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 2020

RESULTS

The Board of Directors (the "Board") announces the unaudited condensed consolidated interim results of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 30th June 2020 as follows:

Condensed Consolidated Interim Income Statement
For the six months ended 30th June 2020

		Unaudited Six months ended	
	Note	**30.6.2020** HK$'000	**30.6.2019** HK$'000
Turnover	2	539,403	744,851
Cost of sales	4	(248,755)	(312,018)
Gross profit		290,648	432,833
Other (losses)/gains	3	(18,520)	49,261
Selling and marketing costs	4	(145,861)	(211,789)
Administrative expenses	4	(68,941)	(83,940)
Operating profit		57,326	186,365
Interest income		10,936	12,344
Interest expense		(690)	(712)
Profit before income tax		67,572	197,997
Income tax expense	5	(11,780)	(34,668)
Profit for the period attributable to owners of the Company		55,792	163,329
Earnings per share		*HK cents*	*HK cents*
- Basic and diluted	6	5.68	16.63

Condensed Consolidated Interim Statement of Comprehensive Income
For the six months ended 30th June 2020

	Unaudited Six months ended 30.6.2020 HK$'000	**30.6.2019** HK$'000
Profit for the period	55,792	163,329
Other comprehensive (loss)/income		
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	(50,344)	2,855
Total comprehensive income for the period attributable to owners of the Company	5,448	166,184

Condensed Consolidated Interim Balance Sheet
As at 30th June 2020

	Note	**As at 30.6.2020 (Unaudited)** HK$'000	**As at 31.12.2019 (Audited)** HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		143,552	148,136
Right-of-use assets		57,246	69,121
Investment properties		2,851,587	2,900,247
Financial assets at fair value through other comprehensive income		6,098	6,209
Deferred income tax assets		57,998	54,876
		3,116,481	3,178,589
Current assets			
Property under development held for sale		309,218	258,082
Inventories		154,815	243,095
Trade receivables	8	46,538	109,704
Prepayments, deposits and other receivables		108,568	98,760
Contract assets		46,134	84,662
Tax recoverable		118	215
Bank deposits		493,142	822,169
Cash and cash equivalents		663,174	385,832
		1,821,707	2,002,519
Total assets		**4,938,188**	**5,181,108**
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		1,101,358	1,101,358
Reserves		3,034,163	3,122,016
Total equity		4,135,521	4,223,374
LIABILITIES			
Non-current liabilities			
Other payables and accruals		29,570	20,739
Lease liabilities		4,303	9,900
Deferred income tax liabilities		414,752	424,219
		448,625	454,858
Current liabilities			
Trade payables	9	4,483	49,806
Other payables and accruals		112,045	160,375
Contract liabilities		213,957	264,340
Lease liabilities		12,459	16,530
Current income tax liabilities		11,098	11,825
		354,042	502,876
Total liabilities		802,667	957,734
Total equity and liabilities		**4,938,188**	**5,181,108**

Notes:

1. Principal accounting policies

This condensed consolidated interim financial information for the six months ended 30th June 2020 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 2019, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The financial information relating to the year ended 31st December 2019 that is included in this preliminary announcement of interim results for the six months ended 30th June 2020 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st December 2019 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 2019. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

The accounting policies applied by the Group are consistent with those of the annual financial statements for the year ended 31st December 2019, except for the adoption of amended standard as set out below.

(a) Amended standard adopted by the Group

The Group has early adopted HKFRS 16 (Amendment) "COVID-19-related rent concessions" (effective for annual periods beginning on or after 1st June 2020) which allows lessee to elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification. Such practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30th June 2021; and
- There is no substantive change to other terms and conditions of the lease.

All of the COVID-19 related rent concessions amounted to HK$729,000 have been credited to the condensed consolidated interim income statement within "selling and marketing costs".

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

(b) Amendments to standards effective in 2020 but not relevant to the Group

HKAS 1 and HKAS 8 (Amendments)	Definition of material
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Interest rate benchmark reform
HKFRS 3 (Amendment)	Definition of a business
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting

(c) The following new and amended standards have been issued but are not effective for the financial year beginning on 1st January 2020 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Classification of liabilities as current or non-current	1st January 2023
HKAS 16 (Amendment)	Property, plant and equipment: Proceeds before intended use	1st January 2022
HKAS 37 (Amendment)	Onerous contracts – Cost of fulfilling a contract	1st January 2022
HKFRS 3 (Amendment)	Reference to the conceptual framework	1st January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established
HKFRS 17	Insurance contracts	1st January 2023
HKFRSs (Amendments)	Annual improvements 2018-2020 cycle	1st January 2022

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 30.6.2020 HK$'000	Six months ended 30.6.2019 HK$'000
Revenue recognized under HKFRS 15		
Sales of goods	427,363	611,080
Building management fees	18,124	19,070
Licensing income	26,337	42,063
	471,824	672,213
Revenue recognized under other accounting standard		
Rental income from investment properties	67,579	72,638
	539,403	744,851
Timing of revenue recognition		
At a point in time	427,363	611,080
Over time	44,461	61,133
	471,824	672,213

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	
	30.6.2020 Segment turnover	**30.6.2019 Segment turnover**	**30.6.2020 Segment results**	**30.6.2019 Segment results**
	HK$'000	HK$'000	HK$'000	HK$'000
Operating segments				
Apparel in China Mainland and Hong Kong SAR	437,836	625,121	59,330	119,395
Apparel in Singapore and Malaysia	15,864	31,044	(9,081)	(6,766)
Property investment and development	90,184	96,171	38,856	109,914
Inter-segment sales	(4,481)	(7,485)	-	-
	539,403	744,851	89,105	222,543
Unallocated costs			(21,533)	(24,546)
Profit before income tax			67,572	197,997
Income tax expense			(11,780)	(34,668)
Profit for the period			55,792	163,329

3. Other (losses)/gains

	Six months ended 30.6.2020 HK$'000	Six months ended 30.6.2019 HK$'000
Fair value (losses)/gains on investment properties	(18,520)	49,261

4. Expenses by nature

	Six months ended 30.6.2020 HK$'000	Six months ended 30.6.2019 HK$'000
Cost of inventories sold	188,559	295,166
Provision for/(reversal of) impairment of inventories	45,920	(1,294)
Direct operating expenses arising from investment properties that generated rental income	14,001	17,852
Expenses relating to short-term leases and variable lease payments (note)	26,390	41,357
Depreciation of property, plant and equipment	10,787	11,125
Depreciation of right-of-use assets	9,040	7,080
Impairment of property, plant and equipment	421	-
Impairment of right-of-use assets	1,441	-
(Reversal of)/provision for impairment of trade receivables	(45)	896
Staff costs including directors' emoluments	91,623	122,909
Advertising and promotion expenses	23,956	43,194
Other expenses	51,464	69,462
	463,557	607,747
Representing:		
Cost of sales	248,755	312,018
Selling and marketing costs	145,861	211,789
Administrative expenses	68,941	83,940
	463,557	607,747

Note:

Rent concessions related to COVID-19 pandemic of HK$729,000 have been credited in profit or loss and included in selling and marketing costs for the period.

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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% (2019: 25%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	Six months ended	
	30.6.2020	**30.6.2019**
	HK$'000	HK$'000
Current tax		
- Hong Kong	172	233
- PRC enterprise income tax	17,520	32,696
Deferred income tax	(5,912)	1,739
Total income tax expense	11,780	34,668

6. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the Company of HK$55,792,000 (six months ended 30th June 2019: HK$163,329,000) and the number of ordinary shares in issue of 982,114,035 (six months ended 30th June 2019: 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 2020 and 2019.

7. Dividend

	Six months ended	
	30.6.2020	**30.6.2019**
	HK$'000	HK$'000
Interim dividend of 3.0 HK cents (2019: 5.5 HK cents) per ordinary share	29,463	54,016

8. Trade receivables

The Group's sales are on cash on delivery or credit terms ranging from 30 days to 180 days after delivery. At 30th June 2020, an ageing analysis of the trade receivables based on invoice date was as follows:

	As at 30.6.2020 HK$'000	**As at 31.12.2019** HK$'000
1-30 days	35,068	99,093
31-90 days	4,590	7,594
Over 90 days	8,422	4,619
Trade receivables	48,080	111,306
Less: provision for impairment of trade receivables	(1,542)	(1,602)
Trade receivables - net	46,538	109,704

9. Trade payables

Trade payables are aged as follows:

	As at 30.6.2020 HK$'000	**As at 31.12.2019** HK$'000
1-30 days	2,633	46,516
31-90 days	520	2,627
Over 90 days	1,330	663
	4,483	49,806

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 3.0 HK cents per share (2019: 5.5 HK cents per share) for the year ending 31st December 2020, totalling HK$29,463,000 (2019: HK$54,016,000), which is expected to be payable on or about 15th September 2020 to shareholders whose names appear on the Register of Members as at 4th September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover and gross profit

Since the outbreak of COVID-19 pandemic in early 2020, the apparel retail industry suffered a heavy blow and the Group's business has also been severely affected.

The Group's turnover for the first half of the year was HK$539,403,000, representing a decrease of approximately 28% from HK$744,851,000 of the same period last year. Selling amounts from various business operations were all lower than the same period last year. Among them, income from the apparel and licensing businesses dropped significantly, while the overall income from property investment recorded a single-digit decrease.

Gross profit for the period was HK$290,648,000, representing a decrease of approximately 33%, from HK$432,833,000 of the same period last year. In view of the uncertain selling environment after the outbreak of pandemic, the impairment provision for inventories as included in the cost of sales for the period increased remarkably to HK$45,920,000 (reversal of the provision for impairment of HK$1,294,000 of the same period last year). Excluding the impact of the impairment provision for inventories, gross profit margin of the apparel business was approximately 55.8%, an increase of approximately 4.2 percentage points from 51.6% of the same period last year, which was mainly due to less discounted sales during the period.

Operating expenses and operating profit

Selling and marketing costs for the period were HK$145,861,000, decreased by approximately 31% from the same period last year. In addition to the decrease in sales-related expenses due to the decline in sales, the pandemic has forced the cancellation or delay of many commercial activities. The Group's administrative expenses for the period were HK$68,941,000, which dropped by 18% from HK$83,940,000 of the same period last year. The decrease in expenses was mainly attributable to the Group's efforts to reduce expenditures under the pandemic, and the fee remissions from government authorities during the period.

During the period, the Group recorded fair value losses on investment properties of HK$18,520,000, compared with fair value gains of HK$49,261,000 of the same period last year.

Operating profit for the period amounted to HK$57,326,000, a significant decrease of approximately 69% from HK$186,365,000 of the same period last year. The operating profit margin was about 11%, which was significantly lower than the 25% of the same period last year.

Profit attributable to owners of the Company

The Group's profit attributable to owners of the Company for the period was HK$55,792,000, decreased by 66% from HK$163,329,000 of the same period last year. Profit for the period would be HK$70,111,000 if the net fair value losses after tax on investment properties of HK$14,319,000 were excluded. Such profit marked a decrease of 40% from HK$117,018,000 of the same period last year if the net fair value gains after tax on investment properties of HK$46,311,000 were excluded.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets
Owing to the outbreak of COVID-19 pandemic, economic activities in China Mainland ground to a halt before the Chinese New Year in late January. To observe the Central Government's various anti-pandemic measures and to safeguard the safety and health of our staff and customers, many outlets operated by the Group or our distributors had to either suspend business or shorten their business hours. Economic activities were started to resume not until the second quarter of the year when the pandemic showed signs of coming under control and lockdown restrictions were gradually lifted.

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 period amounted to HK$411,499,000, representing a year-on-year decrease of approximately 29%. In terms of RMB, the decrease was about 26%.

Regarding our wholesaling operation, the Group's distributors were facing extremely hostile market conditions because of the epidemic. With sales and business disrupted, support from the Group was urgently needed. To tide our distributors over, the Group agreed to cancel some of their orders for 2020 spring and summer products and to grant additional sales return allowances to them. Further, the pre-order amount for our 2020 spring and summer collections made in the sales fair last August was lower than the relevant collections last year. As a result, sales to distributors registered a year-on-year decrease of about 27% in RMB.

The Group followed measures in reducing human interaction in our self-operated retailing operation. Many of our retail shops have shortened their business hours or even closed temporarily since the end of January. Even when business could reopen in the second quarter following the slowdown of the spread of the virus, general apparel retail market environment was still well behind the pre-pandemic level and performance still had room for improvement. As a result, sales of self-operated retail shops (excluding factory outlets) in RMB dropped by approximately 37% when compared with the corresponding period last year.

The pandemic also affected the sales of our factory outlets seriously. Sales in RMB decreased year-on-year by approximately 25%. There was an increase in gross profit margin for the period following a lower sale proportion of off-season stocks that carried higher discounts.

At the end of the period, the Group's apparel products were sold through approximately 880 retail outlets in China Mainland, among which around 100 were self-operated (including 35 factory outlets). Impacted by the pandemic, about 40 retail outlets mainly operated by our distributors had to be closed for operational reasons.

During the review period, the Group's e-commerce was also adversely affected especially in the early days of the pandemic. Demand for apparel lagged far behind necessity goods and deliveries were obstructed by various lockdown measures. As a result, online sales for the first quarter fell and did not improve until the second quarter. Sales in RMB for the period declined by approximately 22%. The focus remained to be the sale of special selected items, which continued to account for approximately 90% of the Group's total e-commerce sales. During the review period, e-commerce made up about 35% of the Group's China Mainland apparel sales.

Our operation in custom-made corporate uniforms was also badly hit. A year-on-year decrease of approximately 33% in RMB was recorded. Business gradually stabilized in the second quarter.

Inventories on hand posed a higher risk in view of the slow clearance of off-season stocks and the grim market outlook. The Group therefore increased the provision for impairment of relevant inventories. The provision in China Mainland amounted to approximately HK$42,768,000 for the period as against a reversal of provision by approximately HK$2,694,000 for same period last year. At the end of the period, net inventory balance after impairment provision in China Mainland stood at approximately HK$141,681,000, or about 36% lower than that at the end of last year.

The review period saw the Group continuing to grant licenses for distribution of shoes, leather goods, undergarments, woollen sweaters and casual wear in the China Mainland market. In light of the heavy blow dealt by the pandemic, special fee reductions were granted to the licensees. As a result, licensing income for the period decreased year-on-year by approximately 37% to stand at HK$26,337,000.

Singapore and Malaysia Markets
As soon as the peak season before Chinese New Year came to an end in late January, the Singapore and Malaysia markets were impacted by the outbreak of COVID-19 and suffered a sharp decline in sales. As the pandemic spread further, Singapore imposed a lockdown in early April and the related measures were gradually lifted not until mid-June. The Group's local retail business was therefore completely shut down for over two months. As a result, apparel sales amounted to only HK$15,864,000 for the period, representing a year-on-year decrease of approximately 49%.

At the end of the review period, there were a total of 5 Goldlion shops and 17 counters in Singapore, or down by 1 in number when compared with the end of last year. Over in Malaysia, there were a total of 7 counters, or down by 4 when compared with the end of last year.

Excluding the effects of provision for impairment of inventories, overall profit margin for the period stood at about 44.9%, which was slightly lower than the 46.7% for the corresponding period last year. With stocks clearance slackened by business disruption and the market unlikely to improve in the short term, provision for impairment of inventories amounted to approximately HK$3,152,000 for the review period, which was higher than the HK$1,399,000 for the same period last year.

Including net rental income from investment properties of HK$241,000 (HK$250,000 for the same period last year), operating loss of the Group's Singapore and Malaysia apparel operation for the period stood at HK$8,840,000, falling further from last year's HK$6,516,000.

Property Investment and Development

The Group's investment property portfolio had no significant changes since the end of last year. With the pandemic dampening both the Hong Kong and the China Mainland property markets, fair value losses on investment properties recognized by the Group after independent professional valuations amounted to HK$18,520,000. The losses were mainly coming from the Group's property holding of Goldlion Digital Network Centre in Guangzhou. Fair value gains of the same period last year stood at HK$49,261,000.

Rental income and building management fees for the period amounted to HK$67,579,000 and HK$18,124,000 respectively, the total of which decreased by about 7% when compared with the corresponding period last year.

Regarding the Group's Goldlion Digital Network Centre in Guangzhou, rental income and building management fees fell by approximately 15% in RMB. This was attributable to shrinking demand under the pandemic. The slowdown in leasing activities resulted in a gap between leases for some of the premises. A further factor was the need to grant rental concessions to some struggling tenants. Overall occupancy rate for the period was maintained at about 83%, which was also lower than last year's 90%.

Also in Guangzhou, the properties in Yuan Village generated rental income and building management fees amounting to approximately HK$4,510,000 for the period. At present, about 60% of the floor area has already been leased out.

In Shenyang, leasing of Goldlion Commercial Building inevitably bore the brunt of COVID-19. Turnover rental slumped since some tenants could not open for business. This was aggravated by the need to offer rental concessions to individual tenant. As a result, rental income and building management fees decreased by approximately 8% in RMB.

In Hong Kong, following incessant social events in the latter half of last year, the pandemic dealt a further blow to the leasing of the Group's local properties. Overall rental income and building management fees generated from Goldlion Holdings Centre in Shatin fell by about 6%. There was not only a gap between leases for certain premises but also a need to offer rental concessions to individual tenant. Occupancy rate stood at about 90% for the period.

Also, the property at No. 3 Yuk Yat Street, To Kwa Wan, generated income in the amount of HK$4,973,000 compared with HK$116,000 for the corresponding period last year when leasing had just begun. At present, approximately 85% of the floor area has been leased out.

Regarding the development project "Goldlion Garden" in Meixian, construction works commenced in March last year. To be carried out in two phases, this primarily residential development comprises 11 high-rise buildings and 26 low-rise ones, as well as ancillary facilities. There has been minor construction delay since some of the workers could not return to work under the pandemic situation. During the period, construction expenditure increased by about HK$51,136,000.

PROSPECTS

Since its outbreak early this year, COVID-19 has quickly spread globally to become a pandemic. The quarantine and social distancing measures taken by governments around the world have brought economic activities to a standstill. With economic recession reaching record-high levels in many countries, the negative impact of the pandemic on global economy is simply unimaginable. For a market that is already battered by deteriorating China-US relations, the road to full recovery is likely to be long and winding. Faced with all these uncertainties, the Group will remain calm and concentrate on what we can do within our power.

Following stringent preventive measures taken by the Central Government, the pandemic has shown signs of slowing down in China Mainland. However, precautionary measures are still in place for fear of a possible outbreak of a new wave of pandemic. As such, it will be some time before market conditions for apparel retail can pick up. To ensure excessive stocks tie up in our distribution channel can be realized effectively, the Group will adjust the supplies to our distributors depending on circumstances. A continuing decrease in wholesale amount in the second half of the year is therefore expected. At the same time, the Group will continue to provide appropriate support to our distributors so that we can weather the storm in close partnership. The Group may also temporarily receive selling operations of certain distributors that have difficulties in continuing their businesses. It is expected that the pre-order amount for the 2021 spring and summer collections will not be satisfactory.

To boost sales, the Group will maximize the role played by e-commerce and factory outlets to clear stocks on hand.

In Singapore, the Group will speed up clearance of stocks that have been built up because of the local lockdown. In addition, efforts will be made to reduce operating costs and to adjust the number of outlets in the hope of minimizing losses.

As for the latter half of the year, prospects for our investment properties are not going to be optimistic. Leasing is expected to be sluggish while downward pressure on rentals is likely to remain. The Group will adjust its operating strategies as appropriate to minimize the impact. Regarding the development project "Goldlion Garden" in Meixian, presale may have to be postponed until early next year to avert any negative effects associated with the pandemic.

For the time being, the worst is not yet behind us. There will be all sorts of challenges arising from the uncertainties and sudden changes in the market. Despite this mounting pressure on our business, the Group is confident that our strong foundation and stable operating strategies, coupled with the hard work of our staff, will help us overcome the adversity.

FINANCIAL POSITION

As at 30th June 2020, the Group had cash and bank balances of approximately HK$1,156,316,000, which was HK$51,685,000 lower than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK$66,112,000 and received interest income of HK$16,328,000. However, the Group also paid dividends of HK$93,301,000, increased fixed assets of HK$9,922,000 and paid principal elements of lease payments of HK$8,268,000. Besides, changes in foreign exchange rate during the period resulted in a decrease in cash and bank balances of HK$22,720,000. As at 30th June 2020, the Group did not have any bank loans or overdrafts.

As at 30th June 2020, the Group's current assets and liabilities were HK$1,821,707,000 and HK$354,042,000 respectively, with current ratio at 5.1. Total current liabilities were 8.5% of the average capital and reserves attributable to owners of the Company of HK$4,179,448,000.

As at 30th June 2020, the Group did not have any material contingent liabilities and had not charged any of the Group's assets. For the "Goldlion Garden" project in Meixian, the total property development expenditure authorized but not contracted for and contracted but not provided for were HK$169,000,000 and HK$465,387,000 respectively.

HUMAN RESOURCES

At 30th June 2020, the Group had approximately 1,680 employees. Staff costs during the first six months of the year including directors' emoluments amounted to HK$91,623,000. The Group ensures that employees' remuneration packages are competitive and are determined mainly on factors including job nature, market conditions and 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

For the purpose of determining shareholders' entitlement to the proposed dividend, the Register of Members of the Company will be closed on 3rd September 2020 and 4th September 2020 (two days), during which period no transfer of shares will be registered.

In order to qualify for the above-mentioned interim dividend, all transfers accompanied by the relevant share certificates must be lodged by 4:30 p.m. on Wednesday, 2nd September 2020 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 2020. In respect of Code Provision A.2.1, the positions of the Chairman of the Board and the Chief Executive Officer are held by the same individual, namely, Mr. Tsang Chi Ming, Ricky. The Board believes that holding the positions of both Chairman and Chief Executive Officer by Mr. Tsang Chi Ming, Ricky provides the Group with more effective planning and execution of long-term business strategies and enhances efficiency in decision-making. The Board also believes that an effective corporate governance structure of the Group has been in place to ensure an appropriate monitoring of management.

Following the pass away of Mr. Nguyen, Van Tu Peter, an independent non-executive Director of the Company on 16th June 2020, as (i) the Company only has two independent non-executive Directors; (ii) Remuneration Committee and Nomination Committee do not comprise a majority of independent non-executive Directors; and (iii) the Remuneration Committee is no longer chaired by an independent non-executive Director, the Company does not meet the requirements under Rules 3.10(1) and 3.25 of the Listing Rules and Code Provision A.5.1. The Company will endeavour to identify suitable candidate to fill the vacancy as soon as practicable, with the relevant appointment(s) to be made within three months from the date of pass away of Mr. Nguyen as required under Rules 3.11 and 3.27 of the Listing Rules.

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 2020, 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 three members comprising Mr. Li Ka Fai, David (Chairman) and Dr. Lau Yue Sun, both 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 2020. 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 2020 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 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 and Mr. Li Ka Fai, David as independent non-executive Directors.

By order of the Board
Kam Yiu Kwok
Company Secretary

Hong Kong, 14th August 2020