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 2017

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 2017 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31st December 2017

	Note	**2017** HK$'000	**2016** HK$'000
Turnover	2	1,602,786	1,472,264
Cost of sales	4	(696,946)	(608,908)
Gross profit		905,840	863,356
Other gains	3	91,722	171,342
Selling and marketing costs	4	(438,074)	(405,976)
Administrative expenses	4	(171,567)	(176,597)
Operating profit		387,921	452,125
Interest income		20,253	24,599
Profit before income tax		408,174	476,724
Income tax expense	5	(85,899)	(87,880)
Profit for the year attributable to owners of the Company		322,275	388,844
		HK cents	*HK cents*
Earnings per share for profit attributable to owners of the Company during the year			
- Basic and diluted	6	32.81	39.59

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2017

	2017 HK$'000	2016 HK$'000
Profit for the year	322,275	388,844
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	120,037	(115,984)
Other comprehensive income for the year	121,333	(115,984)
Total comprehensive income for the year attributable to owners of the Company	443,608	272,860

Consolidated Balance Sheet
As at 31st December 2017

	Note	As at 31.12.2017 HK$'000	As at 31.12.2016 HK$'000
ASSETS			
Non-current assets			
Land use rights		44,607	42,549
Property, plant and equipment		177,320	165,745
Investment properties		2,650,249	2,484,052
Available-for-sale financial assets		5,900	5,600
Deferred income tax assets		70,751	56,136
		2,948,827	2,754,082
Current assets			
Property under development held for sale		138,301	122,982
Inventories		261,407	211,537
Trade receivables	8	102,839	72,574
Prepayments, deposits and other receivables		43,398	44,324
Tax recoverable		1,190	256
Bank deposits		1,028,966	970,502
Cash and cash equivalents		283,292	231,721
		1,859,393	1,653,896
Total assets		**4,808,220**	**4,407,978**
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		1,101,358	1,101,358
Other reserves		2,845,776	2,588,770
Total equity		3,947,134	3,690,128
LIABILITIES			
Non-current liabilities			
Other payables and accruals		869	5,235
Deferred income tax liabilities		418,668	372,196
		419,537	377,431
Current liabilities			
Trade payables	9	73,924	33,124
Other payables and accruals		339,423	289,678
Current income tax liabilities		28,202	17,617
		441,549	340,419
Total liabilities		861,086	717,850
Total equity and liabilities		**4,808,220**	**4,407,978**

Notes:

1. Principal accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance (Cap. 622). 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 2017 and 2016 included in this preliminary announcement of annual results of 2017 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 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 and will deliver the financial statements for the year ended 31st December 2017 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 sections 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 2017:

Amendment to HKAS 7, "Disclosure initiative". This amendment requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Amendment to HKAS 12, "Recognition of deferred tax assets for unrealized losses". This amendment clarifies how to account for deferred tax assets related to debt instruments measured at fair value.

Amendment from annual improvements to HKFRSs 2014-2016 Cycle, on HKFRS 12, "Disclosure of interests in other entities".

The amendments do not have a significant impact on the Group's consolidated financial statements.

1. Principal accounting policies *(continued)*

(b) The following new standards, new interpretations and amended 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)	Long-term interests in an associate or joint ventures	1st January 2019
HKAS 40 (Amendment)	Transfers of investment property	1st January 2018
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1st January 2018
HKFRS 4 (Amendment)	Applying HKFRS 9 “Financial instruments” with HKFRS 4 “Insurance contracts”	1st January 2018
HKFRS 9	Financial instruments	1st January 2018[(i)]
HKFRS 9 (Amendment)	Prepayment features with negative compensation	1st January 2019
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[(ii)]
HKFRS 15 (Amendment)	Clarifications to HKFRS 15	1st January 2018
HKFRS 16	Leases	1st January 2019[(iii)]
HKFRS 17	Insurance contracts	1st January 2021
HKFRSs (Amendments)	Annual improvements 2014-2016 cycle	1st January 2018
HKFRSs (Amendments)	Annual improvements 2015-2017 cycle	1st January 2019
HK (IFRIC) 22	Foreign currency transactions and advance consideration	1st January 2018
HK (IFRIC) 23	Uncertainty over income tax treatments	1st January 2019

1. Principal accounting policies *(continued)*

(b) The following new standards, new interpretations and amended 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)*

The above new standards, new interpretations and amended standards are not expected to have a material impact on the consolidated financial statements of the Group, except those set out below:

(i) HKFRS 9 "Financial instruments"

Nature of change

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.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1st January 2018:

The equity investment that is currently classified as available-for-sale will satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and the debt instruments currently classified as loans and receivables meet the conditions for classification at amortized cost under HKFRS 9. Hence there will be no change to the accounting for these assets. Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realized on the sale of financial assets at FVOCI will no longer be transferred to the income statement on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings. For the year ended 31st December 2017, no gains were recognized in the income statement in relation to the disposal of available-for-sale financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "Financial instruments: Recognition and measurement" and have not been changed. 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 FVOCI, contract assets under "HKFRS 15 Revenue from contracts with customers", lease receivables, loan commitments and certain financial guarantee contracts.

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.

Date of adoption by the Group

HKFRS 9 is mandatory for financial years starting on or after 1st January 2018. The new standard is not expected to be applied by the Group until the financial year ending 31st December 2018.

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

(b) The following new standards, new interpretations and amended 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)*

(ii) HKFRS 15 "Revenue from contracts with customers"

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management is currently assessing the effects of applying the new standard on the Group's financial statements and anticipates that the application of HKFRS 15 may result in the identification of separate performance obligations in relation to revenue contracts which could affect the timing of the recognition of revenue going forward. However, they do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amount of revenue recognized in the respective reporting periods. More detailed assessments will be carried out by the Group to estimate the impact of the new rules on the Group's financial statements.

Date of adoption by the Group

HKFRS 15 is mandatory for financial years starting on or after 1st January 2018. The new standard is not expected to be applied by the Group until the financial year ending 31st December 2018.

(iii) HKFRS 16 "Leases"

Nature of change

HKFRS 16 was issued in January 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.

Impact

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 HK$22,653,000. 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.

Date of adoption by the Group

The new standard is mandatory for financial years commencing 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 brand name, and property investment and development. Turnover recognized during the year is as follows:

	2017 HK$'000	**2016** HK$'000
Sales of goods	1,324,163	1,182,762
Gross rental income from investment properties	140,786	151,672
Building management fees	35,441	38,144
Licensing income	102,396	99,686
	1,602,786	1,472,264

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:

	2017 Segment turnover HK$'000	**2016 Segment turnover** HK$'000	**2017 Segment results** HK$'000	**2016 Segment results** HK$'000
Operating segments				
Apparel in China Mainland and Hong Kong SAR	1,363,834	1,204,973	277,964	260,690
Apparel in Singapore and Malaysia	66,007	77,475	(19,531)	(26,023)
Property investment and development	184,660	196,891	201,464	292,108
Inter-segment sales	(11,715)	(7,075)	-	-
	1,602,786	1,472,264	459,897	526,775
Unallocated costs			(51,723)	(50,051)
Profit before income tax			408,174	476,724
Income tax expense			(85,899)	(87,880)
Profit for the year			322,275	388,844

3. Other gains

	2017 HK$'000	2016 HK$'000
Fair value gains on investment properties	91,722	171,342

4. Expenses by nature

	2017 HK$'000	2016 HK$'000
Cost of inventories sold	617,755	548,698
Provision for impairment for inventories	40,408	19,814
Direct operating expenses arising from investment properties that generated rental income	38,125	38,639
Operating lease rentals - land and buildings	89,742	92,543
Amortization of land use rights	1,766	2,083
Depreciation of property, plant and equipment	20,704	23,106
Impairment of property, plant and equipment	-	2,945
Staff costs including directors' emoluments	230,006	214,708
Auditors' remuneration - audit services	3,785	3,757
Advertising and promotion expenses	129,408	116,209
Write off of trade receivables	1,764	-
(Reversal of)/provision for onerous contract	(3,729)	8,769
Net exchange (gain)/loss	(301)	7,231
Other expenses	137,154	112,979
	1,306,587	1,191,481
Representing:		
Cost of sales	696,946	608,908
Selling and marketing costs	438,074	405,976
Administrative expenses	171,567	176,597
	1,306,587	1,191,481

5. Income tax expense

	2017	**2016**
	HK$'000	HK$'000
Hong Kong profits tax:		
Current year	733	1,560
Over-provision in prior year	(42)	(27)
	691	1,533
Taxation outside Hong Kong:		
Current year	70,587	53,614
Under-provision in prior years	150	21
	70,737	53,635
Deferred income tax	14,471	32,712
Total income tax expense	85,899	87,880

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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% (2016: 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$322,275,000 (2016: HK$388,844,000) and the number of ordinary shares in issue of 982,114,035 (2016: 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 2017 and 2016.

7. Dividend

	2017 HK$'000	2016 HK$'000
2016 interim dividend, paid, of 6.5 HK cents per ordinary share	-	63,837
2016 final dividend, paid, of 13.0 HK cents per ordinary share	-	127,675
2017 interim dividend, paid, of 6.0 HK cents per ordinary share	58,927	-
2017 final dividend, proposed, of 12.5 HK cents per ordinary share	122,764	-
	181,691	191,512

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. The ageing of the trade receivables based on the invoice date, net of provision, was as follows:

	As at 31.12.2017 HK$'000	As at 31.12.2016 HK$'000
1-30 days	90,056	63,534
31-90 days	6,030	5,539
Over 90 days	6,753	3,501
	102,839	72,574

9. Trade payables

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

	As at 31.12.2017 HK$'000	As at 31.12.2016 HK$'000
1-30 days	59,813	25,230
31-90 days	4,976	6,111
Over 90 days	9,135	1,783
	73,924	33,124

FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 12.5 HK cents per share (2016: 13.0 HK cents per share) for the year ended 31st December 2017, totalling HK$122,764,000 (2016: HK$127,675,000). Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on or about 5th June 2018 to shareholders whose names appear on the Register of Members as at 28th May 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover and gross profit

During the year under review, the Group recorded a turnover of HK$1,602,786,000, representing an increase of approximately 9% over HK$1,472,264,000 of last year. The increment was mainly attributable to the apparel business in China Mainland and licensing income. However, a drop in turnover of the Singapore apparel business was recorded over last year, and the major refurbishment of the Group's investment property at No. 3 Yuk Yat Street, To Kwa Wan also resulted in a reduction in rental income.

Gross profit for the year was HK$905,840,000, representing an increase of about 5% from HK$863,356,000 of last year. The overall gross profit margin was 56.5%, lower than 58.6% of last year for 2.1 percentage points. Gross profit margin for the apparel business in China Mainland was 50.8%, representing a drop of 1 percentage point. This was mainly due to the provision for impairment of inventories in China of HK$37,595,000 for the year, representing an increase of HK$19,564,000 over last year. If such impact was excluded, the gross profit margin for the Mainland operation would be 53.8%, slightly higher than that of last year by about 0.3 percentage point.

Operating expenses and operating profit

Selling and marketing costs for the year were HK$438,074,000, increased by 8% from last year. This was mainly due to the simultaneous increase in relevant expenses (including e-commerce platform commission, promotional expenses as well as transportation and packaging expenses) resulted from the growth in sales of the e-commerce operations in China.

Administrative expenses of the Group were HK$171,567,000, decreased by 3% from HK$176,597,000 of last year. This was mainly attributable to the exchange loss of HK$7,231,000 in last year whereas no exchange loss was recorded in this year.

During the year, the Group recorded fair value gains on investment properties of HK$91,722,000, representing a drop of HK$79,620,000 from HK$171,342,000 of last year.

Operating profit for the year amounted to HK$387,921,000, compared with HK$452,125,000 of last year, representing a decrease of 14%. The operating profit margin was approximately 24.2%, lower than 30.7% of last year, which was mainly related to the decrease in fair value gains on investment properties.

Profit attributable to owners of the Company

Profit attributable to owners of the Company for the year was HK$322,275,000, decreased by 17% from HK$388,844,000 of last year. Profit for the year would be HK$240,734,000 if fair value gains after tax on investment properties of HK$81,541,000 were excluded. Such profit marked an increase of 1% from HK$238,021,000 of last year if fair value gains after tax on investment properties of HK$150,823,000 were excluded. However, the profit would be approximately 2% below that of last year if effect on exchange gain for the year of HK$301,000 (exchange loss of HK$7,231,000 of last year) was also excluded.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets
During the year under review, the Chinese economy picked up after years of slowdown to achieve a GDP growth of 6.9% in 2017. This was matched by a steady rally in the Renminbi ("RMB") that revitalized both the economy and the retail market.

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. Overall turnover for the year amounted to HK$1,258,156,000, representing a year-on-year increase of approximately 14%. The increase was mainly attributable to sales from e-commerce.

Regarding our wholesaling operation, sales of the Group's distributors has not yet improved. As a relief measure, they were offered a more favorable inventory return and exchange arrangement, resulting in a higher amount of sales return offset against sales despite the single-digit growth registered for both of our two seasonal sales fairs. Raising the inventory return allowance for the 2017 spring and summer products to 20% from the previous level of 10% further led to a year-on-year decrease of about 6% in sales to distributors in RMB.

As for self-operated retail shops, 4 in Wuhan were transferred to our local distributor since last August while some in Shanghai were successively closed. All in all, sales of self-operated retail shops (excluding factory outlets) registered a slight annual decrease of approximately 1% in RMB. In terms of comparable store sales, Beijing and Chongqing rose by 8% and 9% respectively whereas Guangzhou and Shanghai dropped by about 3% and 11% respectively. Besides, an increase in festive promotions succeeded in achieving an annual sales increase of approximately 9% for our factory outlets.

At the end of year, the Group had approximately 960 retail outlets (including factory outlets) in China, among which 102 were self-operated. During the year 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 review year. 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 78% in RMB for e-commerce sales during the year. The share of e-commerce in the Group's Mainland apparel sales also rose to about 30% accordingly. To meet this demand, supply of special selected items was increased, resulting in a higher Mainland inventory balance at the end of year from the end of 2016 by approximately HK$59,843,000.

During the year under review, the Group made additional efforts to expand its custom-ordering business that aims to produce custom-made corporate uniforms mainly for the Mainland clientele. As a result, relevant sales rose by approximately 85%. Since the custom-ordering is still in its starting phase of operation, the business has not yet contributed significantly to overall apparel sales in the China Mainland market.

During the year 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. On account of a rise in the e-commerce sales of these products and hence the recognition of e-commerce turnover license fees, licensing income for the year registered a growth of approximately 3% over last year to stand at HK$102,396,000.

Singapore and Malaysia Markets
For the year as a whole, the Group's apparel performance in Singapore and Malaysia was disappointing, with overall sales amounting to HK$66,007,000, representing a year-on-year decrease of approximately 15%. In the second half of the year under review, steps were taken to readjust operational strategies, restructure the management teams and enhance management of key aspects including in products and marketing. Despite early signs of improvement, the effect on performance as a whole will take some time to be felt.

Sales of comparable retail outlets in Singapore decreased year-on-year by about 10% in local currency. After rationalizing some of the low-performing shops, there were a total of 7 Goldlion shops and 20 counters in Singapore, and 15 counters in Malaysia, both numbering less than those at the end of last year.

Provision for impairment losses for the leases and decoration of certain loss-making shops was made last year. With the premature termination of the leases for some of these shops, a part of the provision was reversed during the year. Inclusive of such reversal, the operating loss for the Singapore and Malaysia markets for the review year stood at HK$19,531,000, which was approximately 25% lower than the amount of HK$26,023,000 (inclusive of provision for impairment losses for loss-making shops of HK$11,714,000) registered for last year.

Property Investment and Development

The Group's investment property portfolio had no significant changes since the end of last year. Fair value gains on investment properties recognized by the Group after independent professional valuations amounted to HK$91,722,000. This was mainly coming from the Group's two key property holdings, namely the Goldlion Holdings Centre in Shatin, Hong Kong and the Goldlion Digital Network Centre in Tianhe, Guangzhou. The fair value gains for last year were HK$171,342,000.

Rental income and building management fees for the year amounted to HK$140,786,000 and HK$35,441,000 respectively, representing a year-on-year decrease of around 7% in total. This was mainly attributable to 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 large-scale refurbishment. As a result, rental income from the property dropped by about HK$7,349,000.

Leasing of the Group's Goldlion Digital Network Centre in Tianhe, Guangzhou, continued to remain stable, with occupancy rate slipping slightly to maintain at around 92%. Similarly, rental income and building management fees also experienced a year-on-year decrease of approximately 3% in RMB for the year as a whole. This was due to a gap between leases for some of the premises and the replacement of Business Tax by Value Added Tax effective from last May.

In Shenyang, leasing of Goldlion Commercial Building continued to remain stable with overall occupancy rate maintained at 100%. With turnover rental for some of the leases lower than that for last year, rental income and building management fees in RMB for the year decreased slightly by approximately 1%.

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 4% owing to a gap between leases for some of the premises. Formalities for our revitalization application were basically completed early in the year and the project design is still in its planning stage.

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. Implicated by delays in land resumption for a new road adjacent to the site, sourcing tenderers for the associated construction projects was held up. Construction works are expected to commence by 2018.

PROSPECTS

The year under review witnessed a steady growth and a gradual upturn in the Chinese economy. This healthy trend is expected to continue into 2018. Such a strong consumer sentiment will be favorable for business to prosper in an improved environment.

With the consumer market recovering, the Group will seize the opportunity to expand its business further. Distributors in China Mainland are expected to achieve steady business growth. Such a surge in confidence will be favorable for the Group's wholesaling business although we cannot eliminate the possibility of taking over individual low-performing distributors. At the Group's 2018 fall and winter collections sales fair held in early March, initial figures show that there was a single-digit growth in order amount when compared with the corresponding season last year.

Benefitting from the stabilizing retail apparel market, the Group's self-operated retail shops and factory outlets in China are expected to continue growing. To avoid excessive inventories on hand arising from return from distributors, additional steps will be taken to clear off-season stocks from our factory outlets.

In view of the sustained fervor for online shopping, sales through e-commerce are likely to continue rising in the coming year. To meet the huge demand for custom-made corporate uniforms in China, the Group will continue to explore for more expansion opportunities in the hope of boosting overall sales.

In Singapore, losses have not yet bottomed out although the Group's local operation is gradually stabilizing. To improve operational cost-effectiveness and to minimize operating losses, the Group will continue to readjust its business strategies, keep operational costs under control and rationalize low-performing shops.

As for property investment, the general rental market is expected to remain stable in the coming year. 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 be ongoing in 2018 and the block is expected to be ready for partial leasing by the end of the year. Rental income from this property for the year is therefore unlikely to be material.

The Group will also continue to analyze the detailed revitalization plan for the Goldlion Holdings Centre in Shatin, Hong Kong. As for the Meixian development project, construction works will be kick-started depending on the local government's progress in land resumption.

FINANCIAL POSITION

As at 31st December 2017, the Group had cash and bank balances of approximately HK$1,312,258,000, which was HK$110,035,000 higher than that at the end of last year. During the year, the Group recorded a net cash inflow from operating activities of HK$245,692,000 and received interest income of HK$19,488,000. However, the Group also paid dividends of HK$186,602,000 and purchased fixed assets of HK$18,332,000. Besides, changes in foreign exchange rate during the year resulted in an increase in cash and bank balances of HK$49,347,000. As at 31st December 2017, the Group did not have any bank loans or overdrafts.

As at 31st December 2017, the Group's current assets and current liabilities were HK$1,859,393,000 and HK$441,549,000 respectively, with a current ratio at 4.2. Total current liabilities were 11.6% of the average capital and reserves attributable to owners of the Company of HK$3,818,631,000.

As at 31st December 2017, 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 2017, the Group had approximately 1,860 employees. Staff costs including directors' emoluments of the year amounted to HK$230,006,000. 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 18th May 2018 (the "2018 AGM"), the Register of Members of the Company will be closed from 15th May 2018 to 18th May 2018 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2018 AGM, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Monday, 14th May 2018 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 from 25th May 2018 to 28th May 2018 (both days inclusive), 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 Thursday, 24th May 2018 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 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 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 Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December 2017. 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 2017. 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) and the Stock Exchange (www.hkexnews.hk). The Company's 2017 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, 16th March 2018