

The logo for GOLIK HOLDINGS LIMITED is presented in a large, white, sans-serif font against a solid green background. The letters 'G' and 'O' are significantly larger than the other characters. The text 'GOLIK' is positioned above 'HOLDINGS', which is above 'LIMITED'. The letters 'L', 'I', and 'M' are notably tall and narrow. A series of thin white horizontal and vertical lines form a grid that overlaps the text, creating a technical or architectural aesthetic.

GOLIK
HOLDINGS
LIMITED

Stock Code : 1118
Incorporated in Bermuda with limited liability

INTERIM
REPORT
2013

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
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

INVESTOR RELATIONS CONSULTANT

JOVIAN Financial Communications Limited
24/F., Tung Hip Commercial Building
244–248 Des Voeux Road Central
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WEBSITE

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, 2013 together with the comparative unaudited figures for the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

	NOTES	Six months ended 30th June, 2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Revenue	4	1,439,060	1,576,578
Cost of sales		<u>(1,246,422)</u>	<u>(1,403,283)</u>
Gross profit		192,638	173,295
Other income		11,207	9,875
Interest income		1,525	1,082
Selling and distribution costs		(43,113)	(39,767)
Administrative expenses		(83,697)	(80,125)
Other gains and losses	5	(5,352)	2,907
Finance costs	6	(12,262)	(16,021)
Share of results of joint ventures		<u>113</u>	<u>(112)</u>
Profit before taxation		61,059	51,134
Income taxes	7	<u>(8,162)</u>	<u>(4,433)</u>
Profit for the period	8	<u>52,897</u>	<u>46,701</u>
Other comprehensive income (expense):			
Items that may be subsequently reclassified to profit or loss:			
– Exchange difference arising from the translation of foreign operations		5,944	(1,468)
– Fair value gain on available-for-sale investment		<u>4,800</u>	<u>1,920</u>
Other comprehensive income for the period		<u>10,744</u>	<u>452</u>
Total comprehensive income for the period		<u>63,641</u>	<u>47,153</u>

		Six months ended 30th June,	
		2013	2012
	<i>NOTES</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Profit for the period attributable to:			
Shareholders of the Company		47,301	45,208
Non-controlling interests		5,596	1,493
		<hr/> 52,897	<hr/> 46,701
 Total comprehensive income attributable to:			
Shareholders of the Company		57,244	45,871
Non-controlling interests		6,397	1,282
		<hr/> 63,641	<hr/> 47,153
 Earnings per share			
Basic and diluted	<i>10</i>	HK8.42 cents	HK8.05 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2013

	NOTES	30th June, 2013 HK\$'000 (unaudited)	31st December, 2012 HK\$'000 (audited)
Non-current Assets			
Property, plant and equipment	11	423,028	344,220
Prepaid lease payments		16,687	16,678
Interests in joint ventures		2,809	2,696
Available-for-sale investment	12	25,600	20,800
Long-term receivables		104	229
Deposits placed at insurance companies		9,649	8,877
Rental and other deposits		5,918	1,100
Deposits paid for acquisition of property, plant and equipment		14,083	5,229
Amounts due from joint ventures		6,958	6,952
Pledged bank deposits	13	–	1,509
		504,836	408,290
Current Assets			
Inventories		507,680	472,894
Trade and other receivables	14	719,244	602,485
Prepaid lease payments		496	483
Income tax recoverable		147	145
Pledged bank deposits	13	1,600	42,637
Bank balances and cash		283,556	373,466
		1,512,723	1,492,110
Current Liabilities			
Trade and other payables	15	249,287	304,360
Amounts due to non-controlling shareholders		3,394	26,380
Income tax payable		10,992	8,483
Bank borrowings	16	815,979	670,019
Obligations under finance leases		164	228
Obligation arising from a put option to non-controlling shareholders	17	31,050	31,050
Derivative financial instruments	17	12,888	12,395
		1,123,754	1,052,915
Net Current Assets			
		388,969	439,195
		893,805	847,485

		30th June, 2013	31st December, 2012
	<i>NOTES</i>	HK\$'000 (unaudited)	<i>HK\$'000</i> <i>(audited)</i>
Capital and Reserves			
Share capital	18	56,192	56,192
Share premium and reserves		781,730	738,534
		<hr/>	<hr/>
Equity attributable to shareholders of the Company		837,922	794,726
Non-controlling interests		28,652	22,255
		<hr/>	<hr/>
Total Equity		866,574	816,981
		<hr/>	<hr/>
Non-current Liabilities			
Bank borrowings	16	10,354	14,262
Deferred tax liabilities		16,722	16,026
Obligations under finance leases		155	216
		<hr/>	<hr/>
		27,231	30,504
		<hr/>	<hr/>
		893,805	847,485
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

	Attributable to shareholders of the Company								Non-controlling interests	Total
	Share capital	Share premium	Exchange reserve	PRC statutory reserve	Investment revaluation reserve	Other reserve	Retained profits	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
At 1st January, 2012 (audited)	56,192	316,466	38,155	3,949	-	(9,569)	323,123	728,316	19,091	747,407
Profit for the period	-	-	-	-	-	-	45,208	45,208	1,493	46,701
Other comprehensive income (expense) for the period										
Exchange difference arising from the translation of foreign operations	-	-	(1,257)	-	-	-	-	(1,257)	(211)	(1,468)
Fair value gain on available-for-sale investment	-	-	-	-	1,920	-	-	1,920	-	1,920
Total comprehensive income (expense) for the period	-	-	(1,257)	-	1,920	-	45,208	45,871	1,282	47,153
Dividend paid (note 9)	-	-	-	-	-	-	(15,734)	(15,734)	-	(15,734)
At 30th June, 2012 (unaudited)	56,192	316,466	36,898	3,949	1,920	(9,569)	352,597	758,453	20,373	778,826
Profit for the period	-	-	-	-	-	-	36,540	36,540	1,675	38,215
Other comprehensive income for the period										
Exchange difference arising from the translation of foreign operations	-	-	1,141	-	-	-	-	1,141	207	1,348
Fair value gain on available-for-sale investment	-	-	-	-	6,400	-	-	6,400	-	6,400
Total comprehensive income for the period	-	-	1,141	-	6,400	-	36,540	44,081	1,882	45,963
Deemed contribution by a former non-controlling shareholder	-	-	-	-	-	621	-	621	-	621
Dividend paid	-	-	-	-	-	-	(8,429)	(8,429)	-	(8,429)
At 31st December, 2012 (audited)	56,192	316,466	38,039	3,949	8,320	(8,948)	380,708	794,726	22,255	816,981

Attributable to shareholders of the Company

	Share	Share	Exchange	PRC	Investment	Other	Retained	Total	Non-	Total
	capital	premium	reserve	statutory	revaluation	reserve	profits		controlling	
	HK\$'000	HK\$'000	HK\$'000	reserve	reserve	reserve	HK\$'000	HK\$'000	interests	HK\$'000
				(Note a)		(Note b)				
Profit for the period	-	-	-	-	-	-	47,301	47,301	5,596	52,897
Other comprehensive income for the period										
Exchange difference arising from the 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

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, 2013

		Six months ended 30th June,	
		2013	2012
	NOTE	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES		316,163	336,189
INVESTING ACTIVITIES			
Acquisition of properties through acquisition of a subsidiary	19	(85,144)	–
Deposits paid for acquisition of property, plant and equipment		(11,047)	(2,885)
Purchase of property, plant and equipment		(7,352)	(7,555)
Proceeds from disposal of property, plant and equipment		1,162	2,013
Withdrawal of pledged bank deposits		43,333	867
Others		1,779	1,141
NET CASH USED IN INVESTING ACTIVITIES		(57,269)	(6,419)
FINANCING ACTIVITIES			
Borrowing of trust receipt loans		227,239	444,895
Bank loans raised		267,055	184,249
Repayment of trust receipt loans		(567,252)	(805,429)
Repayment of bank loans		(227,352)	(182,814)
Repayment to non-controlling shareholders		(22,990)	(1,719)
Dividend paid		(14,048)	(15,734)
Interest paid		(12,620)	(14,977)
Repayment of obligations under finance leases		(125)	(439)
NET CASH USED IN FINANCING ACTIVITIES		(350,093)	(391,968)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(91,199)	(62,198)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		373,466	351,051
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		1,289	(441)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		283,556	288,412
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		283,556	288,412

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2013

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 used in the condensed consolidated financial statements for the six months ended 30th June, 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

New and revised Standards on consolidation and disclosures

The Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company reviewed and assessed the application of these five standards in the current interim period and concluded that they have had no material effect on the amounts reported in these condensed consolidated financial statements.

Additional disclosures required by HKFRS 12 in respect of each of its subsidiaries that have non-controlling interests that are material to the Group will be disclosed in the annual financial statements for the year ending 31st December, 2013.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The directors consider that the application of the new fair value measurement has no material impact on the Group's profit or loss, other comprehensive income and financial position in the current and prior periods. Disclosures of fair value information in accordance with the consequential amendments of HKAS 34 are set out in note 20.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income. Under the amendments to HKAS 1, the Group's statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 *Interim Financial Reporting* (as part of the *Annual Improvements to HKFRSs 2009–2011 Cycle*)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the *Annual Improvements to HKFRSs 2009–2011 Cycle* for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has not included total assets and liabilities information as part of segment information.

Amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*

The amendments to HKFRS 7 require the Group to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The Group has outstanding foreign currency forward contracts which are under master netting agreement.

The amendments have been applied retrospectively. For the purpose of preparing the condensed consolidated financial statements, the additional disclosures are not presented but will be included in the Group's annual financial statements for the year ending 31st December, 2013.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported 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 Vice Chairman of the Group, being the 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.

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, 2013

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	589,422	762,710	1,352,132	86,928	–	1,439,060
Inter-segment sales	5,534	1,990	7,524	–	(7,524)	–
Segment revenue	<u>594,956</u>	<u>764,700</u>	<u>1,359,656</u>	<u>86,928</u>	<u>(7,524)</u>	<u>1,439,060</u>
SEGMENT RESULT	<u>30,901</u>	<u>51,982</u>	<u>82,883</u>	<u>(610)</u>	<u>58</u>	<u>82,331</u>
Unallocated other income						3,610
Unallocated corporate expenses						(12,406)
Fair value loss on put option derivative						(327)
Finance costs						(12,262)
Share of results of joint ventures						113
Profit before taxation						<u>61,059</u>

For the six months ended 30th June, 2012

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	609,172	873,382	1,482,554	94,024	–	1,576,578
Inter-segment sales	7,242	1,184	8,426	–	(8,426)	–
Segment revenue	<u>616,414</u>	<u>874,566</u>	<u>1,490,980</u>	<u>94,024</u>	<u>(8,426)</u>	<u>1,576,578</u>
SEGMENT RESULT	<u>20,206</u>	<u>47,994</u>	<u>68,200</u>	<u>(1,949)</u>	<u>(11)</u>	<u>66,240</u>
Unallocated other income						3,658
Unallocated corporate expenses						(15,644)
Fair value gain on put option derivative						533
Gain on disposal of unlisted equity security investment						12,480
Finance costs						(16,021)
Share of results of joint ventures						(112)
Profit before taxation						<u>51,134</u>

The accounting policies of the reportable 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 (loss) gain on put option derivative, gain on disposal of unlisted equity security investment, finance costs and share of results of joint ventures. 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,	
	2013 HK\$'000	2012 HK\$'000
Change in fair value of foreign currency forward contracts derivative	16	89
Fair value loss (gain) on put option derivative (note 17)	327	(533)
Gain on disposal of unlisted equity security investment (note 12)	–	(12,480)
Gain on disposal of property, plant and equipment	(777)	(1,876)
Net exchange (gain) loss	(338)	819
Allowance for bad and doubtful debts	6,124	11,074
	<u>5,352</u>	<u>(2,907)</u>

6. FINANCE COSTS

	Six months ended 30th June,	
	2013 HK\$'000	2012 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	12,250	14,918
Finance leases	12	9
Imputed interest expenses on obligation arising from a put option granted to non-controlling shareholders (note 17)	–	1,094
	<u>12,262</u>	<u>16,021</u>

7. INCOME TAXES

	Six months ended 30th June,	
	2013	2012
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	479	100
PRC	6,987	3,159
	<u>7,466</u>	<u>3,259</u>
Underprovision in prior years:		
Hong Kong	–	490
PRC	–	38
	<u>–</u>	<u>528</u>
Deferred tax:		
Current period	696	646
	<u>8,162</u>	<u>4,433</u>

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

Taxation arising in the PRC is recognised based on the tax rate of 25% on assessable profit for the current period (six months ended 30th June, 2012: 20% to 25% on assessable profit).

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

8. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2013	2012
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Amortisation of prepaid lease payments	241	227
Depreciation of property, plant and equipment	19,428	17,937
Write down of inventories (included in cost of sales)	3,628	13,933
	<u>3,628</u>	<u>13,933</u>

9. DIVIDEND

During the current interim period, a final dividend of HK2.5 cents per share in respect of the year ended 31st December, 2012 (six months ended 30th June, 2012: HK2.8 cents per share in respect of the year ended 31st December, 2011) was declared and paid to the shareholders of the Company. The aggregate amount of the final dividend declared and paid in the current interim period amounted to HK\$14,048,000 (six months ended 30th June, 2012: 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, 2012: 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, 2013.

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\$47,301,000 (six months ended 30th June, 2012: HK\$45,208,000) and 561,922,500 (six months ended 30th June, 2012: 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 has acquired property, plant and machinery through acquisition of a subsidiary as set out in note 19. In addition, the Group spent approximately HK\$9.6 million (six months ended 30th June, 2012: HK\$9.6 million) on assets under installation, plant and machinery and equipment and leasehold improvements in order to expand its manufacturing capabilities.

During the current period, the Group disposed of plant and machinery and equipment and motor vehicles with aggregate carrying amount of approximately HK\$0.4 million (six months ended 30th June, 2012: HK\$0.1 million).

12. AVAILABLE-FOR-SALE INVESTMENT

	30th June, 2013 HK\$'000	31st December, 2012 HK\$'000
Listed equity securities, at fair value		
– in Hong Kong	<u>25,600</u>	<u>20,800</u>

During the period ended 30th June, 2012, the Group entered into a sales and purchase agreement (the “Agreement”) with a third party. Pursuant to the Agreement, the Group disposed of its fully impaired unlisted equity security which had been carried at cost less impairment to a third party at a consideration of HK\$12,480,000 which was satisfied by certain listed equity securities in Hong Kong. Accordingly, a gain of HK\$12,480,000 was recognised in other gains and losses as set out in note 5 during the period ended 30th June, 2012.

The listed equity securities are classified as available-for-sale investment measured at fair value upon initial recognition. The fair value of the investment in the listed equity security in Hong Kong is determined by reference to bid prices quoted in an active market. As at 30th June, 2013, the fair value of the investment is HK\$25,600,000 (31st December, 2012: HK\$20,800,000) and a fair value gain on available-for-sale investment of HK\$4,800,000 has been recognised in other comprehensive income and accumulated in investment revaluation reserve.

13. 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 and retention deposits:

	30th June, 2013	31st December, 2012
	HK\$'000	HK\$'000
Buildings and prepaid lease payments	–	17,888
Plant and machinery and equipment	63,272	65,548
Bank deposits	1,600	44,146
	<u>64,872</u>	<u>127,582</u>

14. TRADE AND OTHER RECEIVABLES

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

The following is an aged analysis by invoice date of trade receivables, net of allowance for doubtful debts, which approximated the respective revenue recognition dates at the end of the reporting period:

	30th June, 2013	31st December, 2012
	HK\$'000	HK\$'000
0 – 30 days	311,217	254,543
31 – 60 days	234,744	173,530
61 – 90 days	90,270	60,867
91 – 120 days	35,070	30,515
More than 120 days	15,673	24,825
	<u>686,974</u>	<u>544,280</u>

15. TRADE AND OTHER PAYABLES

The following is an aged analysis by invoice date of trade payables at the end of the reporting period:

	30th June, 2013	31st December, 2012
	HK\$'000	HK\$'000
0 – 30 days	76,685	96,227
31 – 60 days	30,758	34,401
61 – 90 days	4,363	19,310
91 – 120 days	2,095	13,781
More than 120 days	1,639	22,988
	<u>115,540</u>	<u>186,707</u>

Other payables mainly comprise sales deposits received from customers, accrued staff costs and accrued operating expenses.

16. BANK BORROWINGS

During the current period, the Group raised bank loans and trust receipt loans of HK\$267 million and HK\$666 million (six months ended 30th June, 2012: HK\$184 million and HK\$685 million) respectively, and repaid bank loans and trust receipt loans of HK\$227 million and HK\$567 million (six months ended 30th June, 2012: HK\$183 million and HK\$805 million) respectively. Most of the 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 an effective borrowing rates ranging from 1.50% to 5.78% (year ended 31st December, 2012: 1.57% to 6.67%) per annum.

17. 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. The Put Option is exercisable throughout the current period. As the net asset value of Fulwealth attributable to the Holders throughout the current period is greater than HK\$18,400,000, which will then trigger the maximum aggregate consideration of HK\$31,050,000, thus no imputed interest expense is recognised in the current period (six-month ended 30th June, 2012: HK\$1,094,000).

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, 2013, included in derivative financial instruments is the fair value of the Put Option of HK\$12,722,000 (year ended 31st December, 2012: HK\$12,395,000) which has been determined by using Binomial Option Pricing Model. Accordingly, a fair value loss on put option derivative of HK\$327,000 (six month ended 30th June, 2012: fair value gain of HK\$533,000) has been recognised in other gains and losses set out in note 5 during the current interim period.

18. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1st January, 2012, 30th June, 2012, 31st December, 2012 and 30th June, 2013	<u>1,800,000,000</u>	<u>180,000</u>
Issued and fully paid:		
At 1st January, 2012, 30th June, 2012, 31st December, 2012 and 30th June, 2013	<u>561,922,500</u>	<u>56,192</u>

19. ACQUISITION OF PROPERTIES 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 lease terms 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.

20. 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, 2013	31st December, 2012				
Listed equity securities classified as available-for-sale investment in the condensed consolidated statement of financial position	Assets – HK\$25,600,000	Assets – HK\$20,800,000	Level 1	Quoted bid prices in an active market	N/A	N/A
Foreign currency forward contracts classified as derivative financial instruments in the condensed consolidated statement of financial position	Liabilities – HK\$166,000	N/A	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A	N/A
Obligation arising from a put option to non-controlling shareholders in the 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	N/A

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, 2013	31st December, 2012				
Put option derivative classified as derivative financial instruments in the condensed consolidated statement of financial position	Liability – HK\$12,722,000	Liability – HK\$12,395,000	Level 3	Binomial Option Pricing Model The key inputs are equity value of Fulwealth, exercise price, exercise period, risk-free rate, dividend yield, and volatility of the shares of Fulwealth	Equity value of Fulwealth is derived by income approach, HK\$4.293 per share. The key inputs are unaudited consolidated net asset value and cash flow forecast of Fulwealth and expected return from the investors of 13.2% developed using Capital Asset Pricing Model Volatility is based on the average of the implied volatility of comparable stocks, of 33.798%	The higher the unaudited consolidated net asset value, the higher the fair value The higher the forecasted profit, the higher the fair value The higher the expected return from the investors, the lower the fair value The higher the volatility, the higher the fair value

The directors of the Company consider that the carrying amounts of other 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 <i>HK\$'000</i>
At 1st January, 2013	12,395
Total loss in profit or loss	<u>327</u>
At 30th June, 2013	<u>12,722</u>

The amount of loss is included in “other gains and losses” in note 5.

Fair value measurements and valuation processes

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

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

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

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

The board of directors of the Company will review the valuation and assess the appropriateness of the valuation techniques and inputs used.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

21. CAPITAL COMMITMENTS

	30th June, 2013 HK\$'000	31st December, 2012 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment		
– contracted for but not provided in the condensed consolidated financial statements	3,636	8,985
– authorised but not contracted for	–	339
	<u>3,636</u>	<u>9,324</u>

22. MAJOR NON-CASH TRANSACTION

During the period ended 30th June, 2012, the Group disposed of its fully impaired unlisted equity security which had been carried at cost less impairment to a third party at a consideration of HK\$12,480,000 which was satisfied by certain listed equity securities in Hong Kong (see note 12).

During the current interim period, approximately HK\$438,427,000 (six months ended 30th June, 2012: HK\$240,596,000) of the trust receipt loans were drawn by the Group to settle the trade payables. The banks settled the payables with the counterparties directly.

23. RELATED PARTY TRANSACTION

During the period, the Group entered into the following transaction with a related party:

	Trade purchases	
	Six months ended 30th June,	
	2013	2012
	HK\$'000	HK\$'000
A joint venture	340	303

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,	
	2013	2012
	HK\$'000	HK\$'000
Short-term benefits	7,056	7,940
Post-employment benefits	213	201
	7,269	8,141

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the current interim period, a subsidiary of the Company, Tianjin Goldsun Wire Rope Ltd. ("TJ Goldsun"), entered into an agreement (the "Equipment Sale and Purchase Agreement") with 天津冶金集團中興盛達鋼業有限公司 (Tianjin Metallurgy Group Flourish Steel Industrial Co., Ltd. ("Flourish Steel")), a fellow subsidiary of the non-controlling shareholder of TJ Goldsun. TJ Goldsun, the purchaser, had agreed to acquire from Flourish Steel, the seller, equipment for manufacturing of steel wire ropes for elevators and electric cables (the "Subject Equipment") at a purchase price of RMB24,960,000. The Equipment Sale and Purchase Agreement is subject to the Company's shareholders' approval.

TJ Goldsun has also entered into another agreement (the "Equipment Lease Agreement") with Flourish Steel in respect of the lease of the Subject Equipment to Flourish Steel for a term of twenty years commencing from the date of the Equipment Lease Agreement with monthly rental payable of RMB110,000. The Equipment Lease Agreement is also subject to the Company's shareholders' approval.

BUSINESS REVIEW

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

Despite encouraging signs of the European debt crisis stabilising and incremental improvements in United States and other major Western economies, many structural problems remain unresolved so the uncertainty of global economic recovery still prevails. On top of that, a slowdown of emerging economies including China had resulted in marginal improvement of the overall business environment. In this protracted period of subdued conditions, the Group – through the efforts at all levels of management – achieved stable performance through the persistence of our operating strategy and resolve on challenges faced.

For the six months ended 30th June, 2013, the Group's revenue was HK\$1,439,060,000, 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\$47,301,000, an increase of 5% 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\$594,956,000, representing a decrease of 3% over the same period last year. Profit before interest and taxation was HK\$30,901,000, an increase of 53% over the same period last year.

Despite growing competition and challenges in both the domestic and export markets, there were encouraging signs of growth during the period as deterioration in the operating environment tapered resulting in relatively stable performance for our export market oriented steel coil processing operation.

Furthermore, efforts led by the management team to adjust product mix towards higher value-added steel wire products are beginning to show positive payoffs. In Tianjin, our elevator wire rope factory had seen much improved product quality leading to improved gross margins and in Heshan, our wire rope factory had made significant progress in developing higher value-added products through optimising its product mix to become a leading manufacturer of steel wire strand for fibre-optic cables in the Mainland.

Building Construction Materials

Building construction materials line of business comprises mainly of ready mixed concrete in Hong Kong, distribution of construction steel products and other building construction materials. During the period, revenue was HK\$764,700,000, a decrease of 13% over the same period last year. Profit before interest and taxation was HK\$51,982,000, an increase of 8% over the same period last year.

During the period, the Group's building construction materials line of business in Hong Kong remained stable.

Numerous factors contributed to the delay and slow down of most major infrastructure projects in Hong Kong resulting in a slight drop of the Group's revenue year-on-year, however, gross profit margin improved. In particular, profitability of our ready mixed concrete business increased substantially compared to last year as our Yuen Long plant moves up a gear.

To increase the contribution of the ready mixed concrete business to the Group, we have successfully won a bid to operate a new plant on government land in Mui Wo, Lantau Island close to the piers. The construction of the new plant is in progress and is expected to be in production in the second half of the year. The new plant will further strengthen the Group's position in the ready mixed concrete market in Hong Kong.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2013, the total bank balances and cash of the Group amounted to HK\$283,556,000 (31st December, 2012: HK\$373,466,000). As at 30th June, 2013, current ratio (current assets to current liabilities) of the Group was 1.35:1 (31st December, 2012: 1.42:1).

As at 30th June, 2013, the total borrowings of the Group amounted to HK\$826,652,000 (31st December, 2012: HK\$684,725,000).

The Group's monetary assets are principally denominated in Hong Kong dollars, Renminbi and United States dollars. As the exchange rate between Hong Kong dollars and the United States dollars is pegged, the Group believes its exposure to exchange risk is not material. 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, 2013 was 561,922,500 (31st December, 2012: 561,922,500). As at 30th June, 2013, the equity attributable to the shareholders of the Company amounted to HK\$837,922,000 (31st December, 2012: HK\$794,726,000).

As at 30th June, 2013, net gearing ratio (total borrowings minus total bank balances and cash to total equity) was 0.63:1 (31st December, 2012: 0.38:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 30th June, 2013, the total number of staff of the Group was 1,253. The Group provides Mandatory Provident Fund entitlement to Hong Kong's employees. Share options may also be granted as an incentive or reward to eligible employees in accordance with the share option scheme adopted on 27th May, 2004.

PROSPECT

With the latest economic indicators suggesting a return of stability for a number of major Western economies and moreover, with positive signs of moderate growth in United States, we believe the worst time for the long-established export markets is now behind us. Nonetheless, the uncertainties in the global economy remain. Our Group's Mainland manufacturing business will continue to be challenged due to increasing cost pressures so our transformation efforts towards optimising product mixes and high value-added activities will persist.

The Group maintains solid expectations and confidence in our building construction materials line of business in Hong Kong. Although at present infrastructure projects are delayed, they are expected to come online eventually. Together with a strong demand for housing supply, the construction industry in Hong Kong will benefit and the Group will review and strategically plan to seize all opportunities.

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June, 2013, 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>	151,674,708	195,646,500	347,321,208	61.81%
Mr. Ho Wai Yu, Sammy	2,000	–	2,000	0.00%
Mr. John Cyril Fletcher	420,000	–	420,000	0.07%

Note:

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

Share options

During the period, no share option had been granted under the share option scheme since its adoption on 27th May, 2004.

(2) Shares in subsidiaries

As at 30th June, 2013, 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, 2013, none of the directors and chief executives 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, 2013, 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, 2013, 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, 2013 except the following:

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.6.7 and E.1.2, an Independent Non-executive Director and the Chairman of the Board were unable to attend the annual general meeting of the Company held on 7th June, 2013 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 2012 Annual Report of the Company are set out below:

1. With effect from 1st August, 2013, Ms. Pang Wan Ping has been appointed as Executive Director of the Company.
2. With effect from 1st March, 2013, the monthly salary of Mr. Pang Tak Chung, Chairman of the Company, has been increased by HK\$13,000.
3. With effect from 1st March, 2013, the monthly salary of Mr. Ho Wai Yu, Sammy, Vice Chairman of the Company, has been increased by HK\$13,000.

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 consolidated financial statements of the Group for the six months ended 30th June, 2013. 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, 2013.

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, 2013.

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, 27th August, 2013