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Golden Shield Holdings (Industrial) Limited
金盾控股（實業）有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 2123)

UPDATE ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING

References are made to the announcements of Golden Shield Holdings (Industrial) Limited dated 31 March 2014 and 30 April 2014 (collectively, the "**Announcements**") in relation to, among other matters, the suspension of trading in the Shares on the Stock Exchange, the delay in publication of the 2013 Annual Results Announcement and the 2013 Annual Report and certain legal proceedings. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board wishes to provide an update to the Shareholders regarding the latest development concerning the above.

The Board has recently taken steps on 16 June 2014 to strengthen its composition by appointing Mr. Chan Yuk Tong as a non-executive Director and Mr. Chan Chi Wai, Benny as an independent non-executive Director, as well as Mr. Pang Pui Hung Paton as the Company's company secretary and financial controller. The Board is confident that the new appointees will bring the Board the necessary experience in corporate governance, finance, accounting and business advisory.

Outstanding 2013 Annual Results Announcement and 2013 Annual Report

The Board has commenced reviewing the progress of the preparation and the publication of the 2013 Annual Results Announcement and the 2013 Annual Report and is working closely with the Company's auditors in assisting them to finalise the audit of the Company's consolidated financial statements for the year ended 31 December 2013.

Legal proceedings

As disclosed in the Announcements, Golden Shield Jing Yang was involved in certain legal proceedings (the "**Legal Proceedings**") in relation to the following:

(i) Loan 1, borrowed by Mr. Chen Binghui ("**Mr. Chen**", an executive Director and chairman of the

Company), with a principal sum of RMB20,000,000 from Lender 1, a third party independent from the Company;

(ii) Loan 2, borrowed by Mr. Chen, Mr. Qiu Jianfa ("**Mr. Qiu**", an executive Director) and Mr. Lin Shuqing ("**Mr. Lin**", who was an ex-Director and passed away on 4 March 2013), with a principal sum of RMB20,000,000 from Lender 1.

Golden Shield Jing Yang is purportedly acted as a guarantor to Loans 1 and 2;

(iii) Loan 3, amounting to RMB7,867,223 together with accrued interest owed by Golden Shield Jing Yang to Lender 2, a third party independent from the Company; and

(iv) Loan 4, amounting to RMB840,000 together with accrued interest agreed to be repaid by Golden Shield Jing Yang to Lender 3, a third party independent from the Company.

Golden Shield Jing Yang was named as a defendant in the judgements made by the Quanzhou Intermediate People's Court (泉州市中級人民法院), an executive ruling (執行裁定書) from the Xianyang Intermediate People's Court (咸陽市中級人民法院), and a notice of enforcement (執行通知書) from Jingyang People's Court (涇陽人民法院) in respect of Loans 3 and 4. Loan 1, Loan 2, Loan 3 and Loan 4 (collectively, the "**Alleged Loans**").

In view of the potential significant legal impact of the Legal Proceedings on the Group, the Board has appointed a reputable PRC law firm (the "**PRC Legal Advisors**") with extensive experience in commercial laws and litigations in the PRC as the PRC Legal Advisors to the Board to assist in ascertaining the nature, extent and impact of the Legal Proceedings as well as undertaking appropriate steps to ascertain whether there are any other unrecorded loans, guarantees and/or legal proceedings. In view of the perceived or actual involvement in the Legal Proceedings, Mr. Chen and Mr. Qiu have voluntarily agreed to abstain from the Board's future discussions, actions and decisions in relation to the Legal Proceedings and the engagement of the PRC Legal Advisors.

As the Legal Proceedings involve mainly legal matters in the PRC, the Board is of the view that it is more appropriate and effective to conduct the relevant review by the PRC Legal Advisors and accordingly, the Company has terminated the engagement of Ernst & Young Transactions Limited as the Company's independent financial advisor.

The Company will publish further announcement(s) to inform the Shareholders on the date of the meeting of the Board, the publication of the 2013 Annual Results Announcement and the 2013 Annual Report as well as the status of the review and development of the Legal Proceedings in due course.

General

At the Company's request, trading in the Shares was suspended from 9:00 a.m. on 1 April 2014, and will remain suspended until further notice. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares. The publication of this announcement does not warrant any approval from the Stock Exchange on the Resumption. The Company will keep the public informed of the latest development by making further announcements as and when appropriate.

DEFINITIONS

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

"2013 Annual Report"	the annual report of the Group for the year ended 31 December 2013
"2013 Annual Results"	the consolidated results of the Group for the year ended 31 December 2013
"2013 Annual Results Announcement"	the announcement of the 2013 Annual Results
"Board"	the board of Directors
"Company"	Golden Shield Holdings (Industrial) Limited, a company incorporated in Bermuda with limited liability and the Shares are listed on the Stock Exchange
"Director(s)"	the director(s) of the Company
"Golden Shield Jing Yang"	金盾紡織 (涇陽) 有限公司 (literally translated as Golden Shield Textile (Jing Yang) Co., Ltd, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Resumption"	the resumption of trading in the Shares on the Stock Exchange
"Share(s)"	share(s) of HK$0.10 each in the capital of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By order of the Board
Golden Shield Holdings (Industrial) Limited
Chen Binghui
Chairman

Hong Kong, 2 July 2014

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Chen Binghui, Mr. Chen Zhifeng, Mr. Wu Shoumin and Mr. Qiu Jianfa, one non-executive director, namely, Mr. Chan Yuk Tong, and three independent non-executive directors, namely, Ms. Xue Fang, Ms. Tong Jinzhi and Mr. Chan Chi Wai, Benny.