GOLIK HOLDINGS LIMITED

高力集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1118)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

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, 2012 together with the comparative unaudited figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30th June,	
		2012	2011
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**1,576,578**	1,300,600
Cost of sales		**(1,403,283)**	(1,159,301)
Gross profit		**173,295**	141,299
Other income		**9,875**	14,497
Interest income		**1,082**	593
Selling and distribution costs		**(39,767)**	(32,211)
Administrative expenses		**(80,125)**	(71,823)
Other gains and losses	*4*	**2,907**	7,635
Finance costs	*5*	**(16,021)**	(10,609)
Share of results of jointly controlled entities		**(112)**	(104)
Profit before taxation		**51,134**	49,277
Income taxes	*6*	**(4,433)**	(2,419)
Profit for the period	*7*	**46,701**	46,858
Other comprehensive (expense) income			
Exchange difference arising from the translation of foreign operations		**(1,468)**	5,380
Fair value gain on available-for-sale investments		**1,920**	–
Other comprehensive income for the period		**452**	5,380
Total comprehensive income for the period		**47,153**	52,238

* *For identification purposes only*

	Notes	Six months ended 30th June, 2012 (unaudited) *HK$'000*	2011 (unaudited) *HK$'000*
Profit for the period attributable to:			
Shareholders of the Company		**45,208**	43,434
Non-controlling interests		**1,493**	3,424
		46,701	46,858
Total comprehensive income attributable to:			
Shareholders of the Company		**45,871**	48,251
Non-controlling interests		**1,282**	3,987
		47,153	52,238
Earnings per share	*9*		
Basic and diluted		**HK8.05 cents**	HK7.73 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30th June, 2012 (unaudited) HK$'000	As at 31st December, 2011 (audited) HK$'000
Non-current Assets			
Investment property		**–**	3,670
Property, plant and equipment		**348,021**	354,086
Prepaid lease payments		**16,844**	17,164
Interests in jointly controlled entities		**2,683**	2,795
Available-for-sale investments		**14,400**	–
Long-term receivables		**354**	479
Deposits placed at insurance companies		**8,813**	8,059
Rental and other deposits		**952**	1,759
Deposits paid for acquisition of property, plant and equipment		**8,491**	7,492
Amounts due from jointly controlled entities		**6,952**	6,947
Pledged bank deposits		**1,501**	1,509
		409,011	403,960
Current Assets			
Inventories		**529,468**	577,377
Trade and other receivables	*10*	**683,500**	670,408
Prepaid lease payments		**464**	455
Income tax recoverable		**287**	289
Derivative financial instruments		**–**	91
Pledged bank deposits		**–**	864
Bank balances and cash		**288,412**	351,051
		1,502,131	1,600,535
Current Liabilities			
Trade and other payables	*11*	**214,730**	221,009
Amounts due to non-controlling shareholders		**27,436**	29,159
Income tax payable		**7,728**	5,852
Bank borrowings		**806,827**	922,853
Obligations under finance leases		**198**	472
Obligation arising from a put option to non-controlling shareholders		**30,935**	29,841
Derivative financial instruments		**10,787**	11,091
		1,098,641	1,220,277
Net Current Assets		**403,490**	380,258
		812,501	784,218

	As at 30th June, 2012 (unaudited) *HK$'000*	As at 31st December, 2011 (audited) *HK$'000*
Capital and Reserves		
Share capital	**56,192**	56,192
Share premium and reserves	**702,261**	672,124
Equity attributable to shareholders of the Company	**758,453**	728,316
Non-controlling interests	**20,373**	19,091
Total Equity	**778,826**	747,407
Non-current Liabilities		
Bank borrowings	**18,109**	21,925
Deferred tax liabilities	**15,454**	14,809
Obligations under finance leases	**112**	77
	33,675	36,811
	812,501	784,218

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2011. In addition, the Group has applied the following accounting policy for the transfer of the investment property carried at fair value to owner-occupied property during the current interim period:

Property, plant and equipment

An investment property is transferred to property, plant and equipment when it is evidenced by the commencement of the owner-occupation. The fair value, at the date of transfer, which is the deemed cost of the property for subsequent accounting is in accordance with HKAS 16 *Property, plant and equipment*. The property's interest held under an operating lease which was previously classified as investment property under the fair value model is continued to account for as a finance lease after the transfer.

Amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*

In the current interim period, the Group has applied, for the first time, amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

Under the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment property using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property and concluded that the Group's investment property is held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, and that the presumption set out in the amendments to HKAS 12 is rebutted. As a result, the Group's investment property that is measured using the fair value model has been presumed to be recovered through use. The amendments to HKAS 12 have been applied retrospectively, the application of the amendments has had no significant impact on the consolidated financial statements of the Group as at 1st January, 2011, 31st December, 2011 and for the six months ended 30th June, 2012 during which the investment property was transferred to property, plant and equipment.

The application of the other amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision makers (the Chairman and Vice Chairman of the Group) for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold and are as follows:

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

Information regarding the above segments is reported below.

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

For the six months ended 30th June, 2012 (unaudited)

	Metal products	Building construction materials	Other operations	Segment total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE						
External sales	609,172	873,382	94,024	1,576,578	–	1,576,578
Inter-segment sales	7,242	1,184	–	8,426	(8,426)	–
Segment revenue	616,414	874,566	94,024	1,585,004	(8,426)	1,576,578
SEGMENT RESULT	20,206	47,994	(1,949)	66,251	(11)	66,240
Unallocated other income						3,658
Unallocated corporate expenses						(15,644)
Fair value gain on put option derivative						533
Gain on disposal of unlisted equity securities investments						12,480
Finance costs						(16,021)
Share of results of jointly controlled entities						(112)
Profit before taxation						51,134

For the six months ended 30th June, 2011 (unaudited)

	Metal products HK$'000	Building construction materials HK$'000	Other operations HK$'000	Segment total HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE						
External sales	597,584	588,757	114,259	1,300,600	–	1,300,600
Inter-segment sales	7,073	25	–	7,098	(7,098)	–
Segment revenue	604,657	588,782	114,259	1,307,698	(7,098)	1,300,600
SEGMENT RESULT	27,809	41,163	(756)	68,216	23	68,239
Unallocated other income						2,846
Unallocated corporate expenses						(11,095)
Finance costs						(10,609)
Share of results of jointly controlled entities						(104)
Profit before taxation						49,277

Segment result represents the gross profit (loss) generated/suffered from each segment, net of selling and distribution costs and administrative expenses directly attributable to each segment without allocation of certain bank interest income, corporate expenses, fair value gain on put option derivative, gain on disposal of unlisted equity securities investments, finance costs and share of results of jointly controlled entities. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

4. OTHER GAINS AND LOSSES

	Six months ended 30th June, 2012 (unaudited) *HK$'000*	2011 (unaudited) *HK$'000*
Change in fair value of foreign currency forward contracts derivative	**89**	487
Fair value gain on put option derivative	**(533)**	–
Gain on disposal of unlisted equity securities investments	**(12,480)**	–
Gain on disposal of property, plant and equipment	**(1,876)**	(2,157)
Net exchange loss (gain)	**819**	(2,160)
Allowance for (reversal of allowance for) bad and doubtful debts, net	**11,074**	(3,805)
	(2,907)	(7,635)

5. FINANCE COSTS

	Six months ended 30th June, 2012 (unaudited) *HK$'000*	2011 (unaudited) *HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**14,918**	10,587
Finance leases	**9**	22
Imputed interest expenses on obligation arising from a put option to non-controlling shareholders	**1,094**	–
	16,021	10,609

6. INCOME TAXES

	Six months ended 30th June, 2012 (unaudited) *HK$'000*	2011 (unaudited) *HK$'000*
Current tax:		
Hong Kong	**100**	745
The People's Republic of China (the "PRC")	**3,159**	1,644
	3,259	2,389
Underprovision in prior years:		
Hong Kong	**490**	–
PRC	**38**	30
	528	30
Deferred tax:		
Current period	**646**	–
	4,433	2,419

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

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

7. PROFIT FOR THE PERIOD

	Six months ended 30th June, 2012 (unaudited) *HK$'000*	2011 (unaudited) *HK$'000*
Profit for the period has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**227**	220
Depreciation of property, plant and equipment	**17,937**	16,744
Write down of (reversal of write down of) inventories (included in cost of sales)	**13,933**	(3,892)

8. DIVIDEND

During the current interim period, a final dividend of HK2.8 cents per share in respect of the year ended 31st December, 2011 (six months ended 30th June, 2011: HK2.6 cents per share in respect of the year ended 31st December, 2010) was declared and paid to the shareholders of the Company. The aggregate amount of the final dividend declared and paid in the current interim period amounted to HK$15,734,000 (six months ended 30th June, 2011: HK$14,610,000).

Subsequent to the end of the interim period, the directors have determined that an interim dividend of HK1.5 cents per share (six months ended 30th June, 2011: HK1.2 cents per share) will be paid to the shareholders of the Company whose names appear in the register of members of the Company on 26th September, 2012.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the period attributable to the shareholders of the Company of HK$45,208,000 (six months ended 30th June, 2011: HK$43,434,000) and 561,922,500 (six months ended 30th June, 2011: 561,922,500) weighted average number of ordinary shares in issue during the period.

The calculation of the diluted earnings per share for the period ended 30th June, 2012 does not assume the exercise of the written put option on shares of a subsidiary as it is anti-dilutive.

No diluted earnings per share was presented as these was no potential ordinary shares outstanding for the six months ended 30th June, 2011.

10. TRADE AND OTHER RECEIVABLES

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

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

	As at 30th June, 2012 (unaudited) ***HK$'000***	As at 31st December, 2011 (audited) *HK$'000*
0 – 30 days	**318,635**	295,429
31 – 60 days	**180,543**	147,340
61 – 90 days	**81,139**	82,989
91 – 120 days	**31,312**	47,691
More than 120 days	**21,243**	44,280
	632,872	617,729

11. TRADE AND OTHER PAYABLES

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

	As at 30th June, 2012 (unaudited) ***HK$'000***	As at 31st December, 2011 (audited) *HK$'000*
0 – 30 days	**57,287**	51,859
31 – 60 days	**21,333**	21,487
61 – 90 days	**11,143**	10,817
91 – 120 days	**1,878**	9,307
More than 120 days	**4,089**	9,825
	95,730	103,295

Other payables mainly comprise sales deposits received from customers, accrued staff costs and accrued operating expenses.

BUSINESS REVIEW

During the period, the global economy continues to remain weak. Meanwhile, the combination of a lack of effective resolution to date on the European sovereign debt crisis, a sluggish United States economy and creeping measures taken by the PRC Government to tighten credit have stymied China's economic growth as domestic demand begin to taper.

To some extent the Group's businesses were abated by these adverse market conditions, in particular those servicing the export manufacturing industry with metal products business where results were unsatisfactory. However, in this same period our building construction materials business in Hong Kong continued to benefit from the progressive resurgence of the construction industry with sound results precipitating to marginal improvements in our overall Group performance in spite of the generally weak economic environment.

For the six months ended 30th June, 2012, the Group's revenue was HK$1,576,578,000, representing an increase of 21% against the same period last year. After deduction of non-controlling interests, profit attributable to shareholders of the Company amounted to HK$45,208,000, an increase of 4% compared to the same period last year.

The Board of Directors has declared an interim dividend of HK1.5 cents per share.

Metal Products

The business comprises mainly of steel coil processing, steel wires, steel wire ropes and other processing and manufacturing of steel wire products. Revenue during the period was HK$616,414,000, representing an increase of 2% over the same period last year. Profit before interest and taxation was HK$20,206,000, a decrease of 27% over the same period last year.

Subdued global economic conditions inhibited revenue and profit for our metal products business during the period as results took a step backwards compared to the same period last year. The majority of export manufacturing industries based in the Mainland are operating in tough times amidst rising cost of production and weak export demand that had now continued to persist for a period of time, and for that reason the Group's coil processing continues to face an assortment of challenges.

Notwithstanding rising costs and increased market competition, our wire products that are also primarily supplied to the Mainland domestic market were able to maintain stable results through the steady efforts of its management staff. During the period, the elevator wire rope factory in Tianjin achieved both an increase in production output and sales over the same period last year, though gross margins have languished.

Building Construction Materials

The business comprises mainly of ready-mixed concrete in Hong Kong, distribution of construction steel products and other building construction materials. During the period, revenue was HK$874,566,000, an increase of 49% over the same period last year. Profit before interest and taxation was HK$47,994,000, an increase of 17% over the same period last year.

Despite the fact that construction activities of the major infrastructure projects in Hong Kong has yet to reach its peak, the commencement of several of these projects has led to an uptake in demand for building construction materials. Subsequently, revenue and profit for the Group during the period continued to record stable growth.

So as the new government of Hong Kong continues to commit to increasing its level of investment spending in public housing and infrastructure works, the Group is poised to benefit given our thirty five years of prominence in the building construction materials industry. Right now, the Group is undertaking the development of other products in the building construction materials market in addition to our existing steel and ready-mixed concrete products, and we expect greater contributions to the Group from this business in the near future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2012, the total bank balances and cash of the Group amounted to HK$288,412,000 (31st December, 2011: HK$351,051,000). As at 30th June, 2012, current ratio (current assets to current liabilities) for the Group was 1.37:1 (31st December, 2011: 1.31:1).

As at 30th June, 2012, the total borrowings of the Group amounted to HK$825,246,000 (31st December, 2011: HK$945,327,000).

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

CAPITAL STRUCTURE

During the period, there was no material change to the capital structure of the Company. The number of the Company's ordinary shares in issue as at 30th June, 2012 was 561,922,500 (31st December, 2011: 561,922,500). As at 30th June, 2012, the equity attributable to the shareholders of the Company amounted to HK$758,453,000 (31st December, 2011: HK$728,316,000).

As at 30th June, 2012, net gearing ratio (total borrowings minus total bank balances and cash to total equity) was 0.69:1 (31st December, 2011: 0.80:1).

EMPLOYMENT AND REMUNERATION POLICY

As at 30th June, 2012, the total number of staff of the Group was 1,291. 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

Looking ahead, the global economy will remain overwhelmed with uncertainties and weak economic conditions set to continue. In this extensively weak environment that is summed up by the eurozone debt crisis, a slow United States recovery, and tightening measures and structural reforms in the Mainland, the Group will not be insulated from these causes. As a result, our domestic processing and manufacturing operations will continue to face challenges ahead.

In countervailing global economic instability, the Group will be even more compelled to pursue the expansion of our building construction materials business in Hong Kong. The commencement of several major infrastructure projects in Hong Kong and Macau; the recommendation in the new Hong Kong government budget to invest over seventy billion dollars annually over the next few years in infrastructure will be boomed for the Hong Kong construction industry and create many opportunities for the building materials industry. We hope to see the steady development of our building construction materials business in Hong Kong can moderate the pressure on the Group brought on by the global economic downturn. The Group will endeavor to overcome the current challenges and provide stable returns for our shareholders.

CORPORATE GOVERNANCE

The Group is committed to maintenance of good corporate governance practices as set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"). The Company has complied with code provisions as set out in the CG Code throughout the six months ended 30th June, 2012 except the following:

Code provision A.2.1, the Company does not separate the roles of Chairman and Chief Executive Officer and Mr. Pang Tak Chung currently holds both positions. As 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.

Code provision A.5.1, the Company does not propose to establish a nomination committee for the time being as the full Board is responsible for reviewing the structure, size and composition of the Board and the appointment of new directors from time to time to ensure that it has a balanced composition of their skills and experience appropriate for the requirements of the businesses of the Company, and the Board as a whole is also responsible for reviewing the succession plan for the directors.

Code provision A.6.7, Mr. Yu Kwok Kan, Stephen and Mr. Chan Yat Yan, Independent Non-executive Directors were unable to attend the annual general meeting of the Company held on 8th June, 2012 as they had another engagement.

AUDIT COMMITTEE

The Company established its Audit Committee on 5th January, 1999 with written terms of reference which are in line with the code provision. The Audit Committee comprises three Independent Non-executive Directors namely Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong.

The Audit Committee has reviewed the consolidated financial statements of the Group for the six months ended 30th June, 2012. The financial information contained in this announcement is unaudited, the disclosure of which has complied with Appendix 16 to the Listing Rules.

REMUNERATION COMMITTEE

The Company established its Remuneration Committee on 21st April, 2005 with written terms of reference which are in line with the code provision. The Remuneration Committee comprises three Independent Non-executive Directors namely Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong.

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, 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2012.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK1.5 cents per share amounting to HK$8,429,000 for the six months ended 30th June, 2012 (2011 interim dividend: HK1.2 cents per share amounting to HK$6,743,000) which are expected to be payable on 12 October, 2012 to the shareholders of the Company whose names appear in the register of members of the Company on 26 September, 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 24 September, 2012 to Wednesday, 26 September, 2012 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30th June, 2012, all transfer of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 September, 2012.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.golik.com.hk). The 2012 Interim Report containing information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Pang Tak Chung
Chairman

Hong Kong, 24th August, 2012

As at the date of this announcement, the Directors of the Company comprise:

Executive Directors:	Mr. Pang Tak Chung, Mr. Ho Wai Yu, Sammy and Mr. John Cyril Fletcher
Independent Non-executive Directors:	Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong