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GOLIK HOLDINGS LIMITED

高力集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1118)

**DISCLOSEABLE TRANSACTION
IN RELATION OF THE LEASE AGREEMENT**

THE LEASE AGREEMENT

The Board is pleased to announce that on 10 November 2021, TJ Goldsun, an indirect non-wholly owned subsidiary of the Company as lessee entered into the Lease Agreement with the Lessor as lessor in respect of the lease of the Premises commencing from 1 December 2021 to 30 June 2036 (both dates inclusive) for use as a further workshop for production and warehouse premises for steel wire rope for elevators by TJ Goldsun.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the Group shall recognize its interest under the Lease Agreement as right-of-use asset in the consolidated financial statements of the Company, and the transaction contemplated under the Lease Agreement is regarded as an acquisition of asset by the Group under Chapter 14 of the Listing Rules. The estimated value of the right-of-use asset to be recognized by the Company under the Lease Agreement amounts to in aggregate approximately RMB33,811,000 (equivalent to approximately HK\$41,249,000).

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Lease Agreement exceeds 5% but all the applicable percentage ratios are less than 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 10 November 2021, TJ Goldsun, an indirect non-wholly owned subsidiary of the Company as lessee entered into the Lease Agreement with the Lessor as lessor in respect of the lease of the Premises commencing from 1 December 2021 to 30 June 2036 (both dates inclusive) for use as a further workshop for production and warehouse premises for steel wire rope for elevators by TJ Goldsun.

THE LEASE AGREEMENT

Principal terms of the Lease Agreement are set out below:

Date	10 November 2021.
Parties	The Lessor as lessor and TJ Goldsun as lessee. To the best knowledge, information and belief of the Directors having all reasonable enquiries made, the Lessor and its ultimate beneficial owners are Independent Third Parties.
Premises and use	Land and buildings located adjacent to the east side of Tianjin – Cangzhou Expressway, Jinghai Economic Development Zone, Tianjin City, the PRC (中國天津市靜海經濟開發區津滄高速東側), consisting of (i) a main area of approximately 16,399 square metres as a further workshop for production and warehouse premises for steel wire rope for elevators by TJ Goldsun; and (ii) an ancillary area of approximately 2,271 square metres for employee’s living centre.
Term of the lease	From 1 December 2021 to 30 June 2036 (both dates inclusive).
Rent and payment mode	Inclusive of relevant tax charges but exclusive of utilities and other outgoings, rent per month payable under the Lease Agreement is RMB280,040 (equivalent to approximately HK\$341,649) and shall be paid by TJ Goldsun quarterly in advance. Under the Lease Agreement, TJ Goldsun shall enjoy a two months’ rent free period at the beginning of the term of the lease. The rent payable under the Lease Agreement may be adjusted each year by negotiation between the parties with reference to the then prevailing leasing market rate of Jinghai Economic Development Zone, Tianjin City, the PRC.
Termination	The Lessor shall have the right to terminate the Lease Agreement upon occurrence of the events specified in the Lease Agreement, including TJ Goldsun ceasing to have the qualification to operate legally, mis-use of the Premises by TJ Goldsun, carrying on illegal activities in the Premises or subletting the Premises.

INFORMATION ON THE GROUP AND THE PARTIES

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 to its member operations.

TJ Goldsun is a 70.5% indirect non-wholly owned subsidiary of the Company. TJ Goldsun is principally engaged in manufacturing and sales of steel wire ropes for use of different kind elevators and high-end wire rope products for different purposes.

The Lessor (legal person sole investment) is a limited liability company incorporated in the PRC and is principally engaged in properties leasing business and also engaged in processing, manufacturing and sales of steel, metal products, cables and equipment. The ultimate beneficial owner of the Lessor, Asia Paragon International Limited, is a company limited by shares incorporated in British Virgin Islands.

To the best knowledge, information and belief of the Directors having all reasonable enquiries made, the Lessor and its ultimate beneficial owner are Independent Third Parties.

REASONS AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

TJ Goldsun has already been a lessee of other premises at the same industrial zone and the premises that TJ Goldsun has been using adjacent to the Premises. Entering into the Lease Agreement will facilitate the existing shorted production capacity and reduce outsourced work process for the steel wire rope for elevators of the Group and provide convenience to increase operational and cost efficiency for production.

The terms of the Lease Agreement, including the rent amount and payment mode, were determined after arm's length negotiation between TJ Goldsun and the Lessor with reference to the prevailing market for rent of properties of similar type, age and location. The Lease Agreement is necessary for business need and is in the ordinary and usual course of business development of the Group.

Having taken into account the above reasons and benefits, the Board therefore considers that the terms of the Lease Agreement are fair and reasonable, on normal commercial basis and the entering into of the Lease Agreement by TJ Goldsun is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, the Group will recognize its interest under the Lease Agreement as a right-of-use asset in the consolidated financial statements of the Company, and the transaction contemplated under the Lease Agreement is regarded as an acquisition of asset by the Group under Chapter 14 of the Listing Rules. The estimated value of the right-of-use asset to be recognized by the Company under the Lease Agreement amounts to in aggregate approximately RMB33,811,000 (equivalent to approximately HK\$41,249,000), which is calculated with reference to the present value of the aggregated rent payments to be made through out the whole term of the Lease Agreement.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Lease Agreement exceeds 5% but all the applicable percentage ratios are less than 25%, the transaction contemplated under the Lease Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS16”	Hong Kong Financial Reporting Standards 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties who are independent of the Company and its connected persons (as defined in the Listing Rules)
“Lease Agreement”	the lease agreement dated 10 November 2021 entered into between TJ Goldsun as lessee and the Lessor as lessor in relation to the lease of the Premises
“Lessor”	天津市新天鋼中興盛達有限公司 (legal person sole investment), a limited liability company incorporated under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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)
“Premises”	land and buildings located adjacent to the east side of Tianjin – Cangzhou Expressway, Jinghai Economic Development Zone, Tianjin City, the PRC (中國天津市靜海經濟開發區津滄高速東側), consisting of (i) a main area of approximately 16,399 square metres as a further workshop for production and warehouse premises for steel wire rope for elevators by TJ Goldsun; and (ii) an ancillary area of approximately 2,271 square metres for employee’s living centre
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TJ Goldsun”	Tianjin Goldsun Wire Rope Ltd. (Taiwan, Hong Kong or Macau and domestic joint venture), a limited liability company incorporated under the laws of the PRC which is a 70.5% indirect non-wholly owned subsidiary of the Company
“%”	per cent.

In this announcement, for illustration purposes only, RMB has been converted into HK\$ at the rate of RMB1.00: HK\$1.22. No representation is made that any amounts of RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rate or at all.

By Order of the Board
Golik Holdings Limited
Pang Tak Chung MH
Chairman

Hong Kong, 10 November 2021

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

Executive Directors: Mr. Pang Tak Chung MH, Mr. Ho Wai Yu, Sammy, Ms. Pang Wan Ping and Mr. Pang Chi To

Independent Non-executive Directors: Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Hai Tuen Tai, Freddie

** For identification purpose only*