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**Golden Shield Holdings (Industrial) Limited
(In Compulsory Liquidation in Hong Kong)**

**(the “Company”)
金盾控股(實業)有限公司
(香港強制清盤中)**

*(Incorporated in Bermuda with limited liability)
(Stock Code: 2123)*

UPDATE ON RESUMPTION PROGRESS

This announcement is made by the Company pursuant to Rule 13.24A of the Listing Rules.

References are made to (a) the announcement issued by the Company dated 5 June 2017 (the “**Announcement**”) in relation to, among other things, (i) the Capital Reorganisation; (ii) the Acquisition; (iii) reverse takeover involving a new listing application; (iv) the Subscription; (v) the Whitewash Waiver; (vi) the Open Offer; (vii) the Disposal; (viii) the Schemes; (ix) the removal of Directors; (x) the appointment of new Directors; and (xi) the proposed adoption of the New Bye-laws; (b) the announcements issued by the Company dated 26 June 2017, 31 October 2017, 29 December 2017, 29 March 2018 and 29 June 2018 respectively in relation to the delay in despatch of the circular; and (c) the update announcement issued by the Company dated 30 July 2018 (the “**Update Announcement**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement, unless the context requires otherwise.

The Company wishes to provide its shareholders and potential investors with an update on the status of the Resumption.

RESUMPTION CONDITIONS

(i) *Sufficient operations or assets requirement under the Listing Rule 13.24.*

The Company filed the first new listing application (the “**First New Listing Application**”) and second new listing application (the “**Second New Listing Application**”) to the Stock Exchange on 5 June 2017 and 27 December 2017 respectively in relation to, among other things, the acquisition of the Target Group to ensure a sufficient operations and assets requirement under the Rule 13.24 of the Listing Rules. The Company intends to pursue the Acquisition and the new listing application. For the status of the new listing application, please refer to the below section headed “UPDATE ON THE NEW LISTING APPLICATION”.

The Company is currently in compulsory liquidation in Hong Kong and has no business operation. The Target Group is principally engaged in developing, manufacturing and the sale of electromagnetic braking systems based on the principle of electromagnetic induction, which are usually applied in transportation vehicles.

Upon completion of the transactions contemplated under the Resumption Proposal including but not limited to the Acquisition, the Subscription and the Open Offer, the Company believes that the sufficient operations or assets requirement under the Listing Rule 13.24 will be fulfilled.

For further details of the Acquisition and the Target Group, please refer to the section headed “(III) THE ACQUISITION” in the Announcement.

(ii) *To have the winding up petition against the Company withdrawn or dismissed and the liquidators discharged.*

Upon the despatch of the Circular, the Company will finalise and expects to file originating summons and supporting affidavit for the orders and directions of the Bermuda Court and Hong Kong Court to convene the scheme meeting of the Creditors. Once the Schemes are approved at the scheme meeting, application to the Bermuda Court and Hong Kong Court for the sanction on the schemes, stay of the winding up proceedings and discharge of the Liquidators, where applicable, will be made.

- (iii) *Complete an investigation on the nature, extent and impact of the legal proceedings involved the Company's principal PRC subsidiary, disclose the findings of the investigation and take remedial actions.*

The Liquidators are conducting their investigation including review of the books and records currently available to them and investigation into the transactions leading to the legal proceedings against the PRC subsidiaries. The investigation is ongoing and the findings of the investigation will be disclosed as and when appropriate.

After obtaining the sanctions on the Schemes from both Bermuda Court and Hong Kong Court, the Company and the Scheme Administrators will enter into the Disposal Agreement. The Company's principal subsidiaries (namely Jade Goal Holdings Limited, Hong Kong Golden Shield Limited, Golden Shield Textile (Jing Yang) Company Limited* (金盾紡織(涇陽)有限公司) and Weinan Huafu Technology Company Limited* (渭南華富科技有限公司)) will be disposed of and transferred to a special purpose vehicle to be established and controlled by the Scheme Administrators under the Schemes.

Upon Disposal Completion, each of the members of the Disposal Group will cease to be a member of the Group.

- (iv) *Publish all outstanding financial results and address any audit qualifications*

The Company is in the progress of finalising all the outstanding financial results.

Upon Resumption, save for the qualified opinion on the opening balances and comparative figure, all of the qualified opinions shall be addressed. Due to the inherent effect from previous years, a qualified opinion on the opening balances and comparative figure shall remain for the year of Resumption. There shall be no further qualification inherited from previous years starting from the first full financial year after Resumption.

- (v) *Demonstrate that the Company has put in place adequate financial reporting procedures and internal control systems to meet its obligations under the Listing Rules*

Mega Well Transactions Limited (“**Mega Well**”) and BDO Financial Services Limited (“**BDO**”) have been appointed as the internal control consultant of the Company and the Target Group respectively.

Mega Well is in the course of conducting follow-up review of the internal control system in respect of the Company. It is expected that all the findings will be addressed before Resumption.

BDO has performed internal control review in April and May 2017 on the financial reporting procedures and internal control system of the Target Group in the aspects of sales, accounts receivable and collection process, production and quality management process, procurement, account payable and payment process, inventory and costing management process, fixed assets management process, treasury and investment management process, cash management process, financial statement and disclosure controls process, human resources and payroll management process, information system management process and taxation management process.

The financial reporting procedures and internal control system to rectify the deficiencies have been implemented in May 2017.

BDO has issued the draft internal control review report in respect of the Target Group. Based on their review results, they are not aware of any material weaknesses in the internal control system of the Target Group as at 31 May 2017.

Adequate financial reporting procedures and internal control systems will be implemented by the Restructured Group before Resumption to meet its obligations under the Listing Rules.

UPDATE ON THE NEW LISTING APPLICATION

As disclosed in the Announcement, the Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and a reverse takeover for the Company under Rule 14.06(6)(a) of the Listing Rules. Accordingly, the Company will be treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules. The Acquisition is therefore subject to the approval of the Listing Committee for the new listing application made by the Company. The Company filed the First New Listing Application and the Second New Listing Application to the Stock Exchange on 5 June 2017 and 27 December 2017 respectively. Since six months or more have elapsed, the Second New Listing Application has subsequently lapsed. The Company shall resubmit a new listing application to the Stock Exchange to reactivate the listing application pursuant to Rule 9.03(1) of the Listing Rules.

The Company intends to pursue the Acquisition and the new listing application. As at the date of this announcement, the Company is in the progress of preparing the third new listing application and in the progress of finalising the information in the Circular in relation to, among other things, (i) the Capital Reorganisation; (ii) the Acquisition; (iii) reverse takeover involving a new listing application; (iv) the Subscription; (v) the Whitewash Waiver; (vi) the Open Offer; (vii) the Disposal; (viii) the Schemes; (ix) the removal of Directors; (x) the appointment of new Directors; and (xi) the proposed adoption of the New Bye-laws, and the same will be published in accordance with the requirements of the Takeovers Code and the Listing Rules as and when appropriate. The Company is preparing further information, including but not limited to the financial information of the Target Group for five months ended 31 May 2018, to the regulators and addressing any comments they raised in relation to the new listing application and the Resumption.

DESPATCH OF CIRCULAR

As disclosed in the announcement issued by the Company dated 29 June 2018, as more time is required for the process to finalise the Circular, an application has been made to the Executive pursuant to Rule 8.2 of the Takeovers Code for, and the Executive is minded to grant, its consent to an extension of time for the despatch of the Circular to the Shareholders to a date falling on or before 31 October 2018.

As at the date of this announcement, there is no material change to the resumption plan of the Company.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Dealing in the shares of the Company on the Main Board of the Stock Exchange has been suspended since 1 April 2014 and will remain suspended until further notice.

Further announcement(s) setting out the progress of the new listing application and the Resumption will be made by the Company as and when appropriate and in accordance with the relevant requirements of the Takeovers Code and the Listing Rules (as the case may be).

WARNING

The proposed transactions contemplated under the Resumption Proposal are subject to a number of conditions precedents which may or may not be fulfilled and are subject to change upon the review of the Stock Exchange.

In addition, the Stock Exchange's approval on the new listing application made by the Company may or may not be granted and the Whitewash Waiver may or may not be granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director, therefore the proposed transactions contemplated under the Resumption Proposal may or may not proceed.

Shareholders and potential investors should note that the resumption of trading in the shares of the Company on the Stock Exchange is subject to various conditions which may or may not be fulfilled. There is no guarantee that the resumption of trading in the shares of the Company on the Stock Exchange will take place. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

For and on behalf of
Golden Shield Holdings (Industrial) Limited
(In Compulsory Liquidation in Hong Kong)
Osman Mohammed Arab
Wong Kwok Keung
Joint and Several Liquidators
acting as agents for and on behalf of
Golden Shield Holdings (Industrial) Limited
without personal liabilities

Hong Kong, 1 August 2018

The Liquidators jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

The English text of this announcement shall prevail over its Chinese text.

** The English translation of Chinese name or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*