

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

GH

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, 2017

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, 2017 together with the comparative figures for the year ended 31st December, 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31st December,	
		2017	2016
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	2,742,207	2,160,454
Cost of sales		(2,379,761)	(1,762,210)
Gross profit		362,446	398,244
Other income		22,082	23,824
Interest income		2,352	3,068
Selling and distribution costs		(108,442)	(95,943)
Administrative expenses		(187,933)	(172,614)
Other gains and losses	4	28,437	(13,326)
Other expenses		(28,123)	(14,645)
Finance costs	5	(16,408)	(12,184)
Share of result of a joint venture		41	705
Share of result of an associate		(5,284)	(6,448)
Profit before taxation		69,168	110,681
Income taxes	6	(20,279)	(25,528)
Profit for the year	7	48,889	85,153

* For identification purposes only

		Year ended 31st December,	
		2017	2016
	<i>Notes</i>	HK\$'000	HK\$'000
Other comprehensive income (expense)			
Items that may be subsequently reclassified to profit or loss:			
– Exchange difference arising on translation of foreign operations		28,135	(24,649)
– Release from exchange reserve upon deregistration of a subsidiary		(908)	–
– Net fair value gain on available-for-sale investments		750	630
– Fair value loss on investment properties		–	(110)
		<hr/>	<hr/>
Other comprehensive income (expense) for the year		27,977	(24,129)
		<hr/>	<hr/>
Total comprehensive income for the year		76,866	61,024
		<hr/> <hr/>	<hr/> <hr/>
Profit attributable to:			
Shareholders of the Company		42,432	72,670
Non-controlling interests		6,457	12,483
		<hr/>	<hr/>
		48,889	85,153
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income attributable to:			
Shareholders of the Company		65,792	53,674
Non-controlling interests		11,074	7,350
		<hr/>	<hr/>
		76,866	61,024
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	<i>9</i>		
Basic and diluted		HK7.55 cents	HK12.93 cents
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December, 2017	As at 31st December, 2016
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current Assets			
Investment properties		3,980	3,910
Property, plant and equipment		503,205	426,770
Prepaid lease payments		13,647	13,302
Interest in a joint venture		4,079	4,038
Amount due from a joint venture		5,068	5,068
Interest in an associate		–	–
Amount due from an associate		9,568	9,602
Available-for-sale investment		4,173	3,384
Deposits placed at insurance companies		11,775	11,213
Rental and other deposits		10,361	2,912
Deposits paid for acquisition of property, plant and equipment		3,876	11,230
Loan receivables	<i>10</i>	4,647	–
Time deposits		2,393	–
		576,772	491,429
Current Assets			
Inventories		595,609	230,866
Trade, loan and other receivables	<i>10</i>	805,635	612,386
Prepaid lease payments		469	444
Income tax recoverable		1,261	163
Amount due from an associate		–	253
Available-for-sale investment		5,025	–
Bank balances and cash		383,167	574,941
		1,791,166	1,419,053
Current Liabilities			
Trade and other payables	<i>11</i>	363,260	228,339
Amounts due to non-controlling shareholders		3,200	14,970
Income tax payable		9,855	11,222
Bank borrowings		847,939	502,920
Obligations under finance leases		569	813
Obligation arising from a put option to non-controlling shareholders		–	31,050
Derivative financial instruments		–	12,474
		1,224,823	801,788
Net Current Assets		566,343	617,265
		1,143,115	1,108,694

	As at 31st December, 2017 HK\$'000	As at 31st December, 2016 HK\$'000
Capital and Reserves		
Share capital	56,192	56,192
Share premium and reserves	1,008,933	967,324
	<hr/>	<hr/>
Equity attributable to shareholders of the Company	1,065,125	1,023,516
Non-controlling interests	52,188	34,304
	<hr/>	<hr/>
Total Equity	1,117,313	1,057,820
	<hr/>	<hr/>
Non-current Liabilities		
Bank borrowings	–	28,333
Deferred tax liabilities	25,375	21,545
Obligations under finance leases	427	996
	<hr/>	<hr/>
	25,802	50,874
	<hr/>	<hr/>
	1,143,115	1,108,694
	<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 REVISED HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle

Except as described below, 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.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure, the application of these amendments has had no impact on the Group’s consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

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 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ⁴
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments 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 9	Prepayment Features with Negative Compensation ²
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 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle ¹
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle ²

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, 2021

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, 2017

	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	1,009,630	1,692,226	2,701,856	40,351	-	2,742,207
Inter-segment sales	5,378	40	5,418	-	(5,418)	-
Total	<u>1,015,008</u>	<u>1,692,266</u>	<u>2,707,274</u>	<u>40,351</u>	<u>(5,418)</u>	<u>2,742,207</u>
SEGMENT RESULT	<u>71,518</u>	<u>38,752</u>	<u>110,270</u>	<u>(2,553)</u>	<u>(103)</u>	107,614
Unallocated other income						2,493
Unallocated corporate expenses						(19,358)
Fair value gain on investment properties						70
Finance costs						(16,408)
Share of result of a joint venture						41
Share of result of an associate						(5,284)
Profit before taxation						<u>69,168</u>

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>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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>	141,974
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>

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 investment properties, 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, 2017

	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	24,679	11,099	35,778	31	1,575	37,384
Amortisation of prepaid lease payments	422	34	456	-	-	456
(Reversal of allowance) allowance for doubtful debts, net	(5,757)	(13,300)	(19,057)	(1,356)	68	(20,345)
Reversal of write-down of inventories, net	(143)	(4,657)	(4,800)	-	-	(4,800)
(Gain) loss on disposal of property, plant and equipment	<u>(5,093)</u>	<u>(108)</u>	<u>(5,201)</u>	<u>6</u>	<u>-</u>	<u>(5,195)</u>

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 doubtful debts, net	(4,267)	(2,760)	(7,027)	3,845	687	(2,495)
Reversal of write-down of inventories, net	(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	<u>2,283</u>	<u>7,309</u>	<u>9,592</u>	<u>-</u>	<u>-</u>	<u>9,592</u>

Revenue from major products

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Metal products	1,009,630	883,684
Building construction materials		
– Concrete products	501,930	470,607
– Construction steel and other products	1,190,296	721,000
Others	40,351	85,163
	<u>2,742,207</u>	<u>2,160,454</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	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong	1,665,155	1,234,612	316,719	249,776
PRC other than Hong Kong and Macau	963,232	880,770	222,429	212,386
Macau	79,404	22,316	–	–
Others	34,416	22,756	–	–
	<u>2,742,207</u>	<u>2,160,454</u>	<u>539,148</u>	<u>462,162</u>

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

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Fair value gain on investment properties	(70)	–
Fair value gain on put option derivative	–	(186)
Gain on disposal of property, plant and equipment	(5,195)	(1,296)
Impairment losses on property, plant and equipment	–	9,592
Net exchange (gain) loss	(2,933)	7,711
Allowance for doubtful debts on trade receivables	1,927	18,216
Allowance for doubtful debts on loan and other receivables	5,184	1,805
Reversal of allowance for doubtful debts on trade receivables	(26,472)	(22,516)
Reversal of allowance for doubtful debts on other receivables	(984)	–
Loss on deregistration of a subsidiary	106	–
	<u>(28,437)</u>	<u>13,326</u>

5. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on:		
Bank borrowings	17,988	12,507
Finance leases	62	96
	<u>18,050</u>	<u>12,603</u>
Less: amounts capitalised in the cost of qualifying assets	(1,642)	(419)
	<u>16,408</u>	<u>12,184</u>

6. INCOME TAXES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
The charge comprises:		
Current year		
Hong Kong Profits Tax	9,301	7,988
PRC Enterprise Income Tax	9,685	14,313
Withholding tax paid for distributed profits in the PRC	734	421
	<u>19,720</u>	<u>22,722</u>
(Overprovision) underprovision in prior years		
Hong Kong Profits Tax	(1,415)	(448)
PRC Enterprise Income Tax	(1,856)	1,174
	<u>(3,271)</u>	<u>726</u>
Deferred tax	<u>3,830</u>	<u>2,080</u>
	<u>20,279</u>	<u>25,528</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 and subject to an Enterprise Income Tax Rate of 15%, which was granted for further three years starting from 2016. Another PRC subsidiary was qualified as “Small Low-profit Enterprise” in Guangdong and subject to an Enterprise Income Tax Rate of 10%, which was granted for three years starting from 2017.

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, 2017 and 2016, deferred tax was provided in full in respect of the temporary differences attributable to such profits.

7. PROFIT FOR THE YEAR

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Amortisation of prepaid lease payments	456	456
Depreciation	37,384	39,855

8. DIVIDEND

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Dividends paid:		
2017 Interim – HK1.5 cents (2016: HK1.5 cents) per ordinary share	8,429	8,429
2016 Final – HK3.0 cents (2016: 2015 Final – HK3.5 cents) per ordinary share	16,858	19,667
	25,287	28,096
Dividend proposed:		
Final dividend proposed for the year – HK3.0 cents (2016: HK3.0 cents) per ordinary share	16,858	16,858

The directors recommend the payment of a final dividend of HK3.0 cents per share for the year ended 31st December, 2017 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 (2016: 561,922,500) ordinary shares in issue during the year.

No diluted earnings per share for the year ended 31st December, 2017 was presented as the assumed exercise of the written put option would result in an increase in earnings per share for the period from 1st January, 2017 to 28th April, 2017 and there were no potential ordinary shares in issue for the remaining period ended 31st December, 2017.

The calculation of the diluted earnings per share for the year ended 31st December, 2016 does not assume the exercise of the written put option on shares of a subsidiary as it is anti-dilutive.

10. TRADE, LOAN AND OTHER RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade and bills receivables, net	737,412	550,501
Prepayments, deposits and other receivables	67,530	61,885
Loan receivables	5,340	–
	<u>810,282</u>	<u>612,386</u>
Analysed for reporting purposes as:		
Current	805,635	612,386
Non-current – Loan receivables	4,647	–
	<u>810,282</u>	<u>612,386</u>

Other than the cash sales, the Group allows credit periods ranging from 30 to 120 days to its customers. However, as at 31st December, 2016, there are retention money being withheld by certain customers until the completion of the relevant projects which was completed in 2017.

Trade and bills receivables, net of allowance for doubtful debts, with an ageing analysis presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 – 30 days	335,078	240,117
31 – 60 days	225,202	160,655
61 – 90 days	92,620	74,838
91 – 120 days	42,867	31,009
More than 120 days	41,645	43,882
	<u>737,412</u>	<u>550,501</u>

11. TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	237,808	119,855
Accruals	84,176	71,242
Deposits received	19,264	19,689
Other payables	22,012	17,553
	<u>363,260</u>	<u>228,339</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 – 30 days	181,861	52,958
31 – 60 days	38,886	39,492
61 – 90 days	8,905	20,011
91 – 120 days	5,608	2,857
More than 120 days	2,548	4,537
	<u>237,808</u>	<u>119,855</u>

BUSINESS REVIEW

Metal products and building construction materials represent two core pillars of business for the Group. For the year ended 31st December, 2017, the Group's total revenue was HK\$2,742,207,000, an increase of approximately 27% year-over-year. After deduction of non-controlling interests, profit attributable to the shareholders of the Company for the year amounted to HK\$42,432,000, a decrease of approximately 42% year-over-year.

2017 was a relative challenging year for the businesses of the Group. The significant price fluctuation of steel, the manufacturing sector in the Mainland exposed to the more stringent environmental regulations, coupled with the Group's investment in the expansion of "High-end Lifting Wire Rope" project in Tianjin and "Steel Rebar Processing" project in Hong Kong are still at the preliminary development stages, the preliminary expenses for the expansion of business will have a negative impact on the Group to some extent.

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\$1,015,008,000, an increase of approximately 14% year-over-year. Profit before interest and taxation was HK\$71,518,000, a decrease of approximately 15% year-over-year.

Unfavourable factors such as increase in the costs of raw materials and increase in environmental costs will have an impact on the majority of manufacturing sectors in the Mainland to some extent. Given the effort made by the team, the business of the metal products operation has undergone a normal development, especially with the stress on the development of mid-range to high-end products, which can effectively offset the pressure from the rising of various costs, and the results managed to remain relatively stable.

The steel wire rope products in Tianjin managed a stable performance in the year. Though the market competition was fierce, the scale of volume still recorded a solid improvement given the effort of the team, coupled with the continuous extension towards high-end products, which has effectively offset the pressure from the rising costs of raw materials and the increase of environmental costs.

The development of high-end lifting wire rope is one of the Group's top priorities in the year. Smooth development are seen in product research and manufacturing. Given the effort of the expert team and management personnel, the manufacturing techniques for the majority of high-end lifting wire rope have been fully grasped. The major task at the moment is market development. Development for high-end customers and high-end products requires time and patience, and the business will be more stable once it is accepted by market. As the lifting wire rope project is still at the preliminary development stage, various expenses for product and market development will have certain impacts against the profit performance of the year to some extent.

Building Construction Materials

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

Revenue for the year was HK\$1,692,266,000, an increase of approximately 42% year-over-year. The increase of revenue was mainly attributable to the expansion of business and the increase in the price of steel which resulted in an increase of unit selling price. Profit before interest and taxation was HK\$38,752,000, a decrease of approximately 41% year-over-year, which was mainly attributable to the loss recorded in the steel distribution business.

The significant price fluctuation of steel in the year and the China government resorted to stringent environmental regulations to diminish the steel capacity, which caused substantial changes to the supply and demand of the steel market in the year. The price of steel increased significantly and the steel distribution industry generally incurred losses from purchasing at higher prices while delivering for supply contracts at lower prices.

The operations of ready mixed concrete and precast concrete products remained stable. Insufficient works for the construction industry and market competition in the year resulted in a decrease of the price of concrete products and gross profit margin. The management is committed to squeeze out various costs including those of raw materials, and since the scale of volume reached the highest level in years, the results of the year are satisfactory.

Construction rebar cut-and-bend is a development that the Group has contributed significant resources in Hong Kong. It utilises automation equipment to replace the traditional and cumbersome materials preparation by construction site workers, and it is unanimously welcomed by the construction sector of Hong Kong. Among others, the Chief Executive, the Financial Secretary and various policy authorities such as the Development Bureau have expressed their support and are confident that off-site automate reinforcement steel rebar processing will be the direction where the construction sector of Hong Kong shall head to.

The expansion of steel processing plant and installation of new equipment in Tai Po Industrial Estate of Hong Kong are expected to be completed in the first quarter of 2018. However, the steel processing model in terms of factory-wise is still a novelty to Hong Kong and a time-consuming running-in process will be required with the sector. Therefore, it may take a while to generate benefits, but the Group is optimistic to the long term development of such business.

Prospect

For the manufacturing sector in the Mainland, as the government has enforced the environmental regulations more relentlessly and more stringent, which caused the closure of many small and medium manufacturing plants. While enterprises with competence and capable of meeting environmental requirements have edged out and their operating conditions have improved.

The manufacturing sector of Hong Kong is optimistic to end the effect of the “filibustering” by legislative councilors, and the funding approval for public works can be facilitated, which will allow more public works to be launched progressively in the second half of the year. The prospects of the two core pillars of business for the Group, metal products and building construction materials, are promising.

Some difficulties and challenges in 2017 remains to be extended to the new year and will have impact on the performance of the new year, however, it is believed that the pressure will be alleviated.

The challenges and difficulties currently exposed are within our expectation, and our determination and confidence of developing high-end products and striving to become the leader of the region or the industry will not be affected. The management is confident that with unremitting effort, a solid foundation for the long term development of the Group can be established and the investment value of shareholders can be improved.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2017, the total bank balances and cash of the Group amounted to HK\$383,167,000 (31st December, 2016: HK\$574,941,000). As at 31st December, 2017, current ratio (current assets to current liabilities) for the Group was 1.46:1 (31st December, 2016: 1.77:1).

As at 31st December, 2017, the total borrowings of the Group amounted to HK\$848,935,000 (31st December, 2016: HK\$533,062,000).

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, 2017 was 561,922,500 (31st December, 2016: 561,922,500). As at 31st December, 2017, the equity attributable to the shareholders of the Company amounted to HK\$1,065,125,000 (31st December, 2016: HK\$1,023,516,000).

As at 31st December, 2017, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.42:1 (31st December, 2016: -0.04:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2017, the total number of staff of the Group was 1,471. 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, 2017 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, 2017.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. 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 Messrs. 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, 2017.

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, 2017.

FINAL DIVIDEND

The Board recommends payment of a final dividend of HK3.0 cents per share for the year ended 31st December, 2017 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 21st June, 2018. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on 8th June, 2018 (the "AGM"), the proposed final dividend will be paid to the Company's shareholders on 13th July, 2018.

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 4th June, 2018
Closure of Register of Members	5th June, 2018 to 8th June, 2018 (both dates inclusive)
Record date	8th June, 2018

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

Latest time to lodge transfers	4:30 p.m. on 15th June, 2018
Closure of Register of Members	19th June, 2018 to 21st June, 2018 (both dates inclusive)
Record date	21st June, 2018

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 2017 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, 23rd March, 2018

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