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

(Incorporated in Hong Kong under the Hong Kong Companies Ordinance)
(Stock code: 00533)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2023

RESULTS

The Board of Directors (the "Board") is pleased to announce the consolidated results of Goldlion Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31st December 2023 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31st December 2023

	Note	**2023** HK$'000	**2022** HK$'000
Turnover	2	1,331,456	1,415,709
Cost of sales	4	(572,941)	(645,919)
Gross profit		758,515	769,790
Other losses	3	(47,066)	(57,110)
Selling and marketing costs	4	(447,488)	(406,197)
Administrative expenses	4	(162,187)	(153,775)
Operating profit		101,774	152,708
Interest income		27,402	22,725
Interest expense		(1,743)	(1,293)
Profit before income tax		127,433	174,140
Income tax expense	5	(11,269)	(19,678)
Profit for the year attributable to owners of the Company		116,164	154,462
		HK cents	*HK cents*
Earnings per share for profit attributable to owners of the Company during the year			
- Basic and diluted	6	11.87	15.73

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2023

	2023	**2022**
	HK$'000	HK$'000
Profit for the year	116,164	154,462
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss		
Revaluation of property, plant and equipment upon reclassification to investment property	874	8,609
Change in fair value of financial assets at fair value through other comprehensive income	190	(1,002)
Income tax relating to these items	(273)	(1,902)
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	(71,528)	(229,983)
Other comprehensive loss for the year	(70,737)	(224,278)
Total comprehensive income/(loss) for the year attributable to owners of the Company	45,427	(69,816)

Consolidated Balance Sheet
As at 31st December 2023

	Note	As at 31.12.2023 HK$'000	As at 31.12.2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		181,107	145,273
Right-of-use assets		92,222	87,053
Investment properties		2,686,658	2,775,582
Financial assets at fair value through other comprehensive income		-	5,432
Deferred income tax assets		55,873	57,478
		3,015,860	3,070,818
Current assets			
Property under development		103,214	767,938
Completed properties		651,481	-
Inventories		201,634	204,578
Trade receivables	8	99,729	125,091
Prepayments, deposits and other receivables		60,971	80,503
Contract assets		52,506	64,980
Tax recoverable		7,560	3
Restricted cash		10,208	26,186
Bank deposits		721,494	840,885
Cash and cash equivalents		357,099	309,805
		2,265,896	2,419,969
Total assets		**5,281,756**	**5,490,787**
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		1,092,060	1,096,939
Reserves		3,312,704	3,350,444
Total equity		4,404,764	4,447,383
LIABILITIES			
Non-current liabilities			
Other payables and accruals		30,995	26,152
Lease liabilities		22,829	31,048
Deferred income tax liabilities		375,325	399,376
		429,149	456,576
Current liabilities			
Trade payables	9	34,605	47,251
Other payables and accruals		172,470	227,776
Contract liabilities		211,129	269,118
Lease liabilities		21,432	18,629
Current income tax liabilities		8,207	24,054
		447,843	586,828
Total liabilities		876,992	1,043,404
Total equity and liabilities		**5,281,756**	**5,490,787**

Notes:

1. Principal accounting policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income.

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

The financial information relating to the years ended 31st December 2023 and 2022 included in this preliminary announcement of annual results of 2023 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31st December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31st December 2023 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

(a) The new standard and amended standards effective in 2023 but not relevant to the Group

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of accounting policies
HKAS 8 (Amendment)	Definition of accounting estimates
HKAS 12 (Amendment)	Deferred tax related to assets and liabilities arising from a single transaction
HKAS 12 (Amendment)	International tax reform – Pillar two model rules
HKFRS 17	Insurance contracts
HKFRS 17 (Amendment)	Amendments to HKFRS 17
HKFRS 17 (Amendment)	Initial application of HKFRS 17 and HKFRS 9 – Comparative information

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

1. Principal accounting policies *(continued)*

(b) The following amended standards and new interpretation have been issued but are not effective for the financial year beginning on 1st January 2023 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Classification of liabilities as current or non-current	1st January 2024
HKAS 1 (Amendment)	Non-current liabilities with covenants	1st January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier finance arrangements	1st January 2024
HKAS 21 (Amendments)	Lack of exchangeability	1st January 2025
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established
HKFRS 16 (Amendment)	Lease liability in a sale and leaseback	1st January 2024
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 2024

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

2. Turnover and segment information

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

	2023 HK$'000	**2022** HK$'000
Revenue recognized under HKFRS 15		
Sales of goods	952,064	968,164
Sales of properties	92,621	139,033
Building management fees	42,150	40,787
Licensing income	93,132	112,859
	1,179,967	1,260,843
Revenue recognized under other accounting standards		
Rental income from investment properties	151,489	154,866
	1,331,456	1,415,709
Timing of revenue recognition under HKFRS 15		
At a point in time	1,061,827	1,135,956
Over time	118,140	124,887
	1,179,967	1,260,843

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

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

2. Turnover and segment information *(continued)*

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

	2023 Segment turnover HK$'000	**2022 Segment turnover** HK$'000	**2023 Segment results** HK$'000	**2022 Segment results** HK$'000
Operating segments				
Apparel in China Mainland and Hong Kong SAR	1,010,560	1,047,509	78,973	129,359
Apparel in Singapore	35,674	34,703	(2,754)	2,686
Property investment and development	297,377	344,449	82,441	87,131
Inter-segment sales	(12,155)	(10,952)	-	-
	1,331,456	1,415,709	158,660	219,176
Unallocated costs			(31,227)	(45,036)
Profit before income tax			127,433	174,140
Income tax expense			(11,269)	(19,678)
Profit for the year			116,164	154,462

3. Other losses

	2023 HK$'000	**2022** HK$'000
Fair value losses on investment properties	47,066	57,110

4. Expenses by nature

	2023 HK$'000	2022 HK$'000
Cost of inventories sold	443,245	475,055
Cost of properties sold	66,244	97,293
Provision for impairment of inventories	24,807	33,813
Direct operating expenses arising from investment properties that generated rental income	37,684	38,483
Expenses relating to:		
- short-term leases	22,309	24,622
- variable lease payments	61,588	39,836
Depreciation of property, plant and equipment	26,701	22,577
Depreciation of right-of-use assets	18,788	18,524
Impairment of right-of-use assets	1,821	10,703
Staff costs including directors' emoluments	224,016	203,617
Auditors' remuneration:		
- audit services	3,822	3,407
- non-audit services	1,022	852
Advertising and promotion expenses	111,192	98,235
(Reversal of provision)/provision for impairment of trade receivables, net	(1,122)	1,028
Net exchange loss	713	1,727
Other expenses	139,786	136,119
	1,182,616	1,205,891
Representing:		
Cost of sales	572,941	645,919
Selling and marketing costs	447,488	406,197
Administrative expenses	162,187	153,775
	1,182,616	1,205,891

5. Income tax expense

	2023 HK$'000	**2022** HK$'000
Hong Kong profits tax:		
Current year	13	81
Taxation outside Hong Kong:		
Current year	24,297	51,289
Under-provision in prior year	690	273
	24,987	51,562
Deferred income tax	(13,731)	(31,965)
Total income tax expense	11,269	19,678

Hong Kong profits tax rate has been provided at the rate of 16.5% (2022: 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% (2022: 25%). For subsidiaries that qualify for the inclusive tax reduction policy for small and micro enterprises, in accordance with the existing policy of the PRC, taxation on profits generated in the PRC has been calculated at a preferential rate of 5% (2022: 2.5% to 5%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK$116,164,000 (2022: HK$154,462,000) and the weighted average number of ordinary shares in issue of 978,385,013 (2022: 981,690,335) 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 2023 and 2022.

7. Dividends

	2023 HK$'000	**2022** HK$'000
2022 interim dividend, paid, of 3.5 HK cents per ordinary share	-	34,374
2022 final dividend, paid, of 5.0 HK cents per ordinary share	-	48,922
2023 interim dividend, paid, of 3.5 HK cents per ordinary share	34,245	-
2023 final dividend, proposed, of 4.0 HK cents per ordinary share	38,954	-
	73,199	83,296

8. Trade receivables

The Group's sales are on cash on delivery or credit terms ranging from 30 days to 180 days after delivery. The ageing of the trade receivables based on invoice date is as follows:

	As at 31.12.2023 HK$'000	**As at 31.12.2022** HK$'000
1-30 days	83,504	101,618
31-90 days	12,850	17,827
Over 90 days	4,454	7,841
Trade receivables	100,808	127,286
Less: provision for impairment of trade receivables	(1,079)	(2,195)
Trade receivables - net	99,729	125,091

9. Trade payables

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

	As at 31.12.2023 HK$'000	**As at 31.12.2022** HK$'000
1-30 days	29,351	40,130
31-90 days	3,654	4,760
Over 90 days	1,600	2,361
	34,605	47,251

10. Subsequent events

On 13th January 2022, Goldlion (Far East) Limited ("Goldlion Far East"), an indirect wholly-owned subsidiary of the Company, entered into an Investment Agreement with Guangzhou Airport Economic Zone Management Committee ("Guangzhou Committee"). Pursuant to the Investment Agreement, Goldlion Far East has conditionally agreed to invest in the Project through the Project Company, an indirect wholly-owned subsidiary of the Company, with an investment of no less than RMB330 million after the land use rights over the Project Land has been obtained successfully by the Project Company. The Investment Agreement shall lapse and be of no further effect if the Project Company fails to obtain the Project Land within two years from the date of the Investment Agreement.

10. Subsequent events *(continued)*

As the Project Company has not obtained the Project Land within two years from the date of the Investment Agreement because the Guangzhou Committee was not able to identify a piece of land that the Group considered appropriate for proceeding with the Project, the Investment Agreement automatically lapsed on 13th January 2024 and the Project will not proceed. Pursuant to the Investment Agreement, all obligations of the Goldlion Far East and the Guangzhou Committee under Investment Agreement shall cease and terminate, and none of the parties shall have any claim whatsoever against the other party in relation to the Investment Agreement. The lapse of the Investment Agreement will not have any material adverse impact on the business, operation and financial position of the Group.

FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 4.0 HK cents per share (2022: 5.0 HK cents per share) for the year ended 31st December 2023, totalling HK$38,954,000 (2022: HK$48,922,000). Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on or about 13th June 2024 to shareholders whose names appear on the Register of Members as at 4th June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover

During the year under review, the Group recorded a turnover of HK$1,331,456,000, representing an decrease of 6% from HK$1,415,709,000 of last year. Among them, the sales of properties and licensing income decreased by 33% and 17% respectively when compared with last year.

Cost of sales and gross profit

Cost of sales for the year was HK$572,941,000, including cost of inventories sold of the apparel operation of HK$443,245,000, provision for impairment of inventories of HK$24,807,000, cost of properties sold of HK$66,244,000 and direct operating expenses arising from investment properties of HK$37,684,000.

During the year, the cost of inventories sold of our apparel operation was HK$443,245,000, representing a decrease of 7% from HK$475,055,000 of last year. Gross profit margin excluding the effect of impairment of inventories was 53.3%, which was higher than the 50.8% of last year. Proportion of the sales from self-operated retail sales with higher gross profit margin was higher than last year. Provision for impairment of inventories amounting to HK$24,807,000 was recorded during the year, as against the amount of HK$33,813,000 of last year.

Due to the decrease in income from property sales, cost of properties sold amounting to HK$66,244,000 of the year was 32% lower than last year. Gross profit margin from property sales was 28.5%, slightly lower than 30% of last year.

The direct operating expenses arising from investment properties for the year was HK$37,684,000, representing a decrease of approximately 2% when compared with HK$38,483,000 of last year. This was mainly due to the adoption of a Renminbi exchange rate by approximately 4% lower than last year, resulting in a reduction of related domestic expenses when translated.

Other losses

During the year, the Group recorded fair value losses on investment properties of HK$47,066,000, representing an decrease of 18% when compared with the losses of HK$57,110,000 of last year.

Operating expenses

Selling and marketing costs mainly consist of manpower costs for sales staff, rental expenses of the sales outlets, operating costs for e-commerce sales platforms, advertising and promotion, and relevant marketing expenses and tax fees relating to the Meixian property development project. The Group recorded total selling and marketing costs of HK$447,488,000 for the year, representing an increase of 10% from HK$406,197,000 of last year. The increase was mainly due to a lower base figure resulted from the cancellation or delay of certain promotional activities caused by various anti-pandemic measures in last year.

Administrative expenses mainly consist of manpower costs for non-sales staff, depreciation, amortization and impairment charges, and other miscellaneous expenses. The Group recorded administrative expenses of HK$162,187,000 for the year, also higher than the amount of HK$153,775,000 of last year by 5%.

Operating profit

Operating profit for the year amounted to HK$101,774,000, representing a decrease of approximately 33% from HK$152,708,000 of last year. The operating profit margin was approximately 8%, which was lower than the margin of 11% of last year.

Profit attributable to owners of the Company

The Group also recorded a net interest income of HK$25,659,000 for the year, higher than last year's HK$21,432,000 by approximately 20%. The increase was mainly due to a higher average deposit interest rate during the year.

After offsetting the reversal of tax for fair value losses on investment properties amounting to HK$14,826,000 (HK$18,786,000 for last year), the income tax expense for the year was HK$11,269,000 and was lower than the amount of HK$19,678,000 of last year. Effective tax rate excluding fair value losses on investment properties and the related tax effect was 15% and was also lower than last year's 16.6%. This is mainly due to a larger proportion of profits derived from regions with lower tax rates.

The Group's profit attributable to owners of the Company for the year was HK$116,164,000, decreased by approximately 25% from HK$154,462,000 of last year. Profit for the year would be HK$148,404,000 if the net fair value losses after tax on investment properties of HK$32,240,000 (HK$38,324,000 for last year) were excluded, and was approximately 23% lower than the amount of HK$192,786,000 of last year.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets
At the beginning of the year, various anti-epidemic measures had been withdrawn in China Mainland and the overall business environment has returned to normal. However, due to the combined effects of economic slowdown, sluggish real estate market and external adverse factors, the overall pace of recovery was slower than expected, and the market conditions were still weak. Therefore, even though the comparison base last year was relatively low, overall turnover of the apparel business for the year amounted to HK$916,390,000, decreased by approximately 2% from last year. However, owing to the use of a lower RMB exchange rate by about 4% during the year, the increase was approximately 3% in term of RMB.

In China Mainland, the Group has continued to conduct its apparel operation through wholesaling to distributors in various cities and provinces, mainly through self-operated retail shops and factory outlets located mainly in Guangzhou, Shanghai, Beijing, Chongqing, Liaoning, Jilin and Shandong, as well as through e-commerce and custom-ordering.

Owing to the Group's wholesale business model, sales to distributors during the year were generally locked by pre-orders placed earlier. Due to the decrease in orders placed, sales to distributors in RMB decreased by approximately 14%. Sales of this operation accounted for approximately 34% of the Group's apparel sales in China Mainland.

During the year, domestic retail market has returned to normal. Sales disruption affected by the pandemic in last year results in a lower base of comparison. As such, sales of our self-operated retail shops increased by approximately 39% in RMB from last year. Double digits growths were achieved by all of our major operating regions. Sales through this channel accounted for approximately 18% of the Group's apparel sales in China Mainland.

Similarly, the business of the Group's factory outlets has also rebounded significantly. The sales increased by approximately 39% in RMB as compared with last year. Sales through this channel accounted for approximately 14% of the Group's apparel sales in China Mainland.

The Group continued to operate three "Goldlion 3388" lifestyle stores in Shanghai and Guangzhou to promote the brand culture of "Goldlion" and create the new brand concept of "3388". During the year, operating loss of the project after various expenses and provisions amounted to HK$29,730,000.

At the end of the year, the Group's apparel products were sold through approximately 800 retail outlets in China Mainland, among which 134 were self-operated (including 38 factory outlets).

Similarly, the Group's e-commerce business was benefited from market recovery during the year. Due to a lower base of comparison, e-commerce sales also increased by approximately 9% in RMB from last year. During the year, the Group continued to focus on the sales of special selected items, which accounted for 95% of the e-commerce sales. Total e-commerce sales accounted for approximately 29% of the Group's apparel sales in China Mainland.

During the year under review, performance of our operation in custom-made corporate uniforms was not able to meet our expectations. Sales registered a year-on-year decrease of approximately 52% in RMB. However, such business accounts for a small proportion of the Group's domestic apparel sales.

During the year under review, the Group continued to grant licenses for distribution of shoes, leather goods, undergarments and casual wear in the China Mainland. Licensing fees were charged in accordance with terms in the relevant licensing agreements during the year. As a result of the downward adjustment of certain charges, the Group recorded a licensing income of HK$93,132,000 during the year, representing a decrease of approximately 17% from last year.

In addition, the Group entered into an investment agreement, which was a framework agreement in nature, with the Guangzhou Airport Economic Zone Management Committee under the Guangzhou People's Government in January 2022. Under the agreement, the Group planned to commence the construction of an integrated trading headquarter, including a logistics centre in Guangzhou Airport Economic Zone. Due to the failure to identify the project land appropriate for proceeding with the project, the agreement automatically lapsed in January 2024. The Group did not incur any expenditure on the project.

Singapore Market
Singapore markets have returned to normal from the epidemic since second half of 2022, and the market situation has improved significantly. However, consumers have become more cautious in their spending due to the increasingly unstable external environment and rising inflation. The Group's apparel sales amounted to HK$35,674,000 during the year, representing an increase of 3% as compared with HK$34,703,000 of last year.

In view of the improvement in the operating environment, the Group gradually expanded its local retail network in a step-by-step approach in the year. Two new shops were opened in second half of the year whereas one counter was closed due to the expiration of the lease during the year. At the end of the year, there were a total of 5 Goldlion shops and 6 counters in Singapore, up by 1 in number when compared with the end of last year.

Since the Group focused on the sales of new arrivals with higher profit margin during the year, gross profit margin excluding changes in impairment of inventories was 55%, which was higher than 51% of last year. Due to the increase in inventory level following the resumption of purchases, a provision for impairment of inventories during the year amounting to HK$1,019,000 was recorded, as against a reversal of provisions of HK$3,746,000 in last year.

As the local market has fully returned to normal and the number of shops has increased during the year, overall expenses during the year amounted to HK$21,012,000, which was higher than HK$18,356,000 of last year.

Mainly due to changes in the provision for impairment of inventories and rebound in expenses, the Group's Singapore operation recorded a loss of HK$2,754,000 during the year, as compared with a profit of HK$2,686,000 last year.

Property Investment and Development

Except for the transfer of certain newly completed commercial units of "Goldlion Garden" in Meixian to investment properties, the Group's investment property portfolio had no significant changes during the year when compared with the end of last year. Value of investment properties recognized by the Group after independent professional valuations amounted to HK$2,686,658,000 at the end of the year, of which property holdings in China Mainland, Hong Kong and Singapore were approximately HK$1,455,803,000, HK$1,181,000,000 and HK$49,855,000 respectively. Because of the decreases in valuation amounts and RMB exchange rate, total value of investment properties in Hong Kong dollar was lower than the amount of HK$2,775,582,000 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$47,066,000, whereas the fair value losses were HK$57,110,000 for last year. The losses mainly came from the property holding in China Mainland and especially the Goldlion Digital Network Centre in Guangzhou.

During the year, the Group's rental income and building management fees amounted to HK$151,489,000 and HK$42,150,000, respectively, the total of which represented a decrease of approximately 1% over last year. The decrease is mainly due to a lower RMB exchange rate.

In Guangzhou, rental income and building management fees in RMB generated from Goldlion Digital Network Centre were approximately 2% higher than that of last year. The overall occupancy rate is approximately 83%, which was higher than the 81% of last year. However, the leasing situation still needs improvement. With the premises in Yuan Village in Guangzhou completely leased out during the year, rental income and building management fees increased by approximately 6% in RMB.

In Shenyang, leasing of Goldlion Commercial Building continued to be stable. Total rental income and building management fees in RMB increased by 3% from last year.

As certain units were vacant in the second half of the year, occupancy rate of the Group's Goldlion Holdings Centre in Shatin was 94.3% during the year. Overall rental income and building management fees also decreased by approximately 4%. Besides, the Group's property at No. 3 Yuk Yat Street, To Kwa Wan had been completely leased out and overall income rose year on year by approximately 4%.

A total of 6 high-rise buildings in the second phase of the Group's development project "Goldlion Garden" in Meixian were completed by the end of the year. Together with certain units of the first phase, a total of 99 residential units were delivered during the year. Income from property sales recognized amounted to HK$92,621,000, decreased by approximately 33% from last year. Sales income in last year included the delivery of previous pre-sale units of the first phase. Gross profit from property sales amounted to HK$26,377,000, decreased by HK$15,363,000 from last year. Currently, there are approximately 670 residential units and 47 low-rise units to be sold in the project.

PROSPECTS

The Group expects that the weak domestic economy will be difficult to improve in the short term. Operating environment in 2024 will remain very difficult and the outlook is not optimistic.

As for the apparel business in China Mainland, the Group will continue to strengthen self-operated retailing capabilities, improve product quality and optimize various sales channels including distributors. In its pre-order of 2024 fall and winter collections in sales fair held in the end of February 2024, initial response improved from last year and it is expected that the orders will be delivered to distributors in the second half of 2024. The Group will also continue to promote the branding concept of "Goldlion 3388" lifestyle stores and construct a brand museum in Meizhou.

In respect of the apparel business in Singapore, the Group will continue to improve its local operations, strengthen its sales network and improve product quality and functionality to ensure a growth of sales and profitability.

To promote environmental protection and save electricity expenses, photovoltaic facilities had been installed in the Group's Meizhou factory and Guangzhou Yuan Village property. In addition, the Group has established a new energy company engaging in photovoltaic business in China Mainland during the year. It is expected that the business of the new energy company will commence in 2024.

In respect of property investment business, the Group will continue to improve the leasing of Goldlion Digital Network Centre and other properties by reducing its vacancies and exploring its leasing potential. Despite the current downturn in the domestic property market, the Group will strive to sell the remaining units of "Goldlion Garden" in Meixian based on actual market conditions.

FINANCIAL POSITION

As at 31st December 2023, the Group had cash and bank balances (including restricted cash of HK$10,208,000) of approximately HK$1,088,801,000, which was HK$88,075,000 lower than that at the end of last year. During the year, the Group recorded a net cash inflow from operating activities of HK$65,944,000 and received interest income of HK$22,901,000. However, the Group also paid dividends of HK$83,167,000, increased fixed assets of HK$52,231,000 and paid principal elements of lease payments of HK$19,574,000. Besides, changes in foreign exchange rate during the year resulted in a decrease in cash and bank balances of HK$23,968,000.

As at 31st December 2023, the Group did not have any bank loans or overdrafts. The gearing ratio, defined as the ratio of total lease liabilities less cash and bank balances divided by total equity, was zero.

As at 31st December 2023, the Group's current assets and current liabilities were HK$2,265,896,000 and HK$447,843,000 respectively, with a current ratio at 5.1. Total current liabilities were 10% of the average capital and reserves attributable to owners of the Company of HK$4,426,074,000.

As at 31st December 2023, 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$148,000,000 and HK$10,699,000 respectively. Besides, commitments authorized but not contracted for amounting to HK$363,000,000 in respect of an investment agreement with the Guangzhou Committee have ceased to have effect following the automatic lapse of the agreement on 13th January 2024.

As at 31st December 2023, the Group had guarantees in respect of mortgage facilities for certain property buyers amounting to HK$20,364,000 (2022: HK$77,318,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The above guarantees are to be discharged upon the earlier of (i) the banks received the corresponding real estate ownership certificates as custody; or (ii) the satisfaction of mortgaged loans by the property buyers. The Board considers that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the guarantees.

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

During the year, the Company had repurchased 4,592,000 ordinary shares (the "Repurchased Shares") of its own shares from the market, at an aggregate consideration of approximately HK$4,879,000 (including the relevant transaction costs and expenses of HK$40,000), and an average price of HK$1.054 per share. The repurchased shares had been cancelled during the year, and the total number of issued shares of the Company right after its cancellation was 973,844,035 (2022: 978,436,035) and its issued share capital was HK$1,092,060,000 (2022: HK$1,096,939,000) as at 31st December 2023. The Directors believe that through repurchase of shares, earnings per share and asset value per share will increase, which in turn will improve the Company's capital structure and shareholders' equity.

HUMAN RESOURCES

At 31st December 2023, the Group had approximately 1,800 employees. Staff costs including directors' emoluments of the year amounted to HK$224,016,000. 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 24th May 2024 (the "2024 AGM"), the Register of Members of the Company will be closed from 21st May 2024 to 24th May 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2024 AGM, all transfers accompanied by the relevant share certificates must be lodged by 4:30 p.m. on Monday, 20th May 2024 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 3rd June 2024 and 4th June 2024 (two days), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend of the year, all transfers accompanied by the relevant share certificates must be lodged by 4:30 p.m. on Friday, 31st May 2024 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company repurchased a total of 4,592,000 ordinary shares at an aggregate consideration of HK$4,838,510 before expenses on the Stock Exchange. All such repurchased shares were subsequently cancelled during the year. As at 31 December 2023, there was a total of 973,844,035 (2022: 978,436,035) shares in issue.

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

Month of shares repurchase	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate consideration paid (before expenses) HK$
November 2023	1,790,000	1.04	1.01	1,842,270
December 2023	2,802,000	1.11	1.02	2,996,240
Total	4,592,000			4,838,510

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31st December 2023. In respect of Code Provision C.2.1, the positions of the Chairman of the Board and the Chief Executive Officer are held by the same individual, namely, Mr. Tsang Chi Ming, Ricky. The Board believes that holding the positions of both Chairman and Chief Executive Officer by Mr. Tsang Chi Ming, Ricky provides the Group with more effective planning and execution of long-term business strategies and enhances efficiency in decision-making. The Board also believes that an effective corporate governance structure of the Group has been in place to ensure an appropriate monitoring of management.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules. During the year, all the Directors have complied with the relevant requirements under the Model Code regarding their dealing in the securities of the Company.

AUDIT COMMITTEE

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

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December 2023. 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 2023. 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 2023 annual report, containing all the information required by Appendix D2 of the Listing Rules, will be dispatched to shareholders and made available on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors of the Company comprise Mr. Tsang Chi Ming, Ricky as executive Director; Mr. Ng Ming Wah, Charles as a non-executive Director; and Dr. Lau Yue Sun, Mr. Li Ka Fai, David, Mr. Ngan On Tak and Ms. Lo Wing Sze as independent non-executive Directors.

By order of the Board
KAM Yiu Kwok
Company Secretary

Hong Kong, 19th March 2024