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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)

**CONTINUING CONNECTED TRANSACTION
AND
RE-DESIGNATION OF DIRECTOR**

The Board is pleased to announce that on 5 September 2012, the Company entered into the Framework Agreement with Hong Kong Resources, whereby the Group agreed to procure and HKR Group agreed to sell and deliver various products, including but not limited to jewellery, accessories, corporate gifts and related products.

As at the date of this announcement, Dr. Wong is interested in approximately 30.69% of the ordinary shares in the issued share capital of Hong Kong Resources. Furthermore, Dr. Wong is an executive director of Hong Kong Resources and the chairman of its board of directors. Hong Kong Resources is therefore an associate of Dr. Wong and a connected person of the Company within the meaning of the Listing Rules, and the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual consideration to be paid by the Group for the transactions under the Framework Agreement in aggregate for the three financial years ending 31 December 2012, 31 December 2013 and 31 December 2014 respectively, exceed 0.1% but do not exceed 5%, the continuing connected transactions under the Framework Agreement are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirements set out in Rules 14A.37 to 14A.40 but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board also announces that Dr. Wong, previously an independent non-executive Director, has been re-designated as a non-executive Director with effect from 5 September 2012.

THE FRAMEWORK AGREEMENT

Date

5 September 2012

Parties

- (1) Party A: Hong Kong Resources (as seller)
(2) Party B: the Company (as purchaser)

Duration

For a period of three years commencing from 5 September 2012 up to and including 4 September 2015 (both days inclusive).

Nature of the transactions

Procurement of various products, including but not limited to jewellery, accessories, corporate gifts and related products, by the Group from HKR Group.

Particulars of the Framework Agreement

The Framework Agreement is a master agreement which sets out the principles upon which detailed terms are to be determined between the relevant members of the Group and HKR Group. Pursuant to the Framework Agreement, members of the Group and HKR Group will enter into separate and definitive agreements from time to time to provide for the detailed terms of each single transaction in accordance with the principles in the Framework Agreement. Such detailed terms include, but without limitation, the price of products, payment and settlement terms, product guarantee and other terms and conditions in relation to the procurement of products by the Group from HKR Group. The parties agree that such detailed terms shall be fair and reasonable and on normal commercial terms.

ANNUAL CAP

The transactions contemplated under the Framework Agreement are subject to the maximum aggregate annual value of HK\$11,000,000 for each of the three financial years ending 31 December 2012, 31 December 2013 and 31 December 2014 respectively.

The annual cap is based on the projected procurement plan of the Group for the respective financial years as aforesaid.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

Since early 2012, the Group had been successively purchasing jewellery products from HKR Group as promotional goods. After the deduction of value-added tax, such purchases amounted to approximately RMB1,198,907 (equivalent to approximately HK\$1,462,667) up to the end of June 2012, and approximately RMB653,223 (equivalent to approximately HK\$796,932) for July 2012. At the same time, the Group is in the course of purchasing belt buckles from HKR Group at approximately RMB1,600,000 (equivalent to approximately HK\$1,952,000). The purpose of entering into the Framework Agreement is to better regulate the procurement of products by the Group from HKR Group in the future, with the aim of enhancing business cooperation between the Group and HKR Group.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Framework Agreement has been conducted in the ordinary and usual course of business of the Group. The Directors (including the independent non-executive Directors) consider that the Framework Agreement is entered into after arm's length negotiations and on normal commercial terms, and the terms of the Framework Agreement and the related annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dr. Wong is interested in approximately 30.69% of the ordinary shares in the issued share capital of Hong Kong Resources. Furthermore, Dr. Wong is an executive director of Hong Kong Resources and the chairman of its board of directors. Hong Kong Resources is therefore an associate of Dr. Wong and a connected person of the Company within the meaning of the Listing Rules, and the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the annual consideration to be paid by the Group for the transactions under the Framework Agreement in aggregate for the three financial years ending 31 December 2012, 31 December 2013 and 31 December 2014 respectively, exceed 0.1% but do not exceed 5%, the continuing connected transactions under the Framework Agreement are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirements set out in Rules 14A.37 to 14A.40 but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Dr. Wong is deemed to have a material interest in the transactions contemplated under the Framework Agreement by virtue of his directorship in and his direct interest in the shares of Hong Kong Resources, and has abstained from voting on the relevant resolutions of the Board approving the same.

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.

INFORMATION ON HKR GROUP

HKR Group is principally engaged in the retail and franchising operations for selling gold and jewellery products in Hong Kong, Macau and the PRC under the trade name of "3D-GOLD".

RE-DESIGNATION OF DIRECTOR

The Board also announces that Dr. Wong, previously an independent non-executive Director, has been re-designated as a non-executive Director with effect from 5 September 2012. Upon re-designation, Dr. Wong will remain to be a member of the Board committees, namely, the audit committee, the remuneration committee and the nomination committee.

Dr. Wong, aged 49, is a solicitor and a China Appointed Attesting Officer. He is the Managing Partner of Philip K.H. Wong, Kennedy Y.H. Wong & Co., Solicitors & Notaries. Dr. Wong is a member of the National Committee of the C.P.P.C.C. and is currently the chairman of Hong Kong Resources. He is also an independent non-executive director of Asia Cement (China) Holdings Corporation (Stock Code: 743), China Overseas Land & Investment Limited (Stock Code: 688) and Shanghai Industrial Urban Development Group Limited (Stock Code: 563). During the last three years, Dr. Wong was a non-executive director of Qin Jia Yuan Media Services Company Limited (Stock Code: 2366) and resigned in November 2010. He was also an independent non-executive director of Great Wall Technology Company Limited (Stock Code: 074) and retired in June 2010. Dr. Wong was appointed to the Board in June 2004.

Dr. Wong has not held any other positions with any members of the Group. Save as disclosed above, he had not held any other directorships in any listed public companies in the last three years.

Dr. Wong has no relationship with the directors, senior management, substantial shareholders or controlling shareholders of the Company. As at the date of this announcement, he is not interested in any shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

There is no service contract, and no service contract is currently proposed to be entered into, between the Company and Dr. Wong. He is subject to retirement by rotation and re-election pursuant to Company's articles of association. Currently, Dr. Wong is entitled to receive an aggregate annual remuneration of HK\$180,000 which comprises a director's fee of HK\$100,000, and additional remuneration in respect of his membership in Board committees, being HK\$50,000 as a member of the audit committee, HK\$20,000 as a member of the remuneration committee and HK\$10,000 as a member of the nomination committee in accordance with ordinary resolution numbered (8) approved at the Company's annual general meeting held on 19 May 2006.

Save as disclosed above, Dr. Wong has confirmed that there is no other information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there are no other matters that should be brought to the attention of the shareholders of the Company in relation to his re-designation as a non-executive Director.

EFFECTS OF THE RE-DESIGNATION UNDER THE LISTING RULES

Following the re-designation of Dr. Wong as a non-executive Director, the number of independent non-executive Directors has fallen below the minimum number required by Rule 3.10(1) of the Listing Rules, the number of independent non-executive Directors of the remuneration committee of the Company has fallen below a majority required by Rule 3.25 of the Listing Rules. The Company is endeavouring to identify a suitable candidate to fill the vacancies within 3 months from the effective date of Dr. Wong's re-designation pursuant to Rule 3.11, Rule 3.23 and Rule 3.27 of the Listing Rules. The Company will make further announcement(s) as and when appropriate.

Following the re-designation of Dr. Wong as a non-executive Director, the chairman position of the remuneration committee of the Company has vacated and the number of independent non-executive Directors of the remuneration committee and the nomination committee of the Company have fallen below a majority required by the code provision of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules and adopted by the Company. The Company is endeavouring to identify a suitable candidate to fill the vacancies as soon as possible to meet the requirement under the Corporate Governance Code.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	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;

“Directors”	the directors of the Company;
“Dr. Wong”	Dr. Wong Ying Ho, Kennedy, B.B.S., J.P., a non-executive Director and previously an independent non-executive Director prior to his re-designation;
“Framework Agreement”	the framework agreement dated 5 September 2012 entered into between the Company and Hong Kong Resources for the procurement of products, including but not limited to jewellery, accessories, corporate gifts and related products, by the Group from HKR Group;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“HKR Group”	Hong Kong Resources and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Resources”	Hong Kong Resources Holdings Company Limited (Stock Code: 2882), a company incorporated in Bermuda with limited liability and carrying on business in Hong Kong as HKRH China Limited, the shares of which are listed on the Main Board of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the PRC;
“PRC”	the People’s Republic of China, and for the purpose of this announcement excluding Taiwan, Hong Kong and Macau;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board
Kam Yiu Kwok
Company Secretary

Hong Kong, 5 September 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 and Mr. Li Ka Fai, David 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\$1.22. 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.