GOLDLION HOLDINGS LIMITED

金 利 來 集 團 有 限 公 司

(Incorporated in Hong Kong under the Hong Kong Companies Ordinance)

(Stock code: 00533)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2021

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 2021 as follows:

Condensed Consolidated Interim Income Statement
For the six months ended 30th June 2021

		Unaudited Six months ended	
		30.6.2021	**30.6.2020**
	Note	HK$'000	HK$'000
Turnover	2	589,659	539,403
Cost of sales	4	(205,636)	(248,755)
Gross profit		384,023	290,648
Other losses	3	(25,347)	(18,520)
Selling and marketing costs	4	(201,829)	(145,861)
Administrative expenses	4	(75,702)	(68,941)
Operating profit		81,145	57,326
Interest income		10,091	10,936
Interest expense		(462)	(690)
Profit before income tax		90,774	67,572
Income tax expense	5	(11,786)	(11,780)
Profit for the period attributable to owners of the Company		78,988	55,792
Earnings per share		*HK cents*	*HK cents*
- Basic and diluted	6	8.04	5.68

Condensed Consolidated Interim Statement of Comprehensive Income
For the six months ended 30th June 2021

	Unaudited Six months ended	
	30.6.2021	**30.6.2020**
	HK$'000	HK$'000
Profit for the period	78,988	55,792
Other comprehensive income/(loss)		
Item that will not be reclassified subsequently to profit or loss		
Revaluation of property, plant and equipment upon reclassification to investment property	11,030	-
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	24,585	(50,344)
Other comprehensive income/(loss) for the period	35,615	(50,344)
Total comprehensive income for the period attributable to owners of the Company	114,603	5,448

Condensed Consolidated Interim Balance Sheet
As at 30th June 2021

	Note	As at 30.6.2021 (Unaudited) HK$'000	As at 31.12.2020 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		136,792	142,299
Right-of-use assets		61,152	50,321
Investment properties		2,957,584	2,950,107
Financial assets at fair value through other comprehensive income		6,268	6,215
Deferred income tax assets		50,404	51,580
		3,212,200	3,200,522
Current assets			
Property under development held for sale		514,843	424,548
Inventories		148,692	156,479
Trade receivables	8	42,201	99,257
Prepayments, deposits and other receivables		125,139	121,930
Contract assets		44,831	49,442
Tax recoverable		6,245	472
Restricted cash		97,894	-
Bank deposits		809,425	745,102
Cash and cash equivalents		442,663	492,715
		2,231,933	2,089,945
Total assets		**5,444,133**	**5,290,467**
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		1,101,358	1,101,358
Reserves		3,369,645	3,318,880
Total equity		4,471,003	4,420,238
LIABILITIES			
Non-current liabilities			
Other payables and accruals		30,604	33,116
Lease liabilities		8,880	2,806
Deferred income tax liabilities		442,269	445,477
		481,753	481,399
Current liabilities			
Trade payables	9	14,621	25,171
Other payables and accruals		154,312	152,989
Contract liabilities		305,106	189,733
Lease liabilities		12,051	7,710
Current income tax liabilities		5,287	13,227
		491,377	388,830
Total liabilities		973,130	870,229
Total equity and liabilities		**5,444,133**	**5,290,467**

Notes:

1. Principal accounting policies

This condensed consolidated interim financial information for the six months ended 30th June 2021 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 2020, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The financial information relating to the year ended 31st December 2020 that is included in this preliminary announcement of interim results for the six months ended 30th June 2021 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 2020 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 2020. 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 2020, 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 beyond 30th June 2021" (effective for annual periods beginning on or after 1st April 2021). The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 to cover lease payments related rent concessions that are originally due on or before 30th June 2022, provided the other conditions for applying the practical expedient are met. The early adoption of HKFRS 16 (Amendment) does not have any impact to the Group for the period ended 30th June 2021.

(b) Amended standards effective in 2021 but not relevant to the Group

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest rate benchmark reform - Phase 2

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

(c) The following new standard, new interpretation and amended standards have been issued but are not effective for the financial year beginning on 1st January 2021 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Classification of liabilities as current or non-current	1st January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of accounting policies	1st January 2023
HKAS 8 (Amendment)	Definition of accounting estimates	1st January 2023
HKAS 12 (Amendment)	Deferred tax related to assets and liabilities arising from a single transaction	1st January 2023
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
HK (IFRIC) - Int 5	Presentation of financial statements - Classification by the borrower of a term loan that contains a repayment on demand clause	1st January 2023

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 30.6.2021 HK$'000	Six months ended 30.6.2020 HK$'000
Revenue recognized under HKFRS 15		
Sales of goods	452,224	427,363
Building management fees	19,722	18,124
Licensing income	45,558	26,337
	517,504	471,824
Revenue recognized under other accounting standard		
Rental income from investment properties	72,155	67,579
	589,659	539,403
Timing of revenue recognition		
At a point in time	452,224	427,363
Over time	65,280	44,461
	517,504	471,824

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	
	30.6.2021 Segment turnover HK$'000	**30.6.2020 Segment turnover** HK$'000	**30.6.2021 Segment results** HK$'000	**30.6.2020 Segment results** HK$'000
Operating segments				
Apparel in China Mainland and Hong Kong SAR	482,019	437,836	91,332	59,330
Apparel in Singapore and Malaysia	16,108	15,864	3,609	(9,081)
Property investment and development	96,531	90,184	20,293	38,856
Inter-segment sales	(4,999)	(4,481)	-	-
	589,659	539,403	115,234	89,105
Unallocated costs			(24,460)	(21,533)
Profit before income tax			90,774	67,572
Income tax expense			(11,786)	(11,780)
Profit for the period			78,988	55,792

3. Other losses

	Six months ended	
	30.6.2021	**30.6.2020**
	HK$'000	HK$'000
Fair value losses on investment properties	(25,347)	(18,520)

4. Expenses by nature

	Six months ended	
	30.6.2021	**30.6.2020**
	HK$'000	HK$'000
Cost of inventories sold	203,557	188,559
(Reversal of)/provision for impairment of inventories	(18,383)	45,920
Direct operating expenses arising from investment properties that generated rental income	19,851	14,001
Expenses relating to short-term leases and variable lease payments (note)	43,077	26,390
Depreciation of property, plant and equipment	10,059	10,787
Depreciation of right-of-use assets	6,348	9,040
Impairment of property, plant and equipment	25	421
Impairment of right-of-use assets	336	1,441
Reversal of impairment of trade receivables, net	(229)	(45)
Staff costs including directors' emoluments	111,454	91,623
Advertising and promotion expenses	43,545	23,956
Other expenses	63,527	51,464
	483,167	463,557
Representing:		
Cost of sales	205,636	248,755
Selling and marketing costs	201,829	145,861
Administrative expenses	75,702	68,941
	483,167	463,557

Note:

The Group did not receive any rent concessions related to COVID-19 during the six months ended 30th June 2021 (six months ended 30th June 2020: rent concessions of HK$729,000 was credited in profit or loss and included in selling and marketing costs).

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 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% (2020: 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	
	30.6.2021	**30.6.2020**
	HK$'000	HK$'000
Current tax		
- Hong Kong	-	172
- PRC enterprise income tax	17,169	17,520
Deferred income tax	(5,383)	(5,912)
Total income tax expense	11,786	11,780

6. Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the Company of HK$78,988,000 (six months ended 30th June 2020: HK$55,792,000) and the number of ordinary shares in issue of 982,114,035 (six months ended 30th June 2020: 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 2021 and 2020.

7. Dividend

	Six months ended	
	30.6.2021	**30.6.2020**
	HK$'000	HK$'000
Interim dividend of 4.0 HK cents (2020: 3.0 HK cents) per ordinary share	39,285	29,463

8. Trade receivables

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

	As at 30.6.2021 HK$'000	**As at 31.12.2020** HK$'000
1-30 days	37,688	92,028
31-90 days	2,631	5,214
Over 90 days	3,012	3,371
Trade receivables	43,331	100,613
Less: provision for impairment of trade receivables	(1,130)	(1,356)
Trade receivables - net	42,201	99,257

9. Trade payables

Trade payables are aged as follows:

	As at 30.6.2021 HK$'000	**As at 31.12.2020** HK$'000
1-30 days	13,144	23,812
31-90 days	1,352	1,293
Over 90 days	125	66
	14,621	25,171

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 4.0 HK cents per share (2020: 3.0 HK cents per share) for the year ending 31st December 2021, totalling HK$39,285,000 (2020: HK$29,463,000), which is expected to be payable on or about 14th September 2021 to shareholders whose names appear on the Register of Members as at 3rd September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover

During the period under review, the Group's business had not yet completely recovered although the pandemic situation in China Mainland has stabilized. Total turnover for the first half of the year was HK$589,659,000, representing an increase of 9% from HK$539,403,000 of the corresponding period last year. The increase was mainly attributable to the use of a RMB exchange rate during the period by about 9% higher than that of the same period last year, and no further fee reductions granted to the licensees during the period.

Cost of sales and gross profit

Cost of sales for the period were HK$205,636,000, decreased by 17%. The decrease was mainly due to the movements in provision for impairment of inventories.

During the period, the cost of inventories sold for apparel was HK$203,557,000, representing an increase of 8% from HK$188,559,000 of the same period last year. The increase was approximately the same as the increase in relevant turnover. Due to the clearing of off-season stocks and the control of inventory level during the period, the Group recorded a reversal of impairment of inventories of HK$18,383,000, whereas the provision for impairment of last year was HK$45,920,000.

Cost of sales for the period included the direct operating expenses arising from investment properties of HK$19,851,000, representing an increase of 42% from HK$14,001,000 of the same period last year. Various pandemic related fee and tax reductions resulted in lower expenditures last year.

Gross profit for the period was HK$384,023,000, representing an increase of 32% from HK$290,648,000 of the same period last year. Gross profit margin before movements in provision for impairment of inventories for our apparel sales was approximately 54.9%, and was 0.9 percentage point lower than the corresponding period last year's 55.8%.

Other losses

During the period, the Group recorded fair value losses on investment properties of HK$25,347,000, slightly higher than HK$18,520,000 of the same period last year.

Operating expenses

Selling and marketing costs mainly consist of manpower costs for sales staff, rental expenses of the sales outlets, operating costs for e-commerce sales platforms, and advertising and promotion. In view of abatement of the pandemic during the period, the commercial activities have resumed normal operations. Coupled with the growth in overall turnover, the Group therefore recorded selling and marketing costs of HK$201,829,000 for the period, representing an increase of 38% from HK$145,861,000 of the same period last year.

Administrative expenses mainly consist of manpower costs for non-sales staff, depreciation and amortization charges and other miscellaneous expenses. The Group recorded administrative expenses of HK$75,702,000 for the period, also higher than the amount of HK$68,941,000 of the same period last year by 10%. Higher costs were mainly due to the receipt of various pandemic related fee reductions in last year.

Operating profit

Operating profit for the period amounted to HK$81,145,000, an increase of approximately 42% from HK$57,326,000 of the same period last year. The operating profit margin was about 14%, which was higher than the 11% of the same period last year.

Profit attributable to owners of the Company

The Group also recorded a net interest income of HK$9,629,000 for the period, slightly lower than the same period last year's HK$10,246,000 by approximately 6%. The decrease was mainly due to the ongoing low deposit interest rate during the period.

After offsetting the reversal of tax for fair value losses on investment properties amounting to HK$9,326,000 (HK$4,201,000 for the corresponding period last year), the income tax expense for the period was HK$11,786,000 and was comparable with the amount of HK$11,780,000 of the same period last year. Effective tax rate excluding fair value losses on investment properties and the related tax effect was 18.2% and was also comparable with the corresponding period last year's 18.6%.

The Group's profit attributable to owners of the Company for the period was HK$78,988,000, increased by approximately 42% from HK$55,792,000 of the same period last year. Profit for the period would be HK$95,009,000 if the net fair value losses after tax on investment properties of HK$16,021,000 (HK$14,319,000 for the corresponding period last year) were excluded, and was approximately 36% higher than the amount of HK$70,111,000 of the same period last year.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets
Although economic activities in China Mainland gradually returned to normal since the second half of last year, the Group's business had yet to show any sign of significant improvement during the review period. Owing to the Group's business model, there was lagging effect in the Group's performance as reflecting the actual market conditions. Further, there were still isolated clusters of COVID-19 infections.

In China Mainland, the Group has continued to conduct its apparel operation through wholesaling to distributors in various cities and provinces, through self-operated retail shops and factory outlets located mainly in Guangzhou, Shanghai, Beijing, Chongqing, Liaoning and Jilin, as well as through e-commerce and custom-ordering. Overall turnover for the period as a whole amounted to HK$436,116,000, representing an increase of approximately 6% from the same period last year. However, owing to the use of a higher RMB exchange rate by about 9% during the review period, there was a decrease of approximately 3% in RMB mainly from wholesaling and e-commerce.

Wholesaling for the review period was focused on the supply of our 2021 spring and summer products. As the related sales fair held in August last year was impacted by the pandemic, the pre-order amount declined substantially. As such, even though no additional sales return allowances were granted to the distributors during the period, sales to the distributors registered a drop of approximately 24% in RMB compared to last year.

Sales of our self-operated retail shops rebounded by approximately 59% in RMB from the relatively low comparative figures mainly due to the closure of some self-operated outlets resulted from the pandemic early last year. Sales increase was also due to the recovery of retail market and the takeover of retail operation in some provinces by the Group since last year. Business of the

Group's factory outlets has continued to improve since the second half of last year and sales increased by approximately 28% during the period amid market stability.

At the end of the period, the Group's apparel products were sold through 828 retail outlets in China Mainland, among which 119 were self-operated (including 32 factory outlets and 14 retail outlets taken over from our Shandong distributor for self-operation starting from late March).

Regarding e-commerce, procurement and sales proportion of special selected items were scaled down for clearing off-season stocks returned by our distributors. As a result, instead of rebounding, e-commerce sales dropped year on year by approximately 14% in RMB. During the period, special selected items accounted for approximately 79% of the e-commerce sales and the total e-commerce sales accounted for approximately 31% of the Group's apparel sales in China Mainland.

Our operation in custom-made corporate uniforms managed to stabilize during the review period but clients were still prudent in placing orders. Although sales registered a year-on-year increase of approximately 23% in RMB, they still trailed behind pre-pandemic levels.

During the period, the Group continued to control its purchasing volume tightly and to make efforts in the clearance of off-season stocks. As a result, a reversal of the provision for impairment of inventories of HK$12,899,000 was recorded for our China Mainland operation in the period, whereas the provision for the same period last year was HK$42,768,000.

During the review period, the Group continued to grant licenses for distribution of shoes, leather goods, undergarments and casual wear in the China Mainland. Licensing fees were charged in accordance with terms in the relevant licensing agreements during the period. As the Group had granted special fee reductions early last year, licensing income of HK$45,558,000 or an increase of approximately 73% from the same period last year was recorded during the period.

Singapore and Malaysia Markets
Following the vaccination campaign launched in Singapore early this year, the pandemic situation eased and the market picked up. The Group's business was once again affected, however, when anti-pandemic measures had to be tightened in response to a resurgence of infections in mid-June. During the period, apparel sales amounted to HK$16,108,000, representing an increase of approximately 2% when compared to the corresponding period last year's HK$15,864,000.

Since the second half of last year, the Group has ceased its retail operation in Malaysia and has reduced the number of its counters in Singapore. At the end of the review period, there were a total of 5 Goldlion shops and 11 counters in Singapore, or down by 2 in number when compared with the end of last year.

During the review period, local sales continued to focus on clearing off-season stocks while higher discounts were offered in accordance with the local market condition. As a result, overall profit margin excluding movements in impairment of inventories stood at approximately 39%, which was lower than the 45% for the corresponding period last year. The Group also reversed the provision for impairment of inventories by HK$5,484,000 during the period, whereas the provision for last year was HK$3,152,000.

In response to the pandemic, the Group stepped up control over its operation scale and cut back on unnecessary expenses during the period. As a result, overall expenses amounted to HK$8,175,000, representing a decrease of approximately 37% when compared with last year's HK$13,053,000.

Including net rental income from investment properties of HK$265,000 (HK$241,000 for the same period last year), operating profit of the Group's Singapore operation for the period stood at HK$3,874,000, compared with an operating loss of HK$8,840,000 for the same period last year.

Property Investment and Development

The Group's investment property portfolio had no significant changes during the period. Value of investment properties recognized by the Group after independent professional valuations amounted to HK$2,957,584,000 at the end of the period. Because of the appreciation of RMB, total value of investment properties in Hong Kong dollar was higher than the amount of HK$2,950,107,000 at the end of last year. The Group's fair value losses on investment properties as based on the same independent professional valuations amounted to HK$25,347,000 which mainly came from the property holding in China Mainland and especially the Goldlion Digital Network Centre in Guangzhou. Fair value losses were HK$18,520,000 for the same period last year.

Although the rental property market had not yet fully recovered in China Mainland and Hong Kong, the Group's rental income and building management fees for the period stood respectively at HK$72,155,000 and HK$19,722,000, the total of which represented an increase of approximately 7% over the same period last year owing to the use of a higher RMB exchange rate by about 9%.

In Guangzhou, rental income and building management fees in RMB generated from Goldlion Digital Network Centre were comparable with those of the corresponding period last year. With certain vacant units had still not yet filled up, our leasing position still had room for improvement. Overall occupancy rate for the period was about 79%, which was lower than the corresponding period last year's 83%. With the premises in Yuan Village in Guangzhou completely leased out and the higher RMB exchange rate, rental income and building management fees from this building grew by approximately 68%.

In Shenyang, leasing of Goldlion Commercial Building was stable. Total rental income and building management fees in RMB were comparable with those of last year.

Leasing of the Group's investment properties in Hong Kong continued to be gloomy under the pandemic. Overall rental income and building management fees generated from Goldlion Holdings Centre in Shatin fell by about 11%. In addition to a gap between leases for certain premises, upward adjustment of contracted rents was not possible. On average, occupancy rate stood at about 82% for the period. Besides, the Group's property at No. 3 Yuk Yat Street, To Kwa Wan had almost completely leased out during the period and overall income rose year on year by approximately 13%.

Regarding the development project "Goldlion Garden" in Meixian, construction works continued to be under way. By the end of the period, development expenditure amounted to HK$514,843,000, representing an increase of HK$90,295,000 when compared with the end of last year. Under the first of its two phases, a total of 6 high-rise buildings with about 500 residential units will be provided. Since the commencement of presale early in the year, about 120 units have been sold. It is currently expected that phase one can be substantially completed by the middle of next year.

PROSPECTS

Thanks to appropriate preventive and control measures in China Mainland, the pandemic has consistently been kept in check despite intermittent outbreaks. To take advantage of the normalized economic activities that ensued, the Group will develop its apparel business in China Mainland mainly by enhancing product quality and streamlining sales channels. Compared against a relatively low base pushed down by COVID-19 during the corresponding season last year, the order amount achieved at the sales fair for the 2022 spring and summer collections held in early August registered an increase but is still below our expectations. It is expected that the orders will be delivered during the first half of 2022.

In Singapore, our operating loss that has persisted for some time has begun to come under control. In light of the locally unpredictable ebb and flow of the pandemic, the Group will continue to keep its operating scale under control so as to improve operation.

As regards property investment, which is still under pressure, efforts will be made to boost the occupancy of our investment properties and to enhance their leasing potential. In respect of the development project “Goldlion Garden” in Meixian, the Group will continue with its construction and presale and will adjust as and when necessary.

Turning to the Group’s mask factory in Meizhou, the necessary production permits were approved in the second quarter. Currently, investments in machinery, plant and equipment amounted to approximately RMB9,170,000. Production and sales will commence depending on actual conditions.

FINANCIAL POSITION

As at 30th June 2021, the Group had cash and bank balances (including restricted cash of HK$97,894,000) of approximately HK$1,349,982,000, which was HK$112,165,000 higher than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK$172,226,000 but also paid dividends of HK$63,838,000 and principal elements of lease payments of HK$6,818,000. Besides, changes in foreign exchange rate during the period resulted in an increase in cash and bank balances of HK$10,603,000.

As at 30th June 2021, the Group did not have any bank loans or overdrafts. The gearing ratio, defined as the ratio of total lease liabilities less cash and cash equivalents and restricted cash divided by total equity, was zero.

As at 30th June 2021, the Group’s current assets and liabilities were HK$2,231,933,000 and HK$491,377,000 respectively, with current ratio at 4.5. Total current liabilities were 11.1% of the average capital and reserves attributable to owners of the Company of HK$4,445,621,000.

As at 30th June 2021, 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$132,000,000 and HK$399,706,000 respectively.

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

HUMAN RESOURCES

At 30th June 2021, the Group had approximately 1,700 employees. Staff costs including directors’ emoluments amounted to HK$111,454,000 for the six months ended 30th June 2021. 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 2nd September 2021 and 3rd September 2021 (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, 1st September 2021 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 2021. 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.

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 2021, 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), Dr. Lau Yue Sun and Mr. Ngan On Tak, all of them being independent non-executive Directors, and Mr. Ng Ming Wah, Charles, being a non-executive Director of the Company.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the Group's unaudited interim financial information for the six months ended 30th June 2021. 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 2021 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, Mr. Li Ka Fai, David and Mr. Ngan On Tak as independent non-executive Directors.

By order of the Board
Kam Yiu Kwok
Company Secretary

Hong Kong, 13th August 2021