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GOLIK

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, 2023

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, 2023 together with the comparative unaudited figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30th June,	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	1,961,107	2,119,928
Cost of sales		<u>(1,678,508)</u>	<u>(1,888,484)</u>
Gross profit		282,599	231,444
Other income		16,901	21,470
Selling and distribution costs		(75,109)	(61,818)
Administrative expenses		(90,828)	(89,160)
Impairment losses under expected credit losses (“ECL”) model, net	4	(1,691)	(3,215)
Other gains and losses	5	(3,202)	(4,359)
Other expenses		(19,240)	(25,183)
Finance costs		(23,907)	(14,987)
– Interest on bank borrowings		(18,816)	(9,003)
– Interest on lease liabilities		(5,091)	(5,984)
Share of result of a joint venture		(124)	(191)
Share of result of an associate		618	445
Profit before taxation		86,017	54,446
Income taxes	6	<u>(12,901)</u>	<u>(9,715)</u>
Profit for the period	7	<u>73,116</u>	<u>44,731</u>

* For identification purposes only

	<i>Note</i>	Six months ended 30th June,	
		2023	2022
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
– Exchange difference arising on translation of foreign operations		(18,444)	(27,836)
– Release from exchange reserve upon deregistration of a subsidiary		–	421
Item that will not be reclassified to profit or loss:			
– Fair value gain on an equity instrument at fair value through other comprehensive income (“FVTOCI”)		217	340
Other comprehensive expense for the period		<u>(18,227)</u>	<u>(27,075)</u>
Total comprehensive income for the period		<u>54,889</u>	<u>17,656</u>
Profit for the period attributable to:			
Shareholders of the Company		63,078	38,476
Non-controlling interests		<u>10,038</u>	<u>6,255</u>
		<u>73,116</u>	<u>44,731</u>
Total comprehensive income for the period attributable to:			
Shareholders of the Company		48,916	17,456
Non-controlling interests		<u>5,973</u>	<u>200</u>
		<u>54,889</u>	<u>17,656</u>
Basic earnings per share	9	<u>HK10.98 cents</u>	<u>HK6.70 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 30th June, 2023 <i>HK\$'000</i> (unaudited)	As at 31st December, 2022 <i>HK\$'000</i> (audited)
Non-current Assets			
Property, plant and equipment		473,717	490,690
Right-of-use assets		198,066	226,427
Interest in a joint venture		4,921	5,045
Interest in an associate		–	–
Amount due from an associate		1,985	1,366
Equity instrument at FVTOCI		2,223	2,006
Insurance policy assets		7,155	14,072
Rental and other deposits	10	2,696	2,905
Deposits paid for acquisition of property, plant and equipment		4,271	4,682
Loan receivables	10	1,820	2,380
		696,854	749,573
Current Assets			
Inventories		845,249	784,999
Trade, bills, loan and other receivables	10	957,426	959,118
Income tax recoverable		15	–
Bank balances and cash		500,787	541,569
		2,303,477	2,285,686
Current Liabilities			
Trade, bills and other payables	11	411,637	226,579
Contract liabilities		9,400	9,620
Lease liabilities		20,528	29,197
Dividend payable		17,231	–
Amounts due to non-controlling shareholders		3,200	3,200
Income tax payable		16,287	10,280
Bank borrowings		1,006,161	1,250,243
		1,484,444	1,529,119
Net Current Assets		819,033	756,567
		1,515,887	1,506,140

	As at 30th June, 2023 <i>HK\$'000</i> (unaudited)	As at 31st December, 2022 <i>HK\$'000</i> (audited)
Capital and Reserves		
Share capital	57,438	57,438
Share premium and reserves	<u>1,143,983</u>	<u>1,112,298</u>
Equity attributable to shareholders of the Company	1,201,421	1,169,736
Non-controlling interests	<u>104,623</u>	<u>108,400</u>
Total Equity	<u>1,306,044</u>	<u>1,278,136</u>
Non-current Liabilities		
Deferred tax liabilities	24,132	24,132
Lease liabilities	<u>185,711</u>	<u>203,872</u>
	<u>209,843</u>	<u>228,004</u>
	<u>1,515,887</u>	<u>1,506,140</u>

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 (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for insurance policy assets and certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of 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, 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31st December, 2022.

Application of new and amendments to HKFRSs

In the current interim period, 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 period beginning on 1st January, 2023 for the preparation of the Group’s condensed 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

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold and services provided 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 and services provided.

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 six months ended 30th June, 2023 (unaudited)

Segments	Metal products HK\$'000	Building construction materials HK\$'000	Other operation HK\$'000	Total HK\$'000
Sales of goods				
Steel coil processing, steel wires and wire rope products	549,967	–	–	549,967
Concrete products	–	301,467	–	301,467
Construction steel products and processing, and other construction products	–	1,037,497	–	1,037,497
Service income				
Processing income	–	35,555	–	35,555
Transportation income	–	36,523	–	36,523
Revenue from contract with customers	549,967	1,411,042	–	1,961,009
Interest income on money lending	–	–	98	98
Total revenue	549,967	1,411,042	98	1,961,107

For the six months ended 30th June, 2022 (unaudited)

Segments	Metal products HK\$'000	Building construction materials HK\$'000	Other operation HK\$'000	Total HK\$'000
Sales of goods				
Steel coil processing, steel wires and wire rope products	617,738	–	–	617,738
Concrete products	–	221,750	–	221,750
Construction steel products and processing, and other construction products	–	1,231,060	–	1,231,060
Service income				
Processing income	–	20,718	–	20,718
Transportation income	–	28,584	–	28,584
Revenue from contract with customers	617,738	1,502,112	–	2,119,850
Interest income on money lending	–	–	78	78
Total revenue	617,738	1,502,112	78	2,119,928

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 provides 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. During the period, processing income, which is a distinct service provided to the customers and was previously grouped under sales of goods in construction steel products and processing, and other construction products is now presented separately. Processing income of HK\$20,718,000 grouped under sales of goods in construction steel products and processing, and other construction products in building construction materials segment have been updated from HK\$1,251,778,000 to HK\$1,231,060,000 for comparative figures.

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.

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

For the six months ended 30th June, 2023 (unaudited)

	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>
REVENUE						
External revenue	549,967	1,411,042	1,961,009	98	-	1,961,107
Inter-segment revenue	1,679	72	1,751	-	(1,751)	-
Total	<u>551,646</u>	<u>1,411,114</u>	<u>1,962,760</u>	<u>98</u>	<u>(1,751)</u>	<u>1,961,107</u>
SEGMENT RESULT	<u>42,301</u>	<u>77,947</u>	<u>120,248</u>	<u>92</u>	<u>-</u>	<u>120,340</u>
Unallocated other income and other gains						287
Unallocated corporate expenses						(11,197)
Finance costs						(23,907)
- Interest on bank borrowings						(18,816)
- Interest on lease liabilities						(5,091)
Share of result of a joint venture						(124)
Share of result of an associate						618
Profit before taxation						<u>86,017</u>

For the six months ended 30th June, 2022 (unaudited)

	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>
REVENUE						
External revenue	617,738	1,502,112	2,119,850	78	-	2,119,928
Inter-segment revenue	1,447	-	1,447	-	(1,447)	-
Total	<u>619,185</u>	<u>1,502,112</u>	<u>2,121,297</u>	<u>78</u>	<u>(1,447)</u>	<u>2,119,928</u>
SEGMENT RESULT	<u>29,881</u>	<u>51,170</u>	<u>81,051</u>	<u>122</u>	<u>-</u>	<u>81,173</u>
Unallocated other income and other gains						669
Unallocated corporate expenses						(12,663)
Finance costs						(14,987)
- Interest on bank borrowings						(9,003)
- Interest on lease liabilities						(5,984)
Share of result of a joint venture						(191)
Share of result of an associate						445
Profit before taxation						<u>54,446</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 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.

Geographical information

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

For the six months ended 30th June, 2023 (unaudited)

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Hong Kong	5,181	1,345,222	98	1,350,501
Mainland China	489,242	10,134	–	499,376
Macau	31	55,686	–	55,717
Others	55,513	–	–	55,513
	<u>549,967</u>	<u>1,411,042</u>	<u>98</u>	<u>1,961,107</u>

For the six months ended 30th June, 2022 (unaudited)

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Hong Kong	3,434	1,383,941	78	1,387,453
Mainland China	537,598	12,699	–	550,297
Macau	–	105,472	–	105,472
Others	76,706	–	–	76,706
	<u>617,738</u>	<u>1,502,112</u>	<u>78</u>	<u>2,119,928</u>

4. IMPAIRMENT LOSSES UNDER ECL MODEL, NET

	Six months ended 30th June, 2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Net impairment losses (reversal of impairment losses) on:		
– Amount due from an associate	(2,250)	–
– Trade receivables	<u>3,941</u>	<u>3,215</u>
	<u>1,691</u>	<u>3,215</u>

5. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss (gain) on disposal of property, plant and equipment	94	(2,540)
Net exchange loss	3,108	6,899
	<u>3,202</u>	<u>4,359</u>

6. INCOME TAXES

	Six months ended 30th June,	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
The charge comprises:		
Current period		
Hong Kong Profits Tax	4,613	2,522
Mainland China Enterprise Income Tax	6,920	5,153
Withholding tax paid for distributed profits in Mainland China	1,184	613
	<u>12,717</u>	<u>8,288</u>
Underprovision in prior years		
Mainland China Enterprise Income Tax	184	1,327
Deferred taxation		
	–	100
	<u>12,901</u>	<u>9,715</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of taxable profits of qualifying entity in the group 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 periods. In addition, one Mainland China subsidiary of the Company in Tianjin was qualified as “High-tech Enterprise” 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 30th June, 2023 and 31st December, 2022, deferred tax was provided in full in respect of the temporary differences attributable to such profits.

7. PROFIT FOR THE PERIOD

Six months ended 30th June,

2023	2022
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Profit for the period has been arrived at after charging (crediting):

Depreciation of property, plant and equipment	20,127	19,032
Depreciation of right-of-use assets	19,609	24,486
Net decrease of inventories provision (included in cost of sales)	(3,956)	(10,001)

8. DIVIDEND

During the current period, a final dividend of HK3.0 cents per share in respect of the year ended 31st December, 2022 (six months ended 30th June, 2022: final dividend of HK3.0 cents per share and a special dividend of HK5.0 cents per share in respect of the year ended 31st December, 2021) was declared. The aggregate amount of the final dividend payable at the current period end amounted to HK\$17,231,000 (at 30th June, 2022: final and special dividend payable HK\$45,950,000).

Subsequent to the end of the current period, the directors have determined that an interim dividend of HK2.5 cents per share amounting to HK\$14,359,000 (six months ended 30th June, 2022: HK2.0 cents per share amounting to HK\$11,488,000) will be paid to the shareholders of the Company whose names appear in the register of members of the Company on 11th October, 2023.

9. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to the shareholders of the Company of HK\$63,078,000 (six months ended 30th June, 2022: HK\$38,476,000) and 574,378,128 (six months ended 30th June, 2022: 574,378,128) ordinary shares in issue during the period.

No diluted earnings 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, 2023 HK\$'000 (unaudited)	As at 31st December, 2022 HK\$'000 (audited)
Trade receivables	902,798	901,147
Less: Impairment losses under ECL model	(47,909)	(44,304)
	<u>854,889</u>	<u>856,843</u>
Bills receivables	<u>26,614</u>	26,497
Loan receivables	3,476	4,007
Less: Impairment losses under ECL model	(550)	(550)
	<u>2,926</u>	<u>3,457</u>
Prepayments	44,331	47,146
Rental and other deposits	28,230	23,472
Other receivables	26,298	28,495
Less: Impairment losses under ECL model	(21,346)	(21,507)
	<u>77,513</u>	<u>77,606</u>
Total trade, bills, loan and other receivables	<u><u>961,942</u></u>	<u><u>964,403</u></u>
Analysed for reporting purpose as:		
Current	957,426	959,118
Non-current – Loan receivables, net	1,820	2,380
Non-current – Rental and other deposits	2,696	2,905
	<u><u>961,942</u></u>	<u><u>964,403</u></u>

Other than cash sales, the Group allows credit periods ranging from 30 to 180 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:

	As at 30th June, 2023 HK\$'000 (unaudited)	As at 31st December, 2022 HK\$'000 (audited)
0 – 30 days	401,102	345,885
31 – 60 days	245,719	339,002
61 – 90 days	135,473	118,051
91 – 120 days	47,181	41,791
More than 120 days	52,028	38,611
	<u><u>881,503</u></u>	<u><u>883,340</u></u>

The management of the Group assesses trade debtors with significant balances that are credit-impaired individually and the remaining trade receivables using collective assessment with reference to loss patterns as reflected in the debtors' historical payment pattern taking into consideration of quantitative, qualitative and forward-looking information that is reasonable and supportable available without undue costs or effort.

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

	As at 30th June, 2023 HK\$'000 (unaudited)	As at 31st December, 2022 HK\$'000 (audited)
Not due yet	2,926	3,457
Overdue	–	–
	<u>2,926</u>	<u>3,457</u>

11. TRADE, BILLS AND OTHER PAYABLES

	As at 30th June, 2023 HK\$'000 (unaudited)	As at 31st December, 2022 HK\$'000 (audited)
Trade payables	310,619	115,584
Bills payables	4,534	15,011
Accruals	62,188	65,500
Deposits received	15,453	10,704
Other payables	18,843	19,780
	<u>411,637</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:

	As at 30th June, 2023 HK\$'000 (unaudited)	As at 31st December, 2022 HK\$'000 (audited)
0 – 30 days	242,738	68,466
31 – 60 days	51,185	43,448
61 – 90 days	11,127	9,720
91 – 120 days	5,936	4,793
More than 120 days	4,167	4,168
	<u>315,153</u>	<u>130,595</u>

BUSINESS REVIEW

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

For the six months ended 30th June, 2023, the Group's total revenue was approximately HK\$1,961,107,000, representing a decrease of 7% over the same period last year. The decrease in revenue was mainly attributable to lower prices during the period than the same period last year for most of the commodities, including steel, while the Group's business volume was basically maintained at the same level as the same period last year.

After deduction of profit attributable to non-controlling interests, profit attributable to shareholders of the Company amounted to approximately HK\$63,078,000, representing an increase of 64% over the same period last year.

During the period under review, as the novel coronavirus (COVID-19) pandemic eased, economic activities in both Mainland China and Hong Kong gradually returned to normal, most of the Group's businesses began to recover from the second quarter onwards. Management team of the Group was quick to capitalize on market opportunities during the early stage of the recovery, not only safeguarding existing market shares but also expanding into various new businesses using our existing metal products. As a result, the Group achieved significant growth in performance during the period as compared to the same period last year.

Metal Products

The business currently consists of steel wires and steel wire rope products operated in Tianjin, Heshan and Jiangmen in Mainland China. During the period, revenue was approximately HK\$551,646,000, representing a decrease of 11% over the same period last year, and profit before interest and taxation was approximately HK\$42,301,000, representing an increase of 42% over the same period last year.

The improvement in profitability of metal products was mainly due to steady growth in the high-performance lifting steel wire rope and export businesses, as well as higher delivery of elevator wire ropes in the second quarter as resulted from customers starting to replenish their reduced inventories due to the pandemic from the beginning of the second quarter.

Although Mainland China's manufacturing industry has been gradually recovering from the pandemic, the market remains stagnant. Coupled with the sluggish real estate market, it poses challenges to the metal products business in the Group's Mainland China market, especially for our elevator wire rope products. Market competition has intensified, resulting in continuous gross margin pressure. It is expected that this market situation will persist for some time. Over the years, the Group's elevator wire rope products have established themselves ranged as high-performance products, emphasizing quality and service, and become a trusted supplier for major elevator manufacturers. This market positioning and efforts have proven beneficial in the current challenging market environment, as the shipment volume of elevator wire rope products continues to meet the expected targets.

The high-performance lifting rope business continues to experience growth, particularly in terms of exports. Currently, the Company has established business partnerships with several internationally renowned engineering machinery equipment manufacturers.

Building Construction Materials

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

During the period, revenue was approximately HK\$1,411,114,000, representing a decrease of 6% over the same period last year, and profit before interest and taxation was approximately HK\$77,947,000, representing an increase of 52% over the same period last year.

Since the second quarter, the construction industry in Hong Kong has been rapidly recovering as anti-pandemic restrictions have been released in both Mainland China and Hong Kong. The Group's building construction materials business has also shown steady improvement during the period. Despite facing intense market competition and gross margin pressure, the overall performance is better than in the same period last year.

Through a decade of unremitting efforts, the Group's off-site cut-and-bend steel processing business has shown signs of progress. Offsite cut-and-bend steel processing not only reduces the workload for construction workers but also greatly improves the working environment at construction sites, reducing the risk of accidents and injuries. Currently, it has gained recognition and strong support from the Works Departments of the government. There is a possibility that certain percentage of steel materials will be required to receive off-site processing services for the government's public works, regardless of their scales. The Group's long-standing efforts in this regard also demonstrate its contribution as one of the major construction material suppliers in Hong Kong towards environmental protection and safety in the construction industry.

PROSPECT

The impact of pandemic and geopolitical factors has led to a slowdown in economic growth in Mainland China. Various economic indicators in the manufacturing sector in Mainland China have not met expectations in the first half of the year, and the market remains weak, particularly, the real estate market has been declining in recent years. The Group's steel wire rope business in Mainland China still faces significant challenges in the current operating environment.

The outlook for the Group's building construction materials business in Hong Kong is relatively optimistic. The Chief Executive has outlined a development blueprint for Hong Kong's future in the 2022 Policy Address, which includes the "Northern Metropolis", "Kau Yi Chau Artificial Islands" as well as several major road and railway infrastructure projects. Additionally, over the next decade, the construction of more than 300,000 public housing units is planned. With these developments, the construction industry in Hong Kong is expected to have a promising future, and the Group's building construction materials business is likely to benefit from these opportunities.

Despite the numerous challenges faced by the Group's two core businesses in Hong Kong and Mainland China, including fierce market competition and lower gross margin, the Group remains confident in the steady development of these businesses due to their established market position and team's efforts.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2023, the total bank balances and cash of the Group amounted to approximately HK\$500,787,000 (31st December, 2022: approximately HK\$541,569,000). As at 30th June, 2023, current ratio (current assets to current liabilities) of the Group was 1.55:1 (31st December, 2022: 1.49:1).

As at 30th June, 2023, the total borrowings of the Group amounted to approximately HK\$1,006,161,000 (31st December, 2022: approximately HK\$1,250,243,000).

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, 2023 was 574,378,128 (31st December, 2022: 574,378,128).

As at 30th June, 2023, the equity attributable to the shareholders of the Company amounted to approximately HK\$1,201,421,000 (31st December, 2022: approximately HK\$1,169,736,000).

As at 30th June, 2023, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.39:1 (31st December, 2022: 0.55:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 30th June, 2023, the total number of staff of the Group was 1,493. 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 the Listing Rules. The Company has complied with code provisions as set out in the CG Code throughout the six months ended 30th June, 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.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June, 2023. 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, 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 six months ended 30th June, 2023.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK2.5 cents per share amounting to approximately HK\$14,359,000 for the six months ended 30th June, 2023 (2022 interim dividend: HK2.0 cents per share amounting to approximately HK\$11,488,000) which are expected to be payable on 27th October, 2023 to the shareholders of the Company whose names appear in the register of members of the Company on 11th October, 2023.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9th October, 2023 to 11th October, 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30th June, 2023, all transfer of shares of the Company 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 4:30 p.m. on 6th October, 2023.

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 2023 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 MH
Chairman

Hong Kong, 25th August, 2023

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, Amborse