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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, 2024

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, 2024 together with the comparative unaudited figures for the corresponding period in 2023 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30th June,	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	3	1,728,693	1,961,107
Cost of sales		<u>(1,407,643)</u>	<u>(1,678,508)</u>
Gross profit		321,050	282,599
Other income		12,066	16,901
Selling and distribution costs		(85,551)	(75,109)
Administrative expenses		(100,772)	(90,828)
Impairment losses under expected credit losses (“ECL”) model, net	4	(14,221)	(1,691)
Other gains and losses	5	652	(3,202)
Other expenses		(24,997)	(19,240)
Finance costs		(19,140)	(23,907)
– Interest on bank borrowings		(14,731)	(18,816)
– Interest on lease liabilities		(4,409)	(5,091)
Share of result of a joint venture		–	(124)
Share of result of an associate		456	618
Profit before taxation		89,543	86,017
Income taxes	6	<u>(17,509)</u>	<u>(12,901)</u>
<b>Profit for the period</b>	7	<u>72,034</u>	<u>73,116</u>

\* For identification purposes only

	<i>Note</i>	<b>Six months ended 30th June,</b>	
		<b>2024</b>	2023
		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
<b>Other comprehensive (expense) income:</b>			
<b>Item that may be subsequently reclassified to profit or loss:</b>			
– Exchange difference arising on translation of foreign operations		(4,306)	(18,444)
<b>Item that will not be reclassified to profit or loss:</b>			
– Fair value gain on an equity instrument at fair value through other comprehensive income (“FVTOCI”)		188	217
Other comprehensive expense for the period		<u>(4,118)</u>	<u>(18,227)</u>
<b>Total comprehensive income for the period</b>		<b><u>67,916</u></b>	<b><u>54,889</u></b>
Profit for the period attributable to:			
Shareholders of the Company		61,554	63,078
Non-controlling interests		<u>10,480</u>	<u>10,038</u>
		<b><u>72,034</u></b>	<b><u>73,116</u></b>
Total comprehensive income for the period attributable to:			
Shareholders of the Company		58,506	48,916
Non-controlling interests		<u>9,410</u>	<u>5,973</u>
		<b><u>67,916</u></b>	<b><u>54,889</u></b>
Basic earnings per share	9	<b><u>HK10.72 cents</u></b>	<b><u>HK10.98 cents</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30th June, 2024 <i>HK\$'000</i> (unaudited)	As at 31st December, 2023 <i>HK\$'000</i> (audited)
<b>Non-current Assets</b>			
Property, plant and equipment		528,065	465,032
Right-of-use assets		176,382	161,238
Interest in a joint venture		–	–
Interest in an associate		–	–
Amount due from an associate		2,933	2,477
Equity instrument at FVTOCI		201	13
Insurance policy assets		7,326	7,226
Rental and other deposits	10	4,578	5,646
Deposits paid for acquisition of property, plant and equipment		2,708	8,226
Loan receivables	10	3,062	1,405
		<b>725,255</b>	651,263
<b>Current Assets</b>			
Inventories		651,094	590,542
Trade, bills, loan and other receivables	10	765,050	1,025,045
Income tax recoverable		–	347
Bank time deposit with maturity over three months		5,478	–
Bank balances and cash		452,548	652,131
		<b>1,874,170</b>	2,268,065
<b>Current Liabilities</b>			
Trade, bills and other payables	11	350,090	402,135
Contract liabilities		16,941	21,101
Lease liabilities		25,880	19,875
Dividend payable		20,103	–
Amounts due to non-controlling shareholders		3,200	3,200
Income tax payable		10,861	5,318
Bank borrowings		553,865	906,133
		<b>980,940</b>	1,357,762
<b>Net Current Assets</b>		<b>893,230</b>	910,303
		<b>1,618,485</b>	1,561,566

	As at <b>30th June, 2024</b> <i>HK\$'000</i> (unaudited)	As at 31st December, 2023 <i>HK\$'000</i> (audited)
<b>Capital and Reserves</b>		
Share capital	57,438	57,438
Share premium and reserves	<u>1,249,495</u>	<u>1,211,092</u>
Equity attributable to shareholders of the Company	<b>1,306,933</b>	1,268,530
Non-controlling interests	<u>128,007</u>	<u>118,597</u>
<b>Total Equity</b>	<b><u>1,434,940</u></b>	<u>1,387,127</u>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	28,247	27,192
Lease liabilities	<u>155,298</u>	<u>147,247</u>
	<u>183,545</u>	<u>174,439</u>
	<b><u><u>1,618,485</u></u></b>	<b><u><u>1,561,566</u></u></b>

# 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 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, 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31st December, 2023.

### 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 Group’s annual period beginning on 1st January, 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 new standard nor 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 operations relating to money lending and medical imaging diagnostic centre are presented under other operations.

## Disaggregation of revenue from contracts with customers

For the six months ended 30th June, 2024 (unaudited)

Segments	Metal products HK\$'000	Building construction materials HK\$'000	Other operations HK\$'000	Total HK\$'000
<b>Sales of goods</b>				
Steel coil processing, steel wires and wire rope products	517,153	–	–	517,153
Concrete products	–	325,993	–	325,993
Construction steel products and processing, and other construction products	–	802,182	–	802,182
<b>Service income</b>				
Processing income	–	47,165	–	47,165
Transportation income	–	36,104	–	36,104
<b>Revenue from contracts with customers</b>	<b>517,153</b>	<b>1,211,444</b>	<b>–</b>	<b>1,728,597</b>
Interest income on money lending	–	–	96	96
<b>Total revenue</b>	<b>517,153</b>	<b>1,211,444</b>	<b>96</b>	<b>1,728,693</b>

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
<b>Sales of goods</b>				
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
<b>Service income</b>				
Processing income	–	35,555	–	35,555
Transportation income	–	36,523	–	36,523
<b>Revenue from contracts with customers</b>	<b>549,967</b>	<b>1,411,042</b>	<b>–</b>	<b>1,961,009</b>
Interest income on money lending	–	–	98	98
<b>Total revenue</b>	<b>549,967</b>	<b>1,411,042</b>	<b>98</b>	<b>1,961,107</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 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. 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, 2024 (unaudited)**

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>						
External revenue	517,153	1,211,444	1,728,597	96	-	1,728,693
Inter-segment revenue	1,998	39	2,037	-	(2,037)	-
Total	<u>519,151</u>	<u>1,211,483</u>	<u>1,730,634</u>	<u>96</u>	<u>(2,037)</u>	<u>1,728,693</u>
<b>SEGMENT RESULT</b>	<u>44,235</u>	<u>78,392</u>	<u>122,627</u>	<u>(3,560)</u>	<u>-</u>	<u>119,067</u>
Unallocated other income and other gains						2,487
Unallocated corporate expenses						(13,327)
Finance costs						(19,140)
- Interest on bank borrowings						(14,731)
- Interest on lease liabilities						(4,409)
Share of result of an associate						456
Profit before taxation						<u>89,543</u>

**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>
<b>REVENUE</b>						
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>
<b>SEGMENT RESULT</b>	<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>

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.

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

### 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 is detailed below:

#### For the six months ended 30th June, 2024 (unaudited)

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Hong Kong	6,664	1,202,815	96	1,209,575
Mainland China	443,501	6,215	–	449,716
USA	33,822	–	–	33,822
Macau	–	2,379	–	2,379
Others	33,166	35	–	33,201
	<u>517,153</u>	<u>1,211,444</u>	<u>96</u>	<u>1,728,693</u>

#### 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
USA	37,031	–	–	37,031
Macau	31	55,686	–	55,717
Others	18,482	–	–	18,482
	<u>549,967</u>	<u>1,411,042</u>	<u>98</u>	<u>1,961,107</u>

#### 4. IMPAIRMENT LOSSES UNDER ECL MODEL, NET

	Six months ended 30th June,	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Net impairment losses (reversal of impairment losses) on:		
– Amount due from an associate	(2,250)	(2,250)
– Trade receivables	16,471	3,941
	<u>14,221</u>	<u>1,691</u>

## 5. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Loss on disposal of property, plant and equipment	22	94
Net exchange (gain) loss	(674)	3,108
	<u>(652)</u>	<u>3,202</u>

## 6. INCOME TAXES

	Six months ended 30th June,	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
The charge comprises:		
Current period		
Hong Kong Profits Tax	6,950	4,613
Mainland China Enterprise Income Tax	6,552	6,920
Withholding tax paid for distributed profits in Mainland China	–	1,184
	<u>13,502</u>	<u>12,717</u>
Underprovision in prior years		
Mainland China Enterprise Income Tax	2,952	184
	<u>1,055</u>	<u>–</u>
Deferred taxation	<u>17,509</u>	<u>12,901</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, 2024 and 31st December, 2023, 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,

2024	2023
<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)

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

Depreciation of property, plant and equipment	24,107	20,127
Depreciation of right-of-use assets	14,213	19,609
Net decrease of inventories provision (included in cost of sales)	(4,978)	(3,956)

## 8. DIVIDEND

During the current period, a final dividend of HK3.5 cents per share in respect of the year ended 31st December, 2023 (six months ended 30th June, 2023: final dividend of HK3.0 cents per share in respect of the year ended 31st December, 2022) was declared. The aggregate amount of the final dividend payable at the current period end amounted to HK\$20,103,000 (at 30th June, 2023: HK\$17,231,000).

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, 2023: HK2.5 cents per share amounting to HK\$14,359,000) will be paid to the shareholders of the Company whose names appear in the register of members of the Company on 9th October, 2024.

## 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\$61,554,000 (six months ended 30th June, 2023: HK\$63,078,000) and 574,378,128 (six months ended 30th June, 2023: 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 <b>30th June, 2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31st December, 2023 <i>HK\$'000</i> (audited)
Trade receivables	760,350	974,262
Less: Impairment losses under ECL model	<u>(77,239)</u>	<u>(60,924)</u>
	<b>683,111</b>	913,338
 Bills receivables	 <u>15,989</u>	 <u>11,269</u>
Loan receivables	4,537	2,929
Less: Impairment losses under ECL model	<u>(550)</u>	<u>(550)</u>
	<b>3,987</b>	2,379
 Prepayments	 36,961	 58,608
Rental and other deposits	28,689	27,841
Other receivables	25,350	40,095
Less: Impairment losses under ECL model	<u>(21,397)</u>	<u>(21,434)</u>
	<b>69,603</b>	105,110
 Total trade, bills, loan and other receivables	 <b>772,690</b>	 <b>1,032,096</b>
 Analysed for reporting purpose as:		
Current	765,050	1,025,045
Non-current – Loan receivables, net	3,062	1,405
Non-current – Rental and other deposits	<u>4,578</u>	<u>5,646</u>
	<b>772,690</b>	<b>1,032,096</b>

Other than cash sales, the Group allows credit periods ranging from 30 to 180 days (31st December, 2023: 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 invoice date at the end of the reporting period, which approximated respective revenue recognition dates as follows:

	As at <b>30th June, 2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31st December, 2023 <i>HK\$'000</i> (audited)
0 – 30 days	303,722	391,725
31 – 60 days	179,739	318,254
61 – 90 days	101,932	126,525
91 – 120 days	39,384	45,593
More than 120 days	<u>74,323</u>	<u>42,510</u>
	<b>699,100</b>	<b>924,607</b>

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 cost or effort.

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

	As at <b>30th June, 2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31st December, 2023 <i>HK\$'000</i> <b>(audited)</b>
Not due yet	3,987	2,379
Overdue	—	—
	<u>3,987</u>	<u>2,379</u>

The management of the Group estimates the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as the fair value of the collaterals pledged to the loan receivables.

#### 11. TRADE, BILLS AND OTHER PAYABLES

	As at <b>30th June, 2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31st December, 2023 <i>HK\$'000</i> <b>(audited)</b>
Trade payables	210,952	252,165
Bills payables	—	9,380
Accruals	94,669	99,121
Deposits received	15,114	14,288
Other payables	29,355	27,181
	<u>350,090</u>	<u>402,135</u>

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

	As at <b>30th June, 2024</b> <i>HK\$'000</i> <b>(unaudited)</b>	As at 31st December, 2023 <i>HK\$'000</i> <b>(audited)</b>
0 – 30 days	144,274	162,680
31 – 60 days	38,659	55,144
61 – 90 days	13,209	21,835
91 – 120 days	7,938	15,584
More than 120 days	6,872	6,302
	<u>210,952</u>	<u>261,545</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, 2024, the Group's total revenue was approximately HK\$1,728,693,000, representing a decrease of 12% over the same period last year. The decrease in revenue was mainly attributable to the drop of delivery volumes in our building construction materials business in Hong Kong as compared to the same period last year due to a number of objective factors.

After deduction of profit attributable to non-controlling interests, profit attributable to shareholders of the Company amounted to approximately HK\$61,554,000, representing a decrease of 2% over the same period last year.

During the period under review, the pace of economic recovery was uncertain, with the economies of Hong Kong and Mainland China being challenged by geopolitical tensions, the continuing downturn in the real estate market, insufficient demand for manufacturing products and even a further decline in market confidence. The Group's business strategy of seeking progress while maintaining stability and maximizing the effectiveness of its operations during the period was able to maintain stable results in the face of a complex and volatile macro-environment, with the overall performance of the two major core businesses remaining broadly in line with 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\$519,151,000, representing a decrease of 6% over the same period last year, and profit before interest and taxation was approximately HK\$44,235,000, representing an increase of 5% over the same period last year.

The Mainland China's manufacturing industry still faces the challenges of insufficient demand and intensified market competition during the period, especially as the real estate industry continues to be sluggish, with the volume of housing construction having dropped by more than half compared with the peak period, and orders from ancillary construction machinery and elevator manufacturers have dropped significantly, which has also affected the Group's wire rope business to a certain extent. During the period, the Group's efforts in developing the export market for wire ropes and the repair and maintenance market for elevator wire ropes yielded good results, effectively compensating for the loss of business due to the decline in demand from elevator OEM (original equipment manufacturer) manufacturers. However, competition in the steel wire rope market further intensified, resulting in pressure on product margins. During the period, the Group continued to review and reduce various costs, and through the unremitting efforts of the team, the profitability of metal products for the period was maintained at the same level as the same period last year.

### **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\$1,211,483,000, representing a decrease of 14% over the same period last year, and profit before interest and taxation was approximately HK\$78,392,000, which was maintained at the level of the same period last year.

Revenue from the building construction materials business for the period decreased as compared with that of the same period last year, mainly due to the extreme weather conditions in Hong Kong in the first half of the year, where the number of days with rainfall and the amount of rainfall were much higher than normal, which affected the progress of construction works and reduced the delivery of building construction materials. In addition, the entry of several new investors into the business, resulting in increased competition in the market has also contributed to the drop of revenue in the business. In sight of this, the Group's operating strategy is to focus on the provision of high-quality value-added services to our customers rather than engaging in low-end cut-throat competition in the pursuit of volume, and to avoid operational risks as far as possible.

The Group's "off-site cut-and-bend steel processing" business, which has been in operation for more than a decade, has been recognized by the Hong Kong construction industry and the government's public works department for its ability to significantly improve the safety and working environment of construction sites and to reduce the workload of bar benders. With steady growth in business volume, the Group will further increase its investment in this area of business.

During the period, the ready mixed concrete and precast concrete business remained stable. In line with the government's efforts to improve the environment in the Yau Tong area, the Group plans to vacate the rented concrete plant in Yau Tong early next year. Recently, an additional ready mixed concrete production line has been set up in Sheung Shui, New Territories, which will have a complementary effect with the Group's existing ready mixed concrete plant in Yuen Long to serve the future "Northern Metropolis" construction project.

The building construction materials business in Hong Kong still faces challenges, including the sluggish real estate market, the cautious attitude of private developers towards the development of new projects, and the government's slowdown in approving and investing in new infrastructure projects in order to tackle the fiscal deficit. On the other hand, there are also a few new investors joining in the competition, and it is necessary for the Group to further strengthen its market competitiveness in the building construction materials sector. The Group remains confident and optimistic about the long-term development of the building construction materials business.

## **PROSPECT**

It is expected that the economic outlook of Mainland China and Hong Kong will continue to be challenging for a period of time in the future. Negative factors such as downturn in the real estate market, sluggish demand in the manufacturing market and fierce competition in the peer group market will not be alleviated within a short period of time, and the Group will continue to maintain its prudent business strategies to avoid risks and to continuously improve and enhance the competitiveness of its own business. The Group is confident that, through its tireless efforts, the annual results of its two major core businesses will remain stable.

In order to seek sustainable development opportunities in different areas, the Group has invested in the establishment of a medical imaging centre including CT, MRI and PET-CT scanning services during the period. Good progress has been made and the renovation has been completed according to the planned schedule, with the completion of equipment installation and equipment having tested successfully, and most of the required professional licenses of the medical imaging centre have been approved and the medical staff of the medical center are basically in place, the center is expected to be put into services before the end of the year.

With the improvement of living conditions and the growing emphasis on medical and healthcare, there is a growing demand for premium medical imaging services. The Group believes that this investment will provide the Group with an alternative to the traditional manufacturing industry, and that it will not only bring benefits to shareholders but will also help the community. The medical imaging centre is expected to start generating steady revenue for the Group in the second half of 2025.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30th June, 2024, the total bank balances and cash of the Group amounted to approximately HK\$452,548,000 (31st December, 2023: approximately HK\$652,131,000). As at 30th June, 2024, current ratio (current assets to current liabilities) of the Group was 1.91:1 (31st December, 2023: 1.67:1).

As at 30th June, 2024, the total borrowings of the Group amounted to approximately HK\$553,865,000 (31st December, 2023: approximately HK\$906,133,000).

As at 30th June, 2024, capital commitments contracted in respect of acquisition for property, plant and equipment for the Group amounted to approximately HK\$9,575,000 (31st December, 2023: approximately HK\$86,074,000), funding for the capital commitments will be generated mainly from internal resources.

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, 2024 was 574,378,128 (31st December, 2023: 574,378,128).

As at 30th June, 2024, the equity attributable to the shareholders of the Company amounted to approximately HK\$1,306,933,000 (31st December, 2023: approximately HK\$1,268,530,000).

As at 30th June, 2024, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.07:1 (31st December, 2023: 0.18:1).

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30th June, 2024, the total number of staff of the Group was 1,469. 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 new share option scheme adopted on 14th June, 2024. Details of the new share option scheme are set out in the circular of the Company dated 29th April, 2024.

## **CORPORATE GOVERNANCE**

The Group is committed to maintain a good standard of corporate governance practices and procedures to safeguard the interests of the shareholders and enhance the performance of the Group.

The Group has complied with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") throughout the six months ended 30th June, 2024, except for the deviations as disclosed in this announcement.

## **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 and available on the Company's website. 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, 2024. 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, 2024.

## **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, 2024.

## **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, 2024 (2023 interim dividend: HK2.5 cents per share amounting to approximately HK\$14,359,000) which are expected to be payable on 25th October, 2024 to the shareholders of the Company whose names appear in the register of members of the Company on 9th October, 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 7th October, 2024 to 9th October, 2024 (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, 2024, 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 4th October, 2024.

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

This interim 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 2024 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, 27th August, 2024

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