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**GOLIK HOLDINGS LIMITED**

高力集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1118)**

**(1) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS:**

- (I) THE PREVIOUS PROPERTY LEASE AGREEMENT;**
- (II) THE NEW PROCESSING AGREEMENT; AND**
- (III) THE NEW EQUIPMENT LEASE AGREEMENT;**

**AND**

**(2) NEW CONTINUING CONNECTED TRANSACTIONS:**

- (I) THE NEW PROPERTY LEASE AGREEMENT; AND**
- (II) THE STEEL WIRE AND STEEL WIRE ROPE EQUIPMENT LEASE AGREEMENT**

**(1) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

**(I) THE PREVIOUS PROPERTY LEASE AGREEMENT**

On 24 June 2016, TJ Goldsun entered into the New Property Lease Agreement with Flourish Steel to amend and supplement the Previous Property Lease Agreement, pursuant to which the term of the Previous Property Lease Agreement will be extended to 30 June 2036.

**(II) THE NEW PROCESSING AGREEMENT**

On 24 June 2016, TJ Goldsun entered into the New Processing Agreement with Flourish Steel to reduce the scope of processing services of steel wires to be provided by Flourish Steel as well as to increase the annual processing target volume and to supersede the Previous Processing Agreement.

**(III) THE NEW EQUIPMENT LEASE AGREEMENT**

On 24 June 2016, TJ Goldsun entered into the New Equipment Lease Agreement with Flourish Steel to reduce the number of equipment leased to Flourish Steel and to supersede the Previous Equipment Lease Agreement.

## **(2) NEW CONTINUING CONNECTED TRANSACTIONS**

### **(I) THE NEW PROPERTY LEASE AGREEMENT**

On 24 June 2016, TJ Goldsun entered into the New Property Lease Agreement with Flourish Steel to lease the Additional Properties with a total area of 32,606 square metres from Flourish Steel.

### **(II) THE STEEL WIRE AND STEEL WIRE ROPE EQUIPMENT LEASE AGREEMENT**

On 24 June 2016, TJ Goldsun entered into the Steel Wire and Steel Wire Rope Equipment Lease Agreement with Flourish Steel to lease the equipment located and installed in the Additional Properties from Flourish Steel.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, as Flourish Steel is a wholly-owned subsidiary of TJMG (a substantial shareholder of TJ Goldsun), Flourish Steel is therefore a connected person of the Company. The transactions contemplated under the Property Lease Agreements, the Steel Wire and Steel Wire Rope Equipment Lease Agreement, the New Processing Agreement and the New Equipment Lease Agreement are continuing connected transactions of the Company.

The annual caps for the amount payable by TJ Goldsun to Flourish Steel under the Property Lease Agreements, the New Processing Agreement and the Steel Wire and Steel Wire Rope Equipment Lease Agreement will be aggregated in accordance with the requirements under Rule 14A.81 of the Listing Rules. As the applicable percentage ratios in respect of the Aggregate Annual Caps are more than 5% and the aggregate annual consideration is more than HK\$10,000,000, the Group A Transactions and the Aggregate Annual Caps are therefore subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements pursuant to Chapter 14A of the Listing Rules.

As the applicable percentage ratios of the annual caps under the New Equipment Lease Agreement are less than 0.1%, the New Equipment Lease Agreement is fully exempted from the shareholders' approval, the annual review and all the disclosure requirements.

The term of each of (i) the Property Lease Agreements; (ii) the New Processing Agreement; (iii) the Steel Wire and Steel Wire Rope Equipment Lease Agreement; and (iv) the New Equipment Lease Agreement is 20 years. Donvex Capital has been appointed as the independent financial adviser to the Company to explain why a longer period for each of the said agreements is required and to confirm that it is normal business practice for agreements of this type to be of such duration.

On 24 June 2016, a closely allied group of Shareholders, namely, Mr. Pang and Golik Investments Ltd. have given to the Company their written approval for the Group A Transactions and the Aggregate Annual Caps in lieu of an approval from the Shareholders at a Shareholders' meeting. As such, an application will be made by the Company to the Stock Exchange for a waiver from the requirement for the Company to convene a general meeting, on the basis that the Group A Transactions and the Aggregate Annual Caps have been approved by the written approval of a closely allied group of Shareholders pursuant to Rule 14A.37 of the Listing Rules.

## **DESPATCH OF CIRCULAR TO THE SHAREHOLDERS**

A circular containing, among other things, further details of (i) the Property Lease Agreements; (ii) the New Processing Agreement; (iii) the Steel Wire and Steel Wire Rope Equipment Lease Agreement; and (iv) the New Equipment Lease Agreement, a letter of recommendation from the Independent Board Committee, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on (i) the Property Lease Agreements; (ii) the New Processing Agreement; (iii) the Steel Wire and Steel Wire Rope Equipment Lease Agreement as well as the Aggregate Annual Caps and other information as required under the Listing Rules will be despatched to the Shareholders on or before 15 July 2016.

### **INTRODUCTION**

#### **Background**

Reference is made to the 2011 Circular and the 2013 Circular. TJ Goldsun, a subsidiary of the Company, entered into the following agreements with Flourish Steel in relation to (i) the lease of the factory premises; (ii) the processing services of steel wires; and (iii) the lease of certain equipment in connection with the Group's Wire Rope Production Line:

(1) *The Previous Property Lease Agreement,*

pursuant to which TJ Goldsun agreed to lease the Existing Properties from Flourish Steel for a term of 20 years commencing from 1 January 2011. The annual caps for the leasing of the Existing Properties for the three years ending 31 December 2016 have been renewed in August 2013.

(2) *The Previous Processing Agreement,*

pursuant to which Flourish Steel agreed to provide processing services of steel wires to TJ Goldsun for a term of 20 years commencing from 1 January 2011. The annual caps in relation to the provision of processing services for the three years ending 31 December 2016 have been renewed in August 2013.

(3) *The Previous Equipment Lease Agreement,*

pursuant to which TJ Goldsun agreed to lease certain equipment and electric cables to Flourish Steel for a term of 20 years commencing from 1 August 2013.

The transactions contemplated under the Previous Property Lease Agreement, the Previous Processing Agreement and the Previous Equipment Lease Agreement were continuing connected transactions and the annual caps for the amount payable by TJ Goldsun to Flourish Steel under the Previous Property Lease Agreement and the Previous Processing Agreement have been aggregated. As disclosed in the 2013 Circular, pursuant to the 2013 Shareholders' Written Approval, the annual caps of the transactions contemplated under the Previous Property Lease Agreement, the Previous Processing Agreement and the Previous Equipment Lease Agreement for the three years ending 31 December 2016 have been approved.

#### **Renewal of the existing continuing connected transactions and the entering into of the new continuing connected transactions**

To cope with the needs of the Group's Wire Rope Production Line as detailed in the paragraph headed "Introduction – The Group's Wire Rope Production Line" in this announcement below, on 24 June 2016, TJ Goldsun entered into the following agreements with Flourish Steel:

(1) *The New Property Lease Agreement,*

to (i) lease the Additional Properties with a total area of 32,606 square metres from Flourish Steel; and (ii) amend and supplement the Previous Property Lease Agreement.

(2) *The New Processing Agreement,*

to (i) reduce the scope of processing services of steel wires to be provided by Flourish Steel as well as to increase the annual processing target volume; and (ii) supersede the Previous Processing Agreement.

(3) *The New Equipment Lease Agreement,*

to (i) reduce the number of equipment leased to Flourish Steel; (ii) extend the lease term; and (iii) supersede the Previous Equipment Lease Agreement.

(4) *The Steel Wire and Steel Wire Rope Equipment Lease Agreement,*

to lease the equipment located and installed in the Additional Properties from Flourish Steel.

The annual caps for the amount payable by TJ Goldsun to Flourish Steel under the Property Lease Agreements, the New Processing Agreement and the Steel Wire and Steel Wire Rope Equipment Lease Agreement will be aggregated.

### **The Group's Wire Rope Production Line**

The Group has established its Wire Rope Production Line in the factory premises owned by Flourish Steel. Part of the factory premises, which is the Existing Properties, was leased by Flourish Steel to TJ Goldsun pursuant to the Previous Property Lease Agreement. Each of TJ Goldsun and Flourish Steel owns some of the equipment for different stages of the Group's Wire Rope Production Line located and installed in the Existing Properties and the Additional Properties.

High-end steel wire rope products and steel wire rope products represent the Group's primary goal and direction in its future development. Whilst striving to maintain the Group's market leadership position in the field of elevator wire ropes in China, the Group is concurrently exploring the field of developing high-end steel wire rope products for other uses that could replace import products. With the aim to enhance the quality control of the Group's wire rope products, to increase its operational efficiency and to facilitate the Group's production of high-end steel wire rope products, TJ Goldsun entered into the abovementioned new agreements with Flourish Steel in June 2016.

In general, the Group's Wire Rope Production Line consists of the following three production stages:

- Stage 1: Wire acid cleaning, including phosphating
- Stage 2: Wire drawing, including heat treatment and may also include zinc plating
- Stage 3: Wire rope process, including stranding and closing

Pursuant to the Previous Processing Agreement, production stages 1 and 2 are undertaken by Flourish Steel. After the entering into of the New Processing Agreement, production stage 1 will be undertaken by Flourish Steel while production stages 2 and 3 will be undertaken by TJ Goldsun.

The Additional Properties, where, among other things, the production line of production stage 2 and high-end steel wire rope products are located, are currently occupied by Flourish Steel. Certain equipment for production stage 2 and production of high-end steel wire rope products located and installed in the Additional Properties are owned by Flourish Steel. As such, TJ Goldsun and Flourish Steel also entered into the New Property Lease Agreement and the Steel Wire and Steel Wire Rope Equipment Lease Agreement for the purpose of leasing the Additional Properties as well as Flourish Steel's equipment located and installed therein respectively.

In connection with the change of scope of processing services to be provided by Flourish Steel as detailed above, the number of equipment leased to Flourish Steel by TJ Goldsun under the Previous Equipment Lease Agreement will be reduced in order to exclude the equipment for production stage 2. As such, the parties entered into the New Equipment Lease Agreement to supersede the Previous Equipment Lease Agreement.

### **Non-exempted Continuing Connected Transactions – Group A Transactions**

The Group A Transactions comprises (i) the Property Lease Agreements, (ii) the New Processing Agreement and (iii) the Steel Wire and Steel Wire Rope Equipment Lease Agreement. Annual caps for the transactions contemplated under the Property Lease Agreements, the New Processing Agreement and the Steel Wire and Steel Wire Rope Equipment Lease Agreement will be aggregated in accordance with the requirements under Rule 14A.81 of the Listing Rules.

### **Fully-exempted Continuing Connected Transactions – Group B Transactions**

The continuing connected transactions contemplated under the New Equipment Lease Agreement, i.e. the Group B Transactions, constitute continuing connected transactions of the Company but are fully exempted from the shareholders' approval, the annual review and all the disclosure requirements.

## **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

### **(I) THE PREVIOUS PROPERTY LEASE AGREEMENT**

#### **Date**

30 December 2010

#### **Parties**

- (1) Flourish Steel, as the landlord; and
- (2) TJ Goldsun, as the tenant.

#### **Principal Terms**

Pursuant to the Previous Property Lease Agreement, Flourish Steel agreed to lease the Existing Properties to TJ Goldsun for a term of 20 years commencing from 1 January 2011 to 31 December 2030. The initial annual rental payable by TJ Goldsun to Flourish Steel under the Previous Property Lease Agreement was RMB5,500,000 (equivalent to approximately HK\$6,490,000) (inclusive of management fee but exclusive of utilities expenses (including water, electricity, gas, etc.)), subject to adjustment as disclosed in the paragraph headed "Adjustment of Rental" below. The rental was arrived at after arm's length negotiations between the parties and with reference to the prevailing market rate. Details of the principal terms of the Previous Property Lease Agreement were disclosed in the 2011 Circular and the 2013 Circular.

#### **Adjustment of Rental**

The rental under the Previous Property Lease Agreement is subject to adjustment once for every five years. The actual amount of adjustment is to be negotiated between the parties but, in any event, shall not exceed 10% of the preceding annual rental.

## **Extension of the term**

As further detailed in the paragraph headed “New Continuing Connected Transactions – (1) The New Property Lease Agreement” in this announcement below, upon entering into the New Property Lease Agreement, the term of the Previous Property Lease Agreement will be extended to 30 June 2036. The Previous Property Lease Agreement shall then have the same expiry date as the New Property Lease Agreement.

## **Renewal of Annual Caps**

As disclosed in the 2013 Circular, pursuant to the 2013 Shareholders’ Written Approval, the annual caps of the Previous Property Lease Agreement for the three years ending 31 December 2016 have been approved. However, the annual caps for the remainder of the terms of the Previous Property Lease Agreement (as supplemented and amended by the New Property Lease Agreement), which is the period commencing from 1 January 2017 to 30 June 2036, have not yet been approved by the Independent Shareholders. As such, the annual caps of the transactions contemplated under the Previous Property Lease Agreement for the three years ending 31 December 2018 shall subject to the approval by the Independent Shareholders. The same will be aggregated to and will form part of the Aggregate Annual Caps. Please refer to the paragraph headed “Annual Caps and Historical Transaction Amounts – Group A Transactions” in this announcement for details of the historical transaction amounts under the Previous Property Lease Agreement and the annual caps of the Property Lease Agreements for the three years ending 31 December 2018.

## **(II) THE NEW PROCESSING AGREEMENT**

### **Date**

24 June 2016

### **Parties**

- (1) Flourish Steel, as the service provider; and
- (2) TJ Goldsun, as the service receiver.

### **Principal Terms**

Pursuant to the New Processing Agreement, Flourish Steel agreed to provide processing service of steel wires of annual target volume of 55,000 tons to TJ Goldsun. The processing services under the New Processing Agreement include production stage 1. TJ Goldsun shall place its monthly order to Flourish Steel setting out the quantities and types of steel wires to be processed in the next calendar month. The processing charges shall be determined by the parties with reference to the average market price of processing services for production stage 1 and shall be negotiated between the parties by 31 December of each calendar year. For the year ending 31 December 2016, the processing price agreed by the parties is RMB108 (equivalent to approximately HK\$127) per ton. The term of the New Processing Agreement is 20 years commencing from 1 July 2016 to 30 June 2036. The processing charges under the New Processing Agreement are payable to Flourish Steel monthly, base on the monthly processing amount approved by TJ Goldsun. Upon the entering into of the New Processing Agreement, the Previous Processing Agreement will be superseded.

The processing charges shall be determined by the parties based on the followings:

- (i) by reference to the prevailing market price of processing steel wires with the similar specifications. For the purpose of obtaining market prices, the management staff of TJ Goldsun will make reference to the best available price quotations for processing charges of steel wires with similar specifications and order quantities to be obtained from other suppliers for comparable services in determining the market price; or
- (ii) where (i) above is not appropriate or applicable, at a price to be agreed between TJ Goldsun and Flourish Steel upon the basis of the principle of “cost”. The “cost” is determined based on the cost for processing steel wires and the cost is estimated with reference to, where applicable, factors including but not limited to historical processing charges of steel wires with similar specifications, labour, raw material, rental of property, utilities. The cost pricing is usually applied in cases where the relevant processing of steel wires with specifications customised for TJ Goldsun.

The processing charges for the processing services of Flourish Steel to TJ Goldsun pursuant to the New Processing Agreement will be agreed by the relevant parties with reference to the pricing policies and the prevailing market condition as described above.

Our Directors are of the view that the aforesaid pricing methods and procedures can ensure that the transaction contemplated under the New Processing Agreement will be conducted on normal commercial terms.

#### **Differences between the Previous Processing Agreement and the New Processing Agreement**

The annual target volume under the Previous Processing Agreement and the New Processing Agreement was 35,000 tons and 55,000 tons of steel wires respectively. The processing services provided by Flourish Steel under the Previous Processing Agreement include production stages 1 and 2 while the processing services under the New Processing Agreement include production stage 1 only.

#### **Renewal of Annual Caps**

As disclosed in the 2013 Circular, pursuant to the 2013 Shareholders’ Written Approval, the annual caps of the Previous Processing Agreement for the three years ending 31 December 2016 have been approved. However, as the Previous Processing Agreement will be superseded by the New Processing Agreement, the annual caps of the transactions contemplated under the New Processing Agreement shall subject to the approval by the Independent Shareholders. The annual caps of the New Processing Agreement for the three years ending 31 December 2018 will be aggregated to and will form part of the Aggregate Annual Caps. Please refer to the paragraph headed “Annual Caps and Historical Transaction Amounts – Group A Transactions” in this announcement for details of the historical transaction amounts under the Previous Processing Agreement and the annual caps of the New Processing Agreement for the three years ending 31 December 2018.

### **(III) THE NEW EQUIPMENT LEASE AGREEMENT**

#### **Date**

24 June 2016

#### **Parties**

- (1) TJ Goldsun, as the lessor; and
- (2) Flourish Steel, as the lessee.

#### **Principal Terms**

Pursuant to the New Equipment Lease Agreement, TJ Goldsun has agreed to lease the Subject Equipment to Flourish Steel for a term of 20 years commencing from 1 July 2016 to 30 June 2036.

The annual rental payable by Flourish Steel to TJ Goldsun under the New Equipment Lease Agreement shall be RMB285,727 (equivalent to approximately HK\$337,158). TJ Goldsun shall pay the rental quarterly. The annual rent was determined after arm's length negotiation between TJ Goldsun and Flourish Steel based on the appraisal value of the Subject Equipment RMB5,714,536 (equivalent to approximately HK\$6,743,152) as at 31 March 2013 and the period of lease (20 years), since to the best knowledge of the Directors there was no comparable prevailing market rate available.

During the term of the New Equipment Lease Agreement, Flourish Steel shall be responsible for assigning operators for the operation of the Subject Equipment, and all costs in connection with the operation and maintenance of the Subject Equipment. Pursuant to the New Equipment Lease Agreement, Flourish Steel will be entitled to use the Subject Equipment during the term while TJ Goldsun has the title of the Subject Equipment.

Upon the entering into of the New Equipment Lease Agreement, the Previous Equipment Lease Agreement will be superseded.

#### **Differences between the Previous Equipment Lease Agreement and the New Equipment Lease Agreement**

Less equipment will be leased by Flourish Steel under the New Equipment Lease Agreement as compared to the Previous Equipment Lease Agreement.

#### **Renewal of Annual Caps**

As disclosed in the 2013 Circular, the transactions contemplated under the Previous Equipment Lease Agreement have been approved by the Independent Shareholders pursuant to the 2013 Shareholders' Written Approval. As detailed in the paragraph headed "Listing Rules Implications – Group B Transactions" in this announcement below, the transactions contemplated under the New Equipment Lease Agreement is fully exempted from the shareholders' approval, the annual review and all the disclosure requirements and hence the annual caps of the transactions contemplated under the New Equipment Lease Agreement will not be subject to the approval by the Independent Shareholders.

## NEW CONTINUING CONNECTED TRANSACTIONS

### (I) THE NEW PROPERTY LEASE AGREEMENT

#### Date

24 June 2016

#### Parties

- (1) Flourish Steel, as the landlord; and
- (2) TJ Goldsun, as the tenant.

#### Principal Terms

Pursuant to the New Property Lease Agreement, Flourish Steel agreed to (i) lease the Additional Properties to TJ Goldsun for a term of 20 years commencing from 1 July 2016 to 30 June 2036; and (ii) extend the term of the lease of the Existing Properties to 30 June 2036. The annual rental payable by TJ Goldsun to Flourish Steel under the New Property Lease Agreement in respect of the Additional Properties shall be RMB5,703,125 (equivalent to approximately HK\$6,729,688) (inclusive of management fee but exclusive of utilities expenses (including water, electricity, gas, etc.)). TJ Goldsun will be entitled to a rent free period commencing from 1 July 2016 to 30 September 2016. The rental shall subject to adjustment as disclosed in the paragraph headed "Adjustment of Rental" below.

The current annual rental payable by TJ Goldsun to Flourish Steel under the Previous Property Lease Agreement shall remain unchanged.

TJ Goldsun shall pay the rental quarterly in advance on or before the 10th day at the commencement of each quarter. The utilities expenses which is based on the actual usage of TJ Goldsun shall be payable to Flourish Steel within 15 days upon receiving the relevant invoices from Flourish Steel.

The rental was arrived at after arm's length negotiations between the parties and in accordance with the Tianjin City State-owned Enterprise Land and Properties Interim Measures (天津市國有企業土地房產管理暫行辦法) issued by State-owned Assets Supervision and Administration Commission of Tianjin Municipal People's Government which stated that the annual rental of properties leased by state-owned enterprises shall be no less than the 5% of the appraisal value of such properties. Pursuant to the valuation report issued by the Valuer in December 2015, the aggregate appraisal value of the Additional Properties was RMB114,062,501 (equivalent to approximately HK\$134,593,751).

The Group made reference to market prices of leases of comparable premises in the region offered by other Independent Third Parties. The rental offered by Flourish Steel was not higher than the quotation obtained by the management staff of TJ Goldsun from such Independent Third Parties. Our Directors are of the view that the aforesaid method and procedures can ensure that the transaction contemplated under the New Property Lease Agreement will be conducted on normal commercial terms.

#### Adjustment of Rental

The rental under the New Property Lease Agreement is subject to adjustment once for every five years. The actual amount of adjustment is to be negotiated between the parties but, in any event, shall not exceed 10% of the preceding annual rental.

## **Differences between the Previous Property Lease Agreement and the New Property Lease Agreement**

The subject properties under the Previous Property Lease Agreement and the Existing Properties which consist of (i) a main plant of steel structure with an area of 23,944 square metres; (ii) a plant of steel structure with an area of 5,346 square metres; and (iii) an office premises with an area of 3,061 square metres. The subject properties under the New Property Lease Agreement are the Additional Properties, which consist of part of the factory premises for production stage 2 and the factory premises for production of high-end steel wire rope products with a total area of 32,606 square metres.

The term of the lease of the Existing Properties will be extended to 30 June 2036 pursuant to the New Property Lease Agreement.

### **Annual Caps**

The annual caps of the transactions contemplated under the New Property Lease Agreement for the three years ending 31 December 2018 will be aggregated to and will form part of the Aggregate Annual Caps and shall subject to the approval by the Independent Shareholders. Please refer to the paragraph headed “Annual Caps and Historical Transaction Amounts – Group A Transactions” in this announcement for details of the annual caps of the Property Lease Agreements for the three years ending 31 December 2018.

## **(II) THE STEEL WIRE AND STEEL WIRE ROPE EQUIPMENT LEASE AGREEMENT**

### **Date**

24 June 2016

### **Parties**

- (1) Flourish Steel, as the lessor; and
- (2) TJ Goldsun, as the lessee.

### **Principal Terms**

Pursuant to the Steel Wire and Steel Wire Rope Equipment Lease Agreement, Flourish Steel has agreed to lease the equipment for production stage 2 and production of high-end steel wire rope products located and installed in the Additional Properties to TJ Goldsun for a term of 20 years commencing from 1 July 2016 to 30 June 2036.

The annual rental payable by TJ Goldsun to Flourish Steel under the Steel Wire and Steel Wire Rope Equipment Agreement shall be RMB4,030,452 (equivalent to approximately HK\$4,755,933) TJ Goldsun shall pay the rental quarterly.

During the term of the Steel Wire and Steel Wire Rope Equipment Lease Agreement, TJ Goldsun shall be responsible for assigning operators for the operation of the equipment, and all costs in connection with the operation and maintenance of the equipment. Pursuant to the Steel Wire and Steel Wire Rope Equipment Lease Agreement, TJ Goldsun will be entitled to use the subject equipment during the term while Flourish Steel shall retain the title of such equipment.

The annual rental was determined after arm's length negotiation between TJ Goldsun and Flourish Steel and with reference to the appraisal value of the equipment amounting to RMB80,609,035 (equivalent to approximately HK\$95,118,661) as set out in the valuation report issued by the Valuer in December 2015 and the period of lease (20 years), since to the best knowledge of the Directors there was no comparable prevailing market rate available.

### **Annual Caps**

The annual caps of the transactions contemplated under the Steel Wire and Steel Wire Rope Equipment Lease Agreement for the three years ending 31 December 2018 will be aggregated to and will form part of the Aggregate Annual Caps and shall be subject to the approval by the Independent Shareholders. Please refer to the paragraph headed "Annual Caps and Historical Transaction Amounts – Group A Transactions" in this announcement for details of the annual caps of the Steel Wire and Steel Wire Rope Equipment Lease Agreement for the three years ending 31 December 2018.

## **ANNUAL CAPS AND HISTORICAL TRANSACTION AMOUNTS**

### **Group A Transactions**

Set out below are (I) the historical transaction amounts paid by TJ Goldsun to Flourish Steel under the Previous Property Lease Agreement for the three years ended 31 December 2015 and the annual caps of the amount payable by TJ Goldsun to Flourish Steel under the Property Lease Agreements for the three years ending 31 December 2018; (II) the historical transaction amounts paid by TJ Goldsun to Flourish Steel under the Previous Processing Agreement for the three years ended 31 December 2015 and the annual caps of the amount payable by TJ Goldsun to Flourish Steel under the New Processing Agreement for the three years ending 31 December 2018; (III) the annual caps of the amount payable by TJ Goldsun to Flourish Steel under the Steel Wire and Steel Wire Rope Equipment Lease Agreement for the three years ending 31 December 2018; and (IV) the aggregate historical transaction amount and the aggregate annual caps of the Group A Transactions for the three years ending 31 December 2018:

		Historical Transaction Amounts For the year ended 31 December			Annual Caps For the year ending 31 December			
		2013 (RMB)	2014 (RMB)	2015 (RMB)	2016 (RMB)	2017 (RMB)	2018 (RMB)	
(I)	The lease of the Existing Properties under the Previous Property Lease Agreement/the lease of the Existing Properties and the Additional Properties under the Property Lease Agreements	Rental for the Existing Properties	5,500,000	5,500,000	5,500,000	6,050,000 (Notes 1 and 2)	6,050,000	6,050,000
		Rental for the Additional Properties	N/A	N/A	N/A	1,425,781 (Note 3)	5,703,125	5,703,125
		Actual utilities expenses for the Existing Properties/Estimated utilities expenses for the Existing Properties and the Additional Properties	10,489,200	11,625,162	11,557,187	41,000,000 (Note 4)	67,000,000	73,500,000
		Aggregate amount	15,989,200	17,125,162	17,057,187	48,475,781	78,753,125	85,253,125
(II)	The processing services under the Previous Processing Agreement/the New Processing Agreement	Actual processing charges under the Previous Processing Agreement/Estimated processing charges payable under the New Processing Agreement	30,882,502	32,902,077	30,499,818	3,500,000 (Note 5)	7,000,000	7,500,000
(III)	The lease of equipment under the Steel Wire and Steel Wire Rope Equipment Lease Agreement	Rental	N/A	N/A	N/A	2,015,226	4,030,452	4,030,452
(IV)	GROUP A TRANSACTIONS	Historical Transaction Amounts/Aggregate Annual Caps	<u>46,871,702</u>	<u>50,027,239</u>	<u>47,557,005</u>	<u>53,991,007</u>	<u>89,783,577</u>	<u>96,783,577</u>

Notes:

- Pursuant to the Previous Property Lease Agreement, the rental is subject to adjustment once for every five years. The actual amount of adjustment is to be negotiated between the parties but in any event shall not exceed 10% of the preceding annual rental. In determining the annual caps of the rental under the Previous Property Lease Agreement, assumption of a 10% increase in the rental payable by TJ Goldsun for the year ending December 2016 has been made.
- Taking into account the rental in respect of the Existing Properties under the Previous Property Lease Agreement from January 2016 to December 2016.
- Taking into account the rental in respect of the Additional Properties from October 2016 to December 2016 as TJ Goldsun is entitled to a rent-free period commencing from July 2016 to September 2016.
- Taking into account the estimated utilities expenses under the Previous Property Lease Agreement from January 2016 to December 2016 and the New Property Lease Agreement from July 2016 to December 2016.
- Taking into account the change of annual target volume and the processing services with effect from 1 July 2016. Please refer to the paragraph headed "The New Processing Agreement – Differences between the Previous Processing Agreement and the New Processing Agreement" for details.

The annual caps for the transactions under the Property Lease Agreements for the three years ending 31 December 2018 were determined after taking into account of the agreed rental under the Previous Property Lease Agreement and the New Property Lease Agreement and the estimated utilities expenses for the three years ending 31 December 2018 and the applicable taxes. The estimated utilities expenses are based on a number of factors including: (i) the maximum annual production capacity for the three years ending 31 December 2018; (ii) the historical utilities expenses and production quantity for the years ended 31 December 2015; and (iii) the estimated inflation of utilities expenses for the three years ending 31 December 2018.

The annual caps for the transactions under the New Processing Agreement for the three years ending 31 December 2018 are estimated after taking into account: (i) the annual target quantity of 55,000 tons of steel wires (the maximum processing quantity agreed under the New Processing Agreement) will be processed by Flourish Steel for the three years ending 31 December 2018, taking into account the actual processing quantity of approximately 27,472 tons, 28,688 tons and 27,177 tons for the three years ended 31 December 2015 respectively and annual target quantity of 20,000 tons of high-end steel wire rope products; (ii) the agreed processing price of RMB108 (equivalent to approximately HK\$127) per ton under the New Processing Agreement for the year ending 31 December 2016; and (iii) the estimated inflation of processing charges for the two years ending 31 December 2018, with reference to the historical GDP of the PRC and the applicable taxes.

The annual caps for the transactions under the Steel Wire and Steel Wire Rope Equipment Lease Agreement for the three years ending 31 December 2018 were determined with reference to the agreed rental and the applicable taxes.

As disclosed in the 2011 Circular and the 2013 Circular, it was not practicable to the Company to determine estimated annual caps for the utilities expenses and processing charges for 20 years but only the coming three years. As such, the aggregate annual caps for Transaction A for the remainder of the respective terms (the period commencing from 1 January 2019 to 30 June 2036), have not yet been approved by the Independent Shareholders.

## Group B Transactions

The historical transaction amounts paid by Flourish Steel to TJ Goldsun under the Previous Equipment Lease Agreement for the three years ended 31 December 2015 and the annual caps of the amount payable by Flourish Steel to TJ Goldsun under the New Equipment Lease Agreement for the three years ending 31 December 2018 are as follows:

	Historical Transaction Amounts			Annual Caps		
	For the year ended 31 December			For the year ending 31 December		
	2013	2014	2015	2016	2017	2018
	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)
The lease of equipment under the Previous Equipment Lease Agreement/the New Equipment Lease Agreement (Note 1)	470,085	1,128,205	1,128,205	142,864 (Note 2)	285,727	285,727
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Notes:

1. Taking into account the change of the number of equipment to be leased under the New Equipment Lease Agreement with effect from 1 July 2016. Please refer to the paragraph headed "The New Equipment Lease Agreement – Differences between the Previous Equipment Lease Agreement and the New Equipment Lease Agreement" for details.
2. Taking into account rental from July 2016 to December 2016 under the New Equipment Lease Agreement.

The annual caps for the transactions under the New Equipment Lease Agreement for the three years ending 31 December 2018 were determined with reference to the agreed rental and the applicable taxes.

## **REASONS FOR AND BENEFITS**

### **Group A Transactions**

Reference is made to the 2011 Circular and the 2013 Circular in respect of the Previous Property Lease Agreement and the Previous Equipment Lease Agreement. In 2010, the Group entered into the Previous Property Lease Agreement to relocate its manufacturing facility to the factory premises located in an industrial park with consummated environmental protection facility, which is the Existing Properties, in order to comply with a relocation notice issued by a PRC government authority. As Flourish Steel's production line was also located in the same industrial park, the Group also entered into the Previous Processing Agreement to engage Flourish Steel as service provider for processing of steel wire (production stages 1 and 2), in order to save costs and expenses relating to the environmental protection as well as to reduce the transportation costs. Such arrangement has been commenced since 2010.

The Group is concurrently exploring the field of developing high-end steel wire rope products. To cope with the needs of the Group's Wire Rope Production Line as detailed in the paragraph headed "Introduction – The Group's Wire Rope Production Line" in this announcement, the Group will cease to engage Flourish Steel for the provision of services in production stage 2 so as to enhance the quality control of the Group's wire rope products, to increase the Group's operational efficiency and to facilitate the Group's production of high-end steel wire rope products, the parties entered into the New Processing Agreement. As certain equipment for production stage 2 are located and installed in the Additional Properties, TJ Goldsun and Flourish Steel also entered into the New Property Lease Agreement and the Steel Wire and Steel Wire Rope Equipment Lease Agreement for the purpose of leasing the Additional Properties as well as the equipment located and installed therein respectively.

The Directors (including the independent non-executive Directors) considered that the terms of (i) the Property Lease Agreements, (ii) the New Processing Agreement and (iii) the Steel Wire and Steel Wire Rope Equipment Lease Agreement have been conducted in the ordinary and usual course of business of the Group and are on normal commercial terms; and the terms of each of (i) the Property Lease Agreements, (ii) the New Processing Agreement and (iii) the Steel Wire and Steel Wire Rope Equipment Lease Agreement and the Aggregate Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Group A Transactions or, is required to abstain from voting on the Board resolutions for considering and approving (i) the Property Lease Agreements, (ii) the New Processing Agreement and (iii) the Steel Wire and Steel Wire Rope Equipment Lease Agreement and the Aggregate Annual Caps.

### **Group B Transactions**

In connection with the change of services to be provided by Flourish Steel following the entering into of the New Processing Agreement, the number of equipment leased to Flourish Steel by TJ Goldsun shall also be reduced in order to exclude the equipment relating to production stage 2 which were leased under the Previous Equipment Lease Agreement. As such, the parties entered into the New Equipment Lease Agreement.

The total rent entitled by TJ Goldsun from Flourish Steel in respect of the Subject Equipment during the entire term of the New Equipment Lease Agreement is RMB5,714,540 (equivalent to approximately HK\$6,743,152), which is more or less the same as the appraisal value of the Subject Equipment.

As disclosed in the 2013 Circular, the Subject Equipment was part of the equipment acquired by TJ Goldsun from Flourish Steel in August 2013 and then leased back to Flourish Steel pursuant to the Previous Equipment Lease Agreement. Flourish Steel was responsible for the operation and maintenance of such equipment pursuant to the Previous Equipment Lease Agreement and by making such arrangement, TJ Goldsun would not have to input resources for the maintenance of the equipment.

The Directors (including the independent non-executive Directors) are of the view that the terms of the New Equipment Lease Agreement (including the annual caps) are conducted in the ordinary and usual course of business of the Group and are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the New Equipment Lease Agreement or, is required to abstain from voting on the Board resolution for considering and approving the New Equipment Lease Agreement.

## **INFORMATION OF THE GROUP, TJ GOLDSUN AND FLOURISH STEEL**

The Group is principally engaged in the manufacturing and sale of metal products and building construction materials. The Company is an investment holding company and provides corporate management services and TJ Goldsun is principally engaged in the manufacturing and sales of steel wire ropes for elevators.

Flourish Steel is principally engaged in processing of various metallic products and cables, and manufacturing and sales of metallurgic product.

TJ Goldsun is an indirect non wholly-owned subsidiary of the Company, in which the Company indirectly owns its 70.5% interests. As at the date of this announcement, TJ Goldsun has a registered capital of RMB60,000,000 and is owned as to 70.5% by China Rope and as to 29.5% by TJMG respectively.

TJMG is a wholly state-owned limited liability company incorporated in the PRC, which is indirectly wholly-owned by TJSASAC through its subsidiaries. Since TJMG is a substantial shareholder of TJ Goldsun, it is a connected person of the Company.

TJMG holds 100% interests in Flourish Steel in aggregate (92.881% and 7.119% of the equity interests in Flourish Steel are directly held by TJMG and indirectly held by TJMG through its wholly-owned subsidiary TJ Metallurgy respectively). TJ Metallurgy is a wholly state-owned limited liability company incorporated in the PRC, which is indirectly wholly-owned by TJSASAC through its subsidiaries including TJMG.

Flourish Steel is a company incorporated in the PRC with limited liability. As at the date of this announcement, as Flourish Steel is a wholly-owned subsidiary of TJMG, Flourish Steel is therefore an associate of TJMG, and hence a connected person of the Company.

## **LISTING RULES IMPLICATIONS**

### **Group A Transactions**

The transactions contemplated under the Property Lease Agreements, the Steel Wire and Steel Wire Rope Equipment Lease Agreement and the New Processing Agreement are continuing connected transactions of the Company. The annual caps for the amount payable by TJ Goldsun to Flourish Steel under the Property Lease Agreements, the New Processing Agreement and the Steel Wire and Steel Wire Rope Equipment Lease Agreement will be aggregated in accordance with the requirements under

Rule 14A.81 of the Listing Rules. As the applicable percentage ratios in respect of the Aggregate Annual Caps are more than 5% and the aggregate annual consideration is more than HK\$10,000,000, the Group A Transactions and the Aggregate Annual Caps are therefore subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements pursuant to Chapter 14A of the Listing Rules. To the best knowledge, information and belief of the Directors, no Director has material interest in the Group A Transactions.

The term of each of (i) the Property Lease Agreements; (ii) the New Processing Agreement; and (iii) the Steel Wire and Steel Wire Rope Equipment Lease Agreement is 20 years. Donvex Capital has been appointed as the independent financial adviser to the Company to explain why a longer period for each of the said agreements is required and to confirm that it is normal business practice for agreements of this type to be of such duration pursuant to Rule 14A.52 of the Listing Rules. The view from Donvex Capital will be included in the circular to be despatched to the Shareholders.

### **Group B Transactions**

The transactions contemplated under the New Equipment Lease Agreement constitute continuing connected transactions of the Company. However, as the applicable percentage ratios of the annual caps under the New Equipment Lease Agreement are less than 0.1%, the New Equipment Lease Agreement is fully exempted from the shareholders' approval, the annual review and all the disclosure requirements. To the best knowledge, information and belief of the Directors, no Director has material interest in the transactions contemplated under the New Equipment Lease Agreement.

The term of the New Equipment Lease Agreement is 20 years. Donvex Capital has been appointed as the independent financial adviser to the Company to explain why a longer period for the New Equipment Lease Agreement is required and to confirm that it is normal business practice for agreement of this type to be of such duration pursuant to Rule 14A.52 of the Listing Rules. The view from Donvex Capital will be included in the circular to be despatched to the Shareholders.

### **Written Independent Shareholders' approval pursuant to Rule 14A.37 of the Listing Rules**

No Shareholders is required to abstain from voting if the Company has to convene a general meeting to approve (i) the Property Lease Agreements; (ii) the New Processing Agreement; (iii) the Steel Wire and Steel Wire Rope Equipment Lease Agreement as well as the Aggregate Annual Caps. On 24 June 2016, a closely allied group of Shareholders, namely, Mr. Pang (the chairman of the Company, an Executive Director and a substantial Shareholder) and Golik Investments Ltd. (a company wholly-owned by Mr. Pang), holding 157,524,708 Shares and 195,646,500 Shares respectively as at the date thereof (representing an aggregate of approximately 62.85% of the entire issued share capital of the Company and having the right to attend and vote at such general meeting), have given to the Company their written approval for the Group A Transactions and the Aggregate Annual Caps in lieu of an approval from the Shareholders at a Shareholders' meeting. As such, an application will be made by the Company to the Stock Exchange for a waiver from the requirement for the Company to convene a general meeting, on the basis that the Group A Transactions and the Aggregate Annual Caps have been approved by the written approval of a closely allied group of Shareholders pursuant to Rule 14A.37 of the Listing Rules.

### **DESPATCH OF CIRCULAR TO THE SHAREHOLDERS**

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the Group A Transactions and the Aggregate Annual Caps. Donvex Capital has been appointed by the Company as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further details of (i) the Property Lease Agreements; (ii) the New Processing Agreement; (iii) the Steel Wire and Steel Wire Rope Equipment Lease Agreement; and (iv) the New Equipment Lease Agreement, a letter of recommendation from the Independent Board Committee, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on (i) the Property Lease Agreements; (ii) the New Processing Agreement; (iii) the Steel Wire and Steel Wire Rope Equipment Lease as well as the Aggregate Annual Caps and other information as required under the Listing Rules will be despatched to the Shareholders on or before 15 July 2016.

## **DEFINITIONS**

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

“2011 Circular”	the circular of the Company in relation to, among other things, the Previous Property Lease Agreement and the Previous Processing Agreement dated 20 January 2011
“2013 Circular”	the circular of the Company in relation to, among other things, the Previous Equipment Lease Agreement and the renewal of the annual caps of the transaction contemplated under the Previous Property Lease Agreement and the Previous Processing Agreement dated 6 September 2013
“2013 Shareholders’ Written Approval”	the written approval from a closely allied group of Shareholders, namely, Mr. Pang and Golik Investments Ltd. (a company wholly-owned by Mr. Pang) dated 1 August 2013 approving, among other things, the aggregate annual caps of the transactions contemplated under the Previous Property Lease Agreement, the Previous Processing Agreement and the Previous Equipment Lease Agreement for the three years ending 31 December 2016, details of which are set out in the 2013 Circular
“Additional Properties”	the factory premises and ancillary premises adjacent to the Existing Properties which consists of part of the factory premises for production stage 2 and production of high-end steel wire rope products with a total area of 32,606 square metres
“Aggregate Annual Caps”	the aggregate annual caps of the Group A Transactions for the three years ending 31 December 2018
“Board”	the board of Directors
“China Rope”	China Rope Holdings Limited, a limited company incorporated in Hong Kong which is an indirect wholly-owned subsidiary of the Company
“Company”	Golik Holdings Limited, an exempted company incorporated in Bermuda with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

“Existing Properties”	the properties located adjacent to the east side of Tianjin – Cangzhou Expressway, Jinghai Economic Development Zone, Tianjin City, PRC (中國天津市靜海開發區津滄高速東側) and consist of (i) a main plant of steel structure with 23,944 square metres; (ii) a plant of steel structure with 5,346 square metres; and (iii) an office premises with 3,061 square metres, which were leased to TJ Goldsun by Flourish Steel pursuant to the Previous Property Lease Agreement
“Flourish Steel”	天津冶金集團中興盛達鋼業有限公司 (Tianjin Metallurgy Group Flourish Steel Industrial Co., Ltd.*), a company incorporated in the PRC with limited liability, a connected person of the Company
“Group”	the Company and its subsidiaries
“Group A Transactions”	the continuing connected transactions contemplated under (i) the Property Lease Agreements, (ii) the New Processing Agreement and (iii) the Steel Wire and Steel Wire Rope Equipment Lease Agreement
“Group B Transactions”	the continuing connected transactions contemplated under the New Equipment Lease Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board comprising Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong, each being an independent non-executive Director, formed to advise the Independent Shareholders on the Group A Transactions and the Aggregate Annual Caps
“Independent Financial Adviser” or “Donvex Capital”	Donvex Capital Limited, a licensed corporation to carry out business in Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Company in respect of, among other things, the Group A Transactions, the Group B Transactions and the Aggregate Annual Caps
“Independent Shareholders”	Shareholder(s) who is/are not required to abstain from voting at the general meeting, if any, in relation to the resolution(s) for, among other things, approving the Group A Transactions and the Aggregate Annual Caps
“Independent Third Party(ies)”	independent third party(ies) who are not connected persons of the Company as defined in the Listing Rules and are independent of the Company and the connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Pang”	Mr. Pang Tak Chung, the Chairman of the Company, an Executive Director and a substantial Shareholder
“New Equipment Lease Agreement”	the equipment lease agreement dated 24 June 2016 entered into between TJ Goldsun and Flourish Steel whereby TJ Goldsun agreed to lease the Subject Equipment to Flourish Steel
“New Processing Agreement”	the processing agreement dated 24 June 2016 entered into between Flourish Steel as service provider and TJ Goldsun as service receiver in relation to processing of steel wires
“New Property Lease Agreement”	the property lease agreement dated 24 June 2016 entered into between Flourish Steel as landlord and TJ Goldsun as tenant in relation to the lease of the Additional Properties and the extension of the term of the lease of the Existing Properties
“PRC”	the People’s Republic of China (for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
“Previous Equipment Lease Agreement”	the equipment lease Agreement dated 1 August 2013 entered into between TJ Goldsun and Flourish Steel whereby TJ Goldsun agreed to lease certain equipment and electric cables to Flourish Steel
“Previous Processing Agreement”	the processing agreement dated 30 December 2010 entered into between Flourish Steel as service provider and TJ Goldsun as service receiver in relation to the processing of steel wires
“Previous Property Lease Agreement”	the property lease agreement dated 30 December 2010 entered into between Flourish Steel as landlord and TJ Goldsun as tenant in relation to the lease of the Existing Properties
“Property Lease Agreements”	the Previous Property Lease Agreement and the New Property Lease Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Steel Wire and Steel Wire Rope Equipment Lease Agreement”	the equipment lease Agreement dated 24 June 2016 entered into between TJ Goldsun and Flourish Steel whereby Flourish Steel agreed to lease certain equipment located and installed in the Additional Properties to TJ Goldsun
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Equipment”	the equipment for wire acid washing to be leased by TJ Goldsun to Flourish Steel under the New Equipment Lease Agreement
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules

“TJ Goldsun”	天津高盛鋼絲繩有限公司 (Tianjin Goldsun Wire Rope Ltd.), a sino-foreign equity joint venture company incorporated in the PRC which is a 70.5% indirect non wholly-owned subsidiary of the Company
“TJ Metallurgy”	天津冶金鋼綫鋼纜集團有限公司 (Tianjin Metallurgy Steel Wire and Cable Group Ltd.*), a wholly state-owned limited liability company incorporated in the PRC and a wholly-owned subsidiary of TJMG
“TJMG”	天津冶金集團有限公司 (Tianjin Metallurgy Group Ltd.*), a wholly state-owned limited liability company incorporated in the PRC, which owns 29.5% of the registered capital of TJ Goldsun and is a substantial shareholder of TJ Goldsun and therefore a connected person of the Company
“TJSASAC”	the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People’s Government
“Valuer”	天津華夏金信資產評估有限公司 (Tianjin Huaxia Jinxin Assets Appraisals Ltd.*), a third party independent to the Company
“Wire Rope Production Line”	the Group’s wire rope and steel wire production line situated in the Existing Properties and the Additional Properties
“%”	per cent

*The conversion of RMB into HK\$ is based on the exchange rate of HK\$1.18 to RMB1.00. The conversion is for the purpose of illustration only and does not constitute a representation that any amount in RMB or HK\$ has been, could have been or may be converted at the above rate or any other rates at all.*

By order of the Board  
**Golik Holdings Limited**  
**Pang Tak Chung**  
*Chairman*

Hong Kong, 24 June 2016

As at the date of this announcement, the Board comprises:

Executive Directors:	Mr. Pang Tak Chung, Mr. Ho Wai Yu, Sammy, Ms. Pang Wan Ping and Mr. Lau Ngai Fai
Independent Non-executive Directors:	Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong

\* For identification purpose only