variables held constant, post-tax profit for the year would have been HK$3,653,000 (2012: HK$2,979,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Renminbi denominated bank deposits, cash and cash equivalents and trade receivables.

Management estimates that a 1% appreciation/depreciation of Singapore dollar against Hong Kong dollar would not have a material effect on the Group's post-tax profit for the year. Therefore, no sensitivity analysis for Singapore dollar is presented.

(ii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates, except for the interest income derived from bank deposits. Apart from bank deposits, the Group has no significant interest bearing assets or liabilities.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is managed on a group basis and individual basis. Credit risk arises from cash and cash equivalents and deposits with banks, credit exposures to wholesale and retail customers and other parties, including outstanding receivables and deposits and other receivables. Impairment provisions are made for losses that have been incurred at the balance sheet date.

The Group limits its exposure to credit risk by rigorously selecting its counterparties including the deposits-takers and debtors and by diversification. Bank deposits are placed only with major and sizeable banks approved by the Board from time to time and there is no significant concentration risk to a single counterparty.

The Group mitigates its exposure to risks relating to trade receivables by its established procedures in granting credit only to customers with sound credit track records. Sales to retail customers are settled in cash or using major credit cards. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

As at 31st December 2013, the financial assets of the Group and the Company that are exposed to credit risk and their maximum exposures are as follows:

	31st December 2013		31st December 2012	
	Carrying amount in balance sheet HK$'000	**Maximum exposure to credit risk HK$'000**	Carrying amount in balance sheet HK$'000	Maximum exposure to credit risk HK$'000
Group:				
Financial assets:				
Trade receivables	**119,338**	**119,338**	110,707	110,707
Deposits and other receivables	**26,328**	**26,328**	33,446	33,446
Bank deposits and cash and cash equivalents	**1,295,686**	**1,295,612**	1,065,261	1,065,152
Company:				
Financial assets:				
Cash and cash equivalents	**1,908**	**1,908**	1,551	1,551

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Company employs projected cash flow analysis to manage liquidity risk by forecasting the amount of cash required and monitoring the working capital of the Group to ensure that all liabilities due and known funding requirements could be met. In addition, banking facilities have been put in place for contingency purposes. As at 31st December 2013, the Group's total available banking facilities amounted to HK$21,700,000 (2012: HK$21,980,000).

The table below analyzes the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal the carrying balances, as the impact of discounting is not significant.

	Group	
	2013	2012
	HK$'000	HK$'000
Trade payables and other payables		
Less than 1 year	**149,698**	159,466

As at 31st December 2013 and 2012, the Company did not have any financial liabilities.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(b) Useful lives and residual values of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charge where useful lives are less than previously estimated lives. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(c) Write-down of inventories to net realizable value

Net realizable value of inventories is the estimated selling prices in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of change in customer taste and competitor actions in response to severe industry cycle. The Group reassesses these estimates at each balance sheet date.

(d) Estimate of fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in note 8 and note 15.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.1 Critical accounting estimates and assumptions *(continued)*

(e) Provision for sales return

The sales return provisions are recorded based on the estimated return of goods. The Group estimates the sales return provision based on accumulated experience and the terms in the sales contracts with distributors. Management reassesses the provision at each balance sheet date to ensure the current provision is still appropriate.

4.2 Critical judgements in applying the entity's accounting policies

Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property. In making its judgement, the Group considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to properties but also to other assets used in the production or supply process.

Certain properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the portions are accounted for separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgement.

5 OPERATING SEGMENTS

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

Apparel in China Mainland and Hong Kong SAR – Distribution and manufacturing of garments, leather goods and accessories and licensing of brand name in China Mainland and Hong Kong SAR.

Apparel in Singapore and Malaysia – Distribution and manufacturing of garments, leather goods and accessories in Singapore and Malaysia.

Property investment and development – Investment in and development of properties in China Mainland and Hong Kong SAR.

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.

For the year ended 31st December 2013

5 OPERATING SEGMENTS *(continued)*

(a) An analysis of the Group's reportable segment profit before income tax and other selected financial information for the year by operating segment is as follows:

	2013					
	Apparel in China Mainland and Hong Kong SAR HK$'000	Apparel in Singapore and Malaysia HK$'000	Property investment and development HK$'000	Segment total HK$'000	(Elimination)/ unallocated HK$'000	Group HK$'000
Turnover	1,547,605	147,902	179,983	1,875,490	–	1,875,490
Inter-segment sales	–	–	7,060	7,060	(7,060)	–
	1,547,605	147,902	187,043	1,882,550	(7,060)	1,875,490
Segment results	392,024	3,707	192,123	587,854		587,854
Unallocated costs						(54,060)
Profit before income tax						533,794
Income tax expense						(119,215)
Profit for the year						414,579
Interest income	9,860	270	13,442	23,572	7,179	30,751
Depreciation of property, plant and equipment	15,325	2,310	10,323	27,958	–	27,958
Amortization of land use rights	1,672	–	377	2,049	–	2,049
Reportable segment assets:						
Property, plant and equipment	108,003	23,678	102,740	234,421	5,645	240,066
Investment properties	–	–	2,194,161	2,194,161	–	2,194,161
Deferred income tax assets	–	–	–	–	68,048	68,048
Inventories	190,899	46,940	–	237,839	–	237,839
Bank deposits and cash and cash equivalents	720,880	27,657	545,241	1,293,778	1,908	1,295,686
Assets classified as held for sale	–	–	61,802	61,802	–	61,802
Others	149,119	27,593	137,286	313,998	1,205	315,203
Reportable segment liabilities:						
Trade payables	56,855	12,659	117	69,631	–	69,631
Other payables and accruals	407,910	8,306	59,853	476,069	34,202	510,271
Current income tax liabilities	–	–	–	–	30,073	30,073
Deferred income tax liabilities	–	–	–	–	363,319	363,319
Capital expenditure	13,608	3,080	13,526	30,214	–	30,214

5 OPERATING SEGMENTS *(continued)*

(a) An analysis of the Group's reportable segment profit before income tax and other selected financial information for the year by operating segment is as follows: *(continued)*

	2012					
	Apparel in China Mainland and Hong Kong SAR HK$'000	Apparel in Singapore and Malaysia HK$'000	Property investment and development HK$'000	Segment total HK$'000	(Elimination)/ unallocated HK$'000	Group HK$'000
Turnover	1,543,801	147,940	171,334	1,863,075	–	1,863,075
Inter-segment sales	–	–	6,607	6,607	(6,607)	–
	1,543,801	147,940	177,941	1,869,682	(6,607)	1,863,075
Segment results	417,906	7,616	260,285	685,807		685,807
Unallocated costs						(44,158)
Profit before income tax						641,649
Income tax expense						(138,362)
Profit for the year						503,287
Interest income	10,755	331	11,882	22,968	5,510	28,478
Depreciation of property, plant and equipment	16,532	2,065	8,605	27,202	–	27,202
Amortization of land use rights	1,627	–	370	1,997	–	1,997
Reportable segment assets:						
Property, plant and equipment	108,387	23,225	65,046	196,658	5,355	202,013
Investment properties	–	–	2,102,764	2,102,764	–	2,102,764
Deferred income tax assets	–	–	–	–	40,855	40,855
Inventories	328,354	48,546	–	376,900	–	376,900
Bank deposits and cash and cash equivalents	521,670	87,328	454,712	1,063,710	1,551	1,065,261
Assets classified as held for sale	–	–	60,342	60,342	–	60,342
Others	163,673	28,341	24,069	216,083	2,743	218,826
Reportable segment liabilities:						
Trade payables	77,719	13,854	154	91,727	–	91,727
Other payables and accruals	291,994	9,531	53,280	354,805	30,548	385,353
Current income tax liabilities	–	–	–	–	15,756	15,756
Deferred income tax liabilities	–	–	–	–	336,151	336,151
Capital expenditure	16,230	1,443	20,529	38,202	–	38,202

Central costs (mainly costs of support functions that centrally provide services to all of the operating segments) are included as unallocated costs. Taxation charge is not allocated to reportable segments.

5 OPERATING SEGMENTS *(continued)*

(b) Geographical information

The Group's income from external customers is derived from the following geographical areas:

	2013 HK$'000	2012 HK$'000
China Mainland	**1,689,458**	1,680,460
Hong Kong SAR	**38,130**	34,675
Singapore and Malaysia	**147,902**	147,940
	1,875,490	1,863,075

The Group's non-current assets (excluding deferred income tax assets) by geographical location are detailed below:

	2013 HK$'000	2012 HK$'000
China Mainland	**1,754,062**	1,693,180
Hong Kong SAR	**688,975**	621,811
Singapore and Malaysia	**23,678**	23,225
	2,466,715	2,338,216

(c) Information about major customers

In 2013 and 2012, the revenue from the Group's largest customer amounted to less than 10 per cent of the Group's total revenue.

(d) Analysis of turnover by category

	2013 HK$'000	2012 HK$'000
Sales of goods	**1,610,647**	1,611,605
Gross rental income from investment properties	**138,516**	132,111
Building management fee	**41,467**	39,223
Licensing income	**84,860**	80,136
	1,875,490	1,863,075

6 LAND USE RIGHTS – GROUP

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analyzed as follows:

	2013 HK$'000	2012 HK$'000
Outside Hong Kong, held on:		
Leases of over 50 years	**12,021**	7,641
Leases of between 10 to 50 years	**20,467**	13,533
	32,488	21,174

	2013 HK$'000	2012 HK$'000
At 1st January	**21,174**	15,734
Exchange difference	**403**	275
Transfer from investment properties	**12,960**	6,994
Transfer from completed properties held for sale	**–**	183
Disposals	**–**	(15)
Amortization of prepaid operating lease payment (note 21)	**(2,049)**	(1,997)
At 31st December	**32,488**	21,174

For the year ended 31st December 2013

7 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land and buildings HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Computers HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1st January 2012						
Cost	282,216	56,647	81,582	33,396	24,527	478,368
Accumulated depreciation	(118,075)	(48,845)	(57,740)	(27,680)	(16,805)	(269,145)
Net book amount	164,141	7,802	23,842	5,716	7,722	209,223
Year ended 31st December 2012						
Opening net book amount	164,141	7,802	23,842	5,716	7,722	209,223
Additions	–	27	4,068	4,166	8,182	16,443
Disposals	(618)	–	(14)	(22)	(45)	(699)
Transfer from completed properties held for sale	1,075	–	–	–	–	1,075
Transfer from investment properties	918	–	–	–	–	918
Transfer to assets classified as held for sale	(1,219)	–	–	–	–	(1,219)
Depreciation	(11,630)	(1,138)	(8,065)	(3,116)	(3,253)	(27,202)
Exchange differences	2,220	218	750	140	146	3,474
Closing net book amount	154,887	6,909	20,581	6,884	12,752	202,013
At 31st December 2012						
Cost	281,445	58,094	83,494	37,591	31,457	492,081
Accumulated depreciation	(126,558)	(51,185)	(62,913)	(30,707)	(18,705)	(290,068)
Net book amount	154,887	6,909	20,581	6,884	12,752	202,013
Year ended 31st December 2013						
Opening net book amount	**154,887**	**6,909**	**20,581**	**6,884**	**12,752**	**202,013**
Additions	**–**	**128**	**11,433**	**4,748**	**3,583**	**19,892**
Disposals	**–**	**–**	**(128)**	**(12)**	**(231)**	**(371)**
Transfer from investment properties	**44,207**	**–**	**–**	**–**	**–**	**44,207**
Depreciation	**(11,577)**	**(1,267)**	**(6,899)**	**(4,430)**	**(3,785)**	**(27,958)**
Exchange differences	**1,326**	**192**	**464**	**126**	**175**	**2,283**
Closing net book amount	**188,843**	**5,962**	**25,451**	**7,316**	**12,494**	**240,066**
At 31st December 2013						
Cost	**328,898**	**59,642**	**92,461**	**42,634**	**33,664**	**557,299**
Accumulated depreciation	**(140,055)**	**(53,680)**	**(67,010)**	**(35,318)**	**(21,170)**	**(317,233)**
Net book amount	**188,843**	**5,962**	**25,451**	**7,316**	**12,494**	**240,066**

7 PROPERTY, PLANT AND EQUIPMENT – GROUP *(continued)*

The net book value of the Group's interests in leasehold land classified as finance lease are analyzed as follows:

	2013 HK$'000	2012 HK$'000
In Hong Kong, held on:		
Leases of between 10 to 50 years	**45,632**	47,000

Depreciation expense of HK$4,073,000 (2012: HK$4,542,000) has been expensed in cost of sales, HK$2,006,000 (2012: HK$2,580,000) in selling and marketing costs and HK$21,879,000 (2012: HK$20,080,000) in administrative expenses.

8 INVESTMENT PROPERTIES – GROUP

	2013 HK$'000	2012 HK$'000
At 1st January	**2,102,764**	1,963,815
Additions	**22,587**	9,494
Transfer from completed properties held for sale	**1,506**	686
Transfer to land use rights, and property, plant and equipment	**(57,167)**	(7,912)
Transfer to assets classified as held for sale	**–**	(59,123)
Fair value gains (note 20)	**87,351**	158,882
Exchange differences	**37,120**	36,922
At 31st December	**2,194,161**	2,102,764

The Group's interests in investment properties are analyzed as follows:

	2013 HK$'000	2012 HK$'000
In Hong Kong, held on:		
Leases of over 50 years	**131,500**	111,700
Leases of between 10 to 50 years	**505,000**	456,800
Outside Hong Kong, held on:		
Leases of over 50 years	**30,194**	20,435
Leases of between 10 to 50 years	**1,527,467**	1,513,829
	2,194,161	2,102,764

The periods of operating leases whereby the Group leases out its investment properties range from 1 month to 108 months.

8 INVESTMENT PROPERTIES – GROUP *(continued)*

An independent valuation of the Group's investment properties was performed by the independent professional valuer, S.H. Ng & Co., Ltd., to determine the fair value of the investment properties as at 31st December 2013 and 2012. The fair value gains are included in "Other gains" in income statement (note 20). The following table analyzes the investment properties carried at fair value, by valuation method.

Fair value hierarchy

	Fair value measurements at 31st December 2013 using		
Description	**Quoted prices in active markets for identical assets (Level 1) HK$'000**	**Significant other observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**
Recurring fair value measurements			
Investment properties:			
– Hong Kong	–	–	636,500
– China Mainland	–	11,684	1,545,977

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the year.

Fair value measurements using significant unobservable inputs (Level 3)

	Hong Kong HK$'000	**China Mainland HK$'000**	**Total HK$'000**
Opening balance	568,500	1,534,264	2,102,764
Additions	–	10,970	10,970
Transfer from completed properties held for sale	–	1,506	1,506
Transfer to land use rights, and property, plant and equipment	–	(57,167)	(57,167)
Fair value gains	68,000	19,284	87,284
Exchange differences	–	37,120	37,120
Closing balance	636,500	1,545,977	2,182,477

8 INVESTMENT PROPERTIES – GROUP *(continued)*

Valuation techniques

For commercial units located in Harbin, China Mainland, the valuation was determined by using the sale comparison approach (Level 2 approach). Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

For other investment properties, the valuations were based on income capitalization approach (term and reversionary method) which largely used observable inputs (e.g. market rent, yield, etc) and taking into account the significant adjustment on term yield to account for the risk upon reversionary after expiry of current lease and adjustment on rental value to account for the actual location, type and quality of the properties and supported by the terms of any existence lease, other contracts and external evidence such as current market rents for similar properties.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31st December 2013 HK$'000	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties – China Mainland	**1,545,977**	Income approach (term and reversionary method)	Rental value	RMB50-500/m^2	The higher the rental value, the higher the fair value
			Gross revisionary yield	3.5% to 9% p.a.	The higher the reversionary yield, the lower the fair value
Investment properties – Hong Kong	**636,500**	Income approach (term and reversionary method)	Rental value	HK$55-105/m^2	The higher the rental value, the higher the fair value
			Gross revisionary yield	4.5% to 5.75% p.a.	The higher the reversionary yield, the lower the fair value

9 SUBSIDIARIES – COMPANY

	2013 HK$'000	2012 HK$'000
Unlisted investments, at cost	10	10
Amounts due from subsidiaries	1,473,119	1,442,242
	1,473,129	1,442,252

Amounts due from subsidiaries are unsecured, interest free and are not repayable within 12 months from the balance sheet date. The balances represent equity funding by the Company to the respective subsidiaries and are measured in accordance with the Company's accounting policy for investments in subsidiaries.

The following is a list of principal subsidiaries, which in the opinion of the Directors, are significant to the results and net assets of the Group:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Group's equity interest 2013	Group's equity interest 2012
Goldlion (China) Limited[2]	PRC Limited liability company	Distribution and manufacturing of garments in the PRC	US$18,000,000	100%	100%
Goldlion Clothes Making Company Limited[2]	PRC Limited liability company	Distribution and manufacturing of garments in the PRC	US$6,934,000	100%	100%
Goldlion Enterprise (Singapore) Pte Limited	Singapore Limited liability company	Distribution of garments in Singapore	10,000 ordinary shares of S$100 each	100%	100%
Goldion Distribution (M) Sdn. Bhd.	Malaysia Limited liability company	Distribution of garments in Malaysia	1,200,000 ordinary shares of MYR1 each	100%	100%
Goldlion (Far East) Limited	Hong Kong Limited liability company	Distribution and manufacturing of garments in Hong Kong	2 ordinary shares of HK$100 each and 500,000 non-voting deferred shares of HK$100 each	100%	100%
Goldlion Group (BVI) Limited[1]	British Virgin Islands Limited liability company	Investment holding in Hong Kong	10,000 ordinary shares of US1 each	100%	100%
Goldlion (Guangdong) Limited	Hong Kong Limited liability company	Investment holding in Hong Kong	2 ordinary shares of HK$1 each	100%	100%
Guangzhou Goldlion Investment Consultancy Company Limited[2]	PRC Limited liability company	Property holding in the PRC	HK$10,000,000	100%	100%

9 SUBSIDIARIES – COMPANY *(continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Group's equity interest 2013	Group's equity interest 2012
Hallman Properties Limited	British Virgin Islands Limited liability company	Investment holding in the British Virgin Islands	50,000 ordinary shares of US$1 each	**100%**	100%
Renard Investments Limited	British Virgin Islands Limited liability company	Property holding in Hong Kong	2 ordinary shares of HK$1 each and 59,999,998 redeemable shares of HK$1 each	**100%**	100%
Meizhou Silver Dip Property Management Limited(2)	PRC Limited liability company	Property management in the PRC	RMB595,000	**100%**	100%
Shenyang Goldlion Commercial Mansion Limited(2)	PRC Limited liability company	Property holding in the PRC	RMB70,000,000	**100%**	100%
Rich Smart Resources Limited	Hong Kong Limited liability company	Property holding in Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%
Smart View Investment Limited	Hong Kong Limited liability company	Investment holding in Hong Kong	2 ordinary shares of HK$1 each	**100%**	100%
Meizhou Goldlion Properties Development Limited(2)	PRC Limited liability company	Property holding and development in the PRC	HK$50,000,000	**100%**	100%
Guangzhou Silver Dip Property Management Company Limited(2)	PRC Limited liability company	Property management in the PRC	HK$1,000,000	**100%**	100%
Shenyang Sliver Dip Property Management Company Limited(2)	PRC Limited liability company	Property management in the PRC	HK$1,000,000	**100%**	100%
Guangzhou Goldlion City Properties Company Limited(2)	PRC Limited liability company	Property holding in the PRC	RMB360,681,188	**100%**	100%
Joint Corporation Limited	Hong Kong Limited liability company	Investment holding in Hong Kong	1 ordinary share of HK$1 each	**100%**	100%

(1) Subsidiary held directly by the Company
(2) English names of the subsidiaries are direct translations of their Chinese registered names

10 COMPLETED PROPERTIES HELD FOR SALE – GROUP

The Group's interests in completed properties held for sale are analyzed as follows:

	2013 HK$'000	2012 HK$'000
Land use rights	**–**	208
Development costs	**–**	1,262
	–	1,470
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**–**	1,470

The completed properties held for sale are located in the PRC.

11 INVENTORIES – GROUP

	2013 HK$'000	2012 HK$'000
Raw materials	**4,856**	4,559
Work in progress	**16,481**	12,293
Finished goods	**216,502**	360,048
	237,839	376,900

The cost of inventories recognized as expense and included in cost of sales amounted to HK$735,621,000 (2012: HK$761,956,000) (note 21).

12 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Group:

	2013 HK$'000	2012 HK$'000
Financial assets – Loans and receivables, at amortized cost		
Trade receivables	**119,338**	110,707
Deposits and other receivables	**26,328**	33,446
Bank deposits and cash and cash equivalents	**1,295,686**	1,065,261
Total	**1,441,352**	1,209,414
Financial liabilities, at amortized cost		
Trade payables	**69,631**	91,727
Other payables	**80,067**	67,739
Total	**149,698**	159,466

Company:

	2013 HK$'000	2012 HK$'000
Financial assets – Loans and receivables, at amortized cost		
Cash and cash equivalents	**1,908**	1,551

The carrying amounts of the financial assets and financial liabilities approximate their fair values.

13 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – GROUP

	2013	2012
	HK$'000	HK$'000
Trade receivables	**120,105**	111,450
Less: provision for impairment	**(767)**	(743)
Trade receivables – net	**119,338**	110,707
Purchase deposits (note (a))	**27,990**	32,515
Deposits (note (b))	**104,242**	12,265
Prepayments	**4,816**	5,777
General deposits	**8,015**	4,978
Interest receivable	**12,150**	7,830
VAT recoverable	**1,273**	16,635
Others	**4,891**	4,009
Total of prepayments, deposits and other receivables	**163,377**	84,009
Less: non-current portion		
Deposits	**–**	(12,265)
Current portion	**163,377**	71,744

Notes:

(a) Purchase deposits represent the amounts paid by the Group in advance to suppliers mainly for the apparel operation in its ordinary course of business.

(b) Deposits represent the amounts paid by the Group for acquisition of land use right and investment properties.

Prepayments, deposits and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security.

13 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – GROUP *(continued)*

The Group's sales are on cash on delivery, letter of credit or credit terms ranging from 30 days to 90 days after delivery. At 31st December 2013, an ageing of the trade receivables based on invoice date was as follows:

	2013 **HK$'000**	2012 HK$'000
1-30 days	**96,700**	74,715
31-90 days	**19,873**	27,200
Over 90 days	**3,532**	9,535
	120,105	111,450

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers dispersed in China Mainland and Singapore. The credit quality of trade receivables neither past due nor impaired has been assessed by reference to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

As of 31st December 2013, trade receivables of HK$28,458,000 (2012: HK$14,505,000) were past due but not considered impaired. The ageing of these trade receivables is as follows:

	2013 **HK$'000**	2012 HK$'000
Overdue less than or up to 3 months	**27,146**	14,118
Overdue over 3 months	**1,312**	387
	28,458	14,505

As of 31st December 2013, trade receivables of HK$767,000 (2012: HK$743,000) were considered impaired and were provided in full. The individually impaired receivables mainly relate to wholesalers and department stores. An ageing of these receivables is as follows:

	2013 **HK$'000**	2012 HK$'000
Overdue less than or up to 6 months	**8**	3
Overdue over 6 months	**759**	740
	767	743

13 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – GROUP *(continued)*

The carrying amounts of the Group's trade receivables, prepayments, deposits and other receivable are denominated in the following currencies:

	2013 HK$'000	2012 HK$'000
Renminbi	**249,623**	161,109
Singapore dollar	**27,593**	28,341
Hong Kong dollar	**5,499**	5,266
	282,715	194,716

Movements on the provision for impairment of trade receivables are as follows:

	2013 HK$'000	2012 HK$'000
At 1st January	**743**	879
Provision for impairment	**6**	71
Receivables written off during the year as uncollectible	**–**	(223)
Exchange differences	**18**	16
At 31st December	**767**	743

The provision for impaired receivables has been included in administrative expenses in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

14 BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**275,373**	171,573	**1,908**	1,551
Bank deposits with maturity less than 3 months	**165,213**	169,615	**–**	–
Cash and cash equivalents as stated in the consolidated cash flow statement	**440,586**	341,188	**1,908**	1,551
Bank deposits with maturity over 3 months	**855,100**	724,073	**–**	–
Bank deposits and cash and cash equivalents as stated in the balance sheets	**1,295,686**	1,065,261	**1,908**	1,551
Maximum exposure to credit risk	**1,295,612**	1,065,152	**1,908**	1,551

Bank deposits and cash and cash equivalents in the balance sheets are denominated in the following currencies:

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi	**1,166,724**	954,042	**–**	–
Singapore dollar	**27,657**	87,328	**–**	–
Hong Kong dollar	**101,305**	23,891	**1,908**	1,551
	1,295,686	1,065,261	**1,908**	1,551

The conversion of bank balances and cash of the Group denominated in Renminbi into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the Chinese government.

15 ASSETS CLASSIFIED AS HELD FOR SALE – GROUP

The Group's interests in assets classified as held for sale are analyzed as follows:

	2013 HK$'000	2012 HK$'000
Property, plant and equipment	1,249	1,219
Investment property	60,553	59,123
	61,802	60,342

On 19th December 2012, Goldlion (China) Limited ("Goldlion China"), a wholly-owned subsidiary of the Company, entered into an agreement to surrender a property in Shanghai, the PRC, for compensation of RMB122,920,000 (equivalent to approximately HK$156,108,000). During the year, Goldlion China had delivered vacant possession of Block Nos. 2, 3, 4 and 5 of the property. However, upon expiration of the lease of Block No. 9, the overstaying tenant has still failed to deliver vacant possession of the property. Judicial procedures were commenced to evict the overstaying tenant.

An independent valuation of the Group's investment properties was performed by the independent professional valuer, DTZ Debenham Tie Leung Limited, to determine the fair value of the investment properties as at 31st December 2013 and 2012. The fair value gain is included in "Other gains" in income statement (note 20). The following table analyzes the asset held for sale carried at fair value, by valuation method.

Fair value hierarchy

	Fair value measurements at 31st December 2013 using		
Description	**Quoted prices in active markets for identical assets (Level 1) HK$'000**	**Significant other observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**
Recurring fair value measurements			
Asset classified as held for sale			
– Investment property	–	60,553	–

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Levels 1, 2 and 3 during the year.

For the investment property, the valuation was determined by using the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

16 SHARE CAPITAL

	Number of share	Ordinary Shares HK$
Authorized:		
Ordinary shares of HK$0.10 each	1,200,000,000	120,000,000
Issued and fully paid:		
Ordinary shares of HK$0.10 each		
As at 31st December 2012 and 2013	982,114,035	98,211,404

17 RESERVES

(a) Group

	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Revaluation reserve HK$'000	Other reserves[i] HK$'000	Exchange reserve HK$'000	Sub-total HK$'000	Retained earnings HK$'000	Total reserves HK$'000
Balance at 1st January 2013	1,002,662	(34,204)	484	7,491	87,728	347,080	1,411,241	1,728,522	3,139,763
Profit for the year	–	–	–	–	–	–	–	414,579	414,579
Currency translation differences	–	–	–	–	–	52,129	52,129	–	52,129
Total comprehensive income	–	–	–	–	–	52,129	52,129	414,579	466,708
2012 final dividend paid	–	–	–	–	–	–	–	(176,781)	(176,781)
2013 interim dividend paid	–	–	–	–	–	–	–	(88,390)	(88,390)
Balance at 31st December 2013	1,002,662	(34,204)	484	7,491	87,728	399,209	1,463,370	1,877,930	3,341,300
Representing:									
Reserves	1,002,662	(34,204)	484	7,491	87,728	399,209	1,463,370	1,701,149	3,164,519
2013 final dividend proposed	–	–	–	–	–	–	–	176,781	176,781
	1,002,662	(34,204)	484	7,491	87,728	399,209	1,463,370	1,877,930	3,341,300

17 RESERVES *(continued)*

(a) Group *(continued)*

	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Revaluation reserve HK$'000	Other reserves(i) HK$'000	Exchange reserve HK$'000	Sub-total HK$'000	Retained earnings HK$'000	Total reserves HK$'000
Balance at 1st January 2012	1,002,662	(24,148)	484	7,491	79,147	290,324	1,355,960	1,490,217	2,846,177
Profit for the year	–	–	–	–	–	–	–	502,235	502,235
Currency translation differences	–	–	–	–	–	56,756	56,756	–	56,756
Total comprehensive income	–	–	–	–	–	56,756	56,756	502,235	558,991
Appropriation to other reserves	–	–	–	–	8,581	–	8,581	(8,581)	–
Changes in ownership interests in subsidiaries without change of control(ii)	–	(10,056)	–	–	–	–	(10,056)	–	(10,056)
2011 final dividend paid	–	–	–	–	–	–	–	(166,959)	(166,959)
2012 interim dividend paid	–	–	–	–	–	–	–	(88,390)	(88,390)
Balance at 31st December 2012	1,002,662	(34,204)	484	7,491	87,728	347,080	1,411,241	1,728,522	3,139,763
Representing:									
Reserves	1,002,662	(34,204)	484	7,491	87,728	347,080	1,411,241	1,551,741	2,962,982
2012 final dividend proposed	–	–	–	–	–	–	–	176,781	176,781
	1,002,662	(34,204)	484	7,491	87,728	347,080	1,411,241	1,728,522	3,139,763

(i) Other reserves are attributable to certain subsidiaries established in China Mainland. These reserves, comprising a general reserve fund and an enterprise development fund, are set aside in accordance with the relevant statutory requirements in China Mainland. The amount set aside is determined by the directors of these subsidiaries at their financial year end. The fund can only be used to make up losses incurred, increase registered capital or used for collective welfare of employees.

(ii) On 6th December 2012, the Group acquired 0.56% and 1.08% equity interests in the issued share capital of Goldlion (China) Limited ("Goldlion China") and Goldlion Clothes Making Company Limited ("Goldlion Clothes Making") respectively, for an aggregate consideration of approximately HK$12,419,000. The aggregate carrying amount of the non-controlling interests in Goldlion China and Goldlion Clothes Making on the date of acquisition was HK$2,363,000. The Group recognized a decrease in non-controlling interests of HK$2,363,000 and a decrease in equity attributable to owners of the parent of HK$10,056,000.

17 RESERVES *(continued)*

(b) Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Sub-total HK$'000	Retained earnings HK$'000	Total reserves HK$'000
At 1st January 2013	**1,002,662**	**484**	**1,003,146**	**341,171**	**1,344,317**
2012 final dividend paid	**–**	**–**	**–**	**(176,781)**	**(176,781)**
2013 interim dividend paid	**–**	**–**	**–**	**(88,390)**	**(88,390)**
Profit for the year	**–**	**–**	**–**	**296,649**	**296,649**
At 31st December 2013	**1,002,662**	**484**	**1,003,146**	**372,649**	**1,375,795**
Representing:					
Reserves	**1,002,662**	**484**	**1,003,146**	**195,868**	**1,199,014**
2013 final dividend proposed	**–**	**–**	**–**	**176,781**	**176,781**
	1,002,662	**484**	**1,003,146**	**372,649**	**1,375,795**
At 1st January 2012	1,002,662	484	1,003,146	399,858	1,403,004
2011 final dividend paid	–	–	–	(166,959)	(166,959)
2012 interim dividend paid	–	–	–	(88,390)	(88,390)
Profit for the year	–	–	–	196,662	196,662
At 31st December 2012	1,002,662	484	1,003,146	341,171	1,344,317
Representing:					
Reserves	1,002,662	484	1,003,146	164,390	1,167,536
2012 final dividend proposed	–	–	–	176,781	176,781
	1,002,662	484	1,003,146	341,171	1,344,317

18 TRADE PAYABLES – GROUP

	2013 HK$'000	2012 HK$'000
Trade payables		
– to third parties	**69,631**	91,246
– to a related party (note 33(e))	**–**	481
	69,631	91,727

At 31st December 2013, the ageing of the trade payables based on invoice date was as follows:

	2013 HK$'000	2012 HK$'000
1-30 days	**53,350**	75,607
31-90 days	**5,493**	7,212
Over 90 days	**10,788**	8,908
	69,631	91,727

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2013 HK$'000	2012 HK$'000
Renminbi	**56,936**	77,836
Singapore dollar	**12,659**	13,854
Hong Kong dollar	**36**	37
	69,631	91,727

19 DEFERRED INCOME TAX – GROUP

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2013 HK$'000	2012 HK$'000
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	**(38,739)**	(24,643)
– Deferred income tax assets to be recovered within 12 months	**(29,309)**	(16,212)
	(68,048)	(40,855)
Deferred income tax liabilities:		
– Deferred income tax liabilities to be recovered after more than 12 months	**350,909**	325,217
– Deferred income tax liabilities to be recovered within 12 months	**12,410**	10,934
	363,319	336,151
Deferred income tax liabilities (net)	**295,271**	295,296

The gross movement on the deferred income tax account of the Group is as follows:

	2013 HK$'000	2012 HK$'000
At 1st January	**295,296**	269,916
Deferred taxation (credited)/charged to consolidated income statement (note 26)	**(7,046)**	19,018
Exchange difference	**7,021**	6,362
At 31st December	**295,271**	295,296

Deferred income tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through the future taxable profits is probable. The Group has unrecognized tax losses of HK$678,979,000 (2012: HK$641,313,000), of which HK$436,096,000 (2012: HK$399,092,000) and HK$31,098,000 (2012: HK$30,436,000) are subject to agreement by the Inland Revenue Department in Hong Kong and the relevant tax authorities in the PRC, respectively, to carry forward against future taxable income. HK$647,881,000 of unrecognized tax losses (2012: HK$610,877,000) have no expiry date and the remaining losses will expire at various dates up to and including 2018.

19 DEFERRED INCOME TAX – GROUP *(continued)*

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred income tax liabilities

	Accelerated taxation depreciation		Fair values gains		Dividend withholding tax		Others		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
At 1st January	**102,779**	91,263	**215,883**	191,209	**34,845**	35,168	**12,990**	9,216	**366,497**	326,856
Exchange difference	**2,471**	2,242	**5,098**	4,579	**843**	727	**314**	228	**8,726**	7,776
Charged/(credited) to consolidated income statement	**14,633**	9,274	**5,095**	20,095	**14,066**	9,072	**(1,774)**	3,546	**32,020**	41,987
Released upon distribution of dividends	**–**	–	**–**	–	**(10,968)**	(10,122)	**–**	–	**(10,968)**	(10,122)
At 31st December	**119,883**	102,779	**226,076**	215,883	**38,786**	34,845	**11,530**	12,990	**396,275**	366,497

Deferred income tax assets

	Provisions		Tax losses		Others		Total	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
At 1st January	**(34,899)**	(33,909)	**(31)**	(67)	**(36,271)**	(22,964)	**(71,201)**	(56,940)
Exchange difference	**(844)**	(841)	**(1)**	(2)	**(860)**	(571)	**(1,705)**	(1,414)
(Credited)/charged to consolidated income statement	**(14,249)**	(149)	**(2)**	38	**(13,847)**	(12,736)	**(28,098)**	(12,847)
At 31st December	**(49,992)**	(34,899)	**(34)**	(31)	**(50,978)**	(36,271)	**(101,004)**	(71,201)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2013 HK$'000	2012 HK$'000
Deferred income tax assets	**(68,048)**	(40,855)
Deferred income tax liabilities	**363,319**	336,151
	295,271	295,296

20 OTHER GAINS

	2013 HK$'000	2012 HK$'000
Fair value gains on investment properties	**87,351**	158,882

21 EXPENSES BY NATURE

	2013 HK$'000	2012 HK$'000
Cost of inventories sold	**735,621**	761,956
Provision for impairment of inventories	**77,414**	3,929
Direct operating expenses arising from investment properties that generated rental income	**44,576**	42,491
Operating lease rentals – land and buildings	**98,670**	75,103
Amortization of land use rights (note 6)	**2,049**	1,997
Depreciation of property, plant and equipment (note 7)	**27,958**	27,202
Staff costs including directors' emoluments (note 22)	**228,085**	235,236
Auditors' remuneration	**3,494**	3,368
Advertising and promotion expenses	**141,443**	155,384
Other expenses	**106,543**	104,569
Net exchange gain	**(6,055)**	(2,449)
	1,459,798	1,408,786
Representing:		
Cost of sales	**861,684**	812,918
Selling and marketing costs	**403,726**	366,413
Administrative expenses	**194,388**	229,455
	1,459,798	1,408,786

For the year ended 31st December 2013

22 STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	2013 HK$'000	2012 HK$'000
Staff costs		
– Wages and salaries	**193,937**	206,991
– Retirement benefit costs (note 23)	**34,148**	28,245
	228,085	235,236

23 RETIREMENT BENEFIT COSTS

	2013 HK$'000	2012 HK$'000
Defined contribution schemes for:		
Hong Kong employees (note (a))	**803**	591
Singapore employees (note (b))	**4,877**	4,560
China Mainland employees (note (c))	**28,468**	23,094
	34,148	28,245

Notes:

(a) Under the Mandatory Provident Fund (the "MPF") scheme, both the employer and employee have to contribute 5% of the employee's relevant income or HK$1,250, whichever is lower, as mandatory contribution. The employer and employee may further contribute certain percentage of the employee's relevant income, as voluntary contribution.

The amount represents contributions paid and payable by the Group to the MPF scheme totalling HK$803,000 (2012: HK$591,000) without any forfeited contributions (2012: nil). The forfeited contributions represent contributions to the retirement scheme prior to the MPF scheme for those employees who leave prior to vesting fully on the contributions. There was no contribution payable (2012: nil) to the MPF scheme at the year end. There was no unutilized forfeited contribution at year end (2012: nil).

(b) Contributions paid and payable by the Group to the schemes amounted to HK$4,877,000 (2012: HK$4,560,000). Contributions totalling HK$221,000 (2012: HK$1,047,000) payable to the schemes at the year end are included in other payables. There was no unutilized forfeited contribution at year end (2012: nil).

(c) This represents gross contributions made by the Group to employee pension schemes operated by the municipal governments of various cities in the PRC. There was no contribution payable (2012: nil) to the municipal governments at year end.

24 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) The remuneration of every Director and the Chief Executive for the year ended 31st December 2013:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Others benefits[(1)] HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Director						
Dr. Tsang Hin Chi	–	4,255	9,277	793	–	14,325
Madam Wong Lei Kuan	–	1,541	2,319	27	–	3,887
Mr. Ng Ming Wah, Charles	240	–	–	–	–	240
Dr. Lau Yue Sun	240	–	–	–	–	240
Dr. Wong Ying Ho, Kennedy	190	–	–	–	–	190
Mr. Li Ka Fai, David	240	–	–	–	–	240
Mr. Nguyen, Van Tu Peter	240	–	–	–	–	240
Director and Chief Executive						
Mr. Tsang Chi Ming, Ricky	–	3,682	5,798	–	15	9,495

The remuneration of every Director and the Chief Executive for the year ended 31st December 2012:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Others benefits[(1)] HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Director						
Dr. Tsang Hin Chi	–	4,245	10,032	712	–	14,989
Madam Wong Lei Kuan	–	1,540	2,508	18	–	4,066
Mr. Ng Ming Wah, Charles	180	–	–	–	–	180
Dr. Lau Yue Sun	180	–	–	–	–	180
Dr. Wong Ying Ho, Kennedy	171	–	–	–	–	171
Mr. Li Ka Fai, David	180	–	–	–	–	180
Mr. Nguyen, Van Tu Peter[(2)]	52	–	–	–	–	52
Director and Chief Executive						
Mr. Tsang Chi Ming, Ricky	–	3,651	6,270	–	14	9,935

Notes:

(1) Other benefits include medical benefit and retirement benefit costs.

(2) Appointed on 17th September 2012.

24 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

(b) The five individuals whose emoluments were the highest in the Group for the year included two (2012: two) Directors whose emoluments are reflected in the analysis presented in 24(a) above. The emoluments payable to the remaining three (2012: three) individuals during the year are as follows:

	2013 HK$'000	2012 HK$'000
Basic salaries, housing and other allowances	**13,255**	7,980
Bonuses	**9,484**	37,621
Retirement benefit costs	**815**	412
	23,554	46,013

The emoluments fell within the following bands:

	Number of individuals	
	2013	2012
Emolument bands		
HK$4,000,001 – HK$4,500,000	**2**	–
HK$4,500,001 – HK$5,000,000	**–**	1
HK$5,000,001 – HK$5,500,000	**–**	1
HK$14,500,001 – HK$15,000,000	**1**	–
HK$36,000,001 – HK$36,500,000	**–**	1

(c) Other than disclosed above, no emoluments have been paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. None of the Directors or the five highest paid individuals waived or agreed to waive any emoluments during the year.

25 SENIOR MANAGEMENT REMUNERATION BY BAND

The emoluments fell within the following bands:

	Number of individuals	
	2013	2012
Emolument bands		
HK$100,001 – HK$150,000	**1**	–
HK$500,001 – HK$1,000,000	**1**	–
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$2,000,000	**3**	1
HK$2,000,001 – HK$2,500,000	**1**	–
HK$2,500,001 – HK$3,000,000	**1**	1
HK$4,000,001 – HK$4,500,000	**2**	–
HK$4,500,001 – HK$5,000,000	**–**	1
HK$5,000,001 – HK$5,500,000	**–**	1
HK$14,500,001 – HK$15,000,000	**1**	–
HK$36,000,001 – HK$36,500,000	**–**	1

26 INCOME TAX EXPENSE

	2013 **HK$'000**	2012 HK$'000
Hong Kong profits tax:		
Current year	**1,080**	960
Over-provision in prior year	**(64)**	(45)
	1,016	915
Taxation outside Hong Kong:		
Current year	**125,041**	118,378
Under-provision in prior years	**204**	51
	125,245	118,429
Deferred income tax (note 19)	**(7,046)**	19,018
Total income tax expense	**119,215**	138,362

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year.

26 INCOME TAX EXPENSE *(continued)*

Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the year at the rate of 25% (2012: 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.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2013 **HK$'000**	2012 HK$'000
Profit before income tax	**533,794**	641,649
Calculated at a tax on rate of 16.5%	**88,076**	105,872
Effect of different taxation rates in other countries	**19,376**	28,729
Income not subject to tax	**(15,709)**	(16,694)
Expenses not deductible for tax purposes	**4,760**	6,720
Utilization of unrecognized tax losses	**–**	(852)
Tax losses not recognized	**8,463**	5,373
Withholding tax on profits retained by the PRC subsidiaries	**14,066**	9,072
Others	**183**	142
Total income tax expense	**119,215**	138,362

Corporate withholding income tax on dividend distribution

Under the New CIT Law, corporate withholding income tax is levied on the foreign investor incorporated in Hong Kong for dividend which arises from profit of foreign investment enterprises earned after 1st January 2008 at a tax rate of 5%.

27 PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The profit attributable to owners of the parent is dealt with in the financial statements of the Company to the extent of a profit of HK$296,649,000 (2012: HK$196,662,000).

28 DIVIDENDS

	2013 HK$'000	2012 HK$'000
2012 interim dividend, paid, of 9.0 HK cents per ordinary share	–	88,390
2012 final dividend, paid, of 18.0 HK cents per ordinary share	–	176,781
2013 interim dividend, paid, of 9.0 HK cents per ordinary share	**88,390**	–
2013 final dividend, proposed, of 18.0 HK cents per ordinary share (note)	**176,781**	–
	265,171	265,171

Note:

At a meeting held on 24th March 2014, the Directors declared a final dividend of 18.0 HK cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2013.

29 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the number of ordinary shares in issue during the year.

	2013	2012
Profit attributable to owners of the parent (HK$'000)	**414,579**	502,235
Number of shares in issue	**982,114,035**	982,114,035
Basic earnings per share (HK cents)	**42.21**	51.14

(b) Diluted

The calculation of diluted earnings per share is based on the Group's profit attributable to owners of the parent of HK$414,579,000 (2012: HK$502,235,000) and the number of ordinary shares in issue of 982,114,035 (2012: 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 2013 and 2012.

30 CASH GENERATED FROM OPERATIONS

Reconciliation of profit before income tax to cash generated from operations:

	2013 HK$'000	2012 HK$'000
Profit before income tax	**533,794**	641,649
Adjustments for:		
– Amortization of land use rights (note 6)	**2,049**	1,997
– Depreciation of property, plant and equipment (note 7)	**27,958**	27,202
– Provision for impairment of inventories	**77,414**	3,929
– Provision for trade receivables	**6**	71
– Interest income	**(30,751)**	(28,478)
– Gains on disposals of land use rights, and property, plant and equipment (note 30(a))	**(238)**	(1,629)
– Fair value gains on investment properties	**(87,351)**	(158,882)
Changes in working capital:		
– Inventories	**61,760**	(67,706)
– Trade receivables, prepayments, deposits and other receivables	**(95,968)**	(54,780)
– Trade and other payables and accruals	**1,222**	46,510
Net cash generated from operations	**489,895**	409,883

Note:

(a) Disposals of land use rights, and property, plant and equipment

	2013 HK$'000	2012 HK$'000
Net book amount	**371**	714
Gains on disposals of land use rights, and property, plant and equipment	**238**	1,629
Proceeds received	**609**	2,343

31 CONTINGENT LIABILITIES – COMPANY

	2013 HK$'000	2012 HK$'000
Guarantees for credit facilities given to subsidiaries	**21,700**	21,980

At 31st December 2013 and 2012, none of the subsidiaries had utilized any of the facilities.

32 COMMITMENTS

(a) Capital commitments

Capital expenditure of the Group at the balance sheet date but not yet incurred is as follows:

	2013 **HK$'000**	2012 HK$'000
Property, plant and equipment		
Contracted but not provided for	**946**	4,902
Land use right		
Contracted but not provided for	**26,060**	–

(b) At 31st December 2013, the Group had future aggregate minimum lease payments receivable and payable under non-cancellable operating leases as follows:

	2013 **HK$'000**	2012 HK$'000
Rental receivables		
– not later than one year	**109,752**	123,896
– later than one year and not later than five years	**104,693**	111,805
– later than five years	**2,210**	8,781
	216,655	244,482
Rental payables		
– not later than one year	**11,325**	7,950
– later than one year and not later than five years	**11,976**	8,405
	23,301	16,355

Payment obligations in respect of operating leases on properties with rentals vary with gross revenues are not included as future minimum lease payments.

The Company did not have any significant commitments at 31st December 2013 (2012: nil).

33 RELATED PARTY TRANSACTIONS – GROUP

The Company is controlled by the Tsang Family (comprising Dr. Tsang Hin Chi, Madam Wong Lei Kuan, Mr. Tsang Chi Ming, Ricky and the other direct descendants of Dr. Tsang Hin Chi and Madam Wong Lei Kuan) which, together with 5.49% of the Company's issued shares held by Tsang Hin Chi Charities (Management) Limited, collectively controlled approximately 68.17% of the Company's issued shares. The remaining 31.83% are widely held.

During the year, the following significant transactions were carried out with related parties:

		2013 HK$'000	2012 HK$'000
(a)	Sales of services		
	Rental and building management fee received from related companies	**2,361**	2,248

Note:

Rental and management fee were received from Guangzhou World Trade Center Club Company Limited ("GWTCCL") for lease of a business center and facilities therein located at Goldlion Digital Network Centre amounting to HK$1,932,000 and from China Hong Kong Digital Audiovisual Management Company Limited ("CHKDAM") for lease of a unit located at Goldlion Holdings Centre in Hong Kong amounting to HK$429,000 respectively. Rental and management fees were charged at rate based on the relevant lease agreement entered. Mr. Tsang Chi Hung has an indirect beneficial interest in CHKDAM and GWTCCL as he is a major shareholder of the holding company of CHKDAM and GWTCCL. Dr. Tsang Hin Chi, Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in these transactions as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Madam Wong Lei Kuan, and a brother of Mr. Tsang Chi Ming, Ricky.

		2013 HK$'000	2012 HK$'000
(b)	Purchases of services		
	Professional fees paid to a related company	**320**	320

Note:

Equitas Capital Limited acted as financial advisor to the Group for which professional fee of HK$320,000 was paid by the Company during the year. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is the managing director and the principal shareholder of Equitas Capital Limited.

		2013 HK$'000	2012 HK$'000
(c)	Purchases of goods		
	Goods purchased from a related company	**159**	4,489

Note:

Goods were purchased at market price from 3D-GOLD Jewellery Company Limited, which is a wholly-owned subsidiary of Hong Kong Resources Holdings Company Limited. Dr. Wong Ying Ho, Kennedy, a non-executive Director of the Company, is the chairman and an executive director and a substantial shareholder of Hong Kong Resources Holdings Company Limited.

33 RELATED PARTY TRANSACTIONS – GROUP *(continued)*

(d) Key management compensation

	2013 HK$'000	2012 HK$'000
Salaries, directors' emoluments and other short-term employee benefits	**63,238**	80,973
Retirement benefit costs	**1,045**	736
	64,283	81,709

(e) Year-end balances arising from purchases of goods and services

	2013 HK$'000	2012 HK$'000
Trade payables (note 18)		
–3D-GOLD Jewellery Company Limited	**–**	481
Accruals		
– Equitas Capital Limited	**160**	160

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31st December				
	2013	2012	2011	2010	2009
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Profit attributable to:					
– Owners of the parent	**414,579**	502,235	422,309	407,733	295,878
– Non-controlling interests	**–**	1,052	847	812	795
Assets and liabilities					
Total assets	**4,412,805**	4,066,961	3,706,533	3,296,615	3,034,635
Total liabilities	**(973,294)**	(828,987)	(760,834)	(641,556)	(645,178)
Total equity	**3,439,511**	3,237,974	2,945,699	2,655,059	2,389,457

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