

**GOLIK**  
HOLDINGS LIMITED

**2022**

**INTERIM REPORT**



Incorporated in Bermuda  
with limited liability  
Stock Code: 1118

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

Mr. PANG Tak Chung MH (*Chairman*)  
Mr. HO Wai Yu, Sammy (*Vice Chairman*)  
Ms. PANG Wan Ping  
(*Chief Executive Officer,*  
*effective 1st January, 2022*)  
Mr. PANG Chi To

**Independent Non-executive Directors**

Mr. YU Kwok Kan, Stephen  
Mr. CHAN Yat Yan  
Mr. HAI Tuen Tai, Freddie

**COMPANY SECRETARY**

Mr. HO Wai Yu, Sammy  
*FCCA MHKCS MHKSI*

**AUDIT COMMITTEE**

Mr. YU Kwok Kan, Stephen  
Mr. CHAN Yat Yan  
Mr. HAI Tuen Tai, Freddie

**REMUNERATION COMMITTEE**

Mr. YU Kwok Kan, Stephen  
Mr. CHAN Yat Yan  
Mr. HAI Tuen Tai, Freddie

**NOMINATION COMMITTEE**

Mr. PANG Tak Chung MH (*Chairman*)  
Mr. YU Kwok Kan, Stephen  
Mr. CHAN Yat Yan  
Mr. HAI Tuen Tai, Freddie

**REGISTERED OFFICE**

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

**HEAD OFFICE AND PRINCIPAL PLACE  
OF BUSINESS**

Suite 6505, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

**AUDITOR**

Deloitte Touche Tohmatsu  
*Registered Public Interest Entity Auditors*

**LEGAL ADVISORS**

Lau, Horton & Wise LLP  
W. K. To & Co.

**PRINCIPAL BANKERS**

Bank of China (Hong Kong) Limited  
DBS Bank (Hong Kong) Limited  
Fubon Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
Standard Chartered Bank (Hong Kong)  
Limited  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

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

Tricor Secretaries Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

**WEBSITE**

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

**STOCK CODE**

1118

**INVESTOR RELATION**

[ir@golik.com](mailto:ir@golik.com)

## INTERIM RESULTS

The board of directors (the “Board”) of Golik Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2022 together with the comparative unaudited figures for the corresponding period in 2021 as follows:

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

FOR THE SIX MONTHS ENDED 30TH JUNE, 2022

	NOTES	Six months ended 30th June,	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	<b>2,119,928</b>	1,972,376
Cost of sales		<b>(1,888,484)</b>	(1,680,290)
Gross profit		<b>231,444</b>	292,086
Other income		<b>21,470</b>	23,787
Selling and distribution costs		<b>(61,818)</b>	(68,601)
Administrative expenses		<b>(89,160)</b>	(93,299)
Impairment losses under expected credit losses (“ECL”) model, net		<b>(3,215)</b>	(9,106)
Other gains and losses	5	<b>(4,359)</b>	233
Other expenses		<b>(25,183)</b>	(30,848)
Finance costs		<b>(14,987)</b>	(13,365)
– Interest on bank borrowings		<b>(9,003)</b>	(7,649)
– Interest on lease liabilities		<b>(5,984)</b>	(5,716)
Share of result of a joint venture		<b>(191)</b>	(137)
Share of result of an associate		<b>445</b>	(364)
Profit before taxation		<b>54,446</b>	100,386
Income taxes	6	<b>(9,715)</b>	(8,524)
<b>Profit for the period</b>	7	<b>44,731</b>	91,862

## Six months ended 30th June,

NOTE	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
<b>Other comprehensive (expense) income:</b>		
<b>Items that may be subsequently reclassified to profit or loss:</b>		
– Exchange difference arising on translation of foreign operations	(27,836)	6,886
– Release from exchange reserve upon deregistration of a subsidiary	421	–
<b>Item that will not be reclassified to profit or loss:</b>		
– Fair value gain (loss) on an equity instrument at fair value through other comprehensive income (“FVTOCI”)	340	(530)
Other comprehensive (expense) income for the period	<u>(27,075)</u>	<u>6,356</u>
<b>Total comprehensive income for the period</b>	<u>17,656</u>	<u>98,218</u>
Profit for the period attributable to:		
Shareholders of the Company	38,476	78,286
Non-controlling interests	6,255	13,576
	<u>44,731</u>	<u>91,862</u>
Total comprehensive income for the period attributable to:		
Shareholders of the Company	17,456	83,325
Non-controlling interests	200	14,893
	<u>17,656</u>	<u>98,218</u>
Basic earnings per share	9 <u>HK6.70 cents</u>	HK13.63 cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2022

	NOTES	30th June, 2022 HK\$'000 (unaudited)	31st December, 2021 HK\$'000 (audited)
<b>Non-current Assets</b>			
Property, plant and equipment	10	493,736	491,559
Right-of-use assets		251,537	280,809
Interest in a joint venture		5,105	5,296
Interest in an associate		–	–
Amount due from an associate		812	367
Equity instrument at FVTOCI		2,459	2,119
Insurance policy assets		14,009	13,872
Rental and other deposits	11	5,623	8,376
Deposits paid for acquisition of property, plant and equipment		8,610	8,271
Loan receivables	11	2,452	1,639
		<b>784,343</b>	812,308
<b>Current Assets</b>			
Inventories		1,007,245	760,901
Trade, bills, loan and other receivables	11	1,001,010	899,800
Income tax recoverable		–	2,110
Bank balances and cash		551,900	672,722
		<b>2,560,155</b>	2,335,533

	<i>NOTES</i>	<b>30th June, 2022 HK\$'000 (unaudited)</b>	31st December, 2021 HK\$'000 (audited)
<b>Current Liabilities</b>			
Trade and other payables	12	<b>430,015</b>	238,343
Contract liabilities		<b>16,868</b>	38,432
Lease liabilities		<b>37,570</b>	40,496
Dividend payable	8	<b>45,950</b>	–
Amounts due to non-controlling shareholders		<b>3,200</b>	3,200
Income tax payable		<b>8,545</b>	6,062
Bank borrowings	13	<b>1,279,160</b>	1,245,786
		<b>1,821,308</b>	1,572,319
<b>Net Current Assets</b>			
		<b>738,847</b>	763,214
		<b>1,523,190</b>	1,575,522
<b>Capital and Reserves</b>			
Share capital	14	<b>57,438</b>	57,438
Share premium and reserves		<b>1,107,934</b>	1,136,428
Equity attributable to shareholders of the Company		<b>1,165,372</b>	1,193,866
Non-controlling interests		<b>113,397</b>	113,197
<b>Total Equity</b>			
		<b>1,278,769</b>	1,307,063
<b>Non-current Liabilities</b>			
Deferred tax liabilities		<b>25,525</b>	25,425
Lease liabilities		<b>218,896</b>	243,034
		<b>244,421</b>	268,459
		<b>1,523,190</b>	1,575,522

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30TH JUNE, 2022

	Attributable to shareholders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Mainland China statutory reserve HK\$'000 (Note a)	FVTOCI reserve HK\$'000	Other reserve HK\$'000 (Note b)	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1st January, 2021 (audited)	57,438	323,195	31,151	38,750	3,718	(21,186)	583,821	1,016,887	88,545	1,105,432
Profit for the period	-	-	-	-	-	-	78,286	78,286	13,576	91,862
<b>Other comprehensive income (expense) for the period</b>										
Exchange difference arising on translation of foreign operations	-	-	5,569	-	-	-	-	5,569	1,317	6,886
Fair value loss on an equity instrument at FVTOCI	-	-	-	-	(530)	-	-	(530)	-	(530)
Total comprehensive income (expense) for the period	-	-	5,569	-	(530)	-	78,286	83,325	14,893	98,218
Dividend declared (note 8)	-	-	-	-	-	-	(20,103)	(20,103)	-	(20,103)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(2,820)	(2,820)
Transfer between reserves	-	-	-	682	-	-	(682)	-	-	-
At 30th June, 2021 (unaudited)	57,438	323,195	36,720	39,432	3,188	(21,186)	641,322	1,080,109	100,618	1,180,727
Profit for the period	-	-	-	-	-	-	119,298	119,298	10,383	129,681
<b>Other comprehensive income (expense) for the period</b>										
Exchange difference arising on translation of foreign operations	-	-	8,354	-	-	-	-	8,354	2,196	10,550
Disposal of subsidiaries	-	-	(1,338)	-	-	-	-	(1,338)	-	(1,338)
Fair value gain on an equity instrument at FVTOCI	-	-	-	-	(1,069)	-	-	(1,069)	-	(1,069)
Total comprehensive income (expense) for the period	-	-	7,016	-	(1,069)	-	119,298	125,245	12,579	137,824

Attributable to shareholders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Mainland China statutory reserve HK\$'000 (Note a)	FVTOCI reserve HK\$'000	Other reserve HK\$'000 (Note b)	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Dividend declared (note 8)	-	-	-	-	-	-	(11,488)	(11,488)	-	(11,488)
Transfer between reserves	-	-	-	7,052	-	-	(7,052)	-	-	-
Transfer upon disposal of subsidiaries	-	-	-	(2,856)	-	-	2,856	-	-	-
<b>At 31st December, 2021 (audited)</b>	<b>57,438</b>	<b>323,195</b>	<b>43,736</b>	<b>43,628</b>	<b>2,119</b>	<b>(21,186)</b>	<b>744,936</b>	<b>1,193,866</b>	<b>113,197</b>	<b>1,307,063</b>
Profit for the period	-	-	-	-	-	-	38,476	38,476	6,255	44,731
<b>Other comprehensive income (expense) for the period</b>										
Exchange difference arising on translation of foreign operations	-	-	(21,781)	-	-	-	-	(21,781)	(6,055)	(27,836)
Deregistration of a subsidiary	-	-	421	-	-	-	-	421	-	421
Fair value gain on an equity instrument at FVTOCI	-	-	-	-	340	-	-	340	-	340
<b>Total comprehensive income (expense) for the period</b>	<b>-</b>	<b>-</b>	<b>(21,360)</b>	<b>-</b>	<b>340</b>	<b>-</b>	<b>38,476</b>	<b>17,456</b>	<b>200</b>	<b>17,656</b>
Dividend declared (note 8)	-	-	-	-	-	-	(45,950)	(45,950)	-	(45,950)
Transfer between reserves	-	-	-	935	-	-	(935)	-	-	-
Transfer upon deregistration of a subsidiary	-	-	-	(3,350)	-	-	3,350	-	-	-
<b>At 30th June, 2022 (unaudited)</b>	<b>57,438</b>	<b>323,195</b>	<b>22,376</b>	<b>41,213</b>	<b>2,459</b>	<b>(21,186)</b>	<b>739,877</b>	<b>1,165,372</b>	<b>113,397</b>	<b>1,278,769</b>

Notes:

- (a) Mainland China statutory reserve is a reserve required by the relevant laws in Mainland China applicable to subsidiaries in Mainland China for enterprise development purposes.
- (b) Other reserve represented:
  - (i) adjustments arising from acquisition of additional interest in subsidiaries of HK\$21,208,000 and deemed disposal of part of its interest in a subsidiary of HK\$599,000.
  - (ii) deemed contribution arising from waiver of amount due to a former non-controlling shareholder of HK\$621,000 incidental to acquisition of additional interest in a subsidiary.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2022

	Six months ended 30th June, 2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited) (restated)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,237,776</b>	894,684
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(22,621)	(21,868)
Deposits paid for acquisition of property, plant and equipment	(6,690)	(999)
Proceeds from disposal of property, plant and equipment	344	1,241
Deposits received for disposal of a subsidiary	–	20,000
Other investing cash flows	(240)	3,655
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(29,207)</b>	2,029
<b>FINANCING ACTIVITIES</b>		
Repayment of trust receipt loans	(1,285,461)	(700,525)
Repayment of bank loans	(117,719)	(115,595)
Repayment of lease liabilities	(22,344)	(23,277)
Interest paid on bank borrowings	(8,868)	(7,352)
Interest paid on lease liabilities	(5,984)	(5,716)
Bank loans raised	115,762	81,120
Dividend paid to non-controlling interests	–	(2,820)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,324,614)</b>	(774,165)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(116,045)</b>	122,548
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>672,722</b>	422,881
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(4,777)</b>	1,770
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>551,900</b>	547,199
<b>REPRESENTED BY:</b>		
Bank balances and cash	551,900	527,185
Bank balances and cash under assets held for sale	–	20,014
	<b>551,900</b>	547,199

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2022

### 1. GENERAL INFORMATION

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

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries are manufacturing and sales of metal products and building construction materials.

### 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 insurance policy assets and certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2022 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31st December, 2021.

#### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1st January, 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30th June, 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 4. REVENUE AND SEGMENT INFORMATION

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

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

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 operation relating to money lending is presented as other operation.

### Disaggregation of revenue from contracts with customers

For the six months ended 30th June, 2022 (unaudited)

Segments	Metal products HK\$'000	Building construction materials HK\$'000	Other operation HK\$'000	Total HK\$'000
<b>Sales of goods</b>				
Steel coil processing, steel wires and wire rope products	617,738	–	–	617,738
Concrete products	–	221,750	–	221,750
Construction steel products and processing, and other construction products	–	1,251,778	–	1,251,778
<b>Service income</b>				
Transportation income	–	28,584	–	28,584
<b>Revenue from contract with customers</b>				
	617,738	1,502,112	–	2,119,850
Interest income on money lending	–	–	78	78
<b>Total revenue</b>	<b>617,738</b>	<b>1,502,112</b>	<b>78</b>	<b>2,119,928</b>

For the six months ended 30th June, 2021 (unaudited)

Segments	Metal products HK\$'000	Building construction materials HK\$'000	Other operation HK\$'000	Total HK\$'000
<b>Sales of goods</b>				
Steel coil processing, steel wires and wire rope products	813,165	–	–	813,165
Concrete products	–	205,042	–	205,042
Construction steel products and processing, and other construction products	–	930,817	–	930,817
<b>Service income</b>				
Transportation income	–	23,259	–	23,259
<b>Revenue from contract with customers</b>				
	813,165	1,159,118	–	1,972,283
Interest income on money lending	–	–	93	93
<b>Total revenue</b>	<b>813,165</b>	<b>1,159,118</b>	<b>93</b>	<b>1,972,376</b>

The Group sells metal products and building construction materials directly to corporate customers. Revenue is recognised when control of the goods has been transferred, being at the point in time when the goods are delivered to the customer's specific location.

The Group also provides transportation services to the customers. Income is recognised at the point in time when the services are rendered and the relevant goods are delivered to the customer's specific location. During the period, transportation income, which is a distinct service provided to the customers and was previously grouped under sales of goods in construction steel products and processing, and other construction products is now presented separately. Comparative figures have been restated to conform with current period presentation. Accordingly, transportation income of HK\$23,259,000 grouped under sales of goods in construction steel products and processing, and other construction products in building construction materials segment have been restated from HK\$954,076,000 to HK\$930,817,000.

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

**For the six months ended 30th June, 2022 (unaudited)**

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Reportable segment total <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>						
External revenue	617,738	1,502,112	2,119,850	78	-	2,119,928
Inter-segment revenue	1,447	-	1,447	-	(1,447)	-
<b>Total</b>	<b>619,185</b>	<b>1,502,112</b>	<b>2,121,297</b>	<b>78</b>	<b>(1,447)</b>	<b>2,119,928</b>
<b>SEGMENT RESULT</b>						
	<b>29,881</b>	<b>51,170</b>	<b>81,051</b>	<b>122</b>	<b>-</b>	<b>81,173</b>
Unallocated other income and other gains						669
Unallocated corporate expenses						(12,663)
Finance costs						(14,987)
- Interest on bank borrowings						(9,003)
- Interest on lease liabilities						(5,984)
Share of result of a joint venture						(191)
Share of result of an associate						445
Profit before taxation						<b>54,446</b>

For the six months ended 30th June, 2021 (unaudited)

	Metal products HK\$'000	Building construction materials HK\$'000	Reportable segment total HK\$'000	Other operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>						
External revenue	813,165	1,159,118	1,972,283	93	-	1,972,376
Inter-segment revenue	2,116	579	2,695	-	(2,695)	-
<b>Total</b>	<b>815,281</b>	<b>1,159,697</b>	<b>1,974,978</b>	<b>93</b>	<b>(2,695)</b>	<b>1,972,376</b>
<b>SEGMENT RESULT</b>						
	82,082	41,790	123,872	115	-	123,987
Unallocated other income and other gains						729
Unallocated corporate expenses						(10,464)
Finance costs						(13,365)
– Interest on bank borrowings						(7,649)
– Interest on lease liabilities						(5,716)
Share of result of a joint venture						(137)
Share of result of an associate						(364)
<b>Profit before taxation</b>						<b>100,386</b>

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

## Geographical information

The Group's revenue from external customers by geographical location of the customers is detailed below:

### For the six months ended 30th June, 2022 (unaudited)

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Hong Kong	3,434	1,383,941	78	1,387,453
Mainland China	537,598	12,699	–	550,297
Macau	–	105,472	–	105,472
Others	76,706	–	–	76,706
	<u>617,738</u>	<u>1,502,112</u>	<u>78</u>	<u>2,119,928</u>

### For the six months ended 30th June, 2021 (unaudited)

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Other operation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Hong Kong	4,464	1,080,200	93	1,084,757
Mainland China	762,886	12,321	–	775,207
Macau	23	66,597	–	66,620
Others	45,792	–	–	45,792
	<u>813,165</u>	<u>1,159,118</u>	<u>93</u>	<u>1,972,376</u>

## 5. OTHER GAINS AND LOSSES

	Six months ended 30th June, 2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Gain) loss on disposal of property, plant and equipment	(2,540)	626
Net exchange loss (gain)	6,899	(859)
	<u>4,359</u>	<u>(233)</u>

**6. INCOME TAXES**

	<b>Six months ended 30th June,</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The charge comprises:		
Current period		
Hong Kong Profits Tax	<b>2,522</b>	152
Mainland China Enterprise Income Tax	<b>5,153</b>	11,423
Withholding tax paid for distributed profits in Mainland China	<b>613</b>	1,157
	<b>8,288</b>	12,732
Underprovision (overprovision) in prior years		
Hong Kong Profits Tax	–	(310)
Mainland China Enterprise Income Tax	<b>1,327</b>	(5,318)
	<b>1,327</b>	(5,628)
Deferred taxation	<b>100</b>	1,420
	<b>9,715</b>	8,524

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of taxable profits of a qualifying entity in the Group will be taxed at 8.25%, and taxable profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of Mainland China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25% for both periods. In addition, one Mainland China subsidiary of the Company in Tianjin and one in Guangdong were qualified as “High-tech Enterprise” and subject to an Enterprise Income Tax Rate of 15%, which were granted for three years starting from 2019 and 2021 respectively. Another three Mainland China subsidiaries were qualified as “Small Low-profit Enterprise” in Guangdong and subject to an Enterprise Income Tax Rate of 5% for the first Renminbi (“RMB”) 1 million of taxable profits and 10% for the taxable profits above RMB1 million but not exceeding RMB3 million. Further, withholding income tax of 10% is generally imposed on dividends relating to any profits earned commencing from 2008 to foreign investors, while for some Mainland China entities held by companies incorporated in certain places, including Hong Kong, preferential tax rate of 5% will be applied according to EIT Law if such companies are the beneficial owner of over 25% of these Mainland China entities.

The EIT Law requires withholding tax to be levied on distribution of profits earned by a Mainland China entity to a Hong Kong resident company (which is the beneficial owner of the dividend received) for profits generated after 1st January, 2008 at the rate of 5%. As at 30th June, 2022 and 31st December, 2021, deferred tax was provided in full in respect of the temporary differences attributable to such profits.



## 7. PROFIT FOR THE PERIOD

	Six months ended 30th June,	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	<b>19,032</b>	20,556
Depreciation of right-of-use assets	<b>24,486</b>	25,865
Net (decrease) increase of inventories provision (included in cost of sales)	<b>(10,001)</b>	10,558

## 8. DIVIDEND

During the current period, a final dividend of HK3 cents per share and a special dividend of HK5 cents per share in respect of the year ended 31st December, 2021 (six months ended 30th June, 2021: final dividend of HK3.5 cents per share in respect of the year ended 31st December, 2020) was declared. The aggregate amount of the final and special dividend payable at the current period end amounted to HK\$45,950,000 (at 30th June, 2021: HK\$20,103,000).

Subsequent to the end of the current period, the directors have determined that an interim dividend of HK2 cents per share amounting to HK\$11,488,000 (six months ended 30th June, 2021: HK2 cents per share amounting to HK\$11,488,000) will be paid to the shareholders of the Company whose names appear in the register of members of the Company on 12th October, 2022.

## 9. BASIC 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\$38,476,000 (six months ended 30th June, 2021: HK\$78,286,000) and 574,378,128 (six months ended 30th June, 2021: 574,378,128) ordinary shares in issue during the period.

No diluted earnings per share for both periods was presented as there were no potential ordinary shares in issue as at both period ends.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the current period, the Group acquired property, plant and equipment of HK\$28,925,000 (six months ended 30th June, 2021: HK\$26,538,000) in order to expand its manufacturing capabilities.

During the current period, the Group disposed of property, plant and equipment with aggregate carrying amount of HK\$2,196,000 (six months ended 30th June, 2021: HK\$1,867,000).

## 11. RENTAL AND OTHER DEPOSITS, TRADE, BILLS, LOAN AND OTHER RECEIVABLES

	<b>30th June, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
Trade receivables, net	<b>880,249</b>	781,724
Bills receivables	<b>40,885</b>	31,870
	<hr/>	<hr/>
Trade and bills receivables, net	<b>921,134</b>	813,594
Prepayments, rental and other deposits, and other receivables, net	<b>84,409</b>	93,735
Loan receivables, net	<b>3,542</b>	2,486
	<hr/>	<hr/>
	<b>1,009,085</b>	909,815
	<hr/>	<hr/>
Analysed for reporting purpose as:		
Current	<b>1,001,010</b>	899,800
Non-current – Loan receivables, net	<b>2,452</b>	1,639
Non-current – Rental and other deposits	<b>5,623</b>	8,376
	<hr/>	<hr/>
	<b>1,009,085</b>	909,815
	<hr/>	<hr/>

Other than cash sales, the Group allows credit periods ranging from 30 to 180 days to its customers.

Trade and bills receivables, net of impairment losses under ECL model, with an ageing 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, 2022 HK\$'000</b>	31st December, 2021 HK\$'000
0 – 30 days	<b>438,339</b>	362,599
31 – 60 days	<b>288,745</b>	265,391
61 – 90 days	<b>105,288</b>	107,015
91 – 120 days	<b>54,219</b>	48,749
More than 120 days	<b>34,543</b>	29,840
	<hr/>	<hr/>
	<b>921,134</b>	813,594
	<hr/>	<hr/>

The management of the Group assesses trade debtors with significant balances that are credit-impaired individually and the remaining trade receivables using collective assessment with reference to loss patterns as reflected in the debtors' historical payment pattern taking into consideration of quantitative, qualitative and forward-looking information that is reasonable and supportable available without undue costs or effort.

## 12. TRADE AND OTHER PAYABLES

	<b>30th June, 2022</b>	31st December, 2021
	<b>HK\$'000</b>	HK\$'000
Trade payables	<b>327,398</b>	103,374
Bills payables	<b>6,490</b>	–
	<hr/>	<hr/>
Trade and bills payables	<b>333,888</b>	103,374
Accruals, deposits received and other payables	<b>96,127</b>	134,969
	<hr/>	<hr/>
	<b>430,015</b>	238,343
	<hr/>	<hr/>

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

	<b>30th June, 2022</b>	31st December, 2021
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<b>281,876</b>	56,342
31 – 60 days	<b>26,808</b>	29,181
61 – 90 days	<b>16,719</b>	7,189
91 – 120 days	<b>5,214</b>	4,803
More than 120 days	<b>3,271</b>	5,859
	<hr/>	<hr/>
	<b>333,888</b>	103,374
	<hr/>	<hr/>

## 13. BANK BORROWINGS

During the current period, the Group raised bank loans of HK\$115,762,000 (six months ended 30th June, 2021: HK\$81,120,000), and repaid bank loans and trust receipt loans of HK\$117,719,000 and HK\$1,285,461,000 (six months ended 30th June, 2021: HK\$115,595,000 and HK\$700,525,000) respectively. All new bank borrowings raised during the current period are unsecured and 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 1.46% to 5.45% (31st December, 2021: 1.06% to 5.55%) per annum.

### Trust receipt loans

Prior to application of the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board (the "Committee") – *Supply chain financing arrangements*, the Group presented the settlement of trade related payables directly by the relevant financiers as cash outflow on operating activities and cash inflow from financing activities. Following the adoption of the Committee's agenda decision, the management of the Group changed its accounting policies retrospectively by presenting the settlement of trade related payables directly by the relevant financiers as major non-cash transactions.

Comparative figures in consolidated statement of cash flows have been restated to conform with current period's presentation. Accordingly, the change in operating activities for the period ended 30th June, 2021 has been restated from net cash used in operating activities of HK\$166,669,000 to net cash from operating activities of HK\$894,684,000 and the trust receipt loans raised under financing activities for the period ended 30 June, 2021 has been restated from HK\$1,061,353,000 to Nil.

The reclassification has had no effect on the reported profit or loss, total comprehensive income, financial position or equity for any periods presented.

## 14. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
<b>Ordinary shares of HK\$0.10 each</b>		
<b>Authorised:</b>		
At 1st January, 2021, 30th June, 2021, 31st December, 2021 and 30th June, 2022	<u>1,800,000,000</u>	<u>180,000</u>
<b>Issued and fully paid:</b>		
At 1st January, 2021, 30th June, 2021, 31st December, 2021 and 30th June, 2022	<u>574,378,128</u>	<u>57,438</u>

## 15. CAPITAL COMMITMENTS

	30th June, 2022 <i>HK\$'000</i>	31st December, 2021 <i>HK\$'000</i>
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u>10,659</u>	<u>9,566</u>

## 16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Some of the Group's financial assets 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 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	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30th June, 2022 HK\$'000	31st December, 2021 HK\$'000			
Equity instrument at FVTOCI	2,459	2,119	Level 1	Quoted bid prices from a Frankfurt Stock Exchange	N/A
Insurance policy assets	14,009	13,872	Level 3	Quoted cash value from insurance contract vendors	Accounts value less surrender charges

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

## 17. PLEDGE OF ASSETS

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

	30th June, 2022 HK\$'000	31st December, 2021 HK\$'000
Construction in progress	<u>85,667</u>	<u>85,667</u>

**18. RELATED PARTY DISCLOSURES**

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

Relationship	Nature of transactions	Six months ended 30th June,	
		2022 HK\$'000	2021 HK\$'000
An associate	Expense relating to short-term leases	5,840	5,841
	Interest income	252	269
		<u>6,092</u>	<u>6,110</u>

The gross amount due from an associate of HK\$16,875,000 (31st December, 2021: HK\$16,875,000), which is unsecured, carries interest at 2% below the best lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited per annum and is repayable in 2025.

**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,	
	2022 HK\$'000	2021 HK\$'000
Short-term employee benefits	14,085	11,800
Post-employment benefits	87	281
	<u>14,172</u>	<u>12,081</u>

**19. NON-CASH TRANSACTIONS**

During the period, the Group entered into new lease agreements for the use of leased factories and staff quarters for 2 to 3 years (six months ended 30th June, 2021: leased factories for 10 years). On the lease commencement and modification, the Group recognised right-of-use assets and lease liabilities of HK\$5,464,000 and HK\$5,317,000 (six months ended 30th June, 2021: HK\$241,000 and HK\$69,000) respectively.

During the period, trust receipt loans raised under supply chain financing arrangements of HK\$1,325,981,000 (six months ended 30th June, 2021: HK\$1,061,353,000) represent the payments to the suppliers by the relevant banks directly.

## BUSINESS REVIEW

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

For the six months ended 30th June, 2022, the Group's total revenue was approximately HK\$2,119,928,000, representing an increase of 7% over the same period last year. The increase in revenue was mainly attributable to generally higher prices than the same period last year for most of the commodities, including steel, and higher deliveries of building construction materials in Hong Kong compared to the same period last year.

After deduction of profit attributable to non-controlling interests, profit attributable to shareholders of the Company amounted to approximately HK\$38,476,000, representing a decrease of 51% over the same period last year.

During the period under review, the recurrence of the novel coronavirus (COVID-19) pandemic had a significant impact on the overall economy of Mainland China and Hong Kong, making the business environment for all sectors significantly more difficult than last year. Both of the Group's core businesses have been greatly affected, especially the enterprises in Mainland China, where production and operation have been greatly challenged under the impact of multiple waves of pandemic and prevention and control policies. Despite the management's best efforts in implementing various measures to maintain business stability, the Group's results in the first half of the year were still much lower than those of the corresponding period of last year.

### **Metal Products**

The business is currently comprising of steel wires and steel wire rope products operating in Mainland China. During the period, revenue was approximately HK\$619,185,000, representing a decrease of 24% over the same period last year, and the profit before interest and taxation approximately HK\$29,881,000, representing a decrease of 64% over the same period last year.

During the period, Covid outbreaks of varying degrees of severity occurred in various parts of Mainland China, with widespread lockdowns, road closures and restrictions of people's mobility leading to disruptions in business operations and supply chains. The pandemic severely impacted the manufacturing industry in Mainland China in the first half of the year.

The Group's main wire rope production site "Tianjin" was the first to be lockdown in February due to the outbreak of the pandemic, with mobility restrictions on the factory staff preventing normal operations of the factory. In mid-March, a three-month long lockdown was imposed in Shanghai, where our major customers are located, all customers within the lockdown area were suspended from work. The Group's wire rope products could not be shipped and market demand contracted significantly.

In the face of the most difficult business environment since the pandemic, the management has taken a number of countermeasures, doing its utmost to maintain the business operating rate and shipment volume, refining various management aspects to ensure all businesses to maintain stable operations and continue to invest in the development of high-end products, hoping to continue to create good benefits for the Group after the pandemic has been under control and market demand has returned to stability.

### **Building Construction Materials**

Building construction materials line of business comprises mainly of ready mixed concrete, precast concrete products and processing and distribution of construction steel products in Hong Kong.

During the period, revenue was approximately HK\$1,502,112,000, representing an increase of 30% over the same period last year, and the profit before interest and taxation was approximately HK\$51,170,000, representing an increase of 22% over the same period last year.

The construction industry in Hong Kong continued to be affected by the pandemic during the period, especially during the fifth wave of the pandemic when Mainland China imposed a travel restriction on Hong Kong, which led to tight cross-border transportation and a shortage of construction materials from Mainland China at one time, causing delays to various projects in Hong Kong.

The Group is optimistic about the outlook of its building construction materials business, which has maintained its momentum and revenue recorded double-digit growth despite the impact of the pandemic, as Hong Kong's construction industry has entered a golden period.



## LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2022, the total bank balances and cash of the Group amounted to approximately HK\$551,900,000 (31st December, 2021: approximately HK\$672,722,000). As at 30th June, 2022, current ratio (current assets to current liabilities) of the Group was 1.41:1 (31st December, 2021: 1.49:1).

As at 30th June, 2022, the total borrowings of the Group amounted to approximately HK\$1,279,160,000 (31st December, 2021: approximately HK\$1,245,786,000).

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

## CAPITAL STRUCTURE

During the period, there was no material change to the capital structure of the Company. The number of the Company's ordinary shares in issue as at 30th June, 2022 was 574,378,128 (31st December, 2021: 574,378,128).

As at 30th June, 2022, the equity attributable to the shareholders of the Company amounted to approximately HK\$1,165,372,000 (31st December, 2021: approximately HK\$1,193,866,000).

As at 30th June, 2022, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.57:1 (31st December, 2021: 0.44:1).

## EMPLOYMENT AND REMUNERATION POLICY

As at 30th June, 2022, the total number of staff of the Group was 1,511. Remuneration is determined with reference to the performance, qualifications and experience of the employees concerned and the prevailing industry practice. The Group provides Mandatory Provident Fund entitlement to Hong Kong's employees. Moreover, share options may be granted as an incentive or reward to eligible employees in accordance with the share option scheme adopted on 5th June, 2014.

## PROSPECT

Looking ahead to the second half of the year, while the lockdown measures in Mainland China and Hong Kong for pandemic control are expected to be eased, negative factors such as the unstable international situation, volatile financial markets and fluctuating commodity prices, coupled with the contraction of the manufacturing sector in Mainland China and increased competition from reduced demand, will inevitably pose significant challenges to the Group's business in the second half of the year.

However, given the strong demand for land, public facilities and housing in Hong Kong, there will be a prolonged golden period for the construction industry in Hong Kong, which will certainly benefit the Group's building construction materials business, which has been established in Hong Kong for 45 years.

The Group will face the current challenges in a positive and prudent manner, hoping to ensure stable growth in its two core businesses in a challenging and difficult environment, and to make every effort to achieve a promising annual result for our shareholders.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30th June, 2022, 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 of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### (1) Long position

#### *Shares of the Company*

Name of directors	Number of ordinary shares			Percentage of issued shares
	Personal interests (held as beneficial owner)	Corporate interests (held by controlled corporation)	Total	
Mr. Pang Tak Chung MH (Note)	163,928,082	201,666,392	365,594,474	63.65%
Mr. Ho Wai Yu, Sammy	2,000	–	2,000	0.00%

Note: The 201,666,392 shares are held by Golik Investments Ltd. which is wholly owned by Mr. Pang Tak Chung MH.

## *Share options*

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

## **(2) Shares in subsidiaries**

As at 30th June, 2022, Mr. Pang Tak Chung 潘達中 had 5,850 non-voting deferred shares in Golik Metal Industrial Company Limited.

Save as disclosed above, as at 30th June, 2022, 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, 2022, 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.	201,666,392	35.11%

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, 2022, 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 Board is committed to maintain a good standard of corporate governance practices within the Group. Throughout the six months ended 30th June, 2022, the Company has fully complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules.

## **CHANGES IN DIRECTORS' INFORMATION**

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in directors' information since the date of 2021 Annual Report of the Company are set out below:

1. With effect from 1st March, 2022, the monthly salary of Mr. Pang Tak Chung MH, the chairman of the Company, has been increased by HK\$20,000.
2. With effect from 1st March, 2022, the monthly salary of Mr. Ho Wai Yu, Sammy, the vice chairman of the Company, has been increased by HK\$20,000.
3. With effect from 1st January, 2022, Ms. Pang Wan Ping has been appointed as chief executive officer of the Company. And with effect from 1st March, 2022, the monthly salary of Ms. Pang has been increased by HK\$10,000.
4. With effect from 1st March 2022, the monthly salary of Mr. Pang Chi To, an executive director of the Company, has been increased by HK\$5,000.

Save as disclosed above, the Company is not aware of other information which is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

## **AUDIT COMMITTEE**

The Company established its audit committee on 5th January, 1999 with written terms of reference which are in line with the CG Code. The audit committee comprises three independent non-executive directors namely Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Hai Tuen Tai, Freddie.

The audit committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June, 2022. The financial information contained in this interim report is unaudited, the disclosure of which has complied with Appendix 16 to the Listing Rules.

## **REMUNERATION COMMITTEE**

The Company established its remuneration committee on 21st April, 2005 with written terms of reference which are in line with the CG Code. The remuneration committee comprises three independent non-executive directors namely Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Hai Tuen Tai, Freddie.

## NOMINATION COMMITTEE

The Company established its nomination committee on 30th December, 2021 with written terms of reference which are in line with CG Code. The nomination committee comprises one executive director, Mr. Pang Tak Chung MH and three independent non-executive directors namely Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Hai Tuen Tai, Freddie. Mr. Pang Tak Chung MH is the chairman of the nomination committee.

## 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 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, 2022.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2022.

## ACKNOWLEDGEMENT

I personally take this opportunity to sincerely thank each employee and management staff of the Group in abundance for their past efforts and contributions. I would also like to thank shareholders of the Group, customers, banks and business associates who had supported the Group along the way. With our joint efforts, the Group endeavors to deliver better results in the second half of the year.

By Order of the Board

**Pang Tak Chung MH**

*Chairman*

Hong Kong, 26th August, 2022