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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**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 24 June 2016 in relation to, among other things, (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 (collectively, the “**Agreements**”). Capitalized terms used herein shall have the same meaning as those defined in the Announcement unless otherwise stated.

Clarification

As disclosed in the Announcement, an Independent Board Committee has been established to advise the Independent Shareholders on the Group A Transactions and the Aggregate Annual Caps. The Board is pleased to announce that, upon due consideration, the Independent Board Committee has confirmed that the Group A Transactions are conducted in the ordinary and usual course of business of the Group, the Group A Transactions (together with the Aggregate Annual Caps) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

TJMG is a connected person of the Company by virtue of being a substantial shareholder of TJ Goldsun. Accordingly, TJMG and Flourish Steel are connected persons of the Company at subsidiary level.

Since (i) Flourish Steel is regarded as a connected person of the Company at subsidiary level; (ii) the Board (including all the independent non-executive Directors) has approved the Group A Transactions and the Aggregate Annual Caps; and (iii) the independent non-executive Directors have confirmed that the Group A Transactions and the Aggregate Annual Caps are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Group A Transactions are subject to the reporting and announcement requirements but are exempt from circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

As disclosed in the Announcement, an application will be made to the Stock Exchange for a waiver from the requirement for the Company to hold a general meeting in accordance with Rule 14A.37 of the Listing Rules, and the Company will issue a circular containing, among other things, further details of the Group A Transactions to the Shareholders. In view of the aforesaid exemption under Rule 14A.101 of the Listing Rules, the Board would like to clarify that the Company has withdrawn the aforesaid waiver application, and the Company will not issue a circular regarding the Group A Transactions.

In light of the term of each of the Agreements 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 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. It was expected that the view from Donvex Capital will be included in the circular to be despatched to the Shareholders. As no circular will be issued, the view from Donvex Capital is set out in the paragraph headed "View from the Independent Financial Adviser" in this announcement below.

View from the Independent Financial Adviser

Pursuant to Rule 14A.52 of the Listing Rules, the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances where the nature of the transaction requires the agreement to be of a longer duration. As the terms of each of the Agreements exceeds three years, Donvex Capital has been appointed as the Independent Financial Adviser to opine on the terms of and to confirm that it is normal business practice for agreements of the same type as the Agreements to be of such duration.

In assessing the reasonableness for the duration of the Agreements to be longer than three years, Donvex Capital has considered the following factors:

- (i) the operation of the Group's Wire Rope Production Line in the Existing Properties and Additional Properties is expected to be longer than three years;
- (ii) the long-term nature of the Property Lease Agreements, the Steel Wire and Steel Wire Rope Equipment Lease Agreement and the New Equipment Lease Agreement will prevent the recurrence of relocation costs and huge initial investments costs, in particular expenditure relating to environmental protection policies in the PRC;
- (iii) the long-term nature of the New Processing Agreement will allow the Group to secure a processing facility with consummated environmental protection facility in the same industrial park that TJ Goldsun operating in. As such, the cost and expenses in relation to environmental protection and transportation cost can be reduced; and
- (iv) lease agreements and processing contracts of short duration may give rise to uncertainties on the stability of production and be disadvantageous to the Group from commercial perspective, where the long-term nature of the Agreements may secure stable and reliable supply of steel wire to facilitate the Group's production.

Having considered the principal factors as stated above, Donvex Capital is of the view that the long-term nature of each of the Agreements is a normal business practice for the Company and in the interest of the Company and its Shareholders as a whole.

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

Hong Kong, 30 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*