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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)

**ANNOUNCEMENT MADE PURSUANT TO
RULE 13.09(1) OF THE LISTING RULES**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

On 19 December 2012, Goldlion China entered into the Compensation Agreement with Shanghai Weixin, pursuant to which Goldlion China agreed to surrender the Property to Shanghai Weixin, and Shanghai Weixin agreed to pay an amount of compensation to Goldlion China for the Surrender. The total compensation amounts to RMB122,920,041 (equivalent to approximately HK\$152,420,851).

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

INTRODUCTION

On 19 December 2012, Goldlion China entered into the Compensation Agreement with Shanghai Weixin, pursuant to which Goldlion China agreed to surrender the Property to Shanghai Weixin, and Shanghai Weixin agreed to pay an amount of compensation to Goldlion China for the Surrender. The total compensation amounts to RMB122,920,041 (equivalent to approximately HK\$152,420,851).

PRINCIPAL TERMS OF THE COMPENSATION AGREEMENT

Date

19 December 2012

Parties

1. Goldlion China; and
2. Shanghai Weixin.

Subject of the Surrender

Pursuant to the Compensation Agreement, Goldlion China has agreed to surrender the Property to Shanghai Weixin and Shanghai Weixin has agreed to compensate Goldlion China for the Surrender in accordance with the terms and conditions set out in the Compensation Agreement.

The Property comprises Block Nos. 2, 3, 4, 5 and 9, with a total gross floor area of approximately 4,123 square metres, situated at No. 44 Anhua Road, Changning District, Shanghai, the PRC, together with buildings and other facilities erected thereon, which are owned by Goldlion China.

Compensation

Pursuant to the Compensation Agreement, the total compensation for the Surrender is RMB122,920,041 (equivalent to approximately HK\$152,420,851) and shall be settled in cash in the following manner:-

- (a) RMB40,000,000 (equivalent to approximately HK\$49,600,000) shall be payable to Goldlion China within 30 working days from the date of payment application lodged by Goldlion China, which application shall be lodged by Goldlion China within 3 days from the date of the Compensation Agreement;
- (b) RMB40,000,000 (equivalent to approximately HK\$49,600,000) shall be payable to Goldlion China within 30 working days from the date of payment application lodged by Goldlion China, which application should be lodged upon vacant possession of the portion of the Property currently used by Goldlion China and the termination of all leases with existing tenants on the Property (which in both events shall be on or before 30 April 2013); and
- (c) the balance of RMB42,920,041 (equivalent to approximately HK\$53,220,851) shall be payable to Goldlion China within 30 working days from the date of payment application lodged by Goldlion China, which application should be lodged upon full delivery of vacant possession of the Property (as set out below).

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to the Compensation Agreement. The Company has also taken into account, among other things, a valuation report prepared by an independent professional qualified property advisor dated 30 November 2012.

Delivery of the Property

Goldlion China shall deliver vacant possession of the Property, including but not limited to the termination of all leases with existing tenants on the Property, on or before 30 April 2013. In the event of overstaying by any tenants on the Property, Goldlion China shall, prior to the expiration of 2 months from the expiry date of the relevant lease, commence legal proceedings to evict such overstaying tenants.

INFORMATION ON THE GROUP

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.

Goldlion China is principally engaged in the distribution and manufacturing of garments in the PRC.

INFORMATION ON SHANGHAI WEIXIN

Shanghai Weixin is principally engaged in property development.

INFORMATION ON THE PROPERTY

The Property comprises Block Nos. 2, 3, 4, 5 and 9, with a total gross floor area of approximately 4,123 square metres, situated at No. 44 Anhua Road, Changning District, Shanghai, the PRC, together with buildings and other facilities erected thereon, which are owned by Goldlion China. Block Nos. 2, 3, 4 and 5, with a total gross floor area of approximately 1,220 square metres, is currently used as offices, warehouses and staff quarters of Goldlion China. Block No. 9, with a total gross floor area of approximately 2,903 square metres, is currently leased out to a third party.

POSSIBLE FINANCIAL EFFECTS OF THE SURRENDER

Based on the Company's management accounts, the net carrying value of the Property as at 30 June 2012 was approximately RMB16,902,000 (equivalent to approximately HK\$20,958,480). For illustration purpose only, the surplus arising from the Surrender (being the difference between the total compensation for the Surrender and the net carrying value of the Property as at 30 June 2012, before taking into account of any possible land appreciation tax, business tax, profits tax and other relevant expenses) is approximately RMB106,018,041 (equivalent to approximately HK\$131,462,371). It is currently expected that upon the timely completion of the Surrender, the surplus will be recognized in the first half of the financial year 2013.

Based on the consolidated accounts of the Company, rental income generated from the Property and depreciation charged on the Property for the year ended 31 December 2011 amounted to approximately RMB1,091,000 (equivalent to approximately HK\$1,352,840) and RMB235,000 (equivalent to approximately HK\$291,400) respectively.

USE OF PROCEEDS OF THE COMPENSATION

The compensation receivable by the Group under the Compensation Agreement will be used as general working capital of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COMPENSATION AGREEMENT

The Property was included in the areas zoned for re-development by the 上海市發展和改革委員會 and 上海市城市規劃管理局 in Shanghai. In December 2010, the Company received a formal resettlement notice from the 長寧區住房保障和房屋管理局 in Shanghai in relation to resumption of the Property and the commencement of resettlement in pursuance thereto. Thereafter, the Company started negotiating with the relevant authorities in the PRC regarding the compensation for the Surrender. Shanghai Weixin is a property developer which has been approved by the relevant PRC authorities to resume the Property for re-development purpose in accordance with the applicable laws and requirements.

The Directors are of the view that the Surrender is in accordance with relevant regulations in the PRC and the Company has no ground to act in an opposite manner.

In view that the amount of compensation is approximately 67% higher than the value of RMB73,560,000 (equivalent to approximately HK\$91,214,400), as valued by an independent professional qualified property advisor on 30 November 2012, the Directors (including the independent non-executive Directors) consider that the amount of compensation and the terms of the Compensation Agreement are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

	Goldlion Holdings Limited (Stock Code: 533), a company incorporated in Hong Kong, the Shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
	the compensation agreement dated 19 December 2012 entered into between Goldlion China and Shanghai Weixin in respect of the Surrender
§	director(s) of the Company
B	金利來(中國)有限公司 (Goldlion (China) Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company

B		the Company and its subsidiaries
CF		Hong Kong dollars, the lawful currency of Hong Kong
C	F	the Hong Kong Special Administrative Region of the PRC
G	M	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
KM		K M announcement excluding Taiwan, Hong Kong and the Macau Special Administrative Region
Property		Block Nos. 2, 3, 4, 5 and 9, with a total gross floor area of approximately 4,123 square metres, situated at No. 44 Anhua Road, Changning District, Shanghai, the PRC, together with buildings and other facilities erected thereon, which are owned by Goldlion China
MH		Renminbi, the lawful currency of the PRC
N	x	上海偉信置業發展有限公司, a company established under the laws of the PRC with registered address in Shanghai, the PRC
N	\$	ordinary share(s) of HK\$0.10 each in the share capital of the Company
N		the surrender of the Property to Shanghai Weixin by Goldlion China in accordance with the terms and conditions of the Compensation Agreement

By order of the Board
Kam Yiu Kwok
Company Secretary

Hong Kong, 19 December 2012

As at the date of this announcement, the Directors 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.

Unless otherwise specified, the Renminbi amounts shown in this announcement have been translated into HK\$ at an exchange rate of RMB1.00 = HK\$1.24. Such translation should not be construed as a representation that the Renminbi amounts have been, could have been or could be converted into HK\$, as the case may be, at this or any other rates or at all.

**For identification purpose only*