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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)

**ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2022**

The board of directors (the “Board”) of Golik Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2022 together with the comparative figures for the year ended 31st December, 2021 as follows:

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

	Notes	Year ended 31st December,	
		2022 HK\$'000	2021 HK\$'000
Revenue	3	4,271,161	4,053,908
Cost of sales		(3,818,275)	(3,538,908)
Gross profit		452,886	515,000
Other income		51,229	42,296
Selling and distribution costs		(139,875)	(131,716)
Administrative expenses		(159,890)	(196,063)
(Impairment losses) reversal of impairment losses under expected credit losses (“ECL”) model, net		(2,752)	4,088
Other gains and losses	4	(10,135)	101,024
Other expenses		(44,514)	(58,218)
Finance costs		(41,517)	(27,130)
– Interest on bank borrowings		(29,952)	(15,831)
– Interest on lease liabilities		(11,565)	(11,299)
Share of result of a joint venture		(251)	(188)
Share of result of an associate		999	3
Profit before taxation		106,180	249,096
Income taxes	5	(15,642)	(27,553)
Profit for the year	6	90,538	221,543

\* For identification purposes only

		<b>Year ended 31st December,</b>	
		<b>2022</b>	<b>2021</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive (expense) income</b>			
<b>Items that may be subsequently reclassified to profit or loss:</b>			
– Exchange difference arising on translation of foreign operations		<b>(54,405)</b>	17,436
– Release from exchange reserve upon disposal/deregistration of subsidiaries		<b>422</b>	(1,338)
<b>Item that will not be reclassified to profit or loss:</b>			
– Fair value loss on an equity instrument at fair value through other comprehensive income (“FVTOCI”)		<b>(113)</b>	(1,599)
Other comprehensive (expense) income for the year		<b>(54,096)</b>	14,499
Total comprehensive income for the year		<b>36,442</b>	236,042
Profit for the year attributable to:			
Shareholders of the Company		<b>75,673</b>	197,584
Non-controlling interests		<b>14,865</b>	23,959
		<b>90,538</b>	221,543
Total comprehensive income for the year attributable to:			
Shareholders of the Company		<b>33,308</b>	208,570
Non-controlling interests		<b>3,134</b>	27,472
		<b>36,442</b>	236,042
Basic earnings per share	8	<b>HK13.17 cents</b>	HK34.40 cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December, 2022	As at 31st December, 2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current Assets</b>			
Property, plant and equipment		490,690	491,559
Right-of-use assets		226,427	280,809
Interest in a joint venture		5,045	5,296
Interest in an associate		–	–
Amount due from an associate		1,366	367
Equity instrument at FVTOCI		2,006	2,119
Insurance policy assets		14,072	13,872
Rental and other deposits	9	2,905	8,376
Deposits paid for acquisition of property, plant and equipment		4,682	8,271
Loan receivables	9	2,380	1,639
		<b>749,573</b>	<b>812,308</b>
<b>Current Assets</b>			
Inventories		784,999	760,901
Trade, bills, loan and other receivables	9	959,118	899,800
Income tax recoverable		–	2,110
Bank balances and cash		541,569	672,722
		<b>2,285,686</b>	<b>2,335,533</b>
<b>Current Liabilities</b>			
Trade, bills and other payables	10	226,579	238,343
Contract liabilities		9,620	38,432
Lease liabilities		29,197	40,496
Amounts due to non-controlling shareholders		3,200	3,200
Income tax payable		10,280	6,062
Bank borrowings		1,250,243	1,245,786
		<b>1,529,119</b>	<b>1,572,319</b>
<b>Net Current Assets</b>		<b>756,567</b>	<b>763,214</b>
		<b>1,506,140</b>	<b>1,575,522</b>

	As at <b>31st December,</b> <b>2022</b> <i>HK\$'000</i>	As at 31st December, 2021 <i>HK\$'000</i>
<b>Capital and Reserves</b>		
Share capital	57,438	57,438
Share premium and reserves	<u>1,112,298</u>	<u>1,136,428</u>
Equity attributable to shareholders of the Company	<b>1,169,736</b>	1,193,866
Non-controlling interests	<u>108,400</u>	<u>113,197</u>
<b>Total Equity</b>	<u><b>1,278,136</b></u>	<u>1,307,063</u>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	24,132	25,425
Lease liabilities	<u>203,872</u>	<u>243,034</u>
	<u>228,004</u>	<u>268,459</u>
	<u><b>1,506,140</b></u>	<u><b>1,575,522</b></u>

Notes:

## 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance.

The 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 at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## 2. APPLICATION OF AMENDMENTS TO HKFRSs

### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1st January, 2022 for the preparation of the 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

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

### 2.1 Impacts on application of Amendments to HKAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The Group has applied the amendments for the first time in current year. The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

In accordance with the transitional provisions, the amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application, 1st January, 2022. Specifically, the Group’s assessment of onerous contracts in relation to remaining performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period on sales of goods.

The application of the amendments has had no material impact on the financial position and performance of the Group.

### *New and amendments to HKFRSs in issue but not yet effective*

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

HKFRS 17 (including the October, 2020 and February, 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2024.

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

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

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

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

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

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

Based on the Group’s outstanding liabilities as at 31st December, 2022, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group’s liabilities.

### 3. REVENUE AND SEGMENT INFORMATION

Information reported to the Chairman and Vice Chairman of the Group, being the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold. Specifically, the Group’s operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

1. Metal products
2. Building construction materials

In addition, the Group’s operation relating to money lending is presented as other operation.

#### Disaggregation of revenue from contracts with customers

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

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

##### For the year ended 31st December, 2021

Segments	Metal products <i>HK\$’000</i>	Building construction materials <i>HK\$’000</i>	Other operation <i>HK\$’000</i>	Total <i>HK\$’000</i>
<b>Sales of goods</b>				
Steel coil processing, steel wires and wire rope products	1,614,438	–	–	1,614,438
Concrete products	–	382,326	–	382,326
Construction steel products and processing, and other construction products	–	1,945,729	–	1,945,729
<b>Service income</b>				
Processing income	–	57,983	–	57,983
Transportation income	–	53,255	–	53,255
<b>Revenue from contract with customers</b>	<b>1,614,438</b>	<b>2,439,293</b>	<b>–</b>	<b>4,053,731</b>
Interest income on money lending	–	–	177	177
<b>Total revenue</b>	<b>1,614,438</b>	<b>2,439,293</b>	<b>177</b>	<b>4,053,908</b>

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

The Group also 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 year, 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. Comparative figures have been restated to conform with current year presentation. Accordingly, processing income of HK\$57,983,000 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\$2,003,712,000 to HK\$1,945,729,000.

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

Other than the cash sales, the Group allows credit periods ranging from 30 to 120 days (2021: 30 to 120 days) to its customers.

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

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

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

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

For the year ended 31st December, 2021

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>						
External sales	1,614,438	2,439,293	4,053,731	177	–	4,053,908
Inter-segment sales	3,921	2,314	6,235	91	(6,326)	–
Total	<u>1,618,359</u>	<u>2,441,607</u>	<u>4,059,966</u>	<u>268</u>	<u>(6,326)</u>	<u>4,053,908</u>
<b>SEGMENT RESULT</b>	<u>122,228</u>	<u>67,223</u>	<u>189,451</u>	<u>159</u>	<u>–</u>	<u>189,610</u>
Unallocated other income and other gains						1,792
Unallocated corporate expenses						(16,935)
Gain on disposal of subsidiaries						101,944
Finance costs						(27,130)
– Interest on bank borrowings						(15,831)
– Interest on lease liabilities						(11,299)
Share of result of a joint venture						(188)
Share of result of an associate						3
Profit before taxation						<u>249,096</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, other gains, corporate expenses, gain on disposal of subsidiaries, finance costs and share of results of a joint venture and an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at cost or cost plus a percentage of mark-up.

#### Other segment information

The following other segment information is included in the measure of segment result:

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

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

For the year ended 31st December, 2021

	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>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Depreciation of property, plant and equipment	25,147	15,356	40,503	–	452	40,955
Depreciation of right-of-use assets	14,633	31,714	46,347	–	7,122	53,469
Reversal of impairment losses under ECL model, net	(760)	(2,787)	(3,547)	(541)	–	(4,088)
Net (reversal of) write-down of inventories	(2,725)	20,252	17,527	–	–	17,527
Loss (gain) on disposal of property, plant and equipment	1,983	(522)	1,461	–	(314)	1,147
	<u>25,147</u>	<u>15,356</u>	<u>40,503</u>	<u>–</u>	<u>452</u>	<u>40,955</u>
	<u>14,633</u>	<u>31,714</u>	<u>46,347</u>	<u>–</u>	<u>7,122</u>	<u>53,469</u>
	<u>(760)</u>	<u>(2,787)</u>	<u>(3,547)</u>	<u>(541)</u>	<u>–</u>	<u>(4,088)</u>
	<u>(2,725)</u>	<u>20,252</u>	<u>17,527</u>	<u>–</u>	<u>–</u>	<u>17,527</u>
	<u>1,983</u>	<u>(522)</u>	<u>1,461</u>	<u>–</u>	<u>(314)</u>	<u>1,147</u>

### Geographical information

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

The Group's revenue from external customers by geographical location of the customers and information about its non-current assets other than financial instruments by geographical location of the assets are detailed below:

For the year ended 31st December, 2022

	Revenue from external customers				Non-current assets <i>HK\$'000</i>
	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	8,097	2,891,038	199	2,899,334	291,566
Mainland China	1,062,362	7,027	–	1,069,389	435,907
Macau	–	153,857	–	153,857	–
Others	148,581	–	–	148,581	–
	<u>1,219,040</u>	<u>3,051,922</u>	<u>199</u>	<u>4,271,161</u>	<u>727,473</u>

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

For the year ended 31st December, 2021

	Revenue from external customers				Non-current assets <i>HK\$'000</i>
	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	18,237	2,291,536	177	2,309,950	306,270
Mainland China	1,488,988	24,943	–	1,513,931	480,293
Macau	24	122,814	–	122,838	–
Others	107,189	–	–	107,189	–
	<u>1,614,438</u>	<u>2,439,293</u>	<u>177</u>	<u>4,053,908</u>	<u>786,563</u>

No customer has contributed over 10% of the total revenue of the Group for both years.

No segment assets and liabilities are presented as the information is not reportable to the CODM in the resource allocation and assessment of performance.

#### 4. OTHER GAINS AND LOSSES

	<b>2022</b> <b><i>HK\$'000</i></b>	2021 <i>HK\$'000</i>
Gain on disposal of subsidiaries	–	(101,944)
(Gain) loss on disposal of property, plant and equipment	<b>(674)</b>	1,147
Net exchange loss (gain)	<u><b>10,809</b></u>	<u>(227)</u>
	<u><b>10,135</b></u>	<u>(101,024)</u>

## 5. INCOME TAXES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The charge comprises:		
Current year		
Hong Kong Profits Tax	6,712	422
Mainland China Enterprise Income Tax	10,876	21,027
Withholding tax paid for distributed profits in Mainland China	1,605	1,567
Tax arising from the disposal of subsidiaries	–	5,250
	<u>19,193</u>	<u>28,266</u>
(Overprovision) underprovision in prior years		
Hong Kong Profits Tax	(413)	79
Mainland China Enterprise Income Tax	(1,845)	(5,337)
	<u>(2,258)</u>	<u>(5,258)</u>
Deferred taxation	<u>(1,293)</u>	<u>4,545</u>
	<u><u>15,642</u></u>	<u><u>27,553</u></u>

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

Under the Law of Mainland China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% for both years. In addition, one Mainland China subsidiary of the Company in Tianjin and one in Guangdong were qualified as “High-tech Enterprises” and subject to an Enterprise Income Tax Rate of 15%, which were granted for three years starting from 2022 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 31st December, 2022 and 2021, deferred tax was provided in full in respect of the temporary differences attributable to such profits.

## 6. PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	34,731	40,955
Depreciation of right-of-use assets	46,431	53,469
(Reversal of) write-down of inventories	(14,311)	17,527
	<u>34,731</u>	<u>111,951</u>

## 7. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends paid:		
2021 Final – HK3 cents (2021: 2020 Final – HK3.5 cents) per ordinary share	17,231	20,103
2021 Special – HK5 cents (2021: Nil) per ordinary share	28,719	–
2022 Interim – HK2 cents (2021: 2021 Interim – HK2 cents) per ordinary share	11,488	11,488
	<u>57,438</u>	<u>31,591</u>
Dividend proposed:		
Final dividend proposed for the year – HK3 cents (2021: HK3 cents) per ordinary share	17,231	17,231
Special dividend proposed for the year – Nil (2021: HK5 cents) per ordinary share	–	28,719
	<u>17,231</u>	<u>45,950</u>

The directors proposed the payment of a final dividend of HK3 cents (2021: HK3 cents and a special dividend of HK5 cents) per share for the year ended 31st December, 2022 which is subject to the approval by the shareholders at the forthcoming annual general meeting.

## 8. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the shareholders of the Company for the year and 574,378,128 (2021: 574,378,128) ordinary shares in issue during the year.

No diluted earnings per share for the year ended 31st December, 2022 and 2021 was presented as there were no potential ordinary shares in issue during the year.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	901,147	823,102
Less: Impairment losses under ECL model	<u>(44,304)</u>	<u>(41,378)</u>
	<u>856,843</u>	<u>781,724</u>
Bills receivables	<u>26,497</u>	<u>31,870</u>
Loan receivables	4,007	3,086
Less: Impairment losses under ECL model	<u>(550)</u>	<u>(600)</u>
	<u>3,457</u>	<u>2,486</u>
Prepayments	47,146	68,981
Rental and other deposits	23,472	18,462
Other receivables	28,495	28,355
Less: Impairment losses under ECL model	<u>(21,507)</u>	<u>(22,063)</u>
	<u>77,606</u>	<u>93,735</u>
Total trade, bills, loan and other receivables	<u><u>964,403</u></u>	<u><u>909,815</u></u>
Analysed for reporting purposes as:		
Current	959,118	899,800
Non-current – Loan receivables, net	2,380	1,639
Non-current – Rental and other deposits	<u>2,905</u>	<u>8,376</u>
	<u><u>964,403</u></u>	<u><u>909,815</u></u>

Other than the cash sales, the Group allows credit periods ranging from 30 to 120 days (2021: 30 to 120 days) to its customers.

Trade and bills receivables, net of impairment losses under ECL model, with an ageing analysis presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	345,885	362,599
31 – 60 days	339,002	265,391
61 – 90 days	118,051	107,015
91 – 120 days	41,791	48,749
More than 120 days	<u>38,611</u>	<u>29,840</u>
	<u><u>883,340</u></u>	<u><u>813,594</u></u>

## 10. TRADE, BILLS AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	115,584	103,374
Bills payables	15,011	–
Accruals	65,500	80,860
Deposits received	10,704	8,042
Other payables	19,780	46,067
	<u>226,579</u>	<u>238,343</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	68,466	56,342
31 – 60 days	43,448	29,181
61 – 90 days	9,720	7,189
91 – 120 days	4,793	4,803
More than 120 days	4,168	5,859
	<u>130,595</u>	<u>103,374</u>

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

## **BUSINESS REVIEW**

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

For the year ended 31st December, 2022, the Group's total revenue was approximately HK\$4,271,161,000, representing an increase of 5% compared to last year.

After the deduction of profit attributable to non-controlling interests, profit attributable to the Company amounted to approximately HK\$75,673,000, representing a decrease of 62% compared to last year.

The significant decrease in the profit for the year as compared to last year was mainly attributable to a special gain from the disposal of Mainland China business last year, and the overall greater negative impact of the COVID-19 pandemic on the Group during the year as compared to last year.

During the year under review, as the COVID-19 outbreak continued, both Hong Kong and Mainland China implemented the most stringent anti-pandemic measures since the outbreak, making it the most difficult time for the Group's business since the outbreak in three years in both Mainland China and Hong Kong.

Despite the challenging macro business environment, the Group's management at all levels managed to maintain normal operations for all businesses during the pandemic, striving to minimize the impact of the pandemic on the business and maintaining a relatively satisfactory level of revenue and profit for the year.

### **Metal Products**

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

Revenue for the year was approximately HK\$1,222,314,000, a decrease of 24% compared to last year. Profit before interest and taxation amounted to approximately HK\$78,910,000, representing a decrease of 35% compared to last year.

The resurgence of the pandemic across Mainland China since last February, and the "dynamic zero-Covid" policy has led to significant restrictions on personnel and logistics, as well as a shrinking domestic market. The Group's metal products business in Mainland China experienced the most difficult operating conditions since the outbreak of the pandemic, and the sluggish real estate market in Mainland China also affected the performance of the elevator wire rope business.

In recent years, the high-performance lifting rope project mainly developed in Tianjin has been able to make a profit contribution during the year, effectively offsetting the negative impact of the contraction of the elevator wire rope market due to the downturn in the Mainland China real estate market.

It is the Group's unwavering determination to develop towards a high-end manufacturing industry, and it has been the goal of our efforts for many years. The Group places great emphasis on research and development (R&D) of high-end products with considerable investment of resources every year and has also made great achievements. In particular, the wire rope business in Tianjin has been developing into the high-end field step by step over the years, achieving a new milestone every year. In 2017, we were recognized as Tianjin Enterprise Technology Center; in 2018, we were recognized as Tianjin Key Laboratory; in 2019, we were rated as one of the Top 100 Manufacturing Enterprises in Tianjin; in 2020, we were recognized as a Technology Leading Enterprise in Tianjin; in 2021, we were awarded as an enterprise that leading an individual field of the manufacturing industry in Tianjin City, and last year, we were even awarded as an enterprise that leading an individual field of the manufacturing industry at the National Level, which is regarded as the "jewel in the crown" (皇冠上的明珠) in the manufacturing industry. We were also commissioned to prepare the International Standard ISO 4344:2022 for elevator wire rope, which was officially published. This is the first time that a Chinese enterprise has received this honor, which marks the further increase of China's influence in international standardization and reflects the ability and efforts of our team. The Group is confident that through our team's unremitting efforts, the Group's wire rope business will continue to maintain its leading position in the industry.

### **Building Construction Materials**

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

Revenue for the year was approximately HK\$3,051,937,000, an increase of 25% compared to last year. Profit before interest and taxation was approximately HK\$85,213,000, representing an increase of 27% compared to last year.

Hong Kong's construction industry was also affected by the pandemic during the year, with the fifth wave of the outbreak in the first quarter substantially slowing down the progress of various projects. Due to the recovery of the construction industry in Hong Kong, the overall construction volume increased and the Group participated in the supply of building construction materials for the construction of mobile cabin hospitals in the fourth quarter, the Group's delivery of building construction materials, including steel and concrete, increased during the year as compared to the previous year. However, the performance of the steel distribution business of our building construction materials business remained unsatisfactory during the year as steel prices fluctuated significantly again during the year and certain steel costs were difficult to control.

To cope with the future increase in demand for ready mixed concrete from the construction industry in Hong Kong, the Group has added a new ready mixed concrete production line in the first quarter of 2023, which is expected to further enhance the ready mixed concrete production capacity and strengthen its position in the building construction materials market.

The Hong Kong SAR Government has announced that the average annual expenditure on public works projects will reach HK\$300 billion in the next ten years. The construction industry in Hong Kong will enjoy a sustained and stable golden period, and the Group will seize the opportunity to capitalize on its strengths and take the building construction materials business to another level.

## **PROSPECT**

The year 2023 marks a turning point of the pandemic in the last three years when economic activities in Mainland China and Hong Kong began to resume after the adjustment to the anti-pandemic measures. Nonetheless, it will take some time for all industries to recover to the pre-pandemic level, especially the metal manufacturing industry in Mainland China, which is still facing fierce competition from the shrinking market. It is hoped that the market will turn for the better in the second half of the year. The building construction materials business will continue to benefit from the recovery of the construction industry in Hong Kong with steady improvement.

The Group has been in the industry for more than 45 years and has been able to grow steadily despite difficulties. Although there are still many challenges ahead, the management will continue to adopt prudent business strategies and lead all employees to overcome barriers and achieve long-term, stable and high-quality development.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31st December, 2022, the total bank balances and cash of the Group amounted to approximately HK\$541,569,000 (31st December, 2021: approximately HK\$672,722,000). As at 31st December, 2022, current ratio (current assets to current liabilities) for the Group was 1.49:1 (31st December, 2021: 1.49:1).

As at 31st December, 2022, the total borrowings of the Group amounted to approximately HK\$1,250,243,000 (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**

The number of the Company's ordinary shares in issue as at 31st December, 2022 was 574,378,128 (31st December, 2021: 574,378,128).

As at 31st December, 2022, the equity attributable to the shareholders of the Company amounted to approximately HK\$1,169,736,000 (31st December, 2021: approximately HK\$1,193,866,000).

As at 31st December, 2022, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.55:1 (31st December, 2021: 0.44:1).

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 31st December, 2022, the total number of staff of the Group was 1,477. Remuneration is determined with reference to the performance, qualifications and experience of the employees concerned and the prevailing industry practice. The Group provides Mandatory Provident Fund entitlement to Hong Kong's employees. Moreover, share options may be granted as an incentive or reward to eligible employees in accordance with the share option scheme adopted on 5th June, 2014.

## **CORPORATE GOVERNANCE**

The Board is committed to maintain a good standard of corporate governance practices within the Group as set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The Company has complied with code provisions as set out in the CG Code for the year ended 31st December, 2022 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 10th June, 2022 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 five Independent Non-executive Directors namely Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan, Mr. Hai Tuen Tai, Freddie, Mr. Luk Kam Fan, Jimmy and Mr. Linn Hon Chung, Ambrose.

Disclosure of financial information in this announcement complies with Appendix 16 to the Listing Rules. The Company’s Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31st December, 2022.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31st December, 2022 as set out in this preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standards set out in Appendix 10 to the Listing Rules (the “Model Code”). Specific enquiry has been made by the Company to each director of the Company confirming that they have complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company for the year ended 31st December, 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 year ended 31st December, 2022.

## **FINAL DIVIDEND**

The Board recommends payment of a final dividend of HK3 cents per share for the year ended 31st December, 2022 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 21st June, 2023. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on 9th June, 2023 (the "AGM"), the proposed final dividend will be paid to the Company's shareholders on 13th July, 2023.

Together with the interim dividend of HK2 cents per share, total dividends for the full financial year will amount to HK5 cents per share.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company (the "Register of Members") will be closed for the following periods:

- |      |   |  |
|------|---|--|
| (i)  | For determining eligibility to attend and vote at the AGM:  |  |
|      | Latest time to lodge transfers                              | 4:30 p.m. on 5th June, 2023                                  |
|      | Closure of Register of Members                              | 6th June, 2023 to 9th June, 2023<br>(both dates inclusive)   |
|      | Record date   | 9th June, 2023   |
| (ii) | For determining entitlement to the proposed final dividend: |  |
|      | Latest time to lodge transfers                              | 4:30 p.m. on 15th June, 2023                                 |
|      | Closure of Register of Members                              | 16th June, 2023 to 21st June, 2023<br>(both dates inclusive) |
|      | Record date   | 21st June, 2023  |

During the above closure periods, no transfer of shares of the Company will be registered. To be eligible to attend and vote at the AGM, and to qualify for entitlement to the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than the aforementioned latest time.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.golik.com](http://www.golik.com)). The 2022 annual report containing information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

## ACKNOWLEDGEMENT

I personally take this opportunity to sincerely thank each employee and management staff in abundance for their past efforts and contributions. I would also like to thank our customers, shareholders, customers, banks and business associates for their long-term support. With your continued support in the coming year, the Group endeavors to achieve even better results.

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

Hong Kong, 30th March, 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. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan,  
Mr. Hai Tuen Tai, Freddie, Mr. Luk Kam Fan, Jimmy and  
Mr. Linn Hon Chung, Ambrose