



GOLIK HOLDINGS LIMITED

Stock Code: 1118

INTERIM  
REPORT  
2010

## CORPORATE INFORMATION

### Executive Directors

Mr. Pang Tak Chung (*Chairman*)  
 Mr. Ho Wai Yu, Sammy (*Vice Chairman*)  
 Mr. John Cyril Fletcher

### Independent Non-Executive Directors

Mr. Yu Kwok Kan, Stephen  
 Mr. Chan Yat Yan  
 Mr. Lo Yip Tong

### Company Secretary

Mr. Ho Wai Yu, Sammy  
*FCCA CPA MCMI*

### Registered Office

Clarendon House  
 2 Church Street  
 Hamilton HM 11  
 Bermuda

### Head Office and Principal Place of Business

Suite 5608, Central Plaza  
 18 Harbour Road  
 Wanchai  
 Hong Kong

### Website

<http://www.golik.com.hk>

### Auditor

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
 35th Floor, One Pacific Place  
 88 Queensway  
 Hong Kong

### Principal Bankers

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

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Secretaries Limited  
 26th Floor, Tesbury Centre  
 28 Queen's Road East  
 Hong Kong

### Investor Relations

JOVIAN Financial Communications  
 Limited  
 Room 918-920, 9th Floor  
 Sun Hung Kai Centre  
 30 Harbour Road  
 Wanchai  
 Hong Kong

**INTERIM RESULTS**

The Board of Directors of Golik Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2010 together with the comparative unaudited figures for the corresponding period in 2009 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30TH JUNE, 2010*

		<b>Six months ended</b>	
	<i>NOTES</i>	<b>30.6.2010</b>	30.6.2009
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited/ restated)
Revenue	4	<b>1,573,439</b>	1,378,538
Cost of sales		<b><u>(1,391,240)</u></b>	<u>(1,210,313)</u>
Gross profit		<b>182,199</b>	168,225
Other income		<b>20,418</b>	10,684
Interest income		<b>645</b>	652
Other gains and losses	5	<b>(3,176)</b>	(10,497)
Selling and distribution costs		<b>(46,231)</b>	(45,474)
Administrative expenses		<b>(74,890)</b>	(68,778)
Finance costs	6	<b>(12,448)</b>	(12,154)
Share of results of jointly controlled entities		<b><u>(10)</u></b>	<u>(130)</u>
Profit before taxation		<b>66,507</b>	42,528
Income taxes	7	<b><u>(7,917)</u></b>	<u>(8,689)</u>
<b>Profit for the period</b>	8	<b><u>58,590</u></b>	<u>33,839</u>
<b>Other comprehensive income (expense)</b>			
Exchange difference arising on translation of foreign operations		<b><u>2,997</u></b>	<u>(24)</u>
<b>Total comprehensive income for the period</b>		<b><u>61,587</u></b>	<u>33,815</u>

		<b>Six months ended</b>	
		<b>30.6.2010</b>	30.6.2009
<i>NOTES</i>		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited/ restated)
Profit for the period attributable to:			
Shareholders of the Company		<b>52,731</b>	27,395
Non-controlling interests		<b>5,859</b>	6,444
		<b><u>58,590</u></b>	<u>33,839</u>
Total comprehensive income attributable to:			
Shareholders of the Company		<b>55,187</b>	27,343
Non-controlling interests		<b>6,400</b>	6,472
		<b><u>61,587</u></b>	<u>33,815</u>
Earnings per share			
Basic	<i>10</i>	<b><u>9.38 HK cents</u></b>	<u>4.83 HK cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 30TH JUNE, 2010

	NOTES	30.6.2010 <b>HK\$'000</b> (unaudited)	31.12.2009 <i>HK\$'000</i> (audited/ restated)
<b>Non-current Assets</b>			
Investment properties	11	22,160	16,860
Property, plant and equipment	11	298,271	298,265
Prepaid lease payments		16,283	16,362
Interests in jointly controlled entities		1,661	1,671
Rental and other deposits		1,813	719
Deposits paid for acquisition of property, plant and equipment		24,125	25,768
Amounts due from jointly controlled entities		<u>6,924</u>	<u>7,042</u>
		<u>371,237</u>	<u>366,687</u>
<b>Current Assets</b>			
Inventories		560,834	404,252
Trade and other receivables	12	674,088	590,136
Prepaid lease payments		425	423
Income tax recoverable		222	263
Derivative financial instruments		305	–
Pledged bank deposits	16	77,335	20,572
Bank balances and cash		<u>315,320</u>	<u>339,465</u>
		<u>1,628,529</u>	<u>1,355,111</u>
<b>Current Liabilities</b>			
Trade and other payables	13	323,951	224,010
Amounts due to non-controlling interests		5,253	4,822
Income tax payable		7,621	5,673
Derivative financial instruments		–	196
Bank borrowings	14	885,980	771,318
Obligations under finance leases		1,555	1,711
Bank overdrafts – unsecured		<u>3,866</u>	<u>–</u>
		<u>1,228,226</u>	<u>1,007,730</u>
<b>Net Current Assets</b>			
		<u>400,303</u>	<u>347,381</u>
		<u>771,540</u>	<u>714,068</u>

	<i>NOTES</i>	<b>30.6.2010</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2009 <i>HK\$'000</i> (audited/ restated)
<b>Capital and Reserves</b>			
Share capital	15	<b>56,192</b>	56,736
Share premium and reserves		<b>559,499</b>	519,897
Equity attributable to shareholders of the Company			
		<b>615,691</b>	576,633
Non-controlling interests		<b>98,271</b>	91,871
<b>Total Equity</b>		<b>713,962</b>	668,504
<b>Non-current Liabilities</b>			
Deferred tax liabilities		<b>13,578</b>	12,678
Bank borrowings	14	<b>42,710</b>	30,850
Obligations under finance leases		<b>1,290</b>	2,036
		<b>57,578</b>	45,564
		<b>771,540</b>	714,068

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

	Attributable to shareholders of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Property revaluation reserve	Exchange reserve	PRC statutory reserve	Other reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st January, 2009 (audited and as originally stated)	56,736	318,118	26,859	25,092	3,389	-	105,845	536,039	88,091	624,130
Effects of change in accounting policies (note 3)	-	-	(26,859)	(325)	-	-	9,093	(18,091)	(543)	(18,634)
At 1st January, 2009 (as restated)	56,736	318,118	-	24,767	3,389	-	114,938	517,948	87,548	605,496
Profit for the period	-	-	-	-	-	-	27,395	27,395	6,444	33,839
Other comprehensive income (expense) for the period										
Exchange difference arising from the translation of foreign operations	-	-	-	(52)	-	-	-	(52)	28	(24)
Total comprehensive income for the period	-	-	-	(52)	-	-	27,395	27,343	6,472	33,815
Dividend paid (note 9)	-	-	-	-	-	-	(8,510)	(8,510)	-	(8,510)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	102	102
At 30th June, 2009 (unaudited and restated)	56,736	318,118	-	24,715	3,389	-	133,823	536,781	94,122	630,903
Profit for the period	-	-	-	-	-	-	39,826	39,826	12,780	52,606
Other comprehensive income for the period										
Exchange difference arising from the translation of foreign operations	-	-	-	141	-	-	-	141	70	211
Total comprehensive income for the period	-	-	-	141	-	-	39,826	39,967	12,850	52,817
Repurchase of shares	-	-	-	-	-	(115)	-	(115)	-	(115)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(15,101)	(15,101)
At 31st December, 2009 (audited and restated)	56,736	318,118	-	24,856	3,389	(115)	173,649	576,633	91,871	668,504

	Attributable to shareholders of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Property revaluation reserve	Exchange reserve	PRC statutory reserve	Other reserve	Retained profits			
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000 <i>(note)</i>	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
Profit for the period	-	-	-	-	-	-	52,731	52,731	5,859	58,590
Other comprehensive income for the period										
Exchange difference arising from the translation of foreign operations	-	-	-	2,456	-	-	-	2,456	541	2,997
Total comprehensive income for the period	-	-	-	2,456	-	-	52,731	55,187	6,400	61,587
Repurchase of shares	(544)	(1,652)	-	-	-	115	-	(2,081)	-	(2,081)
Dividend paid <i>(note 9)</i>	-	-	-	-	-	-	(14,048)	(14,048)	-	(14,048)
<b>At 30th June, 2010 (unaudited)</b>	<b>56,192</b>	<b>316,466</b>	<b>-</b>	<b>27,312</b>	<b>3,389</b>	<b>-</b>	<b>212,332</b>	<b>615,691</b>	<b>98,271</b>	<b>713,962</b>

*Note:* The People's Republic of China (the "PRC") statutory reserve is reserve required by the relevant laws in the PRC applicable to subsidiaries in the PRC for enterprise development purposes.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

	<b>Six months ended</b>	
	<b>30.6.2010</b>	30.6.2009
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<b><u>(47,561)</u></b>	<u>188,636</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(17,392)	(11,280)
Deposits paid for acquisition of property, plant and equipment	(4,542)	(6,884)
Increase in pledged bank deposits	(56,573)	(16,026)
Proceeds from disposal of property, plant and equipment	166	51
Others	<u>1,415</u>	<u>1,001</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b><u>(76,926)</u></b>	<u>(33,138)</u>
<b>FINANCING ACTIVITIES</b>		
Bank loans raised	275,529	191,395
Repayment of bank loans	(261,959)	(130,975)
Interest paid	(12,300)	(14,157)
Dividend paid	(14,048)	(8,510)
Net borrowing (repayment) of trust receipt loans	111,883	(203,401)
Repayment of mortgage loans	(1,295)	(1,247)
Repurchase of shares	(2,081)	–
Others	<u>(486)</u>	<u>(18,147)</u>
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b><u>95,243</u></b>	<u>(185,042)</u>

	<b>Six months ended</b>	
	<b>30.6.2010</b>	30.6.2009
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(29,244)</b>	(29,544)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>339,465</b>	260,735
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<u>1,233</u>	<u>248</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u><b>311,454</b></u>	<u>231,439</u>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	<b>315,320</b>	234,031
Bank overdrafts	<u>(3,866)</u>	<u>(2,592)</u>
	<u><b>311,454</b></u>	<u>231,439</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

### 1. GENERAL

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

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2009 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

The Group applies HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1st January, 2010. The requirements in HKAS 27 (Revised) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st January, 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Except for the amendment to HKAS 17 “Leases” as described below, the application of the other new and revised HKFRSs has had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

As part of Improvements to HKFRSs issued in 2009, HKAS 17 “Leases” has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the condensed consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions of HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st January, 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payments to property, plant, and equipment retrospectively. This resulted in a reclassification of prepaid lease payments with a previous carrying amount of HK\$16,967,000 and HK\$16,533,000 as at 1st January, 2009 and 31st December, 2009 respectively to property, plant and equipment.

In addition, in the current interim period, the Group has changed its accounting policy with respect to the measurement of the factory buildings. In previous year, factory buildings of the Group were stated at revalued amount. The management of the Group consider that measuring factory buildings at cost model provides more relevant information about the Group’s financial performance to the economic decision-making needs of users as most of the companies engaging businesses in the manufacturing and sales of metal products and building construction materials in Hong Kong adopt the same model in measuring the factory buildings. As a result, the Group has decided to state their buildings at cost, less any accumulated depreciation and accumulated impairment losses. This change in accounting policy has been accounted for in accordance with HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

This change in accounting policy has been applied retrospectively. The Group’s net assets as at 31st December, 2009 and 1st January, 2009 were reduced by HK\$16,738,000 and HK\$18,634,000, respectively. Profit for the period of the Group for the six months ended 30th June, 2010 have been increased by HK\$952,000 (2009: HK\$947,000) and other comprehensive income have been reduced by HK\$15,000 (2009: HK\$1,000).

## Summary of the effect of the above changes in accounting policies

The effect of changes in accounting policies described above on the results for the current and prior periods by line items presented in the condensed consolidated statement of comprehensive income is as follows:

	<b>Six months ended</b>	
	<b>30.6.2010</b>	30.6.2009
	<b>HK\$'000</b>	HK\$'000
Decrease in depreciation of buildings included in cost of sales as a result of the change in accounting policy for buildings	<b>19</b>	18
Decrease in depreciation of buildings included in administrative expenses as a result of the change in accounting policy for buildings	<b>933</b>	929
	<b>952</b>	947
Increase in profit for the period	<b>952</b>	947
Decrease in exchange difference arising on translation of foreign operations and other comprehensive income for the period	<b>(15)</b>	(1)

The effect of changes in accounting policies described above on the financial position of the Group as at 31st December, 2009 is as follows:

	As at 31.12.2009 (originally stated) HK\$'000	Adjustments HK\$'000	As at 31.12.2009 (restated) HK\$'000
Property, plant and equipment	299,502	(1,237)	298,265
Prepaid lease payments	33,318	(16,533)	16,785
Deferred tax liabilities	(13,710)	1,032	(12,678)
Total effects on net assets	<b>319,110</b>	<b>(16,738)</b>	<b>302,372</b>
Retained profits	162,653	10,996	173,649
Property revaluation reserve	26,859	(26,859)	-
Exchange reserve	25,184	(328)	24,856
Non-controlling interests	92,418	(547)	91,871
Total effects on total equity	<b>307,114</b>	<b>(16,738)</b>	<b>290,376</b>

The effect of changes in accounting policies described above on the financial position of the Group as at 1st January, 2009 is as follows:

	As at 1.1.2009 (originally stated) <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	As at 1.1.2009 (restated) <i>HK\$'000</i>
Property, plant and equipment	287,138	(2,697)	284,441
Prepaid lease payments	34,153	(16,967)	17,186
Deferred tax liabilities	(11,709)	1,030	(10,679)
	<u>309,582</u>	<u>(18,634)</u>	<u>290,948</u>
Total effects on net assets			
Retained profits	105,845	9,093	114,938
Property revaluation reserve	26,859	(26,859)	–
Exchange reserve	25,092	(325)	24,767
Non-controlling interests	88,091	(543)	87,548
	<u>245,887</u>	<u>(18,634)</u>	<u>227,253</u>
Total effects on total equity			

The effect of changes in accounting policies described above on the Group's basic earnings per share for the current and prior period is as follows:

#### Impact on basic earnings per share

	Six months ended 30.6.2010 <i>HK cents</i>	30.6.2009 <i>HK cents</i>
Reported figures before adjustments	9.21	4.66
Adjustments arising from changes in accounting policies in relation to buildings	<u>0.17</u>	<u>0.17</u>
Restated	<u>9.38</u>	<u>4.83</u>

The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

## 4. REVENUE AND SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker (the Chairman and Vice Chairman of the Group) for the purposes of resource allocation and performance assessment, focus on the category of operation for each type of goods sold and are as follows:

1. Metal products
2. Building construction materials
3. Other operations including plastic products and printing materials

Information regarding the above segments is reported below.

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

### For the six months ended 30th June, 2010

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>						
External sales	837,036	625,220	111,183	1,573,439	–	1,573,439
Inter-segment sales	623	354	–	977	(977)	–
Total	<u>837,659</u>	<u>625,574</u>	<u>111,183</u>	<u>1,574,416</u>	<u>(977)</u>	<u>1,573,439</u>
<b>SEGMENT PROFIT</b>	<u>48,471</u>	<u>36,691</u>	<u>1,876</u>	<u>87,038</u>	<u>(385)</u>	86,653
Unallocated corporate other income						2,362
Unallocated corporate expenses						(15,350)
Increase in fair value of investment property						5,300
Finance costs						(12,448)
Share of results of jointly controlled entities						<u>(10)</u>
Profit before taxation						<u>66,507</u>

For the six months ended 30th June, 2009 (restated)

	Metal products <i>HK\$'000</i>	Building construction materials <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>						
External sales	745,744	566,064	66,730	1,378,538	–	1,378,538
Inter-segment sales	1,483	2,722	–	4,205	(4,205)	–
Total	<u>747,227</u>	<u>568,786</u>	<u>66,730</u>	<u>1,382,743</u>	<u>(4,205)</u>	<u>1,378,538</u>
<b>SEGMENT PROFIT</b>						
	<u>33,329</u>	<u>29,721</u>	<u>2,950</u>	<u>66,000</u>	<u>(425)</u>	65,575
Unallocated corporate other income						2,437
Unallocated corporate expenses						(12,029)
Impairment loss on goodwill						(1,171)
Finance costs						(12,154)
Share of results of jointly controlled entities						<u>(130)</u>
Profit before taxation						<u>42,528</u>

Segment profit represents the profit earned by each segment without allocation of corporate other income, corporate expenses, impairment loss on goodwill, finance costs, share of results of jointly controlled entities and fair value change of investment property. This is the measure reported to the chief operating decision maker (the Chairman and Vice Chairman of the Group) for the purposes of resource allocation and performance assessment.

## 5. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2010 <i>HK\$'000</i>	30.6.2009 <i>HK\$'000</i>
Allowance for bad and doubtful debts, net	4,831	9,311
(Gain) loss on disposal of property, plant and equipment	(141)	15
Impairment loss on goodwill	–	1,171
Impairment loss on property, plant and equipment (note 11)	3,786	–
Increase in fair value of investment property	<u>(5,300)</u>	<u>–</u>
	<u>3,176</u>	<u>10,497</u>



## 6. FINANCE COSTS

	Six months ended	
	30.6.2010 <i>HK\$'000</i>	30.6.2009 <i>HK\$'000</i>
Interest on:		
Bank borrowings and bank overdrafts wholly repayable within five years	12,407	12,074
Finance leases	41	80
	12,448	12,154

## 7. INCOME TAXES

	Six months ended	
	30.6.2010 <i>HK\$'000</i>	30.6.2009 <i>HK\$'000</i>
Current tax:		
Hong Kong	1,563	487
PRC	5,375	7,002
	6,938	7,489
Underprovision in prior years:		
PRC	79	-
Deferred tax:		
Current period	900	1,200
	7,917	8,689

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

Taxation arising in the PRC is recognised based on the applicable tax rates ranged from 20% to 25% on assessable profit for both periods.

**8. PROFIT FOR THE PERIOD**

	<b>Six months ended</b>	
	<b>30.6.2010</b>	30.6.2009
	<b>HK\$'000</b>	<i>HK\$'000</i>
		(restated)
Profit for the period has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	<b>213</b>	212
Depreciation	<b>21,427</b>	19,329
Change in fair value of derivative financial instruments	<b>(842)</b>	49
Write down of inventories (included in cost of sales, see note below)	<b>16,295</b>	800
	<b>_____</b>	<b>_____</b>

*Note:* As a result of the decreasing trend of the metal market price subsequent to the end of the reporting period, write down of inventories to the net realizable value has been recognized in the corresponding periods.

**9. DIVIDEND**

On 24th June, 2010, a dividend of 2.5 HK cents per share, amounting to HK\$14,048,000, was paid to shareholders as the final dividend for the year ended 31st December, 2009.

On 25th June, 2009, a dividend of 1.5 HK cents per share, amounting to HK\$8,510,000, was paid to shareholders as the final dividend for the year ended 31st December, 2008.

The directors have declared that an interim dividend of 1.2 HK cents per share (six months ended 30th June, 2009: Nil) which will be payable at 29th September, 2010 to the shareholders of the Company whose names appear in the register of members of the Company on 22nd September, 2010.

**10. EARNINGS PER SHARE**

The calculation of the basic earnings per share is based on the profit for the period attributable to the shareholders of the Company of HK\$52,731,000 (six months ended 30th June, 2009: HK\$27,395,000 (restated)) and 562,446,091 (six months ended 30th June, 2009: 567,362,500) weighted average number of ordinary shares in issue during the period.

**11. INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT**

The fair values of the Group's investment properties were determined by the directors with reference to market evidence of recent transaction prices for similar properties. The resulting increase in fair value of investment properties of HK\$5.3 million has been recognised directly in profit or loss for the six months ended 30th June, 2010 (six months ended 30th June, 2009: Nil).

During the period, the Group spent approximately HK\$23.62 million (six months ended 30th June, 2009: HK\$21.28 million) on assets under installation, plant and machinery and equipment in order to expand its manufacturing capabilities. In addition, the Group disposed of furniture and fixtures with a carrying amount of approximately HK\$0.02 million (six months ended 30th June, 2009: HK\$0.07 million).

Impairment loss of HK\$3,786,000 (six months ended 30th June, 2009: Nil) has been recognised in respect of property, plant and equipment due to slower than expected development of the concrete business in the PRC market which results to the shortfall of the recoverable amount over the assets' carrying amount based on the value-in-use calculation.

## 12. TRADE AND OTHER RECEIVABLES

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

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

	<b>30.6.2010</b> <i>HK\$'000</i>	31.12.2009 <i>HK\$'000</i>
0 – 30 days	<b>243,264</b>	246,666
31 – 60 days	<b>193,397</b>	150,614
61 – 90 days	<b>101,503</b>	63,082
91 – 120 days	<b>36,398</b>	43,724
More than 120 days	<b>39,512</b>	20,831
	<b>614,074</b>	524,917

## 13. TRADE AND OTHER PAYABLES

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

	<b>30.6.2010</b> <i>HK\$'000</i>	31.12.2009 <i>HK\$'000</i>
0 – 30 days	<b>82,639</b>	104,734
31 – 60 days	<b>34,226</b>	14,133
61 – 90 days	<b>28,071</b>	6,591
91 – 120 days	<b>44,607</b>	6,760
More than 120 days	<b>50,921</b>	4,567
	<b>240,464</b>	136,785

## 14. BANK BORROWINGS

During the period, the Group obtained new bank loans of HK\$276 million (six months ended 30th June, 2009: HK\$191 million), repaid bank loans and mortgage loans of HK\$262 million (six months ended 30th June, 2009: HK\$131 million) and HK\$1 million (six months ended 30th June, 2009: HK\$1 million) respectively, and net borrowing of trust receipt loans of HK\$112 million (six months ended 30th June, 2009: net repayment of HK\$203 million). The bank borrowings at the end of the reporting period bear interest at market rates with an average effective borrowing rates ranging from 0.7% to 3.2% (six months ended 30th June, 2009: 1.3% to 3.1%) per annum and are repayable within five years.

15. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each		
Authorised:		
<b>At 31st December, 2009 and 30th June, 2010</b>	<b>1,800,000,000</b>	<b>180,000</b>
Issued and fully paid:		
At 1st January, 2009, 30th June, 2009 and 31st December, 2009	567,362,500	56,736
Shares repurchased and cancelled ( <i>Note</i> )	(5,440,000)	(544)
<b>At 30th June, 2010</b>	<b>561,922,500</b>	<b>56,192</b>

*Note:* During the period, the Company repurchased 5,140,000 ordinary shares on the Stock Exchange at an aggregate consideration of HK\$2,081,100. The 5,140,000 shares were cancelled on delivery of the share certificate.

During the year ended 31st December, 2009, the Company repurchased 300,000 ordinary shares on the Stock Exchange at an aggregate consideration of HK\$115,250. The 300,000 shares were cancelled during the period.

16. PLEDGE OF ASSETS

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

	<b>30.6.2010</b>	31.12.2009
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		(restated)
Investment properties	<b>19,600</b>	14,300
Land and buildings and prepaid lease payments	<b>37,887</b>	38,405
Bank deposits	<b>77,335</b>	20,572
	<b>134,822</b>	73,277

## 17. CAPITAL COMMITMENTS

	<b>30.6.2010</b> <i>HK\$'000</i>	31.12.2009 <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	<b>46,560</b>	84,010
– authorised but not contracted for	<b>12,735</b>	7,578
	<b>59,295</b>	91,588

## 18. RELATED PARTY TRANSACTIONS

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

	Trade purchases		Rental charges		Acquisition of additional interest in a subsidiary	
	Six months ended		Six months ended		Six months ended	
	30.6.2010	30.6.2009	30.6.2010	30.6.2009	30.6.2010	30.6.2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
A jointly controlled entity	<b>1,044</b>	1,638	–	–	–	–
Non-controlling interests	–	–	<b>870</b>	950	–	2,944

### 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	
	30.6.2010	30.6.2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees	–	–
Other emoluments		
– Salaries and other benefits	<b>6,271</b>	5,158
– Contributions to retirement benefit scheme	<b>177</b>	193
	<b>6,448</b>	5,351

## 19. EVENT AFTER THE END OF THE INTERIM PERIOD

Subsequent to the reporting period, the Group has entered into a provisional sale and purchase agreement to dispose of an investment property in Hong Kong with carrying value of HK\$19,600,000 to an independent third party at the consideration of HK\$21,800,000. The transaction is expected to be completed on or before 31st August, 2010.

## BUSINESS REVIEW

In the first half year of 2010, the world economy has gradually recovered from the global financial crisis. Yet the force behind the recovery is still susceptible to a number of uncertainties as various developed nations endure the prospect of anemic economic growth. In contrast, China's economy has continued on its growth trajectory stimulated by strong demand-pull consumption and a vibrant property market. Hong Kong's economy had also attested to the recovery from the financial crisis with an overall improvement in operating environment, and in particular a strong recovery in the construction sector.

The Group's two core business streams in "Metal Products" and "Building Construction Materials" had prospered from this uplift in operating environment in both Hong Kong and the Mainland during the first half year of 2010, to help deliver sustained growth and satisfactory performance.

For the half year ended 30th June, 2010, the Group's revenue was HK\$1,573,439,000, representing an increase of 14% against the same period last year. After the deduction of non-controlling interests, the profit attributable to the shareholders of the Company for the half year amounted to HK\$52,731,000, an increase of 92% compared to the previous period, within which an extraordinary gain in fair value of HK\$5,300,000 against an investment property owned by the Group during the period. Excluding the extraordinary gain, the Group's operating profit generated from the core businesses had increased by 73% compared to the same period last year.

The Board of Directors has declared an interim dividend of 1.2 HK cents per share.

## **Metal Products**

The business comprises mainly of steel coil processing, steel wire, steel wire ropes and other steel wire products processing and manufacturing. Revenue during the period was HK\$837,659,000, representing an increase of 12% over the same period last year. Profit before interest and taxation is HK\$48,471,000, which is an increase of 45% over the same period last year.

In the first half year, our metal products businesses serving export manufacturing industries performed satisfactorily as export markets rebounded. However, the state of health of most of the export market economies remains fragile and the demand for consumer goods has not yet fully recovered. A cautious outlook is maintained for export markets as the recovery momentum seen in the first half of the year may not sustain and a sluggish export market will continue for a period of time.

Overall the performance of most of our Mainland's businesses had continued steadily on course. With increased investment capital, our advancement in raising production capacity through new equipments for our elevator wire rope product line had been solid and is paying off. The production and sales of our elevator wire ropes in the first half of the year had increased by over 10% compared to the same period last year. The Group is targeting to complete all the upgrades and raise the production capacity of elevator wire ropes by 50% within the remainder of the year.

## **Building Construction Materials**

The business comprises mainly the manufacturing of ready-mixed concrete and construction steel products distribution. During the first half year, the revenue was HK\$625,574,000, which is an increase of 10% over the same period last year. Profit before interest and taxation is HK\$36,691,000, representing an increase of 23% over the same period last year.

In this period the demand for building construction materials in Hong Kong was uplifted by the commencement of several major infrastructure projects together with the recommencement of suspended projects during the financial crisis. The Group's profit margin for building construction materials in Hong Kong had thus improved.

And in order to align ourselves with the upcoming High-Speed Rail construction works and other major development projects in Northwest New Territories, the Group had allocated additional resources for the redevelopment of the ready-mixed concrete facility in Yuen Long to increase its production capacity to more than 200,000m<sup>3</sup> per annum. The plant expansion is expected to be completed in 2010 and will further fortify our building construction materials market position in Hong Kong.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30th June, 2010, the total bank balances and cash of the Group reached approximately HK\$392,655,000 (31st December, 2009: HK\$360,037,000). As at 30th June, 2010, current ratio (current assets to current liabilities) for the Group was 1.33 : 1 (31st December, 2009: 1.34 : 1).

As at 30th June, 2010, the total borrowings for the Group were approximately HK\$935,401,000 (31st December, 2009: HK\$805,915,000).

The Group's monetary assets are principally denominated in Hong Kong dollars, Renminbi and United States dollars. As the exchange rate between Hong Kong dollars and the United States dollars is fixed, the Group believes its exposure to exchange risk is not material. For the fluctuation of exchange rate of Renminbi, the Management will continue to monitor foreign exchange exposure of Renminbi and will take prudence measures to minimize the currency risk.



## CAPITAL STRUCTURE

During the period, there was no material change to the capital structure of the Company. The number of the Company's ordinary shares in issue as at 30th June, 2010 was 561,922,500 (31st December, 2009: 567,362,500). As at 30th June, 2010, the equity attributable to the shareholders of the Company reached approximately HK\$615,691,000 (31st December, 2009: HK\$576,633,000).

As at 30th June, 2010, net gearing ratio (borrowings minus bank balances and cash to total equity) was 0.76 : 1 (31st December, 2009: 0.67 : 1).

## EMPLOYMENT AND REMUNERATION POLICY

As at 30th June, 2010, the total number of staff of the Group was 1,600. The Group also provides Mandatory Provident Fund entitlement to Hong Kong's employees. Share options may also be granted as an incentive or reward to eligible employees in accordance with the share option scheme adopted on 27th May, 2004.

## PROSPECT

The Group will endeavor to capitalize on the relatively optimistic circumstances arising from the Mainland and in Hong Kong through the pursuit of high value-added product development, product mix optimization, operational efficiency improvements, and sustainable growth in profitability over the long-run rather than pure revenue growth. Expected to be completed within the remainder of this year is the upgrade of our plant and equipments and the increased production capacity of two of our relatively high value-added product lines – "Elevator Wire Ropes" and "Ready-Mixed Concrete", each of which will strengthen its market competitiveness in their respective markets.

The biggest challenges faced by the Group are still the uncertain outlook of the global economy, the rising labour costs in the Mainland and the price volatility of raw materials as we try to reign in on costs. Barring any unforeseen circumstances, the Group is confident that through our unremitting efforts most of our core businesses will continue to perform and deliver solid results for the remainder of this financial year.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30th June, 2010, 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 (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

### (1) Long position

#### *Shares of the Company*

Name of directors	Number of ordinary shares held			Percentage of issued shares
	Personal interest	Held by controlled corporation	Total	
Mr. Pang Tak Chung ( <i>Note</i> )	147,924,708	195,646,500	343,571,208	61.14%
Mr. Ho Wai Yu, Sammy	2,000	-	2,000	0.00%
Mr. John Cyril Fletcher	270,000	-	270,000	0.05%

*Note:*

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

#### *Share options*

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

## (2) Shares in subsidiaries

As at 30th June, 2010, Mr. Pang Tak Chung had 5,850 and 20,000 non-voting deferred shares in Golik Metal Industrial Company Limited held by himself and a controlled corporation, World Producer Limited, respectively. World Producer Limited is wholly owned by Mr. Pang Tak Chung.

Save as disclosed above, as at 30th June, 2010, none of the directors and chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in any securities of the Company or any of its associated corporations and at no time during the period, had any interest in, or had been granted, or exercised, any right to subscribe for shares (or warrants or debentures, if applicable) of the Company or any of its associated corporations.

## SUBSTANTIAL SHAREHOLDER

As at 30th June, 2010, so far as known to any directors of the Company, the following person (other than a director or chief executive of the Company), was recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company, as being, directly or indirectly, interested or deemed to be interested in 5% or more of the issued share capital of the Company:

### Long position in shares of the Company

Name	Number of ordinary shares held	Percentage of issued shares
Golik Investments Ltd.	195,646,500	34.82%

Save as disclosed above, the directors are not aware of any other person (other than a director or chief executive of the Company) who, as at 30th June, 2010, 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**

### **Compliance with the Code on Corporate Governance Practices**

The Group is committed to ensuring high standards of corporate governance practices as set out in the Code on Corporate Governance Practices (the “CG Code”) in Appendix 14 to the Listing Rules. The Company has complied with code provisions (with the exception of code provision A.2.1 on separate role of chairman and chief executive officer; A.4.1 on specific term of non-executive directors) set out in the CG Code during the six months ended 30th June, 2010. Explanations for such non-compliance are provided and discussed below.

### **Chairman and Chief Executive Officer**

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not segregate the roles of chairman and chief executive officer and Mr. Pang Tak Chung currently holds both positions. The Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, efficient usage of resources and allows for effective planning, formulation and implementation of the Company’s business strategies which will enable the Company to sustain the development of its business efficiently.

### **Terms of Non-Executive Directors**

Code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term and subject to re-election. The non-executive directors of the Company have no set term of office. All directors of the Company shall be subject to retirement by rotation at least once every three years in accordance with the Company’s Bye-laws.

## CHANGES IN DIRECTORS' INFORMATION

The changes in directors' information since the date of 2009 Annual Report of the Company are set out below.

1. With effect from 1st March, 2010, the amount of salaries and other benefits of Mr. Pang Tak Chung, Chairman of the Company, has been increased by HK\$10,000 monthly;
2. With effect from 1st March, 2010, the amount of salaries and other benefits of Mr. Ho Wai Yu, Sammy, Vice Chairman of the Company, has been increased by HK\$10,000 monthly; and
3. With effect from 1st June, 2010, the amount of salaries and other benefits of Mr. John Cyril Fletcher, Executive Director of the Company, has been increased by HK\$10,000 monthly which is covered by a service contract for a term of two years.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## AUDIT COMMITTEE'S REVIEW

The Audit Committee has reviewed with the Management the accounting principles and policies adopted by the Group, the internal control and financial reporting matters (including a review of the unaudited consolidated financial statements and the interim report of the Company for the six months ended 30th June, 2010).

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standards set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made by the Company to each director of the Company confirming that they have complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 30th June, 2010.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, the Company repurchased its 5,140,000 ordinary shares on the Stock Exchange at an aggregate consideration of HK\$2,081,100. The repurchases were effected by the directors for enhancement of shareholders' value. Details of the repurchases are as follows:

Month of the repurchases	Total number of ordinary shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate consideration <i>HK\$</i>
January, 2010	4,350,000	0.410	0.395	1,757,200
February, 2010	<u>790,000</u>	0.410	0.410	<u>323,900</u>
	<u>5,140,000</u>			<u>2,081,100</u>

All of the repurchased shares were cancelled on delivery of the share certificates during the period. 300,000 ordinary shares repurchased in the last financial year ended 31st December, 2009 were also cancelled during the period.

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

## ACKNOWLEDGEMENTS

I take this opportunity to extend my heartfelt gratitude to the Group's employees and management for their efforts and contributions over the past, and also to our shareholders, customers, banks and business associates. With all your continued support, the Group will in rank to achieve even better results in the remaining of the year.

By Order of the Board

**Pang Tak Chung**

*Chairman*

Hong Kong, 26th August, 2010