

GOLIK
HOLDINGS LIMITED

2017

INTERIM REPORT

Incorporated in Bermuda
with limited liability
Stock Code: 1118



CORPORATE INFORMATION**BOARD OF DIRECTORS****Executive Directors**

Mr. PANG Tak Chung (*Chairman*)
Mr. HO Wai Yu, Sammy (*Vice Chairman*)
Ms. PANG Wan Ping
Mr. LAU Ngai Fai

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 MHKCS MHKSI

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 6505, 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 506, Beautiful Group Tower
74-77 Connaught Road Central
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WEBSITE

www.golik.com

STOCK CODE

1118

INTERIM RESULTS

The Board of Directors (the "Board") of Golik Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2017

| | NOTES | Six months ended 30th June, | |
|------------------------------------|-------|-----------------------------|-------------|
| | | 2017 | 2016 |
| | | HK\$'000 | HK\$'000 |
| | | (unaudited) | (unaudited) |
| Revenue | 4 | 1,199,166 | 981,737 |
| Cost of sales | | (1,034,850) | (790,172) |
| Gross profit | | 164,316 | 191,565 |
| Other income | | 7,297 | 11,449 |
| Interest income | | 1,278 | 1,700 |
| Selling and distribution costs | | (51,147) | (43,577) |
| Administrative expenses | | (98,640) | (88,863) |
| Other gains and losses | 5 | 14,227 | (4,063) |
| Finance costs | 6 | (7,510) | (5,760) |
| Share of result of a joint venture | | 344 | 154 |
| Share of result of an associate | | (3,366) | (2,050) |
| Profit before taxation | | 26,799 | 60,555 |
| Income tax expenses | 7 | (8,394) | (12,596) |
| Profit for the period | 8 | 18,405 | 47,959 |

| | Six months ended 30th June, | |
|--|------------------------------------|--------------|
| <i>NOTE</i> | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Other comprehensive income (expense): | | |
| <i>Items that may be subsequently reclassified to profit or loss:</i> | | |
| – Exchange difference arising on translation of foreign operations | 11,611 | (7,709) |
| – Fair value loss on available-for-sale investment | (999) | (425) |
| | <hr/> | <hr/> |
| Other comprehensive income (expense) for the period | 10,612 | (8,134) |
| | <hr/> | <hr/> |
| Total comprehensive income for the period | 29,017 | 39,825 |
| | <hr/> | <hr/> |
| Profit for the period attributable to: | | |
| Shareholders of the Company | 12,850 | 42,069 |
| Non-controlling interests | 5,555 | 5,890 |
| | <hr/> | <hr/> |
| | 18,405 | 47,959 |
| | <hr/> | <hr/> |
| Total comprehensive income for the period attributable to: | | |
| Shareholders of the Company | 21,460 | 35,459 |
| Non-controlling interests | 7,557 | 4,366 |
| | <hr/> | <hr/> |
| | 29,017 | 39,825 |
| | <hr/> | <hr/> |
| Earnings per share | <i>10</i> | |
| Basic and diluted | HK2.29 cents | HK7.49 cents |
| | <hr/> | <hr/> |

GOLIK

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2017

| | NOTES | 30th June, 2017 HK\$'000 (unaudited) | 31st December, 2016 HK\$'000 (audited) |
|---|-------|---|---|
| Non-current Assets | | | |
| Investment properties | 11 | 3,910 | 3,910 |
| Property, plant and equipment | 11 | 472,923 | 426,770 |
| Prepaid lease payments | | 13,431 | 13,302 |
| Interest in a joint venture | | 4,382 | 4,038 |
| Amount due from a joint venture | | 5,068 | 5,068 |
| Interest in an associate | | – | – |
| Amount due from an associate | | 11,486 | 9,602 |
| Available-for-sale investment | 13 | 2,385 | 3,384 |
| Deposits placed at insurance companies | | 11,683 | 11,213 |
| Rental and other deposits | | 6,238 | 2,912 |
| Deposits paid for acquisition of property, plant and equipment | | 2,805 | 11,230 |
| | | 534,311 | 491,429 |
| Current Assets | | | |
| Inventories | | 461,626 | 230,866 |
| Trade and other receivables | 12 | 696,886 | 612,386 |
| Prepaid lease payments | | 454 | 444 |
| Income tax recoverable | | 310 | 163 |
| Amount due from an associate | | – | 253 |
| Available-for-sale investment | 13 | 5,029 | – |
| Bank balances and cash | | 346,465 | 574,941 |
| | | 1,510,770 | 1,419,053 |

| | NOTES | 30th June, 2017 HK\$'000 (unaudited) | 31st December, 2016 HK\$'000 (audited) |
|---|-------|---|---|
| Current Liabilities | | | |
| Trade and other payables | 14 | 214,582 | 228,339 |
| Dividend payable | 9 | 16,858 | – |
| Amounts due to non-controlling shareholders | | 3,200 | 14,970 |
| Income tax payable | | 16,649 | 11,222 |
| Bank borrowings | 15 | 666,926 | 502,920 |
| Obligations under finance leases | | 722 | 813 |
| Obligation arising from a put option to non-controlling shareholders | 16 | – | 31,050 |
| Derivative financial instruments | 16 | – | 12,474 |
| | | 918,937 | 801,788 |
| Net Current Assets | | | |
| | | 591,833 | 617,265 |
| | | 1,126,144 | 1,108,694 |
| Capital and Reserves | | | |
| Share capital | 17 | 56,192 | 56,192 |
| Share premium and reserves | | 973,030 | 967,324 |
| Equity attributable to shareholders of the Company | | 1,029,222 | 1,023,516 |
| Non-controlling interests | | 48,734 | 34,304 |
| Total Equity | | | |
| | | 1,077,956 | 1,057,820 |
| Non-current Liabilities | | | |
| Bank borrowings | 15 | 25,833 | 28,333 |
| Deferred tax liabilities | | 21,685 | 21,545 |
| Obligations under finance leases | | 670 | 996 |
| | | 48,188 | 50,874 |
| | | 1,126,144 | 1,108,694 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30TH JUNE, 2017

| | Attributable to shareholders of the Company | | | | | | | | | | |
|--|---|---------------|------------------|-----------------------|---------------------------|--------------------------------|---------------|------------------|-----------|---------------------------|-----------|
| | Share capital | Share premium | Exchange reserve | PRC statutory reserve | Asset revaluation reserve | Investment revaluation reserve | Other reserve | Retained profits | Total | Non-controlling interests | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | | | (Note a) | | | (Note b) | | | | |
| At 1st January, 2016 (audited) | 56,192 | 316,466 | 28,409 | 11,303 | 745 | 2,754 | (8,948) | 591,017 | 997,938 | 33,809 | 1,031,747 |
| Profit for the period | - | - | - | - | - | - | - | 42,069 | 42,069 | 5,890 | 47,959 |
| Other comprehensive expense for the period | | | | | | | | | | | |
| Exchange difference arising on translation of foreign operations | - | - | (6,185) | - | - | - | - | - | (6,185) | (1,524) | (7,709) |
| Fair value loss on available-for-sale investment | - | - | - | - | - | (425) | - | - | (425) | - | (425) |
| Total comprehensive income (expense) for the period | - | - | (6,185) | - | - | (425) | - | 42,069 | 35,459 | 4,366 | 39,825 |
| Dividend declared (note 9) | - | - | - | - | - | - | - | (19,667) | (19,667) | - | (19,667) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | - | (3,486) | (3,486) |
| Transfer between reserves | - | - | - | 1,097 | - | - | - | (1,097) | - | - | - |
| At 30th June, 2016 (unaudited) | 56,192 | 316,466 | 22,224 | 12,400 | 745 | 2,329 | (8,948) | 612,322 | 1,013,730 | 34,689 | 1,048,419 |
| Profit for the period | - | - | - | - | - | - | - | 30,601 | 30,601 | 6,593 | 37,194 |
| Other comprehensive income (expense) for the period | | | | | | | | | | | |
| Exchange difference arising on translation of foreign operations | - | - | (13,331) | - | - | - | - | - | (13,331) | (3,609) | (16,940) |
| Fair value gain on available-for-sale investment | - | - | - | - | - | 1,055 | - | - | 1,055 | - | 1,055 |
| Fair value loss on investment properties | - | - | - | - | (110) | - | - | - | (110) | - | (110) |
| Total comprehensive income (expense) for the period | - | - | (13,331) | - | (110) | 1,055 | - | 30,601 | 18,215 | 2,984 | 21,199 |

Attributable to shareholders of the Company

| | Share capital | Share premium | Exchange reserve | PRC statutory reserve | Asset revaluation reserve | Investment revaluation reserve | Other reserve | Retained profits | Total | Non-controlling interests | Total |
|--|---------------|----------------|------------------|-----------------------|---------------------------|--------------------------------|-----------------|------------------|------------------|---------------------------|------------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | | | (Note a) | | | (Note b) | | | | |
| Dividend paid (note 9) | - | - | - | - | - | - | - | (8,429) | (8,429) | - | (8,429) |
| Dividend paid to non-controlling interest | - | - | - | - | - | - | - | - | - | (3,369) | (3,369) |
| Transfer between reserves | - | - | - | 12,024 | - | - | - | (12,024) | - | - | - |
| At 31st December, 2016 (audited) | 56,192 | 316,466 | 8,893 | 24,424 | 635 | 3,384 | (8,948) | 622,470 | 1,023,516 | 34,304 | 1,057,820 |
| Profit for the period | - | - | - | - | - | - | - | 12,850 | 12,850 | 5,555 | 18,405 |
| Other comprehensive income (expense) for the period | | | | | | | | | | | |
| Exchange difference arising on translation of foreign operations | - | - | 9,609 | - | - | - | - | - | 9,609 | 2,002 | 11,611 |
| Fair value loss on available-for-sale investment | - | - | - | - | - | (999) | - | - | (999) | - | (999) |
| Total comprehensive income (expense) for the period | - | - | 9,609 | - | - | (999) | - | 12,850 | 21,460 | 7,557 | 29,017 |
| Acquisition of additional interest in a subsidiary (Note c) | - | - | (879) | - | - | - | (12,238) | 14,221 | 1,104 | 11,370 | 12,474 |
| Dividend declared (note 9) | - | - | - | - | - | - | - | (16,858) | (16,858) | - | (16,858) |
| Dividend paid to non-controlling interests | - | - | - | - | - | - | - | - | - | (4,497) | (4,497) |
| Transfer between reserves | - | - | - | 32 | - | - | - | (32) | - | - | - |
| At 30th June, 2017 (unaudited) | 56,192 | 316,466 | 17,623 | 24,456 | 635 | 2,385 | (21,186) | 632,651 | 1,029,222 | 48,734 | 1,077,956 |

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 condensed consolidated statement of changes in equity.
- (c) Amounts represented transfers from non-controlling interests to relevant reserves and adjustments arising from acquisition of additional interest in a subsidiary upon the exercise of a put option by non-controlling shareholders attributable to the shareholders of the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2017

| | Six months ended 30th June, | |
|--|-----------------------------|-------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| NET CASH USED IN OPERATING ACTIVITIES | (276,820) | (18,819) |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (48,430) | (9,106) |
| Advance to an associate | (5,250) | – |
| Purchase of available-for-sale investment | (5,021) | – |
| Deposits paid for acquisition of property, plant and equipment | (2,482) | (20,420) |
| Proceeds from disposal of property, plant and equipment | 5,089 | 365 |
| Others | 1,230 | 1,662 |
| Withdrawal of time deposits with maturity over three months | – | 100,000 |
| NET CASH (USED IN) FROM INVESTING ACTIVITIES | (54,864) | 72,501 |
| FINANCING ACTIVITIES | | |
| Trust receipt loans raised | 673,004 | 269,152 |
| Bank loans raised | 165,427 | 117,219 |
| Repayment of trust receipt loans | (534,283) | (264,731) |
| Repayment of bank loans | (147,917) | (115,747) |
| Acquisition of additional interest in a subsidiary upon the exercise of the Put Option by non-controlling shareholders (note 16) | (31,050) | – |
| Repayment to non-controlling shareholders | (11,770) | (78) |
| Interest paid | (8,419) | (5,336) |
| Dividend paid to non-controlling interests of subsidiaries | (4,497) | (3,486) |
| Repayment of obligations under finance leases | (417) | (516) |
| NET CASH FROM (USED IN) FINANCING ACTIVITIES | 100,078 | (3,523) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (231,606) | 50,159 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 574,941 | 381,064 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | 3,130 | (2,601) |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD represented by bank balances and cash | 346,465 | 428,622 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2017

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").

2. BASIS OF PREPARATION

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

3. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

| | |
|------------------------|--|
| Amendments to HKAS 7 | Disclosure Initiative |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses |
| Amendments to HKFRS 12 | As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle |

The application of the above amendments to HKFRSs in the current period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31st December, 2017.

Application of new accounting policy in respect of changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted after re-attribution of the relevant equity component, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. REVENUE AND SEGMENT INFORMATION

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

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

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

1. Metal products
2. Building construction materials

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

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

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

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

For the six months ended 30th June, 2016 (unaudited)

| | Metal products HK\$'000 | Building construction materials HK\$'000 | Reportable segment total HK\$'000 | Other operations HK\$'000 | Eliminations HK\$'000 | Consolidated HK\$'000 |
|--|-------------------------------|---|--|---------------------------------|--------------------------|--------------------------|
| REVENUE | | | | | | |
| External sales | 416,801 | 519,955 | 936,756 | 44,981 | - | 981,737 |
| Inter-segment sales | 4,647 | - | 4,647 | - | (4,647) | - |
| Total | 421,448 | 519,955 | 941,403 | 44,981 | (4,647) | 981,737 |
| SEGMENT RESULT | 44,992 | 35,181 | 80,173 | (2,939) | 54 | 77,288 |
| Unallocated other income | | | | | | 2,351 |
| Unallocated corporate expenses | | | | | | (11,111) |
| Fair value loss on put option derivative | | | | | | (317) |
| Finance costs | | | | | | (5,760) |
| Share of result of a joint venture | | | | | | 154 |
| Share of result of an associate | | | | | | (2,050) |
| Profit before taxation | | | | | | 60,555 |

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represents the gross profit or loss generated/suffered from each segment, net of selling and distribution costs and administrative expenses directly attributable to each segment without allocation of certain other income, corporate expenses, fair value loss on put option derivative, finance costs and share of results of a joint venture and an associate. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

5. OTHER GAINS AND LOSSES

| | Six months ended 30th June, | |
|---|------------------------------------|-----------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| Fair value loss on put option derivative (note 18) | - | 317 |
| Gain on disposal of property, plant and equipment | (4,729) | (269) |
| Net exchange (gain) loss | (1,570) | 2,919 |
| (Reversal of allowance) allowance for bad and doubtful debts, net | (7,928) | 1,096 |
| | (14,227) | 4,063 |

6. FINANCE COSTS

| | Six months ended 30th June, | |
|--|-----------------------------|--------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| Interest on: | | |
| Bank borrowings | 8,240 | 5,710 |
| Finance leases | 35 | 50 |
| | <u>8,275</u> | <u>5,760</u> |
| Less: amounts capitalised in the cost of qualifying assets | (765) | – |
| | <u>7,510</u> | <u>5,760</u> |

7. INCOME TAX EXPENSES

| | Six months ended 30th June, | |
|---|-----------------------------|---------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| The charge comprises: | | |
| Current period | | |
| Hong Kong | 6,355 | 4,356 |
| Other regions in the PRC | 3,496 | 6,789 |
| | <u>9,851</u> | <u>11,145</u> |
| (Overprovision) underprovision in prior years | | |
| Hong Kong | – | 103 |
| Other regions in the PRC | (1,597) | 1,108 |
| | <u>(1,597)</u> | <u>1,211</u> |
| Deferred tax | 140 | 240 |
| | <u>8,394</u> | <u>12,596</u> |

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

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

The EIT Law requires withholding tax to be levied on distribution of profits earned by a PRC entity to a Hong Kong resident company (which is the beneficial owner of the dividend received) for profits generated after 1st January, 2008 at the rate of 5%. As at 30th June, 2017 and 2016, deferred tax was provided for in full in respect of the temporary differences attributable to such profits.

8. PROFIT FOR THE PERIOD

Six months ended 30th June,
2017 2016
HK\$'000 *HK\$'000*

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

| | | |
|---|-------------------|-------------------|
| Amortisation of prepaid lease payments | 225 | 232 |
| Depreciation of property, plant and equipment | 18,469 | 19,239 |
| Reversal of write-down of inventories (included in cost of sales) | (11,071) | (7,163) |
| | | |

9. DIVIDEND

During the current period, a final dividend of HK3.0 cents per share in respect of the year ended 31st December, 2016 (six months ended 30th June, 2016: HK3.5 cents per share in respect of the year ended 31st December, 2015) was declared. The aggregate amount of the final dividend payable in the current period amounted to HK\$16,858,000 (six months ended 30th June, 2016: HK\$19,667,000).

Subsequent to the end of the interim period, the directors have determined that an interim dividend of HK1.5 cents per share (six months ended 30th June, 2016: HK1.5 cents per share) will be paid to the shareholders of the Company whose names appear in the register of members of the Company on 29th September, 2017.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to the shareholders of the Company of HK\$12,850,000 (six months ended 30th June, 2016: HK\$42,069,000) and 561,922,500 (six months ended 30th June, 2016: 561,922,500) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30th June, 2017 was presented as there were no potential ordinary shares in issue as at 30th June, 2017.

The calculation of the diluted earnings per share for the six months ended 30th June, 2016 does not assume the exercise of the written put option on shares of a subsidiary as it is anti-dilutive.

11. INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT

The fair value of the Group's investment properties as at 30th June, 2017 has been arrived at on the basis of a valuation carried out on 31st December, 2016 by LCH (Asia-Pacific) Surveyors Limited, an independent qualified professional valuer not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. In the opinion of the directors, there is no significant change in the fair value of the investment properties between 31st December, 2016 and 30th June, 2017.

During the current period, the Group acquired property, plant and equipment of HK\$59,743,000 (six months ended 30th June, 2016: HK\$14,399,000) in order to expand its manufacturing capabilities.

During the current period, the Group disposed of property, plant and equipment with aggregate carrying amount of HK\$360,000 (six months ended 30th June, 2016: HK\$96,000).

12. TRADE AND OTHER RECEIVABLES

| | 30th June, 2017 | 31st December, 2016 |
|--|----------------------------|------------------------|
| | HK\$'000 | HK\$'000 |
| Trade and bills receivables, net of allowance for doubtful debts | 617,192 | 550,501 |
| Prepayments, deposits and other receivables | 79,694 | 61,885 |
| | 696,886 | 612,386 |

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

Trade and bills 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:

| | 30th June, 2017 | 31st December, 2016 |
|--------------------|----------------------------|------------------------|
| | HK\$'000 | HK\$'000 |
| 0 - 30 days | 285,254 | 240,117 |
| 31 - 60 days | 177,024 | 160,655 |
| 61 - 90 days | 85,822 | 74,838 |
| 91 - 120 days | 39,789 | 31,009 |
| More than 120 days | 29,303 | 43,882 |
| | 617,192 | 550,501 |

13. AVAILABLE-FOR-SALE INVESTMENT

| | 30th June, 2017 HK\$'000 | 31st December, 2016 HK\$'000 |
|-------------------------------------|---|------------------------------------|
| The investments comprise of: | | |
| Certificate of deposit (Note) | 5,029 | – |
| Equity securities listed in Germany | 2,385 | 3,384 |
| | <hr/> | <hr/> |
| Total | 7,414 | 3,384 |
| | <hr/> | <hr/> |
| Analysed for reporting purposes as: | | |
| Current assets | 5,029 | – |
| Non-current assets | 2,385 | 3,384 |
| | <hr/> | <hr/> |
| | 7,414 | 3,384 |
| | <hr/> | <hr/> |

Note: At 30th June, 2017, available-for-sale investment included an investment in a deposit with fixed interest of 1.40% per annum of which the market price is quoted on the Central Moneymarkets Unit of the Hong Kong Monetary Authority and it is expected to be disposed of within one year from the end of the reporting date.

14. TRADE AND OTHER PAYABLES

| | 30th June, 2017 HK\$'000 | 31st December, 2016 HK\$'000 |
|--|---|------------------------------------|
| Trade payables | 118,217 | 119,855 |
| Accruals, deposits received and other payables | 96,365 | 108,484 |
| | <hr/> | <hr/> |
| | 214,582 | 228,339 |
| | <hr/> | <hr/> |

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

| | 30th June, 2017 HK\$'000 | 31st December, 2016 HK\$'000 |
|--------------------|---|------------------------------------|
| 0 - 30 days | 66,405 | 52,958 |
| 31 - 60 days | 38,393 | 39,492 |
| 61 - 90 days | 6,350 | 20,011 |
| 91 - 120 days | 4,442 | 2,857 |
| More than 120 days | 2,627 | 4,537 |
| | <hr/> | <hr/> |
| | 118,217 | 119,855 |
| | <hr/> | <hr/> |

15. BANK BORROWINGS

During the current period, the Group raised bank loans and trust receipt loans of HK\$165,427,000 and HK\$673,004,000 (six months ended 30th June, 2016: HK\$117,219,000 and HK\$269,152,000) respectively, and repaid bank loans and trust receipt loans of HK\$147,917,000 and HK\$534,283,000 (six months ended 30th June, 2016: HK\$115,747,000 and HK\$264,731,000) respectively. All new bank borrowings raised during the current period are unsecured with corporate guarantee from group companies. The bank borrowings at the end of the reporting period bear interest at market rates with effective borrowing rates ranging from 1.07% to 7.50% (year ended 31st December, 2016: 1.27% to 7.25%) per annum.

16. OBLIGATION ARISING FROM A PUT OPTION TO NON-CONTROLLING SHAREHOLDERS/ DERIVATIVE FINANCIAL INSTRUMENTS

On 6th September, 2011, the Company entered into an option deed with the non-controlling shareholders (the "Holders") of Fulwealth Metal Factory Limited ("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"). On 1st December, 2016, the Company entered into a Supplemental Option Deed with the Holders to extend the Exercise Period from 31st December, 2016 to 31st December, 2021. 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.

On 28th April, 2017, the Holders exercised the Put Option to sell to the Company, and required the Company to acquire all of the Holders' remaining 23% of the equity interest in Fulwealth, at a cash consideration of HK\$31,050,000. Accordingly, the obligation arising from a put option to non-controlling shareholders of HK\$31,050,000 was settled, and the derivative financial instruments of HK\$12,474,000 was derecognised. The relevant non-controlling interest of HK\$11,370,000 was transferred to retained profits and exchange reserve and the difference arising on these adjustments is recognised in other reserve.

17. SHARE CAPITAL

| | Number of shares | Amount <i>HK\$'000</i> |
|---|-------------------------|----------------------------------|
| Ordinary shares of HK\$0.10 each | | |
| Authorised: | | |
| At 1st January, 2016, 30th June, 2016, 31st December, 2016 and 30th June, 2017 | <u>1,800,000,000</u> | <u>180,000</u> |
| Issued and fully paid: | | |
| At 1st January, 2016, 30th June, 2016, 31st December, 2016 and 30th June, 2017 | <u>561,922,500</u> | <u>56,192</u> |

18. FAIR VALUE MEASUREMENTS 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 |
|--|----------------------------------|-------------------------------|-------------------------|---|---|---|
| | 30th June, 2017 | 31st December, 2016 | | | | |
| Available-for-sale investment | Asset – HK\$7,414,000 | Asset – HK\$3,384,000 | Level 1 | Quoted bid prices in an active market | N/A | N/A |
| Obligation arising from a put option to non-controlling shareholders | N/A | Liability – HK\$31,050,000 | Level 3 | 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. | Net asset value of Fulwealth | The lower the net asset value, the lower the consideration. |
| Put option derivative classified as derivative financial instruments in the condensed consolidated statement of financial position | N/A | Liability – HK\$12,474,000 | 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 of HK\$3.969 per share is derived by income approach. The key inputs are unaudited consolidated net asset value and cash flow forecast of Fulwealth and expected return from the investors of 17.30% per annum developed using Capital Asset Pricing Model. Volatility of 30.96% is based on the average of the implied volatility of the comparable stocks. | 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 condensed consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurements of financial liabilities

| | Obligation arising from a put option to non-controlling shareholders | | Put option derivative | | Total | |
|-----------------------------|--|--------------------|--------------------------|--------------------|--------------------|--------------------|
| | 30th June, 2017 | 30th June, 2016 | 30th June, 2017 | 30th June, 2016 | 30th June, 2017 | 30th June, 2016 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At beginning of the period | 31,050 | 31,050 | 12,474 | 12,660 | 43,524 | 43,710 |
| Fair value loss | - | - | - | 317 | - | 317 |
| Exercised during the period | - | - | (12,474) | - | (12,474) | - |
| Settled during the period | (31,050) | - | - | - | (31,050) | - |
| At end of the period | - | 31,050 | - | 12,977 | - | 44,027 |

The fair value loss of HK\$317,000 for the six months ended 30th June, 2016 is included in other gains and losses set out in note 5.

19. CAPITAL COMMITMENTS

| | 30th June, 2017 HK\$'000 | 31st December, 2016 HK\$'000 |
|---|--------------------------------|------------------------------------|
| Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements | 13,412 | 60,011 |

20. PLEDGE OF ASSETS

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

| | 30th June, 2017 HK\$'000 | 31st December, 2016 HK\$'000 |
|--------------------------|--------------------------------|------------------------------------|
| Construction in progress | 81,084 | 81,084 |

21. RELATED PARTY DISCLOSURES

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

| | Trade purchases | | Trade sales | | Interest income | |
|--------------|------------------|----------|------------------|----------|------------------|----------|
| | Six months ended | | Six months ended | | Six months ended | |
| | 30th June, | | 30th June, | | 30th June, | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| An associate | - | 16 | - | 61 | 209 | 210 |

The related parties balances are disclosed in the condensed consolidated statement of financial position.

Compensation of key management personnel

During the period, the Group's remuneration paid to the directors, the key management personnel of the Group, are as follows:

| | Six months ended 30th June, | |
|------------------------------|-----------------------------|----------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| Short-term employee benefits | 9,968 | 9,487 |
| Post-employment benefits | 228 | 213 |
| | 10,196 | 9,700 |

BUSINESS REVIEW

Metal products and building construction materials represent the two major core businesses during the period under review.

For the six months ended 30th June, 2017, the Group's total revenue was HK\$1,199,166,000, representing an increase of 22% against the same period last year. After deduction of non-controlling interests, profit attributable to shareholders of the Company amounted to HK\$12,850,000, representing a decrease of 69% compared to the same period last year.

A slump in profit was mainly due to the underperformance of steel product distribution business during the period, and the unrealized efficiency of preliminary expenses consumed by the processing plants for two new projects, namely high-end lifting wire rope and construction rebar cut-and-bend service.

The Board has declared an interim dividend of HK1.5 cents per share.

Metal Products

Metal products line of business comprises mainly of steel coil processing, steel wires and steel wire rope products in the Mainland. Revenue for the period was HK\$440,422,000, representing an increase of 5% over the same period last year. Profit before interest and taxation was HK\$39,196,000, representing a decrease of 13% over the same period last year.

The manufacturing sector in the Mainland is facing daunting challenges that a rise in commodity prices has led to an increase in raw materials costs, but the extra costs cannot be passed onto the downstream buyers due to fierce market competition. As the environmental regulation for the Mainland manufacturing sector is becoming ever stricter for the time being, enterprises' spending on environment protection has surged, a noticeable number of middle to low-end metal products manufacturing businesses face closures.

Despite the above challenges faced by the Group's metal products business during the period, with the endeavor of the team especially the advances towards high-end elevator wire ropes in replacing the development of import products, the results of metal products business remained stable overall.

The high-end lifting wire rope products are still in the development stage, relevant preliminary expenses have brought pressure and dragged down profit performance. Adverse pressure imposed on results over a period of time by new product development, particularly high-end product development, is expected, the management will be determined and optimistic in developing high-end wire rope products.

Building Construction Materials

Building construction materials line of business comprises mainly of ready mixed concrete, processing and distribution of construction steel products and other building construction materials. During the period, revenue was HK\$741,507,000, representing an increase of 43% over the same period last year. The increase was mainly attributable to the rise in prices and quantity of building construction material products during the period. Profit before interest and taxation was HK\$10,010,000, representing a substantial decrease of 72% over the same period last year. The decrease was mainly attributable to the loss recorded in steel distribution business during the period.

During the period, the Chinese government has shut down and suspended a noticeable number of small and medium steel mills by environmental means to cut back the steel capacity in a large extent. It has caused a considerable change in the Chinese steel market with steel price surge. In recent years, China has been a main provider of construction steels to Hong Kong, the fluctuated steel prices and tight supply in the Mainland would seriously affect the steel distribution sector of Hong Kong. Distributors usually procure steel with a high price to maintain the supply to their contracted customers and therefore resulting in loss.

Our ready mixed concrete business performed well during the period. Both prices and gross profit margin of mixed concrete business dropped this year, the management tried their best to maintain stable performance through control on all kinds of costs (including materials costs) while expanding business scale.

Construction rebar cut-and-bend service is another development of the Group in recent years. The construction and installation of all equipment of the newly invested plant located at Tai Po Industrial Estate are expected to be completed by the end of the year and launched formally next year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2017, the bank balances and cash of the Group amounted to HK\$346,465,000 (31st December, 2016: HK\$574,941,000). As at 30th June, 2017, the current ratio (current assets to current liabilities) of the Group was 1.64:1 (31st December, 2016: 1.77:1).

As at 30th June, 2017, the total borrowings of the Group amounted to HK\$694,151,000 (31st December, 2016: HK\$533,062,000).

The Group's monetary assets are principally denominated in Hong Kong dollars, Renminbi and United States dollars. As Hong Kong dollars is pegged to United States dollars, the Group believes its exposure to exchange risk is limited. For the fluctuation of exchange rate of Renminbi, the Management will continue to monitor foreign exchange exposure of Renminbi and will take prudence measures to minimize the currency risk.

CAPITAL STRUCTURE

During the period, there was no material change to the capital structure of the Company. The number of the Company's ordinary shares in issue as at 30th June, 2017 was 561,922,500 (31st December, 2016: 561,922,500). As at 30th June, 2017, the equity attributable to the shareholders of the Company amounted to HK\$1,029,222,000 (31st December, 2016: HK\$1,023,516,000).

As at 30th June, 2017, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.32:1 (31st December, 2016: -0.04:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 30th June, 2017, the total number of staff of the Group was 1,452. Remuneration is determined with reference to the performance, qualifications and experience of the employees concerned and the prevailing industry practice. The Group provides Mandatory Provident Fund entitlement to Hong Kong's employees. Moreover, share options may be granted as an incentive or reward to eligible employees in accordance with the share option scheme adopted on 5th June, 2014.

The year 2017 marked a relatively challenging year for the Group's business. Significantly fluctuated steel prices, strict environment regulations for manufacturing sector in the Mainland, as well as unrealized efficiency in the two core projects, namely high-end lifting wire rope and construction rebar cut-and-bend service, all these unfavourable factors imposed pressure on the Group's short-term performance. However, with its solid foundation and correct direction, the Group believes that the effort made at this moment will ultimately bear fruit. The Group is confident to overcome the existing challenge and establish a solid foundation for long-term sustainable development. Our results is expected to resume growth within one to two years via continuing efforts.

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June, 2017, 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 (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(1) Long position

Shares of the Company

| Name of directors | Number of ordinary shares | | | Percentage of issued shares |
|---------------------------|---|--|-------------|-----------------------------|
| | Personal interests (held as beneficial owner) | Corporate interests (held by controlled corporation) | Total | |
| Mr. Pang Tak Chung (Note) | 159,034,708 | 195,646,500 | 354,681,208 | 63.12% |
| Mr. Ho Wai Yu, Sammy | 2,000 | - | 2,000 | 0.00% |
| Mr. Lau Ngai Fai | 100,000 | - | 100,000 | 0.02% |

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

Share options

The share option scheme was adopted by the Company at the annual general meeting on 5th June, 2014. It will be valid for 10 years until 4th June, 2024. During the period, no share option had been granted under the said share option scheme.

(2) Shares in subsidiaries

As at 30th June, 2017, Mr. Pang Tak Chung held 5,850 non-voting deferred shares in Golik Metal Industrial Company Limited.

Save as disclosed above, as at 30th June, 2017, 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 period, 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.

SUBSTANTIAL SHAREHOLDER

As at 30th June, 2017, 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 30th June, 2017, 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.

CORPORATE GOVERNANCE

The Group is committed to the maintenance of good corporate governance practices as set out in the Code on Corporate Governance Practices (the “CG Code”) in Appendix 14 to the Listing Rules. The Company has complied with code provisions as set out in the CG Code throughout the six months ended 30th June, 2017 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 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.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in directors' information since the date of 2016 Annual Report of the Company are set out below:

With effect from 1st March, 2017,

1. the monthly salary of Mr. Pang Tak Chung, Chairman of the Company, has been increased by HK\$15,000.
2. the monthly salary of Mr. Ho Wai Yu, Sammy, Vice Chairman of the Company, has been increased by HK\$15,000.
3. the monthly salary of Ms. Pang Wan Ping, Executive Director of the Company, has been increased by HK\$4,000.
4. the monthly salary of Mr. Lau Ngai Fai, Executive Director of the Company, has been increased by HK\$10,000.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June, 2017. The financial information contained in this interim report is unaudited, the disclosure of which has complied with Appendix 16 to the Listing Rules.

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. The Remuneration Committee comprises three Independent Non-executive Directors namely Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong.

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 as set out in 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 as set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 30th June, 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2017.

ACKNOWLEDGEMENT

I take this opportunity to extend my heartfelt gratitude to all employees and management staff of the Group for their continuing efforts and contributions over the past, also to our shareholders, customers, banks and business associates. With their continuing support, the Group will look ahead to achieve even better results for the remaining half of the year.

By Order of the Board

Pang Tak Chung

Chairman

Hong Kong, 25th August, 2017