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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 2022

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 2022 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31st December 2022

	Note	**2022** HK$'000	**2021** HK$'000
Turnover	2	1,415,709	1,372,184
Cost of sales	4	(645,919)	(503,857)
Gross profit		769,790	868,327
Other losses	3	(57,110)	(26,777)
Selling and marketing costs	4	(406,197)	(430,022)
Administrative expenses	4	(153,775)	(170,680)
Operating profit		152,708	240,848
Interest income		22,725	21,204
Interest expense		(1,293)	(1,001)
Profit before income tax		174,140	261,051
Income tax expense	5	(19,678)	(40,008)
Profit for the year attributable to owners of the Company		154,462	221,043
		HK cents	*HK cents*
Earnings per share for profit attributable to owners of the Company during the year			
- Basic and diluted	6	15.73	22.51

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2022

	2022 HK$'000	**2021** HK$'000
Profit for the year	154,462	221,043
Other comprehensive (loss)/income		
Items that will not be reclassified subsequently to profit or loss		
Revaluation of property, plant and equipment upon reclassification to investment property	8,609	11,030
Change in fair value of financial assets at fair value through other comprehensive (loss)/income	(1,002)	575
Income tax relating to these items	(1,902)	(144)
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	(229,983)	75,121
Other comprehensive (loss)/income for the year	(224,278)	86,582
Total comprehensive (loss)/income for the year attributable to owners of the Company	(69,816)	307,625

Consolidated Balance Sheet
As at 31st December 2022

	Note	As at 31.12.2022 HK$'000	As at 31.12.2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		145,273	121,642
Right-of-use assets		87,053	66,352
Investment properties		2,775,582	2,994,394
Financial assets at fair value through other comprehensive income		5,432	6,947
Deferred income tax assets		57,478	46,814
		3,070,818	3,236,149
Current assets			
Property under development held for sale		767,938	715,807
Inventories		204,578	195,886
Trade receivables	8	125,091	100,565
Prepayments, deposits and other receivables		80,503	126,445
Contract assets		64,980	59,147
Tax recoverable		3	5,110
Restricted cash		26,186	20,687
Bank deposits		840,885	876,185
Cash and cash equivalents		309,805	454,342
		2,419,969	2,554,174
Total assets		**5,490,787**	**5,790,323**
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		1,096,939	1,101,358
Reserves		3,350,444	3,523,382
Total equity		4,447,383	4,624,740
LIABILITIES			
Non-current liabilities			
Other payables and accruals		26,152	31,862
Lease liabilities		31,048	11,171
Deferred income tax liabilities		399,376	447,608
		456,576	490,641
Current liabilities			
Trade payables	9	47,251	48,594
Other payables and accruals		227,776	238,696
Contract liabilities		269,118	365,446
Lease liabilities		18,629	13,985
Current income tax liabilities		24,054	8,221
		586,828	674,942
Total liabilities		1,043,404	1,165,583
Total equity and liabilities		**5,490,787**	**5,790,323**

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 2022 and 2021 included in this preliminary announcement of annual results of 2022 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 2021 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 2022 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 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$1,882,000 (2021: HK$143,000) have been credited to the consolidated income statement within "selling and marketing costs".

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

(b) Amended standards effective in 2022 but not relevant to the Group

HKAS 16 (Amendment)	Property, plant and equipment: Proceeds before intended use
HKAS 37 (Amendment)	Onerous contracts – Cost of fulfilling a contract
HKFRS 3 (Amendment)	Reference to the conceptual framework
HKFRSs (Amendments)	Annual improvements 2018-2020 cycle
Accounting Guideline 5 (Amendment)	Merger accounting for common control combinations

The above amended standards did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(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 2022 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 2024
HKAS 1 (Amendment)	Non-current liabilities with covenants	1st January 2024
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
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established
HKFRS 16 (Amendment)	Lease liability in a sale and leaseback	1st January 2024
HKFRS 17	Insurance contracts	1st January 2023
HKFRS 17 (Amendment)	Initial application of HKFRS 17 and HKFRS 9 – Comparative information	1st January 2023
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:

	2022 HK$'000	**2021** HK$'000
Revenue recognized under HKFRS 15		
Sales of goods	968,164	1,060,346
Sales of properties	139,033	-
Building management fees	40,787	39,931
Licensing income	112,859	124,898
	1,260,843	1,225,175
Revenue recognized under other accounting standards		
Rental income from investment properties	154,866	147,009
	1,415,709	1,372,184
Timing of revenue recognition under HKFRS 15		
At a point in time	1,135,956	1,093,741
Over time	124,887	131,434
	1,260,843	1,225,175

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 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:

	2022 Segment turnover HK$'000	2021 Segment turnover HK$'000	2022 Segment results HK$'000	2021 Segment results HK$'000
Operating segments				
Apparel in China Mainland and Hong Kong SAR	1,047,509	1,156,623	129,359	234,462
Apparel in Singapore	34,703	29,316	2,686	8,138
Property investment and development	344,449	196,247	87,131	69,886
Inter-segment sales	(10,952)	(10,002)	-	-
	1,415,709	1,372,184	219,176	312,486
Unallocated costs			(45,036)	(51,435)
Profit before income tax			174,140	261,051
Income tax expense			(19,678)	(40,008)
Profit for the year			154,462	221,043

3. Other losses

	2022 HK$'000	2021 HK$'000
Fair value losses on investment properties	(57,110)	(26,777)

4. Expenses by nature

	2022 HK$'000	2021 HK$'000
Cost of inventories sold	475,055	511,921
Cost of properties sold	97,293	-
Provision for/(reversal of provision) impairment of inventories	33,813	(50,591)
Direct operating expenses arising from investment properties that generated rental income	38,483	40,797
Expenses relating to:		
- short-term leases	24,622	30,520
- variable lease payments (note)	39,836	54,061
Depreciation of property, plant and equipment	22,577	20,065
Depreciation of right-of-use assets	18,524	12,589
Impairment of property, plant and equipment	-	9,813
Impairment of right-of-use assets	10,703	745
Staff costs including directors' emoluments	203,617	224,356
Auditors' remuneration:		
- audit services	3,407	3,146
- non-audit services	852	401
Advertising and promotion expenses	98,235	113,169
Provision for impairment of trade receivables, net	1,028	153
Net exchange loss/(gain)	1,727	(64)
Other expenses	136,119	133,478
	1,205,891	1,104,559
Representing:		
Cost of sales	645,919	503,857
Selling and marketing costs	406,197	430,022
Administrative expenses	153,775	170,680
	1,205,891	1,104,559

Note**:**

Rent concessions related to COVID-19 of HK$1,882,000 (2021: HK$143,000) have been credited in profit or loss and included in selling and marketing costs for the year.

5. Income tax expense

	2022 HK$'000	2021 HK$'000
Hong Kong profits tax:		
Current year	81	-
Taxation outside Hong Kong:		
Current year	51,289	43,035
Under-provision in prior year	273	78
	51,562	43,113
Deferred income tax	(31,965)	(3,105)
Total income tax expense	19,678	40,008

Hong Kong profits tax rate has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year.

Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the year at the rate of 25% (2021: 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$154,462,000 (2021: HK$221,043,000) and the weighted average number of ordinary shares in issue of 981,690,335 (2021: 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 2022 and 2021.

7. Dividends

	2022 HK$'000	2021 HK$'000
2021 interim dividend, paid, of 4.0 HK cents per ordinary share	-	39,285
2021 final dividend, paid, of 7.0 HK cents per ordinary share	-	68,748
2022 interim dividend, paid, of 3.5 HK cents per ordinary share	34,374	-
2022 final dividend, proposed, of 5.0 HK cents per ordinary share	48,922	-
	83,296	108,033

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 31.12.2022 HK$'000	**As at 31.12.2021** HK$'000
1-30 days	101,618	91,438
31-90 days	17,827	7,227
Over 90 days	7,841	3,320
Trade receivables	127,286	101,985
Less: provision for impairment of trade receivables	(2,195)	(1,420)
Trade receivables - net	125,091	100,565

9. Trade payables

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

	As at 31.12.2022 HK$'000	**As at 31.12.2021** HK$'000
1-30 days	40,130	38,892
31-90 days	4,760	8,584
Over 90 days	2,361	1,118
	47,251	48,594

FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 5.0 HK cents per share (2021: 7.0 HK cents per share) for the year ended 31st December 2022, totalling HK$48,922,000 (2021: HK$68,748,000). Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on or about 7th June 2023 to shareholders whose names appear on the Register of Members as at 30th May 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover

During the year under review, the China Mainland economy was affected by the pandemic and the market situation was severe. Although the Group recognized an income from the sales of properties of HK$139,033,000 during the year, the Group only recorded a turnover of HK$1,415,709,000, representing a slight increase of 3% from HK$1,372,184,000 of last year. Turnover would rather decrease by 7% if the income from property sales was excluded. Among them, the income of apparel business and licensing business decreased by 9% and 10% respectively when compared with last year.

Cost of sales and gross profit

Cost of sales for the year was HK$645,919,000, including cost of inventories sold of our apparel operation of HK475,055,000, provision for impairment of inventories of HK$33,813,000, cost of properties sold of HK$97,293,000 and direct operating expenses arising from investment properties of HK$38,483,000.

During the year, the cost of inventories sold of our apparel operation was HK$475,055,000, representing a decrease of 7% from HK$511,921,000 of last year. The decrease was approximately the same as the decrease in relevant turnover. Gross profit margin excluding the effect of impairment of inventories was 50.8%, which was slightly lower than the 51.6% of last year. The decrease was mainly associated with the slight reduction in the gross profit margin of products for current season in China Mainland. Due to the decline in sales leading to a higher inventory level, the Group recorded a provision for impairment of inventories of HK$33,813,000 during the year, whereas the reversal of provision for impairment of last year was HK$50,591,000. The difference was HK$84,404,000.

The direct operating expenses arising from investment properties for the year was HK$38,483,000, representing a decrease of approximately 6% when compared with HK$40,797,000 of last year. This was mainly due to the adoption of a Renminbi exchange rate by approximately 4% lower than last year, resulting in a reduction of related domestic expenses when translated.

Other losses

During the year, the Group recorded fair value losses on investment properties of HK$57,110,000, representing an increase of HK$30,333,000 when compared with the losses of HK$26,777,000 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, advertising and promotion, and relevant marketing expenses and tax fees relating to the Meixian property development project. The Group recorded total selling and marketing costs of HK$406,197,000 for the year, representing a decrease of 6% from HK$430,022,000 of last year. The decrease was mainly resulted from the decrease in relevant selling expenses due to the decline in sales of our self-operated retailing and e-commerce operations in China Mainland, the cancellation or delay of certain promotional activities caused by various anti-pandemic measures, as well as the decrease in the exchange rate of RMB.

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$153,775,000 for the year, also lower than the amount of HK$170,680,000 of last year by 10%. Lower costs were mainly due to the impairment of property, plant and equipment relating to the mask factory of HK$9,788,000 in last year.

Operating profit

Operating profit for the year amounted to HK$152,708,000, representing a decrease of approximately 37% from HK$240,848,000 of last year. The operating profit margin was approximately 11%, which was lower than the margin of 18% of last year.

Profit attributable to owners of the Company

The Group also recorded a net interest income of HK$21,432,000 for the year, higher than last year's HK$20,203,000 by approximately 6%. The increase was mainly due to the rise in deposit interest rate during the year.

After offsetting the reversal of tax for fair value losses on investment properties amounting to HK$18,786,000 (HK$13,897,000 for last year), the income tax expense for the year was HK$19,678,000 and was lower than the amount of HK$40,008,000 of last year. Effective tax rate excluding fair value losses on investment properties and the related tax effect was 16.6% and was also lower than last year's 18.7%. This is mainly due to a larger proportion of profits derived from regions with lower tax rates.

The Group's profit attributable to owners of the Company for the year was HK$154,462,000, decreased by approximately 30% from HK$221,043,000 of last year. Profit for the year would be HK$192,786,000 if the net fair value losses after tax on investment properties of HK$38,324,000 (HK$12,880,000 for last year) were excluded, and was approximately 18% lower than the amount of HK$233,923,000 of last year.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets

During the year under review, the China Mainland continued to be affected by the COVID-19 pandemic and global market volatility, leading to a significant slowdown in economic momentum. The apparel industry inevitably took a hit, and the Group's business was also affected. As a result, the overall turnover for the year amounted to HK$933,461,000, decreased by approximately 9% from last year, with double-digit declines recorded in self-operated retail shops, factory outlets and e-commerce businesses. However, owing to the use of a lower RMB exchange rate by about 4%, the decrease was approximately 6% 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, Jilin and Shandong, as well as through e-commerce and custom-ordering.

Owing to the Group's wholesale business model, sales to distributors during the year were related to orders for those goods placed earlier, resulting in a certain degree of lag and a delayed reflection of the latest market conditions. Pre-orders for 2022 products were placed during the earlier period of stable pandemic conditions, and total sales for the year amounted to HK$380,282,000, which was equivalent to that of last year in term of RMB. However, the impact of the severe pandemic on the business of distributors during the year has not yet been fully reflected.

The Group's self-operated retail operation has suffered a great deal from various strict anti-pandemic measures throughout the year, coupled with the outbreak of virus infections at the end of the year. Some of our self-operated retail shops were required to close temporarily and shopping traffic was sparse. As a result, the sales of our self-operated retail shops dropped year on year by approximately 23% in RMB, or 27% if excluding the outlets in Shandong taken over last April. Similarly, the business of the Group's factory outlets was also impacted by the pandemic and poor market sentiment, resulting in a year-on-year decrease in sales by approximately 18% in RMB.

In response to the rise of "Guochao" (or the "Chinese fashion trend") in recent years, the Group projected to establish "Goldlion 3388" lifestyle stores to promote corporate culture, increase brand awareness, and create a new brand direction. Two lifestyle stores, located in Shanghai and Guangzhou respectively, were opened in the fourth quarter, and another self-operated apparel store located in Panyu, Guangzhou, was converted into a lifestyle store during the year. Sales from these stores during the initial opening period within the year were not significant. During the year, the project incurred initial outlays and operating expenses amounting to HK$27,853,000 and related provisions for impairment of right-of-use assets of HK$10,703,000.

At the end of the year, the Group's apparel products were sold through 799 retail outlets in China Mainland, among which 118 were self-operated (including 36 factory outlets).

The performance of e-commerce fell short of our expectations during the period due to the dampened consumer sentiment and the weak demands under the pandemic, as well as difficulties in the delivery of e-commerce products caused by lockdown measures. As a result, e-commerce sales dropped year on year by approximately 10% in RMB. During the year, the Group continued to focus on the sales of special selected items, which accounted for approximately 90% of the e-commerce sales and the total e-commerce sales accounted for approximately 27% of the Group's apparel sales in China Mainland. The Group also started to launch the "g+" brand casual wear on some e-commerce platforms in middle of the year. As the preliminary response fell short of expectations, the sales amount was minimal.

As our operation in custom-made corporate uniforms managed to stabilize during the year, coupled with a relatively low base from last year, sales registered a year-on-year increase of approximately 68% in RMB, the amount of which was generally in line with our expectations.

Due to the impact of the pandemic, sales slowed down during the year and the Group also had a higher inventory level at the end of the year. The Group therefore made a provision for impairment of inventories of HK$37,559,000, compared to a reversal of provision of HK$38,367,000 last year.

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. Due to the special fee reduction in view of the pandemic and the decrease in RMB exchange rate, the Group recorded a licensing income of HK$112,859,000 during the year, representing a decrease of approximately 10% from last year.

In addition, the Group entered into an investment agreement, which was a framework agreement in nature, with the Guangzhou Airport Economic Zone Management Committee under the Guangzhou People's Government at the beginning of the year. Under the agreement, the Group planned to commence the construction of an integrated trading headquarter, including a logistics centre in Guangzhou Airport Economic Zone. No significant progress has been made for the project during the year. The Group also anticipates that it is not likely to acquire the project land before the termination date in January 2024 as stipulated in the agreement.

Singapore Market
During the year under review, Singapore has recovered from the pandemic with various anti-pandemic measures gradually being lifted. Market situation has gradually improved following orderly normalization. At the beginning of the year, the tight global supply chain caused delay in the receipt of our new merchandises. As a result, sales continued to focus on clearing off-season stocks until the second quarter when new arrivals were introduced. As such, the apparel sales amounted to HK$34,703,000 for the year, increased by 18% from HK$29,316,000 of last year.

During the year, the Group continued to streamline the retail network, including the closure of two underperforming shops after the expiry of current lease, which had not caused any adverse impact on the Group's business. At the end of the year, there were a total of 3 Goldlion shops and 7 counters in Singapore, down by 3 in number when compared with the end of last year.

As the sales of new arrivals had gone up since the second quarter, gross profit margin excluding changes in impairment of inventories was approximately 51%, representing an increase of approximately 12 percentage points when compared with 39% of last year. As impairment provisions have been made in earlier period for inventories of off-season items sold, the Group reversed the provision for impairment of inventories by HK$3,746,000 during the year, which was lower than the reversal of provision of HK$12,224,000 for last year.

As the local government ceased to grant wage subsidy and related expenses increased resulting from the increasing sales, overall expenses during the year amounted to HK$18,356,000, which was higher than HK$15,188,000 of last year.

Including net rental income from investment properties of HK$804,000 (HK$664,000 for last year), operating profit of the Group's Singapore operation for the year stood at HK$3,491,000, representing a decrease of approximately 60% from HK$8,802,000 for last year, which was mainly related to the decrease in the reversal of inventory provision.

Property Investment and Development

Except for the transfer of certain office units in Guangzhou to self-use, the Group's investment property portfolio had no significant changes during the year when compared with the end of last year. Value of investment properties recognized by the Group after independent professional valuations amounted to HK$2,775,582,000 at the end of the year, of which property holdings in China Mainland, Hong Kong and Singapore were approximately HK$1,559,976,000, HK$1,168,700,000 and HK$45,530,000 respectively, and property under development in China Mainland HK$1,376,000. Because of the decreases in valuation amounts and RMB exchange rate, as well as the transfer of several investment properties to self-use, total value of investment properties in Hong Kong dollar decreased by approximately 7% from the amount of HK$2,994,394,000 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$57,110,000, whereas the fair value losses were HK$26,777,000 for last year. The losses generated during the period mainly came from the property holding in China Mainland and especially the Goldlion Digital Network Centre in Guangzhou, while the fair value for properties in Hong Kong was slightly increased.

The Group's rental income and building management fees for the year stood respectively at HK$154,866,000 and HK$40,787,000, the total of which represented an increase of approximately 5% over last year. The increase is because of all the vacant units in Yuan Village in Guangzhou and Hong Kong in last year were leased out during the year.

In Guangzhou, rental income and building management fees in RMB generated from Goldlion Digital Network Centre were approximately 4% higher than that of last year. The slowdown in leasing activities continued due to the pandemic persists, and the overall occupancy rate is approximately 81%, which was higher than the 78% of last year. However, the leasing situation still needs improvement. With the premises in Yuan Village in Guangzhou completely leased out during the year, rental income and building management fees increased by approximately 15%.

In Shenyang, leasing of Goldlion Commercial Building continued to be stable. Total rental income and building management fees in RMB increased from last year by approximately 6%.

Despite the outbreak of the fifth wave of the pandemic during the year, the impact on the leasing of the Group's investment properties in Hong Kong were immaterial. During the year, overall rental income and building management fees generated from Goldlion Holdings Centre in Shatin, which had been completely leased out since the end of last year, increased by about 15%. Besides, the Group's property at No. 3 Yuk Yat Street, To Kwa Wan had also been completely leased out during the year and overall income rose year on year by approximately 2%.

The development project "Goldlion Garden" in Meixian has two phases. For the phase one of the project, a total of six high-rise buildings with an aggregate of 524 residential units were mainly provided, while for the second phase, a total of five high-rise buildings with an aggregate of 452 residential units and 47 low-rise units were provided. The construction works and pre-sale had been started in 2019 and early 2021 respectively. First phase of the project was completed in September 2022 and the construction of the second phase was expected to be successively completed from 2023. Currently, about 234 units (including 210 units of phase one) have been sold, of which 154 completed units were delivered before the end of the year. The income from property sales recognized amounted to HK$139,033,000.

After deducting the cost of properties sold of HK$97,293,000 for the year, the total expenditure for the project at the end of the year amounted to HK$767,938,000. Due to the significant decline in the market demand resulting from the impact of the pandemic on overall economy and the recent sluggish real estate market in China Mainland, the pre-sale numbers of the project were far below our expectations.

PROSPECTS

Since the widespread outbreak of the COVID-19 infection in the fourth quarter of the year, the situation in China Mainland has been under control. With the gradual lifting of various epidemic prevention measures, overall life and economic activities have returned to normal. However, it is expected that it will take some time for the market to fully recover. In particular, sales of men's apparel may take longer to recover. As such, the Group's apparel business is expected to continue to face challenges in 2023, and the outlook is not yet optimistic.

The Group will continue to pursue a prudent operating strategy and strive to develop its domestic apparel business, including improving product quality, strengthening self-operated retailing capabilities and optimizing various sales channels, including distributors. The Group will enhance the operational efficiency of the newly started "Goldlion 3388" and "g+" operations. The Group also plans to build a brand museum to promote the "Goldlion" brand in a vacant factory building in Meizhou. The construction of the project is expected to start in 2023.

In addition, sales fair for pre-order of the Group's 2023 fall and winter collections was held in February 2023. Due to the negative impact of the pandemic on the business of our distributors, they have generally adopted a cautious attitude towards the market prospects, resulting in a prudent ordering approach. As a result, the pre-ordering situation was not satisfactory and declined compared to the same quarter last year. It is expected that the orders will be delivered to distributors in the second half of 2023.

In the Singapore market, after several years of operational adjustments, business conditions have now largely returned to normal. The Group will develop local business according to actual conditions, with an aim to improve sales and profitability and ensure a sustainable growth of business.

In respect of property investment business, except for Goldlion Digital Network Centre in Guangzhou, other properties have almost been fully leased out. 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 focus on the progress of phase two construction works and strive to sell the remaining units. As the project was wholly funded by internal resources of the Group and do not involve any borrowings, the Group will proceed with sales according to the actual market situation, despite the lack of clear signs of a rebound in the domestic real estate market.

FINANCIAL POSITION

As at 31st December 2022, the Group had cash and bank balances (including restricted cash of HK$26,186,000) of approximately HK$1,176,876,000, which was HK$174,338,000 lower than that at the end of last year. During the year, the Group recorded a net cash inflow from operating activities of HK$30,964,000 and received interest income of HK$25,284,000. However, the Group also paid dividends of HK$103,122,000, repurchase of shares of HK$4,419,000, increased fixed assets of HK$19,476,000 and paid principal elements of lease payments of HK$16,876,000. Besides, changes in foreign exchange rate during the year resulted in a decrease in cash and bank balances of HK$86,792,000.

As at 31st December 2022, 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 2022, the Group's current assets and current liabilities were HK$2,419,969,000 and HK$586,828,000 respectively, with a current ratio at 4.1. Total current liabilities were 13% of the average capital and reserves attributable to owners of the Company of HK$4,536,062,000.

As at 31st December 2022, the Group did not have any material contingent liabilities and had not charged any of the Group's assets. Commitments authorized but not contracted for and contracted but not provided for were HK$532,000,000 and HK$134,339,000 respectively.

As at 31st December 2022, the Group had guarantees in respect of mortgage facilities for certain property buyers amounting to HK$77,318,000. 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) the banks received the corresponding real estate ownership certificates as custody; or (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.

During the year, the Company had repurchased 3,678,000 ordinary shares (the "Repurchased Shares") of its own shares from the market, at an aggregate consideration of approximately HK$4,419,000 (including the relevant transaction costs and expenses of HK$35,000), and an average price of HK$1.192 per share. The repurchased shares had been cancelled during the year, and the total number of issued shares of the Company right after its cancellation was 978,436,035 (2021: 982,114,035) and its issued share capital was HK$1,096,939,000 (2021: HK$1,101,358,000) as at 31st December 2022. The Directors believe that through repurchase of shares, earnings per share and asset value per share will increase, which in turn will improve the Company's capital structure and shareholders' equity.

HUMAN RESOURCES

At 31st December 2022, the Group had approximately 1,700 employees. Staff costs including directors' emoluments of the year amounted to HK$203,617,000. 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 19th May 2023 (the "2023 AGM"), the Register of Members of the Company will be closed from 16th May 2023 to 19th May 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2023 AGM, all transfers accompanied by the relevant share certificates must be lodged by 4:30 p.m. on Monday, 15th May 2023 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 29th May 2023 and 30th May 2023 (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 Thursday, 25th May 2023 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

During the year, the Company repurchased a total of 3,678,000 ordinary shares at an aggregate consideration of HK$4,383,890 before expenses on the Stock Exchange. All such repurchased shares were subsequently cancelled during the year. As at 31 December 2022, there was a total of 978,436,035 (2021: 982,114,035) shares in issue.

Details of the repurchased shares during the year are as follows:

Month of shares repurchase	**Number of shares repurchased**	**Highest price paid per share HK$**	**Lowest price paid per share HK$**	**Aggregate consideration paid (before expenses) HK$**
September 2022	169,000	1.24	1.17	205,430
October 2022	2,060,000	1.25	1.13	2,419,220
November 2022	1,199,000	1.35	1.13	1,421,240
December 2022	250,000	1.42	1.31	338,000
Total	3,678,000			4,383,890

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed 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 2022. 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 2022. 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 2022. 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 2022 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, 21st March 2023