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**金利來**  
**GOLDLION HOLDINGS LIMITED**  
**金利來集團有限公司**

(Incorporated in Hong Kong under the Hong Kong Companies Ordinance)  
 (Stock code: 533)

**ANNOUNCEMENT OF FINAL RESULTS  
 FOR THE YEAR ENDED 31ST DECEMBER 2016**

**RESULTS**

The Board of Directors is pleased to announce the consolidated results of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December 2016 together with the comparative figures for the previous year as follows:

**Consolidated Income Statement  
 For the year ended 31st December 2016**

	Note	2016 HK\$'000	2015 HK\$'000
Turnover	2	1,472,264	1,509,640
Cost of sales	4	(608,908)	(604,116)
Gross profit		863,356	905,524
Other gains	3	171,342	169,135
Selling and marketing costs	4	(405,976)	(400,068)
Administrative expenses	4	(176,597)	(217,657)
Operating profit		452,125	456,934
Interest income		24,599	35,439
Profit before income tax		476,724	492,373
Income tax expense	5	(87,880)	(90,501)
Profit for the year attributable to owners of the Company		388,844	401,872
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share for profit attributable to owners of the Company during the year			
- Basic and diluted	6	39.59	40.92

**Consolidated Statement of Comprehensive Income**  
**For the year ended 31st December 2016**

	<b>2016</b> HK\$'000	<b>2015</b> HK\$'000
Profit for the year	388,844	401,872
Other comprehensive income		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Revaluation of investment property upon reclassification from land use rights, and property, plant and equipment	-	1,939
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	(115,984)	(133,959)
Other comprehensive income for the year	(115,984)	(132,020)
Total comprehensive income for the year attributable to owners of the Company	272,860	269,852

**Consolidated Balance Sheet  
As at 31st December 2016**

	Note	31.12.2016 HK\$'000	31.12.2015 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land use rights		42,549	30,894
Property, plant and equipment		165,745	184,110
Investment properties		2,484,052	2,395,188
Available-for-sale financial assets		5,600	-
Deferred income tax assets		56,136	60,659
		<u>2,754,082</u>	<u>2,670,851</u>
<b>Current assets</b>			
Property under development held for sale		122,982	127,155
Inventories		211,537	200,890
Trade receivables	8	72,574	82,491
Prepayments, deposits and other receivables		44,324	48,804
Tax recoverable		256	1,020
Bank deposits		970,502	974,930
Cash and cash equivalents		231,721	236,741
		<u>1,653,896</u>	<u>1,672,031</u>
<b>Total assets</b>		<b><u>4,407,978</u></b>	<b><u>4,342,882</u></b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		1,101,358	1,101,358
Other reserves		2,588,770	2,517,243
<b>Total equity</b>		<u>3,690,128</u>	<u>3,618,601</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other payables and accruals		5,235	165
Deferred income tax liabilities		372,196	360,300
		<u>377,431</u>	<u>360,465</u>
<b>Current liabilities</b>			
Trade payables	9	33,124	23,954
Other payables and accruals		289,678	325,435
Current income tax liabilities		17,617	14,427
		<u>340,419</u>	<u>363,816</u>
<b>Total liabilities</b>		<u>717,850</u>	<u>724,281</u>
<b>Total equity and liabilities</b>		<b><u>4,407,978</u></b>	<b><u>4,342,882</u></b>

Notes:

## 1. Principal accounting policies

The consolidated financial statements have been prepared in accordance with all applicable 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 available-for-sale financial assets.

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 financial information relating to the years ended 31st December 2016 and 2015 included in this preliminary announcement of annual results of 2016 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31st December 2016 in due course.

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

### (a) Amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1st January 2016:

Amendment to HKAS 1, “Disclosure initiative”. This amendment clarifies guidance in HKAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to HKAS 16 and HKAS 38, “Clarification of acceptable methods of depreciation and amortization”. These amendments clarify depreciation of an item of property, plant and equipment and amortization of an intangible asset based on revenue generated by using the asset is inappropriate.

Amendments from annual improvements to HKFRSs – 2014 Cycle, on HKFRS 5, “Non-current assets held for sale and discontinued operations”, HKFRS 7, “Financial instruments: Disclosures”, HKAS 19, “Employee benefits” and HKAS 34, “Interim financial reporting”.

- (b) The following new and amended standards have been published and are mandatory for the Group’s accounting periods beginning on or after 1st January 2016, but are not currently relevant to the Group

HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer plants
HKAS 27 (Amendment)	Equity method in separate financial statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the consolidation exemption
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferral accounts

- (c) The following new and amended standards have been issued but are not effective for the financial year beginning 1st January 2016 and have not been early adopted

		Effective for accounting periods beginning on or after
HKAS 7 (Amendment)	Statement of cash flows	1st January 2017
HKAS 12 (Amendment)	Recognition of deferred tax assets for unrealized losses	1st January 2017
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1st January 2018
HKFRS 9	Financial instruments	1st January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established by HKICPA
HKFRS 15	Revenue from contracts with customers	1st January 2018
HKFRS 16	Leases	1st January 2019

## 2. Turnover and segment information

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

	<b>2016</b> HK\$'000	<b>2015</b> HK\$'000
Sales of goods	1,182,762	1,217,166
Gross rental income from investment properties	151,672	156,673
Building management fees	38,144	41,707
Licensing income	99,686	94,094
	<u>1,472,264</u>	<u>1,509,640</u>

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

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

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

	<b>2016</b> <b>Segment</b> <b>turnover</b> HK\$'000	<b>2015</b> <b>Segment</b> <b>turnover</b> HK\$'000	<b>2016</b> <b>Segment</b> <b>results</b> HK\$'000	<b>2015</b> <b>Segment</b> <b>results</b> HK\$'000
Operating segments				
Apparel - China Mainland and Hong Kong SAR	1,204,973	1,200,770	260,690	278,583
Apparel - Singapore and Malaysia	77,475	110,490	(26,023)	(5,417)
Property investment and development	196,891	206,076	292,108	297,209
Inter-segment sales	(7,075)	(7,696)	-	-
	<u>1,472,264</u>	<u>1,509,640</u>	<u>526,775</u>	<u>570,375</u>
Unallocated costs			(50,051)	(78,002)
Profit before income tax			476,724	492,373
Income tax expense			(87,880)	(90,501)
Profit for the year			<u>388,844</u>	<u>401,872</u>

### 3. Other gains

	<b>2016</b>	<b>2015</b>
	HK\$'000	HK\$'000
Fair value gains on investment properties	171,342	169,135

### 4. Expenses by nature

	<b>2016</b>	<b>2015</b>
	HK\$'000	HK\$'000
Cost of inventories sold	548,698	581,879
Provision for/(reversal of) impairment of inventories	19,814	(23,862)
Direct operating expenses arising from investment properties that generated rental income	38,639	43,921
Operating lease rentals - land and buildings	92,543	101,021
Amortization of land use rights	2,083	1,960
Depreciation of property, plant and equipment	23,106	25,393
Impairment of property, plant and equipment	2,945	-
Staff costs including directors' emoluments	214,708	225,981
Auditors' remuneration - audit services	3,757	3,642
Advertising and promotion expenses	116,209	116,940
Provision for onerous contract	8,769	-
Net exchange loss	7,231	28,416
Other expenses	112,979	116,550
	<u>1,191,481</u>	<u>1,221,841</u>
Representing:		
Cost of sales	608,908	604,116
Selling and marketing costs	405,976	400,068
Administrative expenses	176,597	217,657
	<u>1,191,481</u>	<u>1,221,841</u>

## 5. Income tax expense

	<b>2016</b> HK\$'000	<b>2015</b> HK\$'000
Hong Kong profits tax		
Current year	1,560	1,466
Over-provision in prior year	(27)	(88)
	<u>1,533</u>	<u>1,378</u>
Taxation outside Hong Kong		
Current year	53,614	71,552
Under-provision in prior years	21	230
	<u>53,635</u>	<u>71,782</u>
Deferred income tax	<u>32,712</u>	<u>17,341</u>
Total income tax expense	<u>87,880</u>	<u>90,501</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year. Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the year at the rate of 25% (2015: 25%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

## 6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK\$388,844,000 (2015: HK\$401,872,000) and the number of ordinary shares in issue of 982,114,035 (2015: 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 2016 and 2015.

## 7. Dividends

	<b>2016</b> HK\$'000	<b>2015</b> HK\$'000
2015 interim dividend, paid, of 7.0 HK cents per ordinary share	-	68,748
2015 final dividend, paid, of 14.0 HK cents per ordinary share	-	137,496
2016 interim dividend, paid, of 6.5 HK cents per ordinary share	63,837	-
2016 final dividend, proposed, of 13.0 HK cents per ordinary share	127,675	-
	<u>191,512</u>	<u>206,244</u>

## 8. Trade receivables

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

	<b>As at 31.12.2016</b> HK\$'000	<b>As at 31.12.2015</b> HK\$'000
1-30 days	63,534	60,564
31-90 days	5,539	12,371
Over 90 days	3,501	9,556
	<u>72,574</u>	<u>82,491</u>

## 9. Trade payables

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

	<b>As at 31.12.2016</b> HK\$'000	<b>As at 31.12.2015</b> HK\$'000
1-30 days	25,230	18,882
31-90 days	6,111	3,739
Over 90 days	1,783	1,333
	<u>33,124</u>	<u>23,954</u>

## FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 13.0 HK cents per share (2015: 14.0 HK cents per share) for the year ended 31st December 2016, totalling HK\$127,675,000 (2015: HK\$137,496,000). Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on or about 6th June 2017 to shareholders whose names appear on the Register of Members as at 26th May 2017.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **OPERATING RESULTS**

#### **Turnover and gross profit**

During the year under review, the Group recorded a total turnover of HK\$1,472,264,000, representing a year-on-year drop of 2%. The decrease was mainly related to the devaluation of the Renminbi (“RMB”) during the year and the weak performance of our Singapore apparel operation.

Gross profit for the year was HK\$863,356,000, representing a decrease by 5% from HK\$905,524,000 of last year. Overall gross profit margin was 58.6%, down by about 1.4 percentage points from 60% of last year. Gross profit margin for our apparel business in China Mainland was 51.8%, representing a drop of 2.8 percentage points. This was mainly due to the provision for impairment of inventories in China of HK\$18,031,000 for the year against a reversal of impairment of HK\$27,420,000 in last year. If the above impact was excluded, the gross profit margin for the Mainland operation would be 1.3 percentage points higher which was mainly due to less discounted sales during the year.

#### **Operating expenses and operating profit**

Selling and marketing costs for the year increased slightly by 1% to HK\$405,976,000. Despite the RMB devaluation for about 5% comparing with last year, the costs have not decreased significantly. This was due to the sales growth of our e-commerce operation in China which caused the increases in relevant commission expenses. Besides, a provision for onerous contract of HK\$8,769,000 was made for certain loss-making shops in Singapore. Percentage of selling and marketing costs to the overall turnover for the year was 27.6%, slightly higher than 26.5% of last year.

Administrative expenses of the Group during the year were HK\$176,597,000, decreased by 18.9% from HK\$217,657,000 of last year. Apart from the decrease in the relevant expenses in China resulted from the RMB devaluation during the year, the drop was also due to the decrease in exchange loss for the year of HK\$21,185,000.

During the year, the Group recorded fair value gains on investment properties of HK\$171,342,000, compared with HK\$169,135,000 of last year.

Operating profit for the year amounted to HK\$452,125,000 which marked a decrease of 1% from HK\$456,934,000 of last year. The operating profit margin was approximately 30.7% which was broadly comparable to 30.3% of last year.

#### **Profit attributable to owners of the Company**

Profit attributable to owners of the Company for the year was HK\$388,844,000, decreased by 3% from HK\$401,872,000 of last year. Profit for the year would be HK\$238,021,000 if fair value gains after tax on investment properties of HK\$150,823,000 were excluded. Such profit marked a decrease of 4% from HK\$247,212,000 of last year if the fair value gains after tax on investment properties of HK\$154,660,000 were excluded. The profit would mark a decrease of 11% if effects on exchange loss for the year of HK\$7,231,000 (HK\$28,416,000 for last year) were also excluded.

## **BUSINESS REVIEW**

### **Apparel Business**

#### *China Mainland and Hong Kong SAR Markets*

The year under review saw an economic slowdown, decrease in GDP growth, a devalued RMB and persistently damp consumer sentiment in China Mainland, dealing a blow to especially the apparel business.

In China Mainland, the Group has continued to conduct its apparel operation primarily through wholesaling to distributors in various cities and provinces, through self-operated retail shops (including factory outlets) located mainly in Guangzhou, Shanghai, Beijing and Chongqing, as well as through e-commerce. For the year as a whole, overall turnover amounted to HK\$1,105,287,000, which is comparable with that of last year. In terms of RMB and hence excluding the implication of devaluation, there was in fact an increase of approximately 5%, which is largely attributable to e-commerce operation.

Regarding our wholesaling operation, with business conditions remaining to be difficult in the generally slow menswear market, the Group's distributors tended to be conservative when placing orders on our 2016 products. Coupled with a higher inventory return and exchange ratio beginning with our 2016 fall and winter collections, this resulted in a decrease of about 11% in RMB in sales to our distributors.

As for self-operated retail shops, 15 in Chongqing were taken over from our local distributor for self-operation in May last year, 6 in Shanghai were closed successively since the middle of last year whereas 4 in Wuhan were transferred to our local distributor in August this year. All in all, sales of self-operated retail shops (excluding factory outlets) registered an annual decrease of approximately 3% in RMB. In terms of comparable store sales, Guangzhou was comparable with last year, Shanghai rose by about 6% due to the rationalization of shop portfolio while Beijing dropped by about 3%.

Owing to smaller discounts and a higher proportion of special selected items on offer, sales of our factory outlets achieved a year-on-year increase of approximately 5%. When compared with last year, its overall performance has improved due to the higher gross profit margin of special selected items and the greater operating efficiency.

At the end of the year, the Group had approximately 950 retail outlets (including factory outlets) in China, among which 96 were self-operated. The total number of retail outlets was about 70 less than that at the end of last year mainly owing to closure of some under-performing outlets. The Group will continue to review the performance of its outlets to ensure a cost-effective operation.

During the year under review, e-commerce remained to be the main driving force of the Group's sales growth. The Group's e-commerce operation was mainly for the clearance of off-season inventories in the past. As off-season inventories suitable for the business kept declining after years of clearance, the Group shifted its focus to the sales of special selected items during the year. The proportion of special selected items sold increased to approximately 85% for the year. The rapid growth of e-commerce in the China Mainland market and the relatively high salability of special selected items have brought about an increase of 111% in RMB in relevant sales during the year. The share of e-commerce in the Group's Mainland apparel sales also rose to about 19% accordingly.

Despite devaluation of the RMB, the Group's overall inventory balance at the end of the year was higher than last year. This was mainly because of the special selected items for factory outlets and e-commerce as well as the higher return and exchange ratio for wholesale distribution.

During the year, the Group continued to grant licenses for distribution of shoes, leather goods, undergarments, woollen sweaters and casual wear in the China Mainland market. Since the middle of last year, the Group has successively granted licenses for e-distribution of such products to those licensees as well. Inclusive of recognition of e-commerce turnover license fees, licensing income for the year registered a growth of approximately 6% over last year to HK\$99,686,000. In the second half of the year, the Group placed a strategic investment of RMB5,000,000 for a 10% shareholding in our leather goods licensees' company. Such investment has been classified as "available-for-sale financial assets" in the balance sheet.

### *Singapore and Malaysia Markets*

To enhance our brand image in the increasingly competitive menswear market in recent years, a series of operational adjustments were introduced to the Group's Singapore operation starting from the second half of last year. Apart from less discounted sales, several redefined shops specializing in more stylish products were opened to cater for a more elitist clientele. However, such measures were not well received by local customers during the year and led to the loss in sales. Sales performance was further seriously impacted by the weak retail market and declining purchasing power. For the year as a whole, overall sales of the Group's Singapore and Malaysia operation amounted to HK\$77,475,000, representing a decrease of approximately 30% when compared with last year.

Sales of comparable retail outlets decreased year-on-year by about 17% in local currency. At the end of the year, there were a total of 11 Goldlion shops and 22 counters in Singapore, or up by 1 shop when compared with that at the end of last year. Over in Malaysia, the number of counters was 19, or down by 2 when compared with that at the end of last year.

In response to the stagnant business, the Group has taken steps to restructure the local management team, readjust the business strategies, and stabilize the operation in second half of the year. Since it was too soon for the effects to be realized, an operating loss of HK\$26,023,000 was recorded for our Singapore and Malaysia operation for the year. Such loss included the onerous contract obligation for leases and impairment losses for decoration of some loss-making shops amounting to approximately HK\$8,769,000 (classified under selling and marketing costs) and HK\$2,945,000 (classified under administrative expenses) respectively. Last year's operating loss for the Singapore and Malaysia markets was HK\$5,417,000.

### **Property Investment and Development**

The Group's investment property portfolio had no significant changes since the end of last year and business has continued to remain stable during the year. Fair value gains on investment properties recognized by the Group after independent professional valuations amounted to HK\$171,342,000. These included the respective gains of HK\$61,692,000 and HK\$69,114,000 from our main investment properties, Goldlion Digital Network Centre in Guangzhou and Goldlion Holdings Centre in Hong Kong. Such growth mainly reflected the rental performance of these properties and overall property markets. The fair value gains for last year were HK\$169,135,000.

Rental income and building management fees for the year amounted to HK\$151,672,000 and HK\$38,144,000 respectively, representing a year-on-year decrease of around 4% in total. This was mainly attributable to the devaluation of the RMB and in turn lower income upon currency conversion. Furthermore, under China Mainland's new tax reform policy that came into effect in May, Business Tax (previously charged to expenses) has been replaced with Value Added Tax (deducted directly from income), resulting in a reduction in income. However, such a change has no significant impact on overall profit.

Leasing of Goldlion Digital Network Centre in Tianhe, Guangzhou, was stable and occupancy rate was maintained at around 93%, slightly lower than that of last year. The drop was mainly due to a gap between leases for some of the premises in the sluggish Chinese economy. The replacement of Business Tax by Value Added Tax was also a factor contributing to the year-on-year decrease of approximately 4% in rental income and building management fees in RMB.

In Shenyang, leasing of Goldlion Commercial Building continued to grow steadily with overall occupancy rate maintained at 100%. With a higher amount of turnover rental received from a major tenant having satisfactory business performance, rental income and building management fees in RMB for the year increased by approximately 6% over last year.

In Hong Kong, on account of higher rental terms under new leases, total rental income and building management fees of the Group's local properties increased year-on-year by approximately 5%. The growth was mainly attributable to the Group's Goldlion Holdings Centre in Shatin.

Regarding the piece of land with a site area of approximately 75,949 square meters in Meixian, Meizhou, the project is still at the initial planning phase owing to resettlement delays. Caution will be exercised when executing the development plan.

## **PROSPECTS**

In face of economic uncertainties worldwide, China Mainland's difficult and challenging business environment is expected to stay for some time to come. The worst, however, is probably behind us.

In anticipation of wholesaling stabilizing and to ensure sustained development, the Group is dedicated to providing better quality, faster moving and competitive products for the China Mainland market. The Group will continue to monitor performance of our distributors and provide appropriate assistance whenever necessary. However, the Group would not rule out the possibility of any takeover in case individual distributors are not performing up to par. Besides, at the Group's Mainland 2017 fall and winter collections sales fair held in early March, initial figures show that the order amount was in a single digit growth from the corresponding season last year, indicating stronger confidence among the distributors. The goods ordered will be delivered during the second half of the coming year.

Since there is not yet any obvious sign that the apparel market is picking up, the Group's business of self-operated retail shops and factory outlets is likely to remain stable in the coming year. Benefitting from the continuous boom in online shopping, e-commerce sales are expected to continue achieving remarkable growth. Another promising source of growth in overall sales is China Mainland's huge demand for made-to-order corporate uniforms, a market that the Group is poised to tap.

In Singapore, the Group will continue to rationalize its business strategies and to streamline its management for greater operational cost-effectiveness. Furthermore, the Group is currently considering adjusting certain low-performing shops so as to cut losses.

As for property investment, rental adjustment for offices will probably remain under pressure. The Group will continue to enhance the leasing potential of the properties on hand for maintaining a steady growth in rental income.

Regarding the revitalization application of the Shatin Goldlion Holdings Centre in Hong Kong, the Group has recently accepted the basic terms of waiver for revitalization land use offered by the Lands Department in January 2017. Hence, all major governmental application procedures have basically been completed. The Group will proceed to plan in detail the scale and timetable of the project in light of general market conditions, the property's current leasing position and other relevant considerations.

Also in Hong Kong, the whole block of property at No. 3 Yuk Yat Street, To Kwa Wan, was previously leased to a local listed company under a long lease. However, the lease has been expired in January 2017. The Group had taken back the property and is scheduling for a renovation plan. As the property is expected to be available for lease after the completion of the renovation in the second half of the year, rental income in the first half of the year will be slightly affected.

As for the piece of land in Meizhou, the Group will commence works when appropriate based on the development plan.

## **FINANCIAL POSITION**

As at 31st December 2016, cash and bank balances held by the Group amounted to approximately HK\$1,202,223,000, which was HK\$9,448,000 lower than the balance at the end of last year, mainly due to the devaluation of RMB. During the year, the Group recorded a net cash inflow from operating activities of HK\$242,747,000 and received interest income of HK\$28,334,000. However, the Group also paid dividends of HK\$201,333,000, purchased fixed assets of HK\$28,354,000 and recorded decrease in cash and bank balances from foreign exchange rate changes of HK\$45,424,000. As at 31st December 2016, the Group did not have any bank loans or overdrafts.

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. These PRC subsidiaries paid dividends in RMB to the Hong Kong holding companies regularly which in turn placed them as bank deposits in Hong Kong. As at 31st December 2016, 58% and 40.6% of the Group's cash and bank balances were in RMB and Hong Kong dollar respectively, compared with those of 72.6% and 25.6% at the end of last year. During the year, the Group converted a major part of its RMB bank deposits kept in Hong Kong into Hong Kong dollar to reduce the exchange risk resulting from the fluctuation of RMB.

As at 31st December 2016, the Group's current assets and current liabilities were HK\$1,653,896,000 and HK\$340,419,000 respectively, with a current ratio at 4.9. Total current liabilities were 9.3% of the average capital and reserves attributable to owners of the Company of HK\$3,654,365,000.

As at 31st December 2016, the Group did not have any material contingent liabilities or capital commitments and had not charged any of the Group's assets.

## **HUMAN RESOURCES**

At 31st December 2016, the Group had approximately 1,850 employees. Staff costs including directors' emoluments of the year amounted to HK\$214,708,000. The Group ensures that employees' remuneration packages are competitive and are determined mainly on factors including job nature, market conditions, individual performance, qualification and experience. The Group also provides other benefits to its employees and training as and when required.

## **CLOSURE OF REGISTER OF MEMBERS**

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

- (a) For the purpose of determining shareholders' entitlement to attend and vote at the forthcoming annual general meeting to be held on 19th May 2017 (the "2017 AGM"), the Register of Members of the Company will be closed from 16th May 2017 to 19th May 2017 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2017 AGM, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Monday, 15th May 2017 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.
- (b) For the purpose of determining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed on 25th May 2017 and 26th May 2017 (two days), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend of the year, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Wednesday, 24th May 2017 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 year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

## **CORPORATE GOVERNANCE**

The Company has complied with the Code Provisions in 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") during the year.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. During the year, all the Directors have complied with the relevant requirements under the Model Code regarding their dealing in the securities of the Company.

## **AUDIT COMMITTEE**

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

## **REVIEW OF FINANCIAL STATEMENTS**

The Group's consolidated financial statements for the year ended 31st December 2016 have been reviewed by the Company's Audit Committee. Also, the figures in respect of this results announcement have been agreed by the Company's external auditors, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year ended 31st December 2016. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

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

This announcement is published on the website of the Company ([www.goldlion.com](http://www.goldlion.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The Company's 2016 annual report, containing all the information required by Appendix 16 of the Listing Rules, will be dispatched to shareholders and made available on the above websites in due course.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Directors of the Company comprise Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan as executive Directors; Mr. Ng Ming Wah, Charles as a non-executive Director; and Dr. Lau Yue Sun, Mr. Li Ka Fai, David and Mr. Nguyen, Van Tu Peter as independent non-executive Directors.

By order of the Board  
**Kam Yiu Kwok**  
Company Secretary

Hong Kong, 20th March 2017