GOLIK

GOLIK HOLDINGS LIMITED

2014
ANNUAL REPORT

Stock Code : 1118
Incorporated in Bermuda with limited liability

GOLIK

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. PANG Tak Chung *(Chairman)*
Mr. HO Wai Yu, Sammy *(Vice Chairman)*
Mr. John Cyril FLETCHER
Ms. PANG Wan Ping

Independent Non-executive Directors

Mr. YU Kwok Kan, Stephen
Mr. CHAN Yat Yan
Mr. LO Yip Tong

COMPANY SECRETARY

Mr. HO Wai Yu, Sammy
FCCA CPA MCMI

AUDIT COMMITTEE

Mr. YU Kwok Kan, Stephen
Mr. CHAN Yat Yan
Mr. LO Yip Tong

REMUNERATION COMMITTEE

Mr. YU Kwok Kan, Stephen
Mr. CHAN Yat Yan
Mr. LO Yip Tong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 5608, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISORS

Troutman Sanders
W. K. To & Co.

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
BNP Paribas
China CITIC Bank International Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

INVESTOR RELATIONS CONSULTANT

JOVIAN Financial Communications Limited
Room 1702, 17/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong
E-mail: golik@joviancomm.com

WEBSITE

www.golik.com.hk

STOCK CODE

1118

Financial Summary

RESULTS

	For the year ended 31st December,				
	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	3,343,356	2,826,426	2,916,502	3,070,165	**3,201,314**
Profit before taxation	114,750	108,204	93,961	114,855	**141,750**
Income taxes	(14,586)	(7,830)	(9,045)	(13,093)	**(21,004)**
Profit for the year	100,164	100,374	84,916	101,762	**120,746**
Profit attributable to:					
Shareholders of the Company	90,868	101,310	81,748	92,223	**107,436**
Non-controlling interests	9,296	(936)	3,168	9,539	**13,310**
	100,164	100,374	84,916	101,762	**120,746**

ASSETS AND LIABILITIES

	At 31st December,				
	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	1,730,701	2,004,495	1,900,400	2,222,418	**2,127,386**
Total liabilities	(1,021,439)	(1,257,088)	(1,083,419)	(1,323,946)	**(1,137,767)**
Net assets	709,262	747,407	816,981	898,472	**989,619**
Equity attributable to shareholders of the Company	645,128	728,316	794,726	865,145	**948,522**
Non-controlling interests	64,134	19,091	22,255	33,327	**41,097**
Total equity	709,262	747,407	816,981	898,472	**989,619**

METAL PRODUCTS

Rebar Value-Added Centre in Tai Po, Hong Kong

Galvanized Steel Wire Production Line in Heshan, Guangdong, Mainland China

Steel Coil Processing Centre in Dongguan, Guangdong, Mainland China

Elevator Wire Rope Production Line in Tianjin, Mainland China

BUILDING CONSTRUCTION MATERIALS

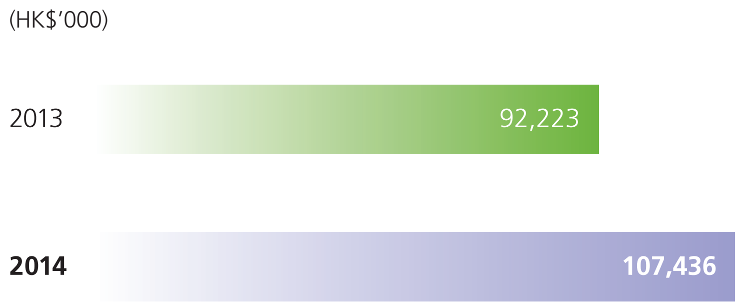
Steel Distribution

Supply of Ready Mixed Concrete

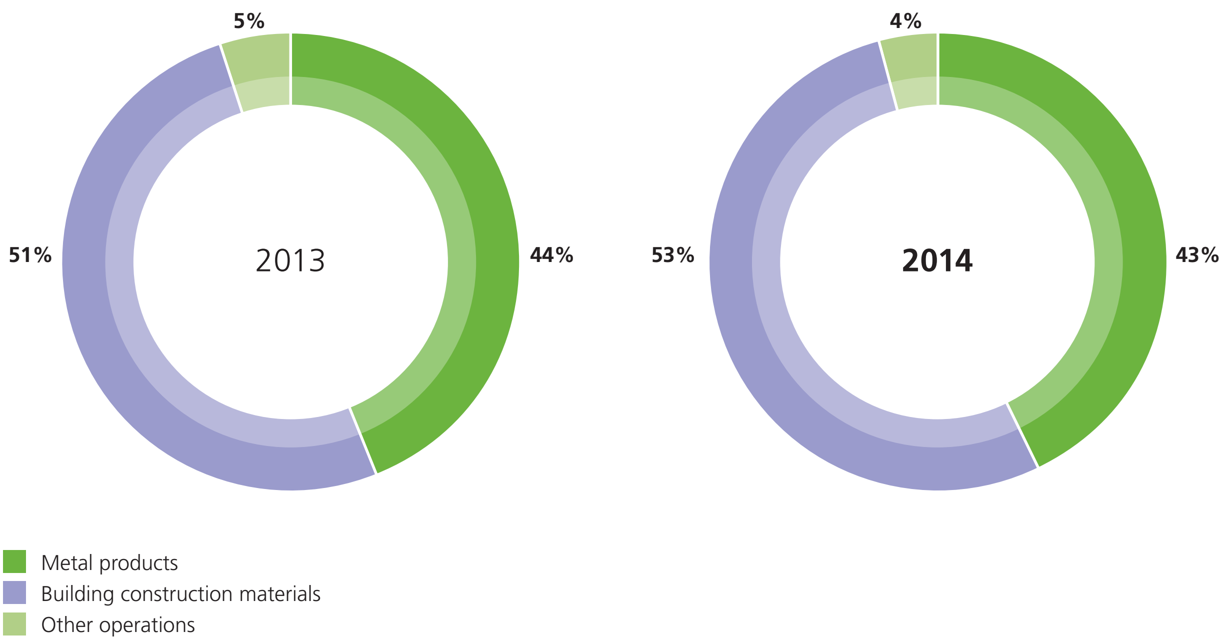
Financial Highlights

Revenue for the years ended 31st December, 2013 and 2014

Profit attributable to shareholders of the Company for the years ended 31st December, 2013 and 2014



Revenue by operating segments for the years ended 31st December, 2013 and 2014



Chairman's Statement

The Group's enduring philosophy is to ensure healthy sustainable development through progressive and steady strides forward for each of our core businesses.

Pang Tak Chung
Chairman

BUSINESS REVIEW

Metal products and building construction materials represent two core pillars of business for the Group. And 2014 was yet another remarkable year of achievements. In spite of the challenges in the prevailing environment, each business unit delivered strongly through the efforts of their management teams and staffs, and collectively brought satisfactory results for the Group.

For the year ended 31st December, 2014, the Group's total revenue was HK$3,201,314,000, an increase of approximately 4% year-over-year.

After the deduction of non-controlling interests, profit attributable to the shareholders of the Company for the year amounted to HK$107,436,000, an increase of approximately 16% year-over-year.

The Board of Directors has recommended a final dividend of HK3.5 cents per share. Together with the paid interim dividend of HK1.5 cents per share, total dividends for the year will amount to HK5.0 cents per share.

BUSINESS REVIEW *(continued)*

Metal Products

The primary composition of the business is steel coil processing, steel wire ropes and other steel wire products processing and manufacturing, and rebar value-added. Revenue for the year was HK$1,397,083,000, an increase of approximately 4% year-over-year. Profit before interest and taxation was HK$102,452,000, an increase of approximately 35% year-over-year.

2014 was a challenging year for the manufacturing sector for both the domestic and export markets. Despite monetary easing by central banks, consumption remains subdued to have any substantial upside impact on the real economy. Moreover, rising costs and negative Producer Price Index trends over consecutive years had put immense pressure on the pricing of products within the manufacturing sector.

Despite this challenging environment, the Group's metal products business covering steel coil processing and steel wire ropes stayed steady whilst registering solid growth. This strategic outcome is attributable primarily to the Group's efforts over the years in pursuit of the transition towards high-end products.

In particular, our elevator wire rope unit in Tianjin continued to achieve stable growth during the year and reached new milestones in terms of output and profits. For the elevator wire rope products, the Group focused beyond cost and pricing competition to add more resources towards the development of high-end products, and enhanced research and development on product technology to enable our market leadership position in this field in China.

Furthermore, our market leading rebar value-added business in Hong Kong has been well-received by the industry and praised after many years of endeavour. During the period, the business maintained steady growth and reached new highs in income and profit terms.

Building Construction Materials

The primary composition of the business is ready mixed concrete products and construction steel products distribution.

Revenue for the year was HK$1,684,704,000, an increase of approximately 7% year-over-year. Profit before interest and taxation was HK$92,530,000, an increase of 7% year-over-year.

Results from our ready mixed concrete, precast concrete components and related products remained stable during the year whilst a new milestone was reached in terms of sales revenue as progress in various major infrastructure projects peak. However, there were also significant increases in the prices of raw materials during the year including aggregates and cements thus putting pressure on the business's gross profit margin.

Our new ready mixed concrete plant in Mui Wo, Lantau Island received notification from the Environmental Protection Department to duly commence commercial operation. It will be the first in Hong Kong to comply with the new environmental standards as well as the only plant in the South Lantau Island. This would help towards enabling the government's plan to further develop Lantau Island. The plant is anticipated to bring in substantial contribution to the Group's ready mixed concrete business in the near future.

With prices of steel falling to new lows during the year, our steel distribution business took a conservative view to mitigate price volatility risks. Nevertheless, there was still growth relative to last year and performance was satisfactory.

Over the past few years, our Group's building construction materials business had continued to grow, aided by Hong Kong's current construction industry boom and also an outcome of our progressive strategic investment in the building construction materials business. At present we are actively exploring in depth and in detail our prospective position in this industry with the aspiration that the business will one day become a stable source of income.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2014, the total bank balances and cash of the Group amounted to HK$527,928,000 (31st December, 2013: HK$464,723,000). As at 31st December, 2014, current ratio (current assets to current liabilities) for the Group was 1.55:1 (31st December, 2013: 1.38:1).

As at 31st December, 2014, the total borrowings of the Group amounted to HK$772,335,000 (31st December, 2013: HK$984,251,000).

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 year, there was no material change to the capital structure of the Company. The number of the Company's ordinary shares in issue as at 31st December, 2014 was 561,922,500 (31st December, 2013: 561,922,500). As at 31st December, 2014, the equity attributable to the shareholders of the Company amounted to HK$948,522,000 (31st December, 2013: HK$865,145,000).

As at 31st December, 2014, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.25:1 (31st December, 2013: 0.58:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2014, the total number of staff of the Group was 1,278. 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 5th June, 2014. Details of the new share option scheme are set out in the circular of the Company dated 25th April, 2014.

PROSPECT

Despite steady growth in our Group's results over the past few years, our management team remains cautious and mindful of the great challenges and difficulties ahead to sustain healthy development and steady growth. In China there will be challenges ahead for the manufacturing sector as the economy slows, manufacturing cost increases and competition in the market intensifies. And in the construction industry of Hong Kong, construction labour shortages will stymie progress, the administrative difficulties faced by the government will delay swift allocation of funds and the obstacles presented to the government will hinder its resolve on land issues for housing construction. In the face of the near term challenges brought by these negative circumstances, we remain confident of our Group's long-term prospects. Our current business and geographical composition enables us to downsize risks arising from being too narrow in scope or by geography; but yet gives us greater access to opportunities in other domains in a timely manner.

The Group's enduring philosophy is to ensure healthy sustainable development through progressive and steady strides forward for each of our core businesses. Through the continuous efforts of our management team and staffs, we intend to deliver stable returns to our shareholders.

ACKNOWLEDGEMENT

I personally take this opportunity to thank all our employees and management staff in abundance for their contributions and past efforts. I would also like to thank all our customers, shareholders, banks and business associates who had supported us along the way. With your continuing support, the Group endeavours to deliver good results in the coming year.

Pang Tak Chung
Chairman

Hong Kong, 25th March, 2015

Biography of Directors

Mr. Pang Tak Chung, aged 66, has been the Chairman and Managing Director of the Company since 1996. Mr. Pang is the founder of Golik Metal Industrial Company Limited ("Golik Metal") in 1977 and a director of Golik Investments Ltd., which is wholly owned by Mr. Pang and a substantial shareholder of the Company. He is responsible for strategic planning, overall management and corporate development of the Group. He has over 39 years' experience in the trading and manufacturing industry in Hong Kong and the PRC. He also has extensive experience in international trading practices. Furthermore, Mr. Pang is a member of the Chinese People's Political Consultative Conference Tianjin Municipal Committee, the honorary citizen of both Jiangmen and Heshan, Guangdong Province and the chairman of The N.T. North District Manufacturers' Association. Mr. Pang is the father of Ms. Pang Wan Ping, Executive Director of the Company.

Mr. Ho Wai Yu, Sammy, aged 59, is the Vice Chairman and Company Secretary of the Company and finance director of the Group responsible for finance, accounting, information technology development, legal and corporate matters of the Group. Mr. Ho is a Fellow Member of Association of Chartered Certified Accountants, an Associate Member of Hong Kong Institute of Certified Public Accountants, a Full Member of Chartered Management Institute in the United Kingdom, a Full Member of Hong Kong Computer Society and a founder and permanent honorable president of IT Accountants Association. He has over 34 years' experience in finance, accounting, computing, investment and project development. Mr. Ho joined Golik Metal in 1994.

Mr. John Cyril Fletcher, aged 70, has been appointed as Executive Director of the Company and Managing Director of the Concrete Division of the Group since 2004. Mr. Fletcher is responsible for running the manufacturing operations, marketing strategy planning and overall management of the Concrete Division of the Group. He is a qualified engineer, a registered Chartered Practising Engineer (CPE) and a Member of Institute of Engineers Australia. Educated in Western Australia, he has held various management positions in Hong Kong, the PRC, Malaysia and Australia. He has extensive hands on experience at both operational and executive level in engineering, factory management, sales and marketing and general management. Mr. Fletcher has resided in Hong Kong for more than 30 years.

Ms. Pang Wan Ping, aged 37, has been appointed as Executive Director of the Company and project director of the Group since 2013. She is responsible for coordinating various activities of the Group´s existing operations, identify new project and its development. Ms. Pang is a director of Golik Investments Ltd., a substantial shareholder of the Company. Ms. Pang holds a Bachelor of Architecture Degree, a Master Degree of Commerce majoring in Finance, and a Master Degree of Legal Studies, graduated all from The University of New South Wales, Australia. She is a Registered Architect with the New South Wales Architects Registration Board in Australia, a Member of the Australian Institute of Architects, a Chartered Member of the Royal Institute of British Architects and an Associate Member of the Hong Kong Institute of Architects. Ms. Pang joined the Company in 2009 and has over 12 years of experience in property development and construction industry. Prior to the Group, she worked at Goodman as a Registered Architect in the property development division. Ms. Pang is the daughter of Mr. Pang Tak Chung, the Chairman and Managing Director of the Company.

Mr. Yu Kwok Kan, Stephen, aged 59, has been appointed as an Independent Non-executive Director of the Company since 1997 and is a member of the Audit Committee and Remuneration Committee of the Company. Mr. Yu is the principal of Stephen K K Yu & Co., Certified Practising Accountants in Australia. He holds a Bachelor of Commerce Degree from the University of New South Wales. He has over 34 years' advisory experience on taxation in Australia, Hong Kong and the PRC.

Mr. Chan Yat Yan, aged 59, has been appointed as an Independent Non-executive Director of the Company since 2004 and is a member of the Audit Committee and Remuneration Committee of the Company. He holds MBA from the University of Macau. Mr. Chan is the general manager of Modern Marketing Ltd. He has held senior management positions in corporate management, marketing and corporate communication and achieved many accomplishments with various multi-national corporations and leading Fortune 500 companies in the PRC for over 26 years, including BBDO of Omnicom Group, H.J. Heinz, Time Warner as well as the World Gold Council. He also has extensive knowledge and experience in the PRC market.

Mr. Lo Yip Tong, aged 57, has been appointed as an Independent Non-executive Director of the Company since 2004 and is a member of the Audit Committee and Remuneration Committee of the Company. Mr. Lo is the proprietor of Y.T. Lo & Co., Certified Public Accountants and has over 29 years of experience in statistical, accounting, auditing and financial restructuring work. He is a Member of Hong Kong Institute of Certified Public Accountants and a Certified Public Accountant (Practising) of Hong Kong. He is also a nominee approved by the Court for voluntary arrangement.

Corporate Governance Report

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").

CORPORATE GOVERNANCE PRACTICES

The Company has complied with code provisions as set out in the CG Code for the year ended 31st December, 2014 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.

Code provision A.6.7, two Independent Non-executive Directors were unable to attend the annual general meeting of the Company held on 5th June, 2014 as they had another engagement.

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, 2014.

THE BOARD

The Board currently comprises four Executive Directors and three Independent Non-executive Directors. The members of the Board during the year and up to the date of this report are:

Executive Directors

Mr. Pang Tak Chung *(Chairman)*
Mr. Ho Wai Yu, Sammy *(Vice Chairman)*
Mr. John Cyril Fletcher
Ms. Pang Wan Ping

Independent Non-executive Directors

Mr. Yu Kwok Kan, Stephen
Mr. Chan Yat Yan
Mr. Lo Yip Tong

The Directors acknowledged their responsibilities for the preparation of the accounts of the Group.

THE BOARD *(continued)*

The Board is responsible for overseeing overall management of business and strategic development, deciding business and investment plans and exercising other powers, functions and duties conferred by shareholders at the general meeting. All directors have full and timely access to all relevant information in relation to the Company as well as the advices and services of the Company Secretary, if and when required, with a view to ensuring that the Board procedures and all applicable rules and regulations are followed.

For a director to be considered independent, the director must not have any direct or indirect material relationship with the Group. The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and considers each of the Independent Non-executive Directors to be independent.

DIRECTORS' TRAINING

All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company has arranged adequate training for directors to enhance their understanding of the Group's business operations and responsibility.

TERMS OF NON-EXECUTIVE DIRECTORS

Code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term and subject to re-election.

The Company has entered into service contracts with the Directors (including Non-executive Directors) which set out key terms and conditions relative to their appointments. All of them have agreed and accepted with the terms and conditions under their respective service contracts. The service contracts of Non-executive Directors provide for a term of three years.

All directors of the Company shall be subject to retirement by rotation at least once every three years in accordance with the Company's Bye-laws.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not segregate the roles of Chairman and Chief Executive Officer and Mr. Pang Tak Chung currently holds both positions, as explained in the section of Corporate Governance Practices.

COMPANY SECRETARY

Mr. Ho Wai Yu, Sammy is the Company Secretary, who is also an Executive Director of the Company. He supports the Board, ensures good information flow within the Board and Board policy and procedures are followed, advises the Board on governance matters and arrange continuous professional development to the Directors. His biography is set out in the "Biography of Directors" of this annual report.

BOARD MEETINGS

The Board met four times regularly during the year. At the meetings the directors discussed and formulated overall strategies for the Group, monitored financial performance and discussed the interim and annual results, as well as other significant matters. Daily operational matters are delegated to the management.

The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are followed. He also keeps detailed minutes of each meeting, which are available to all directors. Draft copies of the minutes have been circulated to all directors for comment and approval as soon as practicable after each meeting.

All directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have unrestricted access to the advice and services of Company Secretary, who is responsible for providing directors with board papers and related materials and ensuring that board procedures are followed.

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 Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong who are all Independent Non-executive Directors. The Audit Committee shall meet at least twice a year to review the Group's financial reporting process and internal controls.

During the year, the Audit Committee met four times to review the completeness, accuracy and fairness of the Group's financial statements, financial reporting system, internal control system, the scope and nature of the external audit and matters concerning the engagement of external auditors. The Group's interim and annual results have been reviewed by the Audit Committee, who is of the opinion that the relevant financial statements of the Group are complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made. The adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function has also been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company established its Remuneration Committee on 21st April, 2005 with written terms of reference which are in line with the CG Code and available on the Company's website. In order to comply with the requirements under the CG Code, a majority of the members of Remuneration Committee has to be independent non-executive directors. Currently, the Remuneration Committee comprises Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong who are all Independent Non-executive Directors.

The Remuneration Committee shall meet at least once a year to make recommendations to the Board on the Group's policy and structure for all remuneration of directors and on the establishment of formal and transparent procedures for developing policy on such remuneration.

The Remuneration Committee held one meeting during the year and discussed and reviewed the remuneration package of executive directors and the remuneration policy for executive directors for the year ended 31st December, 2014.

NOMINATION OF DIRECTORS

The Board is empowered under the Company's Bye-laws to appoint any person as a director either to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are based on their professional qualifications and experience.

DIRECTORS' ATTENDANCE RECORDS FOR MEETINGS HELD DURING THE YEAR ENDED 31ST DECEMBER, 2014

	Number of Meetings attended/held during the year			
Name	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Annual General Meeting**
Executive Directors				
Mr. Pang Tak Chung	4/4	N/A	N/A	1/1
Mr. Ho Wai Yu, Sammy	4/4	N/A	N/A	1/1
Mr. John Cyril Fletcher	4/4	N/A	N/A	1/1
Ms. Pang Wan Ping	4/4	N/A	N/A	1/1
Independent Non-executive Directors				
Mr. Yu Kwok Kan, Stephen	4/4	4/4	1/1	0/1
Mr. Chan Yat Yan	4/4	4/4	1/1	0/1
Mr. Lo Yip Tong	4/4	4/4	1/1	1/1

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective internal control to safeguard the Group's assets and shareholders' interests. The Board has conducted regular reviews on the effectiveness of the Group's internal control system during the year, which covers all material controls, including financial, operational and compliance controls as well as risk management functions and an annual review on the adequacy of staffing of the accounting and financial reporting function.

The Board monitors the Group's progress on corporate governance practices. Periodic meetings are held, and circulars or guidance notes are issued to directors and management where appropriate, to ensure awareness of best corporate governance practices.

AUDITOR'S REMUNERATION

During the year ended 31st December, 2014, the fees paid/payable to the principal auditor of the Company, Deloitte Touche Tohmatsu ("Deloitte"), in respect of audit and non-audit services provided by Deloitte were as follows:

Nature of services	**Amount** HK$'000
Review fee for 2014 interim results	380
Audit fee for 2014 final results	2,808
Audit service fee for Occupational Retirement Schemes	7
Audit service fee for continuing connected transactions	32
Total fees	3,227

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to enhance communication and relationship with shareholders, general meeting of the Company provides a direct forum for communication between shareholders and the Board. General meeting includes annual general meeting (the "AGM") and special general meeting (the "SGM"), the AGM shall be convened by the Board while the SGM can be convened by the Board or shareholders. Other than the AGM, all general meetings of the Company are called the SGM.

The AGM allows the Company's directors to meet and communicate with shareholders yearly, a circular with form of proxy and notice of the AGM is dispatched to all shareholders at least 20 clear business days prior to the meeting date, setting out detail of each proposed resolution, poll voting procedure and other relevant information. In the AGM, the chairman would demand poll for each resolution being put forward to be voted in accordance with the Company's Bye-laws. After the AGM, all poll voting results would be published on the websites of the Stock Exchange and the Company respectively.

Apart from general meetings, the Company's website also acts as an efficient channel to provide both financial and non-financial information for shareholders, including corporate matters, business overview, interim and annual reports, press releases, announcements, circulars as well as overall industry development to enable shareholders to have a timely and an updated idea of the Group.

SHAREHOLDERS' RIGHTS

The way in which shareholders can convene a SGM and the procedures for making proposals

In accordance with the Company's Bye-laws, shareholders altogether holding not less than one-tenth of the Company's paid-up capital carrying voting right in general meetings of the Company shall at all times have the right by a written requisition to the Board to demand a SGM to transact proposal(s) requested and such SGM shall be held within 2 months from the date of the requisition deposited.

Within 21 days of such deposition, if the Board failed to convene such a meeting for shareholders, the meeting requisitionists may convene the SGM themselves to do the same in accordance with the Company's Bye-law.

Names and shareholdings registered with the Company of the requisitionists and their proposal(s) to be transacted in the SGM must be stated clearly in the written requisition and such requisition shall be deposited to the Company's head office in Hong Kong.

The procedures for sending enquiries to the Board

Any enquiries from shareholders can be made by telephone, facsimile or email to the Company during office hours, or by letter sent to the Company's head office in Hong Kong. Shareholders may also raise enquiries to the Board anytime through JOVIAN Financial Communications Limited, an experienced investor relations consultant engaged by the Company.

Corporate Social Responsibility Report

SUSTAINABILITY

The Group aspires to be a positive contributor to our communities, our society and our environment. Through our conscious and deliberate participation in a variety of initiatives and activities, the Group aims to continuously improve on our sustainable performance in a manner that is accountable to all our stakeholders.

The Group's purpose is to realise the full potential of our two core pillars of business with solutions that meets that aspirations of our shareholders, business partners, customers and communities.

Sustainability is embedded in our corporate strategy and engrained in our organisational culture. This principle underpins our business objectives and actions to promote good governance and business processes in our day-to-day operations.

The following paragraphs mapped out some of the sustainability achievements during the year under review. As a group, we are continuing to review, expand and embed a detailed sustainability agenda and we will continue to integrate a sustainability framework into our day-to-day operations so that it remains an important part of what we do.

Contributing to the Community

The Group strongly believes that contributing to the community is very crucial while growing our business at the same time. During the year, the Group donated to a number of organisations, charities and people in need. We will continue to identify organisations that require monetary assistance.

Promoting a Safe and Healthy Workplace Environment

The Group is committed to foster the well-being of our staffs and provide them with a safe and healthy workplace environment. The Group believes that all injuries, occupational illnesses and incidents are preventable. We continue to educate our staffs, make them focus on the importance of safety in all of our business activities and make workplace health and safety becomes everyone's accountability.

Environmental Protection

The Group is committed to pursue a high standard of environmental management throughout its operations. We strive for continual improvement of environmental performance, the efficient use of resources, and the minimisation or prevention of pollution.

The Group also seeks to comply with applicable environmental laws, regulations and mandatory standards locally or to the relevant country. The Group will continue to target to minimise or prevent adverse environmental impacts resulting from its operations, products and services.

The directors present their annual report and the audited consolidated financial statements for the year ended 31st December, 2014.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries and joint venture are set out in notes 43 and 18 respectively to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 25.

An interim dividend of HK1.5 cents per share, amounting to HK$8,429,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK3.5 cents per share to the shareholders whose names appear on the register of members of the Company on 16th June, 2015, amounting to HK$19,667,000.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of HK$31,034,000. In addition, property, plant and equipment with carrying values of HK$1,738,000 were disposed of during the year.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the authorised and issued share capital and share option scheme of the Company are set out in notes 32 and 33 respectively to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31st December, 2014 were as follows:

	2014	2013
	HK$'000	HK$'000
Contributed surplus	**65,891**	65,891
Retained profits	**89,043**	98,857
	154,934	164,748

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of a company is available for distribution. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

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.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Executive Directors

Mr. Pang Tak Chung *(Chairman)*
Mr. Ho Wai Yu, Sammy *(Vice Chairman)*
Mr. John Cyril Fletcher
Ms. Pang Wan Ping

Independent Non-executive Directors

Mr. Yu Kwok Kan, Stephen
Mr. Chan Yat Yan
Mr. Lo Yip Tong

In accordance with bye-laws 87(1) and (2) of the Company's Bye-laws, Messrs. Pang Tak Chung, John Cyril Fletcher and Yu Kwok Kan, Stephen will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

For the year ended 31st December, 2014, the Company's non-executive directors were appointed for a specific term. All directors (including independent non-executive directors) are also subject to retirement by rotation in accordance with the Company's Bye-laws.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SECURITIES

As at 31st December, 2014, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

(1) Long position

Shares of the Company

	Number of ordinary shares			
Name of directors	**Personal interest**	**Held by controlled corporation**	**Total**	**Percentage of issued shares**
Mr. Pang Tak Chung [Note]	154,024,708	195,646,500	349,671,208	62.23%
Mr. Ho Wai Yu, Sammy	2,000	–	2,000	0.00%
Mr. John Cyril Fletcher	450,000	–	450,000	0.08%

Note: The 195,646,500 shares are held by Golik Investments Ltd. which is wholly owned by Mr. Pang Tak Chung.

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

(1) Long position *(continued)*

Share options

No share option was outstanding as at 1st January, 2014 and 31st December, 2014. Particulars of the share option scheme of the Company are set out in note 33 to the consolidated financial statements.

(2) Shares in subsidiaries

As at 31st December, 2014, Mr. Pang Tak Chung had 5,850 and 20,000 non-voting deferred shares in Golik Metal Industrial Company Limited held by himself and World Producer Limited, a controlled corporation, respectively. World Producer Limited is wholly owned by Mr. Pang Tak Chung.

Save as disclosed above, as at 31st December, 2014, none of the directors and chief executive of the Company or their respective associates had or was deemed to have any interests or short positions in any securities of the Company or any of its associated corporations and at no time during the year, had any interest in, or had been granted, or exercised, any right to subscribe for shares (or warrants or debentures, if applicable) of the Company or any of its associated corporations.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' Interests in Securities" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Company's directors and their respective associates has any competing interests which require to be disclosed pursuant to Rule 8.10 of the Listing Rules during the year.

SUBSTANTIAL SHAREHOLDER

As at 31st December, 2014, so far as known to any directors of the Company, the following person (other than a director or chief executive of the Company), was recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company, as being, directly or indirectly, interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Long position in shares of the Company

Name	Number of ordinary shares held	Percentage of issued shares
Golik Investments Ltd.	195,646,500	34.82%

Save as disclosed above, the directors are not aware of any other person (other than a director or chief executive of the Company) who, as at 31st December, 2014, had any interests or short positions in the shares or underlying shares of the Company of 5% or more which would fall to be disclosed pursuant to Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's five largest customers accounted for less than 30% of the Group's total revenue for the year.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 39% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 14% of the Group's total purchases for the year.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) have any interest in any of the Group's five largest customers or suppliers.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

EMOLUMENT POLICY

The emolument policy of the directors of the Company is decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 33 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Board confirms that the Company has maintained during the year a sufficient public float as required under the Listing Rules.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK$380,000.

CONTINUING CONNECTED TRANSACTIONS

(1) Lease Agreement and Processing Agreement

On 30th December, 2010, Tianjin Goldsun Wire Rope Ltd. ("TJ Goldsun"), a subsidiary of the Company, entered into the Lease Agreement and the Processing Agreement with Tianjin Metallurgy Group Flourish Steel Industrial Co., Ltd. ("Flourish Steel"), pursuant to which Flourish Steel agreed to lease properties to TJ Goldsun and provide processing service of steel wires to TJ Goldsun for a term of 20 years commencing from 1st January, 2011 to 31st December, 2030. The annual caps for the transactions under the Lease Agreement and the Processing Agreement had been renewed and approved for the three years ending 31st December, 2016.

Flourish Steel was an associate of TJ Goldsun's substantial shareholder and hence a connected person of the Company. Accordingly, the transaction constituted a connected transaction under the Listing Rules, details of the terms could be found in the circular of the Company dated 6th September, 2013.

The respective total rental and utilities expenses under the Lease Agreement and processing charges under the Processing Agreement paid or payable by TJ Goldsun for the year ended 31st December, 2014 which did not exceed the following respective annual caps:

	Amount paid or payable by TJ Goldsun	**Annual caps amount**
	RMB	RMB
Rental expenses	5,500,000	5,500,000
Utilities expenses	11,625,162	13,800,000
Processing charges	32,902,077	50,100,000

(2) Equipment Lease Agreement

On 1st August, 2013, TJ Goldun entered into the Equipment Lease Agreement with Flourish Steel, pursuant to which TJ Goldsun agreed to lease the equipment for part of the manufacturing process of steel wire ropes for elevators and electric cables to Flourish Steel for a term of 20 years commencing from 1st August, 2013 to 31st July, 2033.

As aforementioned, Flourish Steel was a connected person of the Company and hence the transaction constituted continuing connected transactions under the Listing Rules, details of the terms could be found in the circular of the Company dated 6th September, 2013.

The rental income received or receivable by TJ Goldsun under the Equipment Lease Agreement for the year ended 31st December, 2014 which did not exceed the following annual cap:

	Amount received or receivable by TJ Goldsun	**Annual cap amount**
	RMB	RMB
Rental income	1,128,205	1,320,000

CONTINUING CONNECTED TRANSACTIONS *(continued)*

(3) Supply Framework Agreement

On 10th March, 2014, the Company entered into the Supply Framework Agreement with Bohai Steel Group Co., Ltd. ("BSG"), pursuant to which the Company and its subsidiaries (the "Group") agreed to purchase from BSG and its subsidiaries ("BSG Group") and the BSG Group also agreed to supply to the Group deformed steel bars and wire rods, flat steel and shaped steel products and metallic products ("Steel Materials") for a term of 3 years from 1st January, 2014 to 31st December, 2016.

BSG was a substantial shareholder of TJ Goldsun, and hence BSG Group was a connected person of the Company. Accordingly, the transaction constituted a connected transaction under the Listing Rules, details of the terms could be found in the circular of the Company dated 31st March, 2014.

The total purchase of Steel Materials under the Supply Framework Agreement paid or payable by the Group for the year ended 31st December, 2014 which did not exceed the following annual cap:

	Amount paid or payable by the Group USD	**Annual cap amount** USD
Purchase of Steel Materials	19,617,859	73,642,000

All Independent Non-executive Directors of the Company had reviewed and confirmed that the above transactions for the year ended 31st December, 2014 were entered into:

(a) in the ordinary and usual course of the Company's business;
(b) on normal commercial terms or on terms no less favourable to the Company than terms available from independent third parties; and
(c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the transactions and has issued a letter to the Board set out the confirmation required under Rule 14A.56 of the Listing Rules and a copy of which has been provided by the Company to the Stock Exchange.

To the extent of related party transactions set out in note 40 to the consolidated financial statements which constituted connected transactions as defined in the Listing Rules, the Company had complied with the relevant disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year.

AUDITOR

The consolidated financial statements of the Company have been audited by Deloitte Touche Tohmatsu ("Deloitte"). A resolution will be submitted to the forthcoming annual general meeting to re-appoint Deloitte as auditor of the Company.

On behalf of the Board

Pang Tak Chung
Chairman

25th March, 2015

Deloitte.
德勤

TO THE MEMBERS OF GOLIK HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Golik Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 90, which comprise the consolidated statement of financial position as at 31st December, 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25th March, 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December, 2014

	NOTES	2014 HK$'000	2013 HK$'000
Revenue	5	**3,201,314**	3,070,165
Cost of sales		**(2,760,199)**	(2,679,381)
Gross profit		**441,115**	390,784
Other income	6	**25,833**	27,579
Interest income		**2,361**	2,590
Selling and distribution costs		**(95,357)**	(91,062)
Administrative expenses		**(179,165)**	(174,357)
Other gains and losses	7	**(24,692)**	(14,484)
Finance costs	8	**(28,336)**	(26,422)
Share of results of joint ventures		**(9)**	227
Profit before taxation		**141,750**	114,855
Income taxes	9	**(21,004)**	(13,093)
Profit for the year	10	**120,746**	101,762
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss:			
– Exchange difference arising on translation of foreign operations		**(735)**	10,526
– Release from exchange reserve upon deregistration of a subsidiary		**622**	–
– Fair value gain on available-for-sale investment		**–**	4,800
– Release from investment revaluation reserve upon disposal of available-for-sale investment		**–**	(13,120)
Other comprehensive (expense) income for the year		**(113)**	2,206
Total comprehensive income for the year		**120,633**	103,968
Profit attributable to:			
Shareholders of the Company		**107,436**	92,223
Non-controlling interests		**13,310**	9,539
		120,746	101,762
Total comprehensive income attributable to:			
Shareholders of the Company		**107,540**	92,896
Non-controlling interests		**13,093**	11,072
		120,633	103,968
		HK cents	HK cents
Basic and diluted		**19.12**	16.41

Consolidated Statement of Financial Position

At 31st December, 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current Assets			
Goodwill	15	–	–
Property, plant and equipment	16	**435,322**	464,628
Prepaid lease payments	17	**15,839**	16,380
Interest in a joint venture	18	**2,914**	2,923
Available-for-sale investment	19	–	–
Deposits placed at insurance companies	20	**10,220**	9,717
Rental and other deposits		**5,932**	5,918
Deposits paid for acquisition of property, plant and equipment		**3,549**	7,051
Amount due from a joint venture	21	**5,414**	5,414
		479,190	512,031
Current Assets			
Inventories	23	**404,368**	435,335
Trade and other receivables	24	**712,567**	808,078
Prepaid lease payments	17	**491**	493
Income tax recoverable		**108**	134
Derivative financial instruments	31	**33**	3
Pledged bank deposits	22	–	1,621
Time deposit with maturity over three months	25	**2,701**	–
Bank balances and cash	25	**527,928**	464,723
		1,648,196	1,710,387
Current Liabilities			
Trade and other payables	26	**282,937**	268,866
Amounts due to non-controlling shareholders	27	**8,793**	3,122
Income tax payable		**11,717**	8,074
Bank borrowings	28	**716,400**	911,198
Obligations under finance leases	29	**779**	258
Obligation arising from a put option to non-controlling shareholders	30	**31,050**	31,050
Derivative financial instruments	31	**12,670**	12,718
		1,064,346	1,235,286
Net Current Assets		**583,850**	475,101
		1,063,040	987,132

Consolidated Statement of Financial Position

At 31st December, 2014

	NOTES	2014 HK$'000	2013 HK$'000
Capital and Reserves			
Share capital	32	**56,192**	56,192
Share premium and reserves		**892,330**	808,953
Equity attributable to shareholders of the Company		**948,522**	865,145
Non-controlling interests		**41,097**	33,327
Total Equity		**989,619**	898,472
Non-current Liabilities			
Bank borrowings	28	**53,204**	72,258
Deferred tax liabilities	34	**18,265**	15,865
Obligations under finance leases	29	**1,952**	537
		73,421	88,660
		1,063,040	987,132

The consolidated financial statements on pages 25 to 90 were approved and authorised for issue by the Board of Directors on 25th March, 2015 and are signed on its behalf by:

PANG TAK CHUNG
CHAIRMAN

HO WAI YU, SAMMY
VICE CHAIRMAN

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2014

	Attributable to shareholders of the Company									
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	PRC statutory reserve HK$'000 (Note a)	Investment revaluation reserve HK$'000	Other reserve HK$'000 (Note b)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1st January, 2013	56,192	316,466	38,039	3,949	8,320	(8,948)	380,708	794,726	22,255	816,981
Profit for the year	–	–	–	–	–	–	92,223	92,223	9,539	101,762
Other comprehensive income (expense) for the year										
Exchange difference arising on translation of foreign operations	–	–	8,993	–	–	–	–	8,993	1,533	10,526
Fair value gain on available-for-sale investment	–	–	–	–	4,800	–	–	4,800	–	4,800
Disposal of available-for-sale investment	–	–	–	–	(13,120)	–	–	(13,120)	–	(13,120)
Total comprehensive income (expense) for the year	–	–	8,993	–	(8,320)	–	92,223	92,896	11,072	103,968
Dividends paid (note 13)	–	–	–	–	–	–	(22,477)	(22,477)	–	(22,477)
At 31st December, 2013	56,192	316,466	47,032	3,949	–	(8,948)	450,454	865,145	33,327	898,472
Profit for the year	–	–	–	–	–	–	107,436	107,436	13,310	120,746
Other comprehensive income (expense) for the year										
Exchange difference arising on translation of foreign operations	–	–	(518)	–	–	–	–	(518)	(217)	(735)
Deregistration of a subsidiary	–	–	622	–	–	–	–	622	–	622
Total comprehensive income for the year	–	–	104	–	–	–	107,436	107,540	13,093	120,633
Dividends paid (note 13)	–	–	–	–	–	–	(24,163)	(24,163)	(5,323)	(29,486)
At 31st December, 2014	**56,192**	**316,466**	**47,136**	**3,949**	**–**	**(8,948)**	**533,727**	**948,522**	**41,097**	**989,619**

Notes:

(a) The People's Republic of China (the "PRC") statutory reserve is a reserve required by the relevant laws in the PRC applicable to subsidiaries in the PRC for enterprise development purposes.

(b) Other reserve represented:

(i) adjustments arising from acquisition of additional interest in a subsidiary of HK$150,000 and deemed disposal of part of its interest in a subsidiary of HK$599,000.

(ii) adjustments arising from acquisition of additional interest in a subsidiary of HK$8,820,000.

(iii) deemed contribution arising from waiver of amount due to a former non-controlling shareholder of HK$621,000 incidental to acquisition of additional interest in a subsidiary during the year ended 31st December, 2011, as set out in note (b)(ii) to the consolidated statement of changes in equity.

Consolidated Statement of Cash Flows

For the year ended 31st December, 2014

	2014 HK$'000	(Restated) 2013 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**141,750**	114,855
Adjustments for:		
Gain on disposal of listed equity securities investment	**–**	(8,409)
Write-off of amount due from a joint venture	**–**	1,544
Change in fair value of foreign currency forward contracts derivative	**(250)**	(316)
Fair value (gain) loss on put option derivative	**(48)**	323
Allowance for bad and doubtful debts, net	**7,369**	24,745
Impairment losses on property, plant and equipment	**16,572**	7,748
Loss on deregistration of a subsidiary	**622**	–
Gain on disposal of property, plant and equipment	**(27)**	(7,238)
Gain on disposal of prepaid lease payments	**–**	(2,209)
Amortisation of prepaid lease payments	**492**	487
Write down of inventories	**11,469**	7,224
Depreciation	**41,154**	38,320
Interest income	**(2,361)**	(2,590)
Finance costs	**28,336**	26,422
Share of results of joint ventures	**9**	(227)
Dividend from listed equity securities investment	**–**	(160)
Operating cash flows before movements in working capital	**245,087**	200,519
Decrease in inventories	**19,086**	34,091
Decrease (increase) in trade and other receivables	**86,301**	(227,322)
Change in foreign currency forward contracts derivative	**220**	313
Increase (decrease) in trade and other payables	**15,335**	(40,784)
Cash from (used in) operations	**366,029**	(33,183)
Hong Kong Profits Tax paid	**(3,260)**	(400)
Hong Kong Profits Tax refunded	**28**	431
Taxation outside Hong Kong paid	**(11,668)**	(14,044)
Taxation outside Hong Kong refunded	**–**	7
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**351,129**	(47,189)

Consolidated Statement of Cash Flows

For the year ended 31st December, 2014

	NOTE	2014 HK$'000	(Restated) 2013 HK$'000
INVESTING ACTIVITIES			
Acquisition of assets through acquisition of a subsidiary	35	–	(85,144)
Purchase of property, plant and equipment		**(5,083)**	(72,905)
Deposits paid for acquisition of property, plant and equipment		**(19,826)**	(6,498)
Placement of pledged bank deposits		–	(65)
Placement of time deposit with maturity over three months		**(2,701)**	–
Withdrawal of pledged bank deposits		**1,615**	43,971
Advance to joint ventures		–	(6)
Proceeds from disposal of property, plant and equipment		**1,765**	10,940
Proceeds from disposal of prepaid lease payments		–	2,467
Proceeds from disposal of listed equity securities investment		–	20,889
Advance of loans		**(48)**	(229)
Repayment of loans advanced		**284**	637
Interest received		**2,293**	2,522
Dividend from listed equity securities investment		–	160
NET CASH USED IN INVESTING ACTIVITIES		**(21,701)**	(83,261)
FINANCING ACTIVITIES			
Bank loans raised		**350,700**	463,979
Repayment of bank loans		**(412,763)**	(373,258)
Interest paid		**(29,052)**	(27,121)
Dividends paid		**(24,163)**	(22,477)
Dividend paid to a non-controlling shareholder of a subsidiary		**(5,323)**	–
Net (repayment) borrowing of trust receipt loans		**(150,894)**	201,543
Repayment of obligations under finance leases		**(693)**	(301)
Advance from (repayment to) non-controlling shareholders		**5,671**	(23,266)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(266,517)**	219,099
NET INCREASE IN CASH AND CASH EQUIVALENTS		**62,911**	88,649
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**464,723**	373,466
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**294**	2,608
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**527,928**	464,723
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**527,928**	464,723

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The principal activities of the Group are manufacturing and sales of metal products and building construction materials.

The consolidated financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new interpretation:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) - Int 21	Levies

The application of the amendments to HKFRSs and a new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[5]

1 Effective for annual periods beginning on or after 1st January, 2018, with earlier application permitted.

2 Effective for first annual HKFRS financial statements beginning on or after 1st January, 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1st January, 2017, with earlier application permitted.

4 Effective for annual periods beginning on or after 1st July, 2014, with earlier application permitted.

5 Effective for annual periods beginning on or after 1st January, 2016, with earlier application permitted.

6 Effective for annual periods beginning on or after 1st July, 2014, with limited exceptions. Earlier application is permitted.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss ("FVTPL"), HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until a detailed review has been completed.

Except as described above, the directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretation will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU(s)") (or groups of CGUs) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Service income is recognised when services are provided.

Dividend and interest income

Dividend income from investments is recognised when the shareholders' right to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy below.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment, including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes, other than assets under installation and construction in progress, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Assets under installation and construction in progress are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Assets under installation and construction in progress are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets, other than assets under installation and construction in progress, less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold land	Over the terms of the leases
Buildings	Over the shorter of the terms of the leases, or 20 to 50 years
Leasehold improvements	Over the shorter of the terms of the leases or 10 years
Furniture and fixtures	10% – $33^1/_3$%
Motor vehicles	10% – $33^1/_3$%
Plant and machinery and equipment	5% – 50%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Plant and machinery and equipment, and motor vehicles held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease terms, assets are depreciated over the shorter of the lease terms and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease terms, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease terms on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interest as appropriate).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income taxes represent the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Other than the cost of inventories of concrete products and printing materials which are calculated using the weighted average cost method, the cost of all other products of the Group is calculated using the first-in first-out method.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables (including deposits placed at insurance companies, trade and other receivables, pledged bank deposits, time deposit with maturity over three months, bank balances and cash, and amount due from a joint venture)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated equity security as available-for-sale financial assets on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Available-for-sale financial assets (continued)

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Impairment of loans and receivables and available-for-sale financial assets

Loans and receivables and available-for-sale financial assets are assessed for indicators of impairment at the end of each reporting period. Loans and receivables and available-for-sale financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables and available-for-sale financial assets, the estimated future cash flows of the investment have been affected.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Trade receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of loans and receivables and available-for-sale financial assets (continued)

The carrying amount of the financial assets is reduced by the impairment loss directly for all loans and receivables with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amounts of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For loans and receivables, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when they are designated as at FVTPL on initial recognition.

A financial liability may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gain or loss arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 31.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Financial liabilities (including trade and other payables, bank borrowings and amounts due to non-controlling shareholders)

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than financial liabilities of FVTPL.

Derivative financial instruments

Derivative financial instruments that do not qualify for hedge accounting are deemed as financial assets or liabilities held for trading and measured at fair value. Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Obligation arising from a put option on shares of a subsidiary written to non-controlling shareholders

Put option written to non-controlling shareholders, which will be settled other than by exchange of fixed amount of cash for a fixed number of shares in a subsidiary is treated as a derivative financial instrument and is recognised at fair value upon initial recognition. Any changes of fair value in subsequent reporting dates are recognised in profit or loss.

The gross financial liability arising from the put option is recognised when contractual obligation to repurchase the shares in a subsidiary is established even if the obligation is conditional on the counterparty exercising a right to sell back the shares to the Group. The liability for the share redemption amount is initially recognised and measured at present value of the estimated repurchase price with the corresponding debit to the non-controlling interests. In subsequent periods, the remeasurement of the present value of the estimated gross obligation under the written put option to the non-controlling shareholders is recognised in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognised financial liabilities when, and only when, the Group's obligation are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment losses on assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme for staff in Hong Kong and retirement pension schemes for staff in the PRC are recognised as an expense when employees have rendered services entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income taxes

As at 31st December, 2014, a deferred tax asset of HK$1,858,000 (2013: HK$1,858,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of HK$379,401,000 (2013: HK$420,522,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual taxable profits generated are less or more than expected, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a reversal takes place.

Impairment of property, plant and equipment

As at 31st December, 2014, the aggregate carrying amount of the Group's property, plant and equipment is HK$435,322,000 (2013: HK$464,628,000). Property, plant and equipment are first considered for impairment individually. If it is not possible to estimate the recoverable amount of the individual property, plant and equipment, the Group determines the recoverable amount of the CGU to which the property, plant and equipment belong. The recoverable amount is the higher of fair value less costs to sell and its value in use. The management considers that the recoverable amount of the relevant CGU to which the relevant assets belong is determined on the basis of the value in use calculation which is higher than its fair value less costs to sell. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate. Where the future cash flows are less or more than expected, or changes in facts and circumstances which result in revisions of the estimated future cash flows, further impairment loss or reversal of impairment loss may arise. As at 31st December, 2014, accumulated impairment losses of the Group's property, plant and equipment is HK$46,747,000 (2013: HK$30,175,000). Details about impairment losses provided during the year are set out in note 16.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss of trade receivables, the Group takes into consideration the estimation of future cash flows of respective trade receivable. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). When the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st December, 2014, the carrying amount of trade receivables is HK$677,884,000 (net of allowance for doubtful debts of HK$71,765,000) (2013: carrying amount of HK$772,518,000, net of allowance for doubtful debts of HK$68,185,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and costs necessary to make the sale. The amount write off to the profit or loss is the difference between the carrying value and net realisable value of the inventories. In determining whether the cost of inventories can be recovered, certain estimations are required. In making these estimations, the Group evaluates, among other factors, the duration and extent and the means by which the amount will be recovered. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer preference and competitor actions in response to market conditions. As at 31st December, 2014, the carrying amount of inventories is HK$404,368,000 (2013: HK$435,335,000).

Obligation arising from a put option to non-controlling shareholders and fair value of the put option derivative

The directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. The inputs to those valuation pricing models are taken from observable markets where possible, but where this is not feasible, a degree of estimate is required. The estimates include a discounted cash flow analysis for a subsidiary's market value calculation, net assets value of a subsidiary, discount rate and considerations of inputs such as adjustment factors to stock price, credit risk and volatility. Changes in assumptions about these factors could affect the carrying amount of the obligation arising from a put option to non-controlling shareholders and the fair value of the put option derivative.

As at 31st December, 2014, the carrying amount of the Group's obligation arising from a put option on shares of a subsidiary to non-controlling shareholders is HK$31,050,000 (2013: HK$31,050,000). In addition, the fair value of the put option derivative is HK$12,670,000 (2013: HK$12,718,000).

Fair value measurements and valuation processes

The Board of Directors of the Company has determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Board of Directors of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The valuation of the put option to non-controlling shareholders is carried out twice a year, as at interim period end and as at year end. The Group provides the unaudited consolidated financial statements and the profit forecast of Fulwealth Metal Factory Limited ("Fulwealth") to the qualified external valuers.

The valuers determine the equity value of Fulwealth based on the information provided using Income Approach. The valuers will determine the fair value of the put option using Binomial Option Pricing Model. The inputs to the model include the equity value, exercise price, exercise period, risk-free rate, dividend yield and volatility based on the average of the implied volatility of the comparable stocks.

The Board of Directors of the Company will review the valuation and assess the appropriateness of the valuation techniques and inputs used.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 42(h).

5. 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 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:

2014

	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	1,391,544	1,683,321	3,074,865	126,449	–	3,201,314
Inter-segment sales	5,539	1,383	6,922	–	(6,922)	–
Total	1,397,083	1,684,704	3,081,787	126,449	(6,922)	3,201,314
SEGMENT RESULT	102,452	92,530	194,982	(6,740)	132	188,374
Unallocated other income						7,077
Unallocated corporate expenses						(25,404)
Fair value gain on put option derivative						48
Finance costs						(28,336)
Share of result of a joint venture						(9)
Profit before taxation						141,750

5. REVENUE AND SEGMENT INFORMATION *(continued)*

2013

	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	1,339,846	1,574,187	2,914,033	156,132	–	3,070,165
Inter-segment sales	4,318	3,581	7,899	–	(7,899)	–
Total	1,344,164	1,577,768	2,921,932	156,132	(7,899)	3,070,165
SEGMENT RESULT	75,705	86,492	162,197	(13,496)	(229)	148,472
Unallocated other income						7,593
Unallocated corporate expenses						(21,557)
Fair value loss on put option derivative						(323)
Gain on disposal of listed equity securities investment						8,409
Finance costs						(26,422)
Share of results of joint ventures						227
Write-off of amount due from a joint venture						(1,544)
Profit before taxation						114,855

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the gross profit (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 gain (loss) on put option derivative, gain on disposal of listed equity securities investment, finance costs, share of results of joint ventures and write-off of amount due from a joint venture. 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.

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Other segment information

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

2014

	Metal products HK$'000	Building construction materials HK$'000	Reportable segment total HK$'000	Other operations HK$'000	Unallocated HK$'000	Consolidated HK$'000
Depreciation	**31,699**	**6,999**	**38,698**	**419**	**2,037**	**41,154**
Amortisation of prepaid lease payments	**458**	**34**	**492**	**–**	**–**	**492**
Total allowance for bad and doubtful debts, net	**1,803**	**4,957**	**6,760**	**540**	**69**	**7,369**
Write down (reversal of write down) of inventories	**1,826**	**9,984**	**11,810**	**(341)**	**–**	**11,469**
Loss (gain) on disposal of property, plant and equipment	**498**	**(310)**	**188**	**(215)**	**–**	**(27)**
Impairment losses on property, plant and equipment	**12,656**	**–**	**12,656**	**–**	**3,916**	**16,572**

2013

	Metal products HK$'000	Building construction materials HK$'000	Reportable segment total HK$'000	Other operations HK$'000	Unallocated HK$'000	Consolidated HK$'000
Depreciation	30,259	5,678	35,937	462	1,921	38,320
Amortisation of prepaid lease payments	459	28	487	–	–	487
Total allowance for bad and doubtful debts, net	7,402	6,735	14,137	10,540	68	24,745
Write down of inventories	6,491	733	7,224	–	–	7,224
(Gain) loss on disposal of property, plant and equipment	(6,449)	48	(6,401)	(816)	(21)	(7,238)
Gain on disposal of prepaid lease payments	(2,209)	–	(2,209)	–	–	(2,209)
Impairment losses on property, plant and equipment	7,748	–	7,748	–	–	7,748

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Revenue from major products

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

	2014 **HK$'000**	2013 HK$'000
Metal products	**1,391,544**	1,339,846
Building construction materials		
– Concrete products	**442,716**	312,934
– Construction steel and other products	**1,240,605**	1,261,253
Others	**126,449**	156,132
	3,201,314	3,070,165

Geographical information

The Group operates in two principal geographical areas, namely Hong Kong and other regions in the PRC.

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:

	Revenue from external customers		**Non-current assets other than financial instruments**	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Hong Kong	**1,980,849**	1,909,828	**175,967**	183,157
Other regions in the PRC	**1,068,035**	1,001,825	**287,589**	313,743
Macau	**120,156**	86,482	**–**	–
Others	**32,274**	72,030	**–**	–
	3,201,314	3,070,165	**463,556**	496,900

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 chief operating decision makers in the resource allocation and assessment of performance.

6. OTHER INCOME

	2014 HK$'000	2013 HK$'000
Dividend income	–	160
Rental income from property, plant and equipment	2,161	1,309
Sales of scraps	5,510	5,864
Claims received	479	837
Crane and weighbridge income	2,865	2,425
Consultancy fee income	–	1,309
Processing income	4,380	4,223
Government grant (Note)	5,680	5,973
Handling fee income	–	2,456
Termination of contracts by customers	2,069	150
Transportation income	165	213
Sundry income	2,524	2,660
	25,833	27,579

Note: During the year ended 31st December, 2014, a subsidiary of the Company in the PRC received a government grant of HK$5,680,000 (2013: HK$5,973,000) for part of the Enterprise Income Tax, Value Added Tax and other taxes paid as an encouragement for operating in an economic development zone in Tianjin.

7. OTHER GAINS AND LOSSES

	2014 HK$'000	2013 HK$'000
Change in fair value of foreign currency forward contracts derivative (note 31)	(250)	(316)
Fair value (gain) loss on put option derivative (note 31)	(48)	323
Gain on disposal of property, plant and equipment	(27)	(7,238)
Gain on disposal of prepaid lease payments	–	(2,209)
Impairment losses on property, plant and equipment (note 16)	16,572	7,748
Write-off of amount due from a joint venture	–	1,544
Net exchange loss (gain)	454	(1,704)
Allowance for bad and doubtful debts on trade receivables	5,671	24,959
Allowance for bad and doubtful debts on other receivables	2,090	68
Reversal of allowance for bad and doubtful debts on trade receivables	(387)	(290)
Bad debts (recovered) written off on trade receivables	(5)	8
Loss on deregistration of a subsidiary	622	–
Gain on disposal of listed equity securities investment (note 19)	–	(8,409)
	24,692	14,484

8. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**28,258**	26,399
Finance leases	**78**	23
	28,336	26,422

9. INCOME TAXES

	2014 HK$'000	2013 HK$'000
The charge comprises:		
Current year		
Hong Kong	**4,991**	1,738
Other regions in the PRC	**14,561**	11,877
	19,552	13,615
Underprovision (overprovision) in prior years		
Hong Kong	**20**	(411)
Other regions in the PRC	**(968)**	50
	(948)	(361)
Deferred tax (note 34)	**2,400**	(161)
	21,004	13,093

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

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. Accordingly, the PRC subsidiary was subject to an Enterprise Income Tax Rate of 15% for three years starting from 2013.

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 31st December, 2014 and 2013, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

9. INCOME TAXES *(continued)*

The income taxes for the year can be reconciled from the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Hong Kong		PRC and others		Total	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit before taxation	**75,073**	77,862	**66,677**	36,993	**141,750**	114,855
Domestic income tax rate	**16.5%**	16.5%	**25%**	25%		
Tax at the domestic income tax rate	**12,387**	12,847	**16,669**	9,248	**29,056**	22,095
Tax effect of share of results of joint ventures	**(2)**	37	**–**	–	**(2)**	37
Tax effect of expenses not deductible for tax purpose	**1,791**	1,036	**3,637**	3,566	**5,428**	4,602
Tax effect of income not taxable for tax purpose	**(714)**	(3,842)	**(66)**	(816)	**(780)**	(4,658)
Tax effect of offshore manufacturing profits on 50:50 apportionment basis	**(966)**	(1,113)	**–**	–	**(966)**	(1,113)
Tax effect of tax losses not recognised	**1,195**	861	**218**	1,389	**1,413**	2,250
Tax effect of utilisation of tax loss previously not recognised	**(8,848)**	(11,114)	**(878)**	(115)	**(9,726)**	(11,229)
Tax effect of other deductible temporary difference not recognised	**446**	1,656	**824**	5,629	**1,270**	7,285
Tax effect of utilisation of other temporary difference not recognised	**–**	–	**(41)**	–	**(41)**	–
Effect of tax exemption and tax concession granted to PRC subsidiaries	**–**	–	**(5,242)**	(4,286)	**(5,242)**	(4,286)
Withholding tax on retained profit to be distributed	**2,400**	1,800	**–**	–	**2,400**	1,800
Underprovision (overprovision) in prior years	**20**	(411)	**(968)**	50	**(948)**	(361)
Others	**(298)**	(591)	**(560)**	(2,738)	**(858)**	(3,329)
Income taxes for the year	**7,411**	1,166	**13,593**	11,927	**21,004**	13,093

Details of deferred taxation are set out in note 34.

10. PROFIT FOR THE YEAR

	2014 HK$'000	2013 HK$'000
Profit for the year has been arrived at after charging:		
Amortisation of prepaid lease payments	**492**	487
Auditor's remuneration		
Current year	**3,680**	3,715
Underprovision in prior years	**158**	350
Cost of inventories recognised as expense including write down of inventories of HK$11,469,000 (2013: HK$7,224,000)	**2,760,199**	2,679,381
Depreciation	**41,154**	38,320
Minimum lease payments for operating leases in respect of		
Land and buildings	**29,822**	24,131
Plant and machinery	**63**	114
	29,885	24,245
Staff costs including directors' emoluments and contributions to retirement benefits scheme	**202,193**	182,980

Minimum lease payments for operating leases in respect of a director's accommodation amounting to HK$1,857,000 (2013: HK$1,820,000) are included under staff costs.

Profit of HK$14,349,000 (2013: HK$8,690,000) has been dealt with in the financial statements of the Company.

11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

The emoluments paid or payable to each of the directors are as follows:

	Pang Tak Chung HK$'000	Ho Wai Yu, Sammy HK$'000	John Cyril Fletcher HK$'000	Pang Wan Ping HK$'000	Yu Kwok Kan, Stephen HK$'000	Chan Yat Yan HK$'000	Lo Yip Tong HK$'000	2014 Total HK$'000
Fees	–	–	–	–	170	170	170	510
Other emoluments								
Salaries and other benefits	6,369	4,074	2,080	970	–	–	–	13,493
Contributions to retirement benefits scheme	181	216	–	40	–	–	–	437
	6,550	4,290	2,080	1,010	170	170	170	14,440

	Pang Tak Chung HK$'000	Ho Wai Yu, Sammy HK$'000	John Cyril Fletcher HK$'000	Pang Wan Ping HK$'000	Yu Kwok Kan, Stephen HK$'000	Chan Yat Yan HK$'000	Lo Yip Tong HK$'000	2013 Total HK$'000
Fees	–	–	–	–	156	156	156	468
Other emoluments								
Salaries and other benefits	5,967	3,718	1,812	300	–	–	–	11,797
Contributions to retirement benefits scheme	229	201	–	15	–	–	–	445
	6,196	3,919	1,812	315	156	156	156	12,710

Mr. Pang Tak Chung is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for service rendered by him as the Chief Executive Officer.

No director waived any emoluments for the two years ended 31st December, 2014 and 2013.

12. EMPLOYEES' EMOLUMENTS

The five highest paid individuals included three directors (2013: three directors), details of whose emoluments are set out in note 11 above. The emoluments of the remaining two individuals (2013: two individuals) are as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	**3,389**	3,402
Contributions to retirement benefits scheme	**177**	109
	3,566	3,511

Their emoluments were within the following bands:

	2014 Number of employees	2013 Number of employees
HK$1,000,001 – HK$1,500,000	**1**	–
HK$1,500,001 – HK$2,000,000	**–**	2
HK$2,000,001 – HK$2,500,000	**1**	–
	2	2

13. DIVIDEND

	2014 HK$'000	2013 HK$'000
Dividends paid:		
2014 Interim – HK1.5 cents (2013: HK1.5 cents) per ordinary share	**8,429**	8,429
2013 Final – HK2.8 cents (2013: 2012 Final – HK2.5 cents) per ordinary share	**15,734**	14,048
	24,163	22,477
Dividend proposed:		
Final dividend proposed for the year		
– HK3.5 cents (2013: HK2.8 cents) per ordinary share	**19,667**	15,734

The directors recommend the payment of a final dividend of HK3.5 cents per share for the year ended 31st December, 2014 which is subject to approval by the shareholders at the annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the shareholders of the Company for the year and 561,922,500 (2013: 561,922,500) number of ordinary shares in issue during the year.

The calculation of the diluted earnings per share for the year ended 31st December, 2014 and 2013 does not assume the exercise of the written put option on shares of a subsidiary as it is anti-dilutive.

15. GOODWILL

	HK$'000
COST	
At 1st January, 2013, 31st December, 2013 and 2014	**34,355**
IMPAIRMENT	
At 1st January, 2013, 31st December, 2013 and 2014	**(34,355)**
CARRYING AMOUNT	
At 1st January, 2013, 31st December, 2013 and 2014	**–**

For the purposes of impairment testing, goodwill is allocated to individual CGU which is engaged in trading of printing materials and is expected to benefit from that business combination. As at 31st December, 2014 and 2013, the carrying amount of goodwill was attributable to a subsidiary in other operations segment.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Plant and machinery and equipment HK$'000	Assets under installation HK$'000	Construction in progress HK$'000	Total HK$'000
COST								
At 1st January, 2013	209,290	31,673	21,380	36,561	472,415	17,004	2,903	791,226
Exchange differences	957	147	171	359	8,578	503	8	10,723
Acquisition of a subsidiary (note 35)	–	–	–	–	–	–	85,000	85,000
Additions	–	561	880	1,742	31,756	43,307	108	78,354
Disposals	(4,592)	(2,856)	(1,753)	(2,771)	(6,668)	(272)	–	(18,912)
Written off of impaired assets	–	–	–	–	(2,789)	–	–	(2,789)
Reclassification	3,648	–	98	–	22,718	(26,464)	–	–
At 31st December, 2013	209,303	29,525	20,776	35,891	526,010	34,078	88,019	943,602
Exchange differences	(107)	(18)	(22)	(38)	(1,144)	(110)	(1)	(1,440)
Additions	150	2,566	2,140	3,721	6,253	15,981	223	31,034
Disposals	–	–	(703)	(3,989)	(20,752)	–	–	(25,444)
Written off of impaired assets	–	–	–	–	(749)	–	(2,638)	(3,387)
Reclassification	–	265	207	–	17,910	(18,254)	(128)	–
At 31st December, 2014	**209,346**	**32,338**	**22,398**	**35,585**	**527,528**	**31,695**	**85,475**	**944,365**
DEPRECIATION AND IMPAIRMENT								
At 1st January, 2013	136,593	25,139	17,781	27,740	237,115	–	2,638	447,006
Exchange differences	514	69	110	232	2,974	–	–	3,899
Provided for the year	4,592	1,313	1,405	3,016	27,994	–	–	38,320
Impairment losses	–	–	–	–	7,748	–	–	7,748
Eliminated on disposals	(1,948)	(2,795)	(1,640)	(2,611)	(6,216)	–	–	(15,210)
Eliminated on written off of impaired assets	–	–	–	–	(2,789)	–	–	(2,789)
At 31st December, 2013	139,751	23,726	17,656	28,377	266,826	–	2,638	478,974
Exchange differences	(62)	(9)	(17)	(28)	(448)	–	–	(564)
Provided for the year	5,268	1,692	1,415	3,145	29,634	–	–	41,154
Impairment losses	–	–	–	–	12,656	–	3,916	16,572
Eliminated on disposals	–	–	(640)	(3,981)	(19,085)	–	–	(23,706)
Eliminated on written off of impaired assets	–	–	–	–	(749)	–	(2,638)	(3,387)
Reclassification	–	–	(3)	–	3	–	–	–
At 31st December, 2014	**144,957**	**25,409**	**18,411**	**27,513**	**288,837**	**–**	**3,916**	**509,043**
CARRYING VALUES								
At 31st December, 2014	**64,389**	**6,929**	**3,987**	**8,072**	**238,691**	**31,695**	**81,559**	**435,322**
At 31st December, 2013	69,552	5,799	3,120	7,514	259,184	34,078	85,381	464,628

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The carrying values of motor vehicles and plant and machinery and equipment of the Group include an amount of HK$2,815,000 (2013: HK$850,000) and HK$464,000 (2013: HK$557,000) respectively, in respect of assets held under finance leases.

The carrying values of plant and machinery and equipment, leasehold buildings, furniture and fixtures and motor vehicles of the Group include an amount of HK$27,061,000 (2013: HK$28,276,000) in respect of assets leased to third party under operating leases.

The carrying value of leasehold land and buildings comprises:

	2014 **HK$'000**	2013 HK$'000
Situated in Hong Kong under medium-term lease	**30,688**	33,875
Situated in other regions in the PRC under medium-term lease	**33,701**	35,677
	64,389	69,552

Note:

For impairment review purpose, property, plant and equipment are first considered for impairment individually. If it is not possible to estimate the recoverable amount of the individual property, plant and equipment, the Group determines the recoverable amount of the CGU to which the property, plant and equipment belong. Recoverable amount is the higher of fair value less cost to sell and value in use.

The directors considered there were impairment indicators on the property, plant and equipment used in metal products and plastic products which are under "Metal Products" and "Other Operations" respectively due to continuous loss incurred, which resulted from the rise in production costs and keen market competition. Accordingly, the directors conducted a review on impairment assessment on the relevant CGU to which the related property, plant and equipment belong.

For the purpose of impairment assessment, the management considers that the recoverable amount of the relevant CGU is determined based on the value in use calculation which is higher than its fair value less costs to sell. The value in use calculation uses cash flow projections based on the latest financial budgets approved by the Company's management covering a period of five years representing the remaining useful life of the property, plant and equipment at a discount rate of 11% (2013: 11%) at zero growth rate. Other key assumptions for the value in use calculation include gross margin and production costs are based on the estimation provided by the management. During the year ended 31st December, 2014, impairment losses of HK$12,656,000 (2013: HK$7,748,000) was recognised in the profit or loss.

The impairment losses on construction in progress used in other unallocated operation which is under "Unallocated Corporate Expenses" amounted to HK$3,916,000 represented the cost of buildings situated on the leasehold land located in Hong Kong as the management is in the process of applying to the relevant government authority to change the usage of the existing leasehold land and it is expected that the existing buildings would be demolished.

As at 31st December, 2014, accumulated impairment losses on property, plant and equipment of the Group was HK$46,747,000 (2013: HK$30,175,000).

17. PREPAID LEASE PAYMENTS

	2014 HK$'000	2013 HK$'000
The Group's prepaid lease payments comprise:		
Land use rights in other regions in the PRC under medium-term lease	**16,330**	16,873
Analysed for reporting purposes as:		
Current asset	**491**	493
Non-current asset	**15,839**	16,380
	16,330	16,873

18. INTEREST IN A JOINT VENTURE

	2014 HK$'000	2013 HK$'000
Cost of investments (unlisted)	**1,226**	1,226
Share of post-acquisition profits and other comprehensive income	**1,688**	1,697
	2,914	2,923

Particulars of the joint venture as at 31st December, 2014 and 2013 are as follows:

Name of company	Form of business structure	Place of incorporation/ registration/ operation	Class of shares	Percentage of ownership attributable to the Group 2014 %	Percentage of ownership attributable to the Group 2013 %	Principal activities
Kunshan Rosathal Printing Ink Limited	Equity joint venture	PRC	Registered capital	**33.25***	33.25*	Manufacturing and sales of printing ink

* The Group's 95% owned subsidiary held 35% of this company.

Aggregate information of the joint venture that is not individually material

	2014 HK$'000	2013 HK$'000
The Group's share of (loss) profit and total comprehensive (expense) income from continuing operation	**(9)**	227

19. AVAILABLE-FOR-SALE INVESTMENT

	2014 HK$'000	2013 HK$'000
Unlisted equity investment		
– at cost	**1,020**	1,020
– impairment loss recognised	**(1,020)**	(1,020)
	–	–

At 31st December, 2013, the unlisted investment represented investment in a private entity incorporated in the Cayman Islands. It was measured at cost less impairment because the range of reasonable fair value cannot be estimable and the directors of the Company are of the opinion that their values cannot be measured reliably.

During the year ended 31st December, 2014, pursuant to a restructuring plan of the Cayman Islands private entity, the Group exchanged all of its shares in the unlisted investment for another unlisted private entity incorporated in Germany. Accordingly, at 31st December, 2014, the unlisted investment was measured at cost less impairment because the range of reasonable fair value estimates is not so significant that the directors of the Company are of the opinion that their values cannot be measured reliably.

Subsequent to the exchange of shares, the German private entity is applying for listing of its existing shares outside Hong Kong. In the opinion of the directors, the possibility of successful listing is uncertain.

During the year ended 31st December, 2013, the Group disposed of the listed equity securities with sales proceeds of HK$20,889,000. The previously recognised investment revaluation reserve of HK$13,120,000 was reversed and a gain on disposal of HK$8,409,000 has been recognised in other gains and losses as set out in note 7.

20. DEPOSITS PLACED AT INSURANCE COMPANIES

	2014 HK$'000	2013 HK$'000
Deposits placed at insurance companies and due after one year	**10,220**	9,717

The Group entered into life insurance policies with insurance companies to insure the executive directors and staff. Under the policies, the beneficiary and policy holder are both Company and a subsidiary of the Company and the total insured sum is approximately HK$60,039,000 (2013: HK$60,025,000). The Group is required to pay premium charges at inception of the policies amounting to HK$324,000. The Group can terminate the policies at any time and receive cash back based on the cash value of the policies at the date of withdrawal, which is determined by the upfront payment of HK$9,953,000 (2013: HK$9,598,000) plus accumulated interest earned and minus insurance premium charged at inception of HK$324,000 and the accumulated monthly insurance premium expenses charged ("Cash Value"). In addition, if withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge. The insurance companies will pay the Group an interest of 3% per annum on the outstanding Cash Value of the policy.

The effective interest rate on initial recognition was 3%, which was determined by discounting the estimated future cash receipts through the expected life of the respective policies, excluding the financial effect of surrender charge. The carrying amount of deposits placed for life insurance policies as at 31st December, 2014 represented the Cash Value of the insurance policies. As at 31st December 2014, the expected life of the policies was remained unchanged from the initial recognition and the directors considered that the financial impact of the option to terminate the policies was insignificant.

The insured sum amounting to HK$49,644,000 (2013: HK$49,630,000) and deposits placed at insurance companies amounting to HK$5,656,000 (2013: HK$5,505,000) are denominated in United States dollars, currency other than the functional currency of the Company and the subsidiary of the Company.

21. AMOUNT DUE FROM A JOINT VENTURE

The amount is unsecured, interest-free and is not expected to be repaid within the next twelve months from the end of the reporting period.

22. PLEDGED BANK DEPOSITS

As at 31st December, 2013, amounts of HK$1,556,000 and HK$65,000 were pledged to banks as retention deposits for projects and carried fixed interest rate at 4.5% and 3% per annum respectively. Accordingly, such amounts were classified as current assets. All bank deposits were released during the year upon completion of the relevant projects.

23. INVENTORIES

	2014 HK$'000	2013 HK$'000
Raw materials	**111,440**	140,483
Work in progress	**36,262**	32,136
Finished goods	**254,893**	260,328
Supplies	**1,773**	2,388
	404,368	435,335

24. TRADE AND OTHER RECEIVABLES

	2014 HK$'000	2013 HK$'000
Trade receivables, net	**677,884**	772,518
Prepayments, deposits and other receivables	**34,683**	35,560
	712,567	808,078

Other than the cash sales, the Group allows credit periods ranging from 30 to 90 days to its customers.

Trade receivables, net of allowance for doubtful debts, with an aged analysis presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates as follows:

	2014 HK$'000	2013 HK$'000
0 – 30 days	**326,742**	334,063
31 – 60 days	**175,252**	224,310
61 – 90 days	**82,127**	118,480
91 – 120 days	**43,377**	67,156
More than 120 days	**50,386**	28,509
	677,884	772,518

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating limits for each customers. Limits attributed to customers are reviewed once a year.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$251,084,000 (2013: HK$349,168,000) which are past due at the reporting date for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances. Trade receivables which are neither past due nor impaired are in good quality with no default history in the past.

24. TRADE AND OTHER RECEIVABLES *(continued)*

Ageing of trade receivables (by due date) which are past due but not impaired:

	2014 **HK$'000**	2013 HK$'000
1 – 30 days	**143,226**	206,290
31 – 60 days	**62,501**	96,605
61 – 90 days	**30,617**	32,385
91 – 120 days	**3,306**	13,709
More than 120 days	**11,434**	179
	251,084	349,168

Movement in the allowance for doubtful trade debts:

	2014 **HK$'000**	2013 HK$'000
Balance at beginning of the year	**68,185**	43,349
Exchange realignment	**(184)**	167
Impairment losses recognised	**5,671**	24,959
Impairment losses reversed	**(387)**	(290)
Amounts written off during the year	**(270)**	–
Deregistration of a subsidiary	**(1,250)**	–
Balance at end of the year	**71,765**	68,185

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$71,765,000 (2013: HK$68,185,000) which are either been placed under liquidation or in financial difficulties in repaying the outstanding balances. Based on historical experience, these overdue balances are normally not recoverable. The Group does not hold any collateral over these balances.

Allowance for doubtful debts of HK$387,000 (2013: HK$290,000) was reversed to profit or loss because these impaired trade receivables were recovered during the year.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Trade and other receivables that are denominated in United States dollars and Renminbi, currencies other than the functional currencies of relevant group entities, amounted to HK$17,285,000 (2013: HK$29,505,000) and HK$4,000 (2013: HK$9,375,000) respectively.

25. TIME DEPOSIT WITH MATURITY OVER THREE MONTHS AND BANK BALANCES AND CASH

The time deposit with maturity of 181 days carries interest at 2.4% per annum (2013: nil).

The amounts of bank balances and cash include deposits of HK$252,972,000 (2013: HK$150,939,000) with an original maturity of three months or less which carry fixed interest rates of 0.7% to 1.1% (2013: 0.35% to 2.4%) per annum. The remaining amounts carried at prevailing market interest rates.

Time deposit with maturity over three months, bank balances and cash that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities, amounted to HK$42,063,000 (2013: HK$77,648,000).

26. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	HK$'000
Trade payables	**159,404**	148,152
Accruals, deposits received and other payables	**123,533**	120,714
	282,937	268,866

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

	2014	2013
	HK$'000	HK$'000
0 – 30 days	**89,218**	96,674
31 – 60 days	**42,334**	32,878
61 – 90 days	**19,208**	12,274
91 – 120 days	**5,667**	2,700
More than 120 days	**2,977**	3,626
	159,404	148,152

Trade and other payables that are denominated in United States dollars and Renminbi, currencies other than the functional currencies of relevant group entities, amounted to HK$15,161,000 (2013: HK$6,342,000) and HK$317,000 (2013: HK$1,119,000) respectively.

27. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

The amounts are unsecured, interest-free and are repayable on demand.

28. BANK BORROWINGS

	2014 HK$'000	2013 HK$'000
Bank loans	**312,440**	375,398
Trust receipt loans	**457,164**	608,058
	769,604	983,456
Analysed as:		
Secured	**43,333**	48,333
Unsecured	**726,271**	935,123
	769,604	983,456

	2014 HK$'000	2013 HK$'000
Carrying amounts of bank loans repayable on the scheduled repayment dates set out in the loan agreements		
Within one year	**114,379**	143,704
More than one year, but not exceeding two years	**12,804**	19,074
More than two years, but not exceeding five years	**40,400**	53,184
	167,583	215,962
Carrying amounts of bank loans contains a repayable on demand clause (shown under current liabilities)		
Within one year	**602,021**	765,011
More than one year, but not exceeding two years	**–**	2,483
	602,021	767,494
	769,604	983,456
Less: amounts due within one year shown under current liabilities	**(716,400)**	(911,198)
Amounts shown under non-current liabilities	**53,204**	72,258

The effective borrowing rates are ranging from 1.38% to 9.15% (2013: 1.34% to 8.47%) per annum.

28. BANK BORROWINGS *(continued)*

The carrying amounts of the Group's borrowings are analysed as follows:

Denominated in	Interest rate per annum	2014 HK$'000	2013 HK$'000
Hong Kong dollars	Hong Kong Interbank Offered Rate ("HIBOR") plus 1.13% to 5.05% (2013: 1% to 4.79%)	**132,499**	236,378
United States dollars (Note)	London Interbank Offered Rate ("LIBOR") plus 1% to 4.89% (2013: 1% to 4.9%)	**399,373**	466,472
	Nil (2013: Singapore Interbank Offered Rate ("SIBOR") plus 1.5%)	**–**	17,181
Renminbi	5% to 20% mark up from People's Bank of China ("PBOC") lending rate (2013: 5% to 20% mark up from PBOC lending rate)	**174,619**	235,988
	Fixed rate from 6% to 6.9% (2013: 6%)	**63,113**	25,439
Euro (Note)	Nil (2013: 0.75% below Standard Bills Rate quoted by bank)	**–**	1,998
		769,604	983,456

Note: These borrowings are denominated in currencies other than functional currencies of the relevant group entities.

29. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Within one year	**876**	280	**779**	258
In the second to fifth year inclusive	**2,075**	563	**1,952**	537
	2,951	843		
Less: future finance charges	**(220)**	(48)		
Present value of lease obligations	**2,731**	795	**2,731**	795
Less: amounts due within one year shown under current liabilities			**(779)**	(258)
Amounts due after one year			**1,952**	537

29. OBLIGATIONS UNDER FINANCE LEASES *(continued)*

Certain of the Group's motor vehicles and plant and machinery and equipment are leased under finance leases. The lease terms are ranging from 1 to 5 years. The obligations under finance leases of HK$2,731,000 (2013: HK$795,000) carry fixed interest rates from 1.6% to 3.25% (2013: 1.6% to 3.0%) per annum. For the year ended 31st December, 2014, the weighted average effective borrowing rate is 4.00% (2013: 4.19%) per annum. All leases are on a fixed repayment basis. The Group has options to purchase the motor vehicles and machinery and equipment for a nominal amount at the end of the lease terms. No arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

30. OBLIGATION ARISING FROM A PUT OPTION TO NON-CONTROLLING SHAREHOLDERS

On 6th September, 2011, the Company entered into an option deed with the non-controlling shareholders (the "Holders") of Fulwealth, a 77% owned subsidiary of the Group, pursuant to which the Company has granted the put option (the "Put Option") to the Holders exercisable during the period from 6th September, 2012 to 31st December, 2016 (the "Exercise Period"). The Holders have the right to sell to the Company, and require the Company to acquire all of the Holders' remaining equity interest of Fulwealth during the Exercise Period at a cash consideration. The consideration will be calculated by reference to the unaudited consolidated net asset value of Fulwealth attributable to the Holders for the period up to the month immediately preceding the exercise date of the Put Option plus a premium of HK$12,650,000 representing HK$2.75 per option share with maximum aggregate consideration at HK$31,050,000.

At initial recognition, the obligation arising from the Put Option to the Holders represents the present value of the obligation to deliver the share redemption amount at discount rate of 4.5% on 6th September, 2011 amounting to HK$29,841,000. This amount has been recognised in the consolidated statement of financial position with a corresponding debit to the non-controlling interests.

In addition, the Put Option which will be settled other than by exchange of fixed amount of cash for a fixed number of shares of a subsidiary is treated as derivative financial instruments and is recognised at fair value in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*. Details are set out in note 31(a).

31. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		**Liabilities**	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current:				
Put Option derivative (Note a)	**–**	–	**12,670**	12,718
Foreign currency forward contracts derivative (Note b)	**33**	3	**–**	–
	33	3	**12,670**	12,718

31. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Notes:

(a) As details in note 30, as at 31st December, 2014, the fair value of the Put Option of HK$12,670,000 (2013: HK$12,718,000) has been recognised in the consolidated statement of financial position, of which fair value gain of HK$48,000 was recognised for the year ended 31st December, 2014 (2013: loss of HK$323,000).

The fair values of the Put Option as at 31st December, 2014 and 2013 have been determined by using a Binominal Option Pricing Model with the following assumptions:

Exercise price: Unaudited consolidated net asset value of Fulweath attributable to the Holders for the period up to the month immediately preceding the exercise date plus a premium of HK$2.75 per option share.

	31.12.2014	31.12.2013
Risk-free rate:	**0.570%**	0.662%
Time to expiration:	**2 years**	3 years
Volatility:	**28.487%**	29.930%

Notes:

(i) The risk free rate is the yields to maturity of Hong Kong Exchange Fund Note with respective terms to maturity as at the valuation date.
(ii) Time to expiration represents 64 months from 6th September, 2011.
(iii) Volatility is based on the average of the implied volatility of the daily return of comparable stock.

(b) At 31st December, 2014, the fair value of the Group's foreign currency forward contracts is a financial asset of HK$33,000 (2013: HK$3,000). The net gain on change in fair value and expiration of the foreign currency forward contracts amounting to HK$250,000 (2013: HK$316,000) has been recognised in profit or loss. The instruments purchased are to be settled on a net basis. Details of the outstanding foreign exchange forward contracts are stated in the below table.

As at 31st December, 2014
Structured foreign exchange forward contract

Notional amount at each maturity date	**Contract duration**	**Forward exchange rates**
Buy US$500,000 or US$1,000,000	From April 2013 to March 2015 with monthly settlement on notional amount	Buying US$500,000 if market rate at or above contract rate of HK$7.749 to US$1 or buying US$1,000,000 if market rate below contract rate of HK$7.749 to US$1

31. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Notes: *(continued)*

(b) *(continued)*

As at 31st December, 2013
Structured foreign exchange forward contracts

Notional amount at each maturity date	Contract duration	Forward exchange rates
Buy US$500,000 or US$1,000,000	From April 2012 to March 2014 with monthly settlement on notional amount	Buying US$500,000 if market rate below HK$7.8 to US$1 and at or above contract rate of HK$7.728 to US$1 or buying US$1,000,000 if market rate below contract rate of HK$7.728 to US$1
Buy US$500,000 or US$1,000,000	From April 2013 to March 2015 with monthly settlement on notional amount	Buying US$500,000 if market rate at or above contract rate of HK$7.749 to US$1 or buying US$1,000,000 if market rate below contract rate of HK$7.749 to US$1

32. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1st January, 2013, 31st December, 2013 and 2014	1,800,000,000	180,000
Issued and fully paid:		
At 1st January, 2013, 31st December, 2013 and 2014	561,922,500	56,192

33. SHARE OPTION SCHEME

The share option scheme of the Company was effective on 27th May, 2004 (the "Old Scheme"). The Old Scheme had expired on 26th May, 2014. Pursuant to the ordinary resolution passed on 5th June, 2014, a new share option scheme (the "New Scheme") was adopted.

Summary of the New Scheme

a. The primary purpose of the New Scheme is to provide incentives or rewards to Participants (see below defined) thereunder for their contribution to the Group and any entity in which the Group holds any equity interest ("Invested Entity") and/or to enable the Group and an Invested Entity to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any Invested Entity.

b. The directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants ("Participants"), to take up options to subscribe for shares of HK$0.10 each in the share capital of the Company ("Shares").

   (i) any eligible employee;
   (ii) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
   (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
   (iv) any customer of the Group or any Invested Entity;
   (v) any person or entity acting in their capacities as advisers or consultants that provides research, development or other technological support to the Group or any Invested Entity; and
   (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity from time to time determined by the directors having contributed or may contribute to the development and growth of the Group and any Invested Entity.

c. The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Scheme and any other share option scheme of the Company) to be granted under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the New Scheme (i.e. 5th June, 2014). The Company can grant options to subscribe up to 56,192,250 Shares which is 10% of the total issued share capital of the Company as at the date of approval of the limit. The maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

d. The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the New Scheme and any other share option scheme of the Company (including both exercised or outstanding options) to each Participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

e. An option may be exercised in accordance with the terms of the New Scheme at any time during a period to be determined and notified by the directors to each grantee, which period may commence on the date on which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

f. An offer of grant of an option may be accepted by a Participant within 28 days from the date of the offer of grant of the option. A consideration of HK$1 is payable on acceptance of the offer of grant of an option.

33. SHARE OPTION SCHEME *(continued)*

Summary of the New Scheme *(continued)*

g. The subscription price per Share under the New Scheme shall be a price determined by the directors, but shall not be lower than the highest of:

   (i) the closing price of the Share as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day;
   (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant; and
   (iii) the nominal value of a Share.

h. The New Scheme has a life of 10 years and will expire on 4th June, 2024.

No share option has been granted since the adoption of the New Scheme.

34. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation	Tax losses	Withholding tax on retained profits to be distributed	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January, 2013	(15,873)	1,677	(2,380)	550	(16,026)
Credit (charge) to profit or loss	1,774	181	(1,800)	6	161
At 31st December, 2013	(14,099)	1,858	(4,180)	556	(15,865)
Charge to profit or loss	–	–	(2,400)	–	(2,400)
At 31st December, 2014	**(14,099)**	**1,858**	**(6,580)**	**556**	**(18,265)**

For the purposes of presentation in the consolidated statement of financial position, deferred tax assets and liabilities of the same entity have been offset and shown under non-current liabilities.

34. DEFERRED TAXATION *(continued)*

At the end of the reporting period, the Group has unused tax losses of HK$390,662,000 (2013: HK$431,783,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$11,261,000 (2013: HK$11,261,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$379,401,000 (2013: HK$420,522,000) due to the unpredictability of future profit streams. Included in unused tax losses is tax loss of HK$6,671,000 (2013: HK$8,678,000) which will expire in the following years ending 31st December:

	2014 **HK$'000**	2013 HK$'000
2014	**–**	27
2015	**–**	–
2016	**1,850**	1,853
2017	**1,239**	1,242
2018	**2,710**	5,556
2019	**872**	–
	6,671	8,678

The remaining unused tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$77,145,000 (2013: HK$70,951,000) in respect of accelerated accounting depreciation, impairment losses on property, plant and equipment and allowance for doubtful debts. A deferred tax asset has been recognised in respect of HK$3,370,000 (2013: HK$3,370,000) of such deductible temporary differences. No deferred tax asset has been recognised in respect of the remaining HK$73,775,000 (2013: HK$67,581,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

35. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

In April, 2013, the Group acquired 100% issued share capital of Supreme Enterprises, Limited ("Supreme Enterprises") at a cash consideration of HK$85,144,000. Supreme Enterprises owns land and buildings with vessel berths which are held under medium-term lease and situated in Hong Kong. The properties are acquired for the building construction materials segment and the properties acquired did not constitute a business as defined under HKFRS 3 *Business Combinations* and therefore, the acquisition was accounted for as assets acquisition.

36. PLEDGE OF ASSETS

At the end of the reporting period, the Group has pledged the following assets to banks and customers as securities against banking facilities granted to the Group and retention deposits:

	2014 **HK$'000**	2013 HK$'000
Construction in progress	**81,084**	85,000
Bank deposits	**–**	1,621
	81,084	86,621

37. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014 HK$'000	2013 HK$'000
Land and buildings:		
Within one year	**24,926**	27,981
In the second to fifth year inclusive	**40,351**	54,341
Over five years	**82,905**	91,679
	148,182	174,001

Operating lease payments represent rentals payable by the Group for certain of its office premises, staff quarters and plant and machinery and equipment. Leases of office premises, staff quarters and, plant and machinery and equipment are negotiated for terms ranging from one to twenty years.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases which fall due as follow:

	2014 HK$'000	2013 HK$'000
Plant and machinery and equipment:		
Within one year	**1,790**	2,155
In the second to fifth year inclusive	**5,720**	6,100
Over five years	**19,426**	20,927
	26,936	29,182

The plant and machinery and equipment held have committed tenants for terms ranging from two to nineteen years (2013: two to twenty years).

38. CAPITAL COMMITMENTS

	2014 HK$'000	2013 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**1,641**	3,316

39. RETIREMENT BENEFITS SCHEMES

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, the Group contributes at 5% of relevant payroll costs with maximum of HK$1,500 (HK$1,250 prior to 1st June, 2014) per month to the scheme.

Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

Employees located in the PRC are covered by the retirement and pension schemes defined by local practice and regulations and which are essentially defined contribution schemes.

During the year, the Group made retirement benefits scheme contributions of HK$11,190,000 (2013: HK$11,243,000) after forfeited contributions utilised in the Group's ORSO Scheme of HK$14,000 (2013: HK$1,000).

40. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with its related parties:

	Trade purchases	
	2014	2013
	HK$'000	HK$'000
A joint venture	**578**	893

Compensation of key management personnel

The Group's key management personnel are all directors, details of their remuneration are disclosed in note 11.

Their remuneration is determined by the remuneration committee having regard to the performance of individuals and market trends.

41. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in note 28, net of cash and cash equivalents, and equity attributable to shareholders of the Company, comprising issued share capital, share premium, reserves and retained profits. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the repayment of existing debt, if necessary.

42. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 **HK$'000**	2013 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,232,123**	1,268,523
Derivative financial instruments	**33**	3
Financial liabilities		
At amortised cost	**1,034,102**	1,221,115
Derivative financial instruments	**12,670**	12,718
Obligation arising from a put option to non-controlling shareholders	**31,050**	31,050

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposits placed at insurance companies, trade and other receivables, pledged bank deposits, time deposit with maturity over three months, bank balances and cash, amount due from a joint venture, trade and other payables, obligation arising from a put option to non-controlling shareholders, derivative financial instruments, borrowings and amounts due to non-controlling shareholders. Details of the financial instruments are disclosed in respective notes.

The management monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group's activities expose primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures.

42. FINANCIAL INSTRUMENTS *(continued)*

(c) Foreign currency risk management

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group also has trade and other receivables, trade and other payables and borrowings denominated in foreign currencies.

(i) Non-derivative foreign currency monetary assets and monetary liabilities

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Hong Kong dollars	**160**	842	**–**	88
United States dollars	**30,329**	84,954	**414,534**	489,995
Renminbi	**39,100**	41,532	**317**	1,119
Others	**1,374**	2,743	**389**	2,775

Foreign currency sensitivity

The directors consider that the exposure of Hong Kong dollars against United States dollars is limited as Hong Kong dollars is pegged to United States dollars and the Group is mainly exposed to the currency risk of Renminbi against Hong Kong dollars and United States dollars; and Hong Kong dollars against Renminbi.

The following table details the Group's sensitivity to a 5% (2013: 5%) increase in the functional currencies of the relevant group entities against the foreign currencies. 5% (2013: 5%) is the sensitivity rate used in management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2013: 5%) change in foreign currency rates. A negative number indicates a decrease in profit before taxation where the functional currencies of the relevant group entities strengthen against the relevant foreign currencies. For a 5% (2013: 5%) weakening of the functional currencies of the relevant group entities, there would be an equal and opposite impact on the profit before taxation.

	Profit before taxation	
	2014 HK$'000	2013 HK$'000
Foreign currencies		
Hong Kong dollars	**(8)**	(38)
United States dollars	**19,210**	(120)
Renminbi	**(1,939)**	(2,021)
Others	**(49)**	2

In management's opinion, the sensitivity analysis is unrepresentative of the foreign exchange risk inherent in the financial assets and financial liabilities as the year end exposure does not reflect the exposure during the year.

42. FINANCIAL INSTRUMENTS *(continued)*

(c) Foreign currency risk management *(continued)*

(ii) Foreign currency forward contracts

During the year, the Group has entered into several foreign currency forward contracts with banks. These derivatives are not accounted for under hedge accounting. The Group is required to estimate the fair value of the foreign currency forward contracts at the end of each reporting period, which therefore exposed the Group to foreign currency risk.

Foreign currency sensitivity

The directors consider that the exposure of Hong Kong dollars against United States dollars is limited as Hong Kong dollars is pegged to United States dollars.

(d) Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and obligations under finance leases (notes 28 and 29). The management will take appropriate measures to manage interest rate exposure if interest rate fluctuates significantly. The management considers the fair value interest rate risk to the Group is low.

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on variable-rate bank borrowings (note 28 for details of these borrowings).

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, LIBOR, SIBOR, PBOC lending rate and Standard Bills Rate quoted by bank arising from the Group's borrowings denominated in Hong Kong dollars, United States dollars and Renminbi.

In addition, the management considers the interest rate risk in relation to the Group's put option derivative is minimal, accordingly, no sensitivity analysis is presented.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was existed for the whole year. A 50 (2013: 50) basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 (2013: 50) basis points higher/lower and all other variables were held constant, the Group's profit before taxation for the year ended 31st December, 2014 would decrease/increase by HK$3,532,000 (2013: HK$4,790,000).

42. FINANCIAL INSTRUMENTS *(continued)*

(e) Price risk management

Other price risk management

The Group's fair value exposure to its put option derivative is in relation to the changes in a discounted cash flow for a subsidiary's market value calculation. The management considers the exposure of other price risk for its put option derivative is not significant. Accordingly, no sensitivity analysis is presented.

(f) Credit risk management

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a large number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

(g) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

At the end of the reporting period, the Group has available unutilised short and long-term bank loan facilities of approximately HK$1,549,476,000 and HK$89,292,000 (2013: HK$1,060,325,000 and HK$88,029,000) respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

42. FINANCIAL INSTRUMENTS *(continued)*

(g) Liquidity risk management *(continued)*

In addition, the following table details the Group's liquidity analysis of its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average interest rate %	On demand or less than 3 months HK$'000	4 – 12 months HK$'000	1 – 2 years HK$'000	>2 – <3 years HK$'000	>3 – <5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2014 HK$'000
2014								
Non-derivative instruments								
Trade and other payables	–	255,705	–	–	–	–	255,705	255,705
Bank borrowings								
– Fixed interest rate	6.00 to 6.90	63,251	–	–	–	–	63,251	63,113
– Variable interest rate	3.10	624,673	30,756	13,820	12,804	28,715	710,768	706,491
Amounts due to non-controlling shareholders	–	8,793	–	–	–	–	8,793	8,793
Obligations under finance leases								
– Fixed interest rate	4.00	219	657	775	607	693	2,951	2,731
		952,641	31,413	14,595	13,411	29,408	1,041,468	1,036,833
Put option derivative	–	12,670	–	–	–	–	12,670	12,670
Obligation arising from a put option to non-controlling shareholders	–	31,050	–	–	–	–	31,050	31,050

42. FINANCIAL INSTRUMENTS *(continued)*

(g) Liquidity risk management *(continued)*

	Weighted average interest rate %	On demand or less than 3 months HK$'000	4 – 12 months HK$'000	1 – 2 years HK$'000	>2 – <3 years HK$'000	>3 – <5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2013 HK$'000
2013								
Non-derivative instruments								
Trade and other payables	–	234,537	–	–	–	–	234,537	234,537
Bank borrowings								
– Fixed interest rate	6.00	25,483	–	–	–	–	25,483	25,439
– Variable interest rate	3.32	837,389	51,745	20,398	13,811	41,475	964,818	958,017
Amounts due to non-controlling shareholders	–	3,122	–	–	–	–	3,122	3,122
Obligations under finance leases								
– Fixed interest rate	4.19	96	184	244	196	123	843	795
		1,100,627	51,929	20,642	14,007	41,598	1,228,803	1,221,910
Put option derivative	–	12,718	–	–	–	–	12,718	12,718
Obligation arising from a put option to non-controlling shareholders	–	31,050	–	–	–	–	31,050	31,050

Bank loans with a repayment on demand clause are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31st December, 2014, the aggregate carrying amounts of these bank loans amounted to HK$602,021,000 (2013: HK$767,494,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within five years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. During that period, the aggregate principal and interest cash outflows will amount to HK$606,371,000 (2013: HK$773,015,000).

	Maturity Analysis – Term loans subject to a repayment on demand clause based on scheduled repayments					
	0 – 3 months HK$'000	**4 – 6 months HK$'000**	**7 – 12 months HK$'000**	**1 – 2 years HK$'000**	**>2 – <3 years HK$'000**	**Total undiscounted cash outflows HK$'000**
31st December, 2014	**322,407**	**283,964**	**–**	**–**	**–**	**606,371**
31st December, 2013	411,941	333,127	25,436	2,511	–	773,015

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

42. FINANCIAL INSTRUMENTS *(continued)*

(h) Fair value measurement of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31.12.2014	31.12.2013				
Foreign currency forward contracts classified as derivative financial instruments in the consolidated statement of financial position	**Assets – HK$33,000**	Assets – HK$3,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
Obligation arising from a put option to non-controlling shareholders in the consolidated statement of financial position	**Liability – HK$31,050,000**	Liability – HK$31,050,000	Level 2	Reference to the unaudited consolidated net asset value of Fulwealth attributable to the Holders for the period up to the month immediately preceding the exercise date of the Put Option plus a premium of HK$12,650,000 representing HK$2.75 per option share with maximum aggregate consideration at HK$31,050,000.	N/A	N/A

42. FINANCIAL INSTRUMENTS *(continued)*

(h) Fair value measurement of financial instruments *(continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(continued)*

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31.12.2014	31.12.2013				
Put option derivative classified as derivative financial instruments in the consolidated statement of financial position	**Liability – HK$12,670,000**	Liability – HK$12,718,000	Level 3	Binomial Option Pricing Model The key inputs are equity value of Fulwealth, exercise price, risk-free rate, exercise period, dividend yield, and volatility of the shares of Fulwealth.	Equity value of Fulwealth is derived by income approach, HK$3.994 per share. The key inputs are unaudited consolidated net asset value and cash flow forecast of Fulwealth and expected return from the investors of 15.86% per annum developed using Capital Asset Pricing Model. Volatility is based on the average of the implied volatility of the comparable stocks, of 28.487%.	A slight increase in the unaudited consolidated net asset value, would result in a slight decrease in the fair value, and vice versa. A slight increase in the forecasted profit would result in a slight decrease in the fair value, and vice versa. A slight increase in the expected return from the investors would result in a slight increase in the fair value, and vice versa. A slight increase in the volatility would result in a slight increase in the fair value, and vice versa.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of principal subsidiaries

Name of company	Form of business structure	Place of incorporation/ registration/ operation	Issued and fully paid share capital/paid up registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
				2014	2013	
Advance Concord Development Limited	Incorporated	Hong Kong	HK$1,000,000 Ordinary shares	**100%**	100%	Property holding
China Rope Holdings Limited	Incorporated	Hong Kong	HK$10,000 Ordinary shares HK$18,162,854 Non-voting deferred shares	**100%**	100%	Investment holding
Dah Bang Printing Ink Manufactory Limited	Incorporated	Hong Kong	HK$10,000 Ordinary shares HK$10,100,000 Non-voting deferred shares**	**95%**	95%	Investment holding and sales of printing materials, spare parts and machines
Fulwealth Metal Factory Limited*	Incorporated	Hong Kong	HK$20,000,000 Ordinary shares	**77%**	77%	Investment holding and operating decoiling centres
Golik Concrete Limited	Incorporated	Hong Kong	HK$60,000,000 Ordinary shares	**100%**	100%	Investment holding and operating concrete batching plants
Golik Concrete (HK) Limited	Incorporated	Hong Kong	HK$2,000,000 Ordinary shares	**100%**	100%	Sales of ready mixed concrete
Golik Concrete Supplies Limited	Incorporated	Hong Kong	HK$2 Ordinary shares	**100%**	100%	Sales of ready mixed concrete, and manufacturing and sales of other concrete products
Golik Godown Limited	Incorporated	Hong Kong	HK$2 Ordinary shares	**100%**	100%	Provision of warehouse services
Golik Metal Industrial Company Limited*	Incorporated	Hong Kong	HK$10,000 Ordinary shares HK$5,135,000 Non-voting deferred shares**	**100%**	100%	Investment holding and sales of metal products and plastic materials
Golik Metal Manufacturing Co. Limited	Incorporated	Hong Kong	HK$30,000,000 Ordinary shares	**100%**	100%	Manufacturing and sales of welded wire mesh and metal products

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

General information of principal subsidiaries *(continued)*

Name of company	Form of business structure	Place of incorporation/ registration/ operation	Issued and fully paid share capital/paid up registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
				2014	2013	
Golik Properties Limited*	Incorporated	Hong Kong	HK$2 Ordinary shares	**100%**	100%	Property investment
Golik Steel (HK) Limited	Incorporated	Hong Kong	HK$750,000,000 Ordinary shares	**100%**	100%	Investment and properties holding, sales of steel bars and construction materials and provision for handling services
Jiangmen Golik Metal Manufacturing Co., Ltd.	Wholly foreign owned enterprise	PRC	HK$15,500,000 Registered capital	**100%**	100%	Manufacturing and sales of metal products
Orient Smart Industrial Limited	Incorporated	Hong Kong	HK$20,000,000 Ordinary shares	**53.5%**	53.5%	Sales of PVC plastic products
Supreme Enterprises, Limited	Incorporated	Hong Kong	HK$10,000 Ordinary shares	**100%**	100%	Property investment
The Spacers & Bar Chairs Manufacturer Company Limited	Incorporated	Hong Kong	HK$800,000 Ordinary shares	**80%**	80%	Manufacturing and sales of construction materials
Tianjin Goldsun Wire Rope Ltd. ("TJ Goldsun")	Equity joint venture	PRC	RMB60,000,000 Registered capital	**70.5%**	70.5%	Manufacturing and sales of steel wire ropes for elevators
鶴山恒基鋼絲制品有限公司	Wholly foreign owned enterprise	PRC	US$6,380,000 Registered capital	**100%**	100%	Manufacturing and sales of steel wire products and steel ropes
廣東水利混凝土有限公司	Wholly foreign owned enterprise	PRC	RMB27,800,000 Registered capital	**100%**	100%	Operating a concrete batching plant
鶴山高力金屬制品有限公司	Wholly foreign owned enterprise	PRC	US$3,380,000 Registered capital	**100%**	100%	Manufacturing and sales of steel wire mesh and metal products

* Subsidiaries held directly by the Company.

** The deferred shares, which are not held by the Group, practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the respective company or to participate in any distribution on winding up except authorised by Articles of Association.

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

General information of principal subsidiaries *(continued)*

Note:

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt security outstanding at the end of the year or at any time during the year.

Details of non-wholly owned subsidiaries that have material non-controlling interests

Details of TJ Goldsun and its subsidiary ("TJ Goldsun Group") and Fulwealth and its subsidiaries ("Fulwealth Group"), non-wholly owned subsidiaries with material non-controlling interests, and other individually immaterial subsidiaries with non-controlling interests are set out below.

	2014 HK$'000	2013 HK$'000
Profit allocated to non-controlling interests of		
TJ Goldsun Group	**11,693**	10,214
Fulwealth Group	**3,578**	4,565
Individually immaterial subsidiaries	**(1,961)**	(5,240)
	13,310	9,539
Accumulated non-controlling interests		
TJ Goldsun Group	**54,891**	45,244
Fulwealth Group	**(4,105)**	(4,189)
Individually immaterial subsidiaries	**(9,689)**	(7,728)
	41,097	33,327

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Summarised financial information in respect of TJ Goldsun Group and Fulwealth Group are set out below. The summarised financial information below represents the amounts before intra-group eliminations.

TJ Goldsun Group

	2014 HK$'000	2013 HK$'000
Current assets	**238,735**	220,372
Non-current assets	**185,389**	189,830
Current liabilities	**(236,504)**	(255,287)
Total equity	**187,620**	154,915
Revenue	**547,867**	501,130
Expenses	**(508,230)**	(466,506)
Profit for the year	**39,637**	34,624
Other comprehensive (expense) income for the year	**(585)**	4,173
Total comprehensive income for the year	**39,052**	38,797
Dividend paid	**(6,348)**	–
Net cash inflow from operating activities	**67,512**	34,109
Net cash outflow from investing activities	**(12,730)**	(55,731)
Net cash (outflow) inflow from financing activities	**(27,238)**	17,660
Net cash inflow (outflow)	**27,544**	(3,962)

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Fulwealth Group

	2014 HK$'000	2013 HK$'000
Current assets	225,418	284,101
Non-current assets	34,082	35,290
Current liabilities	(146,432)	(206,749)
Non-current liabilities	(2,394)	(2,394)
Total equity	110,674	110,248
Revenue	395,258	413,056
Expenses	(379,638)	(393,207)
Profit for the year	15,620	19,849
Other comprehensive (expense) income for the year	(192)	1,318
Total comprehensive income for the year	15,428	21,167
Dividend paid	(15,000)	–
Net cash inflow from operating activities	55,716	17,414
Net cash (outflow) inflow from investing activities	(279)	11,936
Net cash outflow from financing activities	(72,686)	(38,101)
Net cash outflow	(17,248)	(8,751)

44. SUMMARISED CONDENSED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014 **HK$'000**	2013 HK$'000
ASSETS AND LIABILITIES		
Investments in subsidiaries	**266,361**	266,361
Available-for-sale investment (Note 19)	**–**	–
Amounts due from subsidiaries	**419,163**	438,549
Other assets	**14,630**	16,203
Amounts due to subsidiaries	**(141,783)**	(160,610)
Other liabilities	**(30,779)**	(23,097)
	527,592	537,406
CAPITAL AND RESERVES		
Share capital	**56,192**	56,192
Reserves	**471,400**	481,214
	527,592	537,406

MOVEMENT OF RESERVES

	Share premium HK$'000	**Contribution surplus** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1st January, 2013	316,466	65,891	112,644	495,001
Profit and total comprehensive income for the year	–	–	8,690	8,690
Dividend paid	–	–	(22,477)	(22,477)
At 31st December, 2013	316,466	65,891	98,857	481,214
Profit and total comprehensive income for the year	–	–	14,349	14,349
Dividend paid	–	–	(24,163)	(24,163)
At 31st December, 2014	**316,466**	**65,891**	**89,043**	**471,400**

45. COMPARATIVE FIGURES

In order to conform with current year's presentation in the consolidated statement of cash flows, trust receipt loans raised of HK$748,230,000 for the year ended 31st December, 2013 included in operating activities has been reclassified to financing activities.