

**GOLIK**  
HOLDINGS LIMITED

**2023**

**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*)  
Mr. PANG Chi To

**Independent Non-executive Directors**

Mr. HAI Tuen Tai, Freddie  
Mr. LUK Kam Fan, Jimmy  
Mr. LINN Hon Chung, Ambrose  
(*appointment effective 1st February, 2023*)  
Mr. YU Kwok Kan, Stephen  
(*retirement effective 9th June, 2023*)  
Mr. CHAN Yat Yan  
(*retirement effective 9th June, 2023*)

**COMPANY SECRETARY**

Mr. HO Wai Yu, Sammy  
FCCA MHKCS MHKSI

**AUDIT COMMITTEE**

Mr. HAI Tuen Tai, Freddie  
Mr. LUK Kam Fan, Jimmy  
Mr. LINN Hon Chung, Ambrose  
(*appointment effective 1st February, 2023*)  
Mr. YU Kwok Kan, Stephen  
(*retirement effective 9th June, 2023*)  
Mr. CHAN Yat Yan  
(*retirement effective 9th June, 2023*)

**REMUNERATION COMMITTEE**

Mr. PANG Tak Chung MH  
(*appointment effective 15th February, 2023*)  
Mr. HAI Tuen Tai, Freddie  
Mr. LUK Kam Fan, Jimmy  
Mr. LINN Hon Chung, Ambrose  
(*appointment effective 1st February, 2023*)  
Mr. YU Kwok Kan, Stephen  
(*retirement effective 9th June, 2023*)  
Mr. CHAN Yat Yan  
(*retirement effective 9th June, 2023*)

**NOMINATION COMMITTEE**

Mr. PANG Tak Chung MH (*Chairman*)  
Mr. HAI Tuen Tai, Freddie  
Mr. LUK Kam Fan, Jimmy  
Mr. LINN Hon Chung, Ambrose  
(*appointment effective 1st February, 2023*)  
Mr. YU Kwok Kan, Stephen  
(*retirement effective 9th June, 2023*)  
Mr. CHAN Yat Yan  
(*retirement effective 9th June, 2023*)

**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  
United Overseas Bank 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, 2023 together with the comparative unaudited figures for the corresponding period in 2022 as follows:

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

FOR THE SIX MONTHS ENDED 30TH JUNE, 2023

	NOTES	Six months ended 30th June,	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	4	<b>1,961,107</b>	2,119,928
Cost of sales		<b>(1,678,508)</b>	(1,888,484)
Gross profit		<b>282,599</b>	231,444
Other income		<b>16,901</b>	21,470
Selling and distribution costs		<b>(75,109)</b>	(61,818)
Administrative expenses		<b>(90,828)</b>	(89,160)
Impairment losses under expected credit losses (“ECL”) model, net	5	<b>(1,691)</b>	(3,215)
Other gains and losses	6	<b>(3,202)</b>	(4,359)
Other expenses		<b>(19,240)</b>	(25,183)
Finance costs		<b>(23,907)</b>	(14,987)
– Interest on bank borrowings		<b>(18,816)</b>	(9,003)
– Interest on lease liabilities		<b>(5,091)</b>	(5,984)
Share of result of a joint venture		<b>(124)</b>	(191)
Share of result of an associate		<b>618</b>	445
Profit before taxation		<b>86,017</b>	54,446
Income taxes	7	<b>(12,901)</b>	(9,715)
<b>Profit for the period</b>	8	<b>73,116</b>	44,731

	<i>NOTE</i>	<b>Six months ended 30th June, 2023 HK\$'000 (unaudited)</b>	<b>2022 HK\$'000 (unaudited)</b>
<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		<b>(18,444)</b>	(27,836)
– 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 on an equity instrument at fair value through other comprehensive income (“FVTOCI”)		<b>217</b>	340
Other comprehensive expense for the period		<b>(18,227)</b>	(27,075)
<b>Total comprehensive income for the period</b>		<b>54,889</b>	17,656
Profit for the period attributable to:			
Shareholders of the Company		<b>63,078</b>	38,476
Non-controlling interests		<b>10,038</b>	6,255
		<b>73,116</b>	44,731
Total comprehensive income for the period attributable to:			
Shareholders of the Company		<b>48,916</b>	17,456
Non-controlling interests		<b>5,973</b>	200
		<b>54,889</b>	17,656
Basic earnings per share	10	<b>HK10.98 cents</b>	HK6.70 cents

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30TH JUNE, 2023

	NOTES	30th June, 2023 HK\$'000 (unaudited)	31st December, 2022 HK\$'000 (audited)
<b>Non-current Assets</b>			
Property, plant and equipment	11	473,717	490,690
Right-of-use assets		198,066	226,427
Interest in a joint venture		4,921	5,045
Interest in an associate		–	–
Amount due from an associate		1,985	1,366
Equity instrument at FVTOCI		2,223	2,006
Insurance policy assets		7,155	14,072
Rental and other deposits	12	2,696	2,905
Deposits paid for acquisition of property, plant and equipment		4,271	4,682
Loan receivables	12	1,820	2,380
		<u>696,854</u>	<u>749,573</u>
<b>Current Assets</b>			
Inventories		845,249	784,999
Trade, bills, loan and other receivables	12	957,426	959,118
Income tax recoverable		15	–
Bank balances and cash		500,787	541,569
		<u>2,303,477</u>	<u>2,285,686</u>

	NOTES	30th June, 2023 HK\$'000 (unaudited)	31st December, 2022 HK\$'000 (audited)
<b>Current Liabilities</b>			
Trade, bills and other payables	13	411,637	226,579
Contract liabilities		9,400	9,620
Lease liabilities		20,528	29,197
Dividend payable	9	17,231	–
Amounts due to non-controlling shareholders		3,200	3,200
Income tax payable		16,287	10,280
Bank borrowings	14	1,006,161	1,250,243
		<u>1,484,444</u>	<u>1,529,119</u>
<b>Net Current Assets</b>			
		<u>819,033</u>	<u>756,567</u>
		<u>1,515,887</u>	<u>1,506,140</u>
<b>Capital and Reserves</b>			
Share capital	15	57,438	57,438
Share premium and reserves		1,143,983	1,112,298
		<u>1,201,421</u>	<u>1,169,736</u>
Equity attributable to shareholders of the Company		1,201,421	1,169,736
Non-controlling interests		104,623	108,400
		<u>1,306,044</u>	<u>1,278,136</u>
<b>Total Equity</b>			
		<u>1,306,044</u>	<u>1,278,136</u>
<b>Non-current Liabilities</b>			
Deferred tax liabilities		24,132	24,132
Lease liabilities		185,711	203,872
		<u>209,843</u>	<u>228,004</u>
		<u>1,515,887</u>	<u>1,506,140</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30TH JUNE, 2023

	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, 2022 (audited)	57,438	323,195	43,736	43,628	2,119	(21,186)	744,936	1,193,866	113,197	1,307,063
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
Total comprehensive income (expense) for the period	-	-	(21,360)	-	340	-	38,476	17,456	200	17,656
Dividend declared (note 9)	-	-	-	-	-	-	(45,950)	(45,950)	-	(45,950)
Transfer between reserves	-	-	-	935	-	-	(935)	-	-	-
Transfer upon deregistration of a subsidiary	-	-	-	(3,350)	-	-	3,350	-	-	-
At 30th June, 2022 (unaudited)	57,438	323,195	22,376	41,213	2,459	(21,186)	739,877	1,165,372	113,397	1,278,769
Profit for the period	-	-	-	-	-	-	37,197	37,197	8,610	45,807
<b>Other comprehensive income (expense) for the period</b>										
Exchange difference arising on translation of foreign operations	-	-	(20,893)	-	-	-	-	(20,893)	(5,676)	(26,569)
Disposal of subsidiaries	-	-	1	-	-	-	-	1	-	1
Fair value loss on an equity instrument at FVTOCI	-	-	-	-	(453)	-	-	(453)	-	(453)
Total comprehensive income (expense) for the period	-	-	(20,892)	-	(453)	-	37,197	15,852	2,934	18,786

## 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 9)	-	-	-	-	-	-	(11,488)	(11,488)	-	(11,488)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(7,931)	(7,931)
Transfer between reserves	-	-	-	3,654	-	-	(3,654)	-	-	-
Transfer upon deregistration of subsidiaries	-	-	-	13	-	-	(13)	-	-	-
<b>At 31st December, 2022 (audited)</b>	<b>57,438</b>	<b>323,195</b>	<b>1,484</b>	<b>44,880</b>	<b>2,006</b>	<b>(21,186)</b>	<b>761,919</b>	<b>1,169,736</b>	<b>108,400</b>	<b>1,278,136</b>
Profit for the period	-	-	-	-	-	-	63,078	63,078	10,038	73,116
<b>Other comprehensive (expense) income for the period</b>										
Exchange difference arising on translation of foreign operations	-	-	(14,379)	-	-	-	-	(14,379)	(4,065)	(18,444)
Fair value gain on an equity instrument at FVTOCI	-	-	-	-	217	-	-	217	-	217
<b>Total comprehensive (expense) income for the period</b>	<b>-</b>	<b>-</b>	<b>(14,379)</b>	<b>-</b>	<b>217</b>	<b>-</b>	<b>63,078</b>	<b>48,916</b>	<b>5,973</b>	<b>(54,889)</b>
Dividend declared (note 9)	-	-	-	-	-	-	(17,231)	(17,231)	-	(17,231)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(9,750)	(9,750)
<b>At 30th June, 2023 (unaudited)</b>	<b>57,438</b>	<b>323,195</b>	<b>(12,895)</b>	<b>44,880</b>	<b>2,223</b>	<b>(21,186)</b>	<b>807,766</b>	<b>1,201,421</b>	<b>104,623</b>	<b>1,306,044</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, 2023

	Six months ended 30th June,	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,100,512</b>	1,237,776
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(7,821)	(22,621)
Deposits paid for acquisition of property, plant and equipment	(2,227)	(6,690)
Proceeds from disposal of property, plant and equipment	322	344
Repayment from an associate	2,250	–
Receipt of surrender cash value of insurance policy assets	6,918	–
Other investing cash flows	2,291	(240)
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<b>1,733</b>	(29,207)
<b>FINANCING ACTIVITIES</b>		
Repayment of trust receipt loans	(1,116,581)	(1,285,461)
Repayment of bank loans	(55,862)	(117,719)
Repayment of lease liabilities	(17,763)	(22,344)
Interest paid on bank borrowings	(18,313)	(8,868)
Interest paid on lease liabilities	(5,091)	(5,984)
Bank loans raised	83,679	115,762
Dividend paid to non-controlling interests	(9,750)	–
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(1,139,681)</b>	(1,324,614)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(37,436)</b>	(116,045)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>541,569</b>	672,722
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(3,346)</b>	(4,777)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>500,787</b>	551,900
<b>REPRESENTED BY:</b>		
Bank balances and cash	500,787	551,900

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2023

### 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 (the "Listing Rules").

### 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 new and 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, 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31st December, 2022.

#### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1st January, 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October, 2020 and February, 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

The application of the new and 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, 2023 (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	549,967	–	–	549,967
Concrete products	–	301,467	–	301,467
Construction steel products and processing, and other construction products	–	1,037,497	–	1,037,497
<b>Service income</b>				
Processing income	–	35,555	–	35,555
Transportation income	–	36,523	–	36,523
<b>Revenue from contract with customers</b>	<b>549,967</b>	<b>1,411,042</b>	<b>–</b>	<b>1,961,009</b>
Interest income on money lending	–	–	98	98
<b>Total revenue</b>	<b>549,967</b>	<b>1,411,042</b>	<b>98</b>	<b>1,961,107</b>

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	–	1,231,060	–	1,231,060
<b>Service income</b>				
Processing income	–	20,718	–	20,718
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>

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 processing 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, processing 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. Processing income of HK\$20,718,000 grouped under sales of goods in construction steel products and processing, and other construction products in building construction materials segment have been updated from HK\$1,251,778,000 to HK\$1,231,060,000 for comparative figures.

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.

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, 2023 (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	549,967	1,411,042	1,961,009	98	-	1,961,107
Inter-segment revenue	1,679	72	1,751	-	(1,751)	-
<b>Total</b>	<b>551,646</b>	<b>1,411,114</b>	<b>1,962,760</b>	<b>98</b>	<b>(1,751)</b>	<b>1,961,107</b>
<b>SEGMENT RESULT</b>						
	<b>42,301</b>	<b>77,947</b>	<b>120,248</b>	<b>92</b>	<b>-</b>	<b>120,340</b>
Unallocated other income and other gains						287
Unallocated corporate expenses						(11,197)
Finance costs						(23,907)
- Interest on bank borrowings						(18,816)
- Interest on lease liabilities						(5,091)
Share of result of a joint venture						(124)
Share of result of an associate						618
Profit before taxation						<b>86,017</b>

For the six months ended 30th June, 2022 (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	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>

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, 2023 (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	5,181	1,345,222	98	1,350,501
Mainland China	489,242	10,134	–	499,376
Macau	31	55,686	–	55,717
Others	55,513	–	–	55,513
	<u>549,967</u>	<u>1,411,042</u>	<u>98</u>	<u>1,961,107</u>

### 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>

## 5. IMPAIRMENT LOSSES UNDER ECL MODEL, NET

	Six months ended 30th June, 2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Net impairment losses (reversal of impairment losses) on:		
– Amount due from an associate	(2,250)	–
– Trade receivables	3,941	3,215
	<u>1,691</u>	<u>3,215</u>

## 6. OTHER GAINS AND LOSSES

	Six months ended 30th June, 2023 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (unaudited)
Loss (gain) on disposal of property, plant and equipment	94	(2,540)
Net exchange loss	3,108	6,899
	<u>3,202</u>	<u>4,359</u>





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

	<b>30th June, 2023 HK\$'000 (unaudited)</b>	31st December, 2022 HK\$'000 (audited)
Trade receivables	<b>902,798</b>	901,147
Less: Impairment losses under ECL model	<b>(47,909)</b>	(44,304)
	<b>854,889</b>	856,843
Bills receivables	<b>26,614</b>	26,497
Loan receivables	<b>3,476</b>	4,007
Less: Impairment losses under ECL model	<b>(550)</b>	(550)
	<b>2,926</b>	3,457
Prepayments	<b>44,331</b>	47,146
Rental and other deposits	<b>28,230</b>	23,472
Other receivables	<b>26,298</b>	28,495
Less: Impairment losses under ECL model	<b>(21,346)</b>	(21,507)
	<b>77,513</b>	77,606
Total rental and other deposits, trade, bills, loan and other receivables	<b>961,942</b>	964,403
Analysed for reporting purpose as:		
Current – Trade, bills, loan and other receivables	<b>957,426</b>	959,118
Non-current – Loan receivables, net	<b>1,820</b>	2,380
Non-current – Rental and other deposits	<b>2,696</b>	2,905
	<b>961,942</b>	964,403

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, 2023 HK\$'000 (unaudited)</b>	31st December, 2022 HK\$'000 (audited)
0 – 30 days	<b>401,102</b>	345,885
31 – 60 days	<b>245,719</b>	339,002
61 – 90 days	<b>135,473</b>	118,051
91 – 120 days	<b>47,181</b>	41,791
More than 120 days	<b>52,028</b>	38,611
	<b>881,503</b>	883,340

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.

Net loan receivables with ageing analysis presented below per maturity dates:

	<b>30th June, 2023</b>	31st December, 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
Not due yet	<b>2,926</b>	3,457
Overdue	–	–
	<b>2,926</b>	3,457

The management of the Group estimate the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as the fair value of the collaterals pledged to the loan receivables.

### 13. TRADE, BILLS AND OTHER PAYABLES

	<b>30th June, 2023</b>	31st December, 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
Trade payables	<b>310,619</b>	115,584
Bills payables	<b>4,534</b>	15,011
Accruals	<b>62,188</b>	65,500
Deposits received	<b>15,453</b>	10,704
Other payables	<b>18,843</b>	19,780
	<b>411,637</b>	226,579

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, 2023</b>	31st December, 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(audited)
0 – 30 days	<b>242,738</b>	68,466
31 – 60 days	<b>51,185</b>	43,448
61 – 90 days	<b>11,127</b>	9,720
91 – 120 days	<b>5,936</b>	4,793
More than 120 days	<b>4,167</b>	4,168
	<b>315,153</b>	130,595

**14. BANK BORROWINGS**

During the current period, the Group raised bank loans of HK\$83,679,000 (six months ended 30th June, 2022: HK\$115,762,000), and repaid bank loans and trust receipt loans of HK\$55,862,000 and HK\$1,116,581,000 (six months ended 30th June, 2022: HK\$117,719,000 and HK\$1,285,461,000) 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 2.40% to 6.56% (31st December, 2022: 3.20% to 6.76%) per annum.

**15. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
<b>Ordinary shares of HK\$0.10 each</b>		
<b>Authorised:</b>		
At 1st January, 2022, 30th June, 2022, 31st December, 2022 and 30th June, 2023	<u>1,800,000,000</u>	<u>180,000</u>
<b>Issued and fully paid:</b>		
At 1st January, 2022, 30th June, 2022, 31st December, 2022 and 30th June, 2023	<u>574,378,128</u>	<u>57,438</u>

**16. CAPITAL COMMITMENTS**

	<b>30th June, 2023 HK\$'000 (unaudited)</b>	<b>31st December, 2022 HK\$'000 (audited)</b>
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<u>2,135</u>	<u>3,558</u>

## 17. 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, 2023 HK\$'000 (unaudited)	31st December, 2022 HK\$'000 (audited)			
Equity instrument at FVTOCI	2,223	2,006	Level 1	Quoted bid prices from a Frankfurt Stock Exchange	N/A
Insurance policy assets	7,155	14,072	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.

## 18. 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, 2023 HK\$'000 (unaudited)	31st December, 2022 HK\$'000 (audited)
Construction in progress	<b>85,101</b>	<b>85,667</b>

**19. 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,	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
An associate	Expense relating to short-term leases	6,074	5,840
	Interest income	260	252

The gross amount due from an associate of HK\$13,725,000 (31st December, 2022: HK\$15,975,000), 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,	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Short-term employee benefits	12,673	14,085
Post-employment benefits	96	87
	<b>12,769</b>	<b>14,172</b>

**20. NON-CASH TRANSACTIONS**

During the period, trust receipt loans raised under supply chain financing arrangements of HK\$847,086,169 (six months ended 30th June, 2022: HK\$1,325,981,000) represent the payments to the suppliers by the relevant banks directly.

During the period, no new lease agreement more than one year was taken up by the Group. (six months ended 30th June, 2022, the Group entered into new lease agreements for the use of leased factories and staff quarters for 2 to 3 years and, the Group recognised right-of-use assets and lease liabilities of HK\$5,464,000 and HK\$5,317,000).

## BUSINESS REVIEW

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

For the six months ended 30th June, 2023, the Group's total revenue was approximately HK\$1,961,107,000, representing a decrease of 7% over the same period last year. The decrease in revenue was mainly attributable to lower prices during the period than the same period last year for most of the commodities, including steel, while the Group's business volume was basically maintained at the same level as 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\$63,078,000, representing an increase of 64% over the same period last year.

During the period under review, as the novel coronavirus (COVID-19) pandemic eased, economic activities in both Mainland China and Hong Kong gradually returned to normal, most of the Group's businesses began to recover from the second quarter onwards. Management team of the Group was quick to capitalize on market opportunities during the early stage of the recovery, not only safeguarding existing market shares but also expanding into various new businesses using our existing metal products. As a result, the Group achieved significant growth in performance during the period as compared to the same period last year.

### **Metal Products**

The business currently consists of steel wires and steel wire rope products operated in Tianjin, Heshan and Jiangmen in Mainland China. During the period, revenue was approximately HK\$551,646,000, representing a decrease of 11% over the same period last year, and profit before interest and taxation was approximately HK\$42,301,000, representing an increase of 42% over the same period last year.

The improvement in profitability of metal products was mainly due to steady growth in the high-performance lifting steel wire rope and export businesses, as well as higher delivery of elevator wire ropes in the second quarter as resulted from customers starting to replenish their reduced inventories due to the pandemic from the beginning of the second quarter.

Although Mainland China's manufacturing industry has been gradually recovering from the pandemic, the market remains stagnant. Coupled with the sluggish real estate market, it poses challenges to the metal products business in the Group's Mainland China market, especially for our elevator wire rope products. Market competition has intensified, resulting in continuous gross margin pressure. It is expected that this market situation will persist for some time. Over the years, the Group's elevator wire rope products have established themselves ranged as high-performance products, emphasizing quality and service, and become a trusted supplier for major elevator manufacturers. This market positioning and efforts have proven beneficial in the current challenging market environment, as the shipment volume of elevator wire rope products continues to meet the expected targets.

The high-performance lifting rope business continues to experience growth, particularly in terms of exports. Currently, the Company has established business partnerships with several internationally renowned engineering machinery equipment manufacturers.

### **Building Construction Materials**

The business currently consists 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\$1,411,114,000, representing a decrease of 6% over the same period last year, and profit before interest and taxation was approximately HK\$77,947,000, representing an increase of 52% over the same period last year.

Since the second quarter, the construction industry in Hong Kong has been rapidly recovering as anti-pandemic restrictions have been released in both Mainland China and Hong Kong. The Group's building construction materials business has also shown steady improvement during the period. Despite facing intense market competition and gross margin pressure, the overall performance is better than in the same period last year.

Through a decade of unremitting efforts, the Group's off-site cut-and-bend steel processing business has shown signs of progress. Offsite cut-and-bend steel processing not only reduces the workload for construction workers but also greatly improves the working environment at construction sites, reducing the risk of accidents and injuries. Currently, it has gained recognition and strong support from the Works Departments of the government. There is a possibility that certain percentage of steel materials will be required to receive off-site processing services for the government's public works, regardless of their scales. The Group's long-standing efforts in this regard also demonstrate its contribution as one of the major construction material suppliers in Hong Kong towards environmental protection and safety in the construction industry.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2023, the total bank balances and cash of the Group amounted to approximately HK\$500,787,000 (31st December, 2022: approximately HK\$541,569,000). As at 30th June, 2023, current ratio (current assets to current liabilities) of the Group was 1.55:1 (31st December, 2022: 1.49:1).

As at 30th June, 2023, the total borrowings of the Group amounted to approximately HK\$1,006,161,000 (31st December, 2022: approximately HK\$1,250,243,000).

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, 2023 was 574,378,128 (31st December, 2022: 574,378,128).

As at 30th June, 2023, the equity attributable to the shareholders of the Company amounted to approximately HK\$1,201,421,000 (31st December, 2022: approximately HK\$1,169,736,000).

As at 30th June, 2023, net gearing ratio (total borrowings minus bank balances and cash to total equity) was 0.39:1 (31st December, 2022: 0.55:1).

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30th June, 2023, the total number of staff of the Group was 1,493. Remuneration is determined with reference to the performance, qualifications and experience of the employees concerned and the prevailing industry practice. The Group provides Mandatory Provident Fund entitlement to Hong Kong's employees. Moreover, share options may be granted as an incentive or reward to eligible employees in accordance with the share option scheme adopted on 5th June, 2014.

## **PROSPECT**

The impact of pandemic and geopolitical factors has led to a slowdown in economic growth in Mainland China. Various economic indicators in the manufacturing sector in Mainland China have not met expectations in the first half of the year, and the market remains weak, particularly, the real estate market has been declining in recent years. The Group's steel wire rope business in Mainland China still faces significant challenges in the current operating environment.

The outlook for the Group's building construction materials business in Hong Kong is relatively optimistic. The Chief Executive has outlined a development blueprint for Hong Kong's future in the 2022 Policy Address, which includes the "Northern Metropolis", "Kau Yi Chau Artificial Islands" as well as several major road and railway infrastructure projects. Additionally, over the next decade, the construction of more than 300,000 public housing units is planned. With these developments, the construction industry in Hong Kong is expected to have a promising future, and the Group's building construction materials business is likely to benefit from these opportunities.

Despite the numerous challenges faced by the Group's two core businesses in Hong Kong and Mainland China, including fierce market competition and lower gross margin, the Group remains confident in the steady development of these businesses due to their established market position and team's efforts.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30th June, 2023, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the 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, 2023, Mr. Pang Tak Chung MH had 5,850 non-voting deferred shares in Golik Metal Industrial Company Limited.

Save as disclosed above, as at 30th June, 2023, 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, 2023, 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, 2023, 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 as set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix 14 the Listing Rules. The Company has complied with code provisions as set out in the CG Code throughout the six months ended 30th June, 2023 except the followings:

Code provision C.1.6, generally independent non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Yu Kwok Kan, Stephen and Mr. Chan Yat Yan were unable to attend the annual general meeting of the Company held on 9th June, 2023 due to their other business engagement.

## CHANGES IN DIRECTORS’ INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in directors’ information since the date of 2022 Annual Report of the Company are set out below:

1. With effect from 1st March, 2023, 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, 2023, 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 March, 2023, the monthly salary of Ms. Pang Wan Ping, the chief executive officer of the Company, has been increased by HK\$10,000.
4. With effect from 1st March 2023, the monthly salary of Mr. Pang Chi To, an executive director of the Company, has been increased by HK\$10,000.

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. Hai Tuen Tai, Freddie, Mr. Luk Kam Fan, Jimmy and Mr. Linn Hon Chung, Ambrose.

The audit committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30th June, 2023. 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 one executive director namely Mr. Pang Tak Chung 潘國輝 and three independent non-executive directors namely Mr. Hai Tuen Tai, Freddie, Mr. Luk Kam Fan, Jimmy and Mr. Linn Hon Chung, Ambrose.

## **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 namely Mr. Pang Tak Chung 潘國輝 and three independent non-executive directors namely Mr. Hai Tuen Tai, Freddie, Mr. Luk Kam Fan, Jimmy and Mr. Linn Hon Chung, Ambrose. Mr. Pang Tak Chung 潘國輝 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, 2023.

## **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, 2023.

## **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, and would like to thank the Group's shareholders, customers, banks and business associates for their long-term support. With everyone's concerted effort, the Group endeavors to achieve even better results in the second half of the year.

By Order of the Board

**Pang Tak Chung MH**

*Chairman*

Hong Kong, 25th August, 2023