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, 2018

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, 2018 together with the comparative unaudited figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30th June,	
	Notes	**2018**	2017
		HK$'000	*HK$'000*
		(unaudited)	(unaudited)
Revenue	3	**1,627,466**	1,199,166
Cost of sales		**(1,507,506)**	(1,034,850)
Gross profit		**119,960**	164,316
Other income		**6,238**	7,297
Interest income		**891**	1,278
Selling and distribution costs		**(50,729)**	(51,147)
Administrative expenses		**(86,375)**	(86,620)
Other gains and losses	4	**(919)**	14,227
Other expenses		**(15,621)**	(12,020)
Finance costs	5	**(10,748)**	(7,510)
Share of result of a joint venture		**–**	344
Share of result of an associate		**17**	(3,366)
(Loss) profit before taxation		**(37,286)**	26,799
Income tax expenses	6	**(409)**	(8,394)
(Loss) profit for the period	7	**(37,695)**	18,405

	Note	Six months ended 30th June, 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
– Exchange difference arising on translation of foreign operations		**(3,949)**	11,611
– Fair value loss on an available-for-sale investment		**–**	(999)
– Fair value gain on a debt instrument at fair value through other comprehensive income ("FVTOCI")		**20**	–
– Reclassification to profit or loss upon redemption of a debt instrument at FVTOCI		**19**	–
Items that will not be reclassified to profit or loss:			
– Fair value gain on an equity instrument at FVTOCI		**1,238**	–
Other comprehensive (expense) income for the period		**(2,672)**	10,612
Total comprehensive (expense) income for the period		**(40,367)**	29,017
(Loss) profit for the period attributable to:			
Shareholders of the Company		**(39,824)**	12,850
Non-controlling interests		**2,129**	5,555
		(37,695)	18,405
Total comprehensive (expense) income for the period attributable to:			
Shareholders of the Company		**(41,884)**	21,460
Non-controlling interests		**1,517**	7,557
		(40,367)	29,017
(Loss) earnings per share			
Basic and diluted	9	**(HK7.09 cents)**	HK2.29 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30th June, 2018** *HK$'000* **(unaudited)**	As at 31st December, 2017 *HK$'000* (audited)
Non-current Assets			
Investment properties		**3,980**	3,980
Property, plant and equipment		**505,068**	503,205
Prepaid lease payments		**13,312**	13,647
Interest in a joint venture		**4,079**	4,079
Amount due from a joint venture		**1,154**	5,068
Interest in an associate		**–**	–
Amount due from an associate		**9,585**	9,568
Available-for-sale investment		**–**	4,173
Equity instrument at FVTOCI		**5,411**	–
Insurance policy assets		**12,226**	11,775
Rental and other deposits		**8,794**	10,361
Deposits paid for acquisition of property, plant and equipment		**3,568**	3,876
Loan receivables	10	**4,287**	4,647
Time deposits		**2,372**	2,393
		573,836	576,772
Current Assets			
Inventories		**492,344**	595,609
Trade, loan and other receivables	10	**756,996**	805,635
Prepaid lease payments		**466**	469
Income tax recoverable		**970**	1,261
Available-for-sale investment		**–**	5,025
Bank balances and cash		**387,135**	383,167
		1,637,911	1,791,166
Current Liabilities			
Trade and other payables	11	**174,483**	363,260
Contract liabilities		**11,464**	–
Dividend payable		**16,858**	–
Amounts due to non-controlling shareholders		**3,200**	3,200
Income tax payable		**9,159**	9,855
Bank borrowings		**919,797**	847,939
Obligations under finance leases		**492**	569
		1,135,453	1,224,823
Net Current Assets		**502,458**	566,343
		1,076,294	1,143,115

	As at 30th June, 2018 HK$'000 (unaudited)	As at 31st December, 2017 HK$'000 (audited)
Capital and Reserves		
Share capital	**56,192**	56,192
Share premium and reserves	**946,205**	1,008,933
Equity attributable to shareholders of the Company	**1,002,397**	1,065,125
Non-controlling interests	**50,894**	52,188
Total Equity	**1,053,291**	1,117,313
Non-current Liabilities		
Deferred tax liabilities	**22,825**	25,375
Obligations under finance leases	**178**	427
	23,003	25,802
	1,076,294	1,143,115

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new 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, 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2017.

Application of new and amendments to HKFRSs and an interpretation

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1st January, 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

Impacts and changes in accounting policies upon application of HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1st January, 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1st January, 2018.

Summary of effects arising from initial application of HKFRS 15

The following adjustment was made to the amounts recognised in the condensed consolidated statement of financial position as at 1st January, 2018. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31st December, 2017 *HK$'000*	Reclassification *HK$'000*	Carrying amounts under HKFRS 15 at 1st January, 2018 *HK$'000*
Trade and other payables	*(a)*	363,260	(10,228)	353,032
Contract liabilities	*(a)*	–	10,228	10,228

Note:

(a) As at 1st January, 2018, advances from customers of HK$10,228,000 in respect of sales contracts previously included in trade and other payables were reclassified to contract liabilities for HK$10,228,000.

The following table summarises the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30th June, 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	As reported *HK$'000*	Reclassification *HK$'000*	Amounts without application of HKFRS 15 *HK$'000*
Current liabilities			
Trade and other payables	174,483	11,464	185,947
Contract liabilities	11,464	(11,464)	–

Except for the above, the application of HKFRS 15 has no other significant impact to the condensed consolidated statement of financial position.

Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments*

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1st January, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1st January, 2018. The difference between carrying amounts as at 31st December, 2017 and the carrying amounts as at 1st January, 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

The directors of the Company reviewed and assessed the classification and measurement of the Group's financial assets as at 1st January, 2018 based on the facts and circumstances that existed at that date.

As at 1st January, 2018, the directors of the Company also reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

The results of the assessment and the impact thereof are detailed in below.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1st January, 2018.

	Notes	Available-for-sale investments *HK$'000*	Equity instrument at FVTOCI *HK$'000*	Debt instrument at FVTOCI *HK$'000*	Amortised cost (previously classified as loans and receivables) *HK$'000*	Retained profits *HK$'000*
Closing balance at 31st December, 2017 – HKAS 39		9,198	–	–	1,149,306	651,592
Effect arising from initial application of HKFRS 9:						
Reclassification						
From available-for-sale investments	(a)	(9,198)	4,173	5,025	–	–
Remeasurement						
Impairment under ECL model	(b)	–	–	–	(3,986)	(3,986)
Opening balance at 1st January, 2018		–	4,173	5,025	1,145,320	647,606

Notes:

(a) Available-for-sale investments

From available-for-sale equity investment to FVTOCI

The Group elected to present in other comprehensive income for the fair value changes of its equity investment previously classified as available-for-sale. The investment is not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$4,173,000 was reclassified from available-for-sale investments to equity instrument at FVTOCI. The fair value gains of HK$4,173,000 relating to this investment previously carried at fair value continued to accumulate in FVTOCI reserve.

From available-for-sale debt investment to FVTOCI

Certificate of deposit with a fair value of HK$5,025,000 was reclassified from available-for-sale investment to debt instrument at FVTOCI, as the investment is held within a business model whose objective is achieved by both collecting contractual cash flows and selling of the asset and the contractual cash flows of the investment are solely payments of principal and interest on the principal amount outstanding. The fair value losses of HK$39,000 relating to the investment previously carried at fair value continued to accumulate in FVTOCI reserve as at 1st January, 2018.

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been assessed individually with significant balances and collectively using a provision matrix.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables, loan receivables, amount due from a joint venture, amount due from an associate, time deposits and bank balances, are measured on 12-month ECL ("12m ECL") basis and there had been no significant increase in credit risk since initial recognition.

The Group's debt instrument at FVTOCI is graded in the high credit rating among rating agencies. Therefore, the investment is considered to be low credit risk investments and the loss allowance is measured on 12m ECL basis.

As at 1st January, 2018, the additional credit loss allowance of HK$3,986,000 has been recognised against retained profits. The additional loss allowance is charged against the respective asset.

All loss allowances for trade receivables as at 31st December, 2017 reconcile to the opening loss allowance as at 1st January, 2018 is as follows:

	Trade receivables *HK$'000*
At 31st December, 2017 - HKAS 39	27,577
Amounts remeasured through opening retained profits	3,986
At 1st January, 2018	31,563

Except as described above, the application of new HKFRSs and an interpretation in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the entity's accounting policies above, the opening condensed consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item.

	31st December, 2017 (Audited) *HK$'000*	HKFRS 15 *HK$'000*	HKFRS 9 *HK$'000*	1st January, 2018 (Restated) *HK$'000*
Non-current Assets				
Available-for-sale investment	4,173	–	(4,173)	–
Equity instrument at FVTOCI	–	–	4,173	4,173
Others with no adjustment	572,599	–	–	572,599
Current Assets				
Trade, loan and other receivables	805,635	–	(3,986)	801,649
Available-for-sale investment	5,025	–	(5,025)	–
Debt instrument at FVTOCI	–	–	5,025	5,025
Others with no adjustment	980,506	–	–	980,506
Current Liabilities				
Trade and other payables	363,260	(10,228)	–	353,032
Contract liabilities	–	10,228	–	10,228
Others with no adjustment	861,563	–	–	861,563
Net Current Asset	566,343	–	(3,986)	562,357
Total Asset less Current Liabilities	1,143,115	–	(3,986)	1,139,129
Total Equity				
Retained profits	651,592	–	(3,986)	647,606
Others with no adjustment	465,721	–	–	465,721
Non-current Liabilities	25,802	–	–	25,802

3. REVENUE AND SEGMENT INFORMATION

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

Information reported to the Chairman and the Vice Chairman of the Group, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold.

Specifically, the Group's operating and reportable segments under HKFRS 8 *Operating Segments* are as follows:

1. Metal products
2. Building construction materials

In addition, the Group's operations relating to plastic products and printing materials are aggregated and presented as other operations.

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

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

	Metal products *HK$'000*	Building construction materials *HK$'000*	Reportable segment total *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE						
External sales	546,556	1,065,297	1,611,853	15,613	–	1,627,466
Inter-segment sales	2,192	3	2,195	–	(2,195)	–
Total	548,748	1,065,300	1,614,048	15,613	(2,195)	1,627,466
SEGMENT RESULT	19,429	(33,132)	(13,703)	(3,405)	543	(16,565)
Unallocated other income						801
Unallocated corporate expenses						(10,791)
Finance costs						(10,748)
Share of result of an associate						17
Loss before taxation						(37,286)

For the six months ended 30th June, 2017 (unaudited)

	Metal products *HK$'000*	Building construction materials *HK$'000*	Reportable segment total *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE						
External sales	437,746	741,468	1,179,214	19,952	–	1,199,166
Inter-segment sales	2,676	39	2,715	–	(2,715)	–
Total	440,422	741,507	1,181,929	19,952	(2,715)	1,199,166
SEGMENT RESULT	39,196	10,010	49,206	(2,603)	141	46,744
Unallocated other income						1,427
Unallocated corporate expenses						(10,840)
Finance costs						(7,510)
Share of result of a joint venture						344
Share of result of an associate						(3,366)
Profit before taxation						26,799

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the gross profit generated or loss suffered from each segment, net of selling and distribution costs and administrative expenses directly attributable to each segment without allocation of certain other income, corporate expenses, finance costs and share of 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.

Revenue from major products

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

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Metal products	**546,556**	437,746
Building construction materials		
– Concrete products	**160,495**	254,806
– Construction steel and other construction products	**904,802**	486,662
Others	**15,613**	19,952
	1,627,466	1,199,166

Geographical information

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

	Six months ended 30th June, 2018 *HK$'000* (unaudited)	2017 *HK$'000* (unaudited)
Hong Kong	**1,035,283**	758,103
The People's Republic of China (the "PRC") other than Hong Kong and Macau	**536,446**	403,263
Macau	**33,598**	19,508
Others	**22,139**	18,292
	1,627,466	1,199,166

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

4. OTHER GAINS AND LOSSES

	Six months ended 30th June, 2018 *HK$'000* (unaudited)	2017 *HK$'000* (unaudited)
Reclassification to profit or loss upon redemption of a debt instrument at FVTOCI	**(19)**	–
Gain on disposal of property, plant and equipment	**23**	4,729
Net exchange (loss) gain	**(1,699)**	1,570
Reversal of allowance for bad and doubtful debts, net	**776**	7,928
	(919)	14,227

5. FINANCE COSTS

	Six months ended 30th June, 2018 *HK$'000* (unaudited)	2017 *HK$'000* (unaudited)
Interest on:		
Bank borrowings	**11,526**	8,240
Finance leases	**18**	35
	11,544	8,275
Less: amounts capitalised in the cost of qualifying assets	**(796)**	(765)
	10,748	7,510

6. INCOME TAX EXPENSES

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The charge comprises:		
Current period		
Hong Kong Profits Tax	**3,256**	6,355
PRC Enterprise Income Tax	**3,093**	3,496
Withholding tax paid for distributed profits in the PRC	**338**	–
	6,687	9,851
Overprovision in prior years		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**(3,728)**	(1,597)
	(3,728)	(1,597)
Deferred tax	**(2,550)**	140
	409	8,394

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. In addition, a PRC subsidiary of the Company was qualified as "High-tech Enterprise" in Tianjin and subject to an Enterprise Income Tax Rate of 15%, which was granted for further three years starting from 2016. Another PRC subsidiary was qualified as "Small Low-profit Enterprise" in Guangdong and subject to an Enterprise Income Tax Rate of 10%, which was granted for three years starting from 2017.

The EIT Law requires withholding tax to be levied on distribution of profits earned by a PRC 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, 2018 and 2017, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

On 21st March, 2018, the Hong Kong Legislative Council passes the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28th March, 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The two-tiered profits tax rates regime are applicable to the Company for its annual reporting periods beginning on or after 1st January, 2018.

The application of the two-tiered profits tax rates regime is expected to have insignificant effect to the Group.

7. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**234**	225
Depreciation of property, plant and equipment	**20,157**	18,469
Reversal of write-down of inventories (included in cost of sales)	**(19)**	(11,071)

8. DIVIDEND

During the current period, a final dividend of HK3.0 cents per share in respect of the year ended 31st December, 2017 (six months ended 30th June, 2017: HK3.0 cents per share in respect of the year ended 31st December, 2016) was declared. The aggregate amount of the final dividend payable in the current period amounted to HK$16,858,000 (six months ended 30th June, 2017: HK$16,858,000).

Subsequent to the end of the interim period, the directors have determined that an interim dividend of HK1.0 cent per share (six months ended 30th June, 2017: HK1.5 cents per share) will be paid to the shareholders of the Company whose names appear in the register of members of the Company on 4th October, 2018.

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the loss for the period attributable to the shareholders of the Company of HK$39,824,000 (six months ended 30th June, 2017: profit for the period attributable to the shareholders of the Company of HK$12,850,000) and 561,922,500 (six months ended 30th June, 2017: 561,922,500) ordinary shares in issue during the period.

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

10. TRADE, LOAN AND OTHER RECEIVABLES

	As at 30th June, 2018 ***HK$'000*** **(unaudited)**	As at 31st December, 2017 *HK$'000* (audited)
Trade and bills receivables, net	**679,963**	737,412
Prepayments, deposits and other receivables	**76,298**	67,530
Loan receivables	**5,022**	5,340
	761,283	810,282
Analysed for reporting purpose as:		
Current assets	**756,996**	805,635
Non-current assets – Loan receivables	**4,287**	4,647
	761,283	810,282

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

Trade and bills receivables, net of allowance for doubtful debts, 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, 2018 *HK$'000* **(unaudited)**	As at 31st December, 2017 *HK$'000* (audited)
0 – 30 days	**283,754**	335,078
31 – 60 days	**225,443**	225,202
61 – 90 days	**100,180**	92,620
91 – 120 days	**35,165**	42,867
More than 120 days	**35,421**	41,645
	679,963	737,412

11. TRADE AND OTHER PAYABLES

	As at 30th June, 2018 *HK$'000* **(unaudited)**	As at 31st December, 2017 *HK$'000* (audited)
Trade payables	**98,233**	237,808
Accruals, deposits received and other payables	**76,250**	125,452
	174,483	363,260

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

	As at 30th June, 2018 *HK$'000* **(unaudited)**	As at 31st December, 2017 *HK$'000* (audited)
0 – 30 days	**64,358**	181,861
31 – 60 days	**23,240**	38,886
61 – 90 days	**5,223**	8,905
91 – 120 days	**2,812**	5,608
More than 120 days	**2,600**	2,548
	98,233	237,808

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, 2018, the Group's total revenue was HK$1,627,466,000, representing an increase of 36% against the same period last year. The increase of revenue was mainly attributable to the price hikes of steel during the period, which spurred the rise in both unit selling price and sales quantity of steel products.

After deduction of profit attributable to non-controlling interests, loss attributable to shareholders of the Company amounted to HK$39,824,000. The loss was mainly a result of the unwonted pressure and challenges encountered by the building construction materials business in Hong Kong during the period, in turn giving rise to the disappointing results. Moreover, the high-end steel wire rope project in Tianjin and the automated cut-and-bend rebars processing project in Hong Kong have yet to generate benefits and their various preliminary development costs ratcheted up pressure on results performance.

The Board has decided to maintain dividend payment and declared an interim dividend of HK1.0 cent per share.

Metal Products

Metal products line of business comprises mainly of steel coil processing and manufacturing and sales of steel wires and steel wire rope products in the Mainland. Revenue for the period was HK$548,748,000, representing an increase of 25% over the same period last year. Profit before interest and taxation was HK$19,429,000, representing a decrease of 50% over the same period last year.

Our metal products business remained stable in the period, with both production and sales volume of steel wire rope products hitting an all-time high as compared with the corresponding periods of previous years. Nonetheless, the surging costs of raw materials and environmental costs during the period could not be promptly passed onto customers and therefore dragged profit margin down. This was further compounded by the high-end lifting wire rope project which was still at the development stage and its development expenses weighed on profitability of the metal products operation to some extent during the period.

Our elevator wire rope products have maintained a leading position in the industry. The relentless efforts put into developing high-end products have yielded some success, with certain product technologies achieving breakthroughs and already reaching globally advanced levels. Elevator wire rope products are expected to post another record-breaking sales figure for the year given their promising outlook.

Building Construction Materials

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

Revenue for the period was HK$1,065,300,000, representing an increase of 44% over the same period last year. The increase of revenue was mainly attributable to the uptick in both prices and business volume of construction steel products during the period. Loss before interest and taxation amounted to HK$33,132,000.

Our building construction materials business recorded a loss for the first time in years, mainly due to the fact that the construction sector in Hong Kong had headed into another recession since the second half of last year. Over the past few years, the lengthy debates in the Legislative Council kept putting off funding approval for various public works in Hong Kong, sending the number of construction projects that had obtained funding way lower than expected. The significant decrease in construction works led to manpower loss and fierce competition in the construction sector, especially in early 2018 when the ready mixed concrete business was confronted with cutthroat competition from industry players, coupled with the prolonged price hikes of steel that caused our steel distribution department to procure at higher-than-expected costs in order to fulfill its supply contracts with customers, thereby incurring losses and resulting in the lacklustre performance of the building construction materials business during the period.

On the bright side, the automated cut-and-bend rebars processing project that we heavily promoted and developed in Hong Kong for years has received some good news. Echoing Chief Executive's appeal in the year's policy address to support and develop automated cut-and-bend rebars processing, the Financial Secretary also proposed earmarking HK$1 billion for establishing a "Construction Innovation and Technology Fund" in his yearly budget in an effort to promote productivity, sustainability and safety within the construction industry. Automated cut-and-bend rebars processing is listed among the projects eligible for a certain amount of incentive funding. Likewise, the Development Bureau has made it clear that a large majority of public works will only opt for products from automated cut-and-bend rebars processing plants for the sake of reducing work-related injuries at construction sites and mitigating environmental impact. In recent years, the Group devoted substantial resources to establishing its two automated cut-and-bend rebars processing plants, which have yet to generate benefits and thus put some strain on our results performance. However, the management is confident that the use of construction rebar products from automated processing plants will be widely promoted and our business will be benefited accordingly.

PROSPECT

Many challenges facing the Group in the first half of the year will still linger in the second half, in particular the building construction materials business which will remain under immense pressure. Nonetheless, we expect to see things turn around next year following the passing of motions to streamline meeting procedures by the Finance Committee of the Legislative Council in March this year, a move which has expedited funding approval for public works and will conceivably revive the construction sector of Hong Kong next year, in turn benefiting our building construction materials business. The Group therefore stays bullish on the prospects of its building construction materials operation.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2018, the total bank balances and cash of the Group amounted to HK$387,135,000 (31st December, 2017: HK$383,167,000). As at 30th June, 2018, the current ratio (current assets to current liabilities) of the Group was 1.44:1 (31st December, 2017: 1.46:1).

As at 30th June, 2018, the total borrowings of the Group amounted to HK$920,467,000 (31st December, 2017: HK$848,935,000).

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, 2018 was 561,922,500 (31st December, 2017: 561,922,500). As at 30th June, 2018, the equity attributable to the shareholders of the Company amounted to HK$1,002,397,000 (31st December, 2017: HK$1,065,125,000).

As at 30th June, 2018, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.51:1 (31st December, 2017: 0.42:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 30th June, 2018, the total number of staff of the Group was 1,487. Remuneration is determined with reference to the performance, qualifications and experience of the employees concerned and the prevailing industry practice. The Group provides Mandatory Provident Fund entitlement to Hong Kong's employees. Moreover, share options may be granted as an incentive or reward to eligible employees in accordance with the share option scheme adopted on 5th June, 2014.

CORPORATE GOVERNANCE

The Group is committed to the maintenance of good corporate governance practices as set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with code provisions as set out in the CG Code throughout the six months ended 30th June, 2018 except the followings:

Code provision A.2.1, the Company does not separate the roles of Chairman and Chief Executive Officer and Mr. Pang Tak Chung currently holds both positions. As the board of directors (the "Board") believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership, efficient usage of resources and allows for effective planning, formulation and implementation of the Company's business strategies which will enable the Company to sustain the development of its business efficiently.

Code provision A.5.1, the Company does not propose to establish a nomination committee for the time being as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that it has a balanced composition of their skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the directors.

Code provision A.5.6, the Company does not have a policy concerning diversity of board members for the time being. In designing the Board's composition, the Company will consider from all aspects, all directors' appointment will be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

AUDIT COMMITTEE

The Company established its Audit Committee on 5th January, 1999 with written terms of reference which are in line with the CG Code. The Audit Committee comprises three Independent Non-executive Directors namely Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June, 2018. 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, 2018.

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, 2018.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.0 cents per share amounting to HK$5,619,000 for the six months ended 30th June, 2018 (2017 interim dividend: HK1.5 cents per share amounting to HK$8,429,000) which are expected to be payable on 26th October, 2018 to the shareholders of the Company whose names appear in the register of members of the Company on 4th October, 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 2nd October, 2018 to 4th October, 2018 (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, 2018, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 28th September, 2018.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the HKEXnews (www.hkexnews.hk) and the Company (www.golik.com). The 2018 interim report containing information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 29th August, 2018

As at the date of this announcement, the Board comprises:

Executive Directors:	Mr. Pang Tak Chung, Mr. Ho Wai Yu, Sammy, Ms. Pang Wan Ping and Mr. Lau Ngai Fai
Independent Non-executive Directors:	Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong

* *For identification purposes only*