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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, 2022

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, 2022 together with the comparative unaudited figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30th June,	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	2,119,928	1,972,376
Cost of sales		(1,888,484)	(1,680,290)
Gross profit		231,444	292,086
Other income		21,470	23,787
Selling and distribution costs		(61,818)	(68,601)
Administrative expenses		(89,160)	(93,299)
Impairment losses under expected credit losses (“ECL”) model, net		(3,215)	(9,106)
Other gains and losses	4	(4,359)	233
Other expenses		(25,183)	(30,848)
Finance costs		(14,987)	(13,365)
– Interest on bank borrowings		(9,003)	(7,649)
– Interest on lease liabilities		(5,984)	(5,716)
Share of result of a joint venture		(191)	(137)
Share of result of an associate		445	(364)
Profit before taxation		54,446	100,386
Income taxes	5	(9,715)	(8,524)
Profit for the period	6	44,731	91,862

* For identification purposes only

	<i>Note</i>	Six months ended 30th June,	
		2022	2021
		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		(27,836)	6,886
– Release from exchange reserve upon deregistration of a subsidiary		421	–
Item that will not be reclassified to profit or loss:			
– Fair value gain (loss) on an equity instrument at fair value through other comprehensive income (“FVTOCI”)		340	(530)
Other comprehensive (expense) income for the period		<u>(27,075)</u>	<u>6,356</u>
Total comprehensive income for the period		<u>17,656</u>	<u>98,218</u>
Profit for the period attributable to:			
Shareholders of the Company		38,476	78,286
Non-controlling interests		6,255	13,576
		<u>44,731</u>	<u>91,862</u>
Total comprehensive income for the period attributable to:			
Shareholders of the Company		17,456	83,325
Non-controlling interests		200	14,893
		<u>17,656</u>	<u>98,218</u>
Basic earnings per share	8	<u>HK6.70 cents</u>	<u>HK13.63 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 30th June, 2022 <i>HK\$'000</i> (unaudited)	As at 31st December, 2021 <i>HK\$'000</i> (audited)
Non-current Assets			
Property, plant and equipment		493,736	491,559
Right-of-use assets		251,537	280,809
Interest in a joint venture		5,105	5,296
Interest in an associate		–	–
Amount due from an associate		812	367
Equity instrument at FVTOCI		2,459	2,119
Insurance policy assets		14,009	13,872
Rental and other deposits	9	5,623	8,376
Deposits paid for acquisition of property, plant and equipment		8,610	8,271
Loan receivables	9	2,452	1,639
		<hr/> 784,343 <hr/>	<hr/> 812,308 <hr/>
Current Assets			
Inventories		1,007,245	760,901
Trade, bills, loan and other receivables	9	1,001,010	899,800
Income tax recoverable		–	2,110
Bank balances and cash		551,900	672,722
		<hr/> 2,560,155 <hr/>	<hr/> 2,335,533 <hr/>
Current Liabilities			
Trade and other payables	10	430,015	238,343
Contract liabilities		16,868	38,432
Lease liabilities		37,570	40,496
Dividend payable		45,950	–
Amounts due to non-controlling shareholders		3,200	3,200
Income tax payable		8,545	6,062
Bank borrowings		1,279,160	1,245,786
		<hr/> 1,821,308 <hr/>	<hr/> 1,572,319 <hr/>
Net Current Assets		<hr/> 738,847 <hr/>	<hr/> 763,214 <hr/>
		<hr/> 1,523,190 <hr/> <hr/>	<hr/> 1,575,522 <hr/> <hr/>

	As at 30th June, 2022 <i>HK\$'000</i> (unaudited)	As at 31st December, 2021 <i>HK\$'000</i> (audited)
Capital and Reserves		
Share capital	57,438	57,438
Share premium and reserves	<u>1,107,934</u>	<u>1,136,428</u>
Equity attributable to shareholders of the Company	1,165,372	1,193,866
Non-controlling interests	<u>113,397</u>	<u>113,197</u>
Total Equity	<u>1,278,769</u>	<u>1,307,063</u>
Non-current Liabilities		
Deferred tax liabilities	25,525	25,425
Lease liabilities	<u>218,896</u>	<u>243,034</u>
	<u>244,421</u>	<u>268,459</u>
	<u>1,523,190</u>	<u>1,575,522</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.

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, 2022 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31st December, 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1st January, 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30th June, 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

The application of the 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, 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	–	1,251,778	–	1,251,778
Service income				
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

For the six months ended 30th June, 2021 (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	813,165	–	–	813,165
Concrete products	–	205,042	–	205,042
Construction steel products and processing, and other construction products	–	930,817	–	930,817
Service income				
Transportation income	–	23,259	–	23,259
Revenue from contract with customers	813,165	1,159,118	–	1,972,283
Interest income on money lending	–	–	93	93
Total revenue	813,165	1,159,118	93	1,972,376

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 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. During the period, transportation 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. Comparative figures have been restated to conform with current period presentation. Accordingly, transportation income of HK\$23,259,000 grouped under sales of goods in construction steel products and processing, and other construction products in building construction materials segment have been restated from HK\$954,076,000 to HK\$930,817,000.

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, 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>

For the six months ended 30th June, 2021 (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	813,165	1,159,118	1,972,283	93	-	1,972,376
Inter-segment revenue	2,116	579	2,695	-	(2,695)	-
Total	<u>815,281</u>	<u>1,159,697</u>	<u>1,974,978</u>	<u>93</u>	<u>(2,695)</u>	<u>1,972,376</u>
SEGMENT RESULT	<u>82,082</u>	<u>41,790</u>	<u>123,872</u>	<u>115</u>	<u>-</u>	<u>123,987</u>
Unallocated other income and other gains						729
Unallocated corporate expenses						(10,464)
Finance costs						(13,365)
- Interest on bank borrowings						(7,649)
- Interest on lease liabilities						(5,716)
Share of result of a joint venture						(137)
Share of result of an associate						(364)
Profit before taxation						<u>100,386</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, 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>

For the six months ended 30th June, 2021 (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	4,464	1,080,200	93	1,084,757
Mainland China	762,886	12,321	–	775,207
Macau	23	66,597	–	66,620
Others	45,792	–	–	45,792
	<u>813,165</u>	<u>1,159,118</u>	<u>93</u>	<u>1,972,376</u>

4. OTHER GAINS AND LOSSES

	Six months ended 30th June, 2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
(Gain) loss on disposal of property, plant and equipment	(2,540)	626
Net exchange loss (gain)	<u>6,899</u>	<u>(859)</u>
	<u>4,359</u>	<u>(233)</u>

5. INCOME TAXES

	Six months ended 30th June,	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
The charge comprises:		
Current period		
Hong Kong Profits Tax	2,522	152
Mainland China Enterprise Income Tax	5,153	11,423
Withholding tax paid for distributed profits in Mainland China	613	1,157
	<u>8,288</u>	<u>12,732</u>
Underprovision (overprovision) in prior years		
Hong Kong Profits Tax	–	(310)
Mainland China Enterprise Income Tax	1,327	(5,318)
	<u>1,327</u>	<u>(5,628)</u>
Deferred taxation	<u>100</u>	<u>1,420</u>
	<u>9,715</u>	<u>8,524</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of taxable profits of a 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 and one in Guangdong were qualified as “High-tech Enterprise” and subject to an Enterprise Income Tax Rate of 15%, which were granted for three years starting from 2019 and 2021 respectively. 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, 2022 and 31st December, 2021, deferred tax was provided in full in respect of the temporary differences attributable to such profits.

6. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	19,032	20,556
Depreciation of right-of-use assets	24,486	25,865
Net (decrease) increase of inventories provision (included in cost of sales)	(10,001)	10,558
	<u>19,032</u>	<u>20,556</u>

7. DIVIDEND

During the current period, a final dividend of HK3 cents per share and a special dividend of HK5 cents per share in respect of the year ended 31st December, 2021 (six months ended 30th June, 2021: final dividend of HK3.5 cents per share in respect of the year ended 31st December, 2020) was declared. The aggregate amount of the final and special dividend payable at current period end amounted to HK\$45,950,000 (at 30th June, 2021: HK\$20,103,000).

Subsequent to the end of the current period, the directors have determined that an interim dividend of HK2 cents per share amounting to HK\$11,488,000 (six months ended 30th June, 2021: HK2 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 12th October, 2022.

8. 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\$38,476,000 (six months ended 30th June, 2021: HK\$78,286,000) and 574,378,128 (six months ended 30th June, 2021: 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.

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

	As at 30th June, 2022 <i>HK\$'000</i> (unaudited)	As at 31st December, 2021 <i>HK\$'000</i> (audited)
Trade receivables, net	880,249	781,724
Bills receivables	40,885	31,870
	<hr/>	<hr/>
Trade and bills receivables, net	921,134	813,594
Prepayments, rental and other deposits, and other receivables, net	84,409	93,735
Loan receivables, net	3,542	2,486
	<hr/>	<hr/>
	1,009,085	909,815
	<hr/> <hr/>	<hr/> <hr/>
Analysed for reporting purpose as:		
Current	1,001,010	899,800
Non-current – Loan receivables, net	2,452	1,639
Non-current – Rental and other deposits	5,623	8,376
	<hr/>	<hr/>
	1,009,085	909,815
	<hr/> <hr/>	<hr/> <hr/>

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, 2022 <i>HK\$'000</i> (unaudited)	As at 31st December, 2021 <i>HK\$'000</i> (audited)
0 – 30 days	438,339	362,599
31 – 60 days	288,745	265,391
61 – 90 days	105,288	107,015
91 – 120 days	54,219	48,749
More than 120 days	34,543	29,840
	<hr/>	<hr/>
	921,134	813,594
	<hr/> <hr/>	<hr/> <hr/>

10. TRADE AND OTHER PAYABLES

	As at 30th June, 2022 HK\$'000 (unaudited)	As at 31st December, 2021 HK\$'000 (audited)
Trade payables	327,398	103,374
Bills payables	6,490	–
	<hr/>	<hr/>
Trade and bill payables	333,888	103,374
Accruals, deposits received and other payables	96,127	134,969
	<hr/>	<hr/>
	430,015	238,343
	<hr/> <hr/>	<hr/> <hr/>

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, 2022 HK\$'000 (unaudited)	As at 31st December, 2021 HK\$'000 (audited)
0 – 30 days	281,876	56,342
31 – 60 days	26,808	29,181
61 – 90 days	16,719	7,189
91 – 120 days	5,214	4,803
More than 120 days	3,271	5,859
	<hr/>	<hr/>
	333,888	103,374
	<hr/> <hr/>	<hr/> <hr/>

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, 2022, the Group's total revenue was approximately HK\$2,119,928,000, representing an increase of 7% over the same period last year. The increase in revenue was mainly attributable to generally higher prices than the same period last year for most of the commodities, including steel, and higher deliveries of building construction materials in Hong Kong compared to 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\$38,476,000, representing a decrease of 51% over the same period last year.

During the period under review, the recurrence of the novel coronavirus (COVID-19) pandemic had a significant impact on the overall economy of Mainland China and Hong Kong, making the business environment for all sectors significantly more difficult than last year. Both of the Group's core businesses have been greatly affected, especially the enterprises in Mainland China, where production and operation have been greatly challenged under the impact of multiple waves of pandemic and prevention and control policies. Despite the management's best efforts in implementing various measures to maintain business stability, the Group's results in the first half of the year were still much lower than those of the corresponding period of last year.

Metal Products

The business is currently comprising of steel wires and steel wire rope products operating in Mainland China. During the period, revenue was approximately HK\$619,185,000, representing a decrease of 24% over the same period last year, and the profit before interest and taxation approximately HK\$29,881,000, representing a decrease of 64% over the same period last year.

During the period, Covid outbreaks of varying degrees of severity occurred in various parts of Mainland China, with widespread lockdowns, road closures and restrictions of people's mobility leading to disruptions in business operations and supply chains. The pandemic severely impacted the manufacturing industry in Mainland China in the first half of the year.

The Group's main wire rope production site "Tianjin" was the first to be lockdown in February due to the outbreak of the pandemic, with mobility restrictions on the factory staff preventing normal operations of the factory. In mid-March, a three-month long lockdown was imposed in Shanghai, where our major customers are located, all customers within the lockdown area were suspended from work. The Group's wire rope products could not be shipped and market demand contracted significantly.

In the face of the most difficult business environment since the pandemic, the management has taken a number of countermeasures, doing its utmost to maintain the business operating rate and shipment volume, refining various management aspects to ensure all businesses to maintain stable operations and continue to invest in the development of high-end products, hoping to continue to create good benefits for the Group after the pandemic has been under control and market demand has returned to stability.

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.

During the period, revenue was approximately HK\$1,502,112,000, representing an increase of 30% over the same period last year, and the profit before interest and taxation was approximately HK\$51,170,000, representing an increase of 22% over the same period last year.

The construction industry in Hong Kong continued to be affected by the pandemic during the period, especially during the fifth wave of the pandemic when Mainland China imposed a travel restriction on Hong Kong, which led to tight cross-border transportation and a shortage of construction materials from Mainland China at one time, causing delays to various projects in Hong Kong.

The Group is optimistic about the outlook of its building construction materials business, which has maintained its momentum and revenue recorded double-digit growth despite the impact of the pandemic, as Hong Kong's construction industry has entered a golden period.

PROSPECT

Looking ahead to the second half of the year, while the lockdown measures in Mainland China and Hong Kong for pandemic control are expected to be eased, negative factors such as the unstable international situation, volatile financial markets and fluctuating commodity prices, coupled with the contraction of the manufacturing sector in Mainland China and increased competition from reduced demand, will inevitably pose significant challenges to the Group's business in the second half of the year.

However, given the strong demand for land, public facilities and housing in Hong Kong, there will be a prolonged golden period for the construction industry in Hong Kong, which will certainly benefit the Group's building construction materials business, which has been established in Hong Kong for 45 years.

The Group will face the current challenges in a positive and prudent manner, hoping to ensure stable growth in its two core businesses in a challenging and difficult environment, and to make every effort to achieve a promising annual result for our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2022, the total bank balances and cash of the Group amounted to approximately HK\$551,900,000 (31st December, 2021: approximately HK\$672,722,000). As at 30th June, 2022, current ratio (current assets to current liabilities) of the Group was 1.41:1 (31st December, 2021: 1.49:1).

As at 30th June, 2022, the total borrowings of the Group amounted to approximately HK\$1,279,160,000 (31st December, 2021: approximately HK\$1,245,786,000).

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, 2022 was 574,378,128 (31st December, 2021: 574,378,128).

As at 30th June, 2022, the equity attributable to the shareholders of the Company amounted to approximately HK\$1,165,372,000 (31st December, 2021: approximately HK\$1,193,866,000).

As at 30th June, 2022, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.57:1 (31st December, 2021: 0.44:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 30th June, 2022, the total number of staff of the Group was 1,511. 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. Throughout the six months ended 30 June 2022, the Company has fully complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

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. Hai Tuen Tai, Freddie.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June, 2022. 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, 2022.

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, 2022.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK2 cents per share amounting to approximately HK\$11,488,000 for the six months ended 30th June, 2022 (2021 interim dividend: HK2 cents per share amounting to approximately HK\$11,488,000) which are expected to be payable on 28th October, 2022 to the shareholders of the Company whose names appear in the register of members of the Company on 12th October, 2022.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 10th October, 2022 to 12th October, 2022 (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, 2022, 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 7th October, 2022.

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 2022 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, 26th August, 2022

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. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan
and Mr. Hai Tuen Tai, Freddie