

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.

# GOLIK

## 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, 2023

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, 2023 together with the comparative figures for the year ended 31st December, 2022 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31st December,	
		2023 HK\$'000	2022 HK\$'000
Revenue	3	4,145,653	4,271,161
Cost of sales		<u>(3,520,415)</u>	<u>(3,818,275)</u>
Gross profit		625,238	452,886
Other income		32,395	51,229
Selling and distribution costs		(171,954)	(139,875)
Administrative expenses		(184,967)	(159,890)
Impairment losses under expected credit losses (“ECL”) model, net of reversal		(14,715)	(2,752)
Other gains and losses	4	(8,892)	(10,135)
Other expenses		(46,448)	(44,514)
Finance costs		(52,880)	(41,517)
– Interest on bank borrowings		(42,674)	(29,952)
– Interest on lease liabilities		(10,206)	(11,565)
Share of result of a joint venture		(114)	(251)
Share of result of an associate		1,093	999
Profit before taxation		178,756	106,180
Income taxes	5	<u>(17,864)</u>	<u>(15,642)</u>
Profit for the year	6	<u>160,892</u>	<u>90,538</u>

\* For identification purposes only

		<b>Year ended 31st December,</b>	
		<b>2023</b>	2022
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive (expense) income</b>			
<b>Items that may be subsequently reclassified to profit or loss:</b>			
– Exchange difference arising on translation of foreign operations		<b>(8,481)</b>	(54,405)
– Release from exchange reserve upon deregistration of subsidiaries		–	422
<b>Item that will not be reclassified to profit or loss:</b>			
– Fair value loss on an equity instrument at fair value through other comprehensive income (“FVTOCI”)		<b>(1,993)</b>	(113)
Other comprehensive expense for the year		<b>(10,474)</b>	(54,096)
Total comprehensive income for the year		<b>150,418</b>	36,442
Profit for the year attributable to:			
Shareholders of the Company		<b>138,921</b>	75,673
Non-controlling interests		<b>21,971</b>	14,865
		<b>160,892</b>	90,538
Total comprehensive income for the year attributable to:			
Shareholders of the Company		<b>130,385</b>	33,308
Non-controlling interests		<b>20,033</b>	3,134
		<b>150,418</b>	36,442
Basic earnings per share	8	<b>HK24.19 cents</b>	HK13.17 cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December, 2023	As at 31st December, 2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current Assets</b>			
Property, plant and equipment		465,032	490,690
Right-of-use assets		161,238	226,427
Interest in a joint venture		–	5,045
Interest in an associate		–	–
Amount due from an associate		2,477	1,366
Equity instrument at FVTOCI		13	2,006
Insurance policy assets		7,226	14,072
Rental and other deposits	9	5,646	2,905
Deposits paid for acquisition of property, plant and equipment		8,226	4,682
Loan receivables	9	1,405	2,380
		<b>651,263</b>	749,573
<b>Current Assets</b>			
Inventories		590,542	784,999
Trade, bills, loan and other receivables	9	1,025,045	959,118
Income tax recoverable		347	–
Bank balances and cash		652,131	541,569
		<b>2,268,065</b>	2,285,686
<b>Current Liabilities</b>			
Trade, bills and other payables	10	402,135	226,579
Contract liabilities		21,101	9,620
Lease liabilities		19,875	29,197
Amounts due to non-controlling shareholders		3,200	3,200
Income tax payable		5,318	10,280
Bank borrowings		906,133	1,250,243
		<b>1,357,762</b>	1,529,119
<b>Net Current Assets</b>		<b>910,303</b>	756,567
		<b>1,561,566</b>	1,506,140

	As at <b>31st December,</b> <b>2023</b> <i>HK\$'000</i>	As at 31st December, 2022 <i>HK\$'000</i>
<b>Capital and Reserves</b>		
Share capital	57,438	57,438
Share premium and reserves	<u>1,211,092</u>	<u>1,112,298</u>
Equity attributable to shareholders of the Company	<b>1,268,530</b>	1,169,736
Non-controlling interests	<u>118,597</u>	<u>108,400</u>
<b>Total Equity</b>	<u><b>1,387,127</b></u>	<u>1,278,136</u>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	27,192	24,132
Lease liabilities	<u>147,247</u>	<u>203,872</u>
	<u>174,439</u>	<u>228,004</u>
	<u><b>1,561,566</b></u>	<u>1,506,140</u>

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”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

### **New and amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1st January, 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

### **2.1 Impacts on application of Amendments to HKAS 8 *Definition of Accounting Estimates***

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

### **2.2 Impacts on application of Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1st January, 2022; and
- (ii) the Group also, as at 1st January, 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group disclose the related deferred tax assets of HK\$20,411,000 and deferred tax liabilities of HK\$20,411,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

### **2.3 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies***

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in the consolidated financial statements.

## Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### **Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)* (the “2020 Amendments”) and Amendments to HKAS 1 *Non-current Liabilities with Covenants* (the “2022 Amendments”)**

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

## **Amendments to HKAS 7 and HKFRS 7 *Supplier Finance Arrangements***

The amendments add a disclosure objective to HKAS 7 *Cash flow statements* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements;
- The carrying amount and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements, and the non-cash changes in the carrying amounts of these financial liabilities;
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement; and liquidity risk information.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1st January, 2024. Earlier application is permitted.

The application of the amendments is not expected to have impact on the financial position or performance of the Group but may affect the disclosures of liabilities, cash flows and the Group's exposure to liquidity risk related to the supplier finance arrangements entered into by the Group. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

Information reported to the Chairman and Vice Chairman of the Group, being the chief operating decision makers (“CODM”), 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 operation relating to money lending is presented as other operation.

#### Disaggregation of revenue from contracts with customers

##### For the year ended 31st December, 2023

Segments	Metal products <i>HK\$’000</i>	Building construction materials <i>HK\$’000</i>	Other operation <i>HK\$’000</i>	Total <i>HK\$’000</i>
<b>Sales of goods</b>				
Steel coil processing, steel wires and wire rope products	1,168,812	–	–	1,168,812
Concrete products	–	671,754	–	671,754
Construction steel products and processing, and other construction products	–	2,142,660	–	2,142,660
<b>Service income</b>				
Processing income	–	82,162	–	82,162
Transportation income	–	80,081	–	80,081
<b>Revenue from contract with customers</b>	<b>1,168,812</b>	<b>2,976,657</b>	<b>–</b>	<b>4,145,469</b>
Interest income on money lending	–	–	184	184
<b>Total revenue</b>	<b>1,168,812</b>	<b>2,976,657</b>	<b>184</b>	<b>4,145,653</b>

##### For the year ended 31st December, 2022

Segments	Metal products <i>HK\$’000</i>	Building construction materials <i>HK\$’000</i>	Other operation <i>HK\$’000</i>	Total <i>HK\$’000</i>
<b>Sales of goods</b>				
Steel coil processing, steel wires and wire rope products	1,219,040	–	–	1,219,040
Concrete products	–	496,880	–	496,880
Construction steel products and processing, and other construction products	–	2,446,346	–	2,446,346
<b>Service income</b>				
Processing income	–	44,866	–	44,866
Transportation income	–	63,830	–	63,830
<b>Revenue from contract with customers</b>	<b>1,219,040</b>	<b>3,051,922</b>	<b>–</b>	<b>4,270,962</b>
Interest income on money lending	–	–	199	199
<b>Total revenue</b>	<b>1,219,040</b>	<b>3,051,922</b>	<b>199</b>	<b>4,271,161</b>

The Group sells metal products and building construction materials directly to corporate customers. Revenue is recognised when control of the goods has been transferred, being at the point in time when the goods are delivered to the customer's specific location.

The Group also provide processing services to the customers. Income is recognised at the point in time when the services are rendered and the relevant goods are delivered to the customer's specific location. The Group also provides transportation services to the customers. Income is recognised at the point in time when the services are rendered and the relevant goods are delivered to the customer's specific location.

Other than the cash sales, the Group allows credit periods ranging from 30 to 180 days (2022: 30 to 120 days) to its customers.

Under the Group's standard contract terms, customers have a right to exchange for products. The Group uses its accumulated historical experience to estimate the number of exchange on a portfolio level. Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur. A contract liability is recognised for sales in which revenue has yet been recognised.

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

**For the year ended 31st December, 2023**

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>						
External sales	1,168,812	2,976,657	4,145,469	184	–	4,145,653
Inter-segment sales	3,527	78	3,605	–	(3,605)	–
	<u>1,172,339</u>	<u>2,976,735</u>	<u>4,149,074</u>	<u>184</u>	<u>(3,605)</u>	<u>4,145,653</u>
Total	<u>1,172,339</u>	<u>2,976,735</u>	<u>4,149,074</u>	<u>184</u>	<u>(3,605)</u>	<u>4,145,653</u>
<b>SEGMENT RESULT</b>						
	<u>83,666</u>	<u>165,403</u>	<u>249,069</u>	<u>58</u>	<u>–</u>	<u>249,127</u>
Unallocated other income and other gains						4,297
Unallocated corporate expenses						(17,836)
Finance costs						(52,880)
– Interest on bank borrowings						(42,674)
– Interest on lease liabilities						(10,206)
Impairment loss on interest in joint venture						(4,931)
Share of result of a joint venture						(114)
Share of result of an associate						1,093
Profit before taxation						<u>178,756</u>

For the year ended 31st December, 2022

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>						
External sales	1,219,040	3,051,922	4,270,962	199	–	4,271,161
Inter-segment sales	3,274	15	3,289	91	(3,380)	–
Total	<u>1,222,314</u>	<u>3,051,937</u>	<u>4,274,251</u>	<u>290</u>	<u>(3,380)</u>	<u>4,271,161</u>
<b>SEGMENT RESULT</b>	<u>78,910</u>	<u>85,213</u>	<u>164,123</u>	<u>213</u>	<u>–</u>	<u>164,336</u>
Unallocated other income and other gains						1,748
Unallocated corporate expenses						(19,135)
Finance costs						(41,517)
– Interest on bank borrowings						(29,952)
– Interest on lease liabilities						(11,565)
Share of result of a joint venture						(251)
Share of result of an associate						999
Profit before taxation						<u>106,180</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the gross profit generated from each segment, net of selling and distribution costs and administrative expenses directly attributable to each segment without allocation of certain other income and other gains, corporate expenses, finance costs, share of results of a joint venture and an associate, and impairment loss on interest in a joint venture. This is the measure reported to the CODM 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, 2023

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operation HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation of property, plant and equipment	22,734	19,138	41,872	1	191	42,064
Depreciation of right-of-use assets	16,107	10,277	26,384	–	6,578	32,962
Impairment losses under ECL model, net	878	13,073	13,951	–	764	14,715
Net write-down (reversal of write-down) of inventories	3,244	(11,963)	(8,719)	–	–	(8,719)
Loss on disposal of property, plant and equipment	183	1,584	1,767	–	–	1,767

For the year ended 31st December, 2022

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operation HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation of property, plant and equipment	20,932	13,638	34,570	–	161	34,731
Depreciation of right-of-use assets	15,934	23,929	39,863	–	6,568	46,431
Impairment losses (reversal of impairment losses) under ECL model, net	2,296	506	2,802	(50)	–	2,752
Net write-down (reversal of write-down) of inventories	2,071	(16,382)	(14,311)	–	–	(14,311)
(Gain) loss on disposal of property, plant and equipment	(675)	1	(674)	–	–	(674)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### Geographical information

The Group operates in two principal geographical areas, namely Hong Kong and Mainland China.

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:

### For the year ended 31st December, 2023

	Revenue from external customers				Non-current assets HK\$'000
	Metal products HK\$'000	Building construction materials HK\$'000	Other operation HK\$'000	Total HK\$'000	
Hong Kong	9,469	2,884,138	184	2,893,791	274,944
Mainland China	1,028,545	25,731	–	1,054,276	360,897
Macau	31	66,788	–	66,819	–
Others	130,767	–	–	130,767	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>1,168,812</u>	<u>2,976,657</u>	<u>184</u>	<u>4,145,653</u>	<u>635,841</u>

*Note:* Non-current assets excluded amount due from an associate, equity instrument at FVTOCI, insurance policy assets, rental deposits and loan receivables.

For the year ended 31st December, 2022

	Revenue from external customers				Non-current assets HK\$'000
	Metal products HK\$'000	Building construction materials HK\$'000	Other operation HK\$'000	Total HK\$'000	
Hong Kong	8,097	2,891,038	199	2,899,334	291,566
Mainland China	1,062,362	7,027	–	1,069,389	435,907
Macau	–	153,857	–	153,857	–
Others	148,581	–	–	148,581	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>1,219,040</u>	<u>3,051,922</u>	<u>199</u>	<u>4,271,161</u>	<u>727,473</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 CODM in the resource allocation and assessment of performance.

#### 4. OTHER GAINS AND LOSSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss (gain) on disposal of property, plant and equipment	1,767	(674)
Impairment loss on interest in a joint venture	4,931	–
Net exchange loss	2,194	10,809
	<u>8,892</u>	<u>10,135</u>

#### 5. INCOME TAXES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The charge comprises:		
Current year		
Hong Kong Profits Tax	5,111	6,712
Mainland China Enterprise Income Tax	14,000	10,876
Withholding tax paid for distributed profits in Mainland China	1,902	1,605
	<u>21,013</u>	<u>19,193</u>
Overprovision in prior years		
Hong Kong Profits Tax	(1,424)	(413)
Mainland China Enterprise Income Tax	(4,785)	(1,845)
	<u>(6,209)</u>	<u>(2,258)</u>
Deferred taxation	<u>3,060</u>	<u>(1,293)</u>
	<u>17,864</u>	<u>15,642</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of taxable profits of qualifying group entity will be taxed at 8.25%, and taxable profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of Mainland China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% for both years. In addition, one Mainland China subsidiary of the Company in Tianjin was qualified as “High-tech Enterprises” and subject to an Enterprise Income Tax Rate of 15%, which was granted for three years starting from 2022. Another three Mainland China subsidiaries were qualified as “Small Low-profit Enterprise” in Guangdong and subject to an Enterprise Income Tax Rate of 5% for the first Renminbi (“RMB”) 1 million of taxable profits and 10% for the taxable profits above RMB1 million but not exceeding RMB3 million. Further, withholding income tax of 10% is generally imposed on dividends relating to any profits earned commencing from 2008 to foreign investors, while for some Mainland China entities held by companies incorporated in certain places, including Hong Kong, preferential tax rate of 5% will be applied according to EIT Law if such companies are the beneficial owner of over 25% of these Mainland China entities.

The EIT Law requires withholding tax to be levied on distribution of profits earned by a Mainland China 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, 2023 and 2022, deferred tax was provided in full in respect of the temporary differences attributable to such profits.

## 6. PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	42,064	34,731
Depreciation of right-of-use assets	32,962	46,431
Net reversal of write-down of inventories	(8,719)	(14,311)
	<u>                    </u>	<u>                    </u>

## 7. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends paid:		
2022 Final – HK3.0 cents (2022: 2021 Final – HK3.0 cents) per ordinary share	17,231	17,231
2022 Special – Nil (2022: 2021 Special – HK5.0 cents) per ordinary share	–	28,719
2023 Interim – HK2.5 cents (2022: 2022 Interim – HK2.0 cents) per ordinary share	14,360	11,488
	<u>                    </u>	<u>                    </u>
	<b>31,591</b>	57,438
	<u>                    </u>	<u>                    </u>
Dividend proposed:		
Final dividend proposed for the year – HK3.5 cents (2022: HK3.0 cents) per ordinary share	20,103	17,231
	<u>                    </u>	<u>                    </u>

The directors proposed the payment of a final dividend of HK3.5 cents (2022: HK3.0 cents) per share for the year ended 31st December, 2023 which is subject to the approval by the shareholders at the forthcoming annual general meeting.

## 8. BASIC 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 574,378,128 (2022: 574,378,128) ordinary shares in issue during the year.

No diluted earnings per share for the years ended 31st December, 2023 and 2022 was presented as there were no potential ordinary shares in issue during the year.

9. RENTAL AND OTHER DEPOSITS, TRADE, BILLS, LOAN AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	974,262	901,147
Less: Impairment losses under ECL model	<u>(60,924)</u>	<u>(44,304)</u>
	<b>913,338</b>	856,843
Bills receivables	<u>11,269</u>	<u>26,497</u>
Loan receivables	2,929	4,007
Less: Impairment losses under ECL model	<u>(550)</u>	<u>(550)</u>
	<b>2,379</b>	3,457
Prepayments	58,608	47,146
Rental and other deposits	27,841	23,472
Other receivables	40,095	28,495
Less: Impairment losses under ECL model	<u>(21,434)</u>	<u>(21,507)</u>
	<b>105,110</b>	77,606
Total trade, bills, loan and other receivables	<b><u>1,032,096</u></b>	<b><u>964,403</u></b>
Analysed for reporting purposes as:		
Current	1,025,045	959,118
Non-current – Loan receivables, net	1,405	2,380
Non-current – Rental and other deposits	<u>5,646</u>	<u>2,905</u>
	<b><u>1,032,096</u></b>	<b><u>964,403</u></b>

Other than the cash sales, the Group allows credit periods ranging from 30 to 180 days (2022: 30 to 120 days) to its customers.

Trade and bills receivables, net of impairment losses under ECL model, 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	391,725	345,885
31 – 60 days	318,254	339,002
61 – 90 days	126,525	118,051
91 – 120 days	45,593	41,791
More than 120 days	<u>42,510</u>	<u>38,611</u>
	<b><u>924,607</u></b>	<b><u>883,340</u></b>

The Group holds a money lender license in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and provides loan facilities to business associates referred by member companies of the Group. The Group gains interest income from provision of such loan facilities through a wholly owned subsidiary of the Company, Golik Capital Limited (“Golik Capital”).

### Loan Outstanding under Money Lending Business of the Group

The following table shows the Group’s loan receivables as at 31st December, 2023 and 2022 in the book of Golik Capital categorized by natures of relevant loans:

Loans by Natures	Loan principal as at 31st December, 2023 <i>HK\$'000</i>	Interest rate per annum %	% of total loan principal as at 31st December, 2023 %
Installment loans, with collaterals	2,379	2.46-5.02	81.22
Loan, with personal guarantee	550	6.00	18.78
Total loan receivables	<u>2,929</u>		<u>100.00</u>
Less: Impairment losses under ECL model	<u>(550)</u>		
Net loan receivables	<u><u>2,379</u></u>		
Loans by Natures	Loan principal as at 31st December, 2022 <i>HK\$'000</i>	Interest rate per annum %	% of total loan principal as at 31st December, 2022 %
Installment loans, with collaterals	3,457	2.46-5.02	86.27
Loan, with personal guarantee	550	6.00	13.73
Total loan receivables	4,007		100.00
Less: Impairment losses under ECL model	<u>(550)</u>		
Net loan receivables	<u><u>3,457</u></u>		

### Risk Control and Management Policies

The Group has adopted and followed a series of control procedures to regulate Golik Capital’s money lending business to ensure comprehensive risk control and management in all money lending transactions so as to safeguard the interest of the Company and its shareholders. Key internal controls adopted in this connection by the Golik Capital include know your client verification, assessment against individual credit risk, proper internal credit approval and ongoing monitoring loan recoverability as follows:

- (1) check and verify background for each loan applicant, such as to obtain comment from the loan applicant’s referrer, ask required identity documents and search other information legally available in the market as possible;
- (2) obtain credit report in respect of loan applicant’s historical payment default, if any;
- (3) obtain original collateral’s document for all secured loans to be applied;

- (4) verify authenticity as possible for all information provided by loan applicant; and
- (5) ready all documents along with an inhouse document check list, propose loan's amount for loan applicant with concluded comment from findings for internal official approval.

To minimize the Group's exposure from credit and management risk, Golik Capital would conduct regular review on each loan's performance against relevant repayment and settlement so that loan's periodical collection could be monitored and recoverability could be ensured, in case unusual loanee's practice found, identify relevant potential risks/problems of the loanee and take corresponding suitable measures as possible. Golik Capital would also periodically conduct relevant checks for loanees and loanees' guarantors against periodical guidelines, notices and sanction lists (if any) circulated by the Hong Kong Companies Registry to ensure compliance with relevant requirements and regulations under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong.

#### Ageing Analysis of the outstanding loans

Net loan receivables with ageing analysis presented below per maturity dates:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Not due yet	2,379	3,457
Overdue	—	—
	<u>2,379</u>	<u>3,457</u>

#### 10. TRADE, BILLS AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	252,165	115,584
Bills payables	9,380	15,011
Accruals	99,121	65,500
Deposits received	14,288	10,704
Other payables	27,181	19,780
	<u>402,135</u>	<u>226,579</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	162,680	68,466
31 – 60 days	55,144	43,448
61 – 90 days	21,835	9,720
91 – 120 days	15,584	4,793
More than 120 days	6,302	4,168
	<u>261,545</u>	<u>130,595</u>

The credit period on purchases of goods ranges from 30 to 120 days.

## **BUSINESS REVIEW**

During the year, metal products in Mainland China and building construction materials in Hong Kong represent the Group's two major core businesses.

For the year ended 31st December, 2023, the Group's total revenue was approximately HK\$4,145,653,000, representing a decrease of 3% compared to last year.

The slight decrease in revenue was mainly attributed to the lower prices of most commodities, including steel, compared to last year, and accompanied by the closure of our steel coil processing business during the year. In 2023, the two core businesses of the Group were able to maintain a similar scale to last year, and even experienced slight growth.

After the deduction of profit attributable to non-controlling interests, profit attributable to the Company amounted to approximately HK\$138,921,000, representing an increase of 84% compared to last year.

The Group achieved significant growth in performance during the year as compared to last year, primarily attributed to the gradual normalization of economic activities in Mainland China and Hong Kong, following the lifting of various COVID-19 containment measures in both regions in February. Although the economic recovery rate and speed were not satisfactory, our team was able to quickly seize market opportunities and make appropriate preparations at the initial stage of recovery. In an environment where the overall market and confidence remained weak, we were still able to achieve a relatively satisfactory performance for the Group.

### **Metal Products**

The business mainly consists of steel wires and steel wire rope products manufactured in Tianjin, Heshan and Jiangmen in Mainland China.

Revenue for the year was approximately HK\$1,172,339,000, a decrease of 4% compared to last year. Profit before interest and taxation amounted to approximately HK\$83,666,000, representing an increase of 6% compared to last year.

Over the past year, although the domestic manufacturing industry has emerged from three years of pandemic-related restrictions, market demand has remained weak, and overcapacity has increased competition within the industry. Particularly in the sluggish domestic real estate market, the elevator wire rope business faced significant challenges, leading to further suppression of the product's profit margins. Over the years, benefiting from the efforts and hard work invested in the development of high-performance lifting wire ropes, the Group has started to see positive returns and growth in its export business. As a result, performance of the metal products business has remained stable and recorded a slight increase.

### **Building Construction Materials**

The business comprises mainly of ready mixed concrete, precast concrete products, and distribution and processing of construction steel products in Hong Kong.

Revenue for the year was approximately HK\$2,976,735,000, a decrease of 2% compared to last year. Profit before interest and taxation was approximately HK\$165,403,000, representing an increase of 94% compared to last year.

Hong Kong's construction industry has experienced a rapid recovery since the second quarter, following the release of pandemic-related restrictions in both Mainland China and Hong Kong. Not only have the various large and small construction projects resumed normal operation but some projects have also been rushed to catch up with the work hours lost during the pandemic period. As a result, the Group's building construction materials business has steadily improved. In addition, through years of unremitting efforts, the off-site cut-and-bend steel processing business is widely recognized in the Hong Kong's construction industry, has started to generate returns. The Group's performance in the building construction materials business has been satisfactory this year.

While the long-term outlook for Hong Kong's construction industry remains optimistic, the current property market is in downturn. Many private developers have suspended certain new projects, and the Hong Kong SAR Government is working hard to reduce the annual fiscal deficit and our government may potentially delay some development plans, casting a cloud over the short-term prospects of the Group's building construction materials business. In addition, the entry of new competitors and intensified market competition put the gross profit margins of our products under further pressure. Faced with the current uncertain and complex operating environment, the Group adheres to the principle of "prudent operation", attaches great importance to providing high quality value-added services to our customers and focusing on operational efficiency rather than scale, thereby mitigating market risks. The Group is confident that with its market position of more than 40 years, we will be able to navigate the current challenges and maintain its position as one of the major suppliers of building construction materials in Hong Kong.

## **PROSPECT**

The global political and economic environment is complex and ever-changing, coupled with unpredictable geopolitical factors continuing to cast a shadow over the global macroeconomic outlook. Undoubtedly, Mainland China and Hong Kong are not exempt from these challenges with continued weak confidence in the real estate market and manufacturing industry. The year 2024 will be a challenging year that tests our business resilience and stability.

The Group will continue to adhere to the principles of "prudent operation" and high-quality development. While safeguarding our existing business foundation, the Group will explore new and high-quality investment opportunities, develop different products and markets, and advance towards high-quality and sustainable development.

In a challenging environment full of changes and uncertainties, the relatively favorable performance in 2023 was hard to come by, and we need to express thanks to our team's concerted efforts. In 2024, we look forward to overcoming the current challenges through the unremitting efforts of our team and continuing to deliver a satisfactory performance result for our shareholders.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31st December, 2023, the total bank balances and cash of the Group amounted to approximately HK\$652,131,000 (31st December, 2022: approximately HK\$541,569,000). As at 31st December, 2023, current ratio (current assets to current liabilities) for the Group was 1.67:1 (31st December, 2022: 1.49:1).

As at 31st December, 2023, the total borrowings of the Group amounted to approximately HK\$906,133,000 (31st December, 2022: approximately HK\$1,250,243,000).

As at 31st December, 2023, capital commitments contracted in respect of acquisition for property, plant and equipment for the Group amounted to approximately HK\$86,074,000 (31st December, 2022: approximately HK\$3,558,000), funding for the capital commitments will be generated mainly from internal resources.

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**

The number of the Company's ordinary shares in issue as at 31st December, 2023 was 574,378,128 (31st December, 2022: 574,378,128).

As at 31st December, 2023, the equity attributable to the shareholders of the Company amounted to approximately HK\$1,268,530,000 (31st December, 2022: approximately HK\$1,169,736,000).

As at 31st December, 2023, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.18:1 (31st December, 2022: 0.55:1).

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 31st December, 2023, the total number of staff of the Group was 1,482. 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 Board is committed to maintain a good standard of corporate governance practices within the Group as set out in the Corporate Governance Code (the "CG Code") as contained 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, 2023 except the followings:

Code provision C.1.6, generally independent non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Yu Kwok Kan, Stephen and Mr. Chan Yat Yan were unable to attend the annual general meeting of the Company held on 9th June, 2023 due to their other business engagement.

## **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. Hai Tuen Tai, Freddie, Mr. Luk Kam Fan, Jimmy and Mr. Linn Hon Chung, Ambrose.

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, 2023.

## **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, 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28th March, 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this 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, 2023.

## **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, 2023.

## **FINAL DIVIDEND**

The Board recommends payment of a final dividend of HK3.5 cents per share for the year ended 31st December, 2023 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 26th June, 2024. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on 14th June, 2024 (the "AGM"), the proposed final dividend will be paid to the Company's shareholders on 25th July, 2024.

Together with the interim dividend of HK2.5 cents per share, total dividends for the full financial year will amount to HK6.0 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 7th June, 2024                                  |
|      | Closure of Register of Members                              | 11th June, 2024 to 14th June, 2024<br>(both dates inclusive) |
|      | Record date   | 14th June, 2024  |
| (ii) | For determining entitlement to the proposed final dividend: |  |
|      | Latest time to lodge transfers                              | 4:30 p.m. on 20th June, 2024                                 |
|      | Closure of Register of Members                              | 21st June, 2024 to 26th June, 2024<br>(both dates inclusive) |
|      | Record date   | 26th June, 2024  |

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 17/F, Far East Finance Centre, 16 Harcourt Road, 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](http://www.hkexnews.hk)) and the Company ([www.golik.com](http://www.golik.com)). The 2023 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 sincerely thank each employee and management staff in abundance for their past efforts and contributions. I would also like to thank our customers, shareholders, banks and business associates for their long-term support. With your continued support in the coming year, the Group endeavors to achieve an even better result.

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

Hong Kong, 28th March, 2024

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

*Executive Directors:*

Mr. Pang Tak Chung MH, Mr. Ho Wai Yu, Sammy,  
Ms. Pang Wan Ping and Mr. Pang Chi To

*Independent Non-executive Directors:*

Mr. Hai Tuen Tai, Freddie, Mr. Luk Kam Fan, Jimmy and  
Mr. Linn Hon Chung, Ambrose