

The logo for Golik Holdings Limited is presented in a stylized, modern font. The letters 'G', 'O', and 'L' are large and feature a gradient from dark blue at the top to light blue at the bottom. The letters 'I', 'K', and 'D' are smaller and solid dark blue. The text 'GOLIK HOLDINGS LIMITED' is arranged in a grid-like pattern with thin blue lines intersecting the letters. The background is a light blue gradient.

GOLIK HOLDINGS LIMITED

INTERIM
REPORT
2004

CORPORATE INFORMATION

Executive Directors

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

Non-Executive Director

Mr. Robert Keith Davies

Independent

Non-Executive Directors

Mr. Li Chiu Wah, Joseph
Mr. Yu Kwok Kan, Stephen

Qualified Accountant

Mr. Ho Wai Yu, Sammy
FCCA AHKSA MBIM

Company Secretary

Mr. Ho Wai Yu, Sammy
FCCA AHKSA MBIM

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business

Suite 5608, Central Plaza
18 Harbour Road
Wanchai
Hong Kong
www.golik.com.hk

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants
26th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

Principal Bankers

China Construction Bank,
Hong Kong Branch
CITIC Ka Wah Bank Limited
DBS Bank (Hong Kong) Limited
HSH Nordbank AG, Hong Kong Branch
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
Standard Chartered Bank

Hong Kong Branch Share Registrar and Transfer Office

Secretaries Limited
Ground Floor
BEA Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

Investor and Media Relations

JOVIAN Communications Group Limited
Room 905-906, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong
Tel: (852) 2581 0168
email: jovian@joviancomm.com

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, 2004 together with the comparative unaudited figures for the corresponding period in 2003 as follows:—

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2004

		Six months ended 30th June,	
		2004	2003
		(unaudited)	<i>(unaudited)</i>
	Notes	HK\$'000	<i>HK\$'000</i>
Turnover	2	1,274,476	856,551
Cost of sales		(1,154,651)	(741,554)
Gross profit		119,825	114,997
Other operating income		23,298	38,882
Interest income		1,333	2,080
Selling and distribution costs		(39,347)	(31,040)
Administrative expenses		(64,094)	(61,326)
Amortisation of goodwill		(2,131)	(2,385)
Release of negative goodwill		362	325
Profit from operations	3	39,246	61,533
Finance costs	4	(12,638)	(15,943)
Gain on disposal of subsidiaries		368	—
Share of results of jointly controlled entities		12	(111)
Profit before taxation		26,988	45,479
Income taxes	5	(4,926)	(7,213)
Profit after taxation		22,062	38,266
Minority interests		(17,993)	(13,761)
Net profit for the period		4,069	24,505
Dividend paid of 1.5 HK cents (2003: 2.5 HK cents) per share	6	8,510	14,184
Earnings per share	7		
Basic		0.72 cents	4.32 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2004

	Notes	30th June, 2004 (unaudited) HK\$'000	31st December, 2003 (audited) HK\$'000
Non-current Assets			
Goodwill (negative goodwill)		23,426	25,195
Investment properties	8	44,560	44,560
Property, plant and equipment	8	376,500	416,843
Interests in jointly controlled entities		2,622	1,109
Long-term receivables		1,453	1,865
Rental deposits and other assets		3,778	3,728
		452,339	493,300
Current Assets			
Inventories	9	406,383	277,472
Trade and other receivables	10	625,825	568,823
Tax recoverable		192	184
Pledged bank deposits	14	74,258	22,414
Bank balances and cash		90,996	125,157
		1,197,654	994,050
Current Liabilities			
Trade and other payables	11	258,828	262,204
Amounts due to minority shareholders		19,511	16,298
Tax payable		7,042	4,875
Bank borrowings	12	721,129	515,077
Obligations under finance leases		6,508	7,011
		1,013,018	805,465
Net Current Assets			
		184,636	188,585
		636,975	681,885
Capital and Reserves			
Share capital	13	56,736	56,736
Reserves		364,364	367,959
		421,100	424,695
Minority interests			
		103,500	104,769
Non-current Liabilities			
Deferred tax liabilities		12,851	10,808
Bank borrowings	12	94,710	134,476
Obligations under finance leases		4,814	7,137
		112,375	152,421
		636,975	681,885

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2004

	Share capital HK\$'000	Share premium HK\$'000	Revaluation reserve HK\$'000	Goodwill reserve HK\$'000	Exchange reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1st January, 2003	56,736	318,118	19,367	(172,176)	320	202,534	424,899
Exchange difference arising from the translation of financial statements of subsidiaries operating outside Hong Kong not recognised in the consolidated income statement	—	—	—	—	(117)	—	(117)
Net profit for the period	—	—	—	—	—	24,505	24,505
Dividend paid	—	—	—	—	—	(14,184)	(14,184)
At 30th June, 2003	56,736	318,118	19,367	(172,176)	203	212,855	435,103
Exchange difference arising from the translation of financial statements of subsidiaries operating outside Hong Kong not recognised in the consolidated income statement	—	—	—	—	(432)	—	(432)
Realised to income statement on disposal of interests in subsidiaries	—	—	—	1,882	—	—	1,882
Net loss for the period	—	—	—	—	—	(11,858)	(11,858)
At 31st December, 2003	56,736	318,118	19,367	(170,294)	(229)	200,997	424,695
Exchange difference arising from the translation of financial statements of subsidiaries operating outside Hong Kong not recognised in the consolidated income statement	—	—	—	—	846	—	846
Net profit for the period	—	—	—	—	—	4,069	4,069
Dividend paid	—	—	—	—	—	(8,510)	(8,510)
At 30th June, 2004	56,736	318,118	19,367	(170,294)	617	196,556	421,100

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2004

	Six months ended 30th June,	
	2004	2003
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
NET CASH USED IN OPERATING ACTIVITIES	(100,756)	(90,779)
NET CASH USED IN INVESTING ACTIVITIES	(108,281)	(105,014)
NET CASH FROM FINANCING ACTIVITIES	172,748	212,225
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(36,289)	16,432
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	116,493	84,683
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	203	184
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	80,407	101,299
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	90,996	114,588
Bank overdrafts	(10,589)	(13,289)
	80,407	101,299

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2004

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

2. SEGMENT INFORMATION

The turnover and contributions to profit from operations of the Group for the six months ended 30th June, 2004, analysed by business segments are as follows:

The enterprise's primary format for reporting segment information is business segment.

For the six months ended 30th June, 2004

	Continuing Operations					Eliminations	Consolidated
	Manufacturing of steel and metal products HK\$'000	Sales of steel and metal products HK\$'000	Manufacturing of construction materials HK\$'000	Sales of construction materials HK\$'000	Other operations HK\$'000		
TURNOVER							
External sales	680,794	25,338	131,659	353,177	83,508	-	1,274,476
Intersegment sales	1,302	199,382	1,089	62,778	-	(264,551)	-
Total	<u>682,096</u>	<u>224,720</u>	<u>132,748</u>	<u>415,955</u>	<u>83,508</u>	<u>(264,551)</u>	<u>1,274,476</u>
Intersegment sales are charged at cost or cost plus a percentage profit mark-up.							
SEGMENT RESULT	<u>61,189</u>	<u>1,213</u>	<u>(8,306)</u>	<u>(11,564)</u>	<u>5,380</u>	<u>(2,468)</u>	45,444
Amortisation of goodwill							(2,131)
Release of negative goodwill							362
Unallocated other operating income							6,091
Unallocated corporate expenses							(10,520)
Profit from operations							<u>39,246</u>

4. FINANCE COSTS

	Six months ended 30th June,	
	2004	2003
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	12,118	9,383
Bank borrowings not wholly repayable within five years	273	2,801
Finance leases	247	440
Other borrowings wholly repayable within five years	—	3,559
	<hr/>	<hr/>
Total borrowing costs	12,638	16,183
Less: amount capitalised in assets under installation	—	(240)
	<hr/>	<hr/>
	12,638	15,943

Borrowing costs capitalised during the last period arose on borrowings specifically for installation works.

5. INCOME TAXES

	Six months ended 30th June,	
	2004	2003
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	1,514	1,955
Other jurisdictions	1,382	211
	<hr/>	<hr/>
	2,896	2,166
Deferred tax:		
Current period	2,030	4,883
Attributable to change in tax rate in Hong Kong	—	164
	<hr/>	<hr/>
	2,030	5,047
	<hr/>	<hr/>
	4,926	7,213

Hong Kong Profits Tax is calculated at 17.5% (2003: 17.5%) of the estimated assessable profit for the six months ended 30th June, 2004.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. DIVIDEND

On 23rd June, 2003, a dividend of 2.5 HK cents per share, amounting to HK\$14,184,000, was paid to shareholders as the final dividend for the year ended 31st December, 2002.

On 27th May, 2004, 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, 2003.

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th June, 2004.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit for the period of HK\$4,069,000 (2003: HK\$24,505,000) and 567,362,500 (2003: 567,362,500) shares in issue during the period.

8. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

In the opinion of the directors, there is no material difference between the carrying amount and the market value of investment properties at 30th June, 2004.

During the period, the Group spent approximately HK\$11 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\$33 million upon the disposal of subsidiaries.

9. INVENTORIES

Included in inventories are raw materials of HK\$12,340,000 (31.12.2003: HK\$10,778,000), work in progress of HK\$545,000 (31.12.2003: HK\$741,000) and finished goods of HK\$10,258,000 (31.12.2003: HK\$34,038,000) which are carried at net realisable value.

10. TRADE AND OTHER RECEIVABLES

The Group allows credit periods ranging from 0 to 180 days to its customers.

Included in trade and other receivables are trade receivables of HK\$496,831,000 (31.12.2003: HK\$487,669,000) with an aged analysis as follows:

	30th June, 2004 HK\$'000	31st December, 2003 HK\$'000
0 - 30 days	187,244	189,809
31 - 60 days	149,353	143,128
61 - 90 days	78,486	77,250
91 - 120 days	32,297	32,116
More than 120 days	49,451	45,366
	<u>496,831</u>	<u>487,669</u>

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$109,988,000 (31.12.2003: HK\$124,167,000) with an aged analysis as follows:

	30th June, 2004 HK\$'000	31st December, 2003 HK\$'000
0 - 30 days	60,386	88,252
31 - 60 days	31,748	22,060
61 - 90 days	6,853	8,187
91 - 120 days	1,778	3,564
More than 120 days	9,223	2,104
	<u>109,988</u>	<u>124,167</u>

12. BANK BORROWINGS

During the period, the Group obtained new bank loans of HK\$343 million and repaid bank loans of HK\$140 million. In addition, bank loans of HK\$37 million were eliminated upon disposal of subsidiaries.

13. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
<i>Authorised:</i>		
At 31st December, 2003 and 30th June, 2004	<u>1,800,000,000</u>	<u>180,000</u>
<i>Issued and fully paid:</i>		
At 31st December, 2003 and 30th June, 2004	<u>567,362,500</u>	<u>56,736</u>

14. PLEDGE OF ASSETS

At 30th June, 2004, the Group has pledged the following assets to financial institutions as securities against credit facilities granted to the Group:

	30th June, 2004 HK\$'000	31st December, 2003 HK\$'000
Investment properties	41,490	44,560
Land and buildings	79,070	71,735
Furniture and fixtures	75	107
Plant and machinery and equipment	24,688	25,232
Bank deposits	74,258	22,414
	<u>219,581</u>	<u>164,048</u>

In addition, the Group has created floating charges over other assets with a carrying value of HK\$18,772,000 (31.12.2003: HK\$17,161,000) to banks as securities against banking facilities granted to the Group.

15. CAPITAL COMMITMENTS

	30th June, 2004 HK\$'000	31st December, 2003 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment		
Contracted for but not provided in the financial statements	6,120	3,825
Authorised but not contracted for	4,970	10,035
	11,090	13,860

At 31st December, 2003, a subsidiary of the Group had entered into agreements to invest RMB2,054,000 in an equity joint venture in the PRC.

16. DISPOSAL OF SUBSIDIARIES

During the period, the Group disposed of its 84% and 51.24% interest in Full Glory Corporation Limited and Changzhou Golik Color Coated Steel Manufactory Co., Ltd. respectively.

Net Liabilities Disposed of

	Six months ended 30th June, 2004 HK\$'000
Property, plant and equipment	32,942
Inventories	22,959
Trade and other receivables	32,463
Pledged bank deposits	45,155
Bank balances and cash	3,251
Trade and other payables	(86,066)
Amount due to a minority shareholder	(2,837)
Amount due to an intermediate holding company	(126)
Bank borrowings	(37,371)
Minority interests	(10,730)
	(360)
Gain on disposal	368
Consideration received	8
Net cash outflow arising on disposal:	
Consideration received	8
Bank balances and cash disposed of	(3,251)
	(3,243)

The subsidiaries disposed of during the period contributed approximately HK\$82 million to the Group's turnover and approximately HK\$3 million to the Group's profit from operations.

BUSINESS REVIEW

Benefiting from the rapid economic growth and vast market demand in the PRC, the Group's businesses with mainland market and production bases, achieved an outstanding performance during the first half of 2004. Their future performance and prospects are promising.

However, for the Groups Hong Kong operations, their reliance on the supply of construction materials to the local market and the shrinkage of both public and private construction projects in Hong Kong over the last few years has created persistent hardships for this sector of the groups business.

These market factors, coupled with a fluctuating steel price, which had a significant negative impact on the Group's construction steel distribution business, lead to an unsatisfactory overall performance for the Group's construction materials business in Hong Kong.

Steel And Metal Products

(1) Steel Coil Processing

Steel coil processing centers in Tai Po Industrial Estate, Hong Kong and Dongguan, Guangdong province, continue to be the best-performing enterprises within the Group, as per previous years.

As a result of the steady growth in demand for steel coil materials, our steel coil processing business has enjoyed an increase in both output and profit compared to the same period last year.

(2) Wire Processing (Steel Wires, Strands and PC Steel Strands)

During the period our three major wire processing centers, (the steel wire rope factory in Heshan, Guangdong, the elevator rope factory in Tianjin and the PC steel strands factory in Tianjin) overcame their early problems of unsatisfactory profit margins resulting from the surging price of raw materials and have returned to more standard and acceptable profit levels. In particular, the management of the PC steel strands factory in Tianjin have put much effort into the exploration of markets, reducing production cost and enhancing production capacity during the period which has resulted in an increase in output and efficiency over the past year.

The Group confidently predicts that the growth potential of these businesses will remain very strong for the future.

Construction Materials Products

(1) *Steel Re-bars Stockholding and Distribution*

Following 20-year recorded highest levels last year, a volatile steel price has prevailed this year. The risk created by this continual price variation brought great difficulty to the business operation, leading to an unsatisfactory performance.

The Group's management has reviewed the operating strategies of the steel distribution business and strengthened its "risk awareness" and management, resulting in a movement away from long-term contract based orders until steel prices stabilize and become more definable.

The business is expects to complete most low price sales contracts currently on hand, within this year and will return to profit next year.

(2) *Ready Mixed Concrete Products*

With more than one year of operation since the acquisition of Guangzhou's ready mixed concrete factory in 2002, current management strategy is proving to be on the right track.

Though Guangzhou's concrete industry remained fiercely competitive for the period, the advantages of our Guanzhou factories geographic location and logistics management brought an increase in sales volume and profit compared to the same period last year.

In the next few years, the target supply areas within a natural supply radius of the factory will see the commencement of a large number of infrastructure projects, promising bright future prospects for this operation.

The Group's ready mixed concrete factory in Siu Ho Wan, Hong Kong, commenced production last year and maintains a regular operation. However, due to Hong Kong's continuing sluggish construction industry, this operation has been unable to achieve acceptable performance levels.

The Group has realized that it cannot continue to wait for the recovery of the local construction market and is now taking significant further steps in down scaling the organizational structure and restructuring its Hong Kong based ready mixed concrete business.

The Group is striving for the "short-term goal" of achieving a balanced account in its Hong Kong ready-mix concrete business.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position is healthy and stable. As at 30th June, 2004, the Group's cash and bank balances reached HK\$165,254,000; current ratio (current assets to current liabilities) for the Group was 1.18:1 and interest-bearing borrowings for the Group was approximately HK\$827,161,000.

The Group's monetary assets are principally denominated in Hong Kong dollars, Renminbi and the United States dollars. As the exchange rate between Hong Kong dollars and the United States dollars is fixed, together with the minimal fluctuation in exchange rate between the Hong Kong dollars and Renminbi, the Group believes its exposure to exchange rate risk is not material.

CAPITAL STRUCTURE

During the period, there was no change to the share capital of the Company. As at 30th June, 2004, shareholders' equity reached HK\$421,100,000.

EMPLOYMENT AND REMUNERATION POLICY

As at 30th June 2004, the total number of staff of the Group in Hong Kong and the PRC was 1,315. The Group also provides Mandatory Provident Fund entitlement to Hong Kong's employees.

PROSPECTS

During the review period, the Group's "value-added steel processing" operations (that account for 50% of the Group's business) achieved good performances and generated profit, however, the other half of the Group's business, "local construction materials", absorbed a large extent of those profits. This has demonstrated the wisdom of the strategy set by the group two years ago, of *"Facing the Mainland, focusing in high value-added products and relying less on building construction"* and has proven that our ongoing business restructuring to achieve this strategic aim is the right track to follow. In the future, the Group will further intensify this strategic restructuring and cut down projects with high risk and eliminate those with low profitability.

In summary, the Group will focus on minimization of the negative impact from the construction materials business in Hong Kong and strengthen its manufacturing businesses targeting the domestic market in the PRC.

The Group is confident that, with further strategic business restructuring this year, its business will become better defined and stronger, thus enhancing the company and paving a more clearly defined and solid road for the Group's further development.

DIRECTORS' INTERESTS IN SECURITIES

At 30th June, 2004, 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 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 pursuant to Divisions 7 and 8 of Part XV of 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 Director of Listed Companies contained in the Listing Rules, were as follow:

(1) Long positions

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 (Note)	135,195,000	195,646,500	330,841,500	58.31
Mr. Ho Wai Yu, Sammy	2,000	—	2,000	0.00
Mr. Robert Keith Davies	2,054,000	—	2,054,000	0.36

Note: The 195,646,500 shares are held by Golik Investments Ltd. ("GIL"). GIL is a wholly-owned subsidiary of Golik International Group Limited ("GIGL"). GIGL is owned as to 38.95% by World Producer Limited, as to 52.39% by Jetworld Development Limited and as to 8.66% by Mr. Pang Tak Chung. The entire issued share capital of Jetworld Development Limited is owned by Mr. Pang Tak Chung. World Producer Limited is owned as to 75% by King World Holdings Limited and as to 25% by Pacific States Limited. The entire issued share capital of King World Holdings Limited and Pacific States Limited is owned by Mr. Pang Tak Chung and Mr. Robert Keith Davies respectively.

(2) Options

The share option scheme of the Company was first adopted on 25th June, 1994 (the "Old Share Option Scheme") and was terminated on 27th May, 2004 upon the adoption of a new option scheme on the same date which was effective on 27th May, 2004 (the "New Share Option Scheme") and will expire on 26th May, 2014. The purpose of the New Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and entity in which the Group holds any equity interest and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any entity interest.

During the period, no share options had been granted since the adoption of the New Share Option Scheme and there was no share options outstanding under the Old Share Option Scheme.

(3) Shares in subsidiaries

At 30th June, 2004, Mr. Pang Tak Chung has 5,850 and 20,000 non-voting deferred shares in Golik Metal Industrial Company Limited held by himself and held by a controlled corporation, World Producer Limited, respectively.

Save as disclosed above, as at 30th June, 2004, none of the directors 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 (within the meaning of part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2004, so far as known to any director of the Company, the following person, had interests in shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who are expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of the Company:

Name	Attributable number of Shares	Percentage of issued Shares
Golik Investments Ltd.	195,646,500	34.48%
Pang Tak Chung (Note)	330,841,500	58.31%

Note: Including 195,646,500 shares (approximately 34.48%) held through a controlled corporation, Gil and 135,195,000 shares (approximately 23.83%) held by himself.

CONTINUING DISCLOSURE OBLIGATION

(1) Disclosure Pursuant To Rules 13.13 And 13.15 Of The Listing Rules

As at 30th June, 2004, there were 567,362,500 shares of the Company in issue. Based on the average closing price of the Company's shares of HK\$0.294 as stated in the Stock Exchange's daily quotation sheets for the trading days from 23rd June, 2004 to 29th June, 2004 (both days inclusive), being five business days immediately preceding 30th June, 2004, the total market capitalization of the Company was approximately HK\$166.8 million as at 30th June, 2004 ("Market Capitalization").

As at 30th June, 2004, the aggregate amount of the receivables ("Receivables") due from each of the following entities (the "Entities") to the Group represented more than 8% of the Market Capitalization: —

Name of the Entity	Aggregate amount due to the Group as at 30th June 2004	% to Market Capitalization	Payment terms	Nature of the transactions
(1) Honest Profit Industrial Limited (note 1)	approximately HK\$23 million	13.8%	(a) For trade receivable: Unsecured, interest free and payment terms of 30 to 60 days; (b) For loan receivable: Unsecured, interest rate 4% p.a. and due on 22nd June 2005; (c) For rental receivable: Unsecured, interest free and payment on 1st on each month.	(a) Sales of wire rod and construction materials; and (b) Rental of machineries

Name of the Entity	Aggregate amount due to the Group as at 30th June, 2004	% to Market Capitalization	Payment terms	Nature of the transactions
(2) Heshan Yue Ye Gong Mao Company Limited ("Heshan Yue Ye") (note 1)	approximately HK\$21 million	12.6%	(a) For rental receivable: Unsecured, interest free and due on 31st December 2004; (b) For management fee receivable: Unsecured, interest free and due on 3 months after presentation; (c) For commission: Unsecured, interest free (note 2)	(a) Rent of machineries; (b) Management fee (note 2); and (c) Commission (note 2)
(3) Gammon Skanska Limited (notes 1 and 3)	approximately HK\$16 million	9.4%	Unsecured, interest free with payment terms of 30 to 90 days	Sales of steel re-bars
(4) Worldwide Stationery Manufacturing Company Limited (note 1)	approximately HK\$15 million	8.8%	Unsecured, interest free with payment terms of 75 days	Sales of cold rolled steel sheet

Notes:

1. All Receivables represented amounts due from sales by the Group in the ordinary course of business and on normal commercial terms. Each of the Entity are independent of and not connected with the directors, chief executives or substantial shareholders of the Group, or their respective associates and not otherwise a connected person of the Company within the meaning of the Listing Rules.
2. Management fee is charged for provision of on-site training, management and technical services on overall factory management, etc. Commission is charged for referral of business contacts in the PRC to Heshan Yue Ye upon conclusion of a deal and will be settled by Heshan Yue Ye upon full satisfactory completion of relevant transaction.
3. The total amount of the Receivables due from Gammom Skanska Limited was in the amount of approximately HK\$27 million as at 31st March, 2004 which represented approximately 9.19% of the Company's market capitalization as at 31st March, 2004.

(2) Disclosure Pursuant To Rule 13.18 Of The Listing Rules

The loan agreement dated 8th January, 2003 was entered into amongst, inter alias, the Company, CITIC Ka Wah Bank Limited (as arranger and agent) and a syndicate of banks (the "Loan Agreement")

On 8th January, 2003, the Company entered into the Loan Agreement with, inter alias, a syndicate of banks for a term loan facility of up to HK\$120,000,000 and repayable in full on or before the last business day in January 2006. Under the provisions of the Loan Agreement, there would be an event of default if, at any time Mr. Pang Tak Chung, chairman and a substantial shareholder (as defined in the Listing Rules) ceased to own and control either directly or indirectly collectively at least 51% of the shareholdings and voting rights in the Company. Upon occurrence of an event of default, all amounts accrued or outstanding in respect of all loans (including accrued interest) under the Loan Agreement shall become immediately due and payable.

As at 15th September, 2004, the amount outstanding under the Loan Agreement is HK\$82,025,370.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30th June, 2004 with the Code of Best Practice, as set out in Appendix 14 of the Listing Rules on the Stock Exchange, except that the non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's Bye-Laws.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the unaudited interim financial statements of the Company for the six months ended 30th June, 2004.

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, 2004.

APPRECIATION

The Board of Directors would like to take this opportunity to express our heartfelt thanks to the support from all of the staff for their dedication and hard work. More, we would like to express our sincere gratitude to all our shareholders, customers, bankers as well as our business associates for their continued support. We are expecting our concerted effort will result in better results in the second half year.

By Order of the Board

Pang Tak Chung

Chairman

Hong Kong, 15th September, 2004