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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)

DISCLOSEABLE TRANSACTION IN RELATION TO CONSTRUCTION OF PROPERTIES IN MEIXIAN AREA FUDAGAOGUANHUI SANKUI VILLAGE

Reference is made to the announcement of the Company dated 19 December 2013 (the “**Announcement**”) in relation to the Group’s successful bid for the Land Use Right in respect of the Land. Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board announces that on 15 March 2019, Meizhou Goldlion Properties, an indirect wholly-owned subsidiary of the Company, accepted the tender and entered into a construction contract (the “**Construction Contract**”) with 梅州市建築工程有限公司 (Meizhou City Construction and Engineering Company Limited*) (“**Meizhou City Construction**”) to engage it as the main contractor for the construction works in relation to a property development over the Land (the “**Property Development**”). The Property Development will consist of 11 high-rise buildings for residential use, a basement, 26 low-rise buildings, a commercial building, a kindergarten building, a cultural and sports centre building, a refuse collection point and 2 security booths.

As the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the transactions contemplated under the Construction Contract is greater than 5% but less than 25%, the transactions contemplated under the Construction Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the Announcement in relation to the Group’s successful bid for the Land Use Right in respect of the Land. Unless otherwise defined, terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board announces that on 15 March 2019, Meizhou Goldlion Properties, an indirect wholly-owned subsidiary of the Company, accepted the tender and entered into a Construction Contract with Meizhou City Construction to engage it as the main contractor for the construction works in relation to the Property Development. The Property Development will consist of 11 high-rise buildings for residential use, a basement, 26 low-rise buildings, a commercial building, a

kindergarten building, a cultural and sports centre building, a refuse collection point and 2 security booths.

THE CONSTRUCTION CONTRACT

The principal terms of the Construction Contract are as follows:-

Date: 15 March 2019

Parties: (i) Meizhou Goldlion Properties; and
(ii) Meizhou City Construction

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Meizhou City Construction and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

Subject matter: Pursuant to the Construction Contract, Meizhou City Construction shall be responsible for the construction works of the Property Development. The construction works will be carried out in two phases.

The scope of phase 1 construction work includes excavation and backfilling, foundation works, slope maintenance, site formation, basement works, building works for 6 towers of the high-rise buildings for residential use, commercial building and the cultural and sports centre building, phase 1 outdoors and municipal roads building works as well as the plumbing and drainage works of the entire Property Development.

The scope of phase 2 construction work includes excavation and backfilling, building works for 5 towers of the high-rise buildings for residential use, low-rise buildings, kindergarten building as well as the phase 2 outdoors building works.

According to the Construction Contract, Meizhou City Construction shall complete the construction works in accordance with the relevant laws and regulations and the terms of the Construction Contract.

Construction period: The Construction Contract is expected to be completed around the year 2022.

Construction cost and payment terms: Subject to any adjustment arising from the change of construction works or fluctuations in published prices of steel and concrete, the consideration is payable by Meizhou Goldlion Properties under the Construction Contract in two phases in the total amount of RMB588 million (tax inclusive) (or approximately HK\$688 million), under which approximately RMB408 million (or approximately HK\$477 million) and RMB180 million (or approximately HK\$211 million) shall be paid in phase 1 and phase 2 construction works respectively. The said consideration shall be paid in the following manner:

- (i) progress payment will be paid on a monthly basis based on the construction works completed;
- (ii) up to 90% of the consideration will be paid after the submission of the signed defect liability certificate by Meizhou City Construction and issuance of certificate of practical completion by Meizhou Goldlion Properties;
- (iii) up to 95% of the final audited amount of the construction works will be paid after completion of the final audit of the construction works; and
- (iv) 5% of the audited amount will be retained as maintenance guarantee, in which half of the maintenance guarantee will be paid after expiry of 1 year from the commencement date of the warranty period. The remaining half shall be paid after the expiry of 2 years from the commencement date of the warranty period or the date when the certificate of making good defects is issued, whichever is later.

The Construction Contract was procured by tender and is expected to be funded by the Group's internal resources and moneys received from the pre-sales of properties. The Group will closely monitor the published prices of steel and concrete and take appropriate measures to mitigate the risk of price fluctuations.

Right of postponement and termination of phase 2 construction work:

Phase 2 construction work will be commenced on the 451th day after the commencement of phase 1 construction work. In the event where phase 1 construction work is postponed, the commencement date of phase 2 construction work will be adjourned accordingly.

Meizhou Goldlion Properties has the right to postpone the commencement date of phase 2 construction work and the right to terminate phase 2 construction work, the details of which are as follows:

- (i) no additional costs should be imposed where Meizhou Goldlion Properties issues its instructions to commence phase 2 construction work within the 451th day to 540th day after the commencement of phase 1 construction work;
- (ii) RMB13,300 (or approximately HK\$15,561) per day is payable by Meizhou Goldlion Properties to Meizhou City Construction as payment for the delay in the event where its instruction to commence phase 2 construction work is issued on the 541th day to 630th day after the commencement of phase 1 construction work;

- (iii) in the event of terminating phase 2 construction work, Meizhou Goldlion Properties is only required to make a payment of RMB4,999,800 (or approximately HK\$5,849,766) as compensation to Meizhou City Construction, but bears no other costs and assumes any liability; and
- (iv) Meizhou Goldlion Properties is not required to pay any sum as set out in (ii) and (iii) above if the commencement date of phase 2 construction work is postponed by reasons not attributable to Meizhou Goldlion Properties which adversely affect the progress of phase 1 construction work.

Performance guarantee: Meizhou City Construction shall provide Meizhou Goldlion Properties with a performance guarantee to guarantee the performance of the Construction Contract. Such performance guarantee is to be provided in two phases. The payment method and amount of guarantee of which are to be confirmed in a supplemental agreement to be entered into by the parties.

Completion: The Construction Contract is conditional upon, among other things, that all necessary approval and consents required under the applicable laws having been obtained.

INFORMATION ON THE PARTIES

The Group is principally engaged in distribution and manufacturing of garments, leather goods and accessories, licensing of brand name, and property investment and development.

Meizhou City Construction is principally engaged in operation as a main contractor for construction and engineering of properties and housing projects.

REASONS AND BENEFITS FOR ENTERING INTO THE CONSTRUCTION CONTRACT

Property development and investment is among the principal activities of the Group. After the final clearance of the site which makes the Land suitable for development purpose in early 2018, the Group intends to commence the construction works as soon as possible and, therefore, enters into the Construction Contract. It is expected that the Group would derive a satisfactory financial return from the project.

The Directors are of the view that the terms of the Construction Contract are on normal commercial terms, fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the transactions contemplated under the Construction Contract is greater than 5% but less than 25%, the transactions contemplated under the Construction Contract constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

By order of the Board
Kam Yiu Kwok
Company Secretary

Hong Kong, 15 March 2019

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

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.17. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.