



# GOLIK HOLDINGS LIMITED

Stock Code: 1118

INTERIM  
REPORT  
2009

## 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  
CITIC Ka Wah Bank Limited  
DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Standard Chartered Bank (Hong Kong)  
Limited

### Hong Kong Branch Share Registrar and Transfer Office

Tricor Secretaries Limited  
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, 2009 together with the comparative unaudited figures for the corresponding period in 2008 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

	NOTES	Six months ended	
		30.6.2009 HK\$'000 (unaudited)	30.6.2008 HK\$'000 (unaudited)
Revenue	4	1,378,538	1,804,172
Cost of sales		<u>(1,210,331)</u>	<u>(1,628,512)</u>
Gross profit		168,207	175,660
Other income		10,684	12,226
Interest income		652	976
Other gains and losses	5	(10,482)	(5,076)
Selling and distribution costs		(45,474)	(44,071)
Administrative expenses		(69,722)	(69,774)
Finance costs	6	(12,154)	(19,867)
Share of results of jointly controlled entities		(130)	15
Share of results of associates		<u>–</u>	<u>1,968</u>
Profit before taxation		41,581	52,057
Income taxes	7	<u>(8,689)</u>	<u>(5,494)</u>
<b>Profit for the period</b>	8	<u>32,892</u>	<u>46,563</u>
<b>Other comprehensive income (expense)</b>			
Exchange difference arising on translation of foreign operations		<u>(23)</u>	<u>11,980</u>
<b>Total comprehensive income for the period</b>		<u>32,869</u>	<u>58,543</u>

		<b>Six months ended</b>	
		<b>30.6.2009</b>	30.6.2008
<i>NOTES</i>		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(unaudited)</b>	(unaudited)
Profit for the period attributable to:			
Equity holders of the Company		<b>26,445</b>	38,601
Minority interests		<b>6,447</b>	7,962
		<b><u>32,892</u></b>	<u>46,563</u>
Total comprehensive income attributable to:			
Equity holders of the Company		<b>26,394</b>	48,526
Minority interests		<b>6,475</b>	10,017
		<b><u>32,869</u></b>	<u>58,543</u>
Earnings per share			
Basic	<i>10</i>	<b><u>4.66 HK cents</u></b>	<u>6.80 HK cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AT 30TH JUNE, 2009

	<i>NOTES</i>	<b>30.6.2009</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2008 HK\$'000 (audited)
<b>Non-current Assets</b>			
Goodwill		896	1,965
Investment properties	11	16,790	16,790
Property, plant and equipment	11	288,365	287,138
Prepaid lease payments		32,872	33,295
Interests in jointly controlled entities		1,636	1,767
Long-term receivables		–	2,462
Rental and other deposits		719	1,268
Deposits paid for acquisition of property, plant and equipment		7,889	7,000
Amounts due from jointly controlled entities		7,042	7,037
		<u>356,209</u>	<u>358,722</u>
<b>Current Assets</b>			
Inventories		300,396	418,471
Trade and other receivables	12	533,833	542,884
Prepaid lease payments		858	858
Income tax recoverable		356	273
Pledged bank deposits	16	42,237	26,203
Bank balances and cash		234,031	263,691
		<u>1,111,711</u>	<u>1,252,380</u>
<b>Current Liabilities</b>			
Trade and other payables	13	213,753	224,184
Amounts due to minority shareholders		4,938	21,391
Income tax payable		6,778	6,668
Derivative financial instruments		735	595
Bank borrowings	14	560,673	700,686
Obligations under finance leases		2,552	2,180
Bank overdrafts – unsecured		2,592	2,956
		<u>792,021</u>	<u>958,660</u>
<b>Net Current Assets</b>		<u>319,690</u>	<u>293,720</u>
		<u>675,899</u>	<u>652,442</u>

	<i>NOTES</i>	<b>30.6.2009</b> <i>HK\$'000</i> <b>(unaudited)</b>	31.12.2008 <i>HK\$'000</i> (audited)
<b>Capital and Reserves</b>			
Share capital	15	56,736	56,736
Share premium and reserves		<u>497,187</u>	<u>479,303</u>
Equity attributable to equity holders of the Company		553,923	536,039
Minority interests		<u>94,668</u>	<u>88,091</u>
<b>Total Equity</b>		<u><b>648,591</b></u>	<u>624,130</u>
<b>Non-current Liabilities</b>			
Deferred tax liabilities		12,909	11,709
Bank borrowings	14	11,499	15,964
Obligations under finance leases		<u>2,900</u>	<u>639</u>
		<u>27,308</u>	<u>28,312</u>
		<u><b>675,899</b></u>	<u>652,442</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	PRC statutory reserve HK\$'000 (note)	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st January, 2008 (audited)	56,736	318,118	19,566	15,520	3,389	70,470	483,799	79,344	563,143
Profit for the period	-	-	-	-	-	38,601	38,601	7,962	46,563
Exchange difference arising on translation of foreign operations	-	-	-	9,925	-	-	9,925	2,055	11,980
Total comprehensive income for the period	-	-	-	9,925	-	38,601	48,526	10,017	58,543
Dividend paid	-	-	-	-	-	(6,808)	(6,808)	-	(6,808)
At 30th June, 2008 (unaudited)	56,736	318,118	19,566	25,445	3,389	102,263	525,517	89,361	614,878
Profit for the period	-	-	-	-	-	3,582	3,582	537	4,119
Exchange difference arising on translation of foreign operations	-	-	-	(353)	-	-	(353)	(10)	(363)
Revaluation surplus on property, plant and equipment	-	-	8,467	-	-	-	8,467	650	9,117
Deferred tax liabilities arising on revaluation of property, plant and equipment	-	-	(1,397)	-	-	-	(1,397)	(107)	(1,504)
Effect of change in tax rate	-	-	223	-	-	-	223	-	223
Total comprehensive income for the period	-	-	7,293	(353)	-	3,582	10,522	1,070	11,592
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(11,600)	(11,600)
Acquisition of subsidiaries	-	-	-	-	-	-	-	9,260	9,260
At 31st December, 2008 (audited)	56,736	318,118	26,859	25,092	3,389	105,845	536,039	88,091	624,130
Profit for the period	-	-	-	-	-	26,445	26,445	6,447	32,892
Exchange difference arising on translation of foreign operations	-	-	-	(51)	-	-	(51)	28	(23)
Total comprehensive income for the period	-	-	-	(51)	-	26,445	26,394	6,475	32,869
Dividend paid	-	-	-	-	-	(8,510)	(8,510)	-	(8,510)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	102	102
At 30th June, 2009 (unaudited)	56,736	318,118	26,859	25,041	3,389	123,780	553,923	94,668	648,591

Note: 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, 2009

	Six months ended	
	30.6.2009 <i>HK\$'000</i> (unaudited)	30.6.2008 <i>HK\$'000</i> (unaudited)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>188,636</b>	(45,125)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(11,280)	(23,358)
Deposits paid for acquisition of property, plant and equipment	(6,884)	(4,425)
Increase in pledged bank deposits	(16,026)	(65,330)
Proceeds from disposal of property, plant and equipment	51	42
Proceeds from disposal of assets classified as held for sale	–	28,594
Others	1,001	1,456
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(33,138)</b>	(63,021)
<b>FINANCING ACTIVITIES</b>		
Bank loans raised	191,395	172,759
Repayment of bank loans	(130,975)	(133,555)
Interest paid	(14,157)	(20,381)
Dividend paid	(8,510)	(6,808)
Net (repayment) borrowing of trust receipt loans	(203,401)	91,383
Repayment of mortgage loans	(1,247)	(1,193)
Others	(18,147)	(1,815)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(185,042)</b>	100,390



	<b>Six months ended</b>	
	<b>30.6.2009</b>	30.6.2008
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(29,544)	(7,756)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	260,735	162,541
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>248</u>	<u>2,820</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>231,439</u>	<u>157,605</u>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	234,031	164,726
Bank overdrafts	<u>(2,592)</u>	<u>(7,121)</u>
	<u>231,439</u>	<u>157,605</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

### 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.

### 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 of Hong Kong Limited 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 revalued amounts or fair values, as appropriate.

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, 2008 except for accounting policy on borrowing cost as described below.

“Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.”

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option available under the previous version of the Standard to recognise all borrowing costs as expenses immediately and requires all such borrowing costs to be capitalised as part of the cost of the qualifying asset. The adoption of the revised HKFRS has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1st January, 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 “Segment Reporting”, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 4). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 <sup>2</sup>
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>1</sup>
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters <sup>3</sup>
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions <sup>3</sup>
HKFRS 3 (Revised 2008)	Business Combinations <sup>1</sup>
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC) – Int 18	Transfers of Assets from Customers <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st July, 2009

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2010

<sup>4</sup> Effective for transfer on or after 1st July, 2009

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1st January, 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

#### 4. REVENUE AND SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, primary segment information was analysed on the basis of the category of operation for each type of goods or services (i.e. manufacturing of steel and metal products, sales of steel and metal products, manufacturing of construction materials, sales of construction materials and other operations). However, 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 focuses more specifically on the categories of goods or services. The principal categories of these goods and services are metal products and construction materials. The Group's reportable segments under HKFRS 8 are therefore as follows:

1. Metal products
2. Construction materials

All other operations are grouped under other operations segment. Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

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, 2009**

	Metal products <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>					
External sales	745,744	566,064	66,730	–	1,378,538
Inter-segment sales	<u>1,483</u>	<u>2,722</u>	<u>–</u>	<u>(4,205)</u>	<u>–</u>
Total	<u>747,227</u>	<u>568,786</u>	<u>66,730</u>	<u>(4,205)</u>	<u>1,378,538</u>
<b>SEGMENT PROFIT</b>	<u>33,311</u>	<u>29,721</u>	<u>2,950</u>	<u>(425)</u>	65,557
Unallocated other income					2,437
Unallocated corporate expenses					(12,958)
Impairment loss on goodwill					(1,171)
Finance costs					(12,154)
Share of results of jointly controlled entities					<u>(130)</u>
Profit before taxation					41,581
Income taxes					<u>(8,689)</u>
Profit for the period					<u>32,892</u>

Inter-segment sales are charged at cost or cost plus a percentage profit mark-up.

For the six months ended 30th June, 2008

	Metal products <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>					
External sales	747,591	961,365	95,216	-	1,804,172
Inter-segment sales	487	4,077	-	(4,564)	-
Total	<u>748,078</u>	<u>965,442</u>	<u>95,216</u>	<u>(4,564)</u>	<u>1,804,172</u>
Inter-segment sales are charged at cost or cost plus a percentage profit mark-up.					
<b>SEGMENT PROFIT (LOSS)</b>	<u>48,198</u>	<u>25,837</u>	<u>(1,143)</u>	<u>(763)</u>	72,129
Unallocated other income					2,434
Unallocated corporate expenses					(9,232)
Gain on disposal of assets classified as held for sale					6,110
Impairment loss on goodwill					(1,500)
Finance costs					(19,867)
Share of results of jointly controlled entities					15
Share of results of associates					<u>1,968</u>
Profit before taxation					52,057
Income taxes					<u>(5,494)</u>
Profit for the period					<u>46,563</u>

Segment profit represents the profit earned by each segment without allocation of other income, corporate expenses, gain on disposal of assets classified as held for sale, impairment loss on goodwill, finance costs, share of results of jointly controlled entities and associates. 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	
	30.6.2009 <i>HK\$'000</i>	30.6.2008 <i>HK\$'000</i>
Allowance for bad and doubtful debts, net	9,311	9,686
Gain on disposal of assets classified as held for sale ( <i>Note</i> )	–	(6,110)
Impairment loss on goodwill	1,171	1,500
	<u>10,482</u>	<u>1,500</u>
	<b><u>10,482</u></b>	<b><u>5,076</u></b>

*Note:*

On 25th April, 2007, Golik Concrete Limited, a wholly owned subsidiary of the Company entered into an agreement with an independent third party for the disposal of the Group's leasehold land and building (the "Property") located in Hong Kong under the medium term lease. The net proceeds received from disposal of the Property was HK\$28,594,000. The disposal was completed on 24th April, 2008, a gain on disposal of HK\$6,110,000 had been recognised in the condensed consolidated statement of comprehensive income for the period ended 30th June, 2008.

## 6. FINANCE COSTS

	Six months ended	
	30.6.2009 <i>HK\$'000</i>	30.6.2008 <i>HK\$'000</i>
Interest on:		
Bank borrowings and bank overdrafts wholly repayable within five years	12,074	19,757
Finance leases	80	110
	<u>12,154</u>	<u>19,867</u>
	<b><u>12,154</u></b>	<b><u>19,867</u></b>

## 7. INCOME TAXES

	Six months ended	
	30.6.2009 <i>HK\$'000</i>	30.6.2008 <i>HK\$'000</i>
Current tax:		
Hong Kong	487	2,591
Other jurisdictions	<u>7,002</u>	<u>2,903</u>
	7,489	5,494
Deferred tax:		
Current period	<u>1,200</u>	<u>–</u>
	<u><b>8,689</b></u>	<u><b>5,494</b></u>

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

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

## 8. PROFIT FOR THE PERIOD

	Six months ended	
	30.6.2009 <i>HK\$'000</i>	30.6.2008 <i>HK\$'000</i>
Profit for the period has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	429	424
Depreciation	20,058	18,251
Loss on disposal of property, plant and equipment	15	65
Change in fair value of derivative financial instruments	<u>49</u>	<u>(1,061)</u>

## 9. DIVIDEND

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.

On 20th June, 2008, a dividend of 1.2 HK cents per share, amounting to HK\$6,808,000, was paid to shareholders as the final dividend for the year ended 31st December, 2007.

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th June, 2009.



**10. EARNINGS PER SHARE**

The calculation of the basic earnings per share is based on the profit for the period attributable to the equity holders of the Company of HK\$26,445,000 (2008: HK\$38,601,000) and 567,362,500 (2008: 567,362,500) shares in issue during the period.

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

In the opinion of the directors, there is no material difference between the carrying amount and the fair values of investment properties or revalued amounts of buildings at 30th June, 2009.

During the period, the Group spent approximately HK\$21.28 million (2008: HK\$32.7 million) on the acquisition of assets in order to facilitate its manufacturing capabilities. In addition, the Group disposed of property, plant and equipment with a carrying amount of approximately HK\$0.07 million (2008: HK\$0.1 million).

**12. TRADE AND OTHER RECEIVABLES**

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

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

	<b>30.6.2009</b> <i>HK\$'000</i>	31.12.2008 <i>HK\$'000</i>
0 – 30 days	<b>230,578</b>	240,310
31 – 60 days	<b>115,717</b>	127,641
61 – 90 days	<b>64,210</b>	57,495
91 – 120 days	<b>17,259</b>	31,616
More than 120 days	<b>29,341</b>	27,300
	<b>457,105</b>	484,362

**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>30.6.2009</b> <i>HK\$'000</i>	31.12.2008 <i>HK\$'000</i>
0 – 30 days	<b>66,227</b>	69,810
31 – 60 days	<b>17,187</b>	22,306
61 – 90 days	<b>16,767</b>	9,307
91 – 120 days	<b>13,967</b>	1,304
More than 120 days	<b>11,511</b>	9,936
	<b>125,659</b>	112,663

**14. BANK BORROWINGS**

During the period, the Group obtained new bank loans of HK\$191 million (2008: HK\$173 million) and repaid bank loans and mortgage loans of HK\$131 million (2008: HK\$134 million) and HK\$1 million (2008: HK\$1 million) respectively, and net repayments of trust receipt loans of HK\$203 million (2008: net borrowings of HK\$91 million). The loans bear interest at market rates with an average effective borrowing rates ranging from 1.3% to 3.1% (2008: 1.9% to 3.6%) 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, 2008 and 30th June, 2009</b>	<b>1,800,000,000</b>	<b>180,000</b>
Issued and fully paid:		
<b>At 31st December, 2008 and 30th June, 2009</b>	<b>567,362,500</b>	<b>56,736</b>

**16. PLEDGE OF ASSETS**

At 30th June, 2009, 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:

	30.6.2009 <i>HK\$'000</i>	31.12.2008 <i>HK\$'000</i>
Investment properties	14,300	14,300
Land and buildings and prepaid lease payments	18,714	19,127
Plant and machinery and equipment	8,616	9,580
Bank deposits	42,237	26,203
	<b>83,867</b>	<b>69,210</b>

In addition, the Group has pledged its 70% equity interest in China Rope Holdings Limited ("China Rope"), a wholly owned subsidiary of the Company, to a third party to secure the obligations and liabilities of the consideration payable in relation to the acquisition of China Rope in prior year.

## 17. CAPITAL COMMITMENTS

	<b>30.6.2009</b> <b>HK\$'000</b>	31.12.2008 <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>48,379</b>	56,164
– authorised but not contracted for	<b>58</b>	–
	<b>48,437</b>	56,164

## 18. RELATED PARTY TRANSACTIONS

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

	Trade sales		Trade purchases		Rental charges		Acquisition of additional interest in a subsidiary		Payment on behalf of the entities	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30.6.2009 <i>HK\$'000</i>	30.6.2008 <i>HK\$'000</i>	30.6.2009 <i>HK\$'000</i>	30.6.2008 <i>HK\$'000</i>	30.6.2009 <i>HK\$'000</i>	30.6.2008 <i>HK\$'000</i>	30.6.2009 <i>HK\$'000</i>	30.6.2008 <i>HK\$'000</i>	30.6.2009 <i>HK\$'000</i>	30.6.2008 <i>HK\$'000</i>
A jointly controlled entity	–	–	1,638	1,734	–	–	–	–	–	–
Associates	–	2,630	–	–	–	–	–	–	–	38
Minority shareholders of subsidiaries	–	–	–	–	950	83	2,944	–	–	–

**Compensation of key management personnel**

During the period, the Group paid remuneration of HK\$5,351,000 (2008: HK\$5,110,000) to the directors, the key management personnel of the Group.

## BUSINESS REVIEW

In the first half of 2009, the Group achieved revenue of HK\$1,378,538,000, a decrease of 24% for the same period in the prior year. The unaudited profit for the Group during this past six months was HK\$32,892,000, which when compared to the same period in the prior year decreased by 29%.

The outbreak of the global financial crisis seen last year continues to weigh down economies on a global scale with all sectors suffering from varying degrees of impact. During this period, the Group was also affected without exception. Parts of the business experienced significant setbacks especially those products linked to export-dependent markets had been hit the hardest.

Market in the People's Republic of China (the "PRC") continued to afford appealing performance whilst the construction materials market in Hong Kong remained relatively stable. Despite the rapid deterioration of the economy and the difficulties and challenges faced in the overall business environment during the period, the Group managed to maintain a steady and profitable performance.

### Metal Products

This categorization broadly comprises of our Steel Coil Processing, Steel Wires, Wire Ropes and other wires related product processing and manufacturing. Revenue for the period is HK\$747,227,000 which is comparable to the same period in the prior year. Profit before interest and taxation for the period is HK\$33,311,000, a decrease of 31% over the same period in the prior year.

Regional differences in customer base meant metal products operational performances during this period varied.

The deterioration of global economic conditions had resulted in weak consumer confidence in the traditional export market and subsequently causing shockwaves to export manufacturers along the Pearl River Delta Region. As a result of the contraction of demand and slump in prices during the period, operational performance went into significant decline for the same period in the prior year.

The impact from the downturn in global economic conditions on the domestic demand in the PRC market had been relatively limited, hence the Group's domestic market oriented business operations remained robust. Not only did the business operations averted major shocks during this period, in fact they have benefited from the PRC Central Government's RMB4,000 billion economic stimulus program. Overall, operational performance continues to be commendable.

### **Construction Materials**

This categorization broadly comprises of Construction Steel Products (namely deformed steel reinforcement bars) and Ready Mixed Concrete. Revenue for the period is HK\$568,786,000 which represents a 41% decrease over the same period in the prior year. Profit before interest and taxation is HK\$29,721,000 which represents an increase of 15% over the same period in the prior year.

As a result of the financial tsunami, a number of construction projects in both Hong Kong and Macau had either been postponed or scrapped. Consequently, the construction sector contracted and the demand for construction steel products and ready mixed concrete declined sharply hence for the period, revenue had clearly been affected significantly.

In the market, what had been a tumultuous period for materials prices last year had since been relatively stable this year allowing better control of overheads. As a result, profit margin had improved.

Since the return of stability in the capital market, private development projects and Government's infrastructure projects have propagated and we anticipate the construction materials businesses in Hong Kong will pick up from the fourth quarter of 2009.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30th June, 2009, the total bank balances and cash of the Group reached approximately HK\$276,268,000 (31st December, 2008: HK\$289,894,000). As at 30th June, 2009, current ratio (current assets to current liabilities) for the Group was 1.40:1 (31st December, 2008: 1.31:1).

As at 30th June, 2009, total borrowings for the Group were approximately HK\$580,216,000 (31st December, 2008: HK\$722,425,000).

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 change to the share capital of the Company. As at 30th June, 2009, equity attributable to equity holders of the Company reached approximately HK\$553,923,000 (31st December, 2008: HK\$536,039,000).

As at 30th June, 2009, net gearing ratio (borrowings minus bank balances and cash to total equity) was 0.47:1 (31st December, 2008: 0.69:1).

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 30th June, 2009, 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**

Global economic recovery is now underway since the aftermath of the recent financial tsunami. Although the underlying impetus and fundamentals of the recovery is still volatile, the worst times may now have passed. The Management team is confident that profitability in the Group's core businesses will remain sustainable for the second half of 2009 and the outlook for the forthcoming year-end result will remain positive.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30th June, 2009, the interests or short positions of the directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies 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	60.56%
Mr. Ho Wai Yu, Sammy	2,000	–	2,000	0.00%
Mr. John Cyril Fletcher	150,000	–	150,000	0.03%

*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, 2009, 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, 2009, 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, 2009, 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 as being, directly or indirectly, interested or deemed to be interested in 5% or more of the issued share capital of the Company:

**Long position in shares of the Company**

<b>Name</b>	<b>Number of ordinary shares held</b>	<b>Percentage of issued shares</b>
Golik Investments Ltd.	195,646,500	34.48%

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, 2009, 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, 2009. Explanations for such non-compliance are provided and discussed below.

### **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.

### **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.

## CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information since the date of 2008 Annual Report of the Company are set out below.

1. With effect from 1st March, 2009, 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, 2009, 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, 2009, the amount of salaries and other benefits of Mr. John Cyril Fletcher, Executive Director of the Company, has been increased by HK\$50,000 yearly 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, 2009).

## 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, 2009.

## **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, 2009.

## **ACKNOWLEDGEMENT**

I would like to take opportunity to extend my heartfelt gratitude to all levels of Staff and Management for their past contributions and accomplishments, and to further acknowledge with thankfulness the enduring support of our shareholders, customers, banks and business counterparts. With your continuing support, the Group anticipates to deliver better results for the second half of the year.

By Order of the Board  
**Pang Tak Chung**  
*Chairman*

Hong Kong, 18th September, 2009