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GOLIK HOLDINGS LIMITED

高力集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1118)

ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

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, 2016 together with the comparative figures for the year ended 31st December, 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31st December,	
		2016	2015
		HK\$'000	HK\$'000
Revenue	3	2,160,454	2,524,502
Cost of sales		(1,762,210)	(2,118,365)
Gross profit		398,244	406,137
Other income		23,824	21,020
Interest income		3,068	2,965
Selling and distribution costs		(95,943)	(91,702)
Administrative expenses		(187,259)	(172,267)
Other gains and losses	4	(13,326)	(23,693)
Finance costs	5	(12,184)	(16,620)
Share of result of a joint venture		705	419
Share of result of an associate		(6,448)	(1,450)
Profit before taxation		110,681	124,809
Income taxes	6	(25,528)	(23,361)
Profit for the year	7	85,153	101,448

* For identification purposes only

		Year ended 31st December,	
		2016	2015
	<i>Notes</i>	HK\$'000	HK\$'000
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss:			
– Exchange difference arising on translation of foreign operations		(24,649)	(21,022)
– Release from exchange reserve upon deregistration of a subsidiary		–	(2,060)
– Fair value gain on available-for-sale investment		630	2,754
– Gain on revaluation of property, plant and equipment upon transfer to investment properties		–	915
– Fair value loss on investment properties		(110)	(170)
		<hr/>	<hr/>
Other comprehensive expense for the year		(24,129)	(19,583)
		<hr/>	<hr/>
Total comprehensive income for the year		61,024	81,865
		<hr/> <hr/>	<hr/> <hr/>
Profit attributable to:			
Shareholders of the Company		72,670	92,740
Non-controlling interests		12,483	8,708
		<hr/>	<hr/>
		85,153	101,448
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:			
Shareholders of the Company		53,674	77,512
Non-controlling interests		7,350	4,353
		<hr/>	<hr/>
		61,024	81,865
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	9		
Basic and diluted		HK12.93 cents	HK16.50 cents
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December, 2016	As at 31st December, 2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current Assets			
Investment properties		3,910	4,020
Property, plant and equipment		426,770	401,989
Prepaid lease payments		13,302	14,555
Interest in a joint venture		4,038	3,333
Amount due from a joint venture		5,068	5,068
Interest in an associate		–	2,050
Amount due from an associate		9,602	14,000
Available-for-sale investment		3,384	2,754
Deposits placed at insurance companies		11,213	10,707
Rental and other deposits		2,912	3,365
Deposits paid for acquisition of property, plant and equipment		11,230	11,554
		491,429	473,395
Current Assets			
Inventories		230,866	232,614
Trade and other receivables	10	612,386	512,981
Prepaid lease payments		444	468
Income tax recoverable		163	1,149
Amount due from an associate		253	–
Time deposits with maturity over three months		–	100,000
Bank balances and cash		574,941	381,064
		1,419,053	1,228,276
Current Liabilities			
Trade and other payables	11	228,339	230,112
Amounts due to non-controlling shareholders		14,970	14,004
Income tax payable		11,222	12,910
Bank borrowings		502,920	306,830
Obligations under finance leases		813	896
Obligation arising from a put option to non-controlling shareholders		31,050	31,050
Derivative financial instruments		12,474	12,660
		801,788	608,462
Net Current Assets		617,265	619,814
		1,108,694	1,093,209

	As at 31st December, 2016 <i>HK\$'000</i>	As at 31st December, 2015 <i>HK\$'000</i>
Capital and Reserves		
Share capital	56,192	56,192
Share premium and reserves	967,324	941,746
	<hr/>	<hr/>
Equity attributable to shareholders of the Company	1,023,516	997,938
Non-controlling interests	34,304	33,809
	<hr/>	<hr/>
Total Equity	1,057,820	1,031,747
	<hr/>	<hr/>
Non-current Liabilities		
Bank borrowings	28,333	40,389
Deferred tax liabilities	21,545	19,465
Obligations under finance leases	996	1,608
	<hr/>	<hr/>
	50,874	61,462
	<hr/>	<hr/>
	1,108,694	1,093,209
	<hr/> <hr/>	<hr/> <hr/>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“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 AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current period, the Group has applied the following amendments to HKFRSs issued by the HKICPA:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts 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 HKAS 7	Disclosure Initiative ⁴
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ⁴

¹ Effective for annual periods beginning on or after 1st January, 2018

² Effective for annual periods beginning on or after 1st January, 2019

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

⁴ Effective for annual periods beginning on or after 1st January, 2017

HKFRS 9 *Financial Instruments*

Based on the Group's financial instruments and risk management policies as at 31st December, 2016, the application of HKFRS 9 in the future may have an impact on the measurement of the Group's financial assets. The expected credit loss model may result in early provision of credit loss which are not yet incurred in relation to the Group's financial assets measured as amortised cost.

HKFRS 15 *Revenue from Contracts with Customers*

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 *Leases*

A preliminary assessment indicates that the lease arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

The directors of the Company anticipate that the application of other new and amendments to 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.

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

For the year ended 31st December, 2016

	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	883,684	1,191,607	2,075,291	85,163	-	2,160,454
Inter-segment sales	8,904	2	8,906	-	(8,906)	-
Total	<u>892,588</u>	<u>1,191,609</u>	<u>2,084,197</u>	<u>85,163</u>	<u>(8,906)</u>	<u>2,160,454</u>
SEGMENT RESULT	<u>83,955</u>	<u>65,711</u>	<u>149,666</u>	<u>(8,046)</u>	<u>354</u>	<u>141,974</u>
Unallocated other income						4,847
Unallocated corporate expenses						(18,399)
Fair value gain on put option derivative						186
Finance costs						(12,184)
Share of result of a joint venture						705
Share of result of an associate						(6,448)
Profit before taxation						<u>110,681</u>

For the year ended 31st December, 2015

	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	1,065,586	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>	<u>156,258</u>
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>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the gross profit or 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, 2016

	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	26,290	11,572	37,862	322	1,671	39,855
Amortisation of prepaid lease payments	422	34	456	–	–	456
(Reversal of allowance) allowance for bad and doubtful debts, net	(4,267)	(2,760)	(7,027)	3,845	687	(2,495)
Reversal of write-down of inventories	(1,048)	(8,921)	(9,969)	(110)	–	(10,079)
(Gain) loss on disposal of property, plant and equipment	7	(277)	(270)	(1,033)	7	(1,296)
Impairment loss on property, plant and equipment	2,283	7,309	9,592	–	–	9,592
	<u>26,290</u>	<u>11,572</u>	<u>37,862</u>	<u>322</u>	<u>1,671</u>	<u>39,855</u>

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	86	628	714	–	745	1,459
	<u>26,122</u>	<u>10,726</u>	<u>36,848</u>	<u>458</u>	<u>1,979</u>	<u>39,285</u>

Revenue from major products

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Metal products	883,684	1,065,586
Building construction materials		
– Concrete products	470,607	424,678
– Construction steel and other products	721,000	939,841
Others	85,163	94,397
	<u>2,160,454</u>	<u>2,524,502</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	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	1,234,612	1,412,353	249,776	186,539
Other regions in the PRC	880,770	1,013,973	212,386	254,327
Macau	22,316	68,527	–	–
Others	22,756	29,649	–	–
	<u>2,160,454</u>	<u>2,524,502</u>	<u>462,162</u>	<u>440,866</u>

Note: Non-current assets excluded amounts due from a joint venture and an associate, available-for-sale investment and deposits paid at insurance companies.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Change in fair value of foreign currency forward contracts derivative	–	(12)
Fair value gain on put option derivative	(186)	(10)
(Gain) loss on disposal of property, plant and equipment	(1,296)	1,459
Impairment losses on property, plant and equipment	9,592	–
Net exchange loss	7,711	7,124
Allowance for bad and doubtful debts on trade receivables	18,216	27,199
Allowance for bad and doubtful debts on other receivables	1,805	67
Reversal of allowance for bad and doubtful debts on trade receivables	(22,516)	(10,074)
Gain on deregistration of a subsidiary	–	(2,060)
	<u>13,326</u>	<u>23,693</u>

5. FINANCE COSTS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on:		
Bank borrowings	12,507	16,502
Finance leases	96	118
	<u>12,603</u>	<u>16,620</u>
Less: amounts capitalised in the cost of qualifying assets	(419)	–
	<u>12,184</u>	<u>16,620</u>

6. INCOME TAXES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
The charge comprises:		
Current year		
Hong Kong	7,988	6,528
Other regions in the PRC	14,734	15,234
	<u>22,722</u>	<u>21,762</u>
Underprovision (overprovision) in prior years		
Hong Kong	(448)	79
Other regions in the PRC	1,174	320
	<u>726</u>	<u>399</u>
Deferred tax	2,080	1,200
	<u>25,528</u>	<u>23,361</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 further three years starting from 2016.

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, 2016 and 2015, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

7. PROFIT FOR THE YEAR

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Amortisation of prepaid lease payments	456	480
Depreciation	39,855	39,285

8. DIVIDEND

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Dividends paid:		
2016 Interim – HK1.5 cents (2015: HK1.5 cents) per ordinary share	8,429	8,429
2015 Final – HK3.5 cents (2015: 2014 Final – HK3.5 cents) per ordinary share	19,667	19,667
	28,096	28,096
Dividend proposed:		
Final dividend proposed for the year – HK3.0 cents (2015: HK3.5 cents) per ordinary share	16,858	19,667

The directors recommend the payment of a final dividend of HK3.0 cents per share for the year ended 31st December, 2016 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 (2015: 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, 2016 and 2015 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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade and bills receivables, net	550,501	470,610
Prepayments, deposits and other receivables	61,885	42,371
	<u>612,386</u>	<u>512,981</u>

Other than the cash sales, the Group allows credit periods ranging from 30 to 90 days to its customers. However, there are retention money being withhold by certain customers until the completion of the relevant projects which is expected to be completed in 2017.

Trade and bills 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 – 30 days	240,117	209,956
31 – 60 days	160,655	125,451
61 – 90 days	74,838	60,450
91 – 120 days	31,009	29,348
More than 120 days	43,882	45,405
	<u>550,501</u>	<u>470,610</u>

11. TRADE AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	119,855	121,536
Accruals, deposits received and other payables	108,484	108,576
	<u>228,339</u>	<u>230,112</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 – 30 days	52,958	72,957
31 – 60 days	39,492	25,205
61 – 90 days	20,011	4,931
91 – 120 days	2,857	12,895
More than 120 days	4,537	5,548
	<u>119,855</u>	<u>121,536</u>

BUSINESS REVIEW

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

For the year ended 31st December, 2016, the Group's total revenue was HK\$2,160,454,000, a decrease of approximately 14% year-over-year. After deduction of non-controlling interests, profit attributable to the shareholders of the Company for the year amounted to HK\$72,670,000, a decrease of approximately 22% year-over-year.

During the year, to implement strategies devised for industrial structural adjustment and advance towards high-end manufacturing, the Group has implemented relatively large-scale investment and expansion plans in two major operations, namely steel wire rope manufacturing and value-added steel processing. The operating performance was adversely affected to some extent by the up-front expenses incurred in business restructuring and development of new business and the results for the year declined when compared with the previous year. Nevertheless, the Group's businesses still delivered stable performance during the year.

The management will strengthen the oversight of risk management and internal control, and disclosures of corporate social responsibility. Principal risks and uncertainties facing the Group were reviewed by the Board, details are set out in the section headed "Risk Management and Internal Control" of the annual report.

The Board of Directors has recommended a final dividend of HK3.0 cents per share. Together with the paid interim dividend of HK1.5 cents per share, total dividends for the year will amount to HK4.5 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\$892,588,000, a decrease of approximately 17% year-over-year. Profit before interest and taxation was HK\$83,955,000, a decrease of approximately 13% year-over-year.

The Group's metal products operation in the Mainland was under tremendous pressure over the year. Most of the manufacturing companies in the Mainland are burdened with various challenges such as rising costs, weak market conditions, and intensified competition. Over-expansion in production capacity over the years resulted in cut-throat competition among peers, and this situation is particularly severe in some of the low-end and mid-range products. With the efforts of the management and coupled with gradual transition towards the mid-range and high-end product markets, competitive pressures stemming from the low-end product market is effectively mitigated. Performance for the year managed to remain stable.

The development of high-end steel wire rope products is one of the Group's top priorities in the past year. In the second half of the year, under leasing arrangement between the parties, the plant and equipment with annual production capacities of 50,000 tons of advanced steel wires and 20,000 tons of multi-purpose lifting wire ropes, which was originally owned by Tianjin Metallurgical Group (TMG), underwent a successful merger with the Group's elevator wire ropes operation of which itself is an existing joint venture between the Group and TMG. The merger doubled the Group's production capacity in the field of wire rope and facilitated the expansion into other high-end wire rope product markets in addition to the existing elevator wire rope offerings. At present, the Group has assembled a team of experts from overseas to embark on the reform in machinery performance after the takeover and to develop high-end steel wire rope products that aim to replace imported products. Apart from financial and human resources, three to five years of time or even longer period of development efforts is also required for the development of high-end steel wire rope products. It is hopeful that with the unremitting efforts, the Group's steel wire rope products will assume a leading position in China.

Building Construction Materials

Building construction materials line of business comprises mainly of ready mixed concrete, and distribution and processing of construction steel product.

Revenue for the year was HK\$1,191,609,000, a decrease of approximately 13% year-over-year. Profit before interest and taxation was HK\$65,711,000, a decrease of 23% year-over-year.

During the year, the construction industry in Hong Kong was affected by the filibustering against funding approval for public works by certain legislative councillors. Commencement dates of some of the public works experienced repeated and prolonged delay. The Group's building construction materials business in Hong Kong as a whole was inevitably affected to some extent.

Ready mixed concrete business performed steadily during the year. With new production lines put into operation, ready mixed concrete operation reached a new record high in sales volume of ready mixed concrete during the year. The overall performance is still satisfactory, despite the fact that its gross profit margin declined due to various negative factors such as rising raw material prices and more fierce market competition resulted from shrinkage in public works.

To enhance the Group's profitability and risk resistance capability in the area of construction steel products and facilitate the progressive transformation of building construction materials business to a business model with increased breadth of value-added steel processing activities, the Group has ramped up its investments in the area of value-added steel processing and expanded its operation located at Tai Po Industrial Estate, Hong Kong. Plant expansion works and installation of new equipment are expected to be completed in 2017. The existing operation and revenue will be inevitably affected in the meantime, however, making temporary short-term sacrifices for ample opportunities and space for development in the years ahead is worthwhile.

PROSPECT

Looking forward, the macroeconomic environment will still pose challenges to the Group's business in the coming year, especially in the manufacturing sector. Most of the industry's oversupply woes still linger with an effective solution yet to be found. Administrative measures aiming at industrial de-capacity implemented by the government bring challenges to some of the Group's businesses in the Mainland.

At present, the two core businesses of the Group have both attained an ideal balance regarding geographical coverage and business structure, together with the remarkable market position built on nearly four decades of hard work and dedication, it is hopeful that the business will remain relatively stable for a period in the future.

The Group will leverage on the current achievements and formulate long-term strategies for future. The Group will continue to be steadfast and fully committed to the development of high-end products and strive for an industry-leading position. Various resources and tremendous time and efforts are required to attain this goal. The up-front inputs in market and product development would bring pressure on the Group's performance, but in the long-term will become the cornerstone for supporting its sustainable development and further enhancing the shareholders' investment value.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2016, the total bank balances and cash of the Group amounted to HK\$574,941,000 (31st December, 2015: HK\$381,064,000). As at 31st December, 2016, current ratio (current assets to current liabilities) for the Group was 1.77:1 (31st December, 2015: 2.02:1).

As at 31st December, 2016, the total borrowings of the Group amounted to HK\$533,062,000 (31st December, 2015: HK\$349,723,000).

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, 2016 was 561,922,500 (31st December, 2015: 561,922,500). As at 31st December, 2016, the equity attributable to the shareholders of the Company amounted to HK\$1,023,516,000 (31st December, 2015: HK\$997,938,000).

As at 31st December, 2016, net gearing ratio (total borrowings minus bank balances and cash to total equity) was -0.04:1 (31st December, 2015: -0.03:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2016, the total number of staff of the Group was 1,423. 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.

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, 2016 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, 2016.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position as at 31st December, 2016, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year then ended as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

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, 2016.

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, 2016.

FINAL DIVIDEND

The Board recommends payment of a final dividend of HK3.0 cents per share for the year ended 31st December, 2016 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 12th June, 2017. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on 2nd June, 2017 (the "AGM"), the proposed final dividend will be paid to the Company's shareholders on 12th July, 2017.

Together with the interim dividend of HK1.5 cents per share, total dividends for the full financial year will amount to HK4.5 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 26th May, 2017

Closure of Register of Members 29th May, 2017 to 2nd June, 2017
(both dates inclusive)

Record date 2nd June, 2017

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

Latest time to lodge transfers 4:30 p.m. on 7th June, 2017

Closure of Register of Members 8th June, 2017 to 12th June, 2017
(both dates inclusive)

Record date 12th June, 2017

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). The 2016 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 each employee and management staff in abundance for their contributions and past efforts. I would also like to thank all customers, shareholders, banks and business associates who had supported the Group 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, 24th March, 2017

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

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