GOLIK HOLDINGS LIMITED

高力集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1118)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2019

The board of directors (the "Board") of Golik Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2019 together with the comparative unaudited figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30th June, 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited)
Revenue	3	**1,338,948**	1,627,466
Cost of sales		**(1,183,926)**	(1,507,506)
Gross profit		**155,022**	119,960
Other income		**10,797**	6,238
Interest income		**1,228**	891
Selling and distribution costs		**(50,472)**	(50,729)
Administrative expenses		**(83,686)**	(86,375)
Reversal of impairment losses, net		**770**	776
Other gains and losses	4	**(98)**	(1,695)
Other expenses		**(15,974)**	(15,621)
Finance costs	5	**(21,296)**	(10,748)
– Interest on bank borrowings		**(14,450)**	(10,730)
– Interest on lease liabilities/finance leases		**(6,846)**	(18)
Share of result of an associate		**59**	17
Loss before taxation		**(3,650)**	(37,286)
Income tax expenses	6	**(3,326)**	(409)
Loss for the period	7	**(6,976)**	(37,695)

* *For identification purposes only*

	Note	Six months ended 30th June, 2019 HK$'000 (unaudited)	2018 HK$'000 (unaudited)
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
– Exchange difference arising on translation of foreign operations		**(1,866)**	(3,949)
– 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
Items that will not be reclassified to profit or loss:			
– Fair value gain on an equity instrument at FVTOCI		**616**	1,238
Other comprehensive expense for the period		**(1,250)**	(2,672)
Total comprehensive expense for the period		**(8,226)**	(40,367)
(Loss) profit for the period attributable to:			
Shareholders of the Company		**(13,697)**	(39,824)
Non-controlling interests		**6,721**	2,129
		(6,976)	(37,695)
Total comprehensive (expense) income for the period attributable to:			
Shareholders of the Company		**(14,656)**	(41,884)
Non-controlling interests		**6,430**	1,517
		(8,226)	(40,367)
Loss per share	9	**(HK2.44 cents)**	(HK7.09 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30th June, 2019** *HK$'000* **(unaudited)**	As at 31st December, 2018 *HK$'000* (audited)
Non-current Assets			
Investment properties		**4,130**	4,130
Property, plant and equipment		**497,215**	500,771
Prepaid lease payments		**–**	12,643
Right-of-use assets		**291,857**	–
Interest in a joint venture		**3,995**	3,995
Amount due from a joint venture		**–**	1,153
Interest in an associate		**–**	–
Amount due from an associate		**9,681**	9,622
Equity instrument at FVTOCI		**3,909**	3,292
Insurance policy assets		**12,721**	12,295
Rental and other deposits	10	**8,281**	10,174
Deposits paid for acquisition of property, plant and equipment		**607**	1,330
Loan receivables	10	**3,540**	3,936
Time deposits		**2,273**	2,282
		838,209	565,623
Current Assets			
Inventories		**496,129**	617,773
Trade, bills, loan and other receivables	10	**602,130**	654,416
Prepaid lease payments		**–**	451
Income tax recoverable		**6,540**	5,000
Bank balances and cash		**382,995**	363,567
		1,487,794	1,641,207
Current Liabilities			
Trade and other payables	11	**154,486**	159,806
Contract liabilities		**4,005**	7,037
Lease liabilities		**54,119**	–
Dividend payable		**11,238**	–
Amounts due to non-controlling shareholders		**3,200**	3,200
Income tax payable		**2,879**	4,495
Bank borrowings		**881,648**	1,023,671
Obligations under finance leases		**–**	367
		1,111,575	1,198,576
Net Current Assets		**376,219**	442,631
		1,214,428	1,008,254

	As at 30th June, 2019 *HK$'000* (unaudited)	As at 31st December, 2018 *HK$'000* (audited)
Capital and Reserves		
Share capital	**56,192**	56,192
Share premium and reserves	**852,832**	878,726
Equity attributable to shareholders of the Company	**909,024**	934,918
Non-controlling interests	**54,573**	50,831
Total Equity	**963,597**	985,749
Non-current Liabilities		
Deferred tax liabilities	**23,185**	22,445
Lease liabilities	**227,646**	–
Obligations under finance leases	**–**	60
	250,831	22,505
	1,214,428	1,008,254

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed 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.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2019 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31st December, 2018.

Application of new and amendments to HKFRSs and an interpretation

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1st January, 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards which results in changes in accounting policy and amounts reported as described below.

Impacts and changes in accounting policies upon application of HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* and the related interpretations.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1st January, 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1st January, 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognized lease liabilities of HK$308,803,000 and right-of-use assets of HK$322,754,000 at 1st January, 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied ranged from 3.60% to 5.39%.

A reconciliation between operating lease commitments disclosed based on HKAS 17 as at 31st December, 2018 and lease liabilities recognized in the Group's condensed consolidated statement of financial position as at the date of initial application, 1st January, 2019, is as follows:

	Note	*HK$'000*
Operating lease commitments disclosed as at 31st December, 2018		413,569
Adjustments for:		
Lease liabilities resulting from lease modifications of existing leases	#	21,093
Recognition exemption – short-term leases		(734)
Total future finance costs		(125,552)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		308,376
Add:		
Obligations under finance leases recognised at 31st December, 2018	(b)	427
Lease liabilities as at 1st January, 2019		308,803
Analysed as:		
Current		53,430
Non-current		255,373
		308,803

\# The Group renewed the leases of several existing land and buildings by entering into new lease contracts which commence after date of initial application, these new contracts are accounted as lease modifications of the existing contracts upon application of HKFRS 16.

The carrying amount of right-of-use assets as at 1st January, 2019 comprises the following:

	Notes	Right-of-use assets *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		308,376
Adjustments on rental deposits at 1st January, 2019	(a)	868
Amounts included in property, plant and equipment under HKAS 17		
– Assets previously under finance leases	(b)	416
Reclassified from prepaid lease payments	(c)	13,094
		322,754
By class:		
Leasehold land		13,094
Land and buildings		230,898
Plant and machinery and equipment		78,346
Motor vehicles		416
		322,754

Notes:

(a) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK$868,000 was adjusted to refundable rental deposits paid and right-of-use assets.

(b) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1st January, 2019 amounting to HK$416,000 as right-of-use assets. In addition, the Group reclassified the obligation under finance leases of HK$367,000 and HK$60,000 to lease liabilities as current and non-current liabilities respectively at 1st January, 2019.

(c) Upfront payments for leasehold land in the Mainland China were classified as prepaid lease payments as at 31st December, 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK$451,000 and HK$12,643,000 respectively were reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for those leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1st January, 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1st January, 2019. However, effective from 1st January, 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were not adjusted to reflect the discounting effect at transition since the impact of the discounting effect was insignificant.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1st January, 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31.12.2018 *HK$'000*	Adjustments *HK$'000*	Carrying amounts under HKFRS 16 at 1.1.2019 *HK$'000*
Non-current Assets				
Property, plant and equipment	(b)	500,771	(416)	500,355
Prepaid lease payments	(c)	12,643	(12,643)	–
Right-of-use assets	(a), (b), (c)	–	322,754	322,754
Rental and other deposits	(a)	10,174	(868)	9,306
Current Assets				
Prepaid lease payments	(c)	451	(451)	–
Current Liabilities				
Lease liabilities	(b)	–	53,430	53,430
Obligations under finance leases	(b)	367	(367)	–
Non-current Liabilities				
Lease liabilities	(b)	–	255,373	255,373
Obligations under finance leases	(b)	60	(60)	–

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30th June, 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1st January, 2019 as disclosed above.

Except for the above, the application of HKFRS 16 has no other significant impact to the condensed consolidated financial statements.

Impacts and changes in accounting policies of application of Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that the Group applies HKFRS 9, including the impairment requirements, to long-term interests in an associate or a joint venture to which the equity method is not applied that form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 *Investments in Associates and Joint Ventures* ("HKAS 28") (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

As at 31st December, 2018, amount due from an associate of HK$9,622,000 is considered as long-term interests that, in substance form part of the Group's net investments in the relevant associate. However, the application has had no impact as the Group's existing accounting policies are consistent with the requirements clarified by the amendments.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes.

Information reported to the Chairman and the 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 printing materials and others are aggregated and presented as other operations.

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

For the six months ended 30th June, 2019 (unaudited)

	Metal products	Building construction materials	Reportable segment total	Other operations	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE						
External sales	**555,368**	**769,232**	**1,324,600**	**14,348**	**–**	**1,338,948**
Inter-segment sales	**3,510**	**1,084**	**4,594**	**–**	**(4,594)**	**–**
Total	**558,878**	**770,316**	**1,329,194**	**14,348**	**(4,594)**	**1,338,948**
SEGMENT RESULT	**36,698**	**(9,831)**	**26,867**	**(2,714)**	**457**	**24,610**
Unallocated other income						**881**
Unallocated corporate expenses						**(7,904)**
Finance costs						**(21,296)**
– Interest on bank borrowings						**(14,450)**
– Interest on lease liabilities/finance leases						**(6,846)**
Share of result of an associate						**59**
Loss before taxation						**(3,650)**

For the six months ended 30th June, 2018 (unaudited)

	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	546,556	1,065,297	1,611,853	15,613	–	1,627,466
Inter-segment sales	2,192	3	2,195	–	(2,195)	–
Total	548,748	1,065,300	1,614,048	15,613	(2,195)	1,627,466
SEGMENT RESULT	19,429	(33,132)	(13,703)	(3,405)	543	(16,565)
Unallocated other income						801
Unallocated corporate expenses						(10,791)
Finance costs						(10,748)
– Interest on bank borrowings						(10,730)
– Interest on lease liabilities/finance leases						(18)
Share of result of an associate						17
Loss before taxation						(37,286)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the gross profit generated or loss 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, finance costs and share of result an associate. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Revenue from major products

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

	Six months ended 30th June,	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Metal products	**555,368**	546,556
Building construction materials		
– Concrete products	**118,602**	160,495
– Construction steel and other construction products	**650,630**	904,802
Others	**14,348**	15,613
	1,338,948	1,627,466

Geographical information

The Group's revenue from external customers by geographical location of the customers is detailed below:

	Six months ended 30th June,	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Hong Kong	**749,876**	1,035,283
Mainland China	**545,210**	536,446
Macau	**15,038**	33,598
Others	**28,824**	22,139
	1,338,948	1,627,466

All the revenue of the Group is recognised at a point in time.

4. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Reclassification to profit or loss upon redemption of a debt instrument at FVTOCI	**–**	(19)
Gain on disposal of property, plant and equipment	**113**	23
Net exchange loss	**(211)**	(1,699)
	(98)	(1,695)

5. FINANCE COSTS

	Six months ended 30th June,	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Total interest on bank borrowings	**14,450**	11,526
Less: amounts capitalised in the cost of qualifying assets	**–**	(796)
Interest on bank borrowings	**14,450**	10,730
Interest on lease liabilities	**6,846**	–
Interest on finance leases	**–**	18
Interest on lease liabilities/finance leases	**6,846**	18
Total finance costs	**21,296**	10,748

6. INCOME TAX EXPENSES

	Six months ended 30th June, 2019 *HK$'000* (unaudited)	2018 *HK$'000* (unaudited)
The charge comprises:		
Current period		
Hong Kong Profits Tax	**838**	3,256
Mainland China Enterprise Income Tax	**5,111**	3,093
Withholding tax paid for distributed profits in the Mainland China	**322**	338
	6,271	6,687
Overprovision in prior years		
Hong Kong Profits Tax	**–**	–
Mainland China Enterprise Income Tax	**(3,685)**	(3,728)
	(3,685)	(3,728)
Deferred tax	**740**	(2,550)
	3,326	409

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 million of profits of qualifying corporations will be taxed at 8.25%, and 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%. 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 People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Chinese subsidiaries is 25%. In addition, a Chinese subsidiary of the Company was qualified as "Hightech Enterprise" in Tianjin and subject to an Enterprise Income Tax Rate of 15%, which was granted for further three years starting from 2016. Another Chinese 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 Chinese entities held by companies incorporated in certain places, including Hong Kong and Singapore, preferential tax rate of 5% will be applied according to The People's Republic of China tax regulations if such companies are the beneficial owner of over 25% of these Chinese entities.

The EIT Law requires withholding tax to be levied on distribution of profits earned by a Chinese 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 30th June, 2019 and 2018, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

7. LOSS FOR THE PERIOD

	Six months ended 30th June,	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**–**	234
Depreciation of property, plant and equipment	**18,135**	20,157
Depreciation of right-of-use assets	**30,216**	–
Reversal of write-down of inventories (included in cost of sales)	**(18,801)**	(19)

8. DIVIDEND

During the current period, a final dividend of HK2 cents per share in respect of 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 (six months ended 30.6.2018: cash dividend of HK3 cents per share in respect of the year ended 31st December, 2017) was declared. The aggregate amount of the final dividend payable in the current period amounted to HK$11,238,000 (six months ended 30.6.2018: HK$16,858,000).

The Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30.6.2018: cash dividend of HK1 cent per share).

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to the shareholders of the Company of HK$13,697,000 (six months ended 30.6.2018: HK$39,824,000) and 561,922,500 (six months ended 30.6.2018: 561,922,500) ordinary shares in issue during the period.

No diluted loss per share for both periods was presented as there were no potential ordinary shares in issue as at both period ends.

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

	As at 30th June, 2019	As at 31st December, 2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Trade and bills receivables, net	**545,540**	594,790
Prepayments, deposits and other receivables, net	**64,086**	69,048
Loan receivables, net	**4,325**	4,688
	613,951	668,526
Analysed for reporting purpose as:		
Current assets	**602,130**	654,416
Non-current assets – Loan receivables, net	**3,540**	3,936
Non-current assets – Rental and other deposits	**8,281**	10,174
	613,951	668,526

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

Trade and bills receivables, net of allowance for credit loss, 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:

	As at 30th June, 2019 *HK$'000* **(unaudited)**	As at 31st December, 2018 *HK$'000* (audited)
0 – 30 days	**271,424**	266,436
31 – 60 days	**138,686**	192,664
61 – 90 days	**64,375**	78,168
91 – 120 days	**32,182**	25,301
More than 120 days	**38,873**	32,221
	545,540	594,790

11. TRADE AND OTHER PAYABLES

	As at 30th June, 2019 *HK$'000* **(unaudited)**	As at 31st December, 2018 *HK$'000* (audited)
Trade payables	**71,223**	67,979
Accruals, deposits received and other payables	**83,263**	91,827
	154,486	159,806

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

	As at 30th June, 2019 *HK$'000* **(unaudited)**	As at 31st December, 2018 *HK$'000* (audited)
0 – 30 days	**45,639**	40,506
31 – 60 days	**15,753**	18,414
61 – 90 days	**4,517**	4,179
91 – 120 days	**3,445**	2,143
More than 120 days	**1,869**	2,737
	71,223	67,979

BUSINESS REVIEW

Metal products and building construction materials represent the two major core businesses during the period under review.

For the six months ended 30th June, 2019, the Group's total revenue was HK$1,338,948,000, representing a decrease of 18% over the same period last year. The decrease in revenue was mainly due to the unsatisfactory performance of the building construction materials business during the period.

After deducting the profit attributable to non-controlling interests, the loss attributable to shareholders of the Company was HK$13,697,000, representing an improvement over the same period last year.

The Board has resolved not to declare an interim dividend.

Metal Products

The business mainly comprises of processing of steel coils, manufacturing and sales of steel wires and steel wire rope products in the Mainland. Revenue for the period was HK$558,878,000, representing an increase of 2% as compared with the same period last year. Profit before interest and tax was HK$36,698,000, representing an increase of 89% over the same period last year.

The increase in profit of metal products business was mainly due to the good performance of the elevator wire rope products during the period. The newly installed capacity at the beginning of the year started to actualise in the second quarter. The sales and performance of the elevator wire rope reached a new high during the period. In addition, the newly developed high-end lifting wire rope products started to contribute gross profit, we expect the Group's steel wire rope products to achieve another new record in this year.

At present, the market demand for elevator wire rope products remains strong, and the Group has further invested to increase its production capacity and expected that the new capacity can start to contribute in the second quarter of next year.

Building Construction Materials

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

Revenue for the period was HK$770,316,000, representing a decrease of 28% as compared with the same period last year, and the loss before interest and tax was HK$9,831,000.

During the period, the building construction materials business continued to be affected by the industry downturn and its performance was not satisfactory. Although the Hong Kong SAR Government has released nearly HK$200 billion of public works projects in the last financial year, demand for materials will only start to come into view after the first year and the progress is slower than expected. This will not drive the recovery of the construction industry in the short term. In this adverse environment, the Group is more cautious and shall focus on the business continuity and the overall stability of various business units, whilst taking on more cost and expense management initiatives to minimise the impact of the current downturn on the Group. In the long run, residential and infrastructure works are indispensable for the betterment of people's livelihood. Also, the Government's annual expenditure on public works is expected to reach HK$200 billion in the future. With this in mind, the Group's building construction materials business remains promising.

PROSPECT

The Group is confident about the prospects of its two core businesses.

Although the building construction materials business in Hong Kong is still facing great challenges in the short term, especially the recent social events, political disputes are likely to affect the approval and launch of various public works projects of the Government, which may cast a shadow over the current sluggish recovery of the construction industry. However, in the Mainland, the prospects of the high-end steel wire rope business, including the elevator wire rope, are encouraging and it is expected that the performance will reach a new record in this year.

The management is confident that with the dedicated efforts of the team, the Group's performance for the year will be significantly improved as compared to last year, with the hope that the Group's overall performance will be restored to bring return to shareholders next year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2019, the total bank balances and cash of the Group amounted to HK$382,995,000 (31st December, 2018: HK$363,567,000). As at 30th June, 2019, the current ratio (current assets to current liabilities) of the Group was 1.34:1 (31st December, 2018: 1.37:1).

As at 30th June, 2019, the bank total borrowings of the Group amounted to HK$881,648,000 (31st December, 2018: HK$1,023,671,000). After including obligations under finance leases in lease liabilities of HK$178,000 (31st December, 2018: obligations under finance leases of HK$427,000), the total borrowings of the Group amounted to HK$881,826,000 (31st December, 2018: HK$1,024,098,000).

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 period, there was no material change to the capital structure of the Company. The number of the Company's ordinary shares in issue as at 30th June, 2019 was 561,922,500 (31st December, 2018: 561,922,500).

On 31st July, 2019, 12,455,628 new fully paid ordinary shares were issued and allotted at HK$0.65 per share to the shareholders who elected to receive ordinary shares in lieu of cash dividends pursuant to the scrip dividend scheme in relation to the final dividend for the year ended 31st December, 2018.

As at 30th June, 2019, the equity attributable to the shareholders of the Company amounted to HK$909,024,000 (31st December, 2018: HK$934,918,000).

As at 30th June, 2019, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.52:1 (31st December, 2018: 0.67:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 30th June, 2019, the total number of staff of the Group was 1,559. 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 throughout the six months ended 30th June, 2019 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.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June, 2019. The financial information contained in this announcement is unaudited, the disclosure of which has complied with Appendix 16 to the Listing Rules.

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 during the six months ended 30th June, 2019.

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 six months ended 30th June, 2019.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30th June, 2019 (2018 interim dividend: cash dividend of HK1 cent per share amounting to HK$5,619,000).

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.golik.com). The 2019 interim 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.

By Order of the Board
Golik Holdings Limited
Pang Tak Chung
Chairman

Hong Kong, 28th August, 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