# GOLDLION HOLDINGS LIMITED
# 金 利 來 集 團 有 限 公 司

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

**(Stock code: 533)**

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2013

## RESULTS

The Board of Directors is pleased to announce the consolidated results of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December 2013 together with the comparative figures for the previous year as follows:

**Consolidated Income Statement**
**For the year ended 31st December 2013**

| | Note | **2013** HK$'000 | **2012** HK$'000 |
|---|---|---|---|
| Turnover | 2 | 1,875,490 | 1,863,075 |
| Cost of sales | 4 | (861,684) | (812,918) |
| Gross profit | | 1,013,806 | 1,050,157 |
| Other gains | 3 | 87,351 | 158,882 |
| Selling and marketing costs | 4 | (403,726) | (366,413) |
| Administrative expenses | 4 | (194,388) | (229,455) |
| Operating profit | | 503,043 | 613,171 |
| Interest income | | 30,751 | 28,478 |
| Profit before income tax | | 533,794 | 641,649 |
| Income tax expense | 5 | (119,215) | (138,362) |
| Profit for the year | | 414,579 | 503,287 |
| Profit attributable to: | | | |
| Owners of the parent | | 414,579 | 502,235 |
| Non-controlling interests | | - | 1,052 |
| | | 414,579 | 503,287 |
| | | *HK cents* | *HK cents* |
| Earnings per share for profit attributable to owners of the parent during the year | 6 | | |
| - basic | | 42.21 | 51.14 |
| - diluted | | 42.21 | 51.14 |

Details of dividends payable to owners of the parent attributable to the profit for the year are set out in note 7.

**Consolidated Statement of Comprehensive Income**
**For the year ended 31st December 2013**

| | 2013 | 2012 |
|---|---|---|
| | HK$'000 | HK$'000 |
| Profit for the year | 414,579 | 503,287 |
| Other comprehensive income | | |
| *Item that may be reclassified subsequently to profit or loss* | | |
| Exchange differences on translation of financial statements of overseas subsidiaries | 52,129 | 56,756 |
| Total comprehensive income for the year | 466,708 | 560,043 |
| Attributable to: | | |
| Owners of the parent | 466,708 | 558,991 |
| Non-controlling interests | - | 1,052 |
| Total comprehensive income for the year | 466,708 | 560,043 |

**Consolidated Balance Sheet**
**As at 31st December 2013**

| | Note | 31.12.2013<br>HK$'000 | 31.12.2012<br>HK$'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Land use rights | | 32,488 | 21,174 |
| Property, plant and equipment | | 240,066 | 202,013 |
| Investment properties | | 2,194,161 | 2,102,764 |
| Deposits | | - | 12,265 |
| Deferred income tax assets | | 68,048 | 40,855 |
| | | 2,534,763 | 2,379,071 |
| **Current assets** | | | |
| Completed properties held for sale | | - | 1,470 |
| Inventories | | 237,839 | 376,900 |
| Trade receivables | 8 | 119,338 | 110,707 |
| Prepayments, deposits and other receivables | | 163,377 | 71,744 |
| Tax recoverable | | - | 1,466 |
| Bank deposits | | 855,100 | 724,073 |
| Cash and cash equivalents | | 440,586 | 341,188 |
| | | 1,816,240 | 1,627,548 |
| Assets classified as held for sale | | 61,802 | 60,342 |
| | | 1,878,042 | 1,687,890 |
| **Total assets** | | **4,412,805** | **4,066,961** |
| **EQUITY** | | | |
| **Capital and reserves attributable to owners of the parent** | | | |
| Share capital | | 98,211 | 98,211 |
| Reserves | | 3,164,519 | 2,962,982 |
| Proposed final dividend | | 176,781 | 176,781 |
| **Total equity** | | 3,439,511 | 3,237,974 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | 363,319 | 336,151 |
| **Current liabilities** | | | |
| Trade payables | 9 | 69,631 | 91,727 |
| Other payables and accruals | | 510,271 | 385,353 |
| Current income tax liabilities | | 30,073 | 15,756 |
| | | 609,975 | 492,836 |
| **Total liabilities** | | 973,294 | 828,987 |
| **Total equity and liabilities** | | **4,412,805** | **4,066,961** |
| **Net current assets** | | 1,268,067 | 1,195,054 |
| **Total assets less current liabilities** | | 3,802,830 | 3,574,125 |

Notes:

## 1. Principal accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties and assets classified as held for sale.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following new and amended standards are mandatory for the first financial year beginning on or after 1st January 2013.

- Amendment to HKAS 1, "Financial statement presentation" regarding other comprehensive income is effective for annual periods beginning on or after 1st July 2012. The main change resulting from this amendment is a requirement for entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). This amendment did not have any material impact on the Group's consolidated financial statements.

- HKFRS 10, "Consolidated financial statements" is effective for annual periods beginning on or after 1st January 2013. It builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company has made an assessment as at the date of initial application of HKFRS 10 (i.e. 1st January 2013) in respect of the Group's control in its investees under the new definition in HKFRS 10 and concluded that the application of the new standard did not result in any change in the consolidation status of its subsidiaries.

- HKFRS 13, "Fair value measurement" is effective for annual periods beginning on or after 1st January 2013. It aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. Other than the additional disclosures as presented, the application of HKFRS 13 did not have any material impact on the amounts recognized in the Group's consolidated financial statements.

The following new and amended standards and interpretation have been published and are mandatory for the Group's accounting periods beginning on or after 1st January 2013, but are not currently relevant to the Group.

| | | Effective for accounting periods beginning on or after |
|---|---|---|
| HKAS 19 (Amendment) | Employee benefits | 1st January 2013 |
| HKAS 27 (Revised) | Separate financial statements | 1st January 2013 |
| HKAS 28 (Revised) | Investments in associates and joint ventures | 1st January 2013 |
| HKFRS 1 (Amendment) | Government loans | 1st January 2013 |
| HKFRS 7 (Amendment) | Financial instruments: Disclosures – Offsetting financial assets and financial liabilities | 1st January 2013 |
| HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments) | Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance | 1st January 2013 |
| HKFRS 11 | Joint arrangements | 1st January 2013 |
| HKFRS 12 | Disclosures of interests in other entities | 1st January 2013 |
| HKFRSs (Amendment) | Annual improvements 2009-2011 cycle | 1st January 2013 |
| HK(IFRIC) - Int 20 | Stripping costs in the production phase of a surface mine | 1st January 2013 |

The following new and amended standards and interpretation have been issued but are not effective for the financial year beginning 1st January 2013 and have not been early adopted.

| | | Effective for accounting periods beginning on or after |
|---|---|---|
| HKAS 19 (Amendment) | Employee benefits | 1st July 2014 |
| HKAS 32 (Amendment) | Financial instruments: Presentation – Offsetting financial assets and financial liabilities | 1st January 2014 |
| HKAS 36 (Amendment) | Impairment of assets | 1st January 2014 |
| HKAS 39 (Amendment) | Financial instruments: Recognition and measurement – Novation of derivatives | 1st January 2014 |
| HKFRS 9 | Financial instruments | Not yet established by HKICPA |
| HKFRS 10, HKFRS 12 and HKAS 27 (Amendments) | Investment entities | 1st January 2014 |
| HKFRSs (Amendment) | Annual improvements 2012 cycle | 1st July 2014 |
| HKFRSs (Amendment) | Annual improvements 2013 cycle | 1st July 2014 |
| HK(IFRIC) – Int 21 | Levies | 1st January 2014 |

## 2. Turnover and segment information

The Group is principally engaged in the distribution and manufacturing of garments, leather goods and accessories, licensing of brand name, and property investment and development. Turnover recognized during the year is as follows:

| | 2013 HK$'000 | 2012 HK$'000 |
|---|---|---|
| Sales of goods | 1,610,647 | 1,611,605 |
| Gross rental income from investment properties | 138,516 | 132,111 |
| Building management fee | 41,467 | 39,223 |
| Licensing income | 84,860 | 80,136 |
| | 1,875,490 | 1,863,075 |

The segments are managed separately as each business offers different products and services and requires different marketing strategies. The Group has three reportable segments including apparel in China Mainland and Hong Kong SAR, apparel in Singapore and Malaysia as well as property investment and development.

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

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

| | 2013 Segment turnover HK$'000 | 2012 Segment turnover HK$'000 | 2013 Segment results HK$'000 | 2012 Segment results HK$'000 |
|---|---|---|---|---|
| Operating segments | | | | |
| Apparel - China Mainland and Hong Kong SAR | 1,547,605 | 1,543,801 | 392,024 | 417,906 |
| Apparel - Singapore and Malaysia | 147,902 | 147,940 | 3,707 | 7,616 |
| Property investment and development | 187,043 | 177,941 | 192,123 | 260,285 |
| Inter-segment sales | (7,060) | (6,607) | - | - |
| | 1,875,490 | 1,863,075 | 587,854 | 685,807 |
| Unallocated costs | | | (54,060) | (44,158) |
| Profit before income tax | | | 533,794 | 641,649 |
| Income tax expense | | | (119,215) | (138,362) |
| Profit for the year | | | 414,579 | 503,287 |

## 3. Other gains

| | 2013 | 2012 |
|---|---|---|
| | HK$'000 | HK$'000 |
| Fair value gains on investment properties | 87,351 | 158,882 |

## 4. Expenses by nature

| | 2013 | 2012 |
|---|---|---|
| | HK$'000 | HK$'000 |
| Cost of inventories sold | 735,621 | 761,956 |
| Provision for impairment of inventories | 77,414 | 3,929 |
| Direct operating expenses arising from investment properties that generated rental income | 44,576 | 42,491 |
| Operating lease rentals - land and buildings | 98,670 | 75,103 |
| Amortization of land use rights | 2,049 | 1,997 |
| Depreciation of property, plant and equipment | 27,958 | 27,202 |
| Staff costs including directors' emoluments | 228,085 | 235,236 |
| Auditors' remuneration | 3,494 | 3,368 |
| Other expenses | 241,931 | 257,504 |
| | 1,459,798 | 1,408,786 |
| Representing: | | |
| Cost of sales | 861,684 | 812,918 |
| Selling and marketing costs | 403,726 | 366,413 |
| Administrative expenses | 194,388 | 229,455 |
| | 1,459,798 | 1,408,786 |

## 5. Income tax expense

| | 2013 | 2012 |
|---|---|---|
| | HK$'000 | HK$'000 |
| Hong Kong profits tax | | |
| Current year | 1,080 | 960 |
| Over-provision in prior year | (64) | (45) |
| | 1,016 | 915 |
| Taxation outside Hong Kong | | |
| Current year | 125,041 | 118,378 |
| Under-provision in prior years | 204 | 51 |
| | 125,245 | 118,429 |
| Deferred income tax | (7,046) | 19,018 |
| Total income tax expense | 119,215 | 138,362 |

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year. Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the year at the rate of 25% (2012: 25%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

## 6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the parent of HK$414,579,000 (2012: HK$502,235,000) and the number of ordinary shares in issue of 982,114,035 (2012: 982,114,035) during the year.

Diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares in issue during the years ended 31st December 2013 and 2012.

## 7. Dividends

| | **2013**<br>HK$'000 | **2012**<br>HK$'000 |
|---|---|---|
| 2012 interim dividend, paid, of 9.0 HK cents per ordinary share | - | 88,390 |
| 2012 final dividend, paid, of 18.0 HK cents per ordinary share | - | 176,781 |
| 2013 interim dividend, paid, of 9.0 HK cents per ordinary share | 88,390 | - |
| 2013 final dividend, proposed, of 18.0 HK cents per ordinary share | 176,781 | - |
| | 265,171 | 265,171 |

## 8. Trade receivables

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

| | **As at 31.12.2013**<br>HK$'000 | **As at 31.12.2012**<br>HK$'000 |
|---|---|---|
| 1-30 days | 96,699 | 74,714 |
| 31-90 days | 19,873 | 27,199 |
| Over 90 days | 2,766 | 8,794 |
| | 119,338 | 110,707 |

## 9. Trade payables

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

| | **As at 31.12.2013** HK$'000 | **As at 31.12.2012** HK$'000 |
|---|---|---|
| 1-30 days | 53,350 | 75,607 |
| 31-90 days | 5,493 | 7,212 |
| Over 90 days | 10,788 | 8,908 |
| | 69,631 | 91,727 |

## FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 18.0 HK cents per share (2012: 18.0 HK cents per share) for the year ended 31st December 2013, totalling HK$176,781,000 (2012: HK$176,781,000). Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on or about 9th June 2014 to shareholders whose names appear on the Register of Members as at 30th May 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING RESULTS

#### Turnover and gross profit

The Group's apparel operation in China Mainland was seriously affected in 2013 by the combined effects of slowdown in economic growth, shrinkage of domestic demand and the Central Government's extravagance curbs. The Group recorded a turnover of HK$1,875,490,000 in 2013, which was broadly in line with HK$1,863,075,000 of last year. The unsatisfactory performance of apparel and accessories wholesale business in China led to a drop of 5% in turnover over last year. For other operations, which include the apparel business in the Singapore and Malaysia markets, income from rental of properties, building management and licensing of brand name, the turnover all remained stable.

Gross profit for the year was HK$1,013,806,000, representing a drop of 3% comparing with HK$1,050,157,000 of last year. Overall gross profit margin was approximately 54.1%, a decrease of 2.3 percentage points from 56.4% of last year. For the Group's apparel operation, the gross profit margin also decreased by 2.9 percentage points from 52.2% of last year to 49.3%, mainly due to the provision for impairment of inventories of HK$77,414,000 for the year. High level of provision was resulted from increasing off-season inventories returned from distributors in China to the Group progressively during the year.

#### Operating expenses and operating profit

Selling and marketing costs of the Group during the year increased by 10% from last year to HK$403,726,000. This was mainly due to the increase in retail sales related expenses including rental expenses of retail shops as well as salesman salaries, in light of the growth of retail sales during the year. Besides, the Group had also devoted more resources in marketing and promotion for the apparel and accessories operation during the year.

Administrative expenses of the Group during the year dropped by 15% from last year to HK$194,388,000. In addition to the implementation of effective cost control measures, the drop was also contributed by the decrease in annual bonus after the retirement of a key management staff early this year.

During the year, the Group recorded fair value gains on investment properties of HK$87,351,000, compared with HK$158,882,000 of last year.

Operating profit for the year amounted to HK$503,043,000, representing a drop of 18% comparing with HK$613,171,000 of last year. The operating profit margin was about 26.8%, a decrease of 6.1 percentage points from 32.9% of last year. This was mainly due to the drop in fair value gains on investment properties as well as the unsatisfactory performance of apparel business in China during the year. If the fair value gains on investment properties were excluded, the operating profit margin would be 22.2%, a decrease of 2.2 percentage points from 24.4% of last year.

#### Profit attributable to owners of the parent

Profit attributable to owners of the parent during the year was HK$414,579,000, a decrease of 17% from HK$502,235,000 of last year. Profit for the year would be HK$332,066,000 if fair value gains on investment properties (after tax) of HK$82,513,000 were excluded. This represented a decrease of 9% from HK$363,191,000, if the fair value gains after tax on investment properties of HK$139,044,000 were excluded in last year.

## BUSINESS REVIEW

### Apparel Business

*China Mainland and Hong Kong SAR Markets*

During the year under review, the Group continued to conduct its apparel operation in China Mainland primarily through wholesaling to distributors in various cities and provinces, as well as through self-operated retail shops (including factory outlets) located mainly in Guangzhou, Shanghai and Beijing.

The Central Government's extravagance curbs and anti-bribery measures have weakened the high-end consumption significantly during the year. With GDP growing slower and consumer sentiment remaining to be gloomy, the retail market showed little sign of improvement and demand for mid to high-end consumer products was further dampened.

Due to unfavorable market conditions, distributors of the Group were generally troubled by high inventory levels accumulated in the past few seasons. Facing sluggish inventory turnover and lagging repayment from department stores, distributors are confronted with difficulties not happening in years. To improve their cash flows and ease their inventory pressure, the Group adopted certain designated sales return measures during the year to allow distributors to return and exchange goods beyond the established sales return policy. Owing to these sales return measures and the lack of ordering incentives from distributors, the Group's sales have been dragged down.

Last year, the Group appointed a retailer in China to operate the "Gold Label" retail business in certain cities and provinces. The plan, however, was preempted by the sudden plunge in the market. In the middle of the year, the retailer decided to terminate the appointment and returned the unsold goods. This also had a negative impact on wholesales for the year.

Sales to distributors dropped by about 7% in Renminbi ("RMB") during the year. As a result of the increase in sales return, the Group recorded an increase in off-season inventories and the related inventory provisions.

Sales of self-operated retail shops, on the contrary, recorded a growth despite the unfavorable market conditions. During the year, the Group strengthened and enlarged business in this segment including through taking over several retail shops previously run by the "Gold Label" retailer. Sales of self-operated retail shops (excluding factory outlets) recorded an increase of 13% while sales of comparable retails shops recorded an increase of 5% in RMB.

Concurrently, the Group sought to expand business of factory outlets by adding 9 outlets during the year to clear off-season inventories. The annual growth in sales was approximately 5% in RMB. To increase sales channels, enhance brand recognition and clear off-season inventories, the Group launched an e-commerce business in the third quarter. Online sales have initially been satisfactory.

At the end of the year, the Group had approximately 1,240 outlets in China, including 93 self-operated outlets, of which 34 were factory outlets. The number of outlets was slightly less than that of last year as the Group had reorganized some relatively low performers. The number is expected to shrink further in view of the ongoing optimization of the sales network.

With respect to marketing activities, a professional market research company was engaged to conduct a country-wide survey on the Group's brand position during the year. To enhance the efficiency and effectiveness in promotion, the branding and promotion strategies have been adjusted in accordance to the survey result. In addition, the Group is also updating the customer relations management system with the hope of achieving better sales through more interaction with customers.

With respect to supply chain management, the Group reintegrated its team structure and manpower allocation during the year, including the recruitment of foreign designers to further improve cutting, design and material of the products by targeting at the designated customer bases. The Group had also taken proactive steps to streamline its procurement process, enhance efficiency and tighten cost control so as to offer the best products to the market. Effects of these products advancement measures are expected to realize initially in the Group's 2014 fall and winter collections.

Following a deferment in the production of the 2014 spring and summer collections and the shortening of the production cycle, inventories of the 2014 spring and summer collections in China stood at HK$34,108,000 at the end of the year. This was substantially lower than HK$170,232,000 of the 2013 spring and summer collections at the end of 2012, and had therefore led to a year-on-year decrease in the total amount of inventories.

Licensing income for the year amounted to HK$84,860,000, representing an increase of around 6%, or around 3% in RMB, over last year. The growth was mainly attributable to the annual increment of license fees stipulated in the licensing agreements. Since certain licensees' businesses were slackened by the market downturn, there was no increase in the part of license fees charged at turnover.

During the year, the Group granted licenses for distribution of shoes, leather goods, undergarments, woolen sweaters and casual wear in the China Mainland market. The Group also strengthened supervision over licensees and provided appropriate support through the designated brand licensing department during the year. The effort is to ensure they are in line with the Group's brand development so as to protect its brand interests.

*Singapore and Malaysia Markets*

Singapore's economy continued to be affected by external factors and slowed down accordingly during the year. With consumers sitting on the sidelines, the retail market came under pressure. However, the Group's business in Singapore had not been significantly impacted during the year. Sales amounted to HK$140,894,000, which was comparable with that of the previous year, with a growth of approximately 1% in local currency.

Despite the adverse market conditions, the Group strove to expand its business in the local market, including joining other brands in marketing activities to induce retail growth. At the end of the year, there were a total of 8 Goldlion shops and 23 counters in Singapore, or an increase of 3 outlets when compared with that at the end of last year. Sales of comparable outlets recorded an increase of about 1% in local currency over last year.

During the year, operating costs such as rentals and manpower costs kept soaring. A replacement at the management level before the end of the year has also pushed up the relevant human resources expenses. As a result, operating profit in Singapore for the year amounted to approximately HK$3,183,000, representing a year-on-year decrease of about 54%. Operating profit margin was 2%, dropping from 5% of last year.

The Group's business in the Malaysia market is relatively small in scale. Sales for the year amounted to HK$7,008,000, representing an increase of approximately 5% when compared with last year. At the end of the year, there were a total of 19 counters in the local market. Operating profit for the year stood at approximately HK$524,000, representing a year-on-year decrease of about 28%.

**Property Investment and Development**

Except for the addition of two shops in Harbin and the transferal of some office units at the Goldlion Digital Network Centre in Tianhe, Guangzhou, for the Group's own use during the year, the Group's investment property portfolio had no substantial changes since the end of last year. The business also remained stable. Fair value gains on investment properties recognized by the Group after independent professional valuations at the end of the year amounted to HK$87,351,000. These included gains of HK$68,000,000 from investment properties in Hong Kong, the growth of which was largely attributable to the upward rental trend in the local properties of the Group. The fair value gains for last year were HK$158,882,000.

Rental income and building management fees for the year amounted to HK$138,516,000 and HK$41,467,000, respectively, representing an increase of around 5% and 6% over last year. Leasing of Goldlion Digital Network Centre in Tianhe, Guangzhou, remained stable. With some of the vacant units leased out and rentals adjusting upward on the whole during the year, rental income and building management fees recorded a year-on-year increase of approximately 4%, with occupancy rate remained at about 92%.

In Shenyang, leasing of Goldlion Commercial Building was likewise stable, with overall occupancy rate maintained at 100%. Rental income and building management fees increased by approximately 5% over that of last year.

Buoyed up by rising rentals in Hong Kong, total rental income and building management fees of the Group's properties in Hong Kong increased for approximately 11% over last year. At the end of the year, the Group's investment properties in Hong Kong were fully occupied.

In respect of the resettlement of the Group's property in Anhua Road in Changning, Shanghai, the Group had delivered Block Nos. 2, 3, 4 and 5 of such property during the year and received compensation of RMB80,000,000 in aggregate, which was recorded as an "other payables and accruals" item in the consolidated balance sheet at the end of the year. On the other hand, a tenant of Block No. 9 of such property had illegally occupied the block since the expiration of the relevant lease. The Group had instigated legal proceedings to evict the tenant with ongoing negotiations. As the property was not entirely delivered, the transaction had not been completed as at 31st December 2013. The relevant gain on disposal of property will therefore be recognized upon completion of delivery in accordance with relevant terms of the agreement.

**PROSPECTS**

Market conditions are expected to remain grim in the China Mainland market in 2014. After a prolonged period of rapid growth, the mid to high-end apparel industry is subjected to the greatest downward pressure in recent years. There was no notably relief to the difficulties faced by the Group's distributors in 2013. Slow turnover, high inventory levels and tight liquidity are expected to continue. The Group believes that recovery in the apparel industry will depend on the distributors' capability and effectiveness of clearing their inventories, restoring a healthy inventory level, as well as our ability in product innovation.

In view of this, the Group will continue to pursue a prudent business strategy. To ensure a steady development of the distributors in the long run, assisting them to clear excessive inventories would be the Group's top priority. The Group also urges prudence from distributors in placing orders and has the related wholesales target kept under control. Deliveries of the 2014 spring and summer collections, mainly in the first half of 2014, has apparently slowed down. As for the 2014 fall and winter collections, conservative stance taken by distributors at the sales fair held in mid-March 2014 is expected to impact the Group's sales of the relevant business in 2014. However, the growth in the Group's retail, factory outlets and e-commerce businesses is expected to compensate part of the shortfall in turnover of the wholesale business.

Self-operated retail shops will continue to be a growth area for the Group for building up its own retail capacity and brand innovation. The Group also considers taking back the distributorship from some distributors for direct operation of such retail business. Moreover, the capacity of the sales channels including factory outlets will be expanded to minimize the risks of overstocking and inventory backlog.

Besides, in view of the boom in internet shopping in recent years, the Group is closely gauging the potential of e-commerce. Without compromising offline sales, the Group will formulate strategies to tap the online market aiming at clearing off-season inventories in the coming year, and it is expected that the e-commerce business will generate growth.

In Singapore, where market conditions will take time to improve, the Group will maintain prudent operation strategies to strive for better profitability through business growth and cost control.

As for property investment, the Group will continue to enhance the leasing potential of the properties on hand for maintaining a steady growth in rental income. Towards the end of the year, the Group made a successful bid for a piece of land with a site area of approximately 75,949 square meters in Meixian for RMB102,600,000. It is preliminarily scheduled to develop in phases as residential and commercial property for approximately 155,000 square meters in total. According to the existing development schedule, the first phase of the project (approximately half of the gross floor area of the whole project) is initially expected to be commenced in early 2015 and completed in 2016.

It is the Group’s firm belief that the apparel industry will become sounder once competition has entailed survival of the fittest. Bolstered by the solid foundation of the Group, strong financial background and reputable brand, the Group is in the best position to ultimately weather the current market volatility and be on the rise once again.

## FINANCIAL POSITION

As at 31st December 2013, cash and bank balances held by the Group amounted to approximately HK$1,295,686,000, which was HK$230,425,000 higher than the balance as at 31st December 2012. During the year, the Group recorded a net cash inflow from operating activities of HK$379,417,000 and gains from foreign exchange rate changes of HK$17,753,000, received compensation in relation to the surrender of property in Shanghai of HK$101,600,000 and paid dividends of HK$265,171,000 during the year. As at 31st December 2013, the Group did not have any bank loans or overdrafts.

As at 31st December 2013, the Group's current assets and current liabilities were HK$1,878,042,000 and HK$609,975,000 respectively, with a current ratio at 3.1. Total current liabilities were 18% of the average capital and reserves attributable to owners of the parent of HK$3,338,743,000.

As at 31st December 2013, the Group did not have any material contingent liabilities or capital commitments and had not charged any of the Group’s assets.

## HUMAN RESOURCES

At 31st December 2013, the Group had approximately 1,770 employees. Staff costs including directors’ emoluments of the year amounted to HK$228,085,000. The Group ensures that employees’ remuneration packages are competitive and are determined mainly on factors including job nature, market conditions, individual performance, qualification and experience. The Group also provides other benefits to its employees and training as and when required.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders' entitlement to attend and vote at the forthcoming annual general meeting to be held on 23rd May 2014 (the "2014 AGM"), the Register of Members of the Company will be closed from 21st May 2014 to 23rd May 2014 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2014 AGM, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Tuesday, 20th May 2014 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(b) For the purpose of determining shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed on 29th May 2014 and 30th May 2014, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend of the year, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Wednesday, 28th May 2014 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

## PURCHASE, SALE OR REDEMPTION OF SHARES

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

## CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year except:

(a) all of the non-executive Directors of the Company (including independent non-executive Directors) 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, which is not consistent with the requirements of Code Provision A.4.1.

(b) Dr. Wong Ying Ho, Kennedy, a non-executive Director of the Company, was unable to attend the annual general meeting of the Company held on 24th May 2013 owing to an important engagement at the relevant time, which is not consistent with the requirements of Code Provision A.6.7.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. During the year, all the Directors have complied with the relevant requirements under the Model Code regarding their dealing in the securities of the Company.

## AUDIT COMMITTEE

The Company has formed an Audit Committee to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this announcement, the Audit Committee has five members comprising Mr. Li Ka Fai, David (Chairman), Mr. Nguyen, Van Tu Peter (Deputy Chairman) and Dr. Lau Yue Sun, all of them being independent non-executive Directors, and Mr. Ng Ming Wah, Charles and Dr. Wong Ying Ho, Kennedy, being non-executive Directors of the Company.

## REVIEW OF FINANCIAL STATEMENTS

The Group's consolidated financial statements for the year ended 31st December 2013 have been reviewed by the Company's Audit Committee. Also, the figures in respect of this results announcement have been agreed by the Company's external auditors, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year ended 31st December 2013. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this results announcement.

## PUBLICATION OF DETAILED FINANCIAL AND RELATED INFORMATION ON THE WEBSITE OF THE COMPANY AND THE STOCK EXCHANGE

This announcement is published on the website of the Company (www.goldlion.com) and the Stock Exchange (www.hkexnews.hk). The Company's 2013 annual report, containing all the information required by Appendix 16 of the Listing Rules, will be dispatched to shareholders and made available on the above websites in due course.

## BOARD OF DIRECTORS

As at the date of this announcement, the Directors of the Company comprise Dr. Tsang Hin Chi, Mr. Tsang Chi Ming, Ricky and Madam Wong Lei Kuan as executive Directors; Mr. Ng Ming Wah, Charles and Dr. Wong Ying Ho, Kennedy as non-executive Directors; and Dr. Lau Yue Sun, Mr. Li Ka Fai, David and Mr. Nguyen, Van Tu Peter as independent non-executive Directors.

By order of the Board
**Kam Yiu Kwok**
Company Secretary

Hong Kong, 24th March 2014