



2015 INTERIM REPORT

Stock Code : 1118
Incorporated in Bermuda with limited liability

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

Mr. PANG Tak Chung (*Chairman*)

Mr. HO Wai Yu, Sammy (*Vice Chairman*)

Mr. John Cyril FLETCHER

(retired on 1st June, 2015)

Ms. PANG Wan Ping

Mr. LAU Ngai Fai

(appointed on 10th August, 2015)

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 MCFI

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

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Hamilton HM 11

Bermuda

**HEAD OFFICE AND PRINCIPAL PLACE
OF BUSINESS**

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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

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STOCK CODE

1118

INTERIM RESULTS

The Board of Directors 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, 2015 together with the comparative unaudited figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

		Six months ended 30th June,	
		2015	2014
	<i>NOTES</i>	HK\$'000	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Revenue	4	1,372,418	1,504,084
Cost of sales		(1,163,234)	(1,300,950)
Gross profit		209,184	203,134
Other income		9,177	12,266
Interest income		1,691	1,225
Selling and distribution costs		(47,814)	(45,892)
Administrative expenses		(93,892)	(85,984)
Other gains and losses	5	(2,431)	(7,045)
Finance costs	6	(10,107)	(14,463)
Share of result of a joint venture		105	(49)
Share of result of an associate		(11)	–
Profit before taxation		65,902	63,192
Income taxes	7	(8,491)	(6,653)
Profit for the period	8	57,411	56,539

Six months ended 30th June,

2015

2014

NOTES

HK\$'000

HK\$'000

(unaudited)

(unaudited)

Other comprehensive income (expense):

Items that may be subsequently reclassified to profit or loss:

– Exchange difference arising on translation of foreign operations	495	(3,701)
– Fair value gain on available-for-sale investment	8,730	–
– Gain on revaluation of property, plant and equipment upon transfer to investment properties	915	–
	<hr/>	<hr/>

Other comprehensive income (expense) for the period

10,140 (3,701)

Total comprehensive income for the period

67,551 52,838

Profit for the period attributable to:

Shareholders of the Company	52,198	50,228
Non-controlling interests	5,213	6,311
	<hr/>	<hr/>
	57,411	56,539
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Total comprehensive income attributable to:

Shareholders of the Company	62,311	47,104
Non-controlling interests	5,240	5,734
	<hr/>	<hr/>
	67,551	52,838
	<hr/>	<hr/>

Earnings per share
Basic and diluted

10

HK9.29 cents

HK8.94 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2015

	NOTES	30th June, 2015 HK\$'000 (unaudited)	31st December, 2014 HK\$'000 (audited)
Non-current Assets			
Investment properties	11	4,190	–
Property, plant and equipment	11	417,641	435,322
Prepaid lease payments		15,598	15,839
Interest in a joint venture		3,019	2,914
Interest in an associate		3,489	–
Available-for-sale investment	12	8,730	–
Deposits placed at insurance companies		10,635	10,220
Rental and other deposits		2,196	5,932
Deposits paid for acquisition of property, plant and equipment		6,866	3,549
Amount due from a joint venture		5,068	5,414
		<u>477,432</u>	<u>479,190</u>
Current Assets			
Inventories		355,583	404,368
Trade and other receivables	13	664,626	712,567
Prepaid lease payments		492	491
Amount due from an associate		7,330	–
Income tax recoverable		108	108
Derivative financial instruments		–	33
Time deposit with maturity over three months		2,735	2,701
Bank balances and cash		281,827	527,928
		<u>1,312,701</u>	<u>1,648,196</u>

		30th June, 2015	31st December, 2014
	<i>NOTES</i>	HK\$'000	<i>HK\$'000</i>
		(unaudited)	(audited)
Current Liabilities			
Trade and other payables	14	265,254	282,937
Dividend payable		19,667	–
Amounts due to non-controlling shareholders		5,322	8,793
Income tax payable		13,546	11,717
Bank borrowings	15	339,969	716,400
Obligations under finance leases		934	779
Obligation arising from a put option to non-controlling shareholders	16	31,050	31,050
Derivative financial instruments	16	12,375	12,670
		688,117	1,064,346
Net Current Assets			
		624,584	583,850
		1,102,016	1,063,040
Capital and Reserves			
Share capital	17	56,192	56,192
Share premium and reserves		934,974	892,330
Equity attributable to shareholders of the Company		991,166	948,522
Non-controlling interests		43,346	41,097
Total Equity			
		1,034,512	989,619
Non-current Liabilities			
Bank borrowings	15	46,815	53,204
Deferred tax liabilities		18,845	18,265
Obligations under finance leases		1,844	1,952
		67,504	73,421
		1,102,016	1,063,040

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

	Attributable to shareholders of the Company										Non-controlling interests	Total
	Share capital	Share premium	Exchange reserve	PRC statutory reserve	Asset revaluation reserve	Investment revaluation reserve	Other reserve	Retained profits	Total	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000	HK\$'000 (Note b)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2014 (audited)	56,192	316,466	47,032	3,949	-	-	(8,948)	450,454	865,145	33,327	898,472	
Profit for the period	-	-	-	-	-	-	-	50,228	50,228	6,311	56,539	
Other comprehensive expense for the period												
Exchange difference arising on translation of foreign operations	-	-	(3,124)	-	-	-	-	-	(3,124)	(577)	(3,701)	
Total comprehensive income (expense) for the period	-	-	(3,124)	-	-	-	-	50,228	47,104	5,734	52,838	
Dividend payable (note 9)	-	-	-	-	-	-	-	(15,734)	(15,734)	-	(15,734)	
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,867)	(1,867)	
At 30th June, 2014 (unaudited)	56,192	316,466	43,908	3,949	-	-	(8,948)	484,948	896,515	37,194	933,709	
Profit for the period	-	-	-	-	-	-	-	57,208	57,208	6,999	64,207	
Other comprehensive income for the period												
Exchange difference arising on translation of foreign operations	-	-	2,606	-	-	-	-	-	2,606	360	2,966	
Deregistration of a subsidiary	-	-	622	-	-	-	-	-	622	-	622	
Total comprehensive income for the period	-	-	3,228	-	-	-	-	57,208	60,436	7,359	67,795	
Dividend paid (note 9)	-	-	-	-	-	-	-	(8,429)	(8,429)	(3,456)	(11,885)	
At 31st December, 2014 (audited)	56,192	316,466	47,136	3,949	-	-	(8,948)	533,727	948,522	41,097	989,619	

Attributable to shareholders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	PRC	Asset	Investment	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-	Total HK\$'000
				statutory reserve HK\$'000 (Note a)	revaluation reserve HK\$'000	revaluation reserve HK\$'000				controlling interests HK\$'000	
Profit for the period	-	-	-	-	-	-	-	52,198	52,198	5,213	57,411
Other comprehensive income for the period											
Exchange difference arising on translation of foreign operations	-	-	468	-	-	-	-	-	468	27	495
Fair value gain on available-for-sale investment	-	-	-	-	-	8,730	-	-	8,730	-	8,730
Gain on revaluation of property, plant and equipment upon transfer to investment properties	-	-	-	-	915	-	-	-	915	-	915
Total comprehensive income for the period	-	-	468	-	915	8,730	-	52,198	62,311	5,240	67,551
Dividend payable (note 9)	-	-	-	-	-	-	-	(19,667)	(19,667)	-	(19,667)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(2,991)	(2,991)
Transfer between reserves	-	-	-	7,017	-	-	-	(7,017)	-	-	-
At 30th June, 2015 (unaudited)	56,192	316,466	47,604	10,966	915	8,730	(8,948)	559,241	991,166	43,346	1,034,512

Notes:

- (a) The People's Republic of China (the "PRC") statutory reserve is 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

	Six months ended 30th June, 2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	171,867	74,513
INVESTING ACTIVITIES		
Capital contribution to an associate	(3,500)	–
Repayment from a joint venture	346	180
Advance to an associate	(7,330)	–
Deposits paid for acquisition of property, plant and equipment	(3,815)	(4,153)
Purchase of property, plant and equipment	(4,921)	(11,620)
Proceeds from disposal of property, plant and equipment	154	1,217
Withdrawal of pledged bank deposits	–	1,605
Others	1,045	1,300
NET CASH USED IN INVESTING ACTIVITIES	(18,021)	(11,471)
FINANCING ACTIVITIES		
Trust receipt loans raised	564,726	764,749
Bank loans raised	182,438	254,972
Repayment of trust receipt loans	(889,765)	(934,028)
Repayment of bank loans	(240,309)	(256,941)
(Repayment to) advance from non-controlling shareholders	(3,471)	11
Dividend paid to non-controlling interests of a subsidiary	(2,991)	(1,867)
Interest paid	(10,225)	(14,730)
Repayment of obligations under finance leases	(397)	(264)
NET CASH USED IN FINANCING ACTIVITIES	(399,994)	(188,098)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(246,148)	(125,056)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	527,928	464,723
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	47	(730)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	281,827	338,937
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	281,827	338,937

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2015

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.

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, 2015 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2014.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The results and assets and liabilities of an associate are incorporated in these condensed consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the condensed 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 associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), 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 associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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 an associate. 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 of disposal) 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 an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's condensed consolidated financial statements only to the extent of interest in the associate that are not related to the Group.

In the current 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 19	Defined benefits plans: Employee contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 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.

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 ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold.

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

1. Metal products
2. Building construction materials

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

During the six months ended 30th June, 2015, the Group's "Metal Products" and "Building Construction Materials" segments were regrouped because the CODM believe that such regrouping better reflects the segments' performance based on the respective product nature of relevant operating units. Accordingly, the comparative information for the six months ended 30th June, 2014 has been restated to conform with the current period's presentation.

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, 2015

	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	529,530	798,280	1,327,810	44,608	-	1,372,418
Inter-segment sales	5,825	70	5,895	-	(5,895)	-
Total	<u>535,355</u>	<u>798,350</u>	<u>1,333,705</u>	<u>44,608</u>	<u>(5,895)</u>	<u>1,372,418</u>
SEGMENT RESULT						
	<u>41,545</u>	<u>46,700</u>	<u>88,245</u>	<u>(3,547)</u>	<u>(10)</u>	<u>84,688</u>
Unallocated other income						3,227
Unallocated corporate expenses						(12,295)
Fair value gain on put option derivative						295
Finance costs						(10,107)
Share of result of a joint venture						105
Share of result of an associate						(11)
Profit before taxation						<u>65,902</u>

For the six months ended 30th June, 2014 (restated)

	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	569,181	872,840	1,442,021	62,063	-	1,504,084
Inter-segment sales	6,694	88	6,782	-	(6,782)	-
Total	<u>575,875</u>	<u>872,928</u>	<u>1,448,803</u>	<u>62,063</u>	<u>(6,782)</u>	<u>1,504,084</u>
SEGMENT RESULT						
	<u>45,615</u>	<u>50,106</u>	<u>95,721</u>	<u>(8,712)</u>	<u>197</u>	<u>87,206</u>
Unallocated other income						2,518
Unallocated corporate expenses						(12,202)
Fair value gain on put option derivative						182
Finance costs						(14,463)
Share of result of a joint venture						(49)
Profit before taxation						<u>63,192</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. 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 on put option derivative, finance costs and share of results of a joint venture/an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2015	2014
	HK\$'000	HK\$'000
Change in fair value of foreign currency forward contracts derivative	(12)	(193)
Fair value gain on put option derivative (note 16)	(295)	(182)
(Gain) loss on disposal of property, plant and equipment	(124)	617
Net exchange loss	56	1,356
Allowance for bad and doubtful debts, net	2,806	5,447
	2,431	7,045

6. FINANCE COSTS

	Six months ended 30th June,	
	2015	2014
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	10,053	14,434
Finance leases	54	29
	10,107	14,463

7. INCOME TAXES

	Six months ended 30th June,	
	2015	2014
	HK\$'000	HK\$'000
The charge comprises:		
Current period		
Hong Kong	1,571	1,352
Other regions in the PRC	5,662	5,646
	7,233	6,998
Underprovision (overprovision) in prior year		
Other regions in the PRC	319	(965)
Deferred tax	939	620
	8,491	6,653

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 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 30th June, 2015 and 2014, 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,	
2015	2014
HK\$'000	HK\$'000

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

Amortisation of prepaid lease payments	246	246
Depreciation of property, plant and equipment	20,332	20,311
Reversal of write down of inventories (included in cost of sales)	(460)	(827)
	<u> </u>	<u> </u>

9. DIVIDEND

During the current period, a final dividend of HK3.5 cents per share in respect of the year ended 31st December, 2014 (six months ended 30th June, 2014: HK2.8 cents per share in respect of the year ended 31st December, 2013) was declared. The aggregate amount of the final dividend payable in the current period amounted to HK\$19,667,000 (six months ended 30th June, 2014: HK\$15,734,000).

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, 2014: 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 25th September, 2015.

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\$52,198,000 (six months ended 30th June, 2014: HK\$50,228,000) and 561,922,500 (six months ended 30th June, 2014: 561,922,500) number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share for both periods 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

During the current period, properties with carrying amount of approximately HK\$3,275,000 was transferred to investment properties at fair value of HK\$4,190,000 at date of transfer due to the change of usage as evidenced by the end of owner-occupation. The difference between the carrying amount and fair value, which amounted to approximately HK\$915,000, is recognised in other comprehensive income and accumulated in asset revaluation reserve.

The fair value of the Group's investment properties at the date of transfer during the current period has been arrived at on the basis of a valuation carried out on 31st December, 2014 by LCH (Asia-Pacific) Surveyors Limited, an independent firm of qualified professional valuers not connected with the Group. The valuation was arrived at by reference to market evidence of recent 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 the date of valuation, the date of transfer and at 30th June, 2015.

The Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

The investment properties are situated in other regions in the PRC under medium-term leases.

During the current period, the Group acquired property, plant and equipment of approximately HK\$5.9 million (six months ended 30th June, 2014: HK\$21.8 million) in order to expand its manufacturing capabilities.

During the current period, the Group disposed of property, plant and equipment with aggregate carrying amount of approximately HK\$0.03 million (six months ended 30th June, 2014: HK\$1.8 million).

12. AVAILABLE-FOR-SALE INVESTMENT

During the current period, the unlisted private entity incorporated in Germany has been successfully listed and the fair value of the investment is determined by reference to the bid prices quoted in an active market. At 30th June, 2015, the fair value of the investment is HK\$8,730,000 and a fair value gain on available-for-sale investment of HK\$8,730,000 has been recognised in other comprehensive income and accumulated in investment revaluation reserve.

13. TRADE AND OTHER RECEIVABLES

	30th June, 2015	31st December, 2014
	HK\$'000	HK\$'000
Trade receivables, net	624,371	677,884
Prepayments, deposits and other receivables	40,255	34,683
	664,626	712,567

Other than 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:

	30th June, 2015	31st December, 2014
	HK\$'000	HK\$'000
0 – 30 days	267,318	326,742
31 – 60 days	175,924	175,252
61 – 90 days	83,885	82,127
91 – 120 days	35,924	43,377
More than 120 days	61,320	50,386
	624,371	677,884

14. TRADE AND OTHER PAYABLES

	30th June, 2015	31st December, 2014
	HK\$'000	HK\$'000
Trade payables	127,322	159,404
Accruals, deposits received and other payables	137,932	123,533
	265,254	282,937

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

	30th June, 2015	31st December, 2014
	HK\$'000	HK\$'000
0 – 30 days	76,338	89,218
31 – 60 days	26,682	42,334
61 – 90 days	8,666	19,208
91 – 120 days	11,954	5,667
More than 120 days	3,682	2,977
	127,322	159,404

15. BANK BORROWINGS

During the current period, the Group raised bank loans and trust receipt loans of HK\$182 million and HK\$565 million (six months ended 30th June, 2014: HK\$255 million and HK\$765 million) respectively, and repaid bank loans and trust receipt loans of HK\$240 million and HK\$890 million (six months ended 30th June, 2014: HK\$257 million and HK\$934 million) 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 1.35% to 7.20% (year ended 31st December, 2014: 1.38% to 9.15%) per annum.

16. OBLIGATION ARISING FROM A PUT OPTION TO NON-CONTROLLING SHAREHOLDERS AND 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"). 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 condensed 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*.

As at 30th June, 2015, the fair value of the Put Option of HK\$12,375,000 (year ended 31st December, 2014: HK\$12,670,000) which is determined by using Binominal Option Pricing Model, has been recognised in the condensed consolidated statement of financial position. Accordingly, a fair value gain of HK\$295,000 (six months ended 30th June, 2014: HK\$182,000) has been recognised in other gains and losses set out in note 5 during the current period.

17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1st January, 2014, 30th June, 2014, 31st December, 2014 and 30th June, 2015	1,800,000,000	180,000
Issued and fully paid:		
At 1st January, 2014, 30th June, 2014, 31st December, 2014 and 30th June, 2015	561,922,500	56,192

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, 2015	31st December, 2014				
Available-for-sale investment	Assets – HK\$8,370,000	Assets – HK\$nil	Level 1	Quoted bid prices in an active market	N/A	NA
Foreign currency forward contracts classified as derivative financial instruments in the condensed consolidated statement of financial position	Assets – HK\$nil	Assets – HK\$33,000	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	NA
Obligation arising from a put option to non-controlling shareholders in the condensed 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	NA
Put option derivative classified as derivative financial instruments in the condensed consolidated statement of financial position	Liability – HK\$12,375,000	Liability – HK\$12,670,000	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\$4.092 per share. The key inputs are unaudited consolidated net asset value and cash flow forecast of Fulwealth and expected return from the investors of 17.43% per annum developed using Capital Asset Pricing Model. Volatility is based on the average of the implied volatility of the comparable stocks, of 32.21%.	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

	Put option derivative	
	30th June, 2015 HK\$'000	31st December, 2014 HK\$'000
At beginning of the period	12,670	12,718
Total gain in profit or loss	(295)	(48)
At end of the period	12,375	12,670

The amount of gain is included in other gains and losses set out in note 5.

19. CAPITAL COMMITMENTS

	30th June, 2015 HK\$'000	31st December, 2014 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	21,307	1,641
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	1,812	–

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, 2015 HK\$'000	31st December, 2014 HK\$'000
Construction in progress	81,084	81,084

21. RELATED PARTY TRANSACTIONS

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

	Trade purchases	
	Six months ended 30th June,	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
A joint venture	216	433

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,	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Short-term employee benefits	9,055	8,406
Post-employment benefits	138	246
	9,193	8,652

BUSINESS REVIEW

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

For the six months ended 30th June, 2015, the Group's revenue was HK\$1,372,418,000, representing a decrease of 9% against the same period last year. After deduction of non-controlling interests, profit attributable to shareholders of the Company amounted to HK\$52,198,000, an increase of 4% compared to the same period last year.

Notwithstanding the shrinking market demand, increased negative pressure exerted on global commodity prices, heightened challenges in the operating environment and accentuated broader economic drag incited by the downturn in the Chinese economy, the Group's core business units remained largely stable with satisfactory performance.

The Board of Directors 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, steel wire ropes and other processing and manufacturing of steel wire products. Revenue during the period was HK\$535,355,000, representing a decrease of 7% over the same period last year. Profit before interest and taxation was HK\$41,545,000, a decrease of 9% over the same period last year.

During the period, our metal products business in the domestic market continued to suffer from a slump in demand, rising costs and other pressures. However in recent years, the Group had continued on its strategic stride towards the high end of the market to distance and reduce competition pressures that are purely dictated by price at the low end of the market. In spite of the challenges, this business unit reported stable and satisfactory performance.

Building Construction Materials

Building construction materials line of business comprises mainly of ready mixed concrete, distribution and processing of construction steel products and other building construction materials. During the period, revenue was HK\$798,350,000, a decrease of 9% over the same period last year. Profit before interest and taxation was HK\$46,700,000, a decrease of 7% over the same period last year.

Revenue and profits from our building construction materials business fared worse relative to the last corresponding period, primarily due to the reduced profitability of our steel distribution business. With pure play, steel distribution already having difficulty in obtaining a profit, the long-term weakness in the steel commodity market will put a further squeeze on gross margins. The Group's proactive involvement in spearheading the increase of value-added for reinforcing steel products is expected to lift gross margins and we continue to maintain a positive outlook on the prospects of the steel distribution business.

During the period, our ready mixed concrete business reported solid growth over the corresponding period of last year having benefitted from what is still being considered a boom period in the Hong Kong construction market. Our ready mixed concrete batching plant in Mui Wo, Lantau is beginning to turn over the expected benefits and has a bright prospect ahead. The Group will continue to invest in the ready mixed concrete business and we expect the unit to become a major source of income in the near future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2015, the bank balances and cash of the Group amounted to HK\$281,827,000 (31st December, 2014: HK\$527,928,000). As at 30th June, 2015, the current ratio (current assets to current liabilities) of the Group was 1.91:1 (31st December, 2014: 1.55:1).

As at 30th June, 2015, the total borrowings of the Group amounted to HK\$389,562,000 (31st December, 2014: HK\$772,335,000).

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, 2015 was 561,922,500 (31st December, 2014: 561,922,500). As at 30th June, 2015, the equity attributable to the shareholders of the Company amounted to HK\$991,166,000 (31st December, 2014: HK\$948,522,000).

As at 30th June, 2015, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.10:1 (31st December, 2014: 0.25:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 30th June, 2015, the total number of staff of the Group was 1,264. 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.

PROSPECT

The Group's domestic manufacturing unit is faced with major challenges and pressures ahead amidst a weakened commodities market where prices are low, an intensified market competition and especially the economic slowdown. The rout in the steel market along with a profitless and competitive environment will to some extent inhibit the development of the steel distribution business in Hong Kong. Nevertheless, our strength, market position and team effort will help us overcome the current challenges to ensure a continued and sustained development of our core businesses to deliver satisfactory returns for our shareholders.

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June, 2015, 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 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 held			Percentage of issued shares
	Personal interest	Held by controlled corporation	Total	
Mr. Pang Tak Chung <i>(Note 1)</i>	157,524,708	195,646,500	353,171,208	62.85%
Mr. Ho Wai Yu, Sammy	2,000	–	2,000	0.00%
Mr. John Cyril Fletcher <i>(Note 2)</i>	450,000	–	450,000	0.08%
Mr. Lau Ngai Fai <i>(Note 3)</i>	100,000	–	100,000	0.02%

Notes:

1. The 195,646,500 shares are held by Golik Investments Ltd. which is wholly owned by Mr. Pang Tak Chung.
2. Mr. John Cyril Fletcher retired as Executive Director on 1st June, 2015.
3. Mr. Lau Ngai Fai was appointed as Executive Director on 10th August, 2015.

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, 2015, 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 30th June, 2015, 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, 2015, 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, 2015, 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, 2015 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 2014 Annual Report of the Company are set out below:

1. With effect from 1st March, 2015, the monthly salary of Mr. Pang Tak Chung, Chairman of the Company, has been increased by HK\$20,000.
2. With effect from 1st March, 2015, the monthly salary of Mr. Ho Wai Yu, Sammy, Vice Chairman of the Company, has been increased by HK\$20,000.
3. With effect from 1st March, 2015, the monthly salary of Ms. Pang Wan Ping, Executive Director of the Company, has been increased by HK\$5,000.
4. With effect from 1st June, 2015, Mr. John Cyril Fletcher has retired as Executive Director of the Company.
5. With effect from 10th August, 2015, Mr. Lau Ngai Fai has been appointed as Executive Director of the Company.

AUDIT COMMITTEE

The Company established its Audit Committee on 5th January, 1999 with written terms of reference which are in line with the code provision. 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, 2015. 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 code provision. 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 set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made by the Company to each director of the Company confirming that they have complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 30th June, 2015.

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, 2015.

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 period 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 period under review, the Group continued to actively support meaningful activities in the community and donated to a number of organisations, charities and people in need. Our mission is to focus on the perceived needs of the society at the time, strived to contribute and bringing warmth and caring to the selected communities.

Sustainable Operating Practices

The Group is committed to upholding high standards of business integrity, honesty and transparency in its business dealings. The Group is also committed to manage and continue to strengthen our supply chain in a socially and environmentally responsible manner and source from suppliers that are putting environmental and ethical performance as priority.

The Group also maintain a strong and mutually beneficial relationship with our customers that enable us to provide high-quality, sector-leading products and services and deliver engagement and positive experiences that are appropriate to local contexts.

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.

GOLIK

The Group is committed to encouraging diversity in the workplace and the provision of a work environment that is free from discrimination and promotes equal opportunity for all; and improving diversity – in particular – the number of females in leadership and other traditionally male dominated roles within the business.

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.

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, 2015