

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GOLIK HOLDINGS LIMITED

高力集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1118)

MAJOR TRANSACTION DISPOSAL OF A SUBSIDIARY

Reference is made to the announcement dated 16 October 2019 of the Company in relation to, among others, the Letter of Intent regarding the Disposal.

SP AGREEMENT

The Board is pleased to announce that on 30 December 2019 (after trading hours), Fulwealth, a wholly-owned subsidiary of the Company, entered into the SP Agreement with the Purchaser, pursuant to which Fulwealth has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share (being the only issued share in HK Steel Wealth) and the Sale Loan at the total Consideration of HK\$138,000,000 in accordance with the terms and conditions of the SP Agreement.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements thereunder.

To the best knowledge, information and belief of the Directors, as at the date of this announcement, neither the Purchaser nor any of her close associates hold any Shares and therefore no Shareholder is required to abstain from voting on the proposed resolution to approve the SP Agreement and the transactions contemplated thereunder in general meeting of the Shareholders. Accordingly, the Company has obtained written approvals for the Disposal from Mr. Pang and Golik Investments, a company wholly owned by Mr. Pang, which hold 163,928,082 Shares and 201,666,392 Shares respectively, representing in aggregate approximately 63.65% of the issued share capital of the Company as at the date of this announcement, to dispense with the holding of a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular containing, among other things, further details of the SP Agreement and the transactions contemplated thereunder is expected to be despatched to the Shareholders on or before 21 January 2020.

As Completion is conditional upon fulfilment (or if applicable, waiver) of the conditions precedent set out in the SP Agreement, the Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

Reference is made to the announcement dated 16 October 2019 of the Company in relation to, among others, the Letter of Intent regarding the Disposal.

The Board is pleased to announce that on 30 December 2019 (after trading hours), Fulwealth, a wholly-owned subsidiary of the Company, entered into the SP Agreement with the Purchaser in relation to the Disposal.

SP AGREEMENT

The major terms of the SP Agreement are set out below:

Date: 30 December 2019 (after trading hours)

Parties: (i) Fulwealth, a wholly-owned subsidiary of the Company, as vendor
(ii) the Purchaser, as purchaser

To the best knowledge, information and belief of the Directors after making reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons.

Subject matters

- (1) the Sale Share held by Fulwealth (being the only issued share in HK Steel Wealth), free from all encumbrances and together with all rights attaching thereto as from the Completion Date, including but not limited to all dividends paid, declared or made the record date for the entitlement of which falls on or after the Completion Date; and
- (2) the Sale Loan, free from all encumbrances.

As agreed between Fulwealth and the Purchaser, the Disposal shall be effected on the basis that the consolidated assets of HK Steel Wealth shall comprise cash in the amount of not less than RMB16,654,128 and the Properties and that the consolidated liabilities of HK Steel Wealth shall comprise the Sale Loan, other than which HK Steel Wealth should have no consolidated net assets or liabilities (the “**Agreed Financial Positions**”).

Earnest Money, Deposit and Consideration

Pursuant to the terms of the Letter of Intent, the Purchaser paid to Fulwealth on the date of the Letter of Intent a sum of HK\$20,000,000 in earnest money (the “**Earnest Money**”). As required under the terms of the SP Agreement, the Purchaser is required to pay to Fulwealth a further sum of HK\$20,000,000 as deposit (the “**Deposit**”) on or before the date of the SP Agreement.

If Completion does not take place in accordance with the terms of the SP Agreement because of the default of Fulwealth, Fulwealth shall refund the Deposit to the Purchaser. Save as aforesaid, neither the Earnest Money (or any part thereof) nor the Deposit (or any part thereof) received by Fulwealth is refundable under any circumstances.

The total Consideration is HK\$138,000,000, which shall be paid by the Purchaser to the Fulwealth in cash in the following manner:

- (1) the Earnest Money and the Deposit will be applied at Completion to set off against an equivalent aggregate amount of HK\$40,000,000 of the Consideration; and
- (2) the balance of HK\$98,000,000 shall be paid on or before the Completion Date.

The Consideration was determined after arm's length negotiations between Fulwealth and the Purchaser with reference to, among other things, (i) the estimation of the fair value of the Properties held by HK Steel Wealth; and (ii) cash in the amount of not less than RMB16,654,128 held by Dongguan Steel Wealth at the Completion Date.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon the satisfaction or (where applicable) waiver of the following:

- (1) (where applicable) the Purchaser having obtained all approvals from all relevant government departments, authorities and/or third parties for the implementation by the Purchaser of the transactions contemplated under the SP Agreement;
- (2) the Purchaser having been satisfied with the results of the due diligence review against the Sale Share and the Sale Loan;
- (3) the approval from the Shareholders for the SP Agreement and the transactions contemplated thereunder having been obtained in general meeting of the Company or by way of written approval(s) pursuant to Rule 14.44 of the Listing Rules;
- (4) the Company having despatched to the Shareholders a circular in relation to the SP Agreement and the transactions contemplated thereunder in accordance with the Listing Rules; and
- (5) the warranties given by Fulwealth under the SP Agreement remaining true and accurate and not misleading in all material respects.

The Purchaser may at its absolute discretion at any time waive in writing any of the conditions precedent set out in sub-paragraphs (2) and (5) above. Save as aforesaid, none of the conditions precedent may be waived.

If all the conditions precedent shall not have been fulfilled (or, where applicable, waived) on or before 30 September 2020 or such later date as may be agreed in writing between Fulwealth and the Purchaser, all the rights and obligations of the parties to the SP Agreement shall cease immediately (save for the provisions relating to, among others, confidentiality, costs and expenses, notices and governing law), and no party to the SP Agreement shall have any claim against or liability to the other.

Completion

Subject to the fulfilment (or, where applicable, waived) in full of the conditions precedent set out in the paragraph headed “Conditions precedent” above, Completion shall take place on a date on or before 30 September 2020 (or such later date as may be agreed in writing between Fulwealth and the Purchaser) as designated by Fulwealth and the Purchaser.

In the event that the Agreed Financial Positions are not fully met as at the Completion Date, Fulwealth shall undertake in favour of the Purchaser to assist the Purchaser for a period of six months (or such longer period as may be agreed between Fulwealth and the Purchaser) commencing from the date of the Reference Financial Report as at the Completion Date to satisfy the Agreed Financial Positions.

Upon Completion, HK Steel Wealth and Dongguan Steel Wealth will cease to be subsidiaries of the Company.

INFORMATION ON THE GROUP AND FULWEALTH

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.

Fulwealth is a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company. Fulwealth acts as an investment holding company and is principally engaged in operating a decoiling centre.

INFORMATION ON THE PURCHASER

The Purchaser is a personal investor with diversified investments in the PRC and Hong Kong.

INFORMATION ON HK STEEL WEALTH AND DONGGUAN STEEL WEALTH

HK Steel Wealth is a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of Fulwealth and acts as an investment holding company. HK Steel Wealth wholly owns Dongguan Steel Wealth.

Dongguan Steel Wealth is a wholly foreign-owned enterprise established in the PRC, which is currently engaged in operating a decoiling centre.

Set out below is a summary of unaudited consolidated financial information of HK Steel Wealth as prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 December 2018:

	For the year ended 31 December 2017 <i>HK\$'000</i> approximately (unaudited)	For the year ended 31 December 2018 <i>HK\$'000</i> approximately (unaudited)
Revenue	17,941	155,076
Profit before taxation	3,392	4,928
Profit after taxation	2,288	3,790
	As at 31 December 2017 <i>HK\$'000</i> approximately (unaudited)	As at 31 December 2018 <i>HK\$'000</i> approximately (unaudited)
Net assets	34,894	36,223

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that the Disposal is one of the Group's restructuring strategies. Through the Disposal, the Group will be able to reallocate more financial resources to its core business and for future development.

The Directors (including the independent non-executive Directors) consider that the terms of the SP Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPLICATIONS AND USE OF PROCEEDS FROM THE DISPOSAL

Upon Completion, the Company expects to recognise an unaudited estimated disposal gain of approximately HK\$103,440,000 calculated with reference to (i) the total Consideration of HK\$138,000,000 payable by the Purchaser under the Disposal; (ii) the unaudited carrying amount of the Properties of approximately HK\$15,307,000 held by HK Steel Wealth as at the Completion Date; (iii) cash balance of RMB16,654,128 (equivalent to approximately HK\$18,653,000) held by Dongguan Steel Wealth as at the Completion Date; and (iv) estimated related transaction expenses of approximately HK\$600,000 payable by the Group in connection with the Disposal. The final disposal gain at the Completion Date is subject to actual balances of relevant items (ii) & (iii) above held by HK Steel Wealth and Dongguan Steel Wealth at the Completion Date.

The net proceeds from the Disposal (after deducting transaction costs and professional expenses) are approximately HK\$137,400,000. The Group intends to use such net proceeds to strengthen the general working capital of the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements thereunder.

To the best knowledge, information and belief of the Directors, as at the date of this announcement, neither the Purchaser nor any of her close associates hold any Shares and therefore no Shareholder is required to abstain from voting on the proposed resolution to approve the SP Agreement and the transactions contemplated thereunder in general meeting of the Shareholders. Accordingly, the Company has obtained written approvals for the Disposal from Mr. Pang and Golik Investments, a company wholly owned by Mr. Pang, which hold 163,928,082 Shares and 201,666,392 Shares respectively, representing in aggregate approximately 63.65% of the issued share capital of the Company as at the date of this announcement, to dispense with the holding of a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular containing, among other things, further details of the SP Agreement and the transactions contemplated thereunder is expected to be despatched to the Shareholders on or before 21 January 2020.

As Completion is conditional upon fulfilment (or if applicable, waiver) of the conditions precedent set out in the SP Agreement, the Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“Completion”	completion of the SP Agreement in accordance with its terms
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the total consideration of HK\$138,000,000 payable by the Purchaser to Fulwealth under the Disposal in accordance with the terms of the SP Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by Fulwealth to the Purchaser

“Dongguan Steel Wealth”	Dongguan Steel Wealth Metal Co., Ltd. (東莞富威鋼鐵分條有限公司), a wholly foreign owned enterprise established in the PRC which is a wholly-owned subsidiary of HK Steel Wealth
“Fulwealth”	Fulwealth Metal Factory Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of the Company
“Golik Investments”	Golik Investments Ltd., a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is owned by Mr. Pang
“Group”	the Company and its subsidiaries
“HK Steel Wealth”	Steel Wealth Metal Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of Fulwealth
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Letter of Intent”	the letter of intent dated 16 October 2019 entered into between Fulwealth and the Purchaser in relation to the Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Pang”	Mr. Pang Tak Chung, the chairman of the Company and an executive Director
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Properties”	the properties located at Dongguan City, Guangdong Province, the PRC, which consist of land use right of a plot of land with an area of 32,241 square metres and the plant on such plot of land
“Purchaser”	Madam Deng Qian
“Reference Financial Report”	unaudited consolidated financial report of HK Steel Wealth for the period up to the Completion Date to be prepared by Fulwealth
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the unsecured, non-interest bearing shareholder’s loan owed by HK Steel Wealth to Fulwealth as at the Completion Date
“Sale Share”	one share in HK Steel Wealth, being its only issued share

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“SP Agreement”	the conditional sale and purchase agreement dated 30 December 2019 between Fulwealth and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

The conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.12. 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 at any other rates or at all.

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

Hong Kong, 30 December 2019

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

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

* *For identification purpose only*