

GOLDLION HOLDINGS LIMITED 金利來集團有限公司

Stock Code 股份代號：00533

2022 INTERIM REPORT 中期報告



Goldlion®

CHAIRMAN'S STATEMENT

OPERATING RESULTS

Turnover

During the period under review, global economy has slowed down against the unfavourable impacts of geopolitical conflicts, inflationary pressures and rising interest rates. The market of China Mainland remained unsatisfactory due to various measures taken to control the pandemic. Nevertheless, the Group still recorded a total turnover of HK\$615,489,000 for the first half of the year, representing an increase of 4% from HK\$589,659,000 of the corresponding period last year. The increase was mainly attributable to the property investments operation and apparel wholesale business in China Mainland.

Cost of sales and gross profit

Cost of sales for the period was HK\$248,550,000, increased by 21%. The increase was mainly due to the movements in provision for impairment of inventories.

During the period, the cost of inventories sold of our apparel operation was HK\$217,149,000, representing an increase of 7% from HK\$203,557,000 of the same period last year. Gross profit margin excluding the effect of impairment of inventories was 53.4%, which was lower than the 54.9% for the corresponding period last year. The decrease was mainly associated with the slight reduction in the gross profit margin of products for current season in China Mainland. During the period, the Group recorded a provision for impairment of inventories of HK\$11,205,000, whereas the reversal of provision for impairment of the same period last year was HK\$18,383,000.

Cost of sales for the period included the direct operating expenses arising from investment properties of HK\$19,309,000, representing a decrease of approximately 3% from HK\$19,851,000 of the same period last year.

Other losses

During the period, the Group recorded fair value losses on investment properties of HK\$17,244,000, lower than HK\$25,347,000 of the same period last year.

Operating expenses

Selling and marketing costs mainly consist of manpower costs for sales staff, rental expenses of the sales outlets, operating costs for e-commerce sales platforms, and advertising and promotion. The Group recorded selling and marketing costs of HK\$189,233,000 for the period, representing a decrease of 6% from HK\$201,829,000 of the same period last year. The decrease was mainly resulted from the cancellation or delay of certain promotional activities caused by various anti-pandemic measures, as well as the decrease in relevant selling expenses due to the decline in sales of our self-operated retailing and e-commerce operations in China Mainland.

Administrative expenses mainly consist of manpower costs for non-sales staff, depreciation and amortization charges and other miscellaneous expenses. The Group recorded administrative expenses of HK\$77,906,000 for the period, higher than the amount of HK\$75,702,000 of the same period last year by 3%.

CHAIRMAN'S STATEMENT (continued)

OPERATING RESULTS (continued)

Operating profit

Operating profit for the period amounted to HK\$82,556,000, an increase of approximately 2% from HK\$81,145,000 of the same period last year. The operating profit margin was about 13.4%, which was in line the 13.8% of the same period last year.

Profit attributable to owners of the Company

The Group also recorded a net interest income of HK\$9,890,000 for the period, higher than the same period last year's HK\$9,629,000 by approximately 3%. The increase was mainly due to the rise in deposit interest rate starting from second quarter of the year.

After offsetting the reversal of tax for fair value losses on investment properties amounting to HK\$8,998,000 (HK\$9,326,000 for the corresponding period last year), the income tax expense for the period was HK\$9,527,000 and was lower than the amount of HK\$11,786,000 of the same period last year. Effective tax rate excluding fair value losses on investment properties and the related tax effect was 16.9% and was also lower than the corresponding period last year's 18.2%. This is mainly due to the increase in profits derived from regions with lower tax rates.

The Group's profit attributable to owners of the Company for the period was HK\$82,919,000, increased by approximately 5% from HK\$78,988,000 of the same period last year. Profit for the period would be HK\$91,165,000 if the net fair value losses after tax on investment properties of HK\$8,246,000 (HK\$16,021,000 for the corresponding period last year) were excluded, and was approximately 4% lower than the amount of HK\$95,009,000 of the same period last year.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets

During the period, China Mainland remained plagued by the spread of the Omicron virus. To safeguard people's safety and lives, the central government has adhered to the "dynamic zero" pandemic prevention policy to block the spread of the virus, and implemented various strict prevention and control measures. Moreover, the market was still overshadowed by the liquidity problems of the real estate enterprises. Under such circumstances, the Group's apparel business was inevitably affected. However, coupled with the sale increase of the wholesaling operation, the Group recorded an overall turnover of HK\$451,951,000 during the period, representing an increase of approximately 4% from the same period last year.

In China Mainland, the Group has continued to conduct its apparel operation through wholesaling to distributors in various cities and provinces, through self-operated retail shops and factory outlets located mainly in Guangzhou, Shanghai, Beijing, Chongqing, Liaoning, Jilin and Shandong, as well as through e-commerce and custom-ordering.

CHAIRMAN'S STATEMENT *(continued)***BUSINESS REVIEW** *(continued)***Apparel Business** *(continued)*China Mainland and Hong Kong SAR Markets *(continued)*

Owing to the Group's business model, there was lagging effect in the wholesale business performance as reflecting the latest market conditions. During the period, the business was focused on the supply of our 2022 spring and summer products to distributors. Compared against a relatively low base of ordering amounts of 2021 spring and summer products affected by COVID-19 in last year, and with no material sales return allowances granted to distributors during the period, sales to distributors in RMB increased by approximately 36%. However, impact of the worsening economic conditions on the distributor business during the period is yet to be observed.

The Group's self-operated retail operation has suffered a great deal from various strict anti-pandemic measures during the period. Some of our self-operated retail shops (mainly in Shanghai, Shenyang and Jilin) were required to close temporary. As a result, the sales of our self-operated retail shops dropped year on year by approximately 14% in RMB, or 23% if excluding the outlets in Shandong taken over last April. Similarly, the business of the Group's factory outlets was also impacted by various lockdown measures and poor market sentiment, resulting in a year-on-year decrease in sales by approximately 18% in RMB.

At the end of the period, the Group's apparel products were sold through 814 retail outlets in China Mainland, among which 117 were self-operated (including 35 factory outlets).

The performance of e-commerce fell short of our expectations during the period due to the weak demands and difficulties in the delivery of e-commerce products caused by lockdown measures. As a result, e-commerce sales dropped year on year by approximately 12% in RMB. During the period, the Group continued to focus on the sales of special selected items, which accounted for approximately 89% of the e-commerce sales and the total e-commerce sales accounted for approximately 26% of the Group's apparel sales in China Mainland. The Group also started to introduce the "g+" brand casual wear on some e-commerce platforms at the end of the period. As this was only an attempt to test the market, the sales was minimal.

As our operation in custom-made corporate uniforms managed to stabilize during the period, coupled with a relatively low base from last year, sales registered a year-on-year increase of approximately 73% in RMB, the amount of which was generally in line with our expectations.

During the review period, the Group continued to grant licenses for distribution of shoes, leather goods, undergarments and casual wear in the China Mainland. Licensing fees were charged in accordance with terms in the relevant licensing agreements during the period. As a result of the upward adjustment of certain charges, the Group recorded a licensing income of HK\$48,045,000 during the period, representing an increase of approximately 5% from the same period last year.

In addition, the Group entered into an investment agreement, which was a framework agreement in nature, with the Guangzhou Airport Economic Zone Management Committee under the Guangzhou People's Government at the beginning of the year. Under the agreement, the Group planned to commence the construction of an integrated trading headquarter, including a logistics centre in Guangzhou Airport Economic Zone. No significant progress has been made for the project during the period, and relevant details are still subject to further negotiation.

CHAIRMAN'S STATEMENT *(continued)*

BUSINESS REVIEW *(continued)*

Apparel Business *(continued)*

Singapore Markets

With the successive release of various anti-pandemic measures in Singapore during the period, the market started to pick up. However, as the sales plan for new arrivals was delayed by the unscheduled delivery of the goods ordered due to global supply chain strains, local sales continued to focus on clearing off-season stocks during the period. As such, apparel sales stood at HK\$15,950,000 during the period, which was comparable with HK\$16,108,000 of the corresponding period last year.

During the period, the Group continued to streamline the retail network, including the closure of two underperforming shops after the expiry of current lease. At the end of the review period, there were a total of 3 Goldlion shops and 7 counters in Singapore, down by 3 in number when compared with the end of last year.

Although local sales continued to focus on clearing off-season stocks during the period, the sales of new arrivals went up. As a result, gross profit margin excluding movements in impairment of inventories stood at approximately 43%, which was higher than the 39% for the corresponding period last year. The Group also reversed the provision for impairment of inventories by HK\$3,484,000 during the period, whereas the reversal of provision for last year was HK\$5,484,000.

As the local government ceased to provide COVID-19-related wage subsidy, overall expenses during the period amounted to HK\$8,536,000, representing an increase of approximately 4% when compared with last year's HK\$8,175,000.

Including net rental income from investment properties of HK\$395,000 (HK\$265,000 for the same period last year), operating profit of the Group's Singapore operation for the period stood at HK\$2,254,000, representing a decrease of approximately 42% from HK\$3,874,000 for the same period last year, which was mainly related to the decrease in the reversal of inventory provision.

Property Investment and Development

Except for the transfer of several office units to self-use, the Group's investment property portfolio had no significant changes during the period when compared with the end of last year. Value of investment properties recognized by the Group after independent professional valuations amounted to HK\$2,852,017,000 at the end of the period, of which property holdings in China Mainland, Hong Kong and Singapore were approximately HK\$1,638,562,000, HK\$1,168,710,000 and HK\$44,745,000, respectively. Because of the decreases in valuation amounts and RMB exchange rate, as well as the transfer of several investment properties to self-use, total value of investment properties in Hong Kong dollar was lower than the amount of HK\$2,994,394,000 at the end of last year. The Group's fair value losses on investment properties as based on the same independent professional valuations amounted to HK\$17,244,000, whereas the fair value losses were HK\$25,347,000 for the same period last year. The losses generated during the period mainly came from the property holding in China Mainland and especially the Goldlion Digital Network Centre in Guangzhou, while the fair value for properties in Hong Kong was slightly increased.

CHAIRMAN'S STATEMENT *(continued)***BUSINESS REVIEW** *(continued)***Property Investment and Development** *(continued)*

The Group's rental income and building management fees for the period stood respectively at HK\$78,995,000 and HK\$20,548,000, the total of which represented an increase of approximately 8% over the same period last year. The increase is because of all the vacant units in Yuan Village in Guangzhou and Hong Kong in last year were leased out during the period.

In Guangzhou, rental income and building management fees in RMB generated from Goldlion Digital Network Centre were approximately 3% higher than that of the corresponding period last year. With certain vacant units had still not yet filled up, our leasing position remained relatively stable. Overall occupancy rate for the period was about 79%, which was comparable with that of the corresponding period last year. With the premises in Yuan Village in Guangzhou completely leased out, rental income and building management fees from this building grew by approximately 27% in RMB.

In Shenyang, leasing of Goldlion Commercial Building was stable. Total rental income and building management fees in RMB increased by approximately 8% from the corresponding period last year.

Despite the outbreak of the fifth wave of the pandemic during the period, the impact on the leasing of the Group's investment properties in Hong Kong were immaterial. During the period, overall rental income and building management fees generated from Goldlion Holdings Centre in Shatin, which had been completely leased out since the end of last year, increased by about 18%. Besides, the Group's property at No. 3 Yuk Yat Street, To Kwa Wan had also been completely leased out during the period and overall income rose year on year by approximately 3%.

Regarding the development project "Goldlion Garden" in Meixian, construction works continued to be under way. By the end of the period, total development expenditure amounted to HK\$814,082,000, representing an increase of HK\$98,275,000 when compared with the end of last year. Under the first of its two phases, a total of six high-rise buildings with an aggregate of 524 residential units were mainly provided. Currently about 176 units of phase one have been sold. As the construction works were substantially completed, it was expected that the completed units can be delivered before the end of October 2022. In addition, the construction of the second phase of the project (with 456 residential units in five high-rise buildings and 47 low-rise units) was expected to be successively completed from 2023, and the pre-sale of certain units had been started. However, due to the significant decline in the market demand for residential properties resulting from the liquidity problems of the domestic real estate enterprises since last year as well as the on-going impact of the pandemic on overall economy, the pre-sale numbers of the project were below our expectations.

CHAIRMAN'S STATEMENT *(continued)*

PROSPECTS

Amid the current unsettling external environment, the economic recession seems to be imminent and the China Mainland economy shows no signs of improvement. In addition, economic activities are still affected by the prevention and control measures. It will continue to be challenging for the Group's operation in the rest of the year and business outlook is not optimistic.

Nonetheless, the Group will adhere to its prudent operation principle when developing its apparel business in China Mainland, with special efforts on optimizing the sales channels including the distributors. The Group will continue to follow up on the investment agreement regarding the Guangzhou Airport Economic Zone. Moreover, capitalizing on the "Guochao" (or the "Chinese fashion trend") in recent years, the Group is also planning to open a "Goldlion 3388" lifestyle store to promote its corporate culture and raise the brand awareness.

In addition, the Group's pre-order of 2023 spring and summer collections in sales fair was held in early August 2022. Initial figures reflected the reservation of our distributors in the market outlook and there was approximately 10% decrease in order amount from last year. It is expected that the orders will be delivered to distributors in the first half of 2023.

The Group will further strengthen the apparel business in Singapore to ensure the profitability recorded since last year can be sustained.

In respect of property investment business, except for Goldlion Digital Network Centre in Guangzhou, other properties have almost been leased out completely. The Group will focus on improving the leasing of Goldlion Digital Network Centre by reducing its vacancies and exploring its leasing potential.

As for the property development project "Goldlion Garden" in Meixian, phase one of the project is expected to be completed during the fourth quarter of the year. The Group will then place the emphasis on the construction progress of its second phase. The project is wholly funded by internal resources of the Group and do not involve any borrowings. Despite the poor market sentiment, the Group will strive to sell the remaining units according to actual market situation.

FINANCIAL POSITION

As at 30th June 2022, the Group had cash and bank balances (including restricted cash of HK\$21,363,000) of approximately HK\$1,271,289,000, which was HK\$79,925,000 lower than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK\$38,813,000 and received interest income of HK\$10,233,000. However, the Group also paid dividends of HK\$68,748,000, increased fixed assets of HK\$6,818,000 and paid principal elements of lease payments of HK\$6,773,000. Besides, changes in foreign exchange rate during the period resulted in a decrease in cash and bank balances of HK\$46,669,000.

As at 30th June 2022, the Group did not have any bank loans or overdrafts. The gearing ratio, defined as the ratio of total lease liabilities less cash and bank balances divided by total equity, was zero.

CHAIRMAN'S STATEMENT *(continued)***FINANCIAL POSITION** *(continued)*

As at 30th June 2022, the Group's current assets and liabilities were HK\$2,462,741,000 and HK\$627,161,000 respectively, with a current ratio at 3.9. Total current liabilities were 13.7% of the average capital and reserves attributable to owners of the Company of HK\$4,567,788,000.

As at 30th June 2022, the Group did not have any material contingent liabilities and had not charged any of the Group's assets. Commitments authorized but not contracted for and contracted but not provided for were HK\$555,000,000 and HK\$225,569,000 respectively.

As at 30th June 2022, the Group had guarantees in respect of mortgage facilities for certain property buyers amounting to HK\$93,062,000. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The above guarantees are to be discharged upon the earlier of (i) issue of the real estate ownership certificates; and (ii) the satisfaction of mortgaged loans by the property buyers. The Board considers that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the guarantees.

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

ACKNOWLEDGEMENT

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

Mr. Tsang Chi Ming, Ricky

Chairman and Chief Executive Officer

Hong Kong, 17th August 2022

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF
GOLDLION HOLDINGS LIMITED**
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 9 to 30 which comprises the condensed consolidated interim balance sheet of Goldlion Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th June 2022 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim cash flow statement for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17th August 2022

*PricewaterhouseCoopers, 22/F, Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30th June 2022 and 31st December 2021

		Unaudited 30th June 2022	Audited 31st December 2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	6	155,572	121,642
Right-of-use assets		80,138	66,352
Investment properties	6	2,852,017	2,994,394
Financial assets at fair value through other comprehensive income		6,662	6,947
Deferred income tax assets		47,482	46,814
		<u>3,141,871</u>	<u>3,236,149</u>
Current assets			
Property under development held for sale	7	814,082	715,807
Inventories		171,547	195,886
Trade receivables	8	56,590	100,565
Prepayments, deposits and other receivables	9	93,597	126,445
Contract assets		49,414	59,147
Tax recoverable		6,222	5,110
Restricted cash		21,363	20,687
Bank deposits		784,379	876,185
Cash and cash equivalents		465,547	454,342
		<u>2,462,741</u>	<u>2,554,174</u>
Total assets		<u><u>5,604,612</u></u>	<u><u>5,790,323</u></u>
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	10	1,101,358	1,101,358
Reserves		3,409,477	3,523,382
Total equity		<u>4,510,835</u>	<u>4,624,740</u>
LIABILITIES			
Non-current liabilities			
Other payables and accruals		30,776	31,862
Lease liabilities		14,547	11,171
Deferred income tax liabilities		421,293	447,608
		<u>466,616</u>	<u>490,641</u>
Current liabilities			
Trade payables	11	26,829	48,594
Other payables and accruals		202,791	238,696
Contract liabilities		374,628	365,446
Lease liabilities		15,284	13,985
Current income tax liabilities		7,629	8,221
		<u>627,161</u>	<u>674,942</u>
Total liabilities		<u>1,093,777</u>	<u>1,165,583</u>
Total equity and liabilities		<u><u>5,604,612</u></u>	<u><u>5,790,323</u></u>

The notes on pages 14 to 30 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT*For the six months ended 30th June 2022*

		Unaudited	
		Six months ended	
		30th June	30th June
		2022	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	5	615,489	589,659
Cost of sales	13	(248,550)	(205,636)
Gross profit		366,939	384,023
Other losses	12	(17,244)	(25,347)
Selling and marketing costs	13	(189,233)	(201,829)
Administrative expenses	13	(77,906)	(75,702)
Operating profit		82,556	81,145
Interest income		10,516	10,091
Interest expense		(626)	(462)
Profit before income tax		92,446	90,774
Income tax expense	14	(9,527)	(11,786)
Profit for the period attributable to owners of the Company		<u>82,919</u>	<u>78,988</u>
Earnings per share		<i>HK cents</i>	<i>HK cents</i>
– Basic and diluted	16	<u>8.44</u>	<u>8.04</u>

The notes on pages 14 to 30 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30th June 2022*

	Unaudited	
	Six months ended	
	30th June	30th June
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	82,919	78,988
Other comprehensive (loss)/income		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Revaluation of property, plant and equipment upon reclassification to investment property	–	11,030
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	(128,076)	24,585
Other comprehensive (loss)/income for the period	(128,076)	35,615
Total comprehensive (loss)/income for the period attributable to owners of the Company	(45,157)	114,603

The notes on pages 14 to 30 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY*For the six months ended 30th June 2022*

	Unaudited			Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	
Balance at 1st January 2021	1,101,358	448,778	2,870,102	4,420,238
Profit for the period	–	–	78,988	78,988
Other comprehensive income	–	35,615	–	35,615
Total comprehensive income for the period	–	35,615	78,988	114,603
Transactions with owners of the Company				
Dividend relating to 2020	–	–	(63,838)	(63,838)
Total transactions with owners of the Company	–	–	(63,838)	(63,838)
Balance at 30th June 2021	<u>1,101,358</u>	<u>484,393</u>	<u>2,885,252</u>	<u>4,471,003</u>
Balance at 1st January 2022	1,101,358	535,360	2,988,022	4,624,740
Profit for the period	–	–	82,919	82,919
Other comprehensive loss	–	(128,076)	–	(128,076)
Total comprehensive loss for the period	–	(128,076)	82,919	(45,157)
Transactions with owners of the Company				
Dividend relating to 2021	–	–	(68,748)	(68,748)
Total transactions with owners of the Company	–	–	(68,748)	(68,748)
Balance at 30th June 2022	<u>1,101,358</u>	<u>407,284</u>	<u>3,002,193</u>	<u>4,510,835</u>

The notes on pages 14 to 30 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT*For the six months ended 30th June 2022*

		Unaudited	
		Six months ended	
		30th June	30th June
		2022	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities			
Cash generated from operations		61,544	203,570
Interest paid		(626)	(462)
Income tax paid		(22,105)	(30,882)
		<u>38,813</u>	<u>172,226</u>
		-----	-----
Cash flows from investing activities			
Additions to investment properties	6	(3,258)	(2,619)
Purchases of property, plant and equipment	6	(3,560)	(8,236)
Proceeds from disposals of property, plant and equipment		37	148
Increase in restricted cash		(676)	(97,894)
Decrease/(increase) in bank deposits with maturity over 3 months		64,671	(59,658)
Interest received		10,233	10,699
		<u>67,447</u>	<u>(157,560)</u>
		-----	-----
Cash flows from financing activities			
Principal elements of lease payments		(6,773)	(6,818)
Dividends paid to owners of the Company		(68,748)	(63,838)
		<u>(75,521)</u>	<u>(70,656)</u>
		-----	-----
Net increase/(decrease) in cash and cash equivalents		30,739	(55,990)
Cash and cash equivalents at 1st January		454,342	492,715
Effect of foreign exchange rate changes		(19,534)	5,938
Cash and cash equivalents at 30th June		<u>465,547</u>	<u>442,663</u>
		=====	=====

The notes on pages 14 to 30 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. *General information*

Goldlion Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) distribute and manufacture garments, leather goods and accessories, license the brand name, and hold and develop properties for investment and development purposes.

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, New Territories, Hong Kong.

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

This condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 17th August 2022.

This condensed consolidated interim financial information has not been audited.

The financial information relating to the year ended 31st December 2021 that is included in the condensed consolidated interim financial information for the six months ended 30th June 2022 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

2. *Basis of preparation and accounting policies*

This condensed consolidated interim financial information for the six months ended 30th June 2022 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2021, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies applied by the Group are consistent with those of the annual financial statements for the year ended 31st December 2021, except for the adoption of amended standard as set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Amended standard adopted by the Group

The Group has adopted HKFRS 16 (Amendment) “COVID-19-related rent concessions beyond 30th June 2021” (effective for annual periods beginning on or after 1st April 2021). The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 to cover lease payments related rent concessions that are originally due on or before 30th June 2022, provided the other conditions for applying the practical expedient are met.

All of the COVID-19 related rent concessions amounted to HK\$897,000 (six months ended 30th June 2021: nil) have been credited to the condensed consolidated income statement within “selling and marketing costs”.

(b) Amended standards effective in 2022 but not relevant to the Group

HKAS 16 (Amendment)	Property, plant and equipment: Proceeds before intended use
HKAS 37 (Amendment)	Onerous contracts – Cost of fulfilling a contract
HKFRS 3 (Amendment)	Reference to the conceptual framework
HKFRSs (Amendments)	Annual improvements 2018-2020 cycle
Accounting Guideline 5 (Amendment)	Merger accounting for common control combinations

The above amended standards did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

2. Basis of preparation and accounting policies (continued)

- (c) The following new standard, new interpretation and amended standards have been issued but are not effective for the financial year beginning on 1st January 2022 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Classification of liabilities as current or non-current	1st January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of accounting policies	1st January 2023
HKAS 8 (Amendment)	Definition of accounting estimates	1st January 2023
HKAS 12 (Amendment)	Deferred tax related to assets and liabilities arising from a single transaction	1st January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established
HKFRS 17	Insurance contracts	1st January 2023
HK (IFRIC) – Int 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause	1st January 2023

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

3. Financial risk management

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 condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st December 2021.

There have been no changes in risk management policies since year end.

4. Critical accounting estimates and judgements

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st December 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

5. Operating segments

	Six months ended	
	30th June 2022	30th June 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue recognized under HKFRS 15		
Sales of goods	467,901	452,224
Building management fees	20,548	19,722
Licensing income	48,045	45,558
	<u>536,494</u>	<u>517,504</u>
Revenue recognized under other accounting standard		
Rental income from investment properties	78,995	72,155
	<u>615,489</u>	<u>589,659</u>
Timing of revenue recognition under HKFRS 15		
At a point in time	467,901	452,224
Over time	68,593	65,280
	<u>536,494</u>	<u>517,504</u>

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.

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 of each of the Group's reportable segments:

- (1) 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;
- (2) Apparel in Singapore – Distribution of garments, leather goods and accessories in Singapore;
- (3) Property investment and development – Investment in and development of properties in China Mainland, Hong Kong SAR and Singapore.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***5. Operating segments (continued)**

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

	Six months ended 30th June 2022				
	Apparel in China Mainland and Hong Kong SAR	Apparel in Singapore	Property investment and development	Eliminations	Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	499,996	15,950	99,543	–	615,489
Inter-segment sales	407	–	3,231	(3,638)	–
	500,403	15,950	102,774	(3,638)	615,489
Segment results	75,337	1,859	38,767		115,963
Unallocated costs					(23,517)
Profit before income tax					92,446
Income tax expense					(9,527)
Profit for the period					82,919

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

5. Operating segments (continued)

	Six months ended 30th June 2021				
	Apparel in China Mainland and Hong Kong SAR HK\$'000	Apparel in Singapore HK\$'000	Property investment and development HK\$'000	Eliminations HK\$'000	Group HK\$'000
Turnover	481,674	16,108	91,877	–	589,659
Inter-segment sales	345	–	4,654	(4,999)	–
	<u>482,019</u>	<u>16,108</u>	<u>96,531</u>	<u>(4,999)</u>	<u>589,659</u>
Segment results	<u>91,332</u>	<u>3,609</u>	<u>20,293</u>		115,234
Unallocated costs					<u>(24,460)</u>
Profit before income tax					90,774
Income tax expense					<u>(11,786)</u>
Profit for the period					<u><u>78,988</u></u>

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

6. Capital expenditure

	Property, plant and equipment	Investment properties	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Opening net book amount as at 1st January 2021	142,299	2,950,107	3,092,406
Additions	8,236	2,619	10,855
Disposals	(32)	–	(32)
Transfer	(4,050)	15,080	11,030
Depreciation (<i>note 13</i>)	(10,059)	–	(10,059)
Impairment charges (<i>note 13</i>)	(25)	–	(25)
Fair value losses (<i>note 12</i>)	–	(25,347)	(25,347)
Exchange differences	423	15,125	15,548
	<u>136,792</u>	<u>2,957,584</u>	<u>3,094,376</u>
Closing net book amount as at 30th June 2021	<u>136,792</u>	<u>2,957,584</u>	<u>3,094,376</u>
Opening net book amount as at 1st January 2022	121,642	2,994,394	3,116,036
Additions	3,560	3,258	6,818
Disposals	(110)	–	(110)
Transfer	42,583	(54,440)	(11,857)
Depreciation (<i>note 13</i>)	(10,132)	–	(10,132)
Fair value losses (<i>note 12</i>)	–	(17,244)	(17,244)
Exchange differences	(1,971)	(73,951)	(75,922)
	<u>155,572</u>	<u>2,852,017</u>	<u>3,007,589</u>
Closing net book amount as at 30th June 2022	<u>155,572</u>	<u>2,852,017</u>	<u>3,007,589</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***7. Property under development held for sale**

The Group's interests in property under development held for sale are analyzed as follows:

	As at 30th June 2022	As at 31st December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Land use rights	109,261	114,934
Development costs	704,821	600,873
	<u>814,082</u>	<u>715,807</u>

The property under development held for sale is located in Meixian Area, China Mainland. Under the Land Use Rights Grant Contract entered between the Meixian Bureau of Land and the Group on 24th January 2014, the delay in commencing and completion of construction works of the project after 18th June 2014 and 24th January 2017 respectively may be subject to a penalty. After taking into account of an independent legal advice, the Directors are of the view that the imposition of a penalty by the relevant authority is remote.

The amount of property under development held for sale expected to be completed and realized within the Group's normal operating cycle in the next one to four years is HK\$814,082,000 (31st December 2021: HK\$715,807,000).

The Group's capital commitments in respect of property under development held for sale are disclosed in note 17(b) below.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***8. Trade receivables**

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

	As at 30th June 2022	As at 31st December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
1–30 days	45,566	91,438
31–90 days	7,247	7,227
Over 90 days	6,433	3,320
Trade receivables	59,246	101,985
Less: provision for impairment of trade receivables	(2,656)	(1,420)
Trade receivables – net	<u>56,590</u>	<u>100,565</u>

9. Prepayments, deposits and other receivables

	As at 30th June 2022	As at 31st December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchase deposits	12,679	3,823
Prepayments	44,324	60,472
General deposits	11,989	10,497
Interest receivable	10,907	10,625
VAT recoverable	7,875	36,025
Others	5,823	5,003
Total of prepayments, deposits and other receivables	<u>93,597</u>	<u>126,445</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

10. Share capital

	2022		2021	
	Number of shares (thousands)	Share capital HK\$'000	Number of shares (thousands)	Share capital HK\$'000
Ordinary shares, issued and fully paid: At 1st January and 30th June	982,114	1,101,358	982,114	1,101,358

11. Trade payables

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

	As at 30th June 2022 HK\$'000	As at 31st December 2021 HK\$'000
1–30 days	20,462	38,892
31–90 days	3,828	8,584
Over 90 days	2,539	1,118
	<u>26,829</u>	<u>48,594</u>

12. Other losses

	Six months ended 30th June 2022 HK\$'000	30th June 2021 HK\$'000
Fair value losses on investment properties (note 6)	<u>17,244</u>	<u>25,347</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

13. Expenses by nature

	Six months ended	
	30th June 2022	30th June 2021
	HK\$'000	HK\$'000
Cost of inventories sold	217,149	203,557
Provision/(reversal of provision) for impairment of inventories	11,205	(18,383)
Direct operating expenses arising from investment properties that generated rental income	19,309	19,851
Expenses relating to short-term leases and variable lease payments (note)	40,478	43,077
Depreciation of property, plant and equipment (note 6)	10,132	10,059
Depreciation of right-of-use assets	8,237	6,348
Impairment of property, plant and equipment (note 6)	–	25
Impairment of right-of-use assets	–	336
Provision/(reversal of provision) for impairment of trade receivables, net	1,256	(229)
Staff costs including directors' emoluments	107,559	111,454
Advertising and promotion expenses	35,621	43,545
Other expenses	64,743	63,527
	<u>515,689</u>	<u>483,167</u>
Representing:		
Cost of sales	248,550	205,636
Selling and marketing costs	189,233	201,829
Administrative expenses	77,906	75,702
	<u>515,689</u>	<u>483,167</u>

Note:

Rent concessions related to COVID-19 of HK\$897,000 (six months ended 30th June 2021: nil) have been credited in profit or loss and included in selling and marketing costs during the six months ended 30th June 2022.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***14. Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the period.

Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the period at the rate of 25% (2021: 25%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	Six months ended	
	30th June 2022	30th June 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
– Hong Kong	55	–
– PRC enterprise income tax	20,345	17,169
Deferred income tax	(10,873)	(5,383)
	<hr/>	<hr/>
Total income tax expense	<u>9,527</u>	<u>11,786</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***15. Dividend**

	Six months ended	
	30th June 2022	30th June 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend of 3.5 HK cents (2021: 4.0 HK cents) per ordinary share	<u>34,374</u>	<u>39,285</u>

The final dividend for the year ended 31st December 2021 of 7.0 HK cents (2020 final: 6.5 HK cents) per ordinary share, totalling HK\$68,748,000 was paid in June 2022 (2020 final: HK\$63,838,000).

At a meeting held on 17th August 2022, the Directors declared an interim dividend of 3.5 HK cents per share. This interim dividend has not been reflected as a dividend payable in the condensed consolidated interim financial information but will be reflected as an appropriation of retained earnings for the year ending 31st December 2022.

16. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the Company of HK\$82,919,000 (six months ended 30th June 2021: HK\$78,988,000) and the number of ordinary shares in issue of 982,114,035 (six months ended 30th June 2021: 982,114,035) during the period.

Diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares in issue during the six months ended 30th June 2022 and 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

17. Commitments

(a) Capital commitments

	As at 30th June 2022	As at 31st December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment Contracted but not provided for	4,215	3,913
Investment properties Contracted but not provided for	1,467	–

(b) Commitments for property development expenditure and land use rights

	As at 30th June 2022	As at 31st December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for	219,887	308,370
Authorized but not contracted for	555,000	215,000
	774,887	523,370

(c) Future aggregate minimum lease payments receivable under non-cancellable leases

	As at 30th June 2022	As at 31st December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental receivables		
– not later than one year	151,316	146,958
– later than one year and not later than five years	173,418	208,848
– later than five years	14,972	19,334
	339,706	375,140

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION*(continued)***18. Guarantees of mortgage facilities**

	As at 30th June 2022	As at 31st December 2021
	HK\$'000	HK\$'000
Guarantees in respect of mortgage facilities for certain property buyers	<u>93,062</u>	<u>78,995</u>

These represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain buyers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The above guarantees are to be discharged upon the earlier of (i) issue of the real estate ownership certificates; and (ii) the satisfaction of mortgaged loans by the property buyers.

The Directors of the Company consider that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the guarantees.

19. Related party transactions

The Directors considered the immediate parent company and the ultimate parent company to be Top Grade Holdings Limited and Hin Chi Family Management Limited, which are incorporated in the British Virgin Islands and Hong Kong respectively. Top Grade Holdings Limited was interested in 62.42% of the Company's issued shares. 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. The Company is ultimately controlled by the Tsang Family (comprising Madam Wong Lei Kuan, Mr. Tsang Chi Ming, Ricky and the other direct descendants of the late Dr. Tsang Hin Chi) which, together with 0.26% of the Company's issued shares held by Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky personally, and 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% of the issued shares are widely held.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

19. Related party transactions (continued)

The following transactions were carried out with related parties:

	Six months ended 30th June 2022	30th June 2021
	HK\$'000	HK\$'000
(a) Purchases of services		
Professional fees paid to a related company (note)	160	160

Note:

Equitas Capital Limited acted as financial advisor to the Group for which professional fees of HK\$160,000 (six months ended 30th June 2021: HK\$160,000) was paid by the Company during the period. 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) Period-end balances arising from purchases of services

	As at 30th June 2022	As at 30th June 2021
	HK\$'000	HK\$'000
Accruals		
– Equitas Capital Limited	160	160

(c) Key management compensation

Key management compensation amounted to HK\$12,427,000 for the six months ended 30th June 2022 (six months ended 30th June 2021: HK\$18,163,000).

SUPPLEMENTARY INFORMATION

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 3.5 HK cents per share (2021: 4.0 HK cents per share) for the year ending 31st December 2022, totalling HK\$34,374,000 (2021: HK\$39,285,000), which is expected to be payable on or about 21st September 2022 to shareholders whose names appear on the Register of Members as at 9th September 2022.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the proposed dividend, the Register of Members of the Company will be closed on 8th September 2022 and 9th September 2022 (two days), during which period no transfer of shares will be registered.

In order to qualify for the above-mentioned interim dividend, all transfers accompanied by the relevant share certificates must be lodged by 4:30 p.m. on Wednesday, 7th September 2022 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

SHARE OPTIONS

At the Annual General Meeting of the Company held on 23rd May 2014, the shareholders approved the adoption of a new share option scheme (the "New Option Scheme"). The New Option Scheme is designed to enable the Group to reward and motivate executives and key employees in service of the Group and other persons who may make a contribution to the Group.

During the six months ended 30th June 2022, no options had been granted or remained outstanding under the New Option Scheme or any other share option scheme of the Company.

SUPPLEMENTARY INFORMATION (continued)**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION**

At 30th June 2022, 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 to be kept 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:

Ordinary shares of the Company at 30th June 2022

Directors		Number of shares held			Percentage to total issued share capital
		Personal interests	Other interests (note)	Total	
Tsang Chi Ming, Ricky	Long positions	1,404,000	613,034,750	614,438,750	62.56%
	Short positions	–	–	–	–
Wong Lei Kuan	Long positions	1,210,000	613,034,750	614,244,750	62.54%
	Short positions	–	–	–	–

Note: The shareholdings disclosed by 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.

Other than those interests and short positions disclosed above, (a) 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; (b) 500,000 non-voting deferred shares of Goldlion (Far East) Limited (which ordinary shares are wholly owned by the Group) were held as to 1 share by Mr. Tsang Chi Ming, Ricky, 49,999 shares by Madam Wong Lei Kuan and 450,000 shares by Hin Chi Family Management Limited (as trustee of The Tsang Hin Chi (2007) Family Settlement). Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan are discretionary beneficiaries of the said trust and both of them are deemed to be interested in such 450,000 shares held by Hin Chi Family Management Limited. Non-voting deferred shares of Goldlion (Far East) Limited do not entitle the holders to receive notice of or to attend vote at its general meeting, and to participate in the distribution of its profit.

Save as disclosed above, as at 30th June 2022, 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, its specified undertakings and its other 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.

SUPPLEMENTARY INFORMATION (continued)**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION** (continued)

Save as disclosed above, at no time during the six months ended 30th June 2022 was the Company, its subsidiaries or its other associated corporations a party to any arrangements to enable the Directors and the Chief Executive of the Company (including their spouses and children under the age of 18) to acquire benefits by means of the acquisition of shares or underlying shares in or debentures of the Company or its specified underlying or other associated corporation.

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

The register of substantial shareholders maintained under section 336 of Part XV of the SFO shows that as at 30th June 2022, 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. These interests are in addition to those disclosed above in respect of the Directors and the Chief Executive.

Name of holder of securities	Type of securities		Number of shares held	Percentage to total issued share capital
Hin Chi Family Management Limited (Note 1)	Ordinary shares	Long positions	613,034,750	62.42%
		Short positions	–	–
Top Grade Holdings Limited (Note 1)	Ordinary shares	Long positions	613,034,750	62.42%
		Short positions	–	–
Silver Disk Limited (Note 1)	Ordinary shares	Long positions	160,616,000	16.35%
		Short positions	–	–
Tsang Hin Chi Charities (Management) Limited (Note 2)	Ordinary shares	Long positions	53,880,750	5.49%
		Short positions	–	–
FMR LLC	Ordinary shares	Long positions	63,061,331	6.42%
		Short positions	–	–

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.
- Tsang Hin Chi Charities (Management) Limited as trustee of The Tsang Hin Chi Charitable Foundation (a charitable trust granted tax exemption under section 88 of the Inland Revenue Ordinance, which is jointly controlled by Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan) held 53,880,750 shares in the Company.

SUPPLEMENTARY INFORMATION *(continued)*

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules on the Stock Exchange for the six months ended 30th June 2022. In respect of Code Provision C.2.1, the positions of the Chairman of the Board and the Chief Executive Officer are held by the same individual, namely, Mr. Tsang Chi Ming, Ricky. The Board believes that holding the positions of both Chairman and Chief Executive Officer by Mr. Tsang Chi Ming, Ricky provides the Group with more effective planning and execution of long-term business strategies and enhances efficiency in decision-making. The Board also believes that an effective corporate governance structure of the Group has been in place to ensure an appropriate monitoring of Management.

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. During the six months ended 30th June 2022, all the Directors have complied with the relevant requirements under the Model Code regarding their dealing in the securities of the Company.

AUDIT COMMITTEE

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

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the Group's unaudited interim financial information for the six months ended 30th June 2022. At the request of the Board of Directors, the Company's external auditor, PricewaterhouseCoopers, has carried out a review of this unaudited interim financial information in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

BOARD OF DIRECTORS

As at the date of this report, the directors of the Company comprise Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan as executive Directors; Mr. Ng Ming Wah, Charles as a non-executive Director; and Dr. Lau Yue Sun, Mr. Li Ka Fai, David and Mr. Ngan On Tak as independent non-executive Directors.



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