Goldlion®
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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2017

RESULTS

The Board of Directors announces the unaudited condensed consolidated results of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 30th June 2017 as follows:

Condensed Consolidated Income Statement
For the six months ended 30th June 2017

		Unaudited Six months ended	
	Note	**30.6.2017**	**30.6.2016**
		HK$'000	HK$'000
Turnover	2	702,725	689,405
Cost of sales	4	(288,319)	(270,651)
Gross profit		414,406	418,754
Other gains	3	46,624	73,457
Selling and marketing costs	4	(203,121)	(168,403)
Administrative expenses	4	(82,693)	(88,032)
Operating profit		175,216	235,776
Interest income		9,136	13,515
Profit before income tax		184,352	249,291
Income tax expense	5	(36,500)	(47,053)
Profit for the period attributable to owners of the Company		147,852	202,238
Earnings per share		*HK cents*	*HK cents*
- Basic and diluted	6	15.05	20.59

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th June 2017

	Unaudited Six months ended 30.6.2017 HK$'000	**Unaudited Six months ended 30.6.2016** HK$'000
Profit for the period	147,852	202,238
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss		
Revaluation of investment property upon reclassification from land use rights, and property, plant and equipment	1,730	-
- deferred tax arising from revaluation thereof	(434)	-
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	40,158	(18,836)
Other comprehensive income for the period	41,454	(18,836)
Total comprehensive income for the period attributable to owners of the Company	189,306	183,402

Condensed Consolidated Balance Sheet
As at 30th June 2017

	Note	As at 30.6.2017 (Unaudited) HK$'000	As at 31.12.2016 (Audited) HK$'000
ASSETS			
Non-current assets			
Land use rights		44,346	42,549
Property, plant and equipment		175,094	165,745
Investment properties		2,546,740	2,484,052
Available-for-sale financial assets		5,700	5,600
Deferred income tax assets		61,529	56,136
		2,833,409	2,754,082
Current assets			
Property under development held for sale		126,676	122,982
Inventories		208,934	211,537
Trade receivables	8	62,371	72,574
Prepayments, deposits and other receivables		51,500	44,324
Tax recoverable		4,382	256
Bank deposits		983,189	970,502
Cash and cash equivalents		240,960	231,721
		1,678,012	1,653,896
Total assets		**4,511,421**	**4,407,978**
EQUITY			
Capital and reserve attributable to owners of the Company			
Share capital		1,101,358	1,101,358
Reserves		2,650,401	2,588,770
Total equity		3,751,759	3,690,128
LIABILITIES			
Non-current liabilities			
Other payables and accruals		1,901	5,235
Deferred income tax liabilities		389,785	372,196
		391,686	377,431
Current liabilities			
Trade payables	9	53,962	33,124
Other payables and accruals		298,313	289,678
Current income tax liabilities		15,701	17,617
		367,976	340,419
Total liabilities		759,662	717,850
Total equity and liabilities		**4,511,421**	**4,407,978**

Notes:

1. Principal accounting policies

This condensed consolidated interim financial information for the six months ended 30th June 2017 has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants, and applicable requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2016.

The financial information relating to the year ended 31st December 2016 that is included in this preliminary announcement of interim results for the six months ended 30th June 2017 as comparative information does not constitute the Company's statutory annual consolidated financial statements for the 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 2016 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 for the year ended 31st December 2016. The auditor's reports 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).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2016, as described in those annual financial statements.

(a) Amendments to standards effective in 2017 but not relevant to the Group

HKAS 7 (Amendment)	Statement of cash flows
HKAS 12 (Amendment)	Income taxes
HKFRS 12 (Amendment)	Disclosure of interest in other entities

(b) The following new standards, new interpretations and amendments to standards have been issued but are not effective for the financial year beginning on 1st January 2017 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 28 (Amendment)	Investments in associates and joint ventures	1st January 2018
HKAS 40 (Amendment)	Investment property	1st January 2018
HKFRS 1 (Amendment)	First time adoption of HKFRS	1st January 2018
HKFRS 2 (Amendment)	Share-based payment	1st January 2018
HKFRS 4 (Amendment)	Insurance contracts	1st January 2018

1. Principal accounting policies *(continued)*

(b) The following new standards, new interpretations and amendments to standards have been issued but are not effective for the financial year beginning on 1st January 2017 and have not been early adopted by the Group: *(continued)*

		Effective for accounting periods beginning on or after
HKFRS 9	Financial instruments	1st January 2018(i)
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established
HKFRS 15	Revenue from contracts with customers	1st January 2018(ii)
HKFRS 16	Leases	1st January 2019(iii)
HK (IFRIC) 22	Foreign currency transactions and advance consideration	1st January 2018

Notes:

(i) HKFRS 9 ''Financial instruments''

HKFRS 9 "Financial instruments" addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1st January 2018.

The Group does not expect the new guidance to have significant impact on the classification and measurement of its financial assets as the Group does not have:

- Debt instrument that are classified as available-for-sale financial assets;
- Debt instrument classified as held-to-maturity and measured at amortized cost;
- Equity investment measured at fair value through profit or loss.

The new requirements affect the accounting for non-derivative financial liabilities that are designated at fair value through profit or loss. The changes in the fair value due to changes in the liability's own credit risk are recognized in other comprehensive income ("OCI"), unless such changes in fair value would create an accounting mismatch in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. The Group does not have financial liabilities subject to HKFRS 9 that are designated at fair value through profit or loss. The derecognition rules have been transferred from HKAS 39 "Financial instruments: Recognition and measurement" and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. The Group does not have any hedge instruments. Therefore, the Group does not expect any impact on the new hedge accounting rules.

1. Principal accounting policies *(continued)*

(b) The following new standards, new interpretations and amendments to standards have been issued but are not effective for the financial year beginning on 1st January 2017 and have not been early adopted by the Group: *(continued)*

Notes: *(continued)*

(i) HKFRS 9 ‘‘Financial instruments’’ *(continued)*

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 "Revenue from contracts with customers", lease receivables, loan commitments and certain financial guarantee contracts. The Group is still assessing the actual impact affected by the new model, it may result in an earlier recognition of credit losses for trade receivables. But according to the preliminary result, the financial impact is expected to be immaterial.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard. The Group does not intend to adopt HKFRS 9 before its mandatory date.

(ii) HKFRS 15 ‘‘Revenue from contracts with customers’’

This new standard replaces the previous revenue standards: HKAS 18 ‘‘Revenue’’ and HKAS 11 ‘‘Construction contracts’’, and the related interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize through a 5-step approach:

(1) Identify the contract(s) with customer;
(2) Identify separate performance obligations in a contract;
(3) Determine the transaction price;
(4) Allocate transaction price to performance obligations; and
(5) Recognize revenue when performance obligation is satisfied.

The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an ‘‘earnings processes’’ to an ‘‘asset liability’’ approach based on transfer of control. HKFRS 15 provides specific guidance on capitalization of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Meanwhile, there will be additional disclosure requirement under HKFRS 15 upon its adoption. HKFRS 15 is effective for annual periods beginning on or after 1st January 2018 and earlier application is permitted.

1. **Principal accounting policies *(continued)***

(b) The following new standards, new interpretations and amendments to standards have been issued but are not effective for the financial year beginning on 1st January 2017 and have not been early adopted by the Group: *(continued)*

Notes: *(continued)*

(iii) HKFRS 16 "Leases"

HKFRS 16 was issued in May 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of approximately HK$29,168,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1st January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

2. **Turnover and segment information**

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

	Six months ended	
	30.6.2017	**30.6.2016**
	HK$'000	HK$'000
Sales of goods	569,733	550,204
Gross rental income from investment properties	70,408	76,939
Building management income	17,787	19,509
Licensing income	44,797	42,753
	702,725	689,405

2. Turnover and segment information *(continued)*

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

	Six months ended		Six months ended	
	30.6.2017 Segment turnover HK$'000	**30.6.2016 Segment turnover** HK$'000	**30.6.2017 Segment results** HK$'000	**30.6.2016 Segment results** HK$'000
Operating segments				
Apparel in China Mainland and Hong Kong SAR	581,957	548,616	112,988	140,486
Apparel in Singapore and Malaysia	32,573	44,341	(9,159)	(5,083)
Property investment and development	92,112	100,083	105,393	135,186
Inter-segment sales	(3,917)	(3,635)	-	-
	702,725	689,405	209,222	270,589
Unallocated costs			(24,870)	(21,298)
Profit before income tax			184,352	249,291
Income tax expense			(36,500)	(47,053)
Profit for the period			147,852	202,238

3. Other gains

	Six months ended 30.6.2017 HK$'000	30.6.2016 HK$'000
Fair value gains on investment properties	46,624	73,457

4. Expenses by nature

	Six months ended 30.6.2017 HK$'000	30.6.2016 HK$'000
Cost of inventories sold	262,291	245,485
Provision for impairment for inventories	8,275	4,604
Direct operating expenses arising from investment properties that generated rental income	17,565	19,594
Amortization of land use rights	890	1,030
Depreciation of property, plant and equipment	10,278	12,011
Impairment of property, plant and equipment	55	85
Staff costs including directors' emoluments	107,652	111,029
Advertising and promotion expenses	63,392	32,761
Other expenses	103,735	100,487
	574,133	527,086
Representing:		
Cost of sales	288,319	270,651
Selling and marketing costs	203,121	168,403
Administrative expenses	82,693	88,032
	574,133	527,086

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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% (2016: 25%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	Six months ended	
	30.6.2017	**30.6.2016**
	HK$'000	HK$'000
Current tax		
- Hong Kong	740	960
- PRC enterprise income tax	29,531	25,481
- Overseas taxation	21	-
Deferred income tax	6,208	20,612
Total income tax expense	36,500	47,053

6. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the Company of HK$147,852,000 (six months ended 30th June 2016: HK$202,238,000) and the number of ordinary shares in issue of 982,114,035 (six months ended 30th June 2016: 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 2017 and 2016.

7. Dividend

	Six months ended	
	30.6.2017	**30.6.2016**
	HK$'000	HK$'000
Interim dividend of 6.0 HK cents (2016: 6.5 HK cents) per ordinary share	58,927	63,837

8. Trade receivables

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

	As at 30.6.2017 HK$'000	**As at 31.12.2016** HK$'000
1-30 days	49,294	63,534
31-90 days	7,639	5,539
Over 90 days	5,438	3,501
	62,371	72,574

9. Trade payables

Trade payables are aged as follows:

	As at 30.6.2017 HK$'000	**As at 31.12.2016** HK$'000
1-30 days	46,171	25,230
31-90 days	5,122	6,111
Over 90 days	2,669	1,783
	53,962	33,124

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 6.0 HK cents per share (2016: 6.5 HK cents per share) for the year ending 31st December 2017, totalling HK$58,927,000 (2016: HK$63,837,000), which is expected to be payable on or about 19th September 2017 to shareholders whose names appear on the Register of Members as at 8th September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover and gross profit

During the period under review, the Group recorded a turnover of HK$702,725,000, representing an increase of 2% over the same period last year. The increment was mainly attributable to the growth in sales of the e-commerce business in China Mainland whereas decline in turnover was recorded for other major business operations of the Group. This included a lower Mainland wholesaling turnover resulting from a larger amount of sales return arrangement granted to distributors during the period, sales performance of the Group's Singapore apparel operation being below expectation, and the shortage of rental income from the Group's investment property at 3 Yuk Yat Street, To Kwa Wan due to a major refurbishment of the property.

Gross profit for the period was HK$414,406,000, representing a decrease of about 1%, from HK$418,754,000 of the same period last year. The overall gross profit margin was 59%, lower than 60.7% of the same period last year for 1.7 percentage points. Gross profit margin for the apparel business in China Mainland was 53.2%, representing a drop of 1.4 percentage points. In addition to the increase in impairment provision for inventories of HK$2,794,000, this was also a result of the increasing imported fabric cost following the devaluation of Renminbi ("RMB").

Operating expenses and operating profit

Selling and marketing costs for the period were HK$203,121,000, increased by 21% from the same period last year. Despite the devaluation of RMB by about 3% over the same period last year, the advertising and promotional activities in China Mainland were launched earlier than last year. These included "The Men's World" campaign series, e-commerce related sales promotion and the enhancement of shop decoration and display. This resulted in a remarkable increase in the Group's advertising and promotion expenses by HK$30,631,000 comparing with the same period last year. Besides, the growth in sales of the e-commerce operations in China also resulted in the increases in relevant commission and related expenses. Percentage of selling and marketing costs to the overall turnover was 28.9%, increased by 4.5 percentage points from 24.4% of the same period last year.

Administrative expenses for the period were HK$82,693,000, decreased by 6% from HK$88,032,000 of the same period last year. Apart from the devaluation of RMB during the period, decrease in administrative expenses was also a result of the Group's stringent cost control measures during the period.

During the period, the Group recorded fair value gains on investment properties of HK$46,624,000, compared with HK$73,457,000 of the same period last year.

Operating profit for the period amounted to HK$175,216,000, compared with HK$235,776,000 of the same period last year, representing a decrease of 25.7%. The operating profit margin was approximately 24.9%, which was lower than the same period last year of 34.2%.

Profit attributable to owners of the Company

Due to above factors, profit attributable to owners of the Company for the period was HK$147,852,000, decreased by 26.9% from HK$202,238,000 of the same period last year.

Profit for the period would be HK$106,409,000 if fair value gains after tax on investment properties of HK$41,443,000 were excluded. Such profit marked a decrease of 22.3% from HK$136,928,000 of the same period last year if the fair value gains after tax on investment properties of HK$65,310,000 were excluded.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets
The China economy began to show signs of stabilization during the period under review. Although GDP growth stopped slipping and the RMB regained its footing, consumer sentiment especially for menswear will take time to recover. Business operation of the Group is still not yet better off.

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 and custom-ordering. Despite the devaluation of RMB by about 3% from last year, overall turnover for the period amounted to HK$537,160,000, representing a year-on-year increase of approximately 6%, or approximately 10% in RMB. The fall in wholesaling was offset by the growth in sales from e-commerce.

Regarding our wholesaling operation, sales of the Group's distributors was not bottoming out. With business still not yet recovering, distributors remained to be conservative in the purchase of our 2017 products. To relieve the operational difficulties faced by the distributors, the Group offered a more favorable inventory return and exchange arrangement to them. This resulted in a higher amount of sales return offset against sales. Besides, allowance for inventory returns of the spring and summer products increased from last year's 10% to 20%. Sales to distributors therefore recorded a drop of about RMB37,830,000 or 17% when compared with the same period last year.

As for self-operated retail shops, 4 in Wuhan were transferred to our local distributor last August while some in Shanghai were successively closed. All in all, sales of self-operated retail shops (excluding factory outlets) registered a year-on-year decrease of approximately 7% in RMB. In terms of comparable store sales, Beijing and Chongqing rose by 8% and 7% respectively whereas Guangzhou and Shanghai dropped by about 3%.

With the proportion of special selected items accounting for more than 50% of goods sold and an increase in festive promotions, sales of our factory outlets achieved an increase of approximately 15% in the first half of the year. Since the gross profit margin of special selected items is higher than off-season ones, the increase in sales has resulted in overall performance improvement when compared with the corresponding period last year.

At the end of the period, the Group had approximately 950 retail outlets (including factory outlets) in China, among which 99 were self-operated. During the period under review, our retail outlets remained stable and the total number was comparable with that at the end of last year.

E-commerce remained to be the main driving force of the Group's sales growth during the period under review. Focus was placed on the sale of special selected items, which accounted for over 90% of the Group's total e-commerce sales. Relatively high in salability, special selected items have brought about an increase of 116% in RMB for the e-commerce sales during the period. The share of e-commerce in the Group's Mainland apparel sales also rose to about 30% accordingly.

During the period under review, the Group continued to grant licenses for distribution of shoes, leather goods, undergarments, woollen sweaters and casual wear in the China Mainland market. Due to the change of payment term for the leather goods license, a part of the payment was received earlier than last year and resulted in the increase in income for the period. Licensing income for the first half of the year registered a growth of approximately 5% over the same period last year to stand at HK$44,797,000.

Singapore and Malaysia Markets
The Group's apparel performance in Singapore and Malaysia continued to be disappointing as a whole in the first half of the year, with overall sales amounting to HK$32,573,000, representing a decrease of approximately 27% when compared with the same period last year. Despite readjustments in operational strategies and restructuring of the management teams, customer flow suffered from the insufficient supply of salable products, unpopularity of individual items and unattractive location of certain shops and counters.

Sales of comparable retail outlets in Singapore decreased year-on-year by about 19% in local currency. After rationalizing some of the low-performing shops, there were a total of 9 Goldlion shops and 22 counters in Singapore at the end of the period, or down by 2 when compared with that at the end of last year. Over in Malaysia, the number of counters was 19, or the same as that at the end of last year.

The Group has made provision for impairment losses for the leases and decoration of certain loss-making shops in last year. With the early termination of the leases for some of these shops, a part of the provision was reversed during the period. Inclusive of such reversal, the operating loss for the Singapore and Malaysia markets for the review period stood at HK$9,159,000, which was higher than HK$5,083,000 registered for the same period last year.

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 period. Fair value gains on investment properties recognized by the Group after independent professional valuations amounted to HK$46,624,000. This was mainly attributable to Goldlion Holdings Centre in Hong Kong and Goldlion Digital Network Centre in Guangzhou. The fair value gains for the same period last year were HK$73,457,000.

Rental income and building management fees for the period amounted to HK$70,408,000 and HK$17,787,000 respectively, representing a year-on-year decrease of around 9% in total. This was mainly attributable to the devaluation of the RMB by about 3% from the corresponding period last year, the replacement of Business Tax by Value Added Tax with effect from last May, and the rental implications arising from the Group's property at No. 3 Yuk Yat Street, To Kwa Wan, Hong Kong. The whole block of property had previously been leased to a local listed company under a long lease. When the lease expired in January 2017, the Group took back the property for a large-scale refurbishment which was expected to take a year. As a result, rental income from the property dropped by about HK$3,675,000.

Despite continued rental adjustment pressure on offices in China Mainland, leasing of the Group's Goldlion Digital Network Centre in Tianhe, Guangzhou, largely remained stable. Overall occupancy rate was maintained at around 93% even though there were gaps between leases for some of the premises. During the review period, rental income and building management fees experienced a year-on-year decrease of approximately 2% in RMB.

In Shenyang, leasing of Goldlion Commercial Building continued to remain stable with overall occupancy rate maintained at 100%. With turnover rental lower than that for the corresponding period last year, rental income and building management fees in RMB for the period decreased year-on-year by approximately 5%.

In Hong Kong, overall rental income and building management fees from the Group's Goldlion Holdings Centre in Shatin decreased year-on-year by approximately 2% owing to a gap between leases for some of the premises. Formalities for our revitalization application were basically completed early this year and the revitalization plan is pending finalization.

Although there was a decrease in rental income and building management fees during the period, relevant expenses and costs were also reduced simultaneously. As a result, operating profit for the Group's property investment operation remained to be stable if impact of rental decrease for the property at No. 3 Yuk Yat Street was excluded.

Regarding the piece of land with a site area of approximately 75,949 square meters in Meixian, the relevant plans and designs have already been approved by the local authorities. The Group is now sourcing contractors for tendering of the associated construction projects. Construction work is tentatively scheduled to begin no later than early next year.

PROSPECTS

Although there has been a downturn in the results of the first half of the year, it is expected that the Group's business will tend to be stable in the second half.

Since the Chinese economy as a whole is showing signs of recovery, the Group is hopeful that the worst is gradually behind for its distributors and hence the wholesaling business in the China Mainland market. To ensure business growth, the Group will focus itself on supplying better quality, more competitive and faster moving products. At the Group's Mainland 2018 spring and summer collections sales fair held in end of July, initial figures show that there was a single-digit growth in order amount when compared with the corresponding season last year. The goods ordered will be delivered during the first half of the coming year.

As the retail apparel market in China is going to be stabilized, the Group's self-operated retail shops and factory outlets are likely to reap the benefits. The Group is not too pessimistic for the sales in the second half of the year. On the same note, remarkable growth is expected to continue for our e-commerce business in the second half of the year in anticipation of the arrival of the peak online shopping season and satisfactory reception of our special selected items.

In Singapore, the unfavorable operating environment is unlikely to improve in the near future. The Group will continue to rationalize the low-performing shops and to readjust its business strategies for greater operational cost-effectiveness so as to minimize the operating 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 stable rental income. In particular, the refurbishment of the property at No. 3 Yuk Yat Street, To Kwa Wan, Hong Kong will continue in the second half of the year and is expected to be ready for leasing not until early 2018. It is therefore likely that rental income for the year as a whole will be impacted.

The Group will also start to analyze the detailed revitalization plan for the Goldlion Holdings Centre in Shatin. As for the Meixian development project, the Group will finalize the construction plan in the second half of the year with an aim to commence works no later than early next year.

FINANCIAL POSITION

As at 30th June 2017, the Group had cash and bank balances of approximately HK$1,224,149,000, which was HK$21,926,000 higher than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK$128,030,000 and received interest income of HK$11,570,000. However, the Group also paid dividends of HK$127,675,000 and purchased fixed assets of HK$6,570,000. Besides, changes in foreign exchange rate during the period resulted in an increase in cash and bank balances of HK$16,285,000. As at 30th June 2017, the Group did not have any bank loans or overdrafts.

As at 30th June 2017, the Group's current assets and liabilities were HK$1,678,012,000 and HK$367,976,000 respectively, with current ratio at approximately 4.6. Total current liabilities were 9.9% of the average capital and reserves attributable to owners of the Company of HK$3,720,944,000.

As at 30th June 2017, the Group did not have any significant contingent liabilities or capital commitments and there were no charges on any of the Group's assets.

HUMAN RESOURCES

At 30th June 2017, the Group had approximately 1,850 employees. Employees' costs during the first six months of the year including directors' emoluments amounted to HK$107,652,000. The Group ensures that employees' remuneration packages are competitive and are determined mainly on factors including job nature, market conditions, individual performance, qualification and experience. The Group also provides other benefits to its employees and training as and when required.

CLOSURE OF REGISTER OF MEMBER

For the purpose of determining shareholders' entitlement to the proposed dividend, the Register of Members of the Company will be closed on 7th September 2017 and 8th September 2017 (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 shares certificates must be lodged by 4:30 p.m. on Wednesday, 6th September 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 period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in 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") for the six months ended 30th June 2017 except that Dr. Tsang Hin Chi, Chairman of the Company's Board of Directors, was unable to attend the annual general meeting of the Company held on 19th May 2017 owing to an important engagement at the relevant time, which is not consistent with the requirements of Code Provision E.1.2.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. During the six months ended 30th June 2017, all the Directors have complied with the relevant requirements under the Model Code regarding their dealing in the securities of the Company.

AUDIT COMMITTEE

The Company has formed an Audit Committee to review and supervise the financial reporting process and internal control procedures of the Group. 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 INFORMATION

The Audit Committee has reviewed the Group's unaudited interim financial information for the six months ended 30th June 2017. 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.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE COMPANY AND THE STOCK EXCHANGE

The interim results announcement is published on the website of the Company (www.goldlion.com) and the Stock Exchange (www.hkexnews.hk). The 2017 interim report, containing all the information required by Appendix 16 to 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, 17th August 2017