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GOLIK HOLDINGS LIMITED

高力集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1118)

CONTINUING CONNECTED TRANSACTIONS

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On 10 March 2014, the Company, entered into the Supply Framework Agreement with BSG, pursuant to which the Group agrees to purchase from members of the BSG Group and the members of the BSG Group agrees to supply to the Group the Steel Materials for a term of three years from 1 January 2014 to 31 December 2016.

As BSG is a substantial shareholder of TJ Goldsun, an indirect non wholly-owned subsidiary of the Company, members of the BSG Group are connected persons of the Company. The transactions contemplated under the Supply Framework Agreement therefore constitute continuing connected transactions for the Company.

As the applicable percentage ratios in respect of the Proposed Annual Caps exceed 5% and the aggregate annual consideration is more than HK\$10,000,000, the Proposed Annual Caps are therefore subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements pursuant to Chapter 14A of the Listing Rules.

DESPATCH OF CIRCULAR TO THE SHAREHOLDERS

A circular containing, among other things, further details of (i) the Supply Framework Agreement; (ii) the Proposed Annual Caps; (iii) a letter of recommendation from the independent board committee of the Company; (iv) a letter of advice from the independent financial adviser to the independent board committee and the Independent Shareholders on the Supply Framework Agreement and the Proposed Annual Caps; and (v) other information as required under the Listing Rules will be despatched to the Shareholders on or before 31 March 2014.

THE SUPPLY FRAMEWORK AGREEMENT

Date

10 March 2014

Parties

- (1) the Company; and
- (2) BSG.

As BSG is a substantial shareholder of TJ Goldsun, an indirect non wholly-owned subsidiary of the Company, members of the BSG Group are connected persons of the Company. The transactions contemplated under the Supply Framework Agreement therefore constitute continuing connected transactions for the Company.

Principal Terms

The term of the Supply Framework Agreement shall be three years from 1 January 2014 to 31 December 2016 which may be renewed for three years by agreement of the parties to the Supply Framework Agreement.

The BSG Group will satisfy orders from members of the Group for the Steel Materials to be placed with members of the BSG Group under the Supply Framework Agreement. The quantity and the specification of the Steel Materials to be supplied by members of the BSG Group and the terms of the payment will be subject to individual orders to be placed by members of the Group or the supply contracts to be entered into between the relevant member of the BSG Group and relevant member of the Group from time to time. The terms of sale of the Steel Materials by the BSG Group to the Group shall be set based on the principle of fairness and reasonableness and in accordance with market practices at the material time.

Historical Transaction Amounts and Proposed Annual Caps

Set out below are (A) the historical transaction amounts paid by the Group to the BSG Group in respect of the transactions between the Group and the BSG Group for the three years ended 31 December 2013; and (B) the Proposed Annual Caps:

(A) *Historical transaction amounts*

The Steel Materials purchased by members of the Group	For the year ended 31 December		
	2011	2012	2013
	(audited)	(audited)	(unaudited)
Golik Steel	US\$35,445,566	US\$66,436,588	US\$49,919,477
GMM	<u>US\$1,365,653</u>	<u>US\$2,727,671</u>	<u>—</u>
Total	US\$36,811,219 (equivalent to approximately <u>HK\$287,127,508</u>)	US\$69,164,259 (equivalent to approximately <u>HK\$539,481,220</u>)	US\$49,919,477 (equivalent to approximately <u>HK\$389,371,921</u>)

(B) *Proposed Annual Caps*

The Steel Materials to be purchased by members of the Group	For the year ending 31 December		
	2014	2015	2016
Members of the Group	US\$73,642,000 (equivalent to approximately <u>HK\$574,407,600</u>)	US\$77,324,000 (equivalent to approximately <u>HK\$603,127,200</u>)	US\$81,191,000 (equivalent to approximately <u>HK\$633,289,800</u>)

The Proposed Annual Caps for the three years ending 31 December 2016 are estimated after taking into account: (i) the estimated growth in sales of the Group for the three years ending 31 December 2016; (ii) the estimated growth in purchases of the Steel Materials by the Group for the three years ending 31 December 2016; and (iii) the historical transaction amounts of the Steel Materials purchased by the Group from the BSG Group for the three years ended 31 December 2013.

REASONS FOR AND BENEFITS OF THE SUPPLY FRAMEWORK AGREEMENT

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, BSG is a state-owned enterprise with integrated steel mill operating in Tianjin Municipality, the PRC. It is one of the leading steel manufacturers in the PRC manufacturing the Steel Materials and is well recognised in the Hong Kong construction industry. BSG produces top quality steel products which meet the Chinese national standards as well as international standards for the relevant types of steel products. It has been awarded certain certifications from relevant international accredited organizations. It exports its products to more than 30 countries including countries in Europe, Middle East, South East Asia and America, etc. Besides, the quality of the products of BSG is consistent and reliable.

Given the comparable unit price and quality of the Steel Materials as compared to the unit price and quality of similar products offered by other independent suppliers, the Group entered into the Supply Framework Agreement. The BSG Group also supplies the Steel Materials in a wide variety of qualities, grades and shapes, which in turn provides more choices for the Group and can satisfy different needs of the Group in its production and trading. In addition, the Group can also ensure a stable and reliable supply of the Steel Materials required for the manufacturing and sales of metal products and building construction materials by entering into the Supply Framework Agreement.

Although the Supply Framework Agreement has been entered into between the Company and BSG, in order to ensure that the Company will be able to purchase the relevant products at the lowest price and at the most favourable terms, the Company would obtain quotations or proposals from several suppliers (including the BSG Group) who are on the approved list of suppliers of the Group and make comparison accordingly before placing any purchase order under the Supply Framework Agreement. If the terms offered by other suppliers are more favourable than those offered by the BSG Group, the Group will purchase the relevant products from such suppliers instead.

The Directors (including independent non-executive Directors) are of the view that the terms of the Supply Framework Agreement (including the Proposed Annual Caps) are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors has a material interest in the Supply Framework Agreement or, is required to abstain from voting on the Board resolution for considering and approving the Supply Framework Agreement.

INFORMATION OF THE GROUP AND THE BSG GROUP

The Group is principally engaged in manufacturing and sales of metal products and building construction materials.

The Company is an investment holding company.

BSG is a limited company incorporated in the PRC on 29 April 2010 and the BSG Group is principally engaged in investment holding and management of the business segments such as steel manufacturing, mineral exploration, energy development, construction, development of metallurgical products, transfer of metallurgical technologies and import and export business.

LISTING RULES IMPLICATIONS

As BSG is a substantial shareholder of TJ Goldsun, an indirect non wholly-owned subsidiary of the Company, members of the BSG Group are connected persons of the Company. The transactions contemplated under the Supply Framework Agreement therefore constitute continuing connected transactions for the Company.

As the applicable percentage ratios in respect of the Proposed Annual Caps exceed 5% and the aggregate annual consideration is more than HK\$10,000,000, the Proposed 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 Supply Framework Agreement.

No Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Supply Framework Agreement and Proposed Annual Caps. On 10 March 2014, a closely allied group of Shareholders, namely, Mr. Pang (an executive Director and a substantial shareholder of the Company) and Golik Investments Ltd. (a company wholly owned by Mr. Pang), holding 151,674,708 Shares and 195,646,500 Shares respectively as at the date of this announcement (representing an aggregate of approximately 61.81% 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 Supply Framework Agreement and Proposed Annual Caps. As such, an application for waiver of the Shareholders' meeting will be made to the Stock Exchange pursuant to Rule 14A.43 of the Listing Rules.

DESPATCH OF CIRCULAR TO THE SHAREHOLDERS

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DEFINITIONS

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

“Board”	the board of Directors;
“BSG”	渤海鋼鐵集團有限公司 (Bohai Steel Group Co., Ltd.*), a wholly state-owned limited liability company incorporated in the PRC. It is a holding company of TJMG and is wholly owned by TJSASAC;
“BSG Group”	BSG and its subsidiaries;
“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;
“GMM”	Golik Metal Manufacturing Co. Limited, a limited company incorporated in Hong Kong which is an indirect wholly-owned subsidiary of the Company;
“Golik Steel”	Golik Steel (HK) Limited, a limited company incorporated in Hong Kong which is an indirect wholly-owned subsidiary of the Company;
“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;
“Independent Shareholders”	Shareholder(s) who is/are not required to abstain from voting at the general meeting in relation to the resolution(s) for, among other things, approving (i) the Supply Framework Agreement; and (ii) the Proposed Annual Caps;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Pang”	Mr. Pang Tak Chung, an executive Director and a substantial shareholder of the Company;
“PRC”	the People’s Republic of China;
“Proposed Annual Caps”	the proposed annual caps for the transactions contemplated under the Supply Framework Agreement for the three years ending 31 December 2016;
“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 Materials”	deformed steel bars and wire rods, flat steel and shaped steel products and metallic products;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules;
“Supply Framework Agreement”	the framework supply agreement dated 10 March 2014 entered into between the Company and BSG in relation to the supply of the Steel Materials to the Group by the BSG Group;

“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 owned as to 70.5% by China Rope and 29.5% by 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 is a substantial shareholder of TJ Goldsun and is wholly owned by BSG;
“TJSASAC”	the State-owned Assets Supervision and Administration Commission of Tianjin Municipal People’s Government;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

The conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 to HK\$7.8. The conversion is for the purpose of illustration only and does not constitute a representation that any amount in US\$ 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, 10 March 2014

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

Executive Directors: Mr. Pang Tak Chung, Mr. Ho Wai Yu, Sammy, Mr. John Cyril Fletcher and Ms. Pang Wan Ping

Independent Non-executive Directors: Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong

* *For identification purpose only*