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, 2018

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, 2018 together with the comparative figures for the year ended 31st December, 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31st December,	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**3,087,200**	2,742,207
Cost of sales		**(2,842,229)**	(2,379,761)
Gross profit		**244,971**	362,446
Other income		**13,630**	22,082
Interest income		**1,819**	2,352
Selling and distribution costs		**(100,099)**	(108,442)
Administrative expenses		**(175,877)**	(187,933)
Reversal of impairment losses, net		**3,149**	20,345
Other gains and losses	*4*	**(6,484)**	8,092
Other expenses		**(32,610)**	(28,123)
Finance costs	*5*	**(26,664)**	(16,408)
Share of result of a joint venture		**(84)**	41
Share of result of an associate		**54**	(5,284)
(Loss) profit before taxation		**(78,195)**	69,168
Income taxes	*6*	**(1,826)**	(20,279)
(Loss) profit for the year	*7*	**(80,021)**	48,889

* *For identification purposes only*

	Note	Year ended 31st December, **2018** *HK$'000*	2017 *HK$'000*
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss:			
– Exchange difference arising on translation of foreign operations		**(21,481)**	28,135
– Fair value gain on a debt instrument at fair value through other comprehensive income ("FVTOCI")		**20**	–
– Reclassification to profit or loss upon redemption of a debt instrument at FVTOCI		**19**	–
– Release from exchange reserve upon deregistration of a subsidiary		**–**	(908)
– Net fair value gain on available-for-sale investments		**–**	750
Item that will not be reclassified to profit or loss:			
Fair value loss on an equity instrument at FVTOCI		**(881)**	–
Other comprehensive (expense) income for the year		**(22,323)**	27,977
Total comprehensive (expense) income for the year		**(102,344)**	76,866
(Loss) profit attributable to:			
Shareholders of the Company		**(84,782)**	42,432
Non-controlling interests		**4,761**	6,457
		(80,021)	48,889
Total comprehensive (expense) income attributable to:			
Shareholders of the Company		**(103,744)**	65,792
Non-controlling interests		**1,400**	11,074
		(102,344)	76,866
Basic (loss) earnings per share	*9*	**(HK15.09 cents)**	HK7.55 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 31st December, 2018** *HK$'000*	As at 31st December, 2017 *HK$'000*
Non-current Assets			
Investment properties		**4,130**	3,980
Property, plant and equipment		**500,771**	503,205
Prepaid lease payments		**12,643**	13,647
Interest in a joint venture		**3,995**	4,079
Amount due from a joint venture		**1,153**	5,068
Interest in an associate		**–**	–
Amount due from an associate		**9,622**	9,568
Available-for-sale investment		**–**	4,173
Equity instrument at FVTOCI		**3,292**	–
Insurance policy assets		**12,295**	11,775
Rental and other deposits	*10*	**10,174**	10,361
Deposits paid for acquisition of property, plant and equipment		**1,330**	3,876
Loan receivables	*10*	**3,936**	4,647
Time deposits		**2,282**	2,393
		565,623	576,772
Current Assets			
Inventories		**617,773**	595,609
Trade, bills, loan and other receivables	*10*	**654,416**	805,635
Prepaid lease payments		**451**	469
Income tax recoverable		**5,000**	1,261
Available-for-sale investment		**–**	5,025
Bank balances and cash		**363,567**	383,167
		1,641,207	1,791,166
Current Liabilities			
Trade and other payables	*11*	**159,806**	363,260
Contract liabilities		**7,037**	–
Amounts due to non-controlling shareholders		**3,200**	3,200
Income tax payable		**4,495**	9,855
Bank borrowings		**1,023,671**	847,939
Obligations under finance leases		**367**	569
		1,198,576	1,224,823
Net Current Assets		**442,631**	566,343
		1,008,254	1,143,115

	As at 31st December, 2018 *HK$'000*	As at 31st December, 2017 *HK$'000*
Capital and Reserves		
Share capital	**56,192**	56,192
Share premium and reserves	**878,726**	1,008,933
Equity attributable to shareholders of the Company	**934,918**	1,065,125
Non-controlling interests	**50,831**	52,188
Total Equity	**985,749**	1,117,313
Non-current Liabilities		
Deferred tax liabilities	**22,445**	25,375
Obligations under finance leases	**60**	427
	22,505	25,802
	1,008,254	1,143,115

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 (the "Stock Exchange") 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

New and 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.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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.

HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1st January, 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1st January, 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue*.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Metal products
- Building construction materials

Summary of effects arising from initial application of HKFRS 15

The following adjustment was made to the amounts recognised in the consolidated statement of financial position as at 1st January, 2018. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31st December, 2017	Reclassification	Carrying amounts under HKFRS 15 at 1st January, 2018*
		HK$'000	*HK$'000*	*HK$'000*
Current liabilities				
Trade and other payables	(a)	363,260	(10,228)	353,032
Contract liabilities	(a)	–	10,228	10,228

Note:

(a) As at 1st January, 2018, advances from customers of HK$10,228,000 in respect of sales contracts previously included in trade and other payables were reclassified to contract liabilities for HK$10,228,000.

* The amount in this column are before the adjustments from the application of HKFRS 9.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31st December, 2018 for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Reclassification	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Trade and other payables	159,806	7,037	166,843
Contract liabilities	7,037	(7,037)	–

Except for the above, the application of HKFRS 15 has no other significant impact to the consolidated financial statements.

HKFRS 9 *Financial Instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1st January, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1st January, 2018. The difference between carrying amounts as at 31st December, 2017 and the carrying amounts as at 1st January, 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1st January, 2018. All other financial assets and financial liabilities continue to be carried at amortised cost.

	Notes	**Available-for-sale investments** *HK$'000*	**Equity instrument at FVTOCI** *HK$'000*	**Debt instrument at FVTOCI** *HK$'000*	**Trade receivables at amortised cost (previously classified as loans and receivables)** *HK$'000*	**Retained profits** *HK$'000*
Closing balance at 31st December, 2017 - HKAS 39		9,198	–	–	702,080	651,592
Effect arising from initial application of HKFRS 9:						
Reclassification						
From available-for-sale investments	(a)	(9,198)	4,173	5,025	–	–
Remeasurement						
Impairment under ECL model	(b)	–	–	–	(3,986)	(3,986)
Opening balance at 1st January, 2018		–	4,173	5,025	698,094	647,606

Notes:

(a) Available-for-sale investments

From available-for-sale equity investment to FVTOCI

The Group elected to present in other comprehensive income for the fair value changes of its equity investment previously classified as available-for-sale investment. The investment is not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$4,173,000 was reclassified from available-for-sale investment to equity instrument at FVTOCI. The fair value gain of HK$4,173,000 relating to this investment previously carried at fair value recorded in investment reserve continued to accumulate in FVTOCI reserve as at 1st January, 2018.

From available-for-sale debt investment to FVTOCI

Certificate of deposit with a fair value of HK$5,025,000 was reclassified from available-for-sale investment to debt instrument at FVTOCI, as the investment is held within a business model whose objective is achieved by both collecting contractual cash flows and selling of the asset and the contractual cash flows of the investment are solely payments of principal and interest on the principal amount outstanding. The fair value loss of HK$39,000 relating to the investment previously carried at fair value recorded in investment reserve continued to accumulate in FVTOCI reserve as at 1st January, 2018.

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been assessed individually with significant balances larger than HK$12,000,000 and collectively using a provision matrix based on remaining debtors' ageing categories.

ECL for other financial assets at amortised cost mainly comprise of bills receivables, other receivables, loan receivables, amount due from a joint venture, amount due from an associate, time deposits and bank balances, are measured on 12-month ECL ("12m ECL") basis and there had been no significant increase in credit risk since initial recognition.

The Group's debt instrument at FVTOCI is graded at the high credit rating among rating agencies. Therefore, the investment is considered to be low credit risk investments and the loss allowance is measured on 12m ECL basis.

As at 1st January, 2018, the additional credit loss allowance of HK$3,986,000 has been recognised against retained profits. The additional loss allowance is charged against the trade receivables through the loss allowance account.

All loss allowances for trade receivables as at 31st December, 2017 reconcile to the opening loss allowance as at 1st January, 2018 is as follows:

	Trade receivables *HK$'000*
At 31st December, 2017 - HKAS 39	27,577
Amounts remeasured through opening retained profits	3,986
At 1st January, 2018	31,563

Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31st December, 2017 (Audited) *HK$'000*	**HKFRS 15** *HK$'000*	**HKFRS 9** *HK$'000*	**1st January, 2018 (Restated)** *HK$'000*
Non-current Assets				
Available-for-sale investment	4,173	–	(4,173)	–
Equity instrument at FVTOCI	–	–	4,173	4,173
Current Assets				
Trade, bills, loan and other receivables	805,635	–	(3,986)	801,649
Available-for-sale investment	5,025	–	(5,025)	–
Debt instrument at FVTOCI	–	–	5,025	5,025
Current Liabilities				
Trade and other payables	363,260	(10,228)	–	353,032
Contract liabilities	–	10,228	–	10,228
Total Equity				
Retained profits	651,592	–	(3,986)	647,606

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31st December, 2018, movements in working capital have been computed based on the balances per opening consolidated statement of financial position as at 1st January, 2018 as disclosed above.

3. REVENUE AND SEGMENT INFORMATION

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.

Disaggregation of revenue from contracts with customers

For the year ended 31st December, 2018

Segments	**Metal products** *HK$'000*	**Building construction materials** *HK$'000*	**Other operations** *HK$'000*	**Total** *HK$'000*
Types of goods				
Steel coil processing	**300,232**	**–**	**–**	**300,232**
Steel wire and wire ropes	**880,935**	**–**	**–**	**880,935**
Concrete products	**–**	**275,008**	**–**	**275,008**
Construction steel	**–**	**1,581,920**	**–**	**1,581,920**
Other construction products	**–**	**15,863**	**–**	**15,863**
Printing materials	**–**	**–**	**33,242**	**33,242**
Total	**1,181,167**	**1,872,791**	**33,242**	**3,087,200**

For the year ended 31st December, 2017

Segments	Metal products *HK$'000*	Building construction materials *HK$'000*	Other operations *HK$'000*	Total *HK$'000*
Types of goods				
Steel coil processing	294,427	–	–	294,427
Steel wire and wire ropes	715,203	–	–	715,203
Concrete products	–	501,930	–	501,930
Construction steel	–	1,171,658	–	1,171,658
Other construction products	–	18,638	–	18,638
Printing materials	–	–	40,351	40,351
Total	1,009,630	1,692,226	40,351	2,742,207

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

Other than the cash sales, the Group allows credit periods ranging from 30 to 120 days to its customers.

Under the Group's standard contract terms, customers have a right to exchange for dissimilar 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, 2018

	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	**1,181,167**	**1,872,791**	**3,053,958**	**33,242**	**–**	**3,087,200**
Inter-segment sales	**5,202**	**7**	**5,209**	**–**	**(5,209)**	**–**
Total	**1,186,369**	**1,872,798**	**3,059,167**	**33,242**	**(5,209)**	**3,087,200**
SEGMENT RESULT	**48,321**	**(75,470)**	**(27,149)**	**(6,795)**	**117**	**(33,827)**
Unallocated other income						**1,833**
Unallocated corporate expenses						**(19,657)**
Fair value gain on investment properties						**150**
Finance costs						**(26,664)**
Share of result of a joint venture						**(84)**
Share of result of an associate						**54**
Loss before taxation						**(78,195)**

For the year ended 31st December, 2017

	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	1,009,630	1,692,226	2,701,856	40,351	–	2,742,207
Inter-segment sales	5,378	40	5,418	–	(5,418)	–
Total	1,015,008	1,692,266	2,707,274	40,351	(5,418)	2,742,207
SEGMENT RESULT	71,518	38,752	110,270	(2,553)	(103)	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						69,168

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, 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, 2018

	Metal products *HK$'000*	**Building construction materials** *HK$'000*	**Reportable segment total** *HK$'000*	**Other operations** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Depreciation	**23,057**	**14,082**	**37,139**	**26**	**807**	**37,972**
Amortisation of prepaid lease payments	**426**	**34**	**460**	**–**	**–**	**460**
(Reversal of) impairment losses, net	**(246)**	**(4,068)**	**(4,314)**	**1,072**	**93**	**(3,149)**
Write-down (reversal of write-down) of inventories, net	**274**	**(90)**	**184**	**–**	**–**	**184**
Loss on disposal of property, plant and equipment	**113**	**598**	**711**	**–**	**–**	**711**
Addition of property, plant and equipment	**29,649**	**15,167**	**44,816**	**7**	**2**	**44,825**
Disposal of property, plant and equipment	**(357)**	**(918)**	**(1,275)**	**–**	**–**	**(1,275)**

For the year ended 31st December, 2017

	Metal products *HK$'000*	Building construction materials *HK$'000*	Reportable segment total *HK$'000*	Other operations *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Depreciation	24,679	11,099	35,778	31	1,575	37,384
Amortisation of prepaid lease payments	422	34	456	–	–	456
(Reversal of) impairment losses, 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	(5,093)	(108)	(5,201)	6	–	(5,195)
Addition of property, plant and equipment	24,065	78,669	102,734	3	13	102,750
Disposal of property, plant and equipment	(113)	(243)	(356)	(6)	(128)	(490)

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:

For the year ended 31st December, 2018

	Revenue from external customers				
	Metal products *HK$'000*	**Building construction materials** *HK$'000*	**Other operations** *HK$'000*	**Total** *HK$'000*	**Non-current assets** *HK$'000*
Hong Kong	**13,707**	**1,805,239**	**9,982**	**1,828,928**	**314,497**
PRC other than Hong Kong and Macau	**1,113,188**	**20,605**	**21,922**	**1,155,715**	**218,546**
Macau	**–**	**45,874**	**882**	**46,756**	**–**
Others	**54,272**	**1,073**	**456**	**55,801**	**–**
Total	**1,181,167**	**1,872,791**	**33,242**	**3,087,200**	**533,043**

For the year ended 31st December, 2017

	Revenue from external customers				
	Metal products *HK$'000*	Building construction materials *HK$'000*	Other operations *HK$'000*	Total *HK$'000*	Non-current assets *HK$'000*
Hong Kong	55,588	1,596,004	13,563	1,665,155	316,719
PRC other than Hong Kong and Macau	920,914	16,808	25,510	963,232	222,429
Macau	–	78,434	970	79,404	–
Others	33,128	980	308	34,416	–
Total	1,009,630	1,692,226	40,351	2,742,207	539,148

Note: Non-current assets excluded amounts due from a joint venture and an associate, equity instrument at FVTOCI, available-for-sale investment, insurance policy assets, 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

	2018	2017
	HK$'000	*HK$'000*
Fair value gain on investment properties	**(150)**	(70)
Loss (gain) on disposal of property, plant and equipment	**711**	(5,195)
Net exchange loss (gain)	**5,904**	(2,933)
Loss on deregistration of a subsidiary	**–**	106
Loss on redemption of a debt instrument at FVTOCI	**19**	–
	6,484	(8,092)

5. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	**26,634**	17,988
Finance leases	**30**	62
	26,664	18,050
Less: amounts capitalised in the cost of qualifying assets	**–**	(1,642)
	26,664	16,408

Borrowing costs capitalised during the year ended 31st December, 2017 were calculated by applying a capitalisation rate of 2.17% per annum on specific borrowing which financed the construction of qualifying assets.

6. INCOME TAXES

	2018	2017
	HK$'000	*HK$'000*
The charge comprises:		
Current year		
Hong Kong Profits Tax	**1,010**	9,301
PRC Enterprise Income Tax	**8,170**	9,685
Withholding tax paid for distributed profits in the PRC	**539**	734
	9,719	19,720
Overprovision in prior years		
Hong Kong Profits Tax	**(443)**	(1,415)
PRC Enterprise Income Tax	**(4,520)**	(1,856)
	(4,963)	(3,271)
Deferred tax	**(2,930)**	3,830
	1,826	20,279

On 21st March, 2018, the Hong Kong Legislative Council passes the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 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%. The two-tiered profits tax rates regime are applicable to the Group for its annual reporting periods beginning on or after 1st January, 2018. The application of the two-tiered profits tax rates regime is expected to have insignificant effect to the Group.

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. Further, 10% withholding income tax is generally imposed on dividends relating to any profits earned commencing from 2008 to foreign investors, while for some PRC entities held by companies incorporated in certain places, including Hong Kong and Singapore, preferential tax rate of 5% will be applied according to PRC tax regulations if such companies are the beneficial owner of over 25% of these PRC entities.

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, 2018 and 2017, deferred tax was provided in full in respect of the temporary differences attributable to such profits.

7. (LOSS) PROFIT FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Amortisation of prepaid lease payments	**460**	456
Depreciation	**37,972**	37,384

8. DIVIDEND

	2018	2017
	HK$'000	*HK$'000*
Dividends paid:		
2018 Interim – HK1.0 cent (2017: HK1.5 cents) per ordinary share	**5,619**	8,429
2017 Final – HK3.0 cents (2017: 2016 Final – HK3.0 cents) per ordinary share	**16,858**	16,858
	22,477	25,287
Dividend proposed:		
Final dividend proposed for the year – HK2.0 cents (2017: HK3.0 cents) per ordinary share	**11,238**	16,858

The directors proposed the payment of a final dividend of HK2.0 cents per share for the year ended 31st December, 2018, with an option to be paid in new shares of the Company, credited as fully paid, by way of scrip dividend. The arrangement is subject to: (1) the approval of proposed final dividend at the forthcoming annual general meeting; and (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements.

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the (loss) profit attributable to the shareholders of the Company for the year and 561,922,500 (2017: 561,922,500) ordinary shares in issue during the year.

No diluted loss per share for the year ended 31st December, 2018 was presented as there were no potential 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.

10. TRADE, BILLS, LOAN AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**605,844**	729,657
Less: Allowance for credit losses	**(24,963)**	(27,577)
	580,881	702,080
Bills receivables	**13,909**	35,332
Trade and bills receivables	**594,790**	737,412
Loan receivables	**6,678**	7,306
Less: Allowance for credit losses	**(1,990)**	(1,966)
	4,688	5,340
Prepayments, deposits and other receivables	**82,071**	91,154
Less: Allowance for credit losses	**(13,023)**	(13,263)
	69,048	77,891
Total trade, bills, loan and other receivables	**668,526**	820,643
Analysed for reporting purposes as:		
Current	**654,416**	805,635
Non-current – Loan receivables, net	**3,936**	4,647
Non-current – Rental and other deposits	**10,174**	10,361
	668,526	820,643

As at 1st January, 2018, trade receivables amounted to HK$698,094,000.

Other than the cash sales, the Group allows credit periods ranging from 30 to 120 days to its customers.

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:

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**266,436**	335,078
31 – 60 days	**192,664**	225,202
61 – 90 days	**78,168**	92,620
91 – 120 days	**25,301**	42,867
More than 120 days	**32,221**	41,645
	594,790	737,412

11. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**67,979**	237,808
Accruals	**64,943**	84,176
Deposits received	**6,184**	19,264
Other payables	**20,700**	22,012
	159,806	363,260

As at 31st December, 2017, the deposit received of HK$19,264,000 includes advances to customers in respect of sales contract of HK$10,228,000, which was reclassified to contract liabilities as at 1st January, 2018 upon initial application of HKFRS 15.

The credit period on purchases of goods range from 30 to 90 days.

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

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**40,506**	181,861
31 – 60 days	**18,414**	38,886
61 – 90 days	**4,179**	8,905
91 – 120 days	**2,143**	5,608
More than 120 days	**2,737**	2,548
	67,979	237,808

BUSINESS REVIEW

During the year, metal products and building construction materials represent the Group's two major core businesses.

For the year ended 31st December, 2018, the Group's total revenue was HK$3,087,200,000, representing an increase of approximately 13% compared to last year. The increase of revenue was mainly attributable to the price hikes of steel during the year, which spurred the rise in the unit selling price of steel products.

After the deduction of profit attributable to non-controlling interests, loss attributable to the Company amounted to HK$84,782,000. The loss was registered mainly as a result of the unfavourable environment of the Hong Kong construction industry during the year, and the building construction materials business was exposed to less-seen pressure and challenges in recent years. Loss was resulted and the performance for the year is disappointing.

The Board of Directors has recommended a final dividend of HK2 cents per share. Together with the paid interim dividend of HK1 cent per share, total dividends for the year will amount to HK3 cents per share.

Metal Products

The business comprises mainly of steel coil processing, steel wires, and steel wire rope products. Revenue for the year was HK$1,186,369,000, an increase of approximately 17% compared to last year. Profit before interest and taxation was HK$48,321,000, a decrease of approximately 32% compared to last year.

During the year, our metal products business remained stable, with both production volume and sales volume of steel wire rope products hitting an all-time high. Nonetheless, the surging of costs of raw materials for steel and environmental costs during the year could not be timely passed onto customers and therefore the profit margin decreased and made an impact on the profit performance.

Our elevator wire rope products have maintained domestically a leading position in the industry. Currently, the share of the Chinese elevator market has gradually been channeling to elevator companies of leading brand. In the recent years, the effort of the Group to focus on enhancing the cooperation with elevator companies of leading brand has paid off. Benefitted from the growing share of elevator companies of leading brand in the elevator market, the management is confident that, after attained the record high in the production volume of elevator wire last year, further growth will be achieved in next year and the outlook is promising.

The development of high-end lifting wire rope is one of the Group's top priorities in the year. Currently, production techniques for most of the high-end wire rope products have been harnessed. Products have also been marketed and favourable response was received. Through the effort of the team, the ordering results are encouraging. It is anticipated that the high-end lifting wire rope will generate contribution in the second half of Year 2019.

Building Construction Materials

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

Revenue for the year was HK$1,872,798,000, an increase of approximately 11% compared to last year. The increase of revenue was mainly attributable to the increase in the price of construction steel products. Loss before interest and taxation was HK$75,470,000.

As a result of the lengthy debates in the Legislative Council over the public works expenditure funding in the past few years, the construction industry of Hong Kong has been exposed to a scenario of public works funding being kept putting off, sending the number of construction projects with funding approved way lower than expected, which resulted in a significant decrease of construction works. Particularly at the beginning of 2018, the construction industry of Hong Kong was under an extremely severe condition. Being one of the leading construction materials suppliers of Hong Kong, the Group has been exposed to significant challenges and pressure. During the year, the performance of the building construction materials business is disappointing and loss was recorded for the first time in years.

Although the automated cut-and-bend rebars processing has failed to generate any contribution in the year, with the significant support from the Hong Kong government, including the establishment of "Construction Innovation and Technology Fund", the provision of supportive subsidies and supportive measures such as the policy-specific adoption of automated cut-and-bend rebars processing in some public works, it has received the attention of the construction industry. The Group is confident that the business will generate contribution in the foreseeable future and create new value-added elements for the building construction materials business of the Group.

PROSPECT

Although the businesses of the Group were exposed to unprecedented challenges in the past year, it is the belief of the management that the most difficult times have gradually lapsed. As it is probable that the Legislative Council will halt the effect of the "Filibustering" by legislative councilors in the past, the funding for various public works will be expedited. The construction industry of Hong Kong is expected to recover in the second half of Year 2019, and pave its way gradually towards another golden era. The Financial Secretary has forecasted that in the next few years, the annual construction expenditure from public and private sectors of Hong Kong will reach an amount of approximately 300 billion dollar. Being one of the largest construction materials suppliers, the Group will be definitely benefited.

The high-end lifting wire rope in Tianjin and the automated cut-and-bend rebars processing in Hong Kong are the two major projects developed by the Group in recent years with significant resources devoted. In the past two years, the various preliminary development expenses for new projects have imposed some pressure on the performance of the Group. As the projects have gradually started to serve the market this year, these two major projects will generate new contribution to the Group. It is expected that following the success operation of the new projects, the business development of the Group will start a new page, towards an extended and more sustainable development.

The Group is confident on the future development. Focusing on high-end and establishing its position as a leader in the industry have always been the goal pursued by the Group. We are confident that our goal can be achieved through relentless effort.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2018, the total bank balances and cash of the Group amounted to HK$363,567,000 (31st December, 2017: HK$383,167,000). As at 31st December, 2018, current ratio (current assets to current liabilities) for the Group was 1.37:1 (31st December, 2017: 1.46:1).

As at 31st December, 2018, the total borrowings of the Group amounted to HK$1,024,098,000 (31st December, 2017: HK$848,935,000).

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, 2018 was 561,922,500 (31st December, 2017: 561,922,500). As at 31st December, 2018, the equity attributable to the shareholders of the Company amounted to HK$934,918,000 (31st December, 2017: HK$1,065,125,000).

As at 31st December, 2018, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.67:1 (31st December, 2017: 0.42:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2018, the total number of staff of the Group was 1,525. 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, 2018 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.

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, 2018.

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, 2018 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, 2018.

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, 2018.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK2 cents per share for the year ended 31st December, 2018 (2017: HK3 cents). The proposed dividend together with the interim dividend of HK1 cent per share paid by the Company during the year, the total dividend for the full financial year will amount to HK3 cents per share.

Subject to approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend will be paid to the shareholders of the Company in cash, with an option to receive new and fully paid shares in lieu of cash under a scrip dividend scheme (the "Scrip Dividend Scheme"). The Directors may, after have made enquiry regarding the legal restrictions under the laws and regulations of the relevant places, exclude any shareholder outside Hong Kong from the Scrip Dividend Scheme provided that the Directors consider such exclusion to be necessary or expedient on account of the legal restrictions under the laws or regulations in that place. Such shareholders will receive the proposed final dividend in cash.

The Scrip Dividend Scheme is subject to: (1) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company to be held on Tuesday, 11th June, 2019; and (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

The record date for entitlement to the proposed final dividend is Tuesday, 18th June, 2019. For determining the entitlement to the proposed final dividend, the register of members of the Company (the "Register of Members") will be closed for one day on Tuesday, 18th June, 2019 during which no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 17th June, 2019. The proposed final dividend, and the share certificates to be issued under the Scrip Dividend Scheme is expected to be sent on or about Wednesday, 31st July, 2019 to shareholders whose names appear on the Register of Members as at Tuesday, 18th June, 2019. A circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to shareholders on or about Friday, 28th June, 2019. The announcement on the calculation of the market value of shares for calculating the number of new shares to be allotted and issued will be published on or about Thursday, 20th June, 2019.

CLOSURE OF REGISTER OF MEMBERS

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, 2019
Closure of Register of Members	5th June, 2019 to 11th June, 2019 (both dates inclusive)
Record date	11th June, 2019

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

Latest time to lodge transfers	4:30 p.m. on 17th June, 2019
Closure of Register of Members	18th June, 2019
Record date	18th June, 2019

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 2018 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 our 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, 26th March, 2019

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