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Goldlion®
金利來

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 2011

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 2011 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31st December 2011

	Note	**2011** HK$'000	**2010** HK$'000
Turnover	2	1,801,669	1,497,134
Cost of sales	4	(769,726)	(620,137)
Gross profit		1,031,943	876,997
Other gains	3	66,926	89,828
Selling and marketing costs	4	(328,241)	(248,485)
Administrative expenses	4	(226,584)	(190,676)
Operating profit		544,044	527,664
Interest income		21,501	9,296
Profit before income tax		565,545	536,960
Income tax expense	5	(146,151)	(135,296)
Profit for the year		419,394	401,664
Profit attributable to:			
Owners of the parent		418,547	400,852
Non-controlling interests		847	812
		419,394	401,664
		HK cents	*HK cents*
Earnings per share for profit attributable to owners of the parent during the year	6		
- basic		42.62	40.86
- diluted		42.62	40.82
		2011 HK$'000	**2010** HK$'000
Dividends	7	250,439	206,244

Consolidated Statement of Comprehensive Income
For the year ended 31st December 2011

	2011 HK$'000	**2010** HK$'000
Profit for the year	419,394	401,664
Other comprehensive income		
Exchange differences on translation of financial statements of overseas subsidiaries	89,307	43,510
Total comprehensive income for the year	508,701	445,174
Attributable to:		
Owners of the parent	507,854	444,362
Non-controlling interests	847	812
Total comprehensive income for the year	508,701	445,174

Consolidated Balance Sheet
As at 31st December 2011

	Note	**31.12.2011** HK$'000	**31.12.2010** HK$'000
ASSETS			
Non-current assets			
Land use rights		15,734	17,017
Property, plant and equipment		209,223	208,407
Investment properties		1,963,815	1,838,348
Deferred income tax assets		40,174	42,139
		2,228,946	2,105,911
Current assets			
Completed properties held for sale		3,332	14,712
Inventories		313,269	144,222
Trade receivables	8	68,854	49,831
Prepayments, deposits and other receivables		71,153	52,279
Bank deposits		666,440	60,552
Cash and cash equivalents		354,539	869,108
		1,477,587	1,190,704
Total assets		**3,706,533**	**3,296,615**
EQUITY			
Capital and reserves attributable to owners of the parent			
Share capital		98,211	98,211
Reserves		2,668,009	2,410,594
Proposed final dividend		166,959	137,496
		2,933,179	2,646,301
Non-controlling interests		1,311	1,311
Total equity		2,934,490	2,647,612
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		321,299	277,697
Current liabilities			
Trade payables	9	92,929	56,572
Other payables and accruals		337,641	295,605
Current income tax liabilities		20,174	19,129
		450,744	371,306
Total liabilities		772,043	649,003
Total equity and liabilities		**3,706,533**	**3,296,615**
Net current assets		1,026,843	819,398
Total assets less current liabilities		3,255,789	2,925,309

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.

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 revised standard is mandatory for the financial year beginning on or after 1st January 2011.

HKAS 24 (Revised), 'Related party disclosures'

This revised standard does not have significant impact on the Group's consolidated financial statements for the year ended 31st December 2011.

The following amendments to standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1st January 2011, but not relevant to the Group.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1st January 2011
HKAS 27 (Amendment)	Consolidated and separate financial statements	1st July 2010
HKAS 32 (Amendment)	Classification of rights issues	1st February 2010
HKAS 34 (Amendment)	Interim financial reporting	1st January 2011
HKFRS 1 (Amendment)	First time adoption of Hong Kong Financial Reporting Standards	1st January 2011
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters	1st July 2010
HKFRS 3 (Amendment)	Business combinations	1st July 2010
HKFRS 7 (Amendment)	Financial instruments: Disclosures	1st January 2011
HK(IFRIC) - Int 13 (Amendment)	Customer loyalty programmes	1st January 2011
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a minimum funding requirement	1st January 2011
HK(IFRIC) - Int 19	Extinguishing financial liabilities with equity instruments	1st July 2010

The following new standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1st January 2011 and have not been early adopted.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1st July 2012
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets	1st January 2012
HKAS 19 (Amendment)	Employee benefits	1st January 2013
HKAS 27 (Revised)	Separate financial statements	1st January 2013
HKAS 28 (Revised)	Associates and joint ventures	1st January 2013
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1st January 2014
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1st July 2011
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets	1st July 2011
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting financial assets and financial liabilities	1st January 2013
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1st January 2015
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 10	Consolidated financial statements	1st January 2013
HKFRS 11	Joint arrangements	1st January 2013
HKFRS 12	Disclosures of interests in other entities	1st January 2013
HKFRS 13	Fair value measurement	1st January 2013
HK(IFRIC) - Int 20	Stripping costs in the production phase of a surface mine	1st January 2013

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:

	2011	**2010**
	HK$'000	HK$'000
Sales of goods	1,537,802	1,235,479
Gross rental income from investment properties	122,437	118,423
Sales of properties	33,942	53,703
Building management fee	36,621	31,970
Licensing income	70,867	57,559
	1,801,669	1,497,134

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

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.

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

	2011 Segment turnover HK$'000	**2010 Segment turnover** HK$'000	**2011 Segment results** HK$'000	**2010 Segment results** HK$'000
Operating segments				
Apparel - China Mainland and Hong Kong SAR	1,448,140	1,151,803	409,685	349,401
Apparel - Singapore and Malaysia	160,528	141,235	15,348	11,661
Property investment and development	199,732	209,352	182,096	213,188
Inter-segment sales	(6,731)	(5,256)	-	-
	1,801,669	1,497,134	607,129	574,250
Unallocated costs			(41,584)	(37,290)
Profit before income tax			565,545	536,960
Income tax expense			(146,151)	(135,296)
Profit for the year			419,394	401,664

3. Other gains

	2011 HK$'000	**2010** HK$'000
Fair value gains on investment properties	63,825	89,828
Gain on disposal of an investment property	3,101	-
	66,926	89,828

4. Expenses by nature

	2011 HK$'000	2010 HK$'000
Cost of inventories sold	722,732	562,859
Cost of properties sold	13,001	22,037
Reversal of impairment of inventories	(3,271)	(1,615)
Direct operating expenses arising from investment properties that generated rental income	31,910	29,477
Operating lease rentals - land and buildings	79,078	69,250
Amortization of land use rights	1,833	1,589
Depreciation of property, plant and equipment	26,892	24,729
Impairment loss on property, plant and equipment	-	129
Staff costs including directors' emoluments	231,447	193,260
Auditors' remuneration	3,200	3,090
Other expenses	217,729	154,493
	1,324,551	1,059,298
Representing:		
Cost of sales	769,726	620,137
Selling and marketing costs	328,241	248,485
Administrative expenses	226,584	190,676
	1,324,551	1,059,298

5. Income tax expense

	2011 HK$'000	2010 HK$'000
Hong Kong profits tax		
Current year	833	-
Taxation outside Hong Kong		
Current year	108,857	107,318
Under-provision in prior years	357	152
	109,214	107,470
Deferred income tax	36,104	27,826
Total income tax expense	146,151	135,296

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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% (2010: 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$418,547,000 and the weighted average number of 982,114,035 ordinary shares in issue during the year.

In 2010, the calculation of basic earnings per share is based on the profit attributable to owners of the parent of HK$400,852,000 and the weighted average number of 981,061,454 ordinary shares in issue during the year excluding ordinary shares purchased by a subsidiary and held as treasury shares.

The calculation of diluted earnings per share is based on the Group's profit attributable to owners of the parent of HK$418,547,000 (2010: HK$400,852,000) and the weighted average number of 982,114,035 (2010: 982,114,035) ordinary shares in issue during the year. There were no dilutive potential ordinary shares in issue during the year ended 31st December 2011 and diluted earnings per share is the same as basic earnings per share. In 2010, adjustment was made for the effect of all potential dilutive ordinary shares deemed to be transferred to an employee at nil consideration under the Share Award Scheme.

7. Dividends

	2011 HK$'000	**2010** HK$'000
2010 interim dividend, paid, of 7.0 HK cents per ordinary share	-	68,748
2010 final dividend, paid, of 14.0 HK cents per ordinary share	-	137,496
2011 interim dividend, paid, of 8.5 HK cents per ordinary share	83,480	-
2011 final dividend, proposed, of 17.0 HK cents per ordinary share	166,959	-
	250,439	206,244

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 analysis of the trade receivables based on invoice date, net of provision, was as follows:

	As at 31.12.2011 HK$'000	**As at 31.12.2010** HK$'000
1-30 days	60,823	43,985
31-90 days	7,491	5,553
Over 90 days	540	293
	68,854	49,831

9. Trade payables

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

	As at 31.12.2011 HK$'000	**As at 31.12.2010** HK$'000
1-30 days	82,293	43,519
31-90 days	7,803	10,723
Over 90 days	2,833	2,330
	92,929	56,572

FINAL DIVIDEND

The Directors have recommended the payment of a final dividend of 17.0 HK cents per share (2010: 14.0 HK cents per share) for the year ended 31st December 2011, totalling HK$166,959,000 (2010: HK$137,496,000). Subject to the shareholders' approval at the forthcoming annual general meeting, the final dividend will be paid on or about 13th June 2012 to shareholders whose names appear on the Register of Members as at 1st June 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

Turnover and gross profit

During the period under review, economies worldwide were once again dampened by the persistent debt crisis in Europe. This inevitably shocked the Asian markets that had been performing relatively well. Despite bearish market sentiments, the Group's performance in 2011 remained satisfactory with turnover totalling HK$1,801,669,000, representing a year-on-year increase of 20%.

During the year, sales growth was mainly generated from the Group's apparel sales. Double digit growth was recorded in China Mainland and Singapore operations, the two major markets of the Group's apparel business. Besides, income from rental of properties, building management and licensing of brand name was higher than last year.

Gross profit of the year was HK$1,031,943,000, up by 18% from HK$876,997,000 of last year. Such an increase was close to the growth rate of total turnover. Overall gross profit margin was approximately 57.3% and was slightly lower than last year by 1.3 percentage points.

Operating expenses and operating profit

Operating expenses (including selling and marketing costs and administrative expenses) of the Group during the year were HK$554,825,000, which were 26% higher than last year.

In line with the growth in turnover, selling and marketing costs for 2011 increased by 32% over last year to reach HK$328,241,000. Greater efforts were made to publicize the Group's apparel and accessories through additional large-scale promotion events. These included sponsoring singers in concerts and the 2011 World Department Store Forum held in Shanghai. A spectacular fashion show was also held in association with the launch of our 2012 spring and summer collections. At the same time, incentives offered to the Group's distributors for upgrading the decoration and display of their outlets were adjusted upward during the year. All these endeavors have paid off to enhance the Group's brand image and in turn impacted positively on sales. As a result of the growth in sales, turnover rentals of the Group's sales counters and salesman salaries increased accordingly.

During the year, the Group recorded other gains of HK$66,926,000 including fair value gains on investment properties of HK$63,825,000 and gain on disposal of an investment property in Meizhou of HK$3,101,000. Other gains for last year represents fair value gains on investment properties of HK$89,828,000.

Operating profit for the year amounted to HK$544,044,000 compared with HK$527,664,000 of last year, representing an increase of 3%. The operating profit margin was about 30.2%, representing a decrease of about 5 percentage points from 35.2% of last year. This is mainly due to the decreases in gross profit margin and fair value gains on investment properties, and a higher selling and marketing costs during the year.

Profit attributable to owners of the parent

Profit attributable to owners of the parent during the year was HK$418,547,000, rising by 4% from HK$400,852,000 of last year. Profit for the year would be HK$349,683,000 if fair value gains on investment properties (after tax) of HK$53,779,000 (2010: HK$76,003,000) and gains on sales of properties in Meizhou (after tax) of HK$15,085,000 (2010: HK$20,776,000) were excluded. Such profit marked an increase of 15% from HK$304,073,000 of last year.

BUSINESS REVIEW

Apparel Business

China Mainland and Hong Kong SAR Markets

In the year 2011, while the global economy witnessed massive swings because of the European debt crisis, China Mainland upheld her policies of monetary squeeze and economic adjustment and control measures. Unhampered by these unfavorable conditions, China Mainland's economy grew relatively strongly with the upturned consumer market unaffected. As relatively affluent consumers increased in number in the local market, the Group's business registered satisfactory growth.

For the year as a whole, apparel and accessories sales in China Mainland amounted to HK$1,375,243,000, representing an increase of 26%, or approximately 21% in Renminbi ("RMB"), over the previous year.

Our apparel operation in the China Mainland market is mainly conducted through wholesaling to distributors in various cities and provinces, as well as directly operating retail shops in Guangzhou, Shanghai and Beijing. In terms of RMB, sales to distributors and by self-operated retail shops grew by 20% and 22% respectively. At the end of the year, there were about 1,300 Goldlion outlets in China Mainland, of which about 80 were directly under the Group's operation. Among these outlets, about 60 (including 11 self-operated outlets) were dedicated to Gold Label products.

Under the Gold Label Scheme launched during the year, outlets with upgraded decoration and display style as well as good track records were selected for supplying the upper-end Gold Label line of products set at a higher price range. Gold Label products were formally launched in the 2011 fall and winter season and the market response was encouraging. During the reporting year, Gold Label products accounted for approximately 12% of the Group's overall sales in the China Mainland market.

In the year, the Group aligned its products with a continental European style that is sleek and elegant. Seasonality, prices and clientele were analyzed and studied in detail to attain even better reception by the market.

More intensive in-house research and development of fabrics had resulted in the introduction of a wider variety of fabrics to elevate the class of our products and to offer more choices to our customers. Supply mechanism was also fine-tuned through meetings with suppliers for closer cooperation and better communication.

To further improve consumer recognition for the Goldlion brand, major branding events were staged as part of our reinforced publicity and advertising campaigns. By keeping production costs under tight control, the Group has prevented rising production costs from significantly affecting our gross profit margin in the China Mainland market.

To allow ample time for production, the sales fair of the 2012 spring and summer collections was held earlier than previous years. Besides, due to the earlier Chinese New Year holidays in 2012, 2012 spring and summer products with a value of about HK$171,596,000 were purchased at the end of 2011. This ensures that sales would not be compromised by the delay of shipment. This results in an increase in year-end inventory over last year. (The inventory of 2011 spring and summer collections at the end of 2010 amounted to approximately HK$17,383,000.) The closing 2012 spring and summer stocks were offered for sale in early 2012.

Licensing income for the year amounted to HK$70,867,000, representing a year-on-year rise of about 23%, or approximately 18% in RMB. The growth was mainly attributable to the incremental increase in license fee stipulated in the current agreements. Further, there was an increase in some licensees' turnover during the year, resulting in an increase in license fee charged at turnover. Licenses granted during the year mainly cover shoes, leather goods, undergarments, woolen sweaters and casual wear for the China Mainland market.

Singapore and Malaysia Markets
The Singapore market remained on the ascending track despite economic instability around the world and especially in Europe. Benefiting from this uptrend, the Group performed satisfactorily in the year under review. Annual sales stood at HK$153,079,000, rising by about 15% over last year. The growth was about 9% in Singapore dollars owing to appreciation of the local currency during the year.

Apparel retail being our core business in the Singapore market, the Group has slightly increased the number of its local outlets. At the end of the year, there were a total of 8 Goldlion shops and 21 counters, with the latter increasing by 1 over that at the end of last year. By comparable outlets and in local currency, sales rose by approximately 8% over last year.

Benefiting from growing sales, continually improved operation efficiency and an absence of significant rise in operating costs excepting production costs, operating profit for the local market for the year as a whole stood at approximately HK$13,863,000 representing a growth of about 33%. Correspondingly, operating profit margin rose slightly to stand at 9% compared with 8% of last year.

The Group's business in the Malaysia market is relatively small in scale and focuses mainly on the sale of accessories and leather goods. Sales for the year amounted to HK$7,449,000, declining by approximately 12% when compared with last year primarily because of a reduction in the number of outlets. At the end of the year, there were a total of 20 counters in the local market, or 4 fewer than the previous year. Operating profit stood at approximately HK$1,485,000, representing a year-on-year increase of about 21%.

Property Investment and Development

Except for the transfer of about 334 square meters of commercial spaces from properties held for sale to investment properties and the sale of a commercial unit under investment properties, the Group's portfolio of investment properties remained unchanged from its position at the end of the previous year. Leasing also continued to be stable. Fair value gains on investment properties recognized by the Group after independent professional valuations amounted to HK$63,825,000 compared with HK$89,828,000 for the previous year.

Of the fair value gains, investment properties in Hong Kong accounted for approximately HK$38,690,000 while those in China Mainland for HK$25,135,000. Despite sluggish neighboring economies and uncertainties facing the China Mainland property market, our major investment properties continued to grow in value under the Group's efforts to enhance their leasing potential.

Rental income and building management fee generated during the reporting year stood at HK$122,437,000 and HK$36,621,000 respectively, representing a respective growth of approximately 3% and 15%. Turning to individual properties, leasing of the Goldlion Digital Network Centre in Tianhe, Guangzhou, remained to be stable. Following the transfer of the top floor of the building for the Group's own use at the end of last year and hence a reduction in leasable area, rental income was comparable with that for last year while occupancy remained to be around 90%.

Leasing for the Goldlion Commercial Building in Shenyang was likewise stable, with overall occupancy maintaining at 100%. A year-on-year growth of about 9% in rental income and building management fee was registered.

Regarding the resettlement of our property in Anhui Road in Changning, Shanghai, the Group has initially approached the relevant authorities for negotiation but progress has been slow and there has been little development so far.

In Hong Kong, the sixth floor of the Goldlion Holdings Centre in Shatin was leased out early in the year. Coupled with the upward adjustment in rentals for leases entered into last year, this has brought about a year-on-year increase of approximately 21% in overall rental income and building management fee in Hong Kong. At the end of the year, all of the Group's investment properties in Hong Kong have been leased out.

During the year under review, a total of 3,565 square meters of commercial spaces and 6 carparks from the property development project in Meizhou were sold, contributing sale proceeds of HK$33,942,000 to the Group. An investment property measuring about 1,030 square meters under the project was also disposed of, bringing in a gain of HK$3,101,000.

PROSPECTS

Looking ahead, China Mainland is expected to be impacted by the uncertainties shrouding the global economy and the anticipated slackened growth in Europe and the US. Following the central government's recent downward adjustment of its target growth for gross national product, the rapid growth seen in previous years may slow down.

Nevertheless, national income in China Mainland is likely to remain on the ascent and domestic demand will continue to rise. In light of these favorable factors to our business, the Group remains to be prudently optimistic about the future. We will keep up our commitment to realizing the market potential of the Goldlion brand, enhancing product design, research and development, perfecting our production management and quality control, and reinforcing branding and publicity. Besides, taking market response and potential together with other indicators into consideration, the Group will map out the future development for its Gold Label products.

The Group's Mainland sales fair of the 2012 fall and winter collections was just held in February 2012 with total order amount increased by 17% as compared with the 2011 fall and winter collections. For the sales fair of the 2012 spring and summer collections held during the year, there was an increase of 22% in total order amount as compared with the 2011 spring and summer collections. Products for the orders of the 2012 spring and summer collections has started to be dispatched by the end of 2011.

Regarding the Singapore market, the operating environment is expected to be challenging because of implications by neighboring economies. The Group will continue to exercise prudence while striving for further business growth in order to achieve our operating target.

Turning to property investment, leasing of our major investment properties is expected to remain stable. The Group will continue to boost their leasing potential to ensure a steady growth in rental income. As for the development project in Meizhou, only about 1,127 square meters of commercial spaces were yet to be disposed of at the end of the year. Given their prime location, the Group will offer them for lease depending on market conditions.

FINANCIAL POSITION

As at 31st December 2011, cash and bank balances held by the Group amount to approximately HK$1,020,979,000, which was HK$91,319,000 higher than the balance at the end of last year. During the year, the Group recorded a net cash generated from operating activities of HK$277,995,000 and gains from foreign exchange rate changes of HK$31,458,000, but paid dividends of HK$220,976,000 during the year. As at 31st December 2011, the Group does not have any bank loans or overdrafts.

As at 31st December 2011, the Group's current assets and current liabilities are HK$1,477,587,000 and HK$450,744,000 respectively, with a current ratio at 3.3. Total current liabilities were 16% of the average capital and reserves attributable to owners of the parent of HK$2,789,740,000.

As at 31st December 2011, the Group does not have any material contingent liabilities or capital commitments and does not charge any of the Group's assets.

HUMAN RESOURCES

At 31st December 2011, the Group had approximately 1,780 employees. Staff costs including directors' emoluments of the year amounted to HK$231,447,000. 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 25th May 2012 (the "2012 AGM"), the Register of Members of the Company will be closed from 23rd May 2012 to 25th May 2012 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2012 AGM, all transfers accompanied by the relevant shares certificates must be lodged by 4:30 p.m. on Tuesday, 22nd May 2012 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, 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 31st May 2012 and 1st June 2012, 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, 30th May 2012 with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, 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 Code on Corporate Governance Practices 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") throughout the year except that all of the non-executive Directors of the Company have not been appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

The Company has adopted the Model Code 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. At present, the Audit Committee has four members including Mr. Li Ka Fai, David (Chairman), Dr. Wong Ying Ho, Kennedy (Deputy Chairman) and Dr. Lau Yue Sun, all of them are independent non-executive Directors, and Mr. Ng Ming Wah, Charles, a non-executive Director of the Company.

REVIEW OF FINANCIAL STATEMENTS

The Group's consolidated financial statements for the year ended 31st December 2011 have been reviewed by the Company's Audit Committee. Also, the figures in respect of this preliminary 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 2011. 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 preliminary 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 2011 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 as a non-executive Director; and Dr. Lau Yue Sun, Dr. Wong Ying Ho, Kennedy and Mr. Li Ka Fai, David as independent non-executive Directors.

By order of the Board
Kam Yiu Kwok
Company Secretary

Hong Kong, 27th March 2012