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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, 2020

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, 2020 together with the comparative figures for the year ended 31st December, 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31st December,	
		2020 HK\$'000	2019 HK\$'000
Revenue	3	2,991,068	2,803,735
Cost of sales		(2,495,197)	(2,425,739)
Gross profit		495,871	377,996
Other income		33,294	23,271
Interest income		3,232	2,526
Selling and distribution costs		(134,609)	(115,121)
Administrative expenses		(165,078)	(171,011)
Impairment losses under expected credit loss (“ECL”) model, net		(12,353)	(17,190)
Impairment losses on interest in an associate		(1,005)	–
Other gains and losses	4	(2,778)	342
Other expenses		(45,370)	(44,130)
Finance costs		(31,836)	(42,204)
– Interest on bank borrowings		(19,658)	(28,810)
– Interest on lease liabilities		(12,178)	(13,394)
Share of result of a joint venture		1,603	(114)
Share of result of an associate		333	31
Profit before taxation		141,304	14,396
Income taxes	5	(23,659)	(5,945)
Profit for the year	6	117,645	8,451

* For identification purposes only

		Year ended 31st December,	
		2020	2019
	<i>Note</i>	HK\$'000	HK\$'000
Other comprehensive income (expense)			
Items that may be subsequently reclassified to profit or loss:			
– Exchange difference arising on translation of foreign operations		32,412	(10,069)
– Release from exchange reserve upon deregistration of a subsidiary		531	–
– Release from Mainland China statutory reserve upon deregistration of a subsidiary		(43)	–
Item that will not be reclassified to profit or loss:			
– Fair value (loss) gain on an equity instrument at fair value through other comprehensive income (“FVTOCI”)		(603)	1,029
Other comprehensive income (expense) for the year		32,297	(9,040)
Total comprehensive income (expense) for the year		149,942	(589)
Profit (loss) for the year attributable to:			
Shareholders of the Company		93,545	(6,233)
Non-controlling interests		24,100	14,684
		117,645	8,451
Total comprehensive income (expense) for the year attributable to:			
Shareholders of the Company		119,940	(13,598)
Non-controlling interests		30,002	13,009
		149,942	(589)
Basic earnings (loss) per share	8	HK16.29 cents	(HK1.10 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 31st December, 2020 <i>HK\$'000</i>	As at 31st December, 2019 <i>HK\$'000</i>
Non-current Assets			
Investment properties		–	4,020
Property, plant and equipment		491,170	471,319
Right-of-use assets		262,785	273,168
Interest in a joint venture		5,484	3,881
Interest in an associate		–	–
Amount due from an associate		364	31
Equity instrument at FVTOCI		3,718	4,321
Insurance policy assets		13,294	12,790
Rental and other deposits	9	12,036	5,640
Deposits paid for acquisition of property, plant and equipment		4,921	11,143
Loan receivables	9	2,485	3,151
		796,257	789,464
Current Assets			
Inventories		444,521	579,178
Trade, bills, loan and other receivables	9	764,196	644,361
Income tax recoverable		467	5,191
Bank deposits with original maturity over three months		2,376	2,232
Bank balances and cash		403,092	304,672
		1,614,652	1,535,634
Assets classified as held for sale		35,097	33,899
		1,649,749	1,569,533
Current Liabilities			
Trade and other payables	10	331,058	297,506
Contract liabilities		24,510	7,380
Lease liabilities		47,299	49,207
Amounts due to non-controlling shareholders		3,200	3,200
Income tax payable		8,054	4,674
Bank borrowings		691,766	791,461
		1,105,887	1,153,428
Net Current Assets		543,862	416,105
		1,340,119	1,205,569

	As at 31st December, 2020 <i>HK\$'000</i>	As at 31st December, 2019 <i>HK\$'000</i>
Capital and Reserves		
Share capital	57,438	57,438
Share premium and reserves	<u>959,449</u>	<u>850,997</u>
Equity attributable to shareholders of the Company	1,016,887	908,435
Non-controlling interests	<u>88,545</u>	<u>61,152</u>
Total Equity	<u>1,105,432</u>	<u>969,587</u>
Non-current Liabilities		
Deferred tax liabilities	20,880	17,280
Lease liabilities	<u>213,807</u>	<u>218,702</u>
	<u>234,687</u>	<u>235,982</u>
	<u>1,340,119</u>	<u>1,205,569</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 investment properties, 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 *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1st January, 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year 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 1 and HKAS 8 *Definition of Material*

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

New HKFRS and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 ²

¹ Effective for annual periods beginning on or after 1st January, 2023.

² Effective for annual periods beginning on or after 1st January, 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1st June, 2020.

⁵ Effective for annual periods beginning on or after 1st, January 2021.

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.

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 printing materials is presented as other operation.

Disaggregation of revenue from contracts with customers

For the year ended 31st December, 2020

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>
Types of goods				
Steel coil processing, steel wires and wire rope products	1,319,899	–	–	1,319,899
Concrete products	–	379,528	–	379,528
Construction steel products and processing, and other construction products	–	1,291,641	–	1,291,641
Total	1,319,899	1,671,169	–	2,991,068

For the year ended 31st December, 2019

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>
Types of goods				
Steel coil processing, steel wires and wire rope products	1,227,554	–	–	1,227,554
Concrete products	–	276,412	–	276,412
Construction steel products and processing, and other construction products	–	1,282,859	–	1,282,859
Printing materials	–	–	16,910	16,910
Total	1,227,554	1,559,271	16,910	2,803,735

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.

Other than the cash sales, the Group allows credit periods ranging from 30 to 150 days (2019: 30 to 120 days) to its customers. As at 31st December, 2020 and 2019, the Group had no unsatisfied or partially unsatisfied performance obligations.

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, 2020

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	1,319,899	1,671,169	2,991,068	-	-	2,991,068
Inter-segment sales	7,340	3,113	10,453	-	(10,453)	-
Total	<u>1,327,239</u>	<u>1,674,282</u>	<u>3,001,521</u>	<u>-</u>	<u>(10,453)</u>	<u>2,991,068</u>
SEGMENT RESULT	<u>139,440</u>	<u>45,862</u>	<u>185,302</u>	<u>-</u>	<u>-</u>	<u>185,302</u>
Unallocated other income						3,780
Unallocated corporate expenses						(17,878)
Finance costs						(31,836)
- Interest on bank borrowings						(19,658)
- Interest on lease liabilities						(12,178)
Share of result of a joint venture						1,603
Share of result of an associate						333
Profit before taxation						<u>141,304</u>

For the year ended 31st December, 2019

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE						
External sales	1,227,554	1,559,271	2,786,825	16,910	–	2,803,735
Inter-segment sales	6,051	2,247	8,298	–	(8,298)	–
Total	<u>1,233,605</u>	<u>1,561,518</u>	<u>2,795,123</u>	<u>16,910</u>	<u>(8,298)</u>	<u>2,803,735</u>
SEGMENT RESULT	<u>91,942</u>	<u>2,106</u>	<u>94,048</u>	<u>(23,348)</u>	<u>31</u>	<u>70,731</u>
Unallocated other income						1,893
Unallocated corporate expenses						(15,831)
Fair value loss on investment properties						(110)
Finance costs						(42,204)
– Interest on bank borrowings						(28,810)
– Interest on lease liabilities						(13,394)
Share of result of a joint venture						(114)
Share of result of an associate						31
Profit before taxation						<u>14,396</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the gross profit or loss generated/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, fair value loss on investment properties, 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, 2020

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operation HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation of property, plant and equipment	19,234	16,194	35,428	–	651	36,079
Depreciation of right-of-use assets	13,779	39,837	53,616	–	7,172	60,788
(Reversal of) impairment losses under ECL model, net	(504)	13,645	13,141	–	(788)	12,353
Net increase in provision of inventories	3,311	12,295	15,606	–	–	15,606
Loss (gain) on disposal of property, plant and equipment	2,698	5,760	8,458	–	(20)	8,438
Addition of property, plant and equipment	33,812	17,175	50,987	–	4,308	55,295
Addition of right-of-use assets	–	36,388	36,388	–	3,745	40,133

For the year ended 31st December, 2019

	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	19,386	15,849	35,235	14	1,310	36,559
Depreciation of right-of-use assets	13,399	42,441	55,840	–	7,189	63,029
(Reversal of) impairment losses under ECL model, net	(654)	(2,119)	(2,773)	19,894	69	17,190
Net decrease in provision of inventories	(3,402)	(23,390)	(26,792)	(800)	–	(27,592)
(Gain) loss on disposal of property, plant and equipment	(576)	3	(573)	(32)	–	(605)
Addition of property, plant and equipment	24,661	1,263	25,924	–	281	26,205
Addition of right-of-use assets	1,163	18,379	19,542	–	14	19,556

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, 2020

	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	11,285	1,623,365	–	1,634,650	349,096
Mainland China	1,234,643	33,333	–	1,267,976	416,258
Macau	70	5,198	–	5,268	–
Others	73,901	9,273	–	83,174	–
	1,319,899	1,671,169	–	2,991,068	765,354

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, 2019

	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	8,219	1,488,978	6,024	1,503,221	371,723
Mainland China	1,171,181	17,780	10,442	1,199,403	405,227
Macau	19	45,595	233	45,847	–
Others	48,135	6,918	211	55,264	–
	<u>1,227,554</u>	<u>1,559,271</u>	<u>16,910</u>	<u>2,803,735</u>	<u>776,950</u>

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

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Fair value loss on investment properties	–	110
Gain on disposal of investment properties	(113)	–
Loss (gain) on disposal of property, plant and equipment	8,438	(605)
Loss on deregistration of a subsidiary	488	–
Net exchange (gain) loss	<u>(6,035)</u>	<u>153</u>
	<u>2,778</u>	<u>(342)</u>

5. INCOME TAXES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
The charge comprises:		
Current year		
Hong Kong Profits Tax	–	1,208
Mainland China Enterprise Income Tax	21,012	12,267
Withholding tax paid for distributed profits in the Mainland China	1,306	1,922
	<u>22,318</u>	<u>15,397</u>
Underprovision (overprovision) in prior years		
Hong Kong Profits Tax	477	(53)
Mainland China Enterprise Income Tax	(2,736)	(4,234)
	<u>(2,259)</u>	<u>(4,287)</u>
Deferred taxation	<u>3,600</u>	<u>(5,165)</u>
	<u><u>23,659</u></u>	<u><u>5,945</u></u>

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 taxable profits of qualifying corporations 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 Chinese subsidiaries is 25% for both years. In addition, one Chinese subsidiary of the Company in Tianjin and one in Guangdong were qualified as “High-tech Enterprise” and subject to an Enterprise Income Tax Rate of 15%, which was granted for three years starting from 2019 and 2018 respectively. Another three Chinese 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 Chinese entities held by companies incorporated in certain places, including Hong Kong, preferential tax rate of 5% will be applied according to Mainland China tax regulations if such companies are the beneficial owner of over 25% of these Chinese entities.

The EIT Law requires withholding tax to be levied on distribution of profits earned by a Chinese 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, 2020 and 2019, deferred tax was provided in full in respect of the temporary differences attributable to such profits.

6. PROFIT FOR THE YEAR

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	36,079	36,559
Depreciation of right-of-use assets	<u>60,788</u>	<u>63,029</u>

7. DIVIDEND

On 31st July, 2019, 12,455,628 new fully paid ordinary shares were issued and allotted at HK\$0.65 per share to the shareholders who elected to receive ordinary shares in lieu of cash dividends pursuant to the scrip dividend scheme in relation to the final dividend for the year ended 31st December, 2018. The scrip share alternative was accepted by the majority of shareholders.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends paid:		
2019 Final – HK2.0 cents (2019: 2018 Final – HK2.0 cents) per ordinary share		
– Cash	11,488	3,141
– Scrip share	<u>–</u>	<u>8,097</u>
	<u>11,488</u>	<u>11,238</u>
Dividend proposed:		
Final dividend proposed for the year – HK3.5 cents (2019: HK2.0 cents) per ordinary share	<u>20,103</u>	<u>11,488</u>

The directors proposed the payment of a final dividend of HK3.5 cents per share for the year ended 31st December, 2020 which is subject to the approval by the shareholders at the forthcoming annual general meeting.

8. BASIC EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to the shareholders of the Company is based on the following data:

	2020	2019
Profit (loss) for the year attributable to shareholders of the Company	HK\$93,545,000	(HK\$6,233,000)
Weighted average number of ordinary shares in issue (<i>Note</i>)	574,378,128	567,143,626
Basic earnings (loss) per share	<u>HK16.29 cents</u>	<u>(HK1.10 cents)</u>

Note: The weighted average number of ordinary shares in issue for the purposes of basic earnings (loss) per share for the years ended 31st December, 2020 and 2019 included the ordinary shares of the Company in issue during each year.

No diluted earnings (loss) per share for the year ended 31st December, 2020 and 2019 was presented as there were no potential ordinary shares in issue during the year.

9. TRADE, BILLS, LOAN AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	709,195	608,939
Less: Impairment losses under ECL model	(43,607)	(41,824)
	665,588	567,115
Bills receivables	26,352	20,543
Trade and bills receivables	691,940	587,658
Loan receivables	3,915	5,926
Less: Impairment losses under ECL model	(624)	(1,990)
	3,291	3,936
Prepayments, deposits and other receivables	105,856	73,393
Less: Impairment losses under ECL model	(22,370)	(11,835)
	83,486	61,558
Total trade, bills, loan and other receivables	778,717	653,152
Analysed for reporting purposes as:		
Current	764,196	644,361
Non-current – Loan receivables, net	2,485	3,151
Non-current – Rental and other deposits	12,036	5,640
	778,717	653,152

Other than the cash sales, the Group allows credit periods ranging from 30 to 150 days (2019: 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	362,958	301,049
31 – 60 days	211,255	174,233
61 – 90 days	75,397	70,226
91 – 120 days	21,963	23,853
More than 120 days	20,367	18,297
	691,940	587,658

10. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	145,567	159,912
Accruals	80,713	64,716
Deposits received	76,003	49,957
Other payables	28,775	22,921
	331,058	297,506

The credit period on purchases of goods ranges from 30 to 90 days.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	104,330	119,186
31 – 60 days	27,467	24,823
61 – 90 days	5,797	8,856
91 – 120 days	3,318	4,907
More than 120 days	4,655	2,140
	145,567	159,912

BUSINESS REVIEW

During the year, metal products and building construction materials represent the Group's two major core businesses.

For the year ended 31st December, 2020, the Group's total revenue was HK\$2,991,068,000 representing an increase of approximately 7% compared to last year.

The increase in income was mainly attributable to a more average growth in the two major core businesses.

After the deduction of profit attributable to non-controlling interests, profit attributable to the Company amounted to HK\$93,545,000, which is a further remarkable improvement compared to last year, and the performance is in line with our expectation.

The year 2020 was full of challenges. The novel coronavirus (COVID-19) pandemic severely impacted global economic activities and the Group's businesses were not immune to the impact of the pandemic. The pandemic has affected our businesses in Mainland China and Hong Kong to a certain degree. With the Group's solid foundation and its market position, as well as the unremitting efforts of our team, most of our businesses were able to recover as planned for the year, and our performance was satisfactory.

Metal Products

The business is currently comprising of steel coil processing, steel wires, and steel wire rope products. Revenue for the year was HK\$1,327,239,000, an increase of approximately 8% compared to last year. Profit before interest and taxation was HK\$139,440,000, an increase of approximately 52% compared to last year.

Benefited from Mainland China successfully keep the COVID-19 pandemic under control, which led to various economic activities significantly stabilized in a short period of time, the Group's steel wire and steel wire rope business in Mainland China, including Tianjin, Heshan and Jiangmen, Guangdong Province, performed well. Total production volume of steel wire and steel wire rope in the three cities reached over 110,000 tonnes for the year, which hits record high.

The Group focused on manufacturing medium to high-end steel wire rope products, which have been developed to replace imported products. After years of development, Tianjin's high-performance lifting wire rope products have won extensive recognition from the market. Other than the elevator market, the steel wire rope products have successfully tapped into the high-end steel wire rope market in the mining, port and heavy machinery and equipment manufacturing industries. The Group will continue to invest in the research and development as well as quality management of high-end products, and endeavours to become a successful company in the production of high-end steel wire ropes in Mainland China through its dedicating efforts.

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 HK\$1,674,282,000, an increase of 7% compared to the corresponding period of last year. Profit before interest and taxation was HK\$45,862,000, representing a significant growth as compared to last year.

The poor performance of the building construction materials business in Hong Kong in the first half of the year was due to insufficient public works projects and the impact of the novel coronavirus (COVID-19) pandemic. However, in the second half of the year, especially the fourth quarter, the Group saw a marked improvement in the Hong Kong construction industry as major infrastructure projects such as expansion of the airport and Kai Tak Development Area commenced full-scale construction gradually. The Group's building construction materials business also began to achieve better results, leading to a significant improvement in the annual performance of the Group's building construction materials business for the year as compared to last year, which was encouraging.

Following the resignation of most of the members of the Legislative Council in the opposition party, filibuster in the Legislative Council over the funding of public works projects in the past few years is expected to end. In the latest Budget, the Financial Secretary of Hong Kong stated that the government will spend no less than HK\$100 billion on public works projects in the next few years. Total annual expenditure of Hong Kong construction industry could reach HK\$300 billion. The prospect of Hong Kong construction industry is expected to be promising. Construction steel products and ready mixed concrete in the Group's businesses are essential building construction materials for the construction industry. The Group is optimistic towards the prospect of its building construction materials business in the coming years.

PROSPECT

With the invention of vaccines, the global COVID-19 pandemic is expected to gradually ease. Coupled with countries stepping up their efforts to stimulate their economies through major fiscal stimulus measures in the post-pandemic period, the global economy is expected to gradually recover. The recent upturn in economic activities resulted in a significant increase in the prices of upstream commodities such as steel, plastic and etc. It is expected that most of the Group's businesses will experience a pressure from the increase in prices of raw materials for a period of time. The significant fluctuations of the prices of raw materials will be the biggest challenge for the Group's businesses in the coming year.

Despite various uncertainties and challenges ahead in the future, with the Group's solid business foundation and market position, and by virtue of the unremitting efforts from our team, the Group is confident and dedicated to undergo various challenges and achieve better returns for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2020, the total bank balances and cash (excluding bank balances and cash classified as assets held for sale) of the Group amounted to HK\$403,092,000 (31st December, 2019: HK\$304,672,000). As at 31st December, 2020, current ratio (current assets to current liabilities) for the Group was 1.49:1 (31st December, 2019: 1.36:1).

As at 31st December, 2020, the total borrowings of the Group amounted to HK\$691,766,000 (31st December, 2019: HK\$791,461,000).

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, 2020 was 574,378,128 (31st December, 2019: 574,378,128).

On 31st July, 2019, 12,455,628 new fully paid ordinary shares were issued and allotted at HK\$0.65 per share to the shareholders who elected to receive ordinary shares in lieu of cash dividends pursuant to the scrip dividend scheme in relation to the final dividend for the year ended 31st December, 2018.

As at 31st December, 2020, the equity attributable to the shareholders of the Company amounted to HK\$1,016,887,000 (31st December, 2019: HK\$908,435,000).

As at 31st December, 2020, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.26:1 (31st December, 2019: 0.50:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2020, the total number of staff of the Group was 1,629. 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 "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, 2020 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 MH 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.

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.

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, 2020.

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, 2020 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, 2020.

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, 2020.

FINAL DIVIDEND

The Board recommends payment of a final dividend of HK3.5 cents per share for the year ended 31st December, 2020 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 23rd June, 2021. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on 11th June, 2021 (the "AGM"), the proposed final dividend will be paid to the Company's shareholders on 15th July, 2021.

No interim dividend was paid for the six months ended 30th June, 2020. Total dividend for the full financial year will amount to HK3.5 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 7th June, 2021
Closure of Register of Members 8th June, 2021 to 11th June, 2021
(both dates inclusive)
Record date 11th June, 2021
- (ii) For determining entitlement to the proposed final dividend:
Latest time to lodge transfers 4:30 p.m. on 17th June, 2021
Closure of Register of Members 18th June, 2021 to 23rd June, 2021
(both dates inclusive)
Record date 23rd June, 2021

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 Level 54, Hopewell Centre, 183 Queen’s Road East, 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) and the Company (www.golik.com). The 2020 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 thank each employee and management staff in abundance for their contributions and past efforts. I would also like to thank our customers, shareholders, banks and business associates who had supported the Group along the way. Next year, we will celebrate the 45th anniversary of the Group. With your continuing support, the Group endeavours to deliver good results in the coming year and prepare for the 45th anniversary.

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

Hong Kong, 26th March, 2021

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. Lau Ngai Fai
- Independent Non-executive Directors:* Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong