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## **GOLIK HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1118)**

### **MAJOR TRANSACTION ACQUISITION OF SHAREHOLDING INTEREST IN CHINA ROPE HOLDINGS LIMITED**

#### **THE ACQUISITION**

On 18 November 2008, the Company entered into the Sale and Purchase Agreement with Bridon HK pursuant to which Bridon HK has agreed to sell and the Company has agreed to acquire 70% of the issued share capital of China Rope at a consideration of HK\$29,860,250 less the Group Loans.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Bridon HK and its ultimate beneficial owners is a third party independent of and not connected with the Company and its connected persons.

Since the relevant percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements in accordance with the Listing Rules.

As at the date of this announcement, Mr. Pang and Golik Investments Ltd., a company wholly owned by Mr. Pang, hold 137,404,708 Shares and 195,646,500 Shares respectively, representing an aggregate of approximately 58.70% of the entire issued share capital of the Company. Since none of the Shareholders is required to abstain from voting on the Acquisition, written approval of Mr. Pang and Golik Investments Ltd. has been obtained for the purpose of approving the Acquisition in lieu of an approval from the Shareholders at a shareholders' meeting pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Acquisition, will be dispatched to the Shareholders as soon as practicable.

## **INTRODUCTION**

On 18 November 2008, the Company entered into the Sale and Purchase Agreement with Bridon HK pursuant to which Bridon HK has agreed to sell and the Company has agreed to acquire 70% of the issued share capital of China Rope at a consideration of HK\$29,860,250 less the Group Loans.

Set out below are the details of the Sale and Purchase Agreement.

## **THE SALE AND PURCHASE AGREEMENT**

Date: 18 November 2008

Parties:

- (1) Vendor: Bridon HK
- (2) Purchaser: The Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Bridon HK and its ultimate beneficial owners is a third party independent of the Company and its connected persons. Bridon HK is a member of the Bridon group of companies, a specialist in the manufacture of steel wire and wire rope solutions, whose ultimate parent company is Melrose PLC which is listed on the London Stock Exchange.

### ***Subject***

12,713,998 shares in the issued share capital of China Rope, representing 70% of the issued share capital of China Rope.

### ***Consideration***

The Consideration shall be HK\$29,860,250 less the Group Loans and shall be payable as follows:

- (a) 70% of the Balance (representing Bridon HK's share of the Balance) shall be payable in cash by China Rope to Bridon HK on Completion;
- (b) 30% of the Balance (representing the Company's share of the Balance) shall be payable in cash by China Rope to Bridon HK on Completion;
- (c) HK\$12,000,000 shall be satisfied by the issue of the First Promissory Note by the Company on Completion; and
- (d) HK\$9,328,750 shall be satisfied by the issue of the Second Promissory Note by the Company on Completion.

The Consideration was determined after arm's length negotiation with reference to the net asset value of China Rope's principal subsidiary, Bridon Tianjin JV and shall be funded by internal resources of the Group after the Acquisition.

### ***Conditions***

The Acquisition is conditional upon:

- (a) the passing at a general meeting of the Company of a resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the Listing Rules or where applicable, a written approval by Mr. Pang and Golik Investments Ltd., which in aggregate are interested in approximately 58.70% of the issued share capital of the Company, approving the Sale and Purchase Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules;
- (b) Bridon HK and the Vendor's Group having been released, at the expense of the Company or Bridon Tianjin JV, from all of their obligations and undertakings under the Guarantee, the Indemnity and the Letters of Credit;
- (c) Bridon Tianjin JV having sold and delivered to Bridon HK all crane rope stock held by Bridon Tianjin JV as at 30 September 2008 which shall be in a condition acceptable to Bridon HK and shall be free of rust and corrosion;
- (d) the payment of the Dividend by Bridon Tianjin JV to China Rope; and
- (e) the application of such portion of the Dividend as required by China Rope towards full and final settlement of the Group Loans.

Bridon HK may waive conditions (b) to (e) (either in whole or in part) at any time by notice in writing to the Company. Each of the parties shall use reasonable endeavours to procure (so far as it is so able to procure) that the conditions are satisfied on or before 30 November 2008 or in circumstances where a written approval pursuant to Rule 14.44 of the Listing Rules is not acceptable to the Stock Exchange and a general meeting of the Company has to be convened for the purpose of approving the Sale and Purchase Agreement and the transactions contemplated thereunder, on or before 15 December 2008 (or such later date as the parties may agree in writing).

### ***Completion***

Completion shall take place on the third Business Day after the day on which all the conditions set out above have been fulfilled or, where permitted, waived (or at such other date as Bridon HK and the Company may agree).

### ***Other terms***

The Sale and Purchase Agreement contains the following post-completion covenants:

- (a) If it is established at any time after Completion that any indebtedness of any kind (whether or not presently payable) was owing at Completion by any member of the Target Group to any member of the Vendor's Group, then the Company shall procure that that indebtedness is discharged or otherwise eliminated at no cost to the Vendor's Group;
- (b) As soon as practicable after Completion and in any event on or before the maturity date of the Second Promissory Note, the Company shall procure that the Chinese and

English names of Bridon Tianjin JV be changed such that the name "布頓" and "Bridon" will not be used in the Chinese and English names of Bridon Tianjin JV, respectively, after the maturity date of the Second Promissory Note. Upon completion of such change of name, the Company shall forthwith provide evidence reasonably satisfactory (including, without limitation, a new business licence of Bridon Tianjin JV) to Bridon HK in respect of such change of name. The Company shall keep Bridon HK informed of the progress of such change of name upon the request of Bridon HK;

- (c) Subject to subparagraph (b) set out above and the Licence Agreement, with effect from Completion, the Company shall procure that none of the members of the Target Group:
  - (i) shall use or display any name, mark or logo (including, without limitation, "Bridon") which is the same as or similar to, or is likely to be confused or associated with, any name, mark or logo of a member of the Vendor's Group; or
  - (ii) shall represent that Bridon HK or any member of the Vendor's Group retains any connection with the Target Group,

in each case, save with the prior written consent of Bridon HK or the relevant member of the Vendor's Group;

- (d) As soon as practicable after Completion and in any event on or before 31 December 2008, the Company shall procure that the resignation of each of Messrs. Cheung Sui Leung, Stephen John Brimble, Tom McBride and John Jiang as directors of Bridon Tianjin JV be registered with the relevant PRC authority. Upon completion of such registration, the Company shall forthwith provide evidence thereof to Bridon HK and shall take such other actions as are necessary to ensure that the resignation of those individuals as directors is reflected in the official records of Bridon Tianjin JV; and
- (e) As soon as practicable after Completion and in any event within 21 days of Completion, the Company shall, at its own cost register the Share Mortgage with the Registrar of Companies in Bermuda and the Companies Registry in Hong Kong and, in each case, forthwith provide evidence of such registration to Bridon HK.

### ***Share Mortgage***

The Share Mortgage shall be executed by the Company in favour of Bridon HK on Completion pursuant to which the Company (i) mortgages and agrees to mortgage, by way of first legal mortgage, the Mortgaged Shares in favour of Bridon HK; and (ii) (to the extent that they are not the subject of the mortgage under (i) above) mortgages, charges and assigns and agrees to mortgage, charge and assign, by way of first fixed charge, all its interests in any dividend, interest or other rights, money or property accruing therefrom in favour of Bridon HK as continuing security for the payment and discharge of all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of:

- (a) the Company to Bridon HK under the Sale and Purchase Agreement and the Promissory Notes;

- (b) Bridon Tianjin JV to Bridon PLC under the Licence Agreement; and
- (c) China Rope to Bridon HK under the Deed of Undertaking.

### ***Transfer of Mortgaged Shares***

The Company may transfer all or part of the Mortgaged Shares to any member of the Group provided that (i) a new share mortgage shall be executed by the transferee in favour of Bridon HK in respect of the relevant number of shares on terms substantially similar to the Share Mortgage and on no less favourable terms to Bridon HK but with such additional terms in connection with perfection as may be required by Bridon HK; (ii) the new share mortgage shall be registered with the relevant authorities within the timeline as prescribed by the relevant laws and regulations; (iii) the transferee shall transfer the shares to another member of the Group prior to it ceasing to be a member of the Group and that a new share mortgage shall be executed by the new transferee in favour of Bridon HK in respect of the relevant number of shares on terms substantially similar to the Share Mortgage and on no less favourable terms to Bridon HK but with such additional terms in connection with perfection as may be required by Bridon HK and that the new share mortgage shall be registered with the relevant authorities within the timeline as prescribed by the relevant laws and regulations; and (iv) 14 days prior written notice has been provided to Bridon HK.

The Company may transfer all or part of the Mortgaged Shares to any person who is not a member of the Group provided that the transfer shall be at a price not less than the net asset value of each ordinary share in the capital of China Rope as at the date of Completion; and that the transfer shall be conditional on the application of the sale proceeds towards discharge (in whole or in part) of the Shares Mortgage; and 14 days prior written notice has been provided to Bridon HK.

### ***Licence Agreement***

The Licence Agreement shall be entered into between Bridon PLC as licensor and Bridon Tianjin JV as licensee on Completion in relation to the non-exclusive licence to use the Trade Marks to manufacture, distribute, market and sell (or any of those activities) elevator ropes in the PRC at a licence fee of RMB3,800,000 (equivalent to approximately HK\$4,294,000) which shall become payable by Bridon Tianjin JV to Bridon PLC on Completion but payment of such licence fee shall be deferred to after 31 March 2009 and until the earlier of:

- (a) the date which is 14 days after the registration of the Licence Agreement and the receipt of approval from the State Administration for Foreign Exchange in respect of the remittance of such licence fee (provided that if this date occurs prior to 31 March 2009, payment of licence fee shall be deferred until 1 April 2009); and
- (b) 31 July 2009.

The Licence Agreement shall come into effect upon execution and shall terminate on 30 July 2011. Bridon PLC shall have the right to terminate the Licence Agreement immediately on notice upon occurrence of the following events:

- (a) any change (direct or indirect) in the equity holding of Bridon Tianjin JV or in any of its equity holders except where prior written consent of Bridon PLC has been

obtained or such change is permissible under the Sale and Purchase Agreement and/or the Share Mortgage;

- (b) a material breach of the Share Mortgage; or
- (c) the termination of the Sale and Purchase Agreement.

Bridon PLC shall have the right to terminate the Licence Agreement if Bridon Tianjin JV directly or indirectly challenges the validity of the Trade Marks.

Bridon HK shall have the right to terminate the Licence Agreement by giving not less than 30 days written notice to Bridon Tianjin JV.

Either Bridon HK or Bridon Tianjin JV shall have the right to terminate the Licence Agreement immediately by written notice to the other:

- (a) if the other party is in material or persistent breach of the Licence Agreement and, in the case of any material breach, either that breach is incapable of remedy or the other party shall have failed to remedy that breach within 30 days after receiving written notice requiring it to remedy that breach; or
- (b) if the other party being a company is unable to pay its debts or becomes insolvent or an order or an application is made or a resolution passed for the administration, winding-up or dissolution of the other party (otherwise than for the purposes of a solvent amalgamation or reconstruction) or an administrative or other receiver, manager, liquidator, administrator, trustee or similar officer is appointed over all or any of the assets of the other party or an application or a winding-up or administration petition presented in relation to it or has documents filed with a court for an administration in relation to it or the other party enters into or proposes any composition or arrangement with its creditors generally or anything analogous to the foregoing occurs in any applicable jurisdiction.

### ***Deed of Undertaking***

The Deed of Undertaking shall be executed by China Rope in favour of Bridon HK on Completion in relation to, amongst others, (i) the maintenance of the status and compliance with laws by China Rope; (ii) the punctual filing of tax returns and prompt payment of all taxes and other liabilities; and (iii) the restriction on creating any security interest on any of its assets, disposing of all or any of the assets, changing the general nature or scope of its business, incurring further indebtedness and entering into transactions similar to creating security on the assets or receivables of China Rope for the primary purpose of raising finance or financing the acquisition of an asset, in consideration of deferral of the amounts under the Promissory Notes and in support of the security under the Share Mortgage securing such deferred partial consideration for the Acquisition.

### **INFORMATION ON TARGET GROUP**

China Rope is a company incorporated in Hong Kong. As at the date of this announcement, China Rope is owned as to 70% by Bridon HK and as to 30% by the Company. Upon Completion, China Rope will become a wholly-owned subsidiary of the Company.

Bridon Tianjin JV is a sino-foreign equity joint venture established in the PRC on 11 January 2002. As at the date of this announcement, the equity interest of Bridon Tianjin JV is held as to 75.5% by China Rope and as to 24.5% by Tianjin Steel Wire and Cable Group Ltd.\* The registered capital of Bridon Tianjin JV is US\$2,000,000. Bridon Tianjin JV is engaged in the manufacture and sale of steel wire ropes for elevators.

The unaudited net asset value of each of China Rope and Bridon Tianjin JV as at 31 March 2008 were HK\$17,985,121 and RMB43,685,640 (equivalent to approximately HK\$49,364,773 respectively).

The unaudited net asset value of each of China Rope and Bridon Tianjin JV as at 30 June 2008 were HK\$17,984,886 and RMB48,432,148 (equivalent to approximately HK\$54,728,327 respectively).

The Directors are of the view that there is no material change in financial condition of the Target Group after 31 March 2008.

The loss before and after taxation of China Rope for the two years ended 31 March 2008 were:

	<b>For the year ended 31 March 2007 (Unaudited)</b>	<b>For the year ended 31 March 2008 (Unaudited)</b>
Loss before taxation	HK\$(48,893)	HK\$(41,661)
Loss after taxation	HK\$(48,893)	HK\$(41,661)

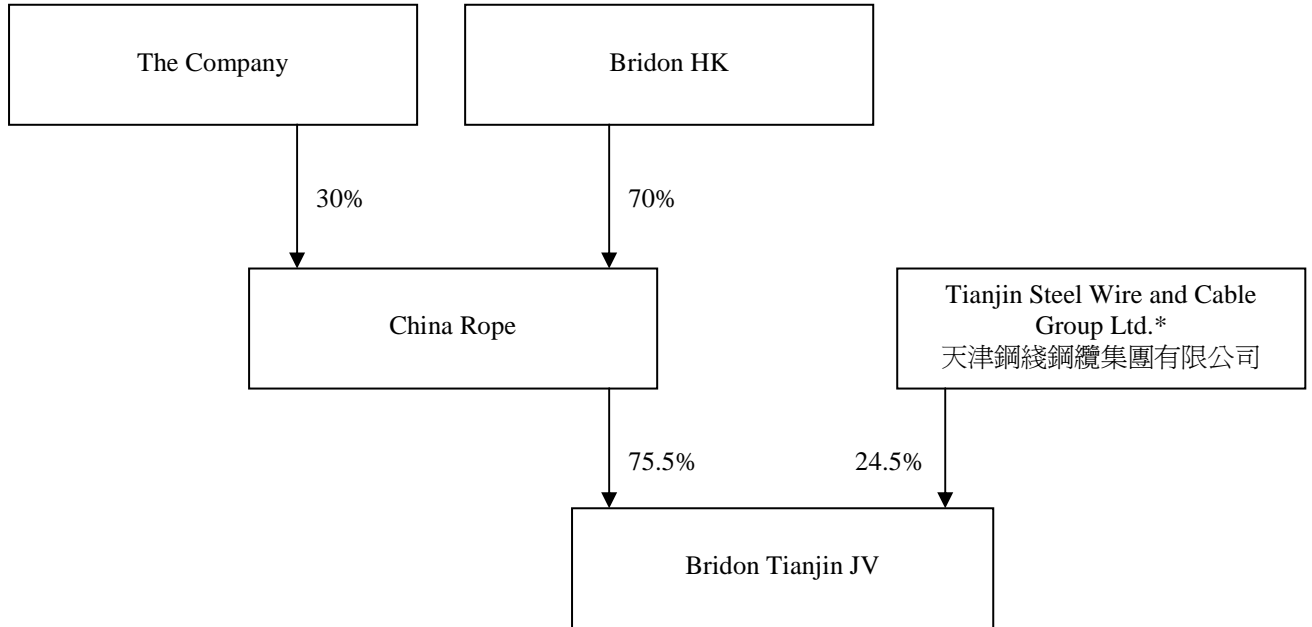
The profit before and after taxation of Bridon Tianjin JV for the two years ended 31 March 2008 were:

	<b>For the year ended 31 March 2007 (Unaudited)</b>	<b>For the year ended 31 March 2008 (Unaudited)</b>
Profit before taxation	RMB6,062,182 (equivalent to approximately HK\$6,850,266)	RMB14,169,937 (equivalent to approximately HK\$16,012,029)
Profit after taxation	RMB5,378,875 (equivalent to approximately HK\$6,078,129)	RMB12,724,960 (equivalent to approximately HK\$14,379,205)

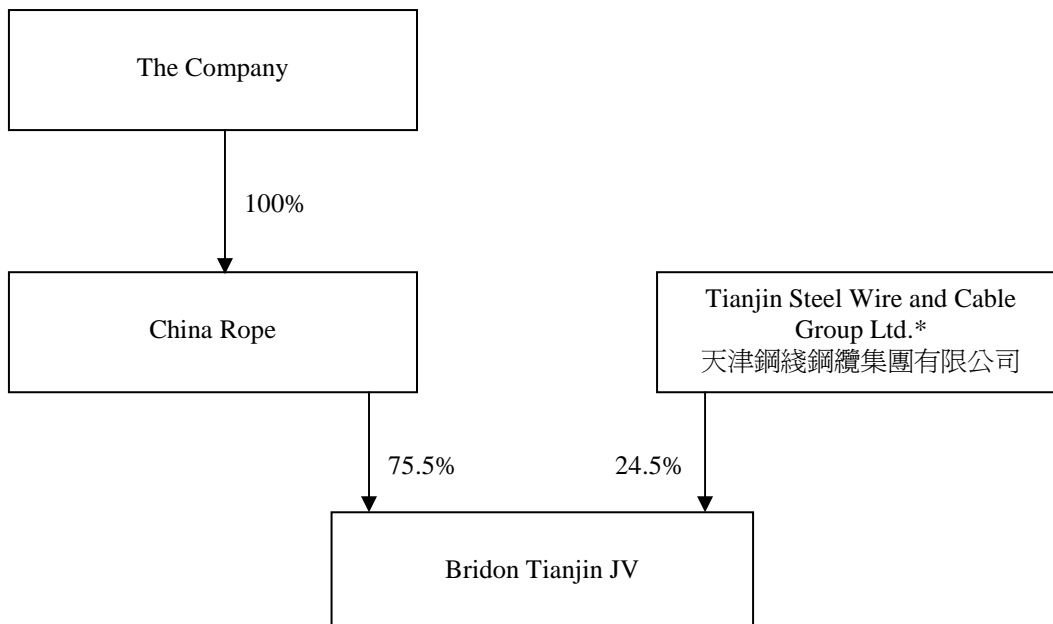
The Directors confirm that the reporting accountant has not given any qualified audit opinion in the accountant's report of the Target Group.

## GROUP STRUCTURE BEFORE AND AFTER COMPLETION OF THE SALE AND PURCHASE AGREEMENT

**Before completion of the Sale and Purchase Agreement:**



**After completion of the Sale and Purchase Agreement:**



## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Directors consider that the market segment of China Rope has demonstrated a strong growth trend over the past few years and the manufacture and sale of steel wire ropes for elevators will continue to be a highly profitable industry with high turnover and profit margins. The Directors are of the view that the operating results of China Rope will continue to grow despite the recent slowdown of the overall economic performance in the PRC. Besides, the Directors believe that the Acquisition will provide the Group with opportunities for future expansion and to obtain a greater market share in the industry in the PRC which is in line with the Group's business strategy and expansion plan in the PRC.

In view of the above potential benefits and synergies, the Directors (including the non-executive Directors) consider that the terms and conditions of the Acquisition are fair and reasonable and on normal commercial terms, and are in the interests of the Shareholders as a whole.

## **INFORMATION ON THE GROUP**

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

## **LISTING RULES IMPLICATIONS**

Since the relevant percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements in accordance with the Listing Rules.

As at the date of this announcement, Mr. Pang and Golik Investments Ltd., a company wholly owned by Mr. Pang, hold 137,404,708 Shares and 195,646,500 Shares respectively, representing an aggregate of approximately 58.70% of the entire issued share capital of the Company. Since none of the Shareholders is required to abstain from voting on the Acquisition, written approval of Mr. Pang and Golik Investments Ltd. has been obtained for the purpose of approving the Acquisition in lieu of an approval from the Shareholders at a shareholders' meeting pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, information on the Acquisition, will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

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

**“Acquisition”** the acquisition of 70% of the issued share capital of China Rope by the Company from Bridon HK as contemplated under the Sale and Purchase Agreement;

<b>“Balance”</b>	the Dividend less the amount used to settle the Group Loans;
<b>“Board”</b>	the Board of Directors;
<b>“Business Day”</b>	a day (other than Saturday or Sunday) on which banks are generally open in Hong Kong for normal business;
<b>“Bridon HK”</b>	Bridon Hong Kong Limited, a company incorporated in Hong Kong;
<b>“Bridon PLC”</b>	Bridon PLC, a company incorporated in England;
<b>“Bridon Tianjin JV”</b>	Bridon Tianjin Rope Ltd. (布頓(天津)鋼絲繩有限公司), a sino-foreign equity joint venture established in the PRC;
<b>“China Rope”</b>	China Rope Holdings Limited, a company incorporated in Hong Kong;
<b>“Company”</b>	Golik Holdings Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are listed on the Stock Exchange;
<b>“Completion”</b>	completion of the Sale and Purchase Agreement;
<b>“Consideration”</b>	the consideration for the Acquisition;
<b>“Deed of Undertaking”</b>	a deed of undertaking to be executed by China Rope in favour of Bridon HK on Completion in consideration of deferral of the amounts under the Promissory Notes and in support of the security under the Share Mortgage securing such deferred partial consideration for the Acquisition;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Dividend”</b>	the special dividend payable by Bridon Tianjin JV to China Rope in the amount of HK\$8,531,500;
<b>“First Promissory Note”</b>	a promissory note to be executed by the Company in favour of Bridon HK in the principal amount of HK\$12,000,000 maturing on 31 March 2009;
<b>“Group”</b>	the Company and its subsidiaries; and members of the Group shall be construed accordingly;
<b>“Group Loans”</b>	the sum of (i) HK\$1,166,666.76 owed by China Rope to a bank; (ii) HK\$1,913,493.06 owed by China Rope to Bridon HK; and (iii) HK\$1,238,672.72 owed by China Rope to Bridon International Limited, together with interest accrued thereon up to and including the date of settlement;

<b>“Guarantee”</b>	a guarantee in the amount of RMB7,000,000 (equivalent to approximately HK\$7,910,000) provided by Bridon International Limited in favour of a bank in respect of the Target Group’s obligations under the loan;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	The Hong Kong Special Administrative Region of the PRC;
<b>“Indemnity”</b>	the deed of indemnity in the amount of HK\$10,000,000 provided by Vendor’s Group to a bank;
<b>“Letters of Credit”</b>	a standby letter of credit in the amount of HK\$5,000,000 dated 23 May 2008 issued by a bank at the request of Bridon HK and an amended standby letter of credit in the amount of HK\$7,000,000 dated 30 May 2008 issued by a bank at the request of Bridon HK;
<b>“Licence Agreement”</b>	a trade mark licence agreement to be entered into between Bridon PLC as licensor and Bridon Tianjin JV as licensee on Completion in relation to the non-exclusive licence to use the Trade Marks to manufacture, distribute, market and sell elevator ropes in the PRC;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Mortgaged Shares”</b>	12,713,998 ordinary shares of HK\$1.00 each in the issued share capital of China Rope, representing 70% of the issued share capital of China Rope;
<b>“Mr. Pang”</b>	Mr. Pang Tak Chung, an executive Director;
<b>“PRC”</b>	The People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan;
<b>“Promissory Notes”</b>	the First Promissory Note and the Second Promissory Note;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“Sale and Purchase Agreement”</b>	the sale and purchase agreement dated 18 November 2008 entered into between the Company and Bridon HK in relation to the Acquisition;
<b>“Second Promissory Note”</b>	a promissory note to be executed by the Company in favour of Bridon HK in the principal amount of HK\$9,328,750 maturing on 31 July 2009;
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;

<b>“Share Mortgage”</b>	a share mortgage to be executed by the Company in favour of Bridon HK in respect of the Mortgaged Shares on Completion;
<b>“Shareholder(s)”</b>	holder(s) of Share(s);
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Target Group”</b>	China Rope and Bridon Tianjin JV;
<b>“Trade Marks”</b>	the word mark of “Bridon” (registration number 3853514) and the logo mark of “Bridon Blue Strand” with a picture (registration number 3853513) owned and registered by Bridon PLC in the PRC;
<b>“US\$”</b>	United States dollars, the lawful currency of the United States of America; and
<b>“Vendor’s Group”</b>	Bridon HK, its subsidiaries and holding companies and subsidiaries of such holding companies from time to time, excluding the Target Group.

Unless the context requires otherwise and for illustration purpose only, translations of RMB into HK\$ are made at the rate of RMB1 = HK\$1.13. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at the above rate or at any rates or at all.

By order of the Board  
**GOLIK HOLDINGS LIMITED**  
**Pang Tak Chung**  
*Chairman*

Hong Kong, 18 November 2008

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Pang Tak Chung, Mr. Ho Wai Yu, Sammy and Mr. John Cyril Fletcher, all of whom are Executive Directors, Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong are Independent Non-Executive Directors.*

*\* For identification purpose only.*