Goldlion Holdings Limited

09 Interim Report

Stock Code: 00533

CHAIRMAN'S STATEMENT

OPERATING RESULTS

The global economy has continued to be hit by the financial crisis that broke out last year. Consumer sentiment has shown little sign of improvement although the financial market began to stabilize in the second quarter of the year following stimulus measures implemented by the various governments. Two of the Group's major markets, namely Mainland China and Singapore, were affected in different degrees by the market slumps during the period under review.

Under such a difficult operating environment, the Group achieved a turnover totaling HK$649,394,000, or a drop of 11%, when compared with the corresponding period last year. The decrease stood at 4% after excluding sales income from the Meizhou property development project.

Profits attributable to equity holders of the Company during the period amounted to HK$118,013,000. On account of the decreases in both fair value gains on investment properties and profit from the Meizhou property development project, profits attributable to equity holders decrease by approximately 35%, when compared with the same period last year of HK$182,150,000. The decrease, however, amounted to about 20% with respect to the Group's fundamental business. An analysis of profit for the period is as follows:

	Six months ended	
	30.6.2009	**30.6.2008**
	HK$'000	*HK$'000*
Profit per financial statements	118,013	182,150
Adjusted for:		
Fair value gains on investment properties net of deferred tax effect	(3,820)	(29,013)
Profit after tax from Meizhou property development project	(13,435)	(27,551)
Profit of the Group from fundamental business	100,758	125,586

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets

Implicated by deterioration in the neighbouring economies, China's export trade suffered a significant slowdown. This has in turn dealt a blow to the job market and dampened consumer spending although the situation has improved in recent months following the Central Government's successive measures to stimulate domestic demand.

Affected by the slackening market, the Group's China Mainland apparel business witnessed a slight decline in turnover at a rate of approximately 3%, or about 5% in Renminbi ("RMB"), when compared with the same period last year.

During the period under review, the Group adopted a more flexible marketing approach and promoted sales through its major sales channels in the Mainland. Additional discount outlets were opened to ease the disposal of off-season stocks and to boost our sales in general.

In response to changes in the market, the Group maintained close liaison with its distributors in the Mainland for follow-up actions and provision of appropriate assistance to ensure steady advancement in their operations.

To maximize this market adjustment, the Group took the opportunity to reinforce production and quality control so as to ensure quality production and prompt deliveries. Information technology system in the Mainland has also been updated to keep the Group better informed of the production, sales and inventory positions so that operating strategies can be adjusted in time and workflow streamlined for greater efficiency.

Regarding the Hong Kong market, in view of the difficulties faced by the local retail industry during the period, the Group redirected its local apparel business with caution and exercised stringent costs control. During the period, there were two counters and one store under the Group in Hong Kong. With the decrease in the number of outlets, retail turnover fell by about 27% when compared with the corresponding period last year.

Licensing income for the Group amounted to HK$25,010,000 during the period, representing a rise of approximately 17% over last year. The growth was primarily due to the incremental increases in license fees as stipulated in the existing license agreements. There was no change in either the licensees or the licenses granted, which continued to cover mainly shoes and leather goods within the China Mainland market.

Singapore and Malaysia Markets

Singapore experienced the worst economic recession in recent years, dealing a heavy blow to the local market and its major industries. The Group's business there was no exception, suffering a decline of approximately 11% in turnover. In local currency, the decrease was in the region of 5%, reflecting the drop in the exchange rate from last year's level.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS REVIEW (Continued)

Apparel Business *(Continued)*

Singapore and Malaysia Markets *(Continued)*

Faced with the severest market conditions in recent years, the Group directed its efforts towards energizing the sluggish sales through launching a variety of marketing drives and participating actively in promotional campaigns organized by local department stores. Such measures were generally effective in easing the impact of the economic crisis and in reducing stocks.

The number of outlets in the local market remained the same as that at the end of last year. At the end of the reporting period, there were 9 Goldlion shops and 18 counters in Singapore.

Over in Malaysia, the number of outlets stood at 33 by the end of the period. The business slackened along with the local economy with sales dropping by about 12% in local currency.

Property Investments and Development

Performance in this sector remained stable on the whole during the period. Fair value gains on investment properties recognized by the Group after an independent professional valuation stood at HK$4,600,000 compared with HK$37,167,000 for last year. Although bearing the brunt of the economic crisis, China Mainland and Hong Kong property markets stabilized and quickly rebounded in the second quarter of the year.

As for leasing, rental income generated during the period reached HK$57,818,000, or up by about 4% over the same period last year.

With respect to rental income derived from the Goldlion Digital Network Centre in Tianhe, Guangzhou, there was a growth of 2%. Owing to the downturn in the market and the increased supply of office spaces in the city, rentals fetched by new leases did not register any significant increase and rental income began to flatten. Occupancy rate was maintained at about 90% during the period.

Enjoying full occupancy, the Goldlion Commercial Building held by the Group in Shenyang remained stable as far as leasing is concerned. Benefiting from the higher rental for a renewed lease entered into by the end of last year, a rise in rental income of about 11% was registered.

In Hong Kong, upward adjustment in rentals for leases entered into since last year have pushed aggregate rental income up by approximately 14% while occupancy was over 95%.

During the period, a total of 4,064 square meters of residential units, 1,770 square meters of commercial spaces and 15 parking spaces from the property development project in Meizhou were sold. The Group recognized sale proceeds of HK$40,378,000 and profit after development costs, related expenses and tax of HK$13,435,000 for the period.

CHAIRMAN'S STATEMENT *(Continued)*

PROSPECTS

According to prevailing major economic analysis, the worst of the economic crisis is already behind us following the latest rebounds in the capital market. However, there is still a long way to go on the road of recovery. Since consumer spending is expected to remain sluggish for some time, the Group will be prudent about its overall operation in the coming six months.

Regarding the Mainland China market, the Group will make efforts to boost sales in order to meet the set targets and to manage stock levels. In parallel with this, the quality and design of our products will continue to be improved along with staff training and rejuvenation of store image. As our competitors are faced with the same adverse market conditions, we aim at expanding our market share and, in so doing, secured the sustained development of our brand.

Over in Singapore, consumers are expected to remain cautious while the retail market flagging. As such, the Group will continue to devise marketing strategies in the hope of mitigating the associated adverse effects.

Turning to property investment, in view of the slowdown in the rental market as a result of the economic crisis, the Group will concentrate on improving the leasing potential of its properties to ensure stability in its rental income. As for the property development project in Meizhou with about 30% of its residential units and parking spaces and about 70% of its commercial spaces unsold at the end of the period, the Group will offer them for sale depending on the market condition.

FINANCIAL POSITION

As at 30 June 2009, the Group had cash and bank balances of approximately HK$565,644,000, which was HK$42,485,000 higher than that at the end of last year. During the period, the Group recorded a net cash inflow from operating activities of HK$162,592,000 and paid dividends of HK$117,412,000. As at 30 June 2009, the Group did not have any bank loans or overdrafts.

As at 30 June 2009, the Group's current assets and liabilities were HK$868,536,000 and HK$331,261,000 respectively, with current ratio at 2.6. Total current liabilities were 15% of the average equity attributable to the Company's equity holders of HK$2,254,788,000.

As at 30 June 2009, the Group did not have any significant contingent liabilities or capital commitment and there were no charges on any of the Group's assets.

ACKNOWLEDGEMENT

On behalf on the Board, I would like to extend my gratitude to our staff for their dedication and continuous support.

Dr. Tsang Hin Chi
Chairman

Hong Kong, 2 September 2009

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888
www.pwchk.com

TO THE BOARD OF DIRECTORS OF
GOLDLION HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 6 to 25, which comprises the condensed consolidated statement of financial position of Goldlion Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2009 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 2 September 2009

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009 and 31 December 2008

	Note	Unaudited 30 June 2009 HK$'000	Audited 31 December 2008 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights	5	109,512	111,459
Property, plant and equipment	5	166,438	178,494
Investment properties	5	1,650,187	1,635,675
Deferred income tax assets		44,006	34,610
		1,970,143	1,960,238
Current assets			
Property held for sale		56,728	71,020
Inventories		157,036	205,843
Trade receivables	6	39,940	47,535
Prepayments, deposits and other receivables		49,188	32,500
Cash and cash equivalents		565,644	523,159
		868,536	880,057
Total assets		2,838,679	2,840,295
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	7	98,211	98,211
Reserves		2,104,179	2,032,856
Proposed dividend		58,706	117,412
		2,261,096	2,248,479
Minority interest		1,708	1,311
Total equity		2,262,804	2,249,790
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		244,614	223,874
Other payable		–	5,310
		244,614	229,184
Current liabilities			
Trade payables	8	30,386	56,023
Other payables and accruals		278,010	276,277
Taxation payables		22,865	29,021
		331,261	361,321
Total liabilities		575,875	590,505
Total equity and liabilities		2,838,679	2,840,295
Net current assets		537,275	518,736
Total assets less current liabilities		2,507,418	2,478,974

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		Unaudited Six months ended	
		30 June 2009	30 June 2008
	Note	*HK$'000*	*HK$'000*
Turnover	*4*	649,394	732,709
Cost of sales	*9*	(271,339)	(296,880)
Gross profit		378,055	435,829
Other gain – fair value gains on investment properties		4,600	37,167
Selling and marketing costs	*9*	(116,378)	(116,176)
Administrative expenses	*9*	(99,642)	(104,047)
Operating profit		166,635	252,773
Interest income		3,260	5,675
Profit before income tax		169,895	258,448
Income tax expense	*10*	(51,485)	(75,909)
Profit for the period		118,410	182,539
Profit attributable to:			
– equity holders of the Company		118,013	182,150
– minority interest		397	389
		118,410	182,539
Dividend	*11*	58,706	58,927
Earnings per share for profit attributable to the equity holders of the Company (HK Cents per share)			
– basic	*12*	12.06	18.55
– diluted	*12*	12.02	18.55

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Unaudited Six months ended 30 June 2009 HK$'000	Unaudited Six months ended 30 June 2008 HK$'000
Profit for the period	118,410	182,539
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	11,136	87,929
Surplus on revaluation of leasehold properties	–	1,200
Total comprehensive income for the period	129,546	271,668
Total comprehensive income attributable to:		
– equity holders of the Company	129,149	271,279
– minority interest	397	389
	129,546	271,668

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Unaudited							
	Attributable to equity holders of the Company			Other comprehensive income				
	Share capital	Other reserves	Retained earnings	Revaluation reserves	Exchange reserves	Minority interest	Treasury shares	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2008	98,211	1,018,791	830,188	–	43,556	1,311	–	1,992,057
Appropriation to reserves	–	11,120	(11,120)	–	–	–	–	–
Dividend relating to 2007	–	–	(78,569)	–	–	–	–	(78,569)
Total comprehensive income for the period	–	–	182,150	1,200	87,929	389	–	271,668
	–	11,120	92,461	1,200	87,929	389	–	193,099
Balance at 30 June 2008	98,211	1,029,911	922,649	1,200	131,485	1,700	–	2,185,156
Balance at 1 January 2009	98,211	1,033,579	973,096	5,943	143,667	1,311	(6,017)	2,249,790
Appropriation to reserves	–	10,211	(10,211)	–	–	–	–	–
Employee share-based compensation benefits	–	880	–	–	–	–	–	880
Dividend relating to 2008	–	–	(117,412)	–	–	–	–	(117,412)
Total comprehensive income for the period	–	–	118,013	–	11,136	397	–	129,546
	–	11,091	(9,610)	–	11,136	397	–	13,014
Balance at 30 June 2009	98,211	1,044,670	963,486	5,943	154,803	1,708	(6,017)	2,262,804

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2009

	Unaudited Six months ended 30 June 2009	30 June 2008
	HK$'000	*HK$'000*
Cash flows from operating activities – net	162,592	101,142
Cash flows from investing activities – net	(4,401)	(27,888)
Cash flows from financing activities – net	(117,412)	(78,569)
Net increase/(decrease) in cash and cash equivalents	40,779	(5,315)
Cash and cash equivalents at start of period	523,159	455,211
Effect of foreign exchange rate changes	1,706	19,455
Cash and cash equivalents at end of period	565,644	469,351

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1 ***General information***

Goldlion Holdings Limited (the 'Company') and its subsidiaries (together the 'Group') distribute and manufacture garments, leather goods and accessories, license brand name, and hold and develop properties for investment and development purposes.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 7th floor, Goldlion Holdings Centre, 13-15 Yuen Shun Circuit, Siu Lek Yuen, Shatin, Hong Kong.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 2 September 2009.

This condensed consolidated interim financial information has not been audited.

2 ***Basis of preparation***

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with Hong Kong Accounting Standards ('HKAS') 34 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards ('HKFRS'). Certain comparative figures have been reclassified to conform with changes in presentation in the current period and full year results of 2008. This reclassification has resulted in an increase in both turnover and selling and marketing costs for the six months ended 30 June 2008 by HK$8,998,000 but with no impact on the Group's net profit and/or financial position.

3 ***Accounting policies***

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(continued)

3 *Accounting policies* *(continued)*

The adoption of the following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- HKAS 1 (revised), 'Presentation of financial statements' – The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- HKFRS 8, 'Operating segments' – HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented, as the previously reported apparel segment has been split into apparel in China Mainland and Hong Kong SAR, apparel in Singapore and Malaysia, and apparel in other countries.

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer who makes strategic decisions.

- Amendment to HKFRS 7, 'Financial instruments: disclosures' – The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 December 2009.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(continued)

3 *Accounting policies* *(continued)*

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant to the Group.

- HKAS 23 (amendment), 'Borrowing costs'.
- HKFRS 2 (amendment), 'Share-based payment'.
- HKAS 32 (amendment), 'Financial instruments: presentation'.
- HK(IFRIC) 9 (amendment), 'Reassessment of embedded derivatives' and HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.
- HK(IFRIC) 15, 'Agreements for the construction of real estate'.
- HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation'.
- HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted.

- Amendment to HKAS 39, 'Financial instruments: Recognition and measurement' on eligible hedged items, effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it does not have any hedged items.

- HKFRS 3 (revised), 'Business combinations' and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates' and HKAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting and consolidation on the Group. The Group does not have any associated companies and joint ventures.

  The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) to all business combinations from 1 January 2010.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(continued)

3 *Accounting policies (continued)*

- HK(IFRIC) 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

- HK(IFRIC) 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

HKICPA's improvements to HKFRS have been published in May 2009, which have introduced certain amendments to those standards set out below. These amendments are not effective for the financial year beginning 1 January 2009 and have not been early adopted. The Group is assessing the impact of these amendments and will apply these amendments from 1 January 2010.

- HKFRS 2, 'Share-based payments'
- HKFRS 5, 'Non-current assets held for sale and discontinued operations'
- HKFRS 8, 'Operating segments'
- HKAS 1, 'Presentation of financial statements'
- HKAS 7, 'Statement of cash flows'
- HKAS 17, 'Leases'
- HKAS 36, 'Impairment of assets'
- HKAS 38, 'Intangible assets'
- HKAS 39, 'Financial instruments: Recognition and measurement'
- HK(IFRIC) 9, 'Reassessment of embedded derivatives'
- HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation'

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

4 *Operating Segments*

	Six months ended 30 June 2009	30 June 2008
	HK$'000	*HK$'000*
Analysis of turnover		
Sales of goods	511,170	543,879
Gross rental income from investment properties	57,818	55,452
Building management income	15,018	14,590
Licensing income	25,010	21,320
Sales of properties	40,378	97,468
	649,394	732,709

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has four reportable segments. The segments are managed separately as each business offers different products and services and requires different marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

Apparel in China Mainland and Hong Kong SAR – Distribution and manufacturing of garments, leather goods and accessories and licensing of brand name in China Mainland and Hong Kong SAR.

Apparel in Singapore and Malaysia – Distribution and manufacturing of garments, leather goods and accessories in Singapore and Malaysia.

Apparel in other countries – Distribution and manufacturing of garments, leather goods and accessories in other countries.

Property investment and development – Investment in and development of properties in China Mainland and Hong Kong SAR.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(continued)

4 *Operating Segments* *(continued)*

An analysis of the Group's reportable segment profit before taxation and other selected financial information for the period by operating segment is as follows:

	Six months ended 30 June 2009					
	Apparel in China Mainland and Hong Kong SAR	**Apparel in Singapore and Malaysia**	**Apparel in other countries**	**Property investment and development**	**Eliminations**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	472,717	63,389	74	113,214	–	649,394
Inter-segment sales	–	–	–	3,822	(3,822)	–
	472,717	63,389	74	117,036	(3,822)	649,394
Segment results	116,594	4,208	(1,725)	73,133		192,210
Unallocated costs						(22,315)
Profit before income tax						169,895
Income tax expense						(51,485)
Profit for the period						118,410

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(continued)

4 Operating Segments (continued)

	Six months ended 30 June 2008					
	Apparel in China Mainland and Hong Kong SAR	**Apparel in Singapore and Malaysia**	**Apparel in other countries**	**Property investment and development**	**Eliminations**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	492,809	71,747	643	167,510	–	732,709
Inter-segment sales	–	–	–	3,600	(3,600)	–
	492,809	71,747	643	171,110	(3,600)	732,709
Segment results	149,069	8,275	(1,779)	127,390		282,955
Unallocated costs						(24,507)
Profit before income tax						258,448
Income tax expense						(75,909)
Profit for the period						182,539

The accounting policies of the reportable segments are the same as the Group's accounting described in note 3. Central costs (mainly costs of support functions that centrally provide services to all of the operating segments) are included as unallocated costs that are used by the chief operating decision-makers for the purposes of resource allocation and assessment of segment performance. Performance is measured based on segment results. Taxation charge is not allocated to reportable segments.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(continued)

5 *Capital expenditure*

	Leasehold land and land use rights HK$'000	Property, plant and equipment HK$'000	Investment properties HK$'000	Total HK$'000
Opening net book amount as at 1 January 2008	115,486	154,887	1,468,250	1,738,623
Additions	–	27,281	13,781	41,062
Disposals	–	(97)	(1,108)	(1,205)
Transfer	103	(4,426)	6,894	2,571
Amortization and depreciation *(Note 9)*	(1,852)	(9,454)	–	(11,306)
Fair value gains	–	–	37,167	37,167
Exchange differences	600	6,653	69,270	76,523
Closing net book amount as at 30 June 2008	114,337	174,844	1,594,254	1,883,435
Additions	–	15,813	10,501	26,314
Disposals	–	(111)	(3,078)	(3,189)
Transfer	(1,024)	(279)	10,034	8,731
Amortization and depreciation	(1,999)	(11,199)	–	(13,198)
Fair value gains	–	–	7,205	7,205
Impairment charges	–	(229)	–	(229)
Exchange differences	145	(345)	16,759	16,559
Closing net book amount as at 31 December 2008	111,459	178,494	1,635,675	1,925,628
Opening net book amount as at 1 January 2009	111,459	178,494	1,635,675	1,925,628
Additions	–	6,976	25	7,001
Disposals	–	(60)	(318)	(378)
Disposal of a subsidiary	–	(34)	–	(34)
Transfer	55	306	810	1,171
Amortization and depreciation *(Note 9)*	(2,073)	(12,054)	–	(14,127)
Fair value gains	–	–	4,600	4,600
Impairment charges *(Note 9)*	–	(7,853)	–	(7,853)
Exchange differences	71	663	9,395	10,129
Closing net book amount as at 30 June 2009	109,512	166,438	1,650,187	1,926,137

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

6 *Trade receivables*

The Group grants credit terms to customers ranging from cash on delivery, letter of credit or 30 to 90 days after delivery. The ageing analysis of the trade receivables, net of provision, were as follows:

	As at 30 June 2009	**As at 31 December 2008**
	HK$'000	*HK$'000*
1-30 days	31,115	38,993
31-90 days	8,505	8,267
Over 90 days	320	275
	39,940	47,535

7 *Share capital*

	As at 30 June 2009	**As at 31 December 2008**
	HK$'000	*HK$'000*
Authorized:		
1,200,000,000 (31 December 2008: 1,200,000,000) shares of HK$0.10 each	120,000	120,000
Issued and fully paid:		
982,114,035 (31 December 2008: 982,114,035) shares of HK$0.10 each	98,211	98,211

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(continued)

8 *Trade payables*

The ageing analysis of the trade payables were as follows:

	As at 30 June 2009	As at 31 December 2008
	HK$'000	*HK$'000*
1-30 days	24,100	46,916
31-90 days	3,648	8,210
Over 90 days	2,638	897
	30,386	56,023

9 *Expenses by nature*

	Six months ended 30 June 2009	Six months ended 30 June 2008
	HK$'000	*HK$'000*
Cost of properties sold	15,660	50,655
Cost of inventories sold	245,047	227,207
(Reversal)/provision for impairment of inventories	(3,279)	7,925
Impairment loss of property, plant and equipment *(Note 5)*	7,853	–
Direct operating expenses arising from investment properties	13,912	11,092
Amortization of leasehold land and land use rights *(Note 5)*	2,073	1,852
Depreciation of property, plant and equipment *(Note 5)*	12,054	9,454
Staff costs including directors' emoluments	87,689	94,387
Other expenses	106,350	114,531
	487,359	517,103
Representing:		
Cost of sales	271,339	296,880
Selling and marketing costs	116,378	116,176
Administrative expenses	99,642	104,047
	487,359	517,103

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

10 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) and overseas profits taxes have been provided at the rates of taxation prevailing in the countries in which the Group operates.

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and all property development expenditures.

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

	Six months ended	
	30 June 2009	**30 June 2008**
	HK$'000	*HK$'000*
Current tax		
– Hong Kong	76	–
– PRC enterprise income tax	35,308	44,527
– Overseas taxation	881	755
– Land appreciation tax	4,952	7,695
Deferred income tax	10,268	22,932
Total income tax expense	51,485	75,909

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

11 Dividend

	Six months ended 30 June 2009	30 June 2008
	HK$'000	*HK$'000*
Interim dividend of 6.0 HK cents (2008: 6.0 HK cents) per ordinary share	58,706	58,927

A 2008 final dividend of 12.0 HK cents (2007 final: 8.0 HK cents) per ordinary share, totalling HK$117,412,000 was paid in June 2009 (2007 final: HK$78,569,000).

At a meeting held on 2 September 2009, the Directors declared an interim dividend of 6.0 HK cents per share. This interim dividend has not been reflected as a dividend payable in the condensed interim financial information but will be reflected as an appropriation of retained earnings for the year ending 31 December 2009.

12 Earnings per share

The calculation of basic earnings per share is based on profit attributable to the equity holders of the Company of HK$118,013,000 (six months ended 30 June 2008: HK$182,150,000) and the weighted average number of 978,434,035 (six months ended 30 June 2008: 982,114,035) shares in issue during the period excluding ordinary shares purchased by a subsidiary and held as treasury shares.

The calculation of diluted earnings per share is based on the Group's profit attributable to equity holders of the Company of HK$118,013,000 (six months ended 30 June 2008: HK$182,150,000) and the weighted average number of 982,114,035 (six months ended 30 June 2008: 982,114,035) share in issue during the period after adjusting the effect of all potential dilutive ordinary shares deemed to be transferred to an employee at nil consideration under the Share Award Scheme.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(continued)

13 Commitments

(a) Capital commitments

	As at 30 June 2009	As at 31 December 2008
	HK$'000	*HK$'000*
Property, plant and equipment		
Contracted but not provided for	1,181	1,362

(b) At 30 June 2009, the Group had future aggregate minimum lease payments receivable and payable under non-cancellable operating leases as follows:

	As at 30 June 2009	As at 31 December 2008
	HK$'000	*HK$'000*
Rental receivables		
– not later than one year	89,509	94,301
– later than one year and not later than five years	118,085	109,619
– later than five years	33,488	28,547
	241,082	232,467
Rental payables		
– not later than one year	9,129	11,018
– later than one year and not later than five years	6,509	5,064
	15,638	16,082

Payment obligations in respect of operating leases on properties with rentals vary with gross revenues are not included as future minimum lease payments.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

14 *Related party transactions*

The Company is controlled by the Tsang Family (comprising Dr. Tsang Hin Chi, Madam Wong Lei Kuan, Mr. Tsang Chi Ming, Ricky and the other direct descendants of Dr. Tsang Hin Chi and Madam Wong Lei Kuan) which, together with 5.49% of the Company's issued shares held by Tsang Hin Chi Charities (Management) Limited, collectively controlled approximately 68.17% of the Company's issued shares. The remaining 31.83% are widely held.

The following transactions were carried out with related parties:

		Six months ended	
		30 June 2009	**30 June 2008**
	Note	*HK$'000*	*HK$'000*
(a) Sales of services:			
Rental received from related companies	*(i)*	2,085	1,626
Building management fees received from a related company	*(ii)*	598	472
(b) Purchase of services:			
Professional fees paid to related companies	*(iii) and (iv)*	280	410
Rental payment to a related company	*(v)*	74	–

Notes:

(i) Rental was received from Guangzhou World Trade Center Club Company Limited ('GWTCCL') for lease of a business center and facilities therein located at Goldlion Digital Network Centre in Guangzhou, and from China World Trade Corporation ('CWTC') for lease of a unit located at Goldlion Holdings Centre in Hong Kong. Rental was charged at rate based on the relevant lease agreement entered. Mr. Tsang Chi Hung has indirect beneficial interest in GWTCCL and CWTC as he is a major shareholder of the holding company of GWTCCL and CWTC. Dr. Tsang Hin Chi, Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in this transaction as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Madam Wong Lei Kuan, and a brother of Mr. Tsang Chi Ming, Ricky.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

14 Related party transactions *(continued)*

Notes: (continued)

(ii) Building management fees were received under normal commercial terms from GWTCCL for the provision of building management services for a business center at Goldlion Digital Network Centre. Mr. Tsang Chi Hung has indirect beneficial interest in GWTCCL as he is a major shareholder of the holding company of GWTCCL. Dr. Tsang Hin Chi, Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky are interested in these transactions as Mr. Tsang Chi Hung is a son of Dr. Tsang Hin Chi and Madam Wong Lei Kuan, and a brother of Mr. Tsang Chi Ming, Ricky.

(iii) Equitas Capital Limited acted as financial advisor to the Group during the period for which professional fee of HK$160,000 (2008: HK$350,000) was paid by the Company. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is the managing director of, and a principal shareholder in, Equitas Capital Limited.

(iv) Professional fee of HK$120,000 (2008: HK$60,000) was paid to Somerley Limited during the period in the ordinary course of the Company's business. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is a director of Somerley Limited.

(v) Rental expenses was paid under normal commercial terms to Gold State Properties Limited ('GSPL') in respect of a shop located in Hong Kong. As Dr. Tsang Hin Chi, Madam Wong Lei Kuan and Mr. Tsang Chi Ming, Ricky have beneficial interest in and are directors of GSPL, they are interested in this transaction.

(c) Period-end balances arising from purchases of financial advisory services

	As at 30 June 2009	**As at 30 June 2008**
	HK$'000	*HK$'000*
Payable to a related party:		
Equitas Capital Limited	160	350

SUPPLEMENTARY INFORMATION

INTERIM DIVIDEND

The Directors have recommended the payment of an interim dividend of 6.0 HK cents per share (2008: 6.0 HK cents per share) for the year ending 31 December 2009, totalling HK$58,706,000 (2008: HK$58,927,000), which is expected to be payable on or about 6 October 2009 to shareholders whose names appear on the Register of Members as at 25 September 2009.

CLOSURE OF REGISTER OF MEMBER

For the purpose of determining shareholders' entitlement to the proposed dividend, the Register of Members of the Company will be closed on 24 September 2009 and 25 September 2009 (two days), during which period no transfer will be effected.

In order to qualify for the above-mentioned interim dividend, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Wednesday, 23 September 2009 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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.

SHARE OPTIONS

At the Extraordinary General Meeting of the Company held on 21 May 2002, the shareholders approved the adoption of a new share option scheme (the "New Option Scheme"). The New Option Scheme is designed to enable the Group to reward and motivate executives and key employees in service of the Group and other persons who may make a contribution to the Group.

During the six months ended 30 June 2009, no options had been granted or remained outstanding under the New Option Scheme or any other share option scheme of the Company.

SHARE AWARD SCHEME

On 17 July 2008, the Board adopted the Share Award Scheme in which selected employee of the Group is entitled to participate. The purpose of the scheme is to recognize the contributions by the employee of the Group and to provide the retirement benefit for the employee of the Group.

Pursuant to the rules of the Share Award Scheme, the Group has set up a trust, for the purpose of administering the Share Award Scheme and holding the awarded shares before they are vested.

SUPPLEMENTARY INFORMATION *(Continued)*

SHARE AWARD SCHEME (Continued)

During the six months ended 30 June 2009, no shares were acquired by the Trustee or had been allocated and awarded to the relevant employee. As at 30 June 2009, 3,680,000 shares held by the Trustee will be allocated and awarded to the relevant employee according to the rules of the Share Award Scheme as set out below.

		Number of shares		
Date of grant	**Awarded sum HK$**	**Purchased**	**Allocated and awarded**	**Date**
17 July 2008	6,017,000	3,680,000	1,840,000	31 December 2009
			1,104,000	30 June 2010
			736,000	10 September 2010

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As 30 June 2009, the interests and short positions of each Director and Chief Executive in the shares, underlying shares and debentures of the Company and its associated companies (within the meaning of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required maintained by the Company under section 352 of Part XV of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Ordinary shares of HK$0.10 each in the Company at 30 June 2009

		Number of shares held				
Directors		**Personal interests**	**Family interests** *(Note 1)*	**Other interests** *(Note 2)*	**Total**	**Percentage to total issued share capital**
Tsang Hin Chi	Long positions	–	1,210,000	613,034,750	614,244,750	62.54%
	Short positions	–	–	–	–	–
Tsang Chi Ming, Ricky	Long positions	1,404,000	–	613,034,750	614,438,750	62.56%
	Short positions	–	–	–	–	–
Wong Lei Kuan	Long positions	1,210,000	–	613,034,750	614,244,750	62.54%
	Short positions	–	–	–	–	–
Ng Ming Wah, Charles	Long positions	1,800,000	–	–	1,800,000	0.18%
	Short positions	–	–	–	–	–

SUPPLEMENTARY INFORMATION *(Continued)*

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (Continued)

Notes:

1. Madam Wong Lei Kuan is the spouse of Dr. Tsang Hin Chi. Her shareholding disclosed under the heading "Personal interests" in the above table is the family interest of Dr. Tsang Hin Chi.

2. The shareholdings disclosed by Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan under the heading "Other interests" in the above table refer to the same shares which were held by Hin Chi Family Management Limited (being trustee of the Tsang Hin Chi (2007) Family Settlement) as disclosed in the paragraph headed "Substantial shareholders" below.

Save as disclosed above, as at 30 June 2009, none of the Directors and Chief Executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company and its associated companies (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the six months ended 30 June 2009 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Other than those interests and short positions disclosed above, the Directors and Chief Executives also hold shares of certain subsidiaries in trust for the Company solely for the purpose of ensuring that the relevant subsidiary has more than one member.

SUPPLEMENTARY INFORMATION *(Continued)*

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 30 June 2009, the register of substantial shareholders maintained under section 336 of Part XV of the SFO shows that as at 30 June 2009, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

Name of holder of securities	Type of securities		Number of shares held	Percentage to total issued share capital
Hin Chi Family Management Limited *(Note)*	Ordinary shares of HK$0.10 each	Long positions	613,034,750	62.42%
		Short positions	–	–
Top Grade Holdings Limited *(Note)*	Ordinary shares of HK$0.10 each	Long positions	613,034,750	62.42%
		Short positions	–	–
Silver Disk Limited *(Note)*	Ordinary shares of HK$0.10 each	Long positions	160,616,000	16.35%
		Short positions	–	–
Tsang Hin Chi Charities (Management) Limited	Ordinary shares of HK$0.10 each	Long positions	53,880,750	5.49%
		Short positions	–	–

Note:

Hin Chi Family Management Limited as trustee of the Tsang Hin Chi (2007) Family Settlement, held all of the issued share capital of Top Grade Holdings Limited ("Top Grade"). Top Grade held 613,034,750 shares in the Company including 160,616,000 shares held by Silver Disk Limited, a wholly-owned subsidiary of Top Grade.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2009 except that all of the non-executive Directors of the Company have not been appointed for a specific term but are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Articles of Association of the Company.

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. During the six months ended 30 June 2009, all the Directors have complied with the relevant requirements under the Model Code regarding their dealing in the securities of the Company.

SUPPLEMENTARY INFORMATION *(Continued)*

AUDIT COMMITTEE

The Company has formed an Audit Committee to review and supervise the financial reporting process and internal control procedures of the Group. At present, the Audit Committee has four members including Mr. Yin, Richard Yingneng (Chairman), Dr. Wong Ying Ho, Kennedy (Deputy Chairman) and Dr. Lau Yue Sun, all of them being independent non-executive Directors, and Mr. Ng Ming Wah, Charles, 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 30 June 2009. At the request of the Board of Directors, the Company's external auditors, PricewaterhouseCoopers, have carried out a review of this unaudited interim financial information in accordance with the Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

BOARD OF DIRECTORS

As at the date of this report, the directors of the Company comprise Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan as executive Directors; Mr. Ng Ming Wah, Charles as a non-executive Director; and Dr. Lau Yue Sun, Dr. Wong Ying Ho, Kennedy and Mr. Yin, Richard Yingneng as independent non-executive Directors.