



# 2014 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  
Ms. PANG Wan Ping

**Independent Non-executive Directors**

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

**COMPANY SECRETARY**

Mr. HO Wai Yu, Sammy  
*FCCA CPA 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  
2 Church Street  
Hamilton HM 11  
Bermuda

**HEAD OFFICE AND PRINCIPAL PLACE  
OF BUSINESS**

Suite 5608, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

**AUDITOR**

Deloitte Touche Tohmatsu

**LEGAL ADVISORS**

Troutman Sanders  
W. K. To & Co.

**PRINCIPAL BANKERS**

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

**HONG KONG BRANCH SHARE REGISTRAR  
AND TRANSFER OFFICE**

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

**INVESTOR RELATIONS CONSULTANT**

JOVIAN Financial Communications Limited  
Room 1702, 17/F.  
Infinitus Plaza  
199 Des Voeux Road Central  
Hong Kong  
Email: [golik@joviancomm.com](mailto:golik@joviancomm.com)

**WEBSITE**

[www.golik.com.hk](http://www.golik.com.hk)

**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, 2014 together with the comparative unaudited figures for the corresponding period in 2013 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2014

	NOTES	Six months ended 30th June, 2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	4	1,504,084	1,439,060
Cost of sales		(1,300,950)	(1,246,422)
Gross profit		203,134	192,638
Other income		12,266	11,207
Interest income		1,225	1,525
Selling and distribution costs		(45,892)	(43,113)
Administrative expenses		(85,984)	(83,697)
Other gains and losses	5	(7,045)	(5,352)
Finance costs	6	(14,463)	(12,262)
Share of results of a joint venture		(49)	113
Profit before taxation		63,192	61,059
Income taxes	7	(6,653)	(8,162)
<b>Profit for the period</b>	8	<b>56,539</b>	52,897
<b>Other comprehensive (expense) income:</b> <b>Items that may be subsequently reclassified</b> <b>to profit or loss:</b>			
– Exchange difference arising on translation of foreign operations		(3,701)	5,944
– Fair value gain on available-for-sale investment		–	4,800
Other comprehensive (expense) income for the period		(3,701)	10,744
<b>Total comprehensive income for the period</b>		<b>52,838</b>	63,641

	<b>Six months ended 30th June,</b>	
	<b>2014</b>	2013
<i>NOTES</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Profit for the period attributable to:		
Shareholders of the Company	<b>50,228</b>	47,301
Non-controlling interests	<b>6,311</b>	5,596
	<b>56,539</b>	52,897
Total comprehensive income attributable to:		
Shareholders of the Company	<b>47,104</b>	57,244
Non-controlling interests	<b>5,734</b>	6,397
	<b>52,838</b>	63,641
Earnings per share		
Basic and diluted	<b>HK8.94 cents</b>	HK8.42 cents

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2014

	NOTES	30th June, 2014 HK\$'000 (unaudited)	31st December, 2013 HK\$'000 (audited)
<b>Non-current Assets</b>			
Property, plant and equipment	11	461,702	464,628
Prepaid lease payments		15,997	16,380
Interests in a joint venture		2,874	2,923
Deposits placed at insurance companies		10,138	9,717
Rental and other deposits		5,617	5,918
Deposits paid for acquisition of property, plant and equipment		1,704	7,051
Amount due from a joint venture		5,233	5,414
		<u>503,265</u>	<u>512,031</u>
<b>Current Assets</b>			
Inventories		530,768	435,335
Trade and other receivables	13	729,781	808,078
Prepaid lease payments		489	493
Income tax recoverable		133	134
Derivative financial instruments		66	3
Pledged bank deposits	12	–	1,621
Bank balances and cash		338,937	464,723
		<u>1,600,174</u>	<u>1,710,387</u>
<b>Current Liabilities</b>			
Trade and other payables	14	270,652	268,866
Dividend payable		15,734	–
Amounts due to non-controlling shareholders		3,133	3,122
Income tax payable		9,213	8,074
Bank borrowings	15	747,715	911,198
Obligations under finance leases		427	258
Obligation arising from a put option to non-controlling shareholders	16	31,050	31,050
Derivative financial instruments	16	12,536	12,718
		<u>1,090,460</u>	<u>1,235,286</u>
<b>Net Current Assets</b>		<u>509,714</u>	<u>475,101</u>
		<u>1,012,979</u>	<u>987,132</u>

	<b>30th June, 2014</b>	31st December, 2013
<i>NOTES</i>	<b>HK\$'000 (unaudited)</b>	<i>HK\$'000 (audited)</i>
<b>Capital and Reserves</b>		
Share capital	17 <b>56,192</b>	56,192
Share premium and reserves	<b>840,323</b>	808,953
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Equity attributable to shareholders of the Company	<b>896,515</b>	865,145
Non-controlling interests	<b>37,194</b>	33,327
	<hr/>	<hr/>
<b>Total Equity</b>	<b>933,709</b>	898,472
	<hr/>	<hr/>
<b>Non-current Liabilities</b>		
Bank borrowings	15 <b>61,990</b>	72,258
Deferred tax liabilities	<b>16,485</b>	15,865
Obligations under finance leases	<b>795</b>	537
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	<b>79,270</b>	88,660
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	<b>1,012,979</b>	987,132
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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2014

	Attributable to shareholders of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Exchange reserve	PRC statutory reserve	Investment revaluation reserve	Other reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000 (Note b)	HK\$'000	HK\$'000	HK\$'000	
At 1st January, 2013 (audited)	56,192	316,466	38,039	3,949	8,320	(8,948)	380,708	794,726	22,255	816,981
Profit for the period	-	-	-	-	-	-	47,301	47,301	5,596	52,897
<b>Other comprehensive income for the period</b>										
Exchange difference arising on translation of foreign operations	-	-	5,143	-	-	-	-	5,143	801	5,944
Fair value gain on available-for-sale investment	-	-	-	-	4,800	-	-	4,800	-	4,800
Total comprehensive income for the period	-	-	5,143	-	4,800	-	47,301	57,244	6,397	63,641
Dividend paid (note 9)	-	-	-	-	-	-	(14,048)	(14,048)	-	(14,048)
At 30th June, 2013 (unaudited)	56,192	316,466	43,182	3,949	13,120	(8,948)	413,961	837,922	28,652	866,574
Profit for the period	-	-	-	-	-	-	44,922	44,922	3,943	48,865
<b>Other comprehensive income (expense) for the period</b>										
Exchange difference arising on translation of foreign operations	-	-	3,850	-	-	-	-	3,850	732	4,582
Disposal of available-for-sale investment	-	-	-	-	(13,120)	-	-	(13,120)	-	(13,120)
Total comprehensive income (expense) for the period	-	-	3,850	-	(13,120)	-	44,922	35,652	4,675	40,327
Dividend paid (note 9)	-	-	-	-	-	-	(8,429)	(8,429)	-	(8,429)
At 31st December, 2013 (audited)	56,192	316,466	47,032	3,949	-	(8,948)	450,454	865,145	33,327	898,472

## Attributable to shareholders of the Company

	Share capital	Share premium	Exchange reserve	PRC statutory reserve	Investment revaluation reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000 (Note b)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the period	-	-	-	-	-	-	50,228	50,228	6,311	56,539
<b>Other comprehensive expense for the period</b>										
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)
<b>At 30th June, 2014 (unaudited)</b>	<b>56,192</b>	<b>316,466</b>	<b>43,908</b>	<b>3,949</b>	<b>-</b>	<b>(8,948)</b>	<b>484,948</b>	<b>896,515</b>	<b>37,194</b>	<b>933,709</b>

### 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 during the year ended 31st December, 2012. 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, the former non-controlling shareholder and the Group agreed that the amount due to the former non-controlling shareholder to be partially settled, and the remaining balance would be waived upon settlement. Upon repayment of the agreed balance during the year ended 31st December, 2012 and the amount of HK\$621,000 was waived accordingly and recognised as an equity transaction, consistent with the acquisition in note (b)(ii).



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2014

	Six months ended 30th June,	
	2014	2013
NOTE	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>74,513</b>	<b>(122,264)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of assets through acquisition of a subsidiary	18	–
Deposits paid for acquisition of property, plant and equipment	<b>(4,153)</b>	(85,144)
Purchase of property, plant and equipment	<b>(11,620)</b>	(11,047)
Proceeds from disposal of property, plant and equipment	<b>1,217</b>	(7,352)
Withdrawal of pledged bank deposits	<b>1,605</b>	1,162
Others	<b>1,480</b>	43,333
	<b>1,480</b>	1,779
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(11,471)</b>	<b>(57,269)</b>
<b>FINANCING ACTIVITIES</b>		
Trust receipt loans raised	<b>764,749</b>	665,666
Bank loans raised	<b>254,972</b>	267,055
Repayment of trust receipt loans	<b>(934,028)</b>	(567,252)
Repayment of bank loans	<b>(256,941)</b>	(227,352)
Advance from (repayment to) non-controlling shareholders	<b>11</b>	(22,990)
Dividend paid	–	(14,048)
Dividend paid to non-controlling interests of a subsidiary	<b>(1,867)</b>	–
Interest paid	<b>(14,730)</b>	(12,620)
Repayment of obligations under finance leases	<b>(264)</b>	(125)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(188,098)</b>	<b>88,334</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(125,056)</b>	<b>(91,199)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>464,723</b>	<b>373,466</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(730)</b>	<b>1,289</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>338,937</b>	<b>283,556</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	<b>338,937</b>	<b>283,556</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2014

### 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 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, 2014 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2013.

In the current interim period, the Group has applied, for the first time, the following new interpretation and 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 HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The application of the new interpretation and amendments to HKFRSs in the current interim 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 year ended 31st December, 2013, 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 nature of relevant operating units. Accordingly, the comparative information for the six months ended 30th June, 2013 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, 2014

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>						
External sales	655,760	786,261	1,442,021	62,063	-	1,504,084
Inter-segment sales	3,058	704	3,762	-	(3,762)	-
Total	<u>658,818</u>	<u>786,965</u>	<u>1,445,783</u>	<u>62,063</u>	<u>(3,762)</u>	<u>1,504,084</u>
<b>SEGMENT RESULT</b>						
	<u>52,194</u>	<u>43,527</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 results of a joint venture						(49)
Profit before taxation						<u>63,192</u>

## For the six months ended 30th June, 2013 (restated)

	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>
<b>REVENUE</b>						
External sales	651,119	701,013	1,352,132	86,928	–	1,439,060
Inter-segment sales	1,878	3,195	5,073	–	(5,073)	–
Total	<u>652,997</u>	<u>704,208</u>	<u>1,357,205</u>	<u>86,928</u>	<u>(5,073)</u>	<u>1,439,060</u>
<b>SEGMENT RESULT</b>						
	<u>29,882</u>	<u>53,739</u>	<u>83,621</u>	<u>(610)</u>	<u>58</u>	83,069
Unallocated other income						3,620
Unallocated corporate expenses						(13,154)
Fair value loss on put option derivative						(327)
Finance costs						(12,262)
Share of results of a joint venture						113
Profit before taxation						<u>61,059</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 (loss) on put option derivative, finance costs and share of results of a joint venture. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## 5. OTHER GAINS AND LOSSES

	<b>Six months ended 30th June,</b>	
	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Change in fair value of foreign currency forward contracts derivative	<b>(193)</b>	16
Fair value (gain) loss on put option derivative ( <i>note 16</i> )	<b>(182)</b>	327
Loss (gain) on disposal of property, plant and equipment	<b>617</b>	(777)
Net exchange loss (gain)	<b>1,356</b>	(338)
Allowance for bad and doubtful debts, net	<b>5,447</b>	6,124
	<u><b>7,045</b></u>	<u>5,352</u>

## 6. FINANCE COSTS

	Six months ended 30th June,	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable within five years	<b>14,434</b>	12,250
Finance leases	<b>29</b>	12
	<b>14,463</b>	12,262

## 7. INCOME TAXES

	Six months ended 30th June,	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Current tax:		
Hong Kong	<b>1,352</b>	479
Other regions in the PRC	<b>5,646</b>	6,987
	<b>6,998</b>	7,466
Overprovision in prior years:		
Other regions in the PRC	<b>(965)</b>	–
Deferred tax:		
Current period	<b>620</b>	696
	<b>6,653</b>	8,162

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 during the year ended 31st December, 2013. Accordingly, the PRC subsidiary was subject to an Enterprise Income Tax rate of 15% for three years starting from 2013.

Part of the Group's assessable profits is offset by the utilisation of tax losses previously not recognised.

**8. PROFIT FOR THE PERIOD**

	<b>Six months ended 30th June,</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000

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

Amortisation of prepaid lease payments	<b>246</b>	241
Depreciation of property, plant and equipment	<b>20,311</b>	19,428
(Reversal of write down) write down of inventories (included in cost of sales)	<b>(827)</b>	3,628
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**9. DIVIDEND**

During the current interim period, a final dividend of HK2.8 cents per share in respect of the year ended 31st December, 2013 (six months ended 30th June, 2013: HK2.5 cents per share in respect of the year ended 31st December, 2012) was declared. The aggregate amount of the final dividend payable in the current interim period amounted to HK\$15,734,000 (six months ended 30th June, 2013: HK\$14,048,000 was paid).

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, 2013: 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 26th September, 2014.

**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\$50,228,000 (six months ended 30th June, 2013: HK\$47,301,000) and 561,922,500 (six months ended 30th June, 2013: 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. PROPERTY, PLANT AND EQUIPMENT**

During the current period, the Group acquired property, plant and equipment of approximately HK\$21.8 million (six months ended 30th June, 2013: HK\$9.6 million) in order to expand its manufacturing capabilities.

During the prior period, the Group acquired property, plant and equipment of approximately HK\$85 million through acquisition of a subsidiary.

During the current period, the Group disposed of property, plant and equipment with aggregate carrying amount of approximately HK\$1.8 million (six months ended 30th June, 2013: HK\$0.4 million).

## 12. PLEDGE OF ASSETS

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

	<b>30th June, 2014</b>	31st December, 2013
	<b>HK\$'000</b>	<i>HK\$'000</i>
Construction in progress	<b>85,000</b>	85,000
Bank deposits	–	1,621
	<b>85,000</b>	<b>86,621</b>

## 13. TRADE AND OTHER RECEIVABLES

	<b>30th June, 2014</b>	31st December, 2013
	<b>HK\$'000</b>	<i>HK\$'000</i>
Trade receivables, net	<b>684,625</b>	772,518
Prepayments, deposits and other receivables	<b>45,156</b>	35,560
	<b>729,781</b>	<b>808,078</b>

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:

	<b>30th June, 2014</b>	31st December, 2013
	<b>HK\$'000</b>	<i>HK\$'000</i>
0 – 30 days	<b>327,331</b>	334,063
31 – 60 days	<b>198,001</b>	224,310
61 – 90 days	<b>91,600</b>	118,480
91 – 120 days	<b>36,808</b>	67,156
More than 120 days	<b>30,885</b>	28,509
	<b>684,625</b>	<b>772,518</b>

## 14. TRADE AND OTHER PAYABLES

	<b>30th June, 2014</b>	31st December, 2013
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>152,635</b>	148,152
Accruals, deposits received and other payables	<b>118,017</b>	120,714
	<b><u>270,652</u></b>	<u>268,866</u>

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

	<b>30th June, 2014</b>	31st December, 2013
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<b>93,782</b>	96,674
31 – 60 days	<b>30,059</b>	32,878
61 – 90 days	<b>9,415</b>	12,274
91 – 120 days	<b>12,422</b>	2,700
More than 120 days	<b>6,957</b>	3,626
	<b><u>152,635</u></b>	<u>148,152</u>

## 15. BANK BORROWINGS

During the current period, the Group raised bank loans and trust receipt loans of HK\$255 million and HK\$765 million (six months ended 30th June, 2013: HK\$267 million and HK\$666 million) respectively, and repaid bank loans and trust receipt loans of HK\$257 million and HK\$934 million (six months ended 30th June, 2013: HK\$227 million and HK\$567 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 1.60% to 8.87% (year ended 31st December, 2013: 1.34% to 8.47%) 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, 2014, the fair value of the Put Option of HK\$12,536,000 (year ended 31st December, 2013: HK\$12,718,000) 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\$182,000 (six months ended 30th June, 2013: fair value loss of HK\$327,000) has been recognised in other gains and losses set out in note 5 during the current interim period.

## 17. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount</b> <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
<b>Authorised:</b>		
<b>At 1st January, 2013, 30th June, 2013, 31st December, 2013 and 30th June, 2014</b>	<b><u>1,800,000,000</u></b>	<b><u>180,000</u></b>
<b>Issued and fully paid:</b>		
<b>At 1st January, 2013, 30th June, 2013, 31st December, 2013 and 30th June, 2014</b>	<b><u>561,922,500</u></b>	<b><u>56,192</u></b>

## 18. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

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

**19. 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)
	30th June, 2014	31st December, 2013		
Foreign currency forward contracts classified as derivative financial instruments in the condensed consolidated statement of financial position	<b>Assets – HK\$66,000</b>	Assets – HK\$3,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates.
Obligation arising from a put option to non-controlling shareholders in the condensed consolidated statement of financial position	<b>Liability – HK\$31,050,000</b>	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.

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, 2014	31st December, 2013				
Put option derivative classified as derivative financial instruments in the condensed consolidated statement of financial position	Liability – <b>HK\$12,536,000</b>	Liability – HK\$12,718,000	Level 3	Binomial Option Pricing Model  The key inputs are equity value of Fulwealth, exercise price, risk-free rate, exercise period, dividend yield, and volatility of the shares of Fulwealth.	Equity value of Fulwealth is derived by income approach, HK\$4.059 per share. The key inputs are unaudited consolidated net asset value and cash flow forecast of Fulwealth and expected return from the investors of 15.28% per annum developed using Capital Asset Pricing Model.  Volatility is based on the average of the implied volatility of the comparable stocks, of 27.86%.	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 cash inflow 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 of the Company 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, 2014 <b>HK\$'000</b>	31st December, 2013 <b>HK\$'000</b>
At beginning of the period	<b>12,718</b>	12,395
Total (gain) loss in profit or loss	<b>(182)</b>	327
At end of the period	<b>12,536</b>	12,722

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

**20. CAPITAL COMMITMENTS**

	<b>30th June, 2014 HK\$'000</b>	31st December, 2013 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<b>4,181</b>	3,316

**21. RELATED PARTY TRANSACTION**

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

	<b>Trade purchases</b>	
	<b>Six months ended 30th June, 2014 HK\$'000</b>	2013 HK\$'000
A joint venture	<b>433</b>	340

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:

	<b>Six months ended 30th June, 2014 HK\$'000</b>		2013 HK\$'000
Short-term employee benefits	<b>8,406</b>		7,056
Post-employment benefits	<b>246</b>		213
	<b>8,652</b>		7,269

**22. COMPARATIVE FIGURES**

In order to conform with current period's presentation in the condensed consolidated statement of cash flows, trust receipt loans raised of HK\$438,427,000 for the period ended 30th June, 2013 included in operating activities has been reclassified to financing activities.

## BUSINESS REVIEW

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

During the period, all of our Group's core businesses continued to remain stable and the general performance was satisfactory in spite of challenges in the general environment.

For the six months ended 30th June, 2014, the Group's revenue was HK\$1,504,084,000, representing an increase of 5% against the same period last year. After deduction of non-controlling interests, profit attributable to shareholders of the Company amounted to HK\$50,228,000, an increase of 6% compared to the same period last year.

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\$658,818,000, representing an increase of 1% over the same period last year. Profit before interest and taxation was HK\$52,194,000, an increase of 75% over the same period last year.

During the period, the results of metal products businesses were encouraging, recording considerable growth in the successive two years due to the successful transformation of our steel wires and steel wire rope products into higher-end steel products. In particular, at present, our elevator wire rope factory in Tianjin has developed into the most professional elevator wire rope manufacture enterprise with the largest scale and the most comprehensive product specifications in the world. Not only has it become a reliable supplier to elevator manufacturers, it was also selected to be a strategic partner by a leading multinational elevator company for co-developing new elevator products.

As a leading enterprise in the industry, we have inevitably become a target for imitation and competition. Under the pressure of fierce market competition, our management team has to uphold the enduring and strict internal administration, product quality control and development of new products to maintain our present status in the market.

**Building Construction Materials**

Building construction materials line of business comprises mainly of ready mixed concrete in Hong Kong, distribution and processing of construction steel products and other building construction materials. During the period, revenue was HK\$786,965,000, an increase of 12% over the same period last year. Profit before interest and taxation was HK\$43,527,000, a decrease of 19% over the same period last year.

The results from our building construction materials businesses took a step backwards compared to the corresponding period last year, mainly due to the relative decrease in profits from the steel distribution business as well as a sharp increase in the price of the aggregates used for the production of ready mixed concrete during the past six months. This increase in the cost of raw materials resulted in a decrease in the profitability of our ready mixed concrete business.

In the recent two years, softness in the steel market had kept profitability of our steel distribution business relatively low. The Group took on a conservative view in operating our steel distribution business in recent years and remains cautious to expand in response to the booming construction market. However, the softness in steel prices had helped ease the price fluctuation risk so that the results of the Group remained stable.

In order to increase the gross profit margin of our construction steels businesses, the Group actively exploited the rebar value-added business in recent years and our efforts are beginning to pay off. As factory rebar processing gradually replaces the labour intensive task of processing on job sites, the workload on steel fixers will be relieved. Job site safety and environmental issues will also improve significantly, so much so that the fledgling offsite rebar value-added business had been recognized and praised by the industry and related government departments. Rebar value-added business is expected to become a new growth prospect in the near future.

**LIQUIDITY AND FINANCIAL RESOURCES**

As at 30th June, 2014, the total bank balances and cash of the Group amounted to HK\$338,937,000 (31st December, 2013: HK\$464,723,000). As at 30th June, 2014, the current ratio (current assets to current liabilities) of the Group was 1.47:1 (31st December, 2013: 1.38:1).

As at 30th June, 2014, the total borrowings of the Group amounted to HK\$810,927,000 (31st December, 2013: HK\$984,251,000).

The Group's monetary assets are principally denominated in Hong Kong dollars, Renminbi and United States dollars. As Hong Kong dollars is pegged to the 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, 2014 was 561,922,500 (31st December, 2013: 561,922,500). As at 30th June, 2014, the equity attributable to the shareholders of the Company amounted to HK\$896,515,000 (31st December, 2013: HK\$865,145,000).

As at 30th June, 2014, net gearing ratio (total borrowings minus total bank balances and cash to total equity) was 0.51:1 (31st December, 2013: 0.58:1).

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30th June, 2014, the total number of staff of the Group was 1,257. Remuneration is determined with reference to the performance, qualifications and experience of the employees concerned and the prevailing industry practice. The Group provides Mandatory Provident Fund entitlement to Hong Kong's employees. Moreover, share options may be granted as an incentive or reward to eligible employees in accordance with the new share option scheme adopted on 5th June, 2014. Details of the new share option scheme are set out in the circular of the Company dated 25th April, 2014.

## **PROSPECT**

The results of the Group remained stable in recent years, and our management maintains a cautious yet optimistic outlook towards the performance of each of our core businesses for the year. Looking ahead, we believe there will be many problems and challenges posed, particularly new and increased competition in the market, increasing cost pressures and products reaching the end of their lifecycles – all of which need to be resolved through persistence. Therefore, it is a long-term and difficult mission for the management to maintain and enhance business competitiveness and profitability of the Group. It is expected that with efforts of the management and our staffs, we could create a better annual result for the shareholders.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30th June, 2014, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the 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)</i>	154,024,708	195,646,500	349,671,208	62.23%
Mr. Ho Wai Yu, Sammy	2,000	–	2,000	0.00%
Mr. John Cyril Fletcher	450,000	–	450,000	0.08%

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

#### *Share options*

The share option scheme was adopted by the Company on 27th May, 2004 and expired on 26th May, 2014. The new 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 schemes.

### (2) Shares in subsidiaries

As at 30th June, 2014, Mr. Pang Tak Chung had 5,850 and 20,000 non-voting deferred shares in Golik Metal Industrial Company Limited held by himself and World Producer Limited, a controlled corporation, respectively. World Producer Limited is wholly owned by Mr. Pang Tak Chung.



# GOLIK

Save as disclosed above, as at 30th June, 2014, none of the directors and chief executive of the Company or their respective associates had or was deemed to have any interests or short positions in any securities of the Company or any of its associated corporations and at no time during the 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, 2014, so far as known to any directors of the Company, the following person (other than a director or chief executive of the Company), was recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company, as being, directly or indirectly, interested or deemed to be interested in 5% or more of the issued share capital of the Company:

### Long position in shares of the Company

<b>Name</b>	<b>Number of ordinary shares held</b>	<b>Percentage of issued shares</b>
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, 2014, had any interests or short positions in the shares or underlying shares of the Company of 5% or more which would fall to be disclosed pursuant to Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## 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, 2014 except the followings:

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

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

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

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

## **CHANGES IN DIRECTORS' INFORMATION**

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in directors' information since the date of 2013 Annual Report of the Company are set out below:

1. With effect from 1st March, 2014, the monthly salary of Mr. Pang Tak Chung, Chairman of the Company, has been increased by HK\$15,000.
2. With effect from 1st March, 2014, the monthly salary of Mr. Ho Wai Yu, Sammy, Vice Chairman of the Company, has been increased by HK\$15,000.
3. With effect from 1st March, 2014, the monthly salary of Ms. Pang Wan Ping, Executive Director of the Company, has been increased by HK\$5,000.

## **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 consolidated financial statements of the Group for the six months ended 30th June, 2014. 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, 2014.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2014.

## 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, 26th August, 2014