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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)

CONNECTED TRANSACTION

ACQUISITION OF EQUITY INTERESTS IN GOLDLION CHINA AND GOLDLION CLOTHES MAKING

The Board is pleased to announce that on 27 November 2012, Goldlion Far East and MFED entered into the Agreements in relation to the acquisition by Goldlion Far East from MFED of 0.56% equity interest in the issued share capital of Goldlion China, and 1.08% equity interest in the issued share capital of Goldlion Clothes Making, respectively.

As at the date of this announcement, Goldlion China was owned as to 99.44% by the Group and 0.56% by MFED, whereas Goldlion Clothes Making was owned as to 98.92% by the Group and 1.08% by MFED. As at the date of this announcement, Mr. Zhang Zi Hong and Mr. Zhang Lin, directors of both Goldlion China and Goldlion Clothes Making, were interested in approximately 52% and 48% in the issued share capital of MFED respectively. MFED is therefore a connected person of the Company within the meaning of the Listing Rules, and the Acquisition contemplated under the Agreements constitutes 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 consideration to be paid by the Group for the Acquisition exceed 0.1% but do not exceed 5%, the Acquisition is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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PARTICULARS OF THE ACQUISITION

Save for the equity interests to be acquired and the consideration payable thereunder, the terms of the Agreements are substantially the same, a summary of which is set out as follows:-

Date

27 November 2012

Parties

- (a) Party A: MFED (as vendor)
- (b) Party B: Goldlion Far East (as purchaser)

Subject of the Acquisition

- (a) 0.56% equity interest in the issued share capital of Goldlion China, pursuant to the Goldlion China S&P Agreement; and
- (b) 1.08% equity interest in the issued share capital of Goldlion Clothes Making, pursuant to the Goldlion Clothes Making S&P Agreement.

Consideration and payment terms

The aggregate consideration for the Agreements amounts to approximately RMB10,000,000 (equivalent to approximately HK\$12,400,000). Such aggregate consideration is expected to be funded by the existing internal resources of the Group and shall be payable in the following manner:-

- (a) 50% of the consideration, shall be paid by Goldlion Far East as deposit within 3 days from the date of the Agreements; and
- (b) in the event all the conditions precedent to the Acquisition (as set out below) have been fulfilled, the remaining 50% of the consideration shall be paid by Goldlion Far East at or before the expiration of 7 days from the Completion Date.

Basis of determination of the consideration

The consideration for the Acquisition was determined after arm's length negotiations between MFED and Goldlion Far East on normal commercial terms and with reference to the audited financial information of Goldlion China and Goldlion Clothes Making for the year ended 31 December 2011 in accordance with the generally accepted accounting principles in the PRC. In particular, references are made to the profit attributable to MFED in 2011 for Goldlion China, and the net asset value shared by MFED as at 31 December 2011 for Goldlion Clothes Making.

Conditions precedent of the Acquisition

Completion of the Acquisition will be conditional upon, *inter alia*, all the relevant authorities of the government of the PRC (including but not limited to the foreign investment commission, industry and commerce, foreign exchange management and other administrative departments) having granted the approval for the transactions under the Agreements and the formalities and procedures required under PRC law having been completed.

If, through no fault of either party to the Agreements, the above condition shall not have been fulfilled (as the case may be), MFED shall, within 7 working days from the date of occurrence of such non-fulfillment, return any amounts paid by Goldlion Far East under all or any of the Agreements (as the case may be).

Completion of the Acquisition

Completion of the Acquisition is expected to take place on or before 26 May 2013, being the expiration of 6 months from the date of the Agreements, failing which the Agreements shall terminate immediately and be of no further effect and MFED shall return all amounts paid by Goldlion Far East under any or all of the Agreements (as the case may be).

The Acquisition will take effect on the Completion Date. Upon completion of the Acquisition, Goldlion China and Goldlion Clothes Making will become indirect wholly-owned subsidiaries of the Company and MFED shall cease to have any equity interests and the right to appoint directors in Goldlion China and Goldlion Clothes Making. Mr. Zhang Zi Hong and Mr. Zhang Lin (and any other person being appointed by MFED) will cease to be directors of both Goldlion China and Goldlion Clothes Making upon completion of the Acquisition.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

Goldlion China and Goldlion Clothes Making were formed in 1990 and 1993 respectively as equity joint venture companies in the PRC. Currently, they are the subsidiaries of the Company in conducting the Group's PRC apparel business. Under the prevailing articles of association of each of Goldlion China and Goldlion Clothes Making, MFED has the power to appoint directors to the respective boards of directors.

The Directors are of the view that, through the Acquisition, the Group will obtain full control over the boards of directors of both Goldlion China and Goldlion Clothes Making. It is expected that such full control would result in simplifying relevant administrative procedures, enhancing operational efficiency and in turn reducing related administrative costs of Goldlion China and Goldlion Clothes Making.

The Directors (including the independent non-executive Directors) are of the view the Acquisition is on normal commercial terms and the terms of the Acquisition are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Goldlion China was owned as to 99.44% by the Group and 0.56% by MFED, whereas Goldlion Clothes Making was owned as to 98.92% by the Group and 1.08% by MFED. As at the date of this announcement, Mr. Zhang Zi Hong and Mr. Zhang Lin, directors of both Goldlion China and Goldlion Clothes Making, were interested in approximately 52% and 48% in the issued share capital of MFED respectively. MFED is therefore a connected person of the Company within the meaning of the Listing Rules, and the Acquisition contemplated under the Agreements constitutes 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 consideration to be paid by the Group for the Acquisition exceed 0.1% but do not exceed 5%, the Acquisition is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors (including the independent non-executive Directors) has any material interest in the Acquisition and so none of them was required to abstain from voting on the relevant resolutions of the Board approving the Acquisition.

INFORMATION ABOUT 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 ABOUT GOLDLION CHINA

Goldlion China is a limited liability company established in the PRC with registered address in Meizhou, the PRC, and was owned as to 99.44% by the Group and 0.56% by MFED as at the date of this announcement. The registered and paid-up capital of Goldlion China is US\$18,000,000 (equivalent to approximately HK\$139,500,000).

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

Set out below is the key financial information of Goldlion China based on its audited accounts prepared in accordance with the generally accepted accounting principles in the PRC:

	Year ended 31 December 2011 <i>RMB (approx. HK\$)</i>	Year ended 31 December 2010 <i>RMB (approx. HK\$)</i>
Turnover	1,044,679,408 (1,295,402,466)	829,903,272 (1,029,080,057)
Net profit before taxation and extraordinary items	246,800,303 (306,032,376)	234,338,653 (290,579,930)
Net profit after taxation and extraordinary items	183,281,945 (227,269,612)	174,634,072 (216,546,249)
	As at 31 December 2011 <i>RMB (approx. HK\$)</i>	As at 31 December 2010 <i>RMB (approx. HK\$)</i>
Net asset value	380,362,150 (471,649,066)	362,982,572 (450,098,389)

INFORMATION ABOUT GOLDLION CLOTHES MAKING

Goldlion Clothes Making is a limited liability company established in the PRC with registered address in Meizhou, the PRC, and was owned as to 98.92% by the Group and 1.08% by MFED as at the date of this announcement. The registered and paid-up capital of Goldlion Clothes Making is US\$6,934,000 (equivalent to approximately HK\$53,738,500).

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

Set out below is the key financial information of Goldlion Clothes Making based on its audited accounts prepared in accordance with the generally accepted accounting principles in the PRC:

	Year ended 31 December 2011 <i>RMB (approx. HK\$)</i>	Year ended 31 December 2010 <i>RMB (approx. HK\$)</i>
Turnover	43,730,435 (54,225,739)	28,499,547 (35,339,438)
Net loss before taxation and extraordinary items	4,514,394 (5,597,849)	6,579,955 (8,159,144)
Net loss after taxation and extraordinary items	4,514,394 (5,597,849)	6,579,955 (8,159,144)

	As at 31 December 2011 RMB (approx. HK\$)	As at 31 December 2010 RMB (approx. HK\$)
Net asset value	43,419,558 (53,840,252)	47,933,951 (59,438,099)

INFORMATION ABOUT MFED

MFED is a company established in the PRC with registered address in Meizhou, the PRC and is principally engaged in investment holding.

DEFINITIONS

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

“Acquisition”	the acquisition by Goldlion Far East from MFED of the remaining 0.56% equity interest in Goldlion China and the remaining 1.08% equity interest in Goldlion Clothes Making respectively pursuant to the Agreements
“Agreements”	together, the Goldlion China S&P Agreement and the Goldlion Clothes Making S&P Agreement
“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
“Completion Date”	the date on which a new business licence has been obtained by Goldlion China and/or Goldlion Clothes Making (as the case may be) after completion of the change of business procedures required in the PRC for the transfer of equity interests under the Goldlion China S&P Agreement and/or the Goldlion Clothes Making S&P Agreement (as the case may be)
“Director(s)”	director(s) of the Company
“Goldlion China”	金利來(中國)有限公司 (Goldlion (China) Limited*), a limited liability company established in the PRC with registered address in Meizhou, the PRC and was owned as to 99.44% by the Group and 0.56% by MFED as at the date of this announcement

“Goldlion China S&P Agreement”	together, the sale and purchase agreement and the supplemental agreement, both dated 27 November 2012 and entered into between Goldlion Far East and MFED in respect of the acquisition by Goldlion Far East of the 0.56% equity interest held by MFED in Goldlion China
“Goldlion Far East”	Goldlion (Far East) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Goldlion Clothes Making”	金利來製衣有限公司 (Goldlion Clothes Making Company Limited*), a limited liability company established in the PRC with registered address in Meizhou, the PRC and was owned as to 98.92% by the Group and 1.08% by MFED as at the date of this announcement
“Goldlion Clothes Making S&P Agreement”	together, the sale and purchase agreement and the supplemental agreement, both dated 27 November 2012 and entered into between Goldlion Far East and MFED in respect of the acquisition by Goldlion Far East of the 1.08% equity interest held by MFED in Goldlion Clothes Making
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MFED”	梅州市對外經濟發展有限公司 (Meizhou Foreign Economic Development Co., Ltd.*), a company established in the PRC with registered address in Meizhou, the PRC, and was owned as to approximately 52% by Mr. Zhang Zi Hong and as to approximately 48% by Mr. Zhang Lin as at the date of this announcement
“PRC”	the People’s Republic of China, and for the purpose of this announcement excluding Taiwan, Hong Kong and the Macau Special Administrative Region
“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

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Kam Yiu Kwok
Company Secretary

Hong Kong, 27 November 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.

Unless otherwise specified, the United States dollars amounts shown in this announcement have been translated into HK\$ at an exchange rate of US\$1.00 = HK\$7.75. Such translation should not be construed as a representation that the United States dollar 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*