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GOLIK HOLDINGS LIMITED

高力集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1118)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER, 2014**

The board of directors (the “Board”) of Golik Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2014 together with the comparative figures for the year ended 31st December, 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31st December,	
		2014 HK\$'000	2013 HK\$'000
Revenue	3	3,201,314	3,070,165
Cost of sales		(2,760,199)	(2,679,381)
Gross profit		441,115	390,784
Other income		25,833	27,579
Interest income		2,361	2,590
Selling and distribution costs		(95,357)	(91,062)
Administrative expenses		(179,165)	(174,357)
Other gains and losses	4	(24,692)	(14,484)
Finance costs	5	(28,336)	(26,422)
Share of results of joint ventures		(9)	227
Profit before taxation		141,750	114,855
Income taxes	6	(21,004)	(13,093)
Profit for the year	7	120,746	101,762

* For identification purposes only

	Year ended 31st December,	
	2014	2013
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (expense) income		
Items that may be subsequently reclassified to profit or loss:		
– Exchange difference arising on translation of foreign operations	(735)	10,526
– Release from exchange reserve upon deregistration of a subsidiary	622	–
– Fair value gain on available-for-sale investment	–	4,800
– Release from investment revaluation reserve upon disposal of available-for-sale investment	–	(13,120)
	<u>–</u>	<u>(13,120)</u>
Other comprehensive (expense) income for the year	<u>(113)</u>	<u>2,206</u>
Total comprehensive income for the year	<u>120,633</u>	<u>103,968</u>
Profit attributable to:		
Shareholders of the Company	107,436	92,223
Non-controlling interests	13,310	9,539
	<u>120,746</u>	<u>101,762</u>
Total comprehensive income attributable to:		
Shareholders of the Company	107,540	92,896
Non-controlling interests	13,093	11,072
	<u>120,633</u>	<u>103,968</u>
Earnings per share	9	
Basic and diluted	<u>HK19.12 cents</u>	<u>HK16.41 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December, 2014	As at 31st December, 2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current Assets			
Goodwill		–	–
Property, plant and equipment		435,322	464,628
Prepaid lease payments		15,839	16,380
Interest in a joint venture		2,914	2,923
Available-for-sale investment		–	–
Deposits placed at insurance companies		10,220	9,717
Rental and other deposits		5,932	5,918
Deposits paid for acquisition of property, plant and equipment		3,549	7,051
Amount due from a joint venture		5,414	5,414
		479,190	512,031
Current Assets			
Inventories		404,368	435,335
Trade and other receivables	10	712,567	808,078
Prepaid lease payments		491	493
Income tax recoverable		108	134
Derivative financial instruments		33	3
Pledged bank deposits		–	1,621
Time deposit with maturity over three months		2,701	–
Bank balances and cash		527,928	464,723
		1,648,196	1,710,387
Current Liabilities			
Trade and other payables	11	282,937	268,866
Amounts due to non-controlling shareholders		8,793	3,122
Income tax payable		11,717	8,074
Bank borrowings		716,400	911,198
Obligations under finance leases		779	258
Obligation arising from a put option to non-controlling shareholders		31,050	31,050
Derivative financial instruments		12,670	12,718
		1,064,346	1,235,286
Net Current Assets		583,850	475,101
		1,063,040	987,132

	As at 31st December, 2014 HK\$'000	As at 31st December, 2013 HK\$'000
Capital and Reserves		
Share capital	56,192	56,192
Share premium and reserves	892,330	808,953
	<hr/>	<hr/>
Equity attributable to shareholders of the Company	948,522	865,145
Non-controlling interests	41,097	33,327
	<hr/>	<hr/>
Total Equity	989,619	898,472
	<hr/>	<hr/>
Non-current Liabilities		
Bank borrowings	53,204	72,258
Deferred tax liabilities	18,265	15,865
Obligations under finance leases	1,952	537
	<hr/>	<hr/>
	73,421	88,660
	<hr/>	<hr/>
	1,063,040	987,132
	<hr/> <hr/>	<hr/> <hr/>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new interpretation:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies

The application of the amendments to HKFRSs and a new interpretation in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKAS 1	Disclosure Initiative ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁴
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle ⁶
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle ⁵

¹ Effective for annual periods beginning on or after 1st January, 2018, with earlier application permitted.

² Effective for first annual HKFRS financial statements beginning on or after 1st January, 2016, with earlier application permitted.

³ Effective for annual periods beginning on or after 1st January, 2017, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1st July, 2014, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1st January, 2016, with earlier application permitted.

⁶ Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group’s financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until a detailed review has been completed.

Except as described above, the directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretation will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes.

Information reported to the Chairman and Vice Chairman of the Group, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold.

Specifically, the Group's operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

1. Metal products
2. Building construction materials

In addition, the Group's operations relating to plastic products and printing materials are aggregated and presented as other operations.

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31st December, 2014

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	1,391,544	1,683,321	3,074,865	126,449	–	3,201,314
Inter-segment sales	5,539	1,383	6,922	–	(6,922)	–
Total	<u>1,397,083</u>	<u>1,684,704</u>	<u>3,081,787</u>	<u>126,449</u>	<u>(6,922)</u>	<u>3,201,314</u>
SEGMENT RESULT						
	<u>102,452</u>	<u>92,530</u>	<u>194,982</u>	<u>(6,740)</u>	<u>132</u>	188,374
Unallocated other income						7,077
Unallocated corporate expenses						(25,404)
Fair value gain on put option derivative						48
Finance costs						(28,336)
Share of result of a joint venture						(9)
Profit before taxation						<u>141,750</u>

For the year ended 31st December, 2013

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE						
External sales	1,339,846	1,574,187	2,914,033	156,132	–	3,070,165
Inter-segment sales	4,318	3,581	7,899	–	(7,899)	–
Total	<u>1,344,164</u>	<u>1,577,768</u>	<u>2,921,932</u>	<u>156,132</u>	<u>(7,899)</u>	<u>3,070,165</u>
SEGMENT RESULT						
	<u>75,705</u>	<u>86,492</u>	<u>162,197</u>	<u>(13,496)</u>	<u>(229)</u>	148,472
Unallocated other income						7,593
Unallocated corporate expenses						(21,557)
Fair value loss on put option derivative						(323)
Gain on disposal of listed equity securities investment						8,409
Finance costs						(26,422)
Share of results of joint ventures						227
Write-off of amount due from a joint venture						(1,544)
Profit before taxation						<u>114,855</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the gross profit (loss) generated/suffered from each segment, net of selling and distribution costs and administrative expenses directly attributable to each segment without allocation of certain other income, corporate expenses, fair value gain (loss) on put option derivative, gain on disposal of listed equity securities investment, finance costs, share of results of joint ventures and write-off of amount due from a joint venture. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at cost or cost plus a percentage of mark-up.

Other segment information

The following other segment information is included in the measure of segment result:

For the year ended 31st December, 2014

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operations HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation	31,699	6,999	38,698	419	2,037	41,154
Amortisation of prepaid lease payments	458	34	492	–	–	492
Total allowance for bad and doubtful debts, net	1,803	4,957	6,760	540	69	7,369
Write down (reversal of write down) of inventories	1,826	9,984	11,810	(341)	–	11,469
Loss (gain) on disposal of property, plant and equipment	498	(310)	188	(215)	–	(27)
Impairment losses on property, plant and equipment	<u>12,656</u>	<u>–</u>	<u>12,656</u>	<u>–</u>	<u>3,916</u>	<u>16,572</u>

For the year ended 31st December, 2013

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation	30,259	5,678	35,937	462	1,921	38,320
Amortisation of prepaid lease payments	459	28	487	–	–	487
Total allowance for bad and doubtful debts, net	7,402	6,735	14,137	10,540	68	24,745
Write down of inventories	6,491	733	7,224	–	–	7,224
(Gain) loss on disposal of property, plant and equipment	(6,449)	48	(6,401)	(816)	(21)	(7,238)
Gain on disposal of prepaid lease payments	(2,209)	–	(2,209)	–	–	(2,209)
Impairment losses on property, plant and equipment	7,748	–	7,748	–	–	7,748

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Metal products	1,391,544	1,339,846
Building construction materials		
– Concrete products	442,716	312,934
– Construction steel and other products	1,240,605	1,261,253
Others	126,449	156,132
	3,201,314	3,070,165

Geographical information

The Group operates in two principal geographical areas, namely Hong Kong and other regions in the People's Republic of China (the "PRC").

The Group's revenue from external customers by geographical location of the customers and information about its non-current assets other than financial instruments by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets other than financial instruments	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong	1,980,849	1,909,828	175,967	183,157
Other regions in the PRC	1,068,035	1,001,825	287,589	313,743
Macau	120,156	86,482	–	–
Others	32,274	72,030	–	–
	3,201,314	3,070,165	463,556	496,900

No customer has contributed over 10% of the total revenue of the Group for both years.

No segment assets and liabilities are presented as the information is not reportable to the chief operating decision makers in the resource allocation and assessment of performance.

4. OTHER GAINS AND LOSSES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Change in fair value of foreign currency forward contracts derivative	(250)	(316)
Fair value (gain) loss on put option derivative	(48)	323
Gain on disposal of property, plant and equipment	(27)	(7,238)
Gain on disposal of prepaid lease payments	–	(2,209)
Impairment losses on property, plant and equipment	16,572	7,748
Write-off of amount due from a joint venture	–	1,544
Net exchange loss (gain)	454	(1,704)
Allowance for bad and doubtful debts on trade receivables	5,671	24,959
Allowance for bad and doubtful debts on other receivables	2,090	68
Reversal of allowance for bad and doubtful debts on trade receivables	(387)	(290)
Bad debts (recovered) written off on trade receivables	(5)	8
Loss on deregistration of a subsidiary	622	–
Gain on disposal of listed equity securities investment	–	(8,409)
	<u>24,692</u>	<u>14,484</u>

5. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable within five years	28,258	26,399
Finance leases	78	23
	<u>28,336</u>	<u>26,422</u>

6. INCOME TAXES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
The charge comprises:		
Current year		
Hong Kong	4,991	1,738
Other regions in the PRC	14,561	11,877
	<u>19,552</u>	<u>13,615</u>
Underprovision (overprovision) in prior years		
Hong Kong	20	(411)
Other regions in the PRC	(968)	50
	<u>(948)</u>	<u>(361)</u>
Deferred tax	<u>2,400</u>	<u>(161)</u>
	<u>21,004</u>	<u>13,093</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. In addition, a PRC subsidiary of the Company was qualified as “High-tech Enterprise” in Tianjin. Accordingly, the PRC subsidiary was subjected to an Enterprise Income Tax Rate of 15% for three years starting from 2013.

The EIT Law requires withholding tax to be levied on distribution of profits earned by a PRC entity to a Hong Kong resident company (which is the beneficial owner of the dividend received) for profits generated after 1st January, 2008 at the rate of 5%. As at 31st December, 2014 and 31st December, 2013, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

7. PROFIT FOR THE YEAR

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Amortisation of prepaid lease payments	492	487
Depreciation	41,154	38,320

8. DIVIDEND

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Dividends paid:		
2014 Interim – HK1.5 cents (2013: HK1.5 cents) per ordinary share	8,429	8,429
2013 Final – HK2.8 cents (2013: 2012 Final – HK2.5 cents) per ordinary share	15,734	14,048
	24,163	22,477
Dividend proposed:		
Final dividend proposed for the year – HK3.5 cents (2013: HK2.8 cents) per ordinary share	19,667	15,734

The directors recommend the payment of a final dividend of HK3.5 cents per share for the year ended 31st December, 2014 which is subject to approval by the shareholders at the annual general meeting.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the shareholders of the Company for the year and 561,922,500 (2013: 561,922,500) number of ordinary shares in issue during the year.

The calculation of the diluted earnings per share for the year ended 31st December, 2014 and 2013 does not assume the exercise of the written put option on shares of a subsidiary as it is anti-dilutive.

10. TRADE AND OTHER RECEIVABLES

Other than the cash sales, the Group allows credit periods ranging from 30 to 90 days to its customers.

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, with an aged analysis presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	326,742	334,063
31 – 60 days	175,252	224,310
61 – 90 days	82,127	118,480
91 – 120 days	43,377	67,156
More than 120 days	50,386	28,509
	<hr/> 677,884 <hr/>	<hr/> 772,518 <hr/>

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with an aged analysis presented based on the invoice date at the end of the reporting period as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	89,218	96,674
31 – 60 days	42,334	32,878
61 – 90 days	19,208	12,274
91 – 120 days	5,667	2,700
More than 120 days	2,977	3,626
	<hr/> 159,404 <hr/>	<hr/> 148,152 <hr/>

BUSINESS REVIEW

Metal products and building construction materials represent two core pillars of business for the Group. And 2014 was yet another remarkable year of achievements. In spite of the challenges in the prevailing environment, each business unit delivered strongly through the efforts of their management teams and staffs, and collectively brought satisfactory results for the Group.

For the year ended 31st December, 2014, the Group's total revenue was HK\$3,201,314,000, an increase of approximately 4% year-over-year.

After the deduction of non-controlling interests, profit attributable to the shareholders of the Company for the year amounted to HK\$107,436,000, an increase of approximately 16% year-over-year.

The Board of Directors has recommended a final dividend of HK3.5 cents per share. Together with the paid interim dividend of HK1.5 cents per share, total dividends for the year will amount to HK5.0 cents per share.

Metal Products

The primary composition of the business is steel coil processing, steel wire ropes and other steel wire products processing and manufacturing, and rebar value-added. Revenue for the year was HK\$1,397,083,000, an increase of approximately 4% year-over-year. Profit before interest and taxation was HK\$102,452,000, an increase of approximately 35% year-over-year.

2014 was a challenging year for the manufacturing sector for both the domestic and export markets. Despite monetary easing by central banks, consumption remains subdued to have any substantial upside impact on the real economy. Moreover, rising costs and negative Producer Price Index trends over consecutive years had put immense pressure on the pricing of products within the manufacturing sector.

Despite this challenging environment, the Group's metal products business covering steel coil processing and steel wire ropes stayed steady whilst registering solid growth. This strategic outcome is attributable primarily to the Group's efforts over the years in pursuit of the transition towards high-end products.

In particular, our elevator wire rope unit in Tianjin continued to achieve stable growth during the year and reached new milestones in terms of output and profits. For the elevator wire rope products, the Group focused beyond cost and pricing competition to add more resources towards the development of high-end products, and enhanced research and development on product technology to enable our market leadership position in this field in China.

Furthermore, our market leading rebar value-added business in Hong Kong has been well-received by the industry and praised after many years of endeavour. During the period, the business maintained steady growth and reached new highs in income and profit terms.

Building Construction Materials

The primary composition of the business is ready mixed concrete products and construction steel products distribution.

Revenue for the year was HK\$1,684,704,000, an increase of approximately 7% year-over-year. Profit before interest and taxation was HK\$92,530,000, an increase of 7% year-over-year.

Results from our ready mixed concrete, precast concrete components and related products remained stable during the year whilst a new milestone was reached in terms of sales revenue as progress in various major infrastructure projects peak. However, there were also significant increases in the prices of raw materials during the year including aggregates and cements thus putting pressure on the business's gross profit margin.

Our new ready mixed concrete plant in Mui Wo, Lantau Island received notification from the Environmental Protection Department to duly commence commercial operation. It will be the first in Hong Kong to comply with the new environmental standards as well as the only plant in the South Lantau Island. This would help towards enabling the government's plan to further develop Lantau Island. The plant is anticipated to bring in substantial contribution to the Group's ready mixed concrete business in the near future.

With prices of steel falling to new lows during the year, our steel distribution business took a conservative view to mitigate price volatility risks. Nevertheless, there was still growth relative to last year and performance was satisfactory.

Over the past few years, our Group's building construction materials business had continued to grow, aided by Hong Kong's current construction industry boom and also an outcome of our progressive strategic investment in the building construction materials business. At present we are actively exploring in depth and in detail our prospective position in this industry with the aspiration that the business will one day become a stable source of income.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2014, the total bank balances and cash of the Group amounted to HK\$527,928,000 (31st December, 2013: HK\$464,723,000). As at 31st December, 2014, current ratio (current assets to current liabilities) for the Group was 1.55:1 (31st December, 2013: 1.38:1).

As at 31st December, 2014, the total borrowings of the Group amounted to HK\$772,335,000 (31st December, 2013: HK\$984,251,000).

The Group's monetary assets are principally denominated in Hong Kong dollars, Renminbi and United States dollars. As Hong Kong dollars is pegged to United States dollars, the Group believes its exposure to exchange risk is limited. For the fluctuation of exchange rate of Renminbi, the Management will continue to monitor foreign exchange exposure of Renminbi and will take prudence measures to minimize the currency risk.

CAPITAL STRUCTURE

During the year, there was no material change to the capital structure of the Company. The number of the Company's ordinary shares in issue as at 31st December, 2014 was 561,922,500 (31st December, 2013: 561,922,500). As at 31st December, 2014, the equity attributable to the shareholders of the Company amounted to HK\$948,522,000 (31st December, 2013: HK\$865,145,000).

As at 31st December, 2014, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.25:1 (31st December, 2013: 0.58:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2014, the total number of staff of the Group was 1,278. Remuneration is determined with reference to the performance, qualifications and experience of the employees concerned and the prevailing industry practice. The Group provides Mandatory Provident Fund entitlement to Hong Kong's employees. Moreover, share options may be granted as an incentive or reward to eligible employees in accordance with the new share option scheme adopted on 5th June, 2014. Details of the new share option scheme are set out in the circular of the Company dated 25th April, 2014.

PROSPECT

Despite steady growth in our Group's results over the past few years, our management team remains cautious and mindful of the great challenges and difficulties ahead to sustain healthy development and steady growth. In China there will be challenges ahead for the manufacturing sector as the economy slows, manufacturing cost increases and competition in the market intensifies. And in the construction industry of Hong Kong, construction labour shortages will stymie progress, the administrative difficulties faced by the government will delay swift allocation of funds and the obstacles presented to the government will hinder its resolve on land issues for housing construction. In the face of the near term challenges brought by these negative circumstances, we remain confident of our Group's long-term prospects. Our current business and geographical composition enables us to downsize risks arising from being too narrow in scope or by geography; but yet gives us greater access to opportunities in other domains in a timely manner.

The Group's enduring philosophy is to ensure healthy sustainable development through progressive and steady strides forward for each of our core businesses. Through the continuous efforts of our management team and staffs, we intend to deliver stable returns to our shareholders.

CORPORATE GOVERNANCE

The Group is committed to maintenance of good corporate governance practices as set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Company has complied with code provisions as set out in the CG Code for the year ended 31st December, 2014 except the followings:

Code provision A.2.1, the Company does not separate the roles of Chairman and Chief Executive Officer and Mr. Pang Tak Chung currently holds both positions. As the Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership, efficient usage of resources and allows for effective planning, formulation and implementation of the Company's business strategies which will enable the Company to sustain the development of its business efficiently.

Code provision A.5.1, the Company does not propose to establish a Nomination Committee for the time being as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that it has a balanced composition of their skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the directors.

Code provision A.5.6, the Company does not have a policy concerning diversity of board members for the time being. In designing the Board's composition, the Company will consider from all aspects, all directors' appointment will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Code provision A.6.7, two Independent Non-executive Directors were unable to attend the annual general meeting of the Company held on 5th June, 2014 as they had another engagement.

AUDIT COMMITTEE

The Company established its Audit Committee on 5th January, 1999 with written terms of reference which are in line with the code provision. The Audit Committee comprises three Independent Non-executive Directors namely Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong.

Disclosure of financial information in this announcement complies with Appendix 16 to the Listing Rules. The Company's Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31st December, 2014.

REMUNERATION COMMITTEE

The Company established its Remuneration Committee on 21st April, 2005 with written terms of reference which are in line with the code provision. The Remuneration Committee comprises three Independent Non-executive Directors namely Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standards set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made by the Company to each director of the Company confirming that they have complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company for the year ended 31st December, 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December, 2014.

FINAL DIVIDEND

The Board of Directors recommends payment of a final dividend of HK3.5 cents per share for the year ended 31st December, 2014 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 16th June, 2015. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on 5th June, 2015 (the "AGM"), the proposed final dividend will be paid to the Company's shareholders on 8th July, 2015.

Together with the interim dividend of HK1.5 cents per share, total dividends for the full financial year will amount to HK5.0 cents per share.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company (the “Register of Members”) will be closed for the following periods:

(i) For determining eligibility to attend and vote at the AGM:

Latest time to lodge transfers 4:30 p.m. on Tuesday, 2nd June, 2015

Closure of Register of Members Wednesday, 3rd June, 2015 to
Friday, 5th June, 2015
(both dates inclusive)

Record date Friday, 5th June, 2015

(ii) For determining entitlement to the proposed final dividend:

Latest time to lodge transfers 4:30 p.m. on Thursday, 11th June, 2015

Closure of Register of Members Friday, 12th June, 2015 to
Tuesday, 16th June, 2015
(both dates inclusive)

Record date Tuesday, 16th June, 2015

During the above closure periods, no transfer of shares of the Company will be registered. To be eligible to attend and vote at the AGM, and to qualify for entitlement to the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrars in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than the aforementioned latest time.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.golik.com.hk). The 2014 Annual Report containing information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

ACKNOWLEDGEMENT

I personally take this opportunity to thank all our employees and management staff in abundance for their contributions and past efforts. I would also like to thank all our customers, shareholders, banks and business associates who had supported us along the way. With your continuing support, the Group endeavours to deliver good results in the coming year.

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

Hong Kong, 25th March, 2015

As at the date of this announcement, the Directors of the Company comprise:

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