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 FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2021

RESULTS

The Board of Directors (the "Board") 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 2021 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31st December 2021

	Note	**2021** HK$'000	**2020** HK$'000
Turnover	2	1,372,184	1,239,276
Cost of sales	4	(503,857)	(512,776)
Gross profit		868,327	726,500
Other losses	3	(26,777)	(60,255)
Selling and marketing costs	4	(430,022)	(354,888)
Administrative expenses	4	(170,680)	(145,949)
Operating profit		240,848	165,408
Interest income		21,204	21,265
Interest expense		(1,001)	(1,186)
Profit before income tax		261,051	185,487
Income tax expense	5	(40,008)	(37,201)
Profit for the year attributable to owners of the Company		221,043	148,286
		HK cents	*HK cents*
Earnings per share for profit attributable to owners of the Company during the year			
- Basic and diluted	6	22.51	15.10

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2021

	2021	**2020**
	HK$'000	HK$'000
Profit for the year	221,043	148,286
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Revaluation of property, plant and equipment upon reclassification to investment property	11,030	-
Change in fair value of financial assets at fair value through other comprehensive income	575	(382)
Income tax relating to these items	(144)	96
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	75,121	171,628
Other comprehensive income for the year	86,582	171,342
Total comprehensive income for the year attributable to owners of the Company	307,625	319,628

Consolidated Balance Sheet
As at 31st December 2021

	Note	As at 31.12.2021 HK$'000	As at 31.12.2020 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		121,642	142,299
Right-of-use assets		66,352	50,321
Investment properties		2,994,394	2,950,107
Financial assets at fair value through other comprehensive income		6,947	6,215
Deferred income tax assets		46,814	51,580
		3,236,149	3,200,522
Current assets			
Property under development held for sale		715,807	424,548
Inventories		195,886	156,479
Trade receivables	8	100,565	99,257
Prepayments, deposits and other receivables		126,445	121,930
Contract assets		59,147	49,442
Tax recoverable		5,110	472
Restricted cash		20,687	-
Bank deposits		876,185	745,102
Cash and cash equivalents		454,342	492,715
		2,554,174	2,089,945
Total assets		**5,790,323**	**5,290,467**
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		1,101,358	1,101,358
Reserves		3,523,382	3,318,880
Total equity		4,624,740	4,420,238
LIABILITIES			
Non-current liabilities			
Other payables and accruals		31,862	33,116
Lease liabilities		11,171	2,806
Deferred income tax liabilities		447,608	445,477
		490,641	481,399
Current liabilities			
Trade payables	9	48,594	25,171
Other payables and accruals		238,696	152,989
Contract liabilities		365,446	189,733
Lease liabilities		13,985	7,710
Current income tax liabilities		8,221	13,227
		674,942	388,830
Total liabilities		1,165,583	870,229
Total equity and liabilities		**5,790,323**	**5,290,467**

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 the disclosure 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 financial assets at fair value through other comprehensive income.

The preparation of consolidated 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 2021 and 2020 included in this preliminary announcement of annual results of 2021 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 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 and will deliver the financial statements for the year ended 31st December 2021 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 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.

All of the COVID-19 related rent concessions amounted to HK$143,000 (2020: HK$3,486,000) have been credited to the consolidated income statement within "selling and marketing costs".

1. Principal accounting policies *(continued)*

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

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS16 (Amendments)	Interest rate benchmark reform – Phase 2

(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
Accounting Guideline 5 (Amendment)	Merger accounting for common control combinations	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

The above new standard, new interpretation and amended standards are not expected to have a material impact on the consolidated financial statements of the Group.

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:

	2021 HK$'000	**2020** HK$'000
Revenue recognized under HKFRS 15		
Sales of goods	1,060,346	964,473
Building management fees	39,931	36,857
Licensing income	124,898	102,369
	1,225,175	1,103,699
Revenue recognized under other accounting standard		
Rental income from investment properties	147,009	135,577
	1,372,184	1,239,276
Timing of revenue recognition under HKFRS 15		
At a point in time	1,093,741	976,785
Over time	131,434	126,914
	1,225,175	1,103,699

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

2. Turnover and segment information *(continued)*

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

	2021 Segment turnover HK$'000	**2020 Segment turnover** HK$'000	**2021 Segment results** HK$'000	**2020 Segment results** HK$'000
Operating segments				
Apparel in China Mainland and Hong Kong SAR	1,156,623	1,032,082	234,462	199,807
Apparel in Singapore and Malaysia	29,316	34,831	8,138	(14,883)
Property investment and development	196,247	181,367	69,886	45,589
Inter-segment sales	(10,002)	(9,004)	-	-
	1,372,184	1,239,276	312,486	230,513
Unallocated costs			(51,435)	(45,026)
Profit before income tax			261,051	185,487
Income tax expense			(40,008)	(37,201)
Profit for the year			221,043	148,286

3. Other losses

	2021 HK$'000	**2020** HK$'000
Fair value losses on investment properties	(26,777)	(60,255)

4. Expenses by nature

	2021 HK$'000	2020 HK$'000
Cost of inventories sold	511,921	455,415
(Reversal of provision)/provision for impairment of inventories	(50,591)	24,704
Direct operating expenses arising from investment properties that generated rental income	40,797	32,137
Expenses relating to:		
- short-term leases	30,520	24,047
- variable lease payments (note)	54,061	42,704
Depreciation of property, plant and equipment	20,065	21,471
Depreciation of right-of-use assets	12,589	18,131
Impairment of property, plant and equipment	9,813	702
Impairment of right-of-use assets	745	4,328
Staff costs including directors' emoluments	224,356	195,562
Auditors' remuneration - audit services	3,146	3,018
Advertising and promotion expenses	113,169	77,767
Provision/(reversal of provision) for impairment of trade receivables, net	153	(258)
Net exchange gain	(64)	(655)
Other expenses	133,879	114,540
	1,104,559	1,013,613
Representing:		
Cost of sales	503,857	512,776
Selling and marketing costs	430,022	354,888
Administrative expenses	170,680	145,949
	1,104,559	1,013,613

Note**:**

Rent concessions related to COVID-19 of HK$143,000 (2020: HK$3,486,000) have been credited in profit or loss and included in selling and marketing costs for the year.

5. Income tax expense

	2021 HK$'000	2020 HK$'000
Taxation outside Hong Kong:		
Current year	43,035	35,863
Under-provision in prior year	78	154
	43,113	36,017
Deferred income tax	(3,105)	1,184
Total income tax expense	40,008	37,201

Hong Kong profits tax rate is 16.5% (2020: 16.5%). No provision for Hong Kong profits tax has been made as there is no estimated assessable profit for the year (2020: nil).

Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the year 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 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$221,043,000 (2020: HK$148,286,000) and the number of ordinary shares in issue of 982,114,035 (2020: 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 2021 and 2020.

7. Dividends

	2021 HK$'000	2020 HK$'000
2020 interim dividend, paid, of 3.0 HK cents per ordinary share	-	29,463
2020 final dividend, paid, of 6.5 HK cents per ordinary share	-	63,838
2021 interim dividend, paid, of 4.0 HK cents per ordinary share	39,285	-
2021 final dividend, proposed, of 7.0 HK cents per ordinary share	68,748	-
	108,033	93,301

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 31.12.2021 HK$'000	**As at 31.12.2020** HK$'000
1-30 days	91,438	92,028
31-90 days	7,227	5,214
Over 90 days	3,320	3,371
Trade receivables	101,985	100,613
Less: provision for impairment of trade receivables	(1,420)	(1,356)
Trade receivables - net	100,565	99,257

9. Trade payables

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

	As at 31.12.2021 HK$'000	**As at 31.12.2020** HK$'000
1-30 days	38,892	23,812
31-90 days	8,584	1,293
Over 90 days	1,118	66
	48,594	25,171

10. Subsequent events

(a) Possible major transaction - entering into of the investment agreement

On 13th January 2022, Goldlion (Far East) Limited ("Goldlion Far East"), an indirect wholly-owned subsidiary of the Company, entered into an investment agreement with the Guangzhou Airport Economic Zone Management Committee ("Guangzhou Committee"), pursuant to which (i) Goldlion Far East has conditionally agreed to invest in the project through Guangzhou Goldlion E-commerce Company Limited ("the Project Company"), an indirect wholly-owned subsidiary of the Company, with an investment of no less than RMB330,000,000 after the land use rights over the project land, a piece of modern logistics storage land with a total site area of approximately 66 mu (畝) located in the Guangzhou Airport Economic Zone ("Zone"), has been obtained by the Project Company; and (ii) the Guangzhou Committee has conditionally agreed to assist Goldlion Far East to implement the project. More details can be referred to the circular dated 21st February 2022.

10. Subsequent events *(continued)*

(a) Possible major transaction - entering into of the investment agreement *(continued)*

The project is subject to the condition that the Project Company has obtained the land use rights over the project land successfully. The project will involve the set-up of an international trade and consumption integrated headquarters in the Zone to achieve offline store and e-commerce business management and operation, centralized domestic products procurement, and the provision of regional headquarters settlement services and modern intelligent distribution services.

(b) Closure of mask factory

Upon continuous review of the operations of the Group's mask factory operated by Goldlion (China) Limited, an indirect wholly-owned subsidiary of the Company, management decided in February 2022 that its operation will be terminated in March 2022. As at 31st December 2021, property, plant and equipment in relating to the mask factory of RMB8,157,000 has been fully impaired. Up to the date of this announcement, management is still in the process of determining the appropriate level of compensation and severance to be paid to the affected employees in accordance with the relevant local laws and regulations.

(c) COVID-19 situation

Since February 2022, there have been a surge of confirmed cases of Coronavirus ("COVID-19") in China Mainland and Hong Kong SAR. The COVID-19 outbreak is considered a non-adjusting subsequent event and its related financial impact has not been reflected in the financial statements of the Group as at and for the year ended 31st December 2021. The outbreak is expected to affect the financial results of the Group and the macro-economic environment in China Mainland and Hong Kong SAR as a whole, the effect of which cannot be estimated as of the date of this announcement. The Group will pay close attention to the development of the outbreak, perform further assessment of its impact and take relevant measures as appropriate.

FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 7.0 HK cents per share (2020: 6.5 HK cents per share) for the year ended 31st December 2021, totalling HK$68,748,000 (2020: HK$63,838,000). Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on or about 8th June 2022 to shareholders whose names appear on the Register of Members as at 27th May 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover

During the year under review, the economy of China Mainland continued to recover. However, as the supply chain strains made worse by the pandemic, and the stringent and tightened regulatory policies resulted in slowdown of economic growth, the Group had yet to resume its pre-pandemic business level. Total turnover was HK$1,372,184,000, representing an increase of 11% from HK$1,239,276,000 of last year. The increase was mainly attributable to the use of a RMB exchange rate during the year by about 7% higher than that of last year, and no further fee reductions granted to the licensees.

Cost of sales and gross profit

Cost of sales for the year was HK$503,857,000, decreased by 2%. The decrease was mainly due to the movements in provision for impairment of inventories.

During the year, the cost of inventories sold of our apparel operation was HK$511,921,000, representing an increase of 12% from HK$455,415,000 of 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 year, the Group recorded a reversal of provision for impairment of inventories of HK$50,591,000, whereas the provision for impairment of last year was HK$24,704,000, a difference of HK$75,295,000 for two years.

Cost of sales for the year included the direct operating expenses arising from investment properties of HK$40,797,000, representing an increase of 27% from HK$32,137,000 of last year. Various pandemic related fee and tax reductions resulted in lower expenditures last year.

Gross profit for the year was HK$868,327,000, representing an increase of 20% from HK$726,500,000 of last year. Gross profit margin before movements in provision for impairment of inventories for our apparel sales was approximately 51.7%, and was 1.1 percentage points lower than last year’s 52.8%.

Other losses

During the year, the Group recorded fair value losses on investment properties of HK$26,777,000, lower than HK$60,255,000 of 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 year, the commercial activities have resumed normal operations. Coupled with the growth in overall turnover, the Group therefore recorded selling and marketing costs of HK$430,022,000 for the year, representing an increase of 21% from HK$354,888,000 of last year.

Administrative expenses mainly consist of manpower costs for non-sales staff, depreciation, amortization and impairment charges, and other miscellaneous expenses. The Group recorded administrative expenses of HK$170,680,000 for the year, also higher than the amount of HK$145,949,000 of last year by 17%. Higher costs were mainly due to the impairment of property, plant and equipment relating to the mask factory and the receipt of various pandemic related fee reductions in last year.

Operating profit

Operating profit for the year amounted to HK$240,848,000, an increase of approximately 46% from HK$165,408,000 of last year. The operating profit margin was about 18%, which was higher than the margin of 13% of last year.

Profit attributable to owners of the Company

The Group also recorded a net interest income of HK$20,203,000 for the year, broadly comparable with last year's HK$20,079,000.

After offsetting the reversal of tax for fair value losses on investment properties amounting to HK$13,897,000 (HK$13,078,000 for last year), the income tax expense for the year was HK$40,008,000 and was higher than the amount of HK$37,201,000 of last year. Effective tax rate excluding fair value losses on investment properties and the related tax effect was 18.7%, down from 20.5% of last year.

The Group's profit attributable to owners of the Company for the year was HK$221,043,000, increased by approximately 49% from HK$148,286,000 of last year. Profit for the year would be HK$233,923,000 if the net fair value losses after tax on investment properties of HK$12,880,000 (HK$47,177,000 for last year) were excluded, and was approximately 20% higher than the amount of HK$195,463,000 of last year.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets

The "dynamic zero" strategy adopted in the China Mainland was successful in preventing the spread of COVID-19 and the market remained generally stable during the year. Overall economy was however overshadowed by the liquidity problems of the real estate market and the increasingly-stringent regulatory measures introduced by the middle of the year. The Group's apparel business in the China Mainland has not seen significant improvement. Overall turnover for the year amounted to HK$1,031,030,000, representing an increase of approximately 11% from last year. However, owing to the use of a higher RMB exchange rate by about 7%, the increase was approximately 4% in term of RMB.

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.

In respect of our wholesaling operation, the stable operating conditions of our various distributors during the year ensured the improvement in the overall sales as compared with last year. However, due to intermittent outbreaks of the pandemic, the distributors adopted a more conservative approach when placing their orders. During the year, additional sales return allowances granted to distributors had significantly decreased. As such, sales to distributors, which were denominated in RMB, increased by approximately 9% as compared with last year.

Sales of our self-operated retail shops rebounded by approximately 23% in RMB from the relatively low comparative figures mainly due to the temporary 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 turnover of the year was comparable with that of last year.

At the end of the year, the Group's apparel products were sold through 826 retail outlets in China Mainland, among which 115 were self-operated (including 33 factory outlets and 14 retail outlets taken over from our Shandong distributor for self-operation starting from late March).

Regarding e-commerce, 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 10% in RMB. During the year, special selected items accounted for approximately 82% of the e-commerce sales and the total e-commerce sales accounted for approximately 28% of the Group's apparel sales in China Mainland.

Our operation in custom-made corporate uniforms managed to stabilize during the year but clients were still prudent in placing orders. Sales registered a year-on-year decrease of approximately 4% in RMB.

During the year, 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 provision for impairment of inventories of HK$38,367,000 was recorded in the year, whereas the provision for last year was HK$23,647,000.

During the year under review, 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 year. As the Group had granted special fee reductions early last year, together with a higher RMB exchange rate, licensing income for the year was HK$124,898,000, increased by approximately 22% from last year.

In addition, the Group established a mask factory in Meizhou in 2020 and production permits were granted in the second quarter of the year. However, its orders and sales had not been able to meet our expectations, and the Group decided to terminate its operation in March 2022. Total investments of the factory amounting to RMB8,157,000 by the end of 2021 has been fully impaired in the year.

Singapore Market
In the Singapore market, after the local vaccination campaign launched at the beginning of the year, the pandemic eased and the market picked up. Nevertheless, Group's business was once again affected when anti-pandemic measures had to be tightened in response to the resurgence of infections in the middle of the year and the subsequent outbreak of a new variant, Omicron. Coupled with the significant decrease in the number of sales outlets and the focus on clearance of off-season stocks, apparel sales amounted to only HK$29,316,000 for the year, representing a decrease of approximately 16% from HK$34,831,000 of last year.

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 year, there were a total of 5 Goldlion shops and 8 counters in Singapore, or down by 5 in number when compared with the end of last year.

During the year, 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 41% of last year. As for those off-season stocks sold during the year, provision has been made in prior periods. Therefore, the Group reversed the provision for impairment of inventories by HK$12,224,000 during the year. As a provision of HK$1,057,000 was made in last year, there was a difference in provision for impairment of inventories by HK$13,281,000 for these two years.

In response to the pandemic, the Group stepped up control over its operation scale and cut back on unnecessary expenses during the year. As a result, overall expenses amounted to HK$15,188,000, representing a decrease of approximately 45% when compared with last year's HK$27,395,000.

Including net rental income from investment properties of HK$664,000 (HK$336,000 for last year), operating profit of the Group's Singapore operation for the year stood at HK$8,802,000, compared with an operating loss of HK$14,547,000 for last year. The turnaround from loss to profit was mainly due to the relatively high amount of change in provision for impairment of inventories.

Property Investment and Development

The Group's investment property portfolio had no significant changes during the year under review. Value of investment properties recognized by the Group after independent professional valuations amounted to HK$2,994,394,000 at the end of the year, of which property holdings in China Mainland, Hong Kong and Singapore were approximately HK$1,799,134,000, HK$1,150,600,000 and HK$44,660,000 respectively. 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$26,777,000 (HK$60,255,000 for last year) which mainly came from the property holdings in China Mainland and especially the Goldlion Digital Network Centre in Guangzhou. An increase in values was recorded for the property holdings in Hong Kong.

Although the Group's property leasing situation in China Mainland had not yet fully recovered, the Group's rental income and building management fees for the year stood respectively at HK$147,009,000 and HK$39,931,000, the total of which represented an increase of approximately 8% over last year owing to the use of a higher RMB exchange rate by about 7%.

In Guangzhou, rental income and building management fees in RMB generated from Goldlion Digital Network Centre were 3% lower than last year. The pandemic caused a slowdown in leasing activities. With certain vacant units had still not yet filled up, our leasing position still had room for improvement. Overall occupancy rate for the year was about 78%, which was lower than last year's 81%. 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 59%.

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.

During the year, the leasing of the Group's properties in Hong Kong improved. In particular, the overall rental income and building management fees generated from Goldlion Holdings Centre in Shatin increased by approximately 2%. As at the end of the year, the property was completely leased out. The Group's property located at 3 Yuk Yat Street, To Kwa Wan, had also been fully leased out with an increase of approximately 16% in overall income as compared with last year.

The development project "Goldlion Garden" in Meixian remained under construction. By the end of the year, the development expenditure amounted to HK$715,807,000, representing an increase of HK$291,259,000 as compared with the end of last year. Under the first of its two phases, a total of six high-rise buildings with 524 residential units will be provided. Despite the commencement of its pre-sale at the beginning of the year, buyers were passive in response to the numerous price-cutting offers from certain domestic real estate developers caused by their liquidity problems during the year. As a result, the sales of the project were materially affected, with approximately 160 units sold. It is currently expected that phase one can be substantially completed by the middle of the coming year. In addition, the construction of the second phase of the project (with 456 residential units in five high-rise buildings and 47 low-rise units) commenced during the year. Pre-sale of certain units had been started by the end of the year.

PROSPECTS

China Mainland remains affected by the COVID-19 pandemic in spite of its effective control measures. Together with geopolitical conflicts which have caused market fluctuations, the domestic economic development will be full of challenges in 2022. The Group will adhere to its prudent operation principle when developing its apparel business in China Mainland, including improving product quality, optimizing sales channels and enhancing self-operated retail capabilities. Given the improving business operation of various distributors, the Group will further strengthen its cooperation with them.

In addition, the Group's pre-order of 2022 fall and winter collections in sales fair was held smoothly in early March 2022. The pre-order amount was similar to that of the corresponding season last year, which was also in line with the Group's expectations. It is expected that the orders will be delivered to distributors in the second half of 2022.

In January 2022, the Group entered into an investment agreement with the Guangzhou Airport Economic Zone Management Committee under the Guangzhou People's Government, pursuant to which the Group planned to acquire the land use right of a piece of land of approximately 66 mu (畝) in Guangzhou Airport Economic Zone for the construction of an integrated trading headquarter including a logistic centre. The total investment is expected to be RMB330,000,000. As the investment agreement was a framework agreement in nature, details and specific arrangements for obtaining the land use right will be subject to further negotiation between both parties.

In the Singapore market, the Group has successfully reversed the continuous operating losses in the past few years by reducing its operating costs and controlling its operation scale. It is expected that the Group will continue to strictly control its business operations to ensure the improvement of its operating performance.

In respect of property investment business, except for Goldlion Digital Network Centre in Guangzhou, other properties have almost been leased out completely. In 2022, the Group will focus on improving the leasing of Goldlion Digital Network Centre by reducing its vacancies and exploring its leasing potential.

As for the property development project "Goldlion Garden" in Meixian, the Group will place the emphasis on its construction work to ensure that the first phase of the project can be completed on schedule. In addition, despite the sluggish market condition, the Group will strive to pre-sell the remaining units according to the actual situation.

FINANCIAL POSITION

As at 31st December 2021, the Group had cash and bank balances (including restricted cash of HK$20,687,000) of approximately HK$1,351,214,000, which was HK$113,397,000 higher than that at the end of last year. During the year, the Group recorded a net cash inflow from operating activities of HK$202,318,000 and received interest income of HK$18,655,000. However, the Group also paid dividends of HK$103,123,000, increased fixed assets of HK$24,081,000 and paid principal elements of lease payments of HK$13,689,000. Besides, changes in foreign exchange rate during the year resulted in an increase in cash and bank balances of HK$33,147,000.

As at 31st December 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 bank balances divided by total equity, was zero.

As at 31st December 2021, the Group's current assets and current liabilities were HK$2,554,174,000 and HK$674,942,000 respectively, with a current ratio at 3.8. Total current liabilities were 15% of the average capital and reserves attributable to owners of the Company of HK$4,522,489,000.

As at 31st December 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$215,000,000 and HK$308,370,000 respectively.

As at 31st December 2021, the Group had guarantees in respect of mortgage facilities for certain property buyers amounting to HK$78,995,000. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The above guarantees are to be discharged upon the earlier of (i) issue of the real estate ownership certificates; and (ii) the satisfaction of mortgaged loans by the property buyers. The Board considers that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty, therefore, no provision has been made in the financial statements for the guarantees.

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 31st December 2021, the Group had approximately 1,680 employees. Staff costs including directors' emoluments of the year amounted to HK$224,356,000. 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 20th May 2022 (the "2022 AGM"), the Register of Members of the Company will be closed from 17th May 2022 to 20th May 2022 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2022 AGM, all transfers accompanied by the relevant share certificates must be lodged by 4:30 p.m. on Monday, 16th May 2022 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(b) For the purpose of determining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed on 26th May 2022 and 27th May 2022 (two days), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend of the year, all transfers accompanied by the relevant share certificates must be lodged by 4:30 p.m. on Wednesday, 25th May 2022 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") for the year ended 31st December 2021. In respect of Code Provision C.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 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), 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 STATEMENTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December 2021. 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 2021. 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 2021 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 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, 18th March 2022