



GOLDLION  
HOLDINGS LIMITED  
金利來集團有限公司

Stock Code 股份代號：00533

Interim Report 2021 中期報告



## CHAIRMAN'S STATEMENT

### OPERATING RESULTS

#### *Turnover*

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

#### *Cost of sales and gross profit*

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

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

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

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

#### *Other losses*

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

#### *Operating expenses*

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

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

## **CHAIRMAN'S STATEMENT** *(continued)*

### **OPERATING RESULTS** *(continued)*

#### **Operating profit**

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

#### **Profit attributable to owners of the Company**

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

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

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

### **BUSINESS REVIEW**

#### **Apparel Business**

##### **China Mainland and Hong Kong SAR Markets**

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

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

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

**CHAIRMAN'S STATEMENT** *(continued)***BUSINESS REVIEW** *(continued)***Apparel Business** *(continued)*China Mainland and Hong Kong SAR Markets *(continued)*

Sales of our self-operated retail shops rebounded by approximately 59% in RMB from the relatively low comparative figures mainly due to the closure of some self-operated outlets resulted from the pandemic early last year. Sales increase was also due to the recovery of retail market and the takeover of retail operation in some provinces by the Group since last year. Business of the Group's factory outlets has continued to improve since the second half of last year and sales increased by approximately 28% during the period amid market stability.

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

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

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

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

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

**Singapore and Malaysia Markets**

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

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

## **CHAIRMAN'S STATEMENT** *(continued)*

### **BUSINESS REVIEW** *(continued)*

#### **Apparel Business** *(continued)*

##### *Singapore and Malaysia Markets (continued)*

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

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

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

#### **Property Investment and Development**

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

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

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

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

**CHAIRMAN'S STATEMENT** *(continued)***BUSINESS REVIEW** *(continued)***Property Investment and Development** *(continued)*

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

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

**PROSPECTS**

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

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

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

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

## **CHAIRMAN'S STATEMENT** *(continued)*

### **FINANCIAL POSITION**

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

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

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

As at 30th June 2021, the Group did not have any material contingent liabilities and had not charged any of the Group's assets. For the "Goldlion Garden" project in Meixian, the total property development expenditure authorized but not contracted for and contracted but not provided for were HK\$132,000,000 and HK\$399,706,000 respectively.

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

### **ACKNOWLEDGEMENT**

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

**Mr. Tsang Chi Ming, Ricky**

*Chairman and Chief Executive Officer*

Hong Kong, 13th August 2021

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

羅兵咸永道

**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 8 to 28 which comprises the condensed consolidated interim balance sheet of Goldlion Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th June 2021 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim cash flow statement 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 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 of the Group is not prepared, in all material aspects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers***Certified Public Accountants*

Hong Kong, 13th August 2021

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**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**

As at 30th June 2021 and 31st December 2020

		<b>Unaudited 30th June 2021</b>	<b>Audited 31st December 2020</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	136,792	142,299
Right-of-use assets		61,152	50,321
Investment properties	6	2,957,584	2,950,107
Financial assets at fair value through other comprehensive income		6,268	6,215
Deferred income tax assets		50,404	51,580
		<u>3,212,200</u>	<u>3,200,522</u>
<b>Current assets</b>			
Property under development held for sale	7	514,843	424,548
Inventories		148,692	156,479
Trade receivables	8	42,201	99,257
Prepayments, deposits and other receivables	9	125,139	121,930
Contract assets		44,831	49,442
Tax recoverable		6,245	472
Restricted cash		97,894	–
Bank deposits		809,425	745,102
Cash and cash equivalents		442,663	492,715
		<u>2,231,933</u>	<u>2,089,945</u>
<b>Total assets</b>		<u><u>5,444,133</u></u>	<u><u>5,290,467</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	10	1,101,358	1,101,358
Reserves		3,369,645	3,318,880
<b>Total equity</b>		<u>4,471,003</u>	<u>4,420,238</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other payables and accruals		30,604	33,116
Lease liabilities		8,880	2,806
Deferred income tax liabilities		442,269	445,477
		<u>481,753</u>	<u>481,399</u>
<b>Current liabilities</b>			
Trade payables	11	14,621	25,171
Other payables and accruals		154,312	152,989
Contract liabilities		305,106	189,733
Lease liabilities		12,051	7,710
Current income tax liabilities		5,287	13,227
		<u>491,377</u>	<u>388,830</u>
<b>Total liabilities</b>		<u>973,130</u>	<u>870,229</u>
<b>Total equity and liabilities</b>		<u><u>5,444,133</u></u>	<u><u>5,290,467</u></u>

The notes on pages 13 to 28 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT***For the six months ended 30th June 2021*

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30th June</b>	<b>30th June</b>
		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	5	589,659	539,403
Cost of sales	13	(205,636)	(248,755)
<b>Gross profit</b>		384,023	290,648
Other losses	12	(25,347)	(18,520)
Selling and marketing costs	13	(201,829)	(145,861)
Administrative expenses	13	(75,702)	(68,941)
<b>Operating profit</b>		81,145	57,326
Interest income		10,091	10,936
Interest expense		(462)	(690)
<b>Profit before income tax</b>		90,774	67,572
Income tax expense	14	(11,786)	(11,780)
<b>Profit for the period attributable to owners of the Company</b>		<u>78,988</u>	<u>55,792</u>
Earnings per share		<i>HK cents</i>	<i>HK cents</i>
– Basic and diluted	16	<u>8.04</u>	<u>5.68</u>

The notes on pages 13 to 28 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2021

	Unaudited	
	Six months ended	
	30th June 2021	30th June 2020
	HK\$'000	HK\$'000
<b>Profit for the period</b>	78,988	55,792
<b>Other comprehensive income/(loss)</b>		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Revaluation of property, plant and equipment upon reclassification to investment property	11,030	–
<i>Item that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of financial statements of overseas subsidiaries	24,585	(50,344)
<b>Other comprehensive income/(loss) for the period</b>	35,615	(50,344)
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>114,603</b>	<b>5,448</b>

The notes on pages 13 to 28 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY***For the six months ended 30th June 2021*

	Unaudited			
	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Balance at 1st January 2020</b>	1,101,358	277,435	2,844,581	4,223,374
Profit for the period	–	–	55,792	55,792
Other comprehensive loss	–	(50,344)	–	(50,344)
<b>Total comprehensive (loss)/income for the period</b>	–	(50,344)	55,792	5,448
<b>Transactions with owners of the Company</b>				
Dividend relating to 2019	–	–	(93,301)	(93,301)
<b>Total transactions with owners of the Company</b>	–	–	(93,301)	(93,301)
<b>Balance at 30th June 2020</b>	<u>1,101,358</u>	<u>227,091</u>	<u>2,807,072</u>	<u>4,135,521</u>
<b>Balance at 1st January 2021</b>	1,101,358	448,778	2,870,102	4,420,238
Profit for the period	–	–	78,988	78,988
Other comprehensive income	–	35,615	–	35,615
<b>Total comprehensive income for the period</b>	–	35,615	78,988	114,603
<b>Transactions with owners of the Company</b>				
Dividend relating to 2020	–	–	(63,838)	(63,838)
<b>Total transactions with owners of the Company</b>	–	–	(63,838)	(63,838)
<b>Balance at 30th June 2021</b>	<u>1,101,358</u>	<u>484,393</u>	<u>2,885,252</u>	<u>4,471,003</u>

The notes on pages 13 to 28 form an integral part of this condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT***For the six months ended 30th June 2021*

	<i>Note</i>	<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30th June 2021</b>	<b>30th June 2020</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>			
Cash generated from operations		203,570	85,125
Interest paid		(462)	(690)
Income tax paid		(30,882)	(18,323)
		<hr/>	<hr/>
Net cash generated from operating activities		172,226	66,112
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from investing activities</b>			
Additions to investment properties	6	(2,619)	(2,031)
Purchases of property, plant and equipment	6	(8,236)	(7,891)
Proceeds from disposals of property, plant and equipment		148	86
Increase in restricted cash		(97,894)	–
(Increase)/decrease in bank deposits with maturity over 3 months		(59,658)	318,723
Interest received		10,699	16,328
		<hr/>	<hr/>
Net cash (used in)/generated from investing activities		(157,560)	325,215
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Cash flows from financing activities</b>			
Principal elements of lease payments		(6,818)	(8,268)
Dividends paid to owners of the Company		(63,838)	(93,301)
		<hr/>	<hr/>
Net cash used in financing activities		(70,656)	(101,569)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(55,990)	289,758
<b>Cash and cash equivalents at 1st January</b>		492,715	385,832
<b>Effect of foreign exchange rate changes</b>		5,938	(12,416)
		<hr/>	<hr/>
<b>Cash and cash equivalents at 30th June</b>		<u>442,663</u>	<u>663,174</u>

The notes on pages 13 to 28 form an integral part of this condensed consolidated interim financial information.

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## 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 the 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, New Territories, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

This 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 13th August 2021.

This condensed consolidated interim financial information has not been audited.

The financial information relating to the year ended 31st December 2020 that is included in the condensed consolidated interim financial information for the six months ended 30th June 2021 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

### 2. *Basis of preparation and accounting policies*

This condensed consolidated interim financial information for the six months ended 30th June 2021 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2020, which were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies applied by the Group are consistent with those of the annual financial statements for the year ended 31st December 2020, except for the adoption of amended standard as set out below.

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

(a) Amended standard adopted by the Group

The Group has early adopted HKFRS 16 (Amendment) “COVID-19-related rent concessions beyond 30th June 2021” (effective for annual periods beginning on or after 1st April 2021). The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 to cover lease payments related rent concessions that are originally due on or before 30th June 2022, provided the other conditions for applying the practical expedient are met. The early adoption of HKFRS 16 (Amendment) does not have any impact to the Group for the period ended 30th June 2021.

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

HKAS 39, HKFRS 4, HKFRS 7,  
HKFRS 9 and HKFRS 16  
(Amendments)

Interest rate benchmark reform – Phase 2

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

### 2. *Basis of preparation and accounting policies (continued)*

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

		<b>Effective for accounting periods beginning on or after</b>
HKAS 1 (Amendment)	Classification of liabilities as current or non-current	1st January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of accounting policies	1st January 2023
HKAS 8 (Amendment)	Definition of accounting estimates	1st January 2023
HKAS 12 (Amendment)	Deferred tax related to assets and liabilities arising from a single transaction	1st January 2023
HKAS 16 (Amendment)	Property, plant and equipment: Proceeds before intended use	1st January 2022
HKAS 37 (Amendment)	Onerous contracts – Cost of fulfilling a contract	1st January 2022
HKFRS 3 (Amendment)	Reference to the conceptual framework	1st January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established
HKFRS 17	Insurance contracts	1st January 2023
HKFRSs (Amendments)	Annual improvements 2018-2020 cycle	1st January 2022
HK (IFRIC) – Int 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause	1st January 2023

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

*(continued)*

### 3. *Financial risk management*

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk, and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st December 2020.

There have been no changes in risk management policies since year end.

### 4. *Critical accounting estimates and judgements*

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st December 2020.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION***(continued)***5. Operating segments**

	<b>Six months ended</b>	
	<b>30th June 2021</b>	<b>30th June 2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue recognized under HKFRS 15		
Sales of goods	452,224	427,363
Building management fees	19,722	18,124
Licensing income	45,558	26,337
	<u>517,504</u>	<u>471,824</u>
Revenue recognized under other accounting standard		
Rental income from investment properties	72,155	67,579
	<u>589,659</u>	<u>539,403</u>
Timing of revenue recognition		
At a point in time	452,224	427,363
Over time	65,280	44,461
	<u>517,504</u>	<u>471,824</u>

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

The Group has three 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 of each of the Group's reportable segments:

- (1) Apparel in China Mainland and Hong Kong SAR – Distribution and manufacturing of garments, leather goods and accessories and licensing of the brand name in China Mainland and Hong Kong SAR;
- (2) Apparel in Singapore – Distribution and manufacturing of garments, leather goods and accessories in Singapore;
- (3) Property investment and development – Investment in and development of properties in China Mainland, Hong Kong SAR and Singapore.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION***(continued)***5. Operating segments (continued)**

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

	Six months ended 30th June 2021				
	Apparel in China Mainland and Hong Kong SAR	Apparel in Singapore	Property investment and development	Eliminations	Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	481,674	16,108	91,877	–	589,659
Inter-segment sales	345	–	4,654	(4,999)	–
	482,019	16,108	96,531	(4,999)	589,659
Segment results	91,332	3,609	20,293		115,234
Unallocated costs					(24,460)
Profit before income tax					90,774
Income tax expense					(11,786)
Profit for the period					<u>78,988</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION***(continued)***5. Operating segments (continued)**

	Six months ended 30th June 2020				
	Apparel in China Mainland and Hong Kong SAR HK\$'000	Apparel in Singapore and Malaysia HK\$'000	Property investment and development HK\$'000	Eliminations HK\$'000	Group HK\$'000
Turnover	437,836	15,864	85,703	–	539,403
Inter-segment sales	–	–	4,481	(4,481)	–
	437,836	15,864	90,184	(4,481)	539,403
Segment results	59,330	(9,081)	38,856		89,105
Unallocated costs					(21,533)
Profit before income tax					67,572
Income tax expense					(11,780)
Profit for the period					55,792

Central costs (mainly costs of support functions that centrally provide services to all of the operating segments) are included as unallocated costs. Taxation charge is not allocated to reportable segments.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

*(continued)*6. *Capital expenditure*

	<b>Property, plant and equipment</b>	<b>Investment properties</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Opening net book amount as at			
1st January 2020	148,136	2,900,247	3,048,383
Additions	7,891	2,031	9,922
Disposals	(41)	–	(41)
Depreciation ( <i>note 13</i> )	(10,787)	–	(10,787)
Impairment charges ( <i>note 13</i> )	(421)	–	(421)
Fair value losses ( <i>note 12</i> )	–	(18,520)	(18,520)
Exchange differences	(1,226)	(32,171)	(33,397)
	<u>          </u>	<u>          </u>	<u>          </u>
Closing net book amount as at			
30th June 2020	<u>143,552</u>	<u>2,851,587</u>	<u>2,995,139</u>
Opening net book amount as at			
1st January 2021	142,299	2,950,107	3,092,406
Additions	8,236	2,619	10,855
Disposals	(32)	–	(32)
Transfer	(4,050)	15,080	11,030
Depreciation ( <i>note 13</i> )	(10,059)	–	(10,059)
Impairment charges ( <i>note 13</i> )	(25)	–	(25)
Fair value losses ( <i>note 12</i> )	–	(25,347)	(25,347)
Exchange differences	423	15,125	15,548
	<u>          </u>	<u>          </u>	<u>          </u>
Closing net book amount as at			
30th June 2021	<u>136,792</u>	<u>2,957,584</u>	<u>3,094,376</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION***(continued)***7. Property under development held for sale**

The Group's interests in property under development held for sale are analyzed as follows:

	<b>As at 30th June 2021</b>	<b>As at 31st December 2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Land use rights	114,037	114,066
Development costs	400,806	310,482
	<u>514,843</u>	<u>424,548</u>

The property under development held for sale is located in Meixian Area, China Mainland. Under the Land Use Rights Grant Contract entered between the Meixian Bureau of Land and the Group on 24th January 2014, the delay in commencing and completion of construction works of the project after 18th June 2014 and 24th January 2017 respectively may be subject to a penalty. After taking into account of an independent legal advice, the Directors are of the view that the imposition of a penalty by the relevant authority is remote.

The amount of property under development held for sale expected to be completed and realized within the Group's normal operating cycle is HK\$514,843,000 (31st December 2020: HK\$424,548,000).

The Group's capital commitments in respect of property under development held for sale are disclosed in note 17(b) below.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION***(continued)***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:

	<b>As at 30th June 2021</b>	<b>As at 31st December 2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
1–30 days	37,688	92,028
31–90 days	2,631	5,214
Over 90 days	3,012	3,371
Trade receivables	43,331	100,613
Less: provision for impairment of trade receivables	(1,130)	(1,356)
Trade receivables – net	<u>42,201</u>	<u>99,257</u>

**9. Prepayments, deposits and other receivables**

	<b>As at 30th June 2021</b>	<b>As at 31st December 2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchase deposits	8,677	3,954
Prepayments	67,497	86,167
General deposits	10,768	9,131
Interest receivable	7,468	8,076
VAT recoverable	18,296	10,163
Others	12,433	4,439
Total of prepayments, deposits and other receivables	<u>125,139</u>	<u>121,930</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

### 10. Share capital

	2021		2020	
	Number of shares (thousands)	Share capital HK\$'000	Number of shares (thousands)	Share capital HK\$'000
Ordinary shares, issued and fully paid: At 1st January and 30th June	982,114	1,101,358	982,114	1,101,358

### 11. Trade payables

Trade payables are aged as follows:

	As at 30th June 2021 HK\$'000	As at 31st December 2020 HK\$'000
1–30 days	13,144	23,812
31–90 days	1,352	1,293
Over 90 days	125	66
	<u>14,621</u>	<u>25,171</u>

### 12. Other losses

	Six months ended 30th June 2021 HK\$'000	30th June 2020 HK\$'000
Fair value losses on investment properties (note 6)	<u>(25,347)</u>	<u>(18,520)</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

*(continued)*

## 13. Expenses by nature

	Six months ended	
	30th June 2021	30th June 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of inventories sold	203,557	188,559
(Reversal of)/provision for impairment of inventories	(18,383)	45,920
Direct operating expenses arising from investment properties that generated rental income	19,851	14,001
Expenses relating to short-term leases and variable lease payments ( <i>note</i> )	43,077	26,390
Depreciation of property, plant and equipment ( <i>note 6</i> )	10,059	10,787
Depreciation of right-of-use assets	6,348	9,040
Impairment of property, plant and equipment ( <i>note 6</i> )	25	421
Impairment of right-of-use assets	336	1,441
Reversal of impairment of trade receivables, net	(229)	(45)
Staff costs including directors' emoluments	111,454	91,623
Advertising and promotion expenses	43,545	23,956
Other expenses	63,527	51,464
	<u>483,167</u>	<u>463,557</u>
Representing:		
Cost of sales	205,636	248,755
Selling and marketing costs	201,829	145,861
Administrative expenses	75,702	68,941
	<u>483,167</u>	<u>463,557</u>

*Note:*

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION***(continued)***14. Income tax expense**

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the period.

Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the period at the rate of 25% (2020: 25%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	<b>Six months ended</b>	
	<b>30th June 2021</b>	<b>30th June 2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
– Hong Kong	–	172
– PRC enterprise income tax	17,169	17,520
Deferred income tax	(5,383)	(5,912)
	<hr/>	<hr/>
Total income tax expense	<u>11,786</u>	<u>11,780</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION***(continued)***15. Dividend**

	<b>Six months ended</b>	
	<b>30th June 2021</b>	<b>30th June 2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend of 4.0 HK cents (2020: 3.0 HK cents) per ordinary share	<u>39,285</u>	<u>29,463</u>

The final dividend for the year ended 31st December 2020 of 6.5 HK cents (2019 final: 9.5 HK cents) per ordinary share, totalling HK\$63,838,000 was paid in June 2021 (2019 final: HK\$93,301,000).

At a meeting held on 13th August 2021, the Directors declared an interim dividend of 4.0 HK cents per share. This interim dividend has not been reflected as a dividend payable in the condensed consolidated interim financial information but will be reflected as an appropriation of retained earnings for the year ending 31st December 2021.

**16. Earnings per share**

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

Diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares in issue during the six months ended 30th June 2021 and 2020.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

### 17. Commitments

#### (a) Capital commitments

	As at 30th June 2021 <i>HK\$'000</i>	As at 31st December 2020 <i>HK\$'000</i>
Property, plant and equipment Contracted but not provided for	4,021	5,026
Investment properties Contracted but not provided for	2,695	–

#### (b) Commitments for property development expenditure

	As at 30th June 2021 <i>HK\$'000</i>	As at 31st December 2020 <i>HK\$'000</i>
Contracted but not provided for	399,706	460,006
Authorized but not contracted for	132,000	132,000
	531,706	592,006

#### (c) Future aggregate minimum lease payments receivable under non-cancellable leases

	As at 30th June 2021 <i>HK\$'000</i>	As at 31st December 2020 <i>HK\$'000</i>
Rental receivables		
– not later than one year	141,253	135,141
– later than one year and not later than five years	190,429	236,876
– later than five years	20,028	24,058
	351,710	396,075

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(continued)

### 18. Related party transactions

The Company is controlled by the Tsang Family (comprising Madam Wong Lei Kuan, Mr. Tsang Chi Ming, Ricky and the other direct descendants of the late Dr. Tsang Hin Chi) 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 at 30th June 2021. The remaining 31.83% of the Company's issued shares are widely held.

The following transactions were carried out with related parties:

	Six months ended	
	30th June 2021	30th June 2020
	HK\$'000	HK\$'000
(a) Purchases of services		
Professional fees paid to a related company (note)	160	160

Note:

Equitas Capital Limited acted as financial advisor to the Group for which professional fees of HK\$160,000 (six months ended 30th June 2020: HK\$160,000) was paid by the Company during the period. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is the managing director and the principal shareholder of Equitas Capital Limited.

(b) Period-end balances arising from purchases of services

	As at 30th June 2021	As at 30th June 2020
	HK\$'000	HK\$'000
Accruals		
– Equitas Capital Limited	160	160

(c) Key management compensation

Key management compensation amounted to HK\$18,163,000 for the six months ended 30th June 2021 (six months ended 30th June 2020: HK\$17,440,000).

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## **SUPPLEMENTARY INFORMATION**

### ***INTERIM DIVIDEND***

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

### ***CLOSURE OF REGISTER OF MEMBERS***

For the purpose of determining shareholders' entitlement to the proposed dividend, the Register of Members of the Company will be closed on 2nd September 2021 and 3rd September 2021 (two days), during which period no transfer of shares will be registered.

In order to qualify for the above-mentioned interim dividend, all transfers accompanied by the relevant share certificates must be lodged by 4:30 p.m. on Wednesday, 1st September 2021 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

### ***PURCHASE, SALE OR REDEMPTION OF SHARES***

The Company did not redeem any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

### ***SHARE OPTIONS***

At the Annual General Meeting of the Company held on 23rd May 2014, 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 30th June 2021, no options had been granted or remained outstanding under the New Option Scheme or any other share option scheme of the Company.

**SUPPLEMENTARY INFORMATION** (continued)**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION**

At 30th June 2021, the interests and short positions of each Director and Chief Executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept 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 the Company at 30th June 2021

Directors		Number of shares held			Percentage to total issued share capital
		Personal interests	Other interests (note)	Total	
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	–	–	–	–

*Note:* The shareholdings disclosed by 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.

Other than those interests and short positions disclosed above, (a) the Directors and the Chief Executive 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; (b) 500,000 non-voting deferred shares of Goldlion (Far East) Limited (which ordinary shares are wholly owned by the Group) were held as to 1 share by Mr. Tsang Chi Ming, Ricky, 49,999 shares by Madam Wong Lei Kuan and 450,000 shares by Hin Chi Family Management Limited (as trustee of The Tsang Hin Chi (2007) Family Settlement). Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan are discretionary beneficiaries of the said trust and both of them are deemed to be interested in such 450,000 shares held by Hin Chi Family Management Limited. Non-voting deferred shares of Goldlion (Far East) Limited do not entitle the holders to receive notice of or to attend vote at its general meeting, and to participate in the distribution of its profit.

Save as disclosed above, as at 30th June 2021, none of the Directors and the Chief Executive of the Company has or is deemed to have any interest or short position in the shares, underlying shares and debentures of the Company, its specified undertakings and its other associated corporations (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.

**SUPPLEMENTARY INFORMATION** (continued)**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION** (continued)

Save as disclosed above, at no time during the six months ended 30th June 2021 was the Company, its subsidiaries or its other associated corporations a party to any arrangements to enable the Directors and the Chief Executive of the Company (including their spouses and children under the age of 18) to acquire benefits by means of the acquisition of shares or underlying shares in or debentures of the Company or its specified underlying or other associated corporation.

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

The register of substantial shareholders maintained under section 336 of Part XV of the SFO shows that as at 30th June 2021, the Company has 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 the Chief Executive.

<b>Name of holder of securities</b>	<b>Type of securities</b>		<b>Number of shares held</b>	<b>Percentage to total issued share capital</b>
Hin Chi Family Management Limited (note 1)	Ordinary shares	Long positions	613,034,750	62.42%
		Short positions	–	–
Top Grade Holdings Limited (note 1)	Ordinary shares	Long positions	613,034,750	62.42%
		Short positions	–	–
Silver Disk Limited (note 1)	Ordinary shares	Long positions	160,616,000	16.35%
		Short positions	–	–
Tsang Hin Chi Charities (Management) Limited (note 2)	Ordinary shares	Long positions	53,880,750	5.49%
		Short positions	–	–
FMR LLC	Ordinary shares	Long positions	63,108,250	6.43%
		Short positions	–	–

*Note 1:* 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 was interested in 613,034,750 shares in the Company including 160,616,000 shares held by Silver Disk Limited, a wholly owned subsidiary of Top Grade.

*Note 2:* Tsang Hin Chi Charities (Management) Limited as trustee of The Tsang Hin Chi Charitable Foundation (a charitable trust granted tax exemption under section 88 of the Inland Revenue Ordinance, which is jointly controlled by Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan) held 53,880,750 shares in the Company.

## **SUPPLEMENTARY INFORMATION** *(continued)*

### **CORPORATE GOVERNANCE**

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules on the Stock Exchange for the six months ended 30th June 2021. In respect of Code Provision A.2.1, the positions of the Chairman of the Board and the Chief Executive Officer are held by the same individual, namely, Mr. Tsang Chi Ming, Ricky. The Board believes that holding the positions of both Chairman and Chief Executive Officer by Mr. Tsang Chi Ming, Ricky provides the Group with more effective planning and execution of long-term business strategies and enhances efficiency in decision-making. The Board also believes that an effective corporate governance structure of the Group has been in place to ensure an appropriate monitoring of Management.

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. During the six months ended 30th June 2021, all the Directors have complied with the relevant requirements under the Model Code regarding their dealing in the securities of the Company.

### **AUDIT COMMITTEE**

The Company has formed an Audit Committee to review and supervise the financial reporting process, risk management and internal control procedures of the Group. As at the date of this report, the Audit Committee has four members comprising Mr. Li Ka Fai, David (Chairman), Dr. Lau Yue Sun and Mr. Ngan On Tak, all of them being independent non-executive Directors, and Mr. Ng Ming Wah, Charles, being a non-executive Director of the Company.

### **REVIEW OF FINANCIAL INFORMATION**

The Audit Committee has reviewed the Group's unaudited interim financial information for the six months ended 30th June 2021. At the request of the Board of Directors, the Company's external auditor, PricewaterhouseCoopers, has carried out a review of this unaudited interim financial information in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

### **BOARD OF DIRECTORS**

As at the date of this report, 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.



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