

## 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, 2001 as follows:-

### Condensed Consolidated Income Statement

		Six months ended 30th June, 2001	2000 (Restated) HK\$'000
	Notes	HK\$'000	HK\$'000
Turnover		<b>498,941</b>	599,686
Cost of sales		<b>(413,745)</b>	(496,487)
Gross profit		<b>85,196</b>	103,199
Other revenue		<b>12,631</b>	11,148
Selling and distribution costs		<b>(14,899)</b>	(11,379)
Administrative expenses		<b>(44,673)</b>	(58,486)
Other operating expenses		<b>(133)</b>	(4,345)
Write back of provision for claims	4	<b>6,898</b>	-
Profit from operations	5	<b>45,020</b>	40,137
Written off of expenses for proposed investment	6	<b>(7,079)</b>	-
Finance costs	7	<b>(11,143)</b>	(10,635)
Interest income		<b>3,069</b>	5,094
Loss on disposal of an interest in a subsidiary		<b>(34)</b>	-
Share of results of a jointly controlled entity		<b>-</b>	(1,383)
Profit before taxation		<b>29,833</b>	33,213
Taxation	8	<b>(1,787)</b>	(2,392)
Profit after taxation		<b>28,046</b>	30,821
Minority interests		<b>(11,681)</b>	(12,800)
Net profit for the period		<b>16,365</b>	18,021
Dividend	9	<b>-</b>	(11,338)
Earnings per share	10		
Basic		<b>2.88 cents</b>	3.20 cents
Diluted		<b>2.86 cents</b>	3.19 cents

## Condensed Consolidated Balance Sheet

	Notes	30.6.2001 (unaudited) HK\$'000	31.12.2000 (audited) HK\$'000
<b>Non-current Assets</b>			
Investment properties		46,600	46,600
Property, plant and equipment	11	306,937	289,377
Goodwill		1,231	–
Investment in a security		5,000	5,000
Long-term receivables		1,798	3,342
Rental deposits and other assets		814	5,908
		<u>362,380</u>	<u>350,227</u>
<b>Current Assets</b>			
Inventories	12	144,424	165,440
Trade and other receivables	13	372,437	359,245
Amounts due from customers for contract work		126	134
Amounts due from minority shareholders		153	233
Tax recoverable		147	1,510
Pledged bank deposits	18	–	16,094
Bank balances and cash		93,765	105,735
		<u>611,052</u>	<u>648,391</u>
<b>Current Liabilities</b>			
Trade and other payables	14	114,771	162,241
Amounts due to customers for contract work		39,017	48,295
Amounts due to minority shareholders		11,230	10,792
Notes payable to a shareholder	15	–	22,850
Tax payable		789	365
Bank borrowings	15	265,885	257,229
Obligations under finance leases and hire purchase contracts		4,402	3,519
		<u>436,094</u>	<u>505,291</u>
<b>Net Current Assets</b>		<u>174,958</u>	<u>143,100</u>
		<u>537,338</u>	<u>493,327</u>

**Condensed Consolidated Balance Sheet (Cont'd)**

	Notes	<b>30.6.2001</b> <b>(unaudited)</b> <b>HK\$'000</b>	31.12.2000 (audited) HK\$'000
<b>Capital and Reserves</b>			
Share capital	16	<b>56,736</b>	56,688
Reserves	17	<b>319,205</b>	302,708
		<b>375,941</b>	359,396
<b>Minority interests</b>		<b>121,797</b>	107,240
<b>Non-current Liabilities</b>			
Deferred tax		<b>9,408</b>	9,410
Bank borrowings	15	<b>28,317</b>	12,522
Obligations under finance leases and hire purchase contracts		<b>1,875</b>	2,651
Long-term payable		<b>–</b>	2,108
		<b>39,600</b>	26,691
		<b>537,338</b>	493,327

## Condensed Consolidated Statement of Recognised Gains & Losses

Six months ended  
30th June, 2001  
(unaudited)  
HK\$'000

Exchange differences arising on translation of overseas operations not recognised in the consolidated income statement	7
Net profit for the period	<u>16,365</u>
Total recognised gains	<u>16,372</u>
Prior period adjustment arising from adoption of Statement of Standard Accounting Practice No. 9 (see note 2)	
– increase in retained profits at 1st January, 2000	<u>11,168</u>

## Condensed Consolidated Cash Flow Statement

	Six months ended 30th June, 2001 (unaudited) HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>16,824</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>(15,397)</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(13,707)</u>
NET CASH OUTFLOW BEFORE FINANCING	<u>(12,280)</u>
NET CASH INFLOW FROM FINANCING	<u>23,582</u>
INCREASE IN CASH AND CASH EQUIVALENTS	11,302
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	74,871
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>57</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>86,230</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	
Bank balances and cash	93,765
Bank overdrafts	<u>(7,535)</u>
	<u><u>86,230</u></u>

## Notes to the Condensed Financial Statements

### 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 ("SEHK") and with Statement of Standard Accounting Practice No. 25 ("SSAP 25") "Interim financial reporting" issued by the Hong Kong Society of Accountants, except that, in this first year of implementation of SSAP 25, as permitted by the Listing Rules, no comparative amounts have been presented for:

- the condensed statement of recognised gains and losses; and
- the condensed cash flow statement.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties.

The accounting policies adopted for the preparation of the interim financial report are consistent with those adopted by the Group in its annual financial statements for the year ended 31st December, 2000 except as described below.

In the current period, the Group has adopted, for the first time, the following revised or new Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants:

#### **Dividends proposed or declared after the balance sheet date**

In accordance with SSAP 9 (Revised) "Events after the balance sheet date", dividends proposed or declared after the balance sheet date are not recognised as a liability in the balance sheet. In previous years, the declaration of dividends after the balance sheet date was treated as an adjusting post balance sheet event. The effect of this change has been to increase shareholders' funds at 1st January, 2000 by HK\$11,168,000. Comparative information has been restated to reflect this change in accounting policy.

## 2. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

### **Segment reporting**

SSAP 26 "Segment reporting", which has been adopted for the first time in this interim financial report period, has established principles for reporting a segmental analysis of financial information. The details are set out in note 3.

### **Provisions**

In accordance with SSAP 28 "Provisions, contingent liabilities and contingent assets", provisions are recognised when the Group has a present obligation as a result of a past event which is probable will result in an outflow of economic benefits that can be reasonably estimated.

### **Goodwill**

In the current period, the Group has adopted SSAP 30 "Business combinations" and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisitions prior to 1st January, 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1st January, 2001 will be credited to income at the time of disposal of the relevant subsidiary.

Goodwill arising on acquisitions after 1st January, 2001 is capitalised and amortised over its estimated useful life i.e. over a period of 10 years. Negative goodwill arising on acquisitions after 1st January, 2001 is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

### **Impairment of assets**

SSAP 31 "Impairment of Assets" is effective for periods beginning on or after 1st January, 2001 and has introduced a formal framework for the recognition of impairment losses in respect of the Group's assets other than financial assets and investment properties.

With the exception of SSAP 9 (Revised), the adoption of the above Standards has had no material effect on amounts reported in prior periods.

### 3. SEGMENT INFORMATION

The turnover and contributions to profit from operations of the Group for the six months ended 30th June, 2001, analysed by business segment and by geographical segment, are as follows:

By business segment:

#### For the six months ended 30th June, 2001

	Manufacturing of steel and metal products HK\$'000	Trading of steel and metal products HK\$'000	Construction work contracting and sale of concrete products HK\$'000	Manufacturing of construction materials HK\$'000	Trading of construction materials HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>							
External sales	225,530	88,653	31,167	56,000	97,591	-	498,941
Inter-segment sales	6,822	13,626	44	903	11,742	(33,137)	-
Total revenue	<u>232,352</u>	<u>102,279</u>	<u>31,211</u>	<u>56,903</u>	<u>109,333</u>	<u>(33,137)</u>	<u>498,941</u>
<b>SEGMENT RESULT</b>	<u>22,629</u>	<u>(1,028)</u>	<u>12,778</u>	<u>5,153</u>	<u>1,958</u>	<u>70</u>	<u>41,560</u>
Unallocated other revenue							6,898
Unallocated corporate expenses							(3,438)
Profit from operations							<u>45,020</u>

#### For the six months ended 30th June, 2000

	Manufacturing of steel and metal products HK\$'000	Trading of steel and metal products HK\$'000	Construction work contracting and sale of concrete products HK\$'000	Manufacturing of construction materials HK\$'000	Trading of construction materials HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>							
External sales	221,510	159,245	112,842	52,665	53,424	-	599,686
Inter-segment sales	2,856	15,818	-	5,281	10,382	(34,337)	-
Total revenue	<u>224,366</u>	<u>175,063</u>	<u>112,842</u>	<u>57,946</u>	<u>63,806</u>	<u>(34,337)</u>	<u>599,686</u>
<b>SEGMENT RESULT</b>	<u>29,098</u>	<u>(1,334)</u>	<u>20,759</u>	<u>1,810</u>	<u>2,328</u>	<u>185</u>	<u>52,846</u>
Unallocated corporate expenses							(12,709)
Profit from operations							<u>40,137</u>



### 3. SEGMENT INFORMATION (Cont'd)

By geographical segment:

**For the six months ended 30th June, 2001**

	Hong Kong HK\$'000	Other regions in the PRC HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>					
External sales	361,294	126,936	10,711	-	498,941
Inter-segment sales	17,039	16,562	1,743	(35,344)	-
Total revenue	<u>378,333</u>	<u>143,498</u>	<u>12,454</u>	<u>(35,344)</u>	<u>498,941</u>
<b>SEGMENT RESULT</b>	<u>36,896</u>	<u>3,418</u>	<u>1,176</u>	<u>70</u>	<u>41,560</u>
Unallocated other revenue					6,898
Unallocated corporate expenses					(3,438)
Profit from operations					<u>45,020</u>

**For the six months ended 30th June, 2000**

	Hong Kong HK\$'000	Other regions in the PRC HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>					
External sales	399,647	165,266	34,773	-	599,686
Inter-segment sales	28,720	9,080	1,893	(39,693)	-
Total revenue	<u>428,367</u>	<u>174,346</u>	<u>36,666</u>	<u>(39,693)</u>	<u>599,686</u>
<b>SEGMENT RESULT</b>	<u>51,106</u>	<u>1,799</u>	<u>(244)</u>	<u>185</u>	<u>52,846</u>
Unallocated corporate expenses					(12,709)
Profit from operations					<u>40,137</u>

#### **4. WRITE BACK OF PROVISION FOR CLAIMS**

The amount represented the reversal of a warranty provision in respect of trading of concrete products and property development businesses in the prior period. In the opinion of the directors, the warranty provision is no longer required since the warranty period has lapsed.

#### **5. PROFIT FROM OPERATIONS**

	<b>Six months ended 30.6.2001 HK\$'000</b>	Six months ended 30.6.2000 HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Amortisation of goodwill	<b>65</b>	–
Depreciation		
– owned assets	<b>10,750</b>	10,034
– assets held under finance leases and hire purchase contracts	<b>539</b>	370
Loss (gain) on disposal of property, plant and equipment	<b>68</b>	(1,366)

#### **6. WRITTEN OFF OF EXPENSES FOR PROPOSED INVESTMENT**

On 17th November, 2000 and 19th January, 2001, the Company's subsidiaries, Daido Group Limited ("Daido") and Eastcom Holdings Limited, entered into agreements (the "Acquisition Agreements") with the Liquidators of Siu Fung Ceramics Holdings Limited and its subsidiaries ("Siu Fung Group"), for the purchase of interests in and loans due to Siu Fung Group from certain joint venture companies.

Pursuant to the joint announcement dated 21st March, 2001, the Acquisition Agreements have not been completed due to non-fulfillment of the conditions precedent relating to the due diligence exercise, the waivers on all the pre-emptive rights from the other joint venture partners and the transfer of the interests of the joint venture companies. Accordingly, the Acquisition Agreements have lapsed and the deposits paid amounting to a total of HK\$2,500,000 were forfeited by the vendor.

## 6. WRITTEN OFF OF EXPENSES FOR PROPOSED INVESTMENT (Cont'd)

Total expenses incurred of HK\$12,629,000 in respect of the acquisition, including the forfeited deposits, have been charged to the consolidated income statement, of which HK\$5,550,000 had been reflected in the consolidated income statement of the Group for the year ended 31st December, 2000.

## 7. FINANCE COSTS

	<b>Six months ended 30.6.2001 HK\$'000</b>	<b>Six months ended 30.6.2000 HK\$'000</b>
Interest on:		
Bank borrowings wholly repayable within five years	<b>10,084</b>	9,939
Finance leases and hire purchase contracts	<b>261</b>	65
Notes payable to a shareholder	<b>157</b>	—
Other borrowings wholly repayable within five years	<b>641</b>	631
	<b><u>11,143</u></b>	<b><u>10,635</u></b>

## 8. TAXATION

	<b>Six months ended 30.6.2001 HK\$'000</b>	<b>Six months ended 30.6.2000 HK\$'000</b>
The charge comprises:		
Hong Kong Profits Tax		
Current period	<b>1,661</b>	2,228
Overseas taxation		
Current period	<b>126</b>	164
	<b><u>1,787</u></b>	<b><u>2,392</u></b>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the period.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

## 9. DIVIDEND

On 23rd June, 2000, a dividend of HK\$0.02 per share was paid to shareholders as the final dividend for the year ended 31st December, 1999. No dividend was paid in respect of the year ended 31st December, 2000.

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th June, 2001.

## 10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>Six months ended 30.6.2001 HK\$'000</b>	Six months ended 30.6.2000 HK\$'000
Earnings for the purpose of basic earnings per share	<b>16,365</b>	18,021
Adjustment to the share of result of subsidiaries based on the effect of dilutive share options	<b>(145)</b>	—
Earnings for the purpose of diluted earnings per share	<b>16,220</b>	18,021
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>567,282,113</b>	563,841,786
Effect of dilutive share options	<b>133,140</b>	867,474
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>567,415,253</b>	564,709,260

## 11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$29 million on the acquisition of assets in order to facilitate its manufacturing capabilities.

## 12. INVENTORIES

Included in inventories are raw materials of HK\$Nil (31.12.2000: HK\$625,000), work in progress of HK\$Nil (31.12.2000: HK\$258,000) and finished goods of HK\$Nil (31.12.2000: HK\$5,247,000) which are carried at net realisable value.

## 13. TRADE AND OTHER RECEIVABLES

The Group allows credit periods ranging from C.O.D. to 150 days to its customers.

Included in trade and other receivables are trade receivables of HK\$261,090,000 (31.12.2000: HK\$247,736,000) with an aged analysis as follows:

	<b>30.6.2001</b> <i>HK\$'000</i>	31.12.2000 <i>HK\$'000</i>
0 – 30 days	<b>97,244</b>	129,482
31 – 60 days	<b>70,323</b>	55,405
61 – 90 days	<b>34,192</b>	32,621
91 – 120 days	<b>25,042</b>	17,020
More than 120 days	<b>34,289</b>	13,208
	<b><u>261,090</u></b>	<b><u>247,736</u></b>

## 14. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$34,123,000 (31.12.2000: HK\$51,079,000) with an aged analysis as follows:

	<b>30.6.2001</b> <i>HK\$'000</i>	31.12.2000 <i>HK\$'000</i>
0 – 30 days	<b>19,414</b>	22,808
31 – 60 days	<b>8,282</b>	22,635
61 – 90 days	<b>3,984</b>	3,872
91 – 120 days	<b>1,902</b>	212
More than 120 days	<b>541</b>	1,552
	<b><u>34,123</u></b>	<b><u>51,079</u></b>

## 15. NOTES PAYABLE TO A SHAREHOLDER AND BANK BORROWINGS

During the period, notes payable to a shareholder of HK\$22,850,000 were fully repaid. In addition, the Group raised bank loans of HK\$68,767,000 and repaid bank loans of HK\$44,244,000.

## 16. SHARE CAPITAL

	Six months ended 30.6.2001		Year ended 31.12.2000	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
<hr/>				
Ordinary shares of HK\$0.10 each				
<i>Authorised:</i>				
At beginning and end of the period/year	<u>1,800,000,000</u>	<u>180,000</u>	<u>1,800,000,000</u>	<u>180,000</u>
<i>Issued and fully paid:</i>				
At beginning of the period/year	<u>566,877,500</u>	<u>56,688</u>	558,377,500	55,838
Issued upon the exercise of options	<u>485,000</u>	<u>48</u>	<u>8,500,000</u>	<u>850</u>
At end of the period/year	<u>567,362,500</u>	<u>56,736</u>	<u>566,877,500</u>	<u>56,688</u>

During the period/year, 485,000 ordinary shares (1.1.2000 to 31.12.2000: 8,500,000 ordinary shares) of the Company were issued at HK\$0.24 per share upon the exercise of options by option holders.

## 17. RESERVES

	Share premium HK\$'000	Revaluation reserve HK\$'000	Goodwill reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st January, 2000						
– as previously stated	316,885	19,367	(181,262)	11	120,013	275,014
– prior year adjustment (see note 2)	–	–	–	–	11,168	11,168
– as restated	316,885	19,367	(181,262)	11	131,181	286,182
Exchange differences arising from the translation of overseas subsidiaries	–	–	–	204	–	204
Goodwill arising on acquisition of subsidiaries	–	–	(1,734)	–	–	(1,734)
Goodwill arising on acquisition of further interests in subsidiaries	–	–	(5,481)	–	–	(5,481)
Share issued at premium	1,190	–	–	–	–	1,190
Expenses on issue of shares	(25)	–	–	–	–	(25)
Net profit for the year	–	–	–	–	33,710	33,710
Dividends paid	–	–	–	–	(11,338)	(11,338)
At 31st December, 2000	318,050	19,367	(188,477)	215	153,553	302,708
Exchange differences arising from translation of overseas subsidiaries	–	–	–	7	–	7
Goodwill released on disposal of an interest in a subsidiary	–	–	57	–	–	57
Share issued at premium	68	–	–	–	–	68
Net profit for the period	–	–	–	–	16,365	16,365
At 30th June, 2001	318,118	19,367	(188,420)	222	169,918	319,205

## 18. PLEDGE OF ASSETS

At 30th June, 2001, the Group has pledged the following assets to financial institutions as securities for general banking facilities granted to the Group:

	<b>30.6.2001</b> <b>HK\$'000</b>	31.12.2000 <b>HK\$'000</b>
Investment properties	<b>46,600</b>	17,700
Land and buildings	<b>55,829</b>	49,592
Plant and machinery	<b>3,641</b>	3,851
Bank deposits	<b>—</b>	16,094
	<b><u>106,070</u></b>	<b><u>87,237</u></b>

In addition, the Group has also pledged the shares of one of its subsidiaries with market value of approximately HK\$126,252,000 (31.12.2000: HK\$Nil) representing the Group's 50.1% interest in this subsidiary to a financial institution as securities for general banking facilities granted to the Group.

## 19. CAPITAL COMMITMENTS

	<b>30.6.2001</b> <b>HK\$'000</b>	31.12.2000 <b>HK\$'000</b>
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements	<b><u>—</u></b>	<b><u>11,521</u></b>

## 20. POST BALANCE SHEET EVENT

On 17th August, 2001, the Group entered into a conditional agreement to acquire 68% of the issued share capital of a company engaging in the manufacture and sale of concrete and concrete products, for a consideration of HK\$5,280,000.