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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, 2015**

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, 2015 together with the comparative figures for the year ended 31st December, 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31st December,	
		2015	2014
		HK\$'000	HK\$'000
Revenue	3	2,524,502	3,201,314
Cost of sales		(2,118,365)	(2,760,199)
Gross profit		406,137	441,115
Other income		21,020	25,833
Interest income		2,965	2,361
Selling and distribution costs		(91,702)	(95,357)
Administrative expenses		(172,267)	(179,165)
Other gains and losses	4	(23,693)	(24,692)
Finance costs	5	(16,620)	(28,336)
Share of result of a joint venture		419	(9)
Share of result of an associate		(1,450)	–
Profit before taxation		124,809	141,750
Income taxes	6	(23,361)	(21,004)
Profit for the year	7	101,448	120,746

* For identification purposes only

	Year ended 31st December,	
	2015	2014
<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	(21,022)	(735)
– Release from exchange reserve upon deregistration of a subsidiary	(2,060)	622
– Fair value gain on available-for-sale investment	2,754	–
– Gain on revaluation of property, plant and equipment upon transfer to investment properties	915	–
– Fair value loss on investment properties	(170)	–
	<hr/>	<hr/>
Other comprehensive expense for the year	(19,583)	(113)
	<hr/>	<hr/>
Total comprehensive income for the year	81,865	120,633
	<hr/> <hr/>	<hr/> <hr/>
Profit attributable to:		
Shareholders of the Company	92,740	107,436
Non-controlling interests	8,708	13,310
	<hr/>	<hr/>
	101,448	120,746
	<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:		
Shareholders of the Company	77,512	107,540
Non-controlling interests	4,353	13,093
	<hr/>	<hr/>
	81,865	120,633
	<hr/> <hr/>	<hr/> <hr/>
Earnings per share	9	
Basic and diluted	HK16.50 cents	HK19.12 cents
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December, 2015	As at 31st December, 2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current Assets			
Investment properties		4,020	–
Property, plant and equipment		401,989	435,322
Prepaid lease payments		14,555	15,839
Interest in a joint venture		3,333	2,914
Amount due from a joint venture		5,068	5,414
Interest in an associate		2,050	–
Amount due from an associate		14,000	–
Available-for-sale investment		2,754	–
Deposits placed at insurance companies		10,707	10,220
Rental and other deposits		3,365	5,932
Deposits paid for acquisition of property, plant and equipment		11,554	3,549
		473,395	479,190
Current Assets			
Inventories		232,614	404,368
Trade and other receivables	10	512,981	712,567
Prepaid lease payments		468	491
Income tax recoverable		1,149	108
Derivative financial instruments		–	33
Time deposits with maturity over three months		100,000	2,701
Bank balances and cash		381,064	527,928
		1,228,276	1,648,196
Current Liabilities			
Trade and other payables	11	230,112	282,937
Amounts due to non-controlling shareholders		14,004	8,793
Income tax payable		12,910	11,717
Bank borrowings		306,830	716,400
Obligations under finance leases		896	779
Obligation arising from a put option to non-controlling shareholders		31,050	31,050
Derivative financial instruments		12,660	12,670
		608,462	1,064,346
Net Current Assets		619,814	583,850
		1,093,209	1,063,040

	As at 31st December, 2015 HK\$'000	As at 31st December, 2014 HK\$'000
Capital and Reserves		
Share capital	56,192	56,192
Share premium and reserves	941,746	892,330
	<hr/>	<hr/>
Equity attributable to shareholders of the Company	997,938	948,522
Non-controlling interests	33,809	41,097
	<hr/>	<hr/>
Total Equity	1,031,747	989,619
	<hr/>	<hr/>
Non-current Liabilities		
Bank borrowings	40,389	53,204
Deferred tax liabilities	19,465	18,265
Obligations under finance leases	1,608	1,952
	<hr/>	<hr/>
	61,462	73,421
	<hr/>	<hr/>
	1,093,209	1,063,040
	<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 investment properties and 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 the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the amendments to HKFRSs 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 ²
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
Amendments to HKAS 1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ¹

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

² Effective for annual periods beginning on or after 1st January, 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of HKFRS 9 and HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 and HKFRS 15 until the Group performs a detailed review.

The directors of the Company also anticipate that the application of Amendments to HKFRS 10 and HKAS 28 may have an impact on the Group’s consolidated financial statements in future periods should such transactions arise.

Except as described above, the directors of the Company anticipate that the application of the other new and revised HKFRSs 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.

During the year ended 31st December, 2015, the Group's "Metal Products" and "Building Construction Materials" segments were regrouped because the chief operating decision makers believe that such regrouping better reflects the segment's performance based on the respective product nature of relevant operating units. Accordingly, the comparative information for the year ended 31st December, 2014 has been restated to conform with the current year's presentation.

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

For the year ended 31st December, 2015

	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	1,065,586	1,364,519	2,430,105	94,397	-	2,524,502
Inter-segment sales	12,093	70	12,163	-	(12,163)	-
Total	<u>1,077,679</u>	<u>1,364,589</u>	<u>2,442,268</u>	<u>94,397</u>	<u>(12,163)</u>	<u>2,524,502</u>
SEGMENT RESULT	<u>95,980</u>	<u>85,039</u>	<u>181,019</u>	<u>(23,137)</u>	<u>(1,624)</u>	156,258
Unallocated other income						5,465
Unallocated corporate expenses						(19,273)
Fair value gain on put option derivative						10
Finance costs						(16,620)
Share of result of a joint venture						419
Share of result of an associate						(1,450)
Profit before taxation						<u>124,809</u>

For the year ended 31st December, 2014 (restated)

	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	1,203,747	1,871,118	3,074,865	126,449	–	3,201,314
Inter-segment sales	15,499	88	15,587	–	(15,587)	–
Total	<u>1,219,246</u>	<u>1,871,206</u>	<u>3,090,452</u>	<u>126,449</u>	<u>(15,587)</u>	<u>3,201,314</u>
SEGMENT RESULT						
	<u>86,031</u>	<u>108,951</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>

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 on put option derivative, finance costs, and share of results of a joint venture and an associate. 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, 2015

	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	26,122	10,726	36,848	458	1,979	39,285
Amortisation of prepaid lease payments	446	34	480	–	–	480
Allowance (reversal of allowance) for bad and doubtful debts, net	3,533	(4,420)	(887)	18,011	68	17,192
Write down of inventories	3,598	5,745	9,343	–	–	9,343
Loss on disposal of property, plant and equipment	<u>86</u>	<u>628</u>	<u>714</u>	<u>–</u>	<u>745</u>	<u>1,459</u>

For the year ended 31st December, 2014 (restated)

	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	28,310	10,388	38,698	419	2,037	41,154
Amortisation of prepaid lease payments	458	34	492	–	–	492
Total allowance for bad and doubtful debts, net	2,653	4,112	6,765	540	69	7,374
Write down (reversal of write down) of inventories	(474)	12,284	11,810	(341)	–	11,469
Loss (gain) on disposal of property, plant and equipment	5	183	188	(215)	–	(27)
Impairment losses on property, plant and equipment	12,656	–	12,656	–	3,916	16,572
	<u>12,656</u>	<u>–</u>	<u>12,656</u>	<u>–</u>	<u>3,916</u>	<u>16,572</u>

Revenue from major products

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (restated)
Metal products	1,065,586	1,203,747
Building construction materials		
– Concrete products	424,678	442,716
– Construction steel and other products	939,841	1,428,402
Others	94,397	126,449
	<u>2,524,502</u>	<u>3,201,314</u>

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	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	1,412,353	1,980,849	186,539	175,967
Other regions in the PRC	1,013,973	1,068,035	254,327	287,589
Macau	68,527	120,156	–	–
Others	29,649	32,274	–	–
	<u>2,524,502</u>	<u>3,201,314</u>	<u>440,866</u>	<u>463,556</u>

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Change in fair value of foreign currency forward contracts derivative	(12)	(250)
Fair value gain on put option derivative	(10)	(48)
Loss (gain) on disposal of property, plant and equipment	1,459	(27)
Impairment losses on property, plant and equipment	–	16,572
Net exchange loss	7,124	454
Allowance for bad and doubtful debts on trade receivables	27,199	5,671
Allowance for bad and doubtful debts on other receivables	67	2,090
Reversal of allowance for bad and doubtful debts on trade receivables	(10,074)	(387)
Bad debts recovered on trade receivables	–	(5)
(Gain) loss on deregistration of a subsidiary	(2,060)	622
	<u>23,693</u>	<u>24,692</u>

5. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable within five years	16,502	28,258
Finance leases	118	78
	<u>16,620</u>	<u>28,336</u>

6. INCOME TAXES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The charge comprises:		
Current year		
Hong Kong	6,528	4,991
Other regions in the PRC	15,234	14,561
	<u>21,762</u>	<u>19,552</u>
Underprovision (overprovision) in prior years		
Hong Kong	79	20
Other regions in the PRC	320	(968)
	<u>399</u>	<u>(948)</u>
Deferred tax	<u>1,200</u>	<u>2,400</u>
	<u>23,361</u>	<u>21,004</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 subject 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, 2015 and 2014, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

7. PROFIT FOR THE YEAR

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Amortisation of prepaid lease payments	480	492
Depreciation	39,285	41,154

8. DIVIDEND

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Dividends paid:		
2015 Interim – HK1.5 cents (2014: HK1.5 cents) per ordinary share	8,429	8,429
2014 Final – HK3.5 cents (2014: 2013 Final – HK2.8 cents) per ordinary share	19,667	15,734
	28,096	24,163
Dividend proposed:		
Final dividend proposed for the year		
– HK3.5 cents (2014: HK3.5 cents) per ordinary share	19,667	19,667

The directors recommend the payment of a final dividend of HK3.5 cents per share for the year ended 31st December, 2015 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 (2014: 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, 2015 and 2014 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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables, net	470,610	677,884
Prepayments, deposits and other receivables	42,371	34,683
	<u>512,981</u>	<u>712,567</u>

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

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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 30 days	209,956	326,742
31 – 60 days	125,451	175,252
61 – 90 days	60,450	82,127
91 – 120 days	29,348	43,377
More than 120 days	45,405	50,386
	<u>470,610</u>	<u>677,884</u>

11. TRADE AND OTHER PAYABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	121,536	159,404
Accruals, deposits received and other payables	108,576	123,533
	<u>230,112</u>	<u>282,937</u>

Trade payables with an aged analysis presented based on the invoice date at the end of the reporting period as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 30 days	72,957	89,218
31 – 60 days	25,205	42,334
61 – 90 days	4,931	19,208
91 – 120 days	12,895	5,667
More than 120 days	5,548	2,977
	<u>121,536</u>	<u>159,404</u>

BUSINESS REVIEW

Metal products and building construction materials represent two core pillars of business for the Group.

In 2015, the global economy continued to weaken and economic growth slowed down, while prices of crude oil, steel and other commodities suffered drastic decline, these negative factors brought great challenges to the Group's business during the year. Despite the challenging macro environment, the Group still benefited from its business strategy and the solid foundation built with years of dedication and managed to achieve a relatively stable performance in its annual results.

For the year ended 31st December, 2015, the Group's total revenue was HK\$2,524,502,000, a decrease of approximately 21% year-over-year. The decrease is mainly attributable to the general and substantial decline in prices of most commodities, in particular the prices of steel products, during the year. The overall business volume of the Group maintained at more or less the same level as that of last year.

After the deduction of non-controlling interests, profit attributable to the shareholders of the Company for the year amounted to HK\$92,740,000, a decrease of approximately 14% 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

Metal products line of business comprises mainly of steel coil processing, steel wires and steel wire rope products. Revenue for the year was HK\$1,077,679,000, a decrease of approximately 12% year-over-year. Profit before interest and taxation was HK\$95,980,000, an increase of approximately 12% year-over-year.

2015 remained extremely challenging for the manufacturing sector in China. Due to economic downturn and declining demand, overcapacity became a major issue across various industries in the country and market competition became more intense. In recent years, the Group's metal product business successfully maintained its stable performance, notably its gross profit registered consistent improvement over the years, and this strategic outcome is attributable primarily to the Group's efforts over the years in pursuit of the transition towards high-end products.

High-end steel wire and steel wire rope products represent our primary goal and direction in future development. Whilst striving to maintain our market leadership position in the field of elevator wire ropes in China, the Group is concurrently exploring the field of developing high-end steel wire rope products for other uses that could replace import products. Our aim is to recruit international professionals from this sector and hopefully, with concerted efforts over the next three to five years, we could extend our leading position in elevator wire rope products to the field of steel wire rope products for other uses in China.

Building Construction Materials

Building construction materials line of business comprises mainly of ready mixed concrete, distribution and processing of construction steel products and other building construction materials in Hong Kong.

Revenue for the year was HK\$1,364,589,000, a decrease of approximately 27% year-over-year. Profit before interest and taxation was HK\$85,039,000, a decrease of 22% year-over-year.

Revenue and profit of our building construction materials business both recorded relatively significant declines as compared with the previous year. This is mainly due to significant decline in steel product prices during the year that led to decrease in sales. Impairment recognized for steel inventories increased in view of a relatively substantial decline in steel product prices, the performance of our steel products distribution business suffered a setback accordingly.

For steel products distribution business, the traditional model of providing warehousing and distribution services is relatively primitive and with competitions in the market intensified, it is becoming more difficult to achieve a reasonable level of gross margin, thus value-added processing will be the direction for our steel products business moving forward. During the year, our steel products processing department has established an associate with Hongkong United Dockyards Limited (“HUD”), a joint venture between Swire Pacific and Hutchison Whampoa. The associate conducts rebar processing activities on the dockyard site of HUD, through which the Group increased its input into, and participation in, the value-added steel products processing business. Our value-added steel processing division, which includes the provision of welded wire mesh and rebar processing, posted a remarkable performance during the year and its results showed a significant growth when compared with last year.

Our ready mixed concrete business performed steadily during the year and delivered satisfactory results. Following the commencement of operation of our new mixed concrete batching plant in Mui Wo, Lantau Island, an additional production line in Yau Tong, Kowloon also come into operation in the fourth quarter of the year. The Group’s ready mixed concrete operation now has five production lines in Hong Kong and attained the scale of a medium-sized concrete operation in Hong Kong. This business is developing at a steady pace. Our ready mixed concrete business is expected to become a stable contributor to our revenue in the years ahead.

The outlook for Hong Kong’s construction industry is expected to remain promising and buoyant over the next few years. The Group is cautiously optimistic about the business prospects of its building materials business.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2015, the total bank balances and cash of the Group amounted to HK\$381,064,000 (31st December, 2014: HK\$527,928,000). As at 31st December, 2015, current ratio (current assets to current liabilities) for the Group was 2.02:1 (31st December, 2014: 1.55:1).

As at 31st December, 2015, the total borrowings of the Group amounted to HK\$349,723,000 (31st December, 2014: HK\$772,335,000).

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, 2015 was 561,922,500 (31st December, 2014: 561,922,500). As at 31st December, 2015, the equity attributable to the shareholders of the Company amounted to HK\$997,938,000 (31st December, 2014: HK\$948,522,000).

As at 31st December, 2015, net gearing ratio (total borrowings minus bank balances and cash to total equity) was -0.03:1 (31st December, 2014: 0.25:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2015, the total number of staff of the Group was 1,258. 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 share option scheme adopted on 5th June, 2014.

PROSPECT

Looking forward to 2016, the global economy, including China's economy, will still be clouded by uncertainties, this situation will continue to bring various challenges for different industries and the Group's business will inevitably be affected. Against a challenging operating environment, the Group will adopt a more cautious approach in conducting our core businesses, and will continue to formulate our long-term development plan so as to lay down the foundations for sustainable development in long term. We will make every effort to achieve our goals of providing high-end products in the industry and capturing market leading position. We are confident that by virtue of the solid foundation established through years of dedication and untiring and devoted efforts of our staff, we will overcome the prevailing pressure from downward movement of the economy and continue to bring solid returns for our shareholders.

CORPORATE GOVERNANCE

The Group is committed to the 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, 2015 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 of directors (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.

AUDIT COMMITTEE

The Company established its Audit Committee on 5th January, 1999 with written terms of reference which are in line with the CG Code. 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, 2015.

REMUNERATION COMMITTEE

The Company established its Remuneration Committee on 21st April, 2005 with written terms of reference which are in line with the CG Code. 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, 2015.

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, 2015.

FINAL DIVIDEND

The Board recommends payment of a final dividend of HK3.5 cents per share for the year ended 31st December, 2015 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 15th June, 2016. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on 3rd June, 2016 (the "AGM"), the proposed final dividend will be paid to the Company's shareholders on 8th July, 2016.

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, 31st May, 2016

Closure of Register of Members Wednesday, 1st June, 2016 to
Friday, 3rd June, 2016
(both dates inclusive)

Record date Friday, 3rd June, 2016

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

Latest time to lodge transfers 4:30 p.m. on Friday, 10th June, 2016

Closure of Register of Members Monday, 13th June, 2016 to
Wednesday, 15th June, 2016
(both dates inclusive)

Record date Wednesday, 15th June, 2016

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 2015 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, 23rd March, 2016

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

Executive Directors:

Mr. Pang Tak Chung, Mr. Ho Wai Yu, Sammy,
Ms. Pang Wan Ping and Mr. Lau Ngai Fai

Independent Non-executive Directors:

Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan
and Mr. Lo Yip Tong