GOLIK

GOLIK HOLDINGS LIMITED

Stock Code : 1118

ANNUAL REPORT 2010

GOLIK

Contents

Corporate Information

BOARD OF DIRECTORS

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

STOCK CODE

1118

AUDITOR

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
BNP Paribas
CITIC Bank International Limited
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
24th Floor
Tung Hip Commercial Building
244–248 Des Voeux Road Central
Hong Kong

Financial Summary

RESULTS

	For the year ended 31st December,				
	2006 HK$000 (restated)	2007 HK$'000 (restated)	2008 HK$'000 (restated)	2009 HK$'000 (restated)	**2010 HK$'000**
Revenue	2,053,862	2,728,040	3,546,116	2,933,396	**3,343,356**
Profit before taxation	57,881	34,522	63,715	105,103	**114,750**
Income taxes	(6,236)	(807)	(9,505)	(18,658)	**(14,586)**
Profit for the year	51,645	33,715	54,210	86,445	**100,164**
Profit attributable to:					
Shareholders of the Company	44,450	31,093	45,711	67,221	**90,868**
Non-controlling interests	7,195	2,622	8,499	19,224	**9,296**
	51,645	33,715	54,210	86,445	**100,164**

ASSETS AND LIABILITIES

	At 31st December,				
	2006 HK$000 (restated)	2007 HK$'000 (restated)	2008 HK$'000 (restated)	2009 HK$'000 (restated)	**2010 HK$'000**
Total assets	1,240,274	1,465,636	1,591,437	1,721,798	**1,730,701**
Total liabilities	(714,924)	(915,897)	(985,941)	(1,053,294)	**(1,021,439)**
Net assets	525,350	549,739	605,496	668,504	**709,262**
Equity attributable to shareholders of the Company	442,750	470,395	517,948	576,633	**645,128**
Non-controlling interests	82,600	79,344	87,548	91,871	**64,134**
Total equity	525,350	549,739	605,496	668,504	**709,262**

Ready Mixed Concrete Plant in Siu Ho Wan,
Lantau Island, Hong Kong

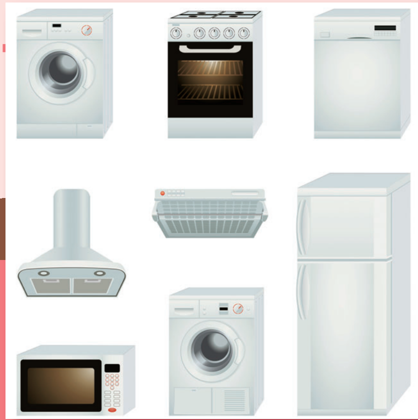
Building Construction Materials

Steel Reinforcement Bars
– Application on construction site

Steel Rebar Processing Centre in Tai Po, Hong Kong

Business Profile

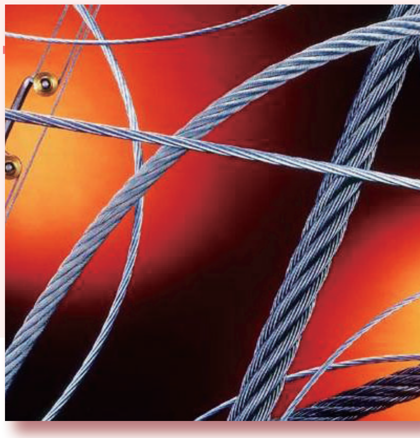
Steel Coil Processing Centre in Dongguan, Guangdong, Mainland China



Range of Finished Products – Electrical Appliances

Metal Products

Elevator Wire Rope Production Line in Tianjin, Mainland China



Steel Wire Products

Chairman's Statement

The Group will continue to endeavour, seize opportunities, meet new challenges, and utilize our unique advantages to deliver even better results for our shareholders.

Pang Tak Chung, Chairman

BUSINESS REVIEW

During the course of the year, the metal products and building construction materials businesses contributed significantly as the Group's two core businesses.

During the year, the world economy continued on its steady path to recovery however, the major developed economies are in the midst of slow recovery with assorted challenges ahead. At the same time, the Mainland and Hong Kong's economic trajectory had been relatively healthy which enabled the Group to achieve stable and sustainable growth in its results.

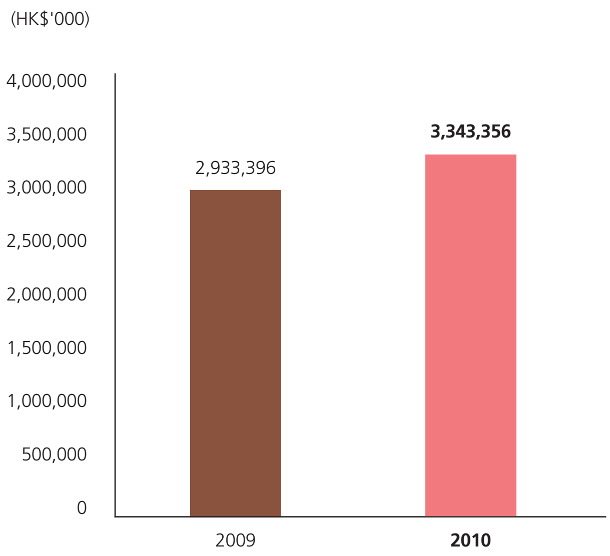
For the year ended 31st December, 2010, the Group's revenue was HK$3,343,356,000, representing an increase of 14% against last year. The increase of the revenue was mainly due to the upsurge in demand for building construction materials in Hong Kong.

After the deduction of non-controlling interests, the profit attributable to the shareholders of the Company amounted to HK$90,868,000, an increase of 35% compared to the previous year.

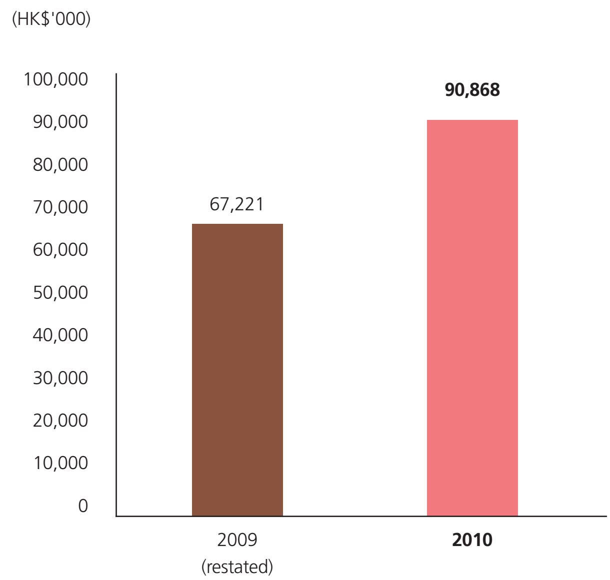
The Board of Directors has recommended a final dividend of 2.6 HK cents per share. Together with the interim dividend of 1.2 HK cents per share already paid, total dividends for the year will amount to 3.8 HK cents per share, representing an increase of 52% compared to the previous year.

Chairman's Statement

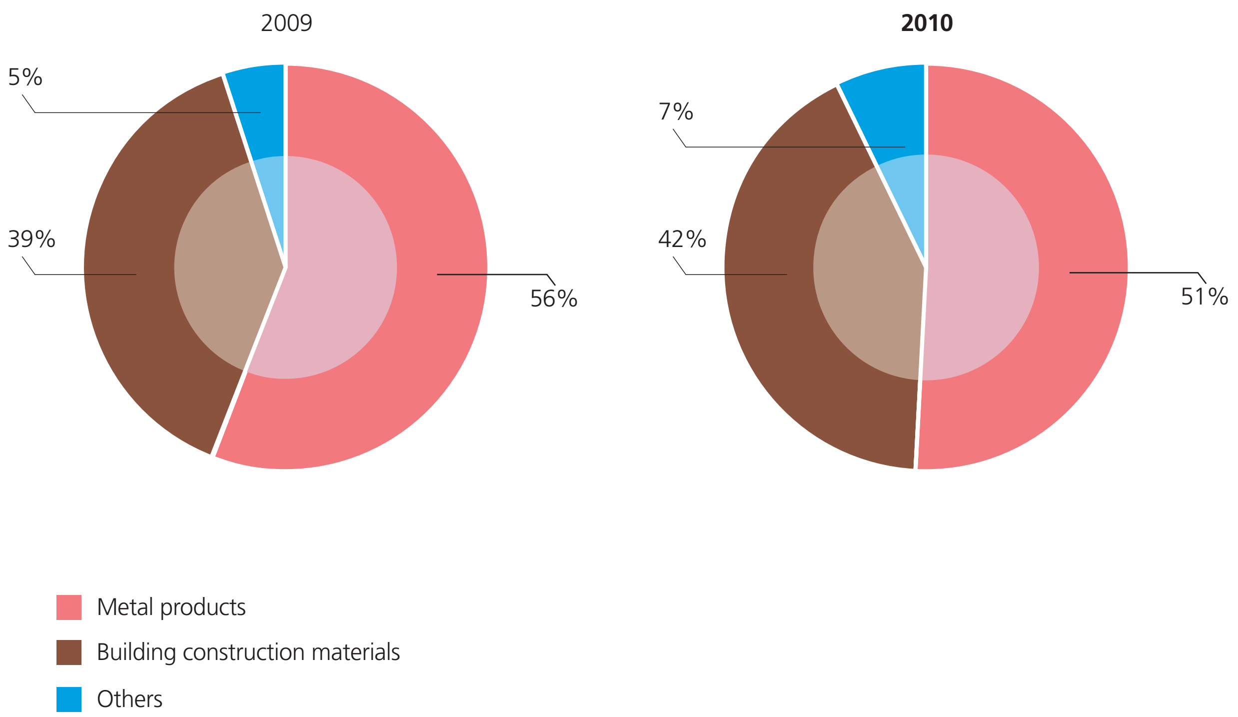
Revenue for the years ended
31st December, 2009 and 2010



Profit attributable to shareholders of the Company
for the years ended 31st December, 2009 and 2010



Revenue by operating segments for the years ended 31st December, 2009 and 2010



BUSINESS REVIEW *(continued)*

Metal Products

The business comprises mainly of steel coil processing, steel wire, steel wire ropes and other steel wire products processing and manufacturing. Revenue for the year was HK$1,725,944,000, representing an increase of 5% over last year. Profit before interest and taxation is HK$72,738,000, which is a decrease of 19% over last year.

The result for metal products was mediocre compared to last year as one of our steel wire products, "PC Strands", was faced with excess capacity in the industry than market demand would yield. This, along with the intense market competition culminated to an unsatisfactory performance for the year. On 1st November, 2010, the Group had reached an agreement to sell off the business interests to our joint venture partner and will subsequently deploy resources to other high technology based and high value-added products. With the exception of the "PC Strands" unit, our other metal products businesses managed to deliver satisfactory performance during the year.

"Steel Coil Processing" business that serves mainly export manufacturing industries along the Pearl River Delta Region has already applied for the transformation to become a Wholly Foreign-Owned Enterprise (WFOE) under the "Upgrade and Transformation" – a policy by the Mainland Government to continue to encourage and retain foreign investment interests. This will enable our business to continue to serve export processing industries along the Pearl River Delta Region as well as further develop the domestic market.

The expansion and relocation activities for our steel wire rope operation in Tianjin have made good progress. Most of the new plant equipments have been commissioned and production had commenced. The Group's plan is to complete the relocation in the first half of this year and increase production capacity for premium steel wire ropes by 50% over current. Not only will this advance and maintain our leadership position in the Mainland's elevator steel wire rope market, it will also allow the business to further develop markets for other high quality steel wire ropes.

Building Construction Materials

The business comprises mainly of the construction steel products processing and distribution; and supply of ready-mixed concrete to the Hong Kong construction industry. Revenue for the year was HK$1,403,216,000, which is an increase of 23% over last year. Profit before interest and taxation is HK$63,835,000, representing an increase of 8% over last year.

With the commencement of several major infrastructure projects in Hong Kong, the construction industry here is beginning to emerge from the stagnation of the past decade. The Group's building construction materials business in Hong Kong is reaping the benefits of this revitalised environment. The performance of the business for the year is satisfactory.

BUSINESS REVIEW *(continued)*

Building Construction Materials *(continued)*

Our reinforcing steel bar processing centre in Tai Po Industrial Estate employs sophisticated bar processing technology and production software to produce cut and bent steel reinforcement for building construction industry – converting from the traditional toiling environment of a construction site for bar processing into mechanised production under factory condition. This service has gradually gained recognition and acceptance from the market. And whilst the service provides value-added to our Group's reinforcing steel bar distribution business, it also helps in addressing critical issues faced by the construction industry of Hong Kong like labour shortages in the bar-bending and fixing trade, environmental benchmarks on construction sites and construction site safety.

In order to align ourselves with the construction works on the Express Rail Link (Hong Kong section) and other major projects in Northwest New Territories, the Group had redeveloped the ready-mixed concrete plant in Yuen Long during the year to increase our annual production capacity to more than 200,000 cubic meters. The plant will commence its production in the first half of this year.

Steel and ready-mixed concrete are essential materials in most construction projects and make up the largest share of in total material cost. Hong Kong's construction industry is entering into a high construction activity period of minimum five years in which the Group's building construction materials business will benefit.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2010, the total bank balances and cash of the Group reached approximately HK$337,003,000 (31st December, 2009: HK$360,037,000). As at 31st December, 2010, current ratio (current assets to current liabilities) for the Group was 1.33:1 (31st December, 2009: 1.30:1).

As at 31st December, 2010, the total borrowings for the Group were approximately HK$754,017,000 (31st December, 2009: HK$805,915,000).

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

CAPITAL STRUCTURE

During the year, there was no material change to the capital structure of the Company. The number of the Company's ordinary shares in issue as at 31st December, 2010 was 561,922,500 (31st December, 2009: 567,362,500). As at 31st December, 2010, the equity attributable to the shareholders of the Company reached approximately HK$645,128,000 (31st December, 2009: HK$576,633,000).

As at 31st December, 2010, net gearing ratio (borrowings minus bank balances and cash to total equity) was 0.59:1 (31st December, 2009: 0.67:1).

Chairman's Statement

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2010, the total number of staff of the Group was 1,284. 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 is expected to remain in slow recovery while economic development in the Mainland and Hong Kong is expected to maintain its growth amidst uncertainties and challenges ahead. In the Mainland, inflation induced wage and other cost increases have escalated sharply and in order to prevent the economy from overheating, the Government had introduced a series of measures to tighten up the credit market. All these negatives factors will affect the Group's operations in the Mainland, and in particular, the instability of global commodity prices will once again interfere with cost control on raw materials. The Group will remain vigilant and extend our sound and prudent business strategy.

Our management team is confident in the market growth potential in both of the Group's two core businesses. In building construction materials business, we will take up the golden opportunity presented in the construction industry in the coming years. In metal products business, we will build on our high value-added product development. The Group will continue to endeavour, seize opportunities, meet new challenges, and utilize our unique advantages to deliver even better results for our shareholders.

ACKNOWLEDGEMENTS

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

Pang Tak Chung
Chairman

Hong Kong, 29th March, 2011

Directors of the Group

Mr. Pang Tak Chung, aged 62, has been the chairman of the Company since 1996. Mr. Pang is the founder of Golik Metal Industrial Company Limited ("Golik Metal") in 1977 and a director of Golik Investments Ltd. ("GIL") (GIL is wholly owned by Mr. Pang and is a substantial shareholder of the Company). He is responsible for strategic planning, overall management and corporate development of the Group. He has over 35 years' experience in the trading and manufacturing industry in Hong Kong and the PRC. He also has extensive experience in international trading practices. In addition, Mr. Pang is a member of the Twelfth Chinese People's Political Consultative Conference Tianjin Municipal Committee and the Honorary Citizen of both Jiangmen and Heshan, Guangdong Province.

Mr. Ho Wai Yu, Sammy, aged 55, is the vice chairman and company secretary of the Company and finance director of the Group responsible for finance, accounting, information technology development, legal and corporate matters of the Group. Mr. Ho is a fellow member of Association of Chartered Certified Accountants, an associate member of Hong Kong Institute of Certified Public Accountants, a full member of Chartered Management Institute in the United Kingdom, a full member of Hong Kong Computer Society and a founder and permanent honorable president of IT Accountants Association. He has over 30 years' experience in finance, accounting, computing, investment and project development. Mr. Ho joined Golik Metal in 1994.

Mr. John Cyril Fletcher, aged 66, has been appointed as executive director of the Company and the managing director of the Concrete Division of the Group since 2004. Mr. Fletcher is responsible for running the manufacturing operations, marketing strategy planning and overall management of the Concrete Division of the Group. He is a qualified engineer and a registered Chartered Practising Engineer (CPE), a member of Institute of Engineers Australia and a fellow member of Institute of Production Engineers in London. Educated in Western Australia, he has worked in various management positions in Hong Kong, the PRC, Malaysia and Australia. He has extensive hands on experience at both operational and executive level in engineering, factory management, sale and marketing and general management. Mr. Fletcher has resided in Hong Kong for more than 26 years.

Mr. Yu Kwok Kan, Stephen, aged 55, has been appointed as an independent non-executive director of the Company since 1997 and is a member of the Company's audit committee and remuneration committee. Mr. Yu is the Principal of Stephen K K Yu & Co., Certified Practising Accountants in Australia. He holds a Bachelor of Commerce Degree from the University of New South Wales. He has over 30 years' advisory experience on taxation in Australia, Hong Kong and the PRC.

Mr. Chan Yat Yan, aged 55, holds MBA from the University of Macau. Mr. Chan has been appointed as an independent non-executive director of the Company since 2004 and is a member of the Company's audit committee and remuneration committee. He is the Group General Manager – Marketing of Hanas New Energy Group Co., Ltd. and a senior executive with over 22 years of corporate management, strategic business development and marketing experience in the PRC for various multi-national corporations, including leading Fortune 500 such as BBDO of Omnicom Group, H.J. Heinz, Time Warner as well as the World Gold Council. He has intensive knowledge and experience in the PRC market.

Mr. Lo Yip Tong, aged 53, has been appointed as an independent non-executive director of the Company since 2004 and is a member of the Company's audit committee and remuneration committee. Mr. Lo is the proprietor of Y.T. Lo & Co., Certified Public Accountants and has over 25 years of experience in statistical, accounting, auditing and financial restructuring work. He is a member of Hong Kong Institute of Certified Public Accountants and a Certified Public Accountants (Practising) of Hong Kong. He is also a nominee approved by the Court for voluntary arrangement.

Corporate Governance Report

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 throughout the year ended 31st December, 2010. Explanations for such non-compliance are provided and discussed below.

Despite the removal of the requirement for a qualified accountant, the Group continues to maintain a team of qualified accountants to oversee its financial reporting and other accounting-related issues in accordance with the relevant laws, rules and regulations.

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 for the year ended 31st December, 2010.

BOARD OF DIRECTORS

The board of directors of the Company (the "Board") currently comprises three executive directors and three independent non-executive directors.

The members of the Board during the year and up to the date of this report are:

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

In compliance with code provisions of the CG Code, the Company has set up an Audit Committee and a Remuneration Committee under the Board. The Board considers the determination of the appointment and removal of directors to be the Board's collective decision and this does not intend to adopt the recommended best practices of CG Code to set up a Nomination Committee. Details of nomination of directors are set out in the section "Nomination of Directors" below.

The directors acknowledged their responsibilities for the preparation of the accounts of the Group.

A statement by the auditor about its reporting responsibilities is included in the Independent Auditor's Report on page 23 of this Annual Report.

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and considers each of the independent non-executive directors to be independent.

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 Company's non-executive directors 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, efficiency 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.

BOARD MEETINGS

The Board met four times regularly during the year. At the meetings the directors discussed and formulated overall strategies for the Group, monitored financial performance and discussed the interim and annual results, as well as other significant matters. Daily operational matters are delegated to the management.

The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are followed. He also keeps detailed minutes of each meeting, which are available to all directors. Draft copies of the minutes have been circulated to all directors for comment and approval as soon as practicable after each meeting.

All directors have access to relevant and timely information, and they can ask for further information or retain independent professional advisors if necessary. They also have unrestricted access to the advice and services of the Company Secretary, who is responsible for providing directors with board papers and related materials and ensuring that board procedures are followed.

AUDIT COMMITTEE

The Group established its Audit Committee on 5th January, 1999 with written terms of reference which are in line with the CG Code and available on the Company's website. The Audit Committee comprises Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong who are all independent non-executive directors. The chairman of the Audit Committee is Mr. Yu Kwok Kan, Stephen. The Audit Committee shall meet at least twice a year to review the Group's financial reporting process and internal controls.

The Audit Committee met four times during the year to review the completeness, accuracy and fairness of the Company's financial statements, financial reporting system, internal control system, the scope and nature of the external audit and matters concerning the engagement of external auditors. The Group's interim and annual results have been reviewed by the Audit Committee, who is of the opinion that the relevant financial statements of the Group are complied with applicable accounting standards and legal requirements, and that adequate disclosures have been made. The adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function has also been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Group established its Remuneration Committee on 21st April, 2005 with written terms of reference which are in line with the CG Code and available on the Company's website. In order to comply with the requirements under the CG Code, a majority of the members of Remuneration Committee has to be independent non-executive directors. Currently, the Remuneration Committee comprises Mr. Yu Kwok Kan, Stephen, Mr. Chan Yat Yan and Mr. Lo Yip Tong who are all independent non-executive directors. Mr. Yu Kwok Kan, Stephen is the chairman of the Remuneration Committee.

The Remuneration Committee shall meet at least once a year to make recommendations to the Board on the Group's policy and structure for all remuneration of directors and on the establishment of formal and transparent procedures for developing policy on such remuneration.

The Remuneration Committee held two meetings during the year and discussed and reviewed the remuneration package of executive directors and the remuneration policy for executive directors for the year ended 31st December, 2010.

NOMINATION OF DIRECTORS

The Board is empowered under the Company's Bye-laws to appoint any person as a director either to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are based on their professional qualifications and experience.

DIRECTORS' ATTENDANCE RECORDS FOR MEETINGS HELD DURING THE YEAR ENDED 31ST DECEMBER, 2010

	Number of Meetings attended/held during the year		
Name and Designation	**Board Meetings**	**Audit Committee Meetings**	**Remuneration Committee Meetings**
Executive Directors			
Mr. Pang Tak Chung *(Chairman)*	4/4	N/A	N/A
Mr. Ho Wai Yu, Sammy *(Vice Chairman)*	4/4	N/A	N/A
Mr. John Cyril Fletcher	4/4	N/A	N/A
Independent Non-Executive Directors			
Mr. Yu Kwok Kan, Stephen	4/4	4/4	2/2
Mr. Chan Yat Yan	3/4	3/4	1/2
Mr. Lo Yip Tong	4/4	4/4	2/2

N/A: Not Applicable

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective internal control to safeguard the Group's assets and shareholders' interests. The Board has conducted regular reviews on the effectiveness of the Group's internal control system during the year, which covers all material controls, including financial, operational and compliance controls as well as risk management functions and an annual review on the adequacy of staffing of the accounting and financial reporting function.

The Board monitors the Group's progress on corporate governance practices. Periodic meetings are held, and circulars or guidance notes are issued to directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

AUDITOR'S REMUNERATION

During the year ended 31st December, 2010, the fees paid/payable to the auditor in respect of audit and non-audit services provided by the auditor of the Company were as follows:

Nature of services	**Amount** (HK$'000)
Review fee for 2010 interim results	287
Audit fee for 2010 final results	2,525
Audit service fee for Occupational Retirement Schemes	7
Total audit services	2,819

SHAREHOLDER RELATIONS

The Group follows a policy of disclosing relevant information to shareholders in a timely manner. The Group's annual general meeting ("AGM") allows directors to meet and communicate with shareholders. The Chairman is actively involved in organizing the AGM and personally chairs it, to ensure that shareholders' views are communicated to the Board. The Chairman proposes separate resolutions for each issue to be considered at the AGM.

AGM proceedings are reviewed periodically to ensure that the Group follows best corporate governance practices. At the AGM, the Chairman will demand a poll for each resolution put to vote of the AGM in accordance with bye-law 66 of the Company's Bye-laws. A circular with notice of the AGM will be distributed to all shareholders at least 20 clear business days prior to the AGM, setting out details of each proposed resolution, poll voting procedures and other relevant information. The Chairman will explain the poll voting procedures again at the beginning of the meeting. After the meeting, the poll voting results will be published in accordance with the Listing Rules and available on the websites of the Stock Exchange and the Company.

Our corporate website (http://www.golik.com.hk) which contains corporate information, interim and annual reports issued by the Company as well as recent developments of the Group enables shareholders to have timely and updated information of the Group.

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31st December, 2010.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and jointly controlled entities are set out in notes 43 and 19 to the consolidated financial statements, respectively.

During the year, the Group disposed of its entire 51% equity interest in a subsidiary, Tianjin Golik – The First PC Steel Strand Co., Ltd. and also disposed of its entire 55% equity interest in a subsidiary, Ding Cheong Limited.

In addition, the Group's equity interest in a subsidiary, Tianjin Goldsun Wire Rope Ltd. had been decreased from 75.5% to 70.5% while its equity interest in a subsidiary, Orient Smart Industrial Limited had been increased from 51% to 53.5%.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2010 are set out in the consolidated statement of comprehensive income on page 25.

An interim dividend of 1.2 HK cents per share amounting to HK$6,743,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of 2.6 HK cents per share to the shareholders whose names appear on the register of members of the Company on 2nd June, 2011, amounting to HK$14,610,000.

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK$110.7 million. In addition, property, plant and equipment with carrying values of approximately HK$10.2 million were disposed of during the year.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the authorised and issued share capital and share option scheme of the Company are set out in notes 31 and 32 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31st December, 2010 were as follows:

	2010	2009
	HK$'000	HK$'000
Contributed surplus	**65,891**	65,891
Retained profits	**86,037**	99,455
	151,928	165,346

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of a company is available for distribution. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

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

All of the shares repurchased had been cancelled during the year.

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

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

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

In accordance with bye-laws 87(1) and (2) of the Company's Bye-laws, Messrs. Chan Yat Yan and Lo Yip Tong will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Non-executive directors were not appointed for a specific term. All directors (including independent non-executive directors) are subject to retirement by rotation in accordance with the Company's Bye-laws.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SECURITIES

As at 31st December, 2010, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(1) Long position

Shares of the Company

	Number of ordinary shares held			
Name of directors	**Personal interest**	**Held by controlled corporation**	**Total**	**Percentage of issued shares**
Mr. Pang Tak Chung (Note)	147,924,708	195,646,500	343,571,208	61.14%
Mr. Ho Wai Yu, Sammy	2,000	–	2,000	0.00%
Mr. John Cyril Fletcher	330,000	–	330,000	0.06%

Note:

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

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

(1) Long position *(continued)*

Share options

Particulars of the share option scheme of the Company are set out in note 32 to the consolidated financial statements.

No share option was outstanding as at 1st January, 2010 and 31st December, 2010.

(2) Shares in subsidiaries

As at 31st December, 2010, Mr. Pang Tak Chung has 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 31st December, 2010, none of the directors and chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in any securities of the Company or any of its associated corporations and at no time during the year, 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' Interests in Securities" above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Company's directors and their respective associates has any competing interests which require to be disclosed pursuant to Rule 8.10 of the Listing Rules during the year.

SUBSTANTIAL SHAREHOLDER

As at 31st December, 2010, so far as known to any directors of the Company, the following person (other than a director or chief executive of the Company), was recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company, as being, directly or indirectly, interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Long position in shares of the Company

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

Save as disclosed above, the directors are not aware of any other person (other than a director or chief executive of the Company) who, as at 31st December, 2010, had any interests or short positions in the shares or underlying shares of the Company of 5% or more which would fall to be disclosed pursuant to Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's five largest customers accounted for less than 30% of the Group's total revenue for the year.

The aggregate purchases attributable to the Group's five largest suppliers accounted for approximately 32% of the Group's total purchases and the purchases attributable to the Group's largest supplier accounted for approximately 9% of the Group's total purchases for the year.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have any interest in any of the Group's five largest customers or suppliers.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

EMOLUMENT POLICY

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme are set out in note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company, the Board confirms that the Company has maintained during the year a sufficient public float as required under the Listing Rules.

CHARITABLE DONATIONS

Donations made by the Group during the year amounted to HK$55,000.

CONNECTED TRANSACTIONS

Connected Transactions

1. ***Capital Increment in Tianjin Goldsun Wire Rope Ltd.***

   On 21st September, 2010, a wholly-owned subsidiary of the Company, China Rope Holdings Limited ("China Rope"), entered into a capital increment agreement with Tianjin Metallurgy Steel Wire and Cable Group Ltd. ("TJ Metallurgy") to increase the registered capital of its subsidiary, Tianjin Goldsun Wire Rope Ltd. ("TJ Goldsun") from US$2 million to RMB60 million. Pursuant to the capital increment agreement, the capital contribution by the parties was on a non pro-rata basis and China Rope's interests in TJ Goldsun was therefore decreased from 75.5% to 70.5% (the "Transaction").

   As TJ Metallurgy owned more than 10% of TJ Goldsun's registered capital and hence a connected person of the Company under the Listing Rules, the Transaction constituted a connected transaction of the Company. Details of the Transaction can be found in the relevant announcement dated 21st September, 2010 published on the websites of the Company and the Stock Exchange.

2. ***Disposal of shareholding in Tianjin Golik – The First PC Steel Strand Co., Ltd.***

   On 1st November, 2010, a wholly-owned subsidiary of the Company, Charming Hong Kong Limited ("Charming") entered into a sale and purchase agreement (the "Agreement") with Tianjin Metallurgy Group Flourish Steel Industrial Co., Ltd. ("Flourish Steel") to sell its entire 51% interest in its subsidiary, Tianjin Golik – The First PC Steel Strand Co., Ltd. ("TJ Golik") to Flourish Steel by two phases for a total consideration of RMB26,926,968, the completion of which was conditional upon the fulfillment of the conditions precedent as set out in the Agreement or waiver of the same by the relevant party (the "Transaction"). The 1st phase has been completed in 2010 and the 2nd phase shall take place on a date not later than 30th September, 2012.

   Charming would also receive a monthly service fee of RMB80,000 from Flourish Steel as remuneration for its participation in the day-to-day management of TJ Golik during the period from 1st September, 2010 to 30th September, 2012 (both dates inclusive).

   Flourish Steel, a substantial shareholder of TJ Golik, rendered it a connected person of the Company under the Listing Rules. The Transaction constituted a discloseable and connected transaction of the Company, details of which were set out in the circular of the Company dated 18th November, 2010 published on the websites of the Company and the Stock Exchange.

CONNECTED TRANSACTIONS *(continued)*

Continuing Connected Transactions

Lease Agreement and Processing Agreement

On 30th December, 2010, a subsidiary of the Company, Tianjin Goldsun Wire Rope Ltd. ("TJ Goldsun"), entered into a lease agreement and a processing agreement with Tianjin Metallurgy Group Flourish Steel Industrial Co., Ltd. ("Flourish Steel"), pursuant to which Flourish Steel agreed to lease properties to TJ Goldsun and provide processing service of steel wires to TJ Goldsun for a term of 20 years commencing from 1st January, 2011 and ending on 31st December, 2030 (the "Transactions").

Flourish Steel was an associate of TJ Goldsun's substantial shareholder and therefore a connected person of the Company. Accordingly, the Transactions constituted continuing connected transactions under the Listing Rules, details of the terms and the annual caps can be found in the circular of the Company dated 20th January, 2011 published on the websites of the Company and the Stock Exchange.

The lease agreement and the processing agreement relating to the Transactions only took effect from 1st January, 2011, the Transactions would not be reflected in the financial year ended 31st December, 2010 and the relevant confirmations and reviews from the Company's independent non-executive directors and auditors to be made in accordance with the annual review requirements set out in Rules 14A.37 to 14A.39 of the Listing Rules would be included in the Company's annual report for the financial year ended 31st December, 2011.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Pang Tak Chung
Chairman

29th March, 2011

Deloitte.
德勤

TO THE MEMBERS OF GOLIK HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Golik Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 90, which comprise the consolidated statement of financial position as at 31st December, 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29th March, 2011

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2010

	NOTES	2010 HK$'000	2009 HK$'000 (restated)
Revenue	5	**3,343,356**	2,933,396
Cost of sales		**(2,967,967)**	(2,560,164)
Gross profit		**375,389**	373,232
Other income	6	**32,554**	27,574
Interest income		**1,614**	1,580
Selling and distribution costs		**(93,773)**	(95,003)
Administrative expenses		**(164,389)**	(151,190)
Other gains and losses	7	**(10,820)**	(27,962)
Finance costs	8	**(25,830)**	(23,032)
Share of results of jointly controlled entities		**5**	(96)
Profit before taxation		**114,750**	105,103
Income taxes	9	**(14,586)**	(18,658)
Profit for the year	10	**100,164**	86,445
Other comprehensive income			
Exchange difference arising from the translation of foreign operations		**10,473**	187
Reclassification adjustment for cumulative gain included in profit or loss upon disposal of subsidiaries		**(7,349)**	–
Total comprehensive income for the year		**103,288**	86,632
Profit attributable to:			
Shareholders of the Company		**90,868**	67,221
Non-controlling interests		**9,296**	19,224
		100,164	86,445
Total comprehensive income attributable to:			
Shareholders of the Company		**92,116**	67,310
Non-controlling interests		**11,172**	19,322
		103,288	86,632
		HK cents	HK cents
Earnings per share	14		
Basic		**16.16**	11.85

Consolidated Statement of Financial Position

At 31st December, 2010

	NOTES	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Non-current Assets				
Goodwill	15	**–**	–	1,965
Investment properties	16	**2,880**	16,860	16,790
Property, plant and equipment	17	**321,451**	298,265	284,441
Prepaid lease payments	18	**16,424**	16,362	16,762
Interests in jointly controlled entities	19	**1,676**	1,671	1,767
Long-term receivables	20a	**15,256**	–	2,462
Deposits placed at insurance companies	20b	**7,214**	–	–
Rental and other deposits		**1,327**	719	1,268
Deposits paid for acquisition of property, plant and equipment		**13,266**	25,768	7,000
Amounts due from jointly controlled entities	21	**6,942**	7,042	7,037
		386,436	366,687	339,492
Current Assets				
Inventories	22	**421,873**	404,252	418,471
Trade and other receivables	23	**584,602**	590,136	542,884
Prepaid lease payments	18	**436**	423	423
Income tax recoverable		**351**	263	273
Pledged bank deposits	24	**59**	20,572	26,203
Bank balances and cash	25	**336,944**	339,465	263,691
		1,344,265	1,355,111	1,251,945
Current Liabilities				
Trade and other payables	26	**244,301**	224,010	224,184
Amounts due to non-controlling interests	27	**2,944**	4,822	21,391
Income tax payable		**6,327**	5,673	6,668
Derivative financial instruments	28	**196**	196	595
Bank borrowings	29	**751,979**	802,168	716,650
Obligations under finance leases	30	**1,488**	1,711	2,180
Bank overdrafts – unsecured		**–**	–	2,956
		1,007,235	1,038,580	974,624
Net Current Assets		**337,030**	316,531	277,321
		723,466	683,218	616,813

Consolidated Statement of Financial Position

At 31st December, 2010

	NOTES	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Capital and Reserves				
Share capital	31	**56,192**	56,736	56,736
Share premium and reserves		**588,936**	519,897	461,212
Equity attributable to shareholders of the Company		**645,128**	576,633	517,948
Non-controlling interests		**64,134**	91,871	87,548
Total Equity		**709,262**	668,504	605,496
Non-current Liabilities				
Deferred tax liabilities	33	**13,654**	12,678	10,678
Obligations under finance leases	30	**550**	2,036	639
		14,204	14,714	11,317
		723,466	683,218	616,813

The consolidated financial statements on pages 25 to 90 were approved and authorised for issue by the Board of Directors on 29th March, 2011 and are signed on its behalf by:

PANG TAK CHUNG
CHAIRMAN

HO WAI YU, SAMMY
VICE CHAIRMAN

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2010

	Attributable to shareholders of the Company									
	Share capital HK$'000	Share premium HK$'000	Property revaluation reserve HK$'000	Exchange reserve HK$'000	PRC statutory reserve HK$'000 (Note)	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1st January, 2009 (originally stated)	56,736	318,118	26,859	25,092	3,389	–	105,845	536,039	88,091	624,130
Effects of change in accounting policies (note 2)	–	–	(26,859)	(325)	–	–	9,093	(18,091)	(543)	(18,634)
At 1st January, 2009 (restated)	56,736	318,118	–	24,767	3,389	–	114,938	517,948	87,548	605,496
Profit for the year	–	–	–	–	–	–	67,221	67,221	19,224	86,445
Other comprehensive income for the year										
Exchange difference arising from the translation of foreign operations	–	–	–	89	–	–	–	89	98	187
Total comprehensive income for the year	–	–	–	89	–	–	67,221	67,310	19,322	86,632
Repurchase of shares	–	–	–	–	–	(115)	–	(115)	–	(115)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(15,101)	(15,101)
Dividends paid (note 13)	–	–	–	–	–	–	(8,510)	(8,510)	–	(8,510)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	102	102
At 31st December, 2009 (restated)	56,736	318,118	–	24,856	3,389	(115)	173,649	576,633	91,871	668,504
Profit for the year	–	–	–	–	–	–	90,868	90,868	9,296	100,164
Other comprehensive income for the year										
Exchange difference arising from the translation of foreign operations	–	–	–	8,597	–	–	–	8,597	1,876	10,473
Disposal of subsidiaries	–	–	–	(7,349)	–	–	–	(7,349)	–	(7,349)
Total comprehensive income for the year	–	–	–	1,248	–	–	90,868	92,116	11,172	103,288
Shares repurchased and cancelled	(544)	(1,652)	–	–	–	115	–	(2,081)	–	(2,081)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	(29,055)	(29,055)
Dividends paid (note 13)	–	–	–	–	–	–	(20,791)	(20,791)	–	(20,791)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	(150)	–	(150)	(350)	(500)
Equity arising on deemed disposal of part of its interest in a subsidiary	–	–	–	–	–	(599)	–	(599)	16,360	15,761
Disposals of subsidiaries	–	–	–	–	(1,460)	–	1,460	–	(30,764)	(30,764)
Transfer between reserve	–	–	–	–	2,020	–	(2,020)	–	–	–
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	4,900	4,900
At 31st December, 2010	**56,192**	**316,466**	**–**	**26,104**	**3,949**	**(749)**	**243,166**	**645,128**	**64,134**	**709,262**

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

At 31st December, 2009, other reserve represented an aggregate consideration of HK$115,000 for repurchase of the Company's 300,000 ordinary shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The 300,000 shares were cancelled on delivery of the share certificates during the year ended 31st December, 2010.

At 31st December, 2010, other reserve represents adjustments arising from acquisition of additional interest in a subsidiary of HK$150,000 and deemed disposal of part of its interest in a subsidiary of HK$599,000.

Consolidated Statement of Cash Flows

For the year ended 31st December, 2010

	2010 HK$'000	2009 HK$'000 (restated)
OPERATING ACTIVITIES		
Profit before taxation	**114,750**	105,103
Adjustments for:		
Change in fair value of derivative financial instruments	**(765)**	(79)
Allowance for bad and doubtful debts, net	**12,097**	22,042
Impairment loss on goodwill	**–**	1,965
Impairment loss on property, plant and equipment	**6,745**	2,235
Increase in fair value of investment properties	**(7,526)**	(70)
Loss on disposal of property, plant and equipment	**7,971**	335
Amortisation of prepaid lease payments	**430**	423
Reversal of inventories	**(7,367)**	(5,427)
Depreciation	**38,810**	37,815
Interest income	**(1,614)**	(1,580)
Net gain on disposal of subsidiaries	**(7,452)**	–
Finance costs	**25,830**	23,032
Share of results of jointly controlled entities	**(5)**	96
Operating cash flows before movements in working capital	**181,904**	185,890
(Increase) decrease in inventories	**(50,116)**	20,656
Increase in trade and other receivables	**(73,064)**	(64,760)
Change in derivative financial instruments	**765**	(320)
Increase in trade and other payables	**50,634**	20,643
Cash generated from operations	**110,123**	162,109
Hong Kong Profits Tax paid	**(1,528)**	(3,139)
Taxation outside Hong Kong paid	**(12,704)**	(15,678)
Taxation outside Hong Kong refunded	**726**	1,149
NET CASH FROM OPERATING ACTIVITIES	**96,617**	144,441

Consolidated Statement of Cash Flows

For the year ended 31st December, 2010

	NOTE	2010 HK$'000	2009 HK$'000 (restated)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(87,672)**	(43,081)
Deposits paid for acquisition of property, plant and equipment		**(10,883)**	(24,893)
Decrease in pledged bank deposits		**5,273**	5,657
Repayment from (advance to) jointly controlled entities		**100**	(5)
Proceeds from disposal of investment properties		**21,506**	–
Proceeds from disposal of property, plant and equipment		**2,195**	250
Advance of loans		**(500)**	(1,400)
Repayment of loans advanced		**1,115**	1,474
Interest received		**1,523**	1,492
Payment of deferred consideration on acquisition of subsidiaries		**–**	(21,703)
Disposal of subsidiaries	40	**(31,026)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(98,369)**	(82,209)
FINANCING ACTIVITIES			
Acquisition of additional interest in a subsidiary		**(500)**	–
Bank loans raised		**502,982**	359,968
Capital contribution from non-controlling interests		**4,900**	–
Repayment of bank loans		**(465,478)**	(248,123)
Interest paid		**(25,614)**	(25,903)
Dividend paid to non-controlling interest of subsidiaries		**(13,057)**	(15,101)
Dividends paid		**(20,791)**	(8,510)
Net borrowing (repayment) of trust receipt loans		**21,903**	(24,071)
Repayment of mortgage loans		**(3,284)**	(2,519)
Repayment of obligations under finance leases		**(1,709)**	(3,072)
Repayment to non-controlling interests		**(2,674)**	(16,587)
Repurchase of shares		**(2,081)**	(115)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(5,403)**	15,967
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(7,155)**	78,199
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**339,465**	260,735
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**4,634**	531
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**336,944**	339,465
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**336,944**	339,465

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The principal activities of the Group are manufacturing and sales of metal products and building construction materials.

The consolidated financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised Standards and Interpretations has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1st January, 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

The Group applies HKFRS 3 (Revised) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1st January, 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) is applicable, the application of HKFRS 3 (Revised) had no effect on the consolidated financial information of the Group for the current or prior accounting periods.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(continued)*

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1st January, 2010 in accordance with the relevant transitional provisions.

The application of the revised Standard has affected the accounting for the Group's acquisition of additional interest in a subsidiary in the current year. The change in policy has resulted in an amount of HK$150,000, being the difference of the consideration paid of HK$500,000 and non-controlling interests of HK$350,000, recognised directly in equity instead of in goodwill. The cash consideration paid in the current year of HK$500,000 has been included in cash flows used in financing activities.

The application of the revised Standard has also affected the accounting for the Group's deemed disposal of part of its interest in a subsidiary in the current year. The change in policy has resulted in an amount of HK$599,000 recognised directly in equity arising from the capital contribution on a non pro-rata basis to a subsidiary by the Group.

Amendments to HKAS 17 Leases

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

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

As at 31st December, 2010, leasehold land that qualifies for finance lease classification with the carrying amount of HK$16,098,000 has been included in property, plant and equipment.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(continued)*

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$30,850,000 and HK$15,964,000 have been reclassified from non-current liabilities to current liabilities as at 31st December, 2009 and 1st January, 2009 respectively. As at 31st December, 2010, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$50,480,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities (see note 42 for details).

Changes in accounting policy

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

This change in accounting policy has been applied retrospectively. The Group's net assets as at 31st December, 2009 and 1st January, 2009 were reduced by HK$16,738,000 and HK$18,634,000, respectively. Profit for the year of the Group for the year ended 31st December, 2010 have been increased by HK$1,877,000 (2009: HK$1,899,000) and other comprehensive income have been reduced by HK$56,000 (2009: HK$3,000).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(continued)*

Summary of the effects of the above changes in accounting policies

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

	2010 **HK$'000**	2009 HK$'000
Decrease in depreciation of buildings included in cost of sales as a result of the change in accounting policy for buildings	**11**	37
Decrease in depreciation of buildings included in administrative expenses as a result of the change in accounting policy for buildings	**1,866**	1,862
Increase in profit for the year	**1,877**	1,899
Decrease in exchange difference arising from the translation of foreign operations and other comprehensive income for the year	**(56)**	(3)

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

	As at 31.12.2009 (originally stated) HK$'000	**Adjustments** HK$'000	**As at 31.12.2009 (restated)** HK$'000
Property, plant and equipment	299,502	(1,237)	298,265
Prepaid lease payments	33,318	(16,533)	16,785
Bank borrowings – current	(771,318)	(30,850)	(802,168)
Bank borrowings – non-current	(30,850)	30,850	–
Deferred tax liabilities	(13,710)	1,032	(12,678)
Total effects on net assets	(483,058)	(16,738)	(499,796)
Retained profits	162,653	10,996	173,649
Property revaluation reserve	26,859	(26,859)	–
Exchange reserve	25,184	(328)	24,856
Non-controlling interests	92,418	(547)	91,871
Total effects on total equity	307,114	(16,738)	290,376

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(continued)*

Summary of the effects of the above changes in accounting policies *(continued)*

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

	As at 1.1.2009 (originally stated) HK$'000	Adjustments HK$'000	As at 1.1.2009 (restated) HK$'000
Property, plant and equipment	287,138	(2,697)	284,441
Prepaid lease payments	34,153	(16,968)	17,185
Bank borrowings – current	(700,686)	(15,964)	(716,650)
Bank borrowings – non-current	(15,964)	15,964	–
Deferred tax liabilities	(11,709)	1,031	(10,678)
Total effects on net assets	(407,068)	(18,634)	(425,702)
Retained profits	105,845	9,093	114,938
Property revaluation reserve	26,859	(26,859)	–
Exchange reserve	25,092	(325)	24,767
Non-controlling interests	88,091	(543)	87,548
Total effects on total equity	245,887	(18,634)	227,253

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

Impact on basic earnings per share

	2010 HK cents	2009 HK cents
Figures before adjustments	**15.72**	11.51
Adjustment arising from change in accounting policy in relation to buildings	**0.33**	0.34
Adjustment arising from change in accounting policy in relation to deemed disposal of part of its interest in a subsidiary	**0.11**	–
Figures after adjustments	**16.16**	11.85

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(continued)*

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[2]
HKFRS 9	Financial Instruments[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 24 (as revised in 2009)	Related Party Disclosures[5]
HKAS 32 (Amendments)	Classification of Rights Issues[6]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[7]

1 Effective for annual periods beginning on or after 1st July, 2010 or 1st January, 2011, as appropriate.
2 Effective for annual periods beginning on or after 1st July, 2011.
3 Effective for annual periods beginning on or after 1st January, 2013.
4 Effective for annual periods beginning on or after 1st January, 2012.
5 Effective for annual periods beginning on or after 1st January, 2011.
6 Effective for annual periods beginning on or after 1st February, 2010.
7 Effective for annual periods beginning on or after 1st July, 2010.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS/ CHANGES IN ACCOUNTING POLICIES *(continued)*

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31st December, 2013 and that the application of the new standard may not have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities based on an analysis of the financial instruments held by the Group as at 31st December, 2010.

The amendments to HKAS 12 titled *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may not have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the adoption of the other new and revised Standards and Interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31st December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1st January, 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1st January, 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted according to the change in net assets values shared by non-controlling interests, and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1st January, 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests according to the effective change in net asset value shared by non-controlling interests was recognised in profit or loss.

Business combination that took place prior to 1st January, 2010

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the relevant conditions for recognition where generally recognised at their fair values at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Interests in jointly controlled entities

Joint venture arrangements which involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the amount of revenue can be measured reliably;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income, including rentals invoiced in advance from properties or assets held under operating leases, is recognised on a straight-line basis over the terms of the relevant leases.

Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment, including land and buildings held for use in the production or supply of goods or services, or for administrative purposes, other than assets under installation and construction in progress, are stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than assets under installation and construction in progress less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold land	Over the terms of the leases
Buildings	Over the shorter of the terms of the leases, or 20 to 50 years
Leasehold improvements	Over the shorter of the terms of the leases or 10 years
Furniture and fixtures	10% – $33^{1}/_{3}$%
Motor vehicles	10% – $33^{1}/_{3}$%
Plant and machinery and equipment	5% – 50%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Plant and machinery and equipment and motor vehicles held under finance leases are depreciated over their expected useful lives on the same basis as assets owned by the Group or, where shorter, the term of the relevant lease.

Assets under installation and construction in progress are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Assets under installation and construction in progress are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the profit or loss on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing *(continued)*

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

From 1st January, 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the shareholders of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Taxation

Income taxes represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Other than the cost of inventories of concrete products and printing materials which are calculated using the weighted average cost method, the cost of all other products of the Group is calculated using the first-in first-out method.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables.

Loans and receivables (including long-term receivables, deposits placed at insurance companies, trade and other receivables, pledged bank deposits and bank balances and cash, and amounts due from jointly controlled entities)

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Trade receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount is reduced by the impairment loss directly for all loans and receivables with the exception of long-term receivables and trade receivables, where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amounts of the allowance account are recognised in profit or loss. When the receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities (including trade and other payables, bank borrowings and amounts due to non-controlling interests)

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sales, issue or cancellation of the Company's own equity instruments.

Derivative financial instruments

Derivative financial instruments that do not qualify for hedge accounting are deemed as financial assets or liabilities held for trading and measured at fair value. Changes in the fair value of such derivatives are recognised in profit or loss as they arise.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment losses on assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another Standard, in which case the impairment loss is treated as revalued decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another Standard, in which case the reversal of the impairment loss is treated as revalued increase.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme for staff in Hong Kong and retirement pension schemes for staff in the PRC are charged as an expense when employees have rendered service entitling them to the contribution.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying the Group's accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Note 40(a) describes the disposal of 51% equity interest in a subsidiary in which the transfer of equity interests is divided into two phases. Upon completion of the first phase on 29th December, 2010, the directors are of the view that 51% equity interest has been fully disposed of as the Group has lost the control, significant influence and significant risk and rewards of the ownership of the investment in the subsidiary.

In making their judgement, the directors considered the facts and circumstances that the Group has lost its entitlement to profit sharing and right to receive dividend as well as any rights and responsibilities attributable to the remaining 25% interest upon the completion of the first phase, the directors are of the opinion that the Group has lost control, significant influence and significant risk and rewards of the ownership of the remaining 25% equity interest in the subsidiary. The contractual right to receive the consideration on the second phase has been acknowledged by the buyer and the remaining 25% equity interest held by the Group prior to the settlement of the consideration is considered as collateral for the deferred consideration. Accordingly, the Group recognised the fair value of the consideration on the second phase to be received on or before 30th September, 2012 as receivables in the consolidated statement of financial position.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key source of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and estimated selling expenses. The amount write off to the profit or loss is the difference between the carrying value and net realisable value of the inventories. In determining whether the cost of inventories can be recovered, certain estimations are required. In making these estimations, the Group evaluates, among other factors, the duration and extent and the means by which the amount will be recovered. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer preference and competitor actions in response to market conditions. As at 31st December, 2010, the carrying amount of inventories is HK$421,873,000 (2009: HK$404,252,000).

Income taxes

As at 31st December, 2010, a deferred tax asset of HK$2,599,000 (31.12.2009 (restated): HK$5,897,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of HK$593,456,000 (31.12.2009 (restated): HK$630,480,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, a material recognition of deferred tax assets may arise, which would be recognised in the profit or loss for the period in which such a recognition takes place.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss of trade receivables, the Group takes into consideration the estimation of future cash flows of respective trade receivable. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st December, 2010, the carrying amount of trade receivables is HK$525,937,000 (net of allowance for doubtful debts of HK$44,299,000) (2009: carrying amount of HK$524,917,000, net of allowance for doubtful debts of HK$41,772,000).

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, net of discounts and sales related taxes.

Information reported to the Chairman and Vice Chairman of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods sold.

Specifically, the Group's operating and reportable segments under HKFRS 8 are as follows:

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

The following is an analysis of the Group's revenue and results by operating segment.

2010

	Metal products HK$'000	Building construction materials HK$'000	Other operations HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE					
External sales	1,721,230	1,402,672	219,454	–	3,343,356
Inter-segment sales	4,714	544	–	(5,258)	–
Total	1,725,944	1,403,216	219,454	(5,258)	3,343,356
SEGMENT RESULT	72,738	63,835	6,042	(171)	142,444
Unallocated other income					5,440
Unallocated corporate expenses					(22,287)
Net gain on disposal of subsidiaries					7,452
Increase in fair value of investment properties					7,526
Finance costs					(25,830)
Share of results of jointly controlled entities					5
Profit before taxation					114,750

5. REVENUE AND SEGMENT INFORMATION *(continued)*

2009 (restated)

	Metal products HK$'000	Building construction materials HK$'000	Other operations HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE					
External sales	1,640,695	1,139,476	153,225	–	2,933,396
Inter-segment sales	1,698	2,740	–	(4,438)	–
Total	1,642,393	1,142,216	153,225	(4,438)	2,933,396
SEGMENT RESULT	90,046	59,049	4,366	810	154,271
Unallocated other income					4,819
Unallocated corporate expenses					(28,964)
Impairment loss on goodwill					(1,965)
Increase in fair value of investment properties					70
Finance costs					(23,032)
Share of results of jointly controlled entities					(96)
Profit before taxation					105,103

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the gross profit generated from each segment, net of selling and distribution costs and administration costs directly attributable to each segment without allocation of certain other income, corporate expenses, net gain on disposal of subsidiaries, increase in fair value of investment properties, impairment loss on goodwill, finance costs and share of results of jointly controlled entities. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

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

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Other segment information

The following other segment information is included in the measure of segment profit or loss:

2010

	Metal products HK$'000	Building construction materials HK$'000	Other operations HK$'000	Unallocated HK$'000	Consolidated HK$'000
Depreciation	**21,285**	**12,498**	**3,368**	**1,659**	**38,810**
Amortisation of prepaid lease payments	**430**	**–**	**–**	**–**	**430**
Allowance for (write back of) bad and doubtful debts, net	**5,753**	**4,002**	**(520)**	**2,862**	**12,097**
(Reversal of) write down of inventories	**957**	**(5,861)**	**(2,463)**	**–**	**(7,367)**
Loss (gain) on disposal of property, plant and equipment	**853**	**7,000**	**191**	**(73)**	**7,971**
Impairment loss on property, plant and equipment	**3,617**	**3,128**	**–**	**–**	**6,745**

2009 (restated)

	Metal products HK$'000	Building construction materials HK$'000	Other operations HK$'000	Unallocated HK$'000	Consolidated HK$'000
Depreciation	21,217	11,985	2,906	1,707	37,815
Amortisation of prepaid lease payments	423	–	–	–	423
Allowance for bad and doubtful debts, net	3,213	10,327	1,927	6,575	22,042
(Reversal of) write down of inventories	1,225	(7,452)	800	–	(5,427)
Loss (gain) on disposal of property, plant and equipment	(122)	354	96	7	335
Impairment loss on property, plant and equipment	–	2,235	–	–	2,235

5. REVENUE AND SEGMENT INFORMATION *(continued)*

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	2010	2009
	HK$'000	HK$'000
Metal products	**1,721,230**	1,640,695
Building construction materials		
– Concrete products	**270,765**	196,170
– Construction steel and other products	**1,131,907**	943,306
Others	**219,454**	153,225
	3,343,356	2,933,396

Geographical information

The Group operates in two principal geographical areas, including Hong Kong and other regions in the PRC.

The Group's revenue from external customers by geographical location of the customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2010	2009	**31.12.2010**	31.12.2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
				(restated)
Hong Kong	**1,837,362**	1,444,729	**93,114**	85,682
Other regions in the PRC	**1,418,266**	1,393,882	**263,910**	273,960
Australia	**23,391**	40,308	**–**	3
Macau	**17,492**	20,123	**–**	–
Others	**46,845**	34,354	**–**	–
	3,343,356	2,933,396	**357,024**	359,645

Note: Non-current assets excluded financial instruments.

No customer has contributed over 10% of the total revenue of the Group for both years.

No segment assets and liabilities are presented as the information is not reportable to the chief operating decision maker in the resource allocation and assessment of performance.

6. OTHER INCOME

	2010 HK$'000	2009 HK$'000
Included in other income are:		
Gross rental income from investment properties	**633**	900
Less: direct operating expenses from investment properties that generated rental income during the year	**(60)**	(76)
Net rental income from investment properties	**573**	824
Rental income from property, plant and equipment and prepaid lease payments	**360**	4
	933	828
Sales of scraps	**14,846**	13,675

7. OTHER GAINS AND LOSSES

	2010 HK$'000	2009 HK$'000
Allowance for bad and doubtful debts, net	**12,097**	22,042
Change in fair value of derivative financial instruments	**(765)**	(79)
Net gain on disposal of subsidiaries	**(7,452)**	–
Impairment loss on goodwill	**–**	1,965
Impairment losses on property, plant and equipment (Note)	**6,745**	2,235
Increase in fair value on investment properties	**(7,526)**	(70)
Loss on disposal of property, plant and equipment	**7,971**	335
Net exchange (gain) loss	**(250)**	1,534
	10,820	27,962

Note:

During the year ended 31st December, 2010, the directors conducted a review of the Group's manufacturing assets which are mainly plant, machinery and equipment and determined that they were impaired due to keen competition in relevant industry and suspension of part of production processes. Accordingly, impairment loss of HK$6,745,000 has been recognised. The recoverable amounts of the relevant assets have been determined on the basis of their value in use. The discount rate in measuring the amounts of value in use was 10%.

During the year ended 31st December, 2009, impairment losses of HK$2,235,000 were recognised in respect of property, plant and equipment due to physical damage and technical obsolescence.

8. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**25,756**	22,899
Finance leases	**74**	133
	25,830	23,032

9. INCOME TAXES

	2010 HK$'000	2009 HK$'000
The charge comprises:		
Current year		
Hong Kong	**4,643**	3,059
Other regions in the PRC	**9,675**	15,232
	14,318	18,291
Underprovision (overprovision) in prior years		
Hong Kong	**80**	(875)
Other regions in the PRC	**(788)**	(758)
	(708)	(1,633)
Deferred tax (note 33)	**976**	2,000
	14,586	18,658

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards. For certain Group's subsidiaries, the enterprise income tax rate is progressively increasing from 15% to 18%, 20%, 22%, 24% and 25% from 2008 to 2012 respectively. According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No. 39), the tax exemption and deduction for the foreign investment enterprises is still applicable until the end of the five-year transitional period under the EIT Law.

9. INCOME TAXES *(continued)*

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	Hong Kong		PRC and others		Total	
	2010 HK$'000	2009 HK$'000 (restated)	**2010 HK$'000**	2009 HK$'000 (restated)	**2010 HK$'000**	2009 HK$'000 (restated)
Profit before taxation	**107,708**	43,376	**7,042**	61,727	**114,750**	105,103
Domestic income tax rate	**16.5%**	16.5%	**25%**	25%		
Tax at the domestic income tax rate	**17,771**	7,158	**1,761**	15,432	**19,532**	22,590
Tax effect of share of results of jointly controlled entities	**1**	16	**–**	–	**1**	16
Tax effect of expenses not deductible for tax purpose	**723**	4,492	**7,824**	1,678	**8,547**	6,170
Tax effect of income not taxable for tax purpose	**(2,575)**	(663)	**(5)**	(36)	**(2,580)**	(699)
Tax effect of offshore manufacturing profits on 50:50 apportionment basis	**(2,687)**	(2,599)	**–**	–	**(2,687)**	(2,599)
Tax effect of tax losses not recognised	**1,295**	224	**1,137**	589	**2,432**	813
Tax effect of utilisation of tax loss previously not recognised	**(7,843)**	(6,844)	**(472)**	(432)	**(8,315)**	(7,276)
Tax effect of utilisation of other deductible temporary difference previously not recognised	**(296)**	(57)	**–**	–	**(296)**	(57)
Effect of tax exemption and tax concession granted to PRC subsidiaries	**–**	–	**(1,178)**	(3,408)	**(1,178)**	(3,408)
Withholding tax on retained profit to be distributed	**(1,500)**	2,000	**–**	–	**(1,500)**	2,000
Underprovision (overprovision) in prior years	**80**	(875)	**(788)**	(758)	**(708)**	(1,633)
Others	**730**	1,332	**608**	1,409	**1,338**	2,741
Income taxes for the year	**5,699**	4,184	**8,887**	14,474	**14,586**	18,658

Details of deferred taxation are set out in note 33.

10. PROFIT FOR THE YEAR

	2010 HK$'000	2009 HK$'000 (restated)
Profit for the year has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**430**	423
Auditor's remuneration		
Current year	**3,049**	3,147
Underprovision in prior years	**34**	9
Cost of inventories recognised as expense including reversal of write down of inventories of HK$7,367,000 which were sold during the year (2009: write down of HK$5,427,000)	**2,967,967**	2,560,164
Depreciation	**38,810**	37,815
Minimum lease payments for operating leases in respect of		
Land and buildings	**16,495**	16,793
Plant and machinery	**3,195**	2,140
	19,690	18,933
Staff costs including directors' emoluments and contributions to retirement benefits scheme	**146,885**	148,346

Minimum lease payments for operating leases in respect of a director's accommodation amounting to HK$2,299,000 (2009: HK$2,275,000) are included under staff costs.

Profit of HK$7,373,000 (2009: HK$48,726,000) has been dealt with in the financial statements of the Company.

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors are as follows:

	Pang Tak Chung HK$'000	**Ho Wai Yu, Sammy HK$'000**	**John Cyril Fletcher HK$'000**	**Yu Kwok Kan, Stephen HK$'000**	**Chan Yat Yan HK$'000**	**Lo Yip Tong HK$'000**	**2010 Total HK$'000**
Fees	**–**	**–**	**–**	**126**	**126**	**126**	**378**
Other emoluments							
Salaries and other benefits	**5,003**	**3,268**	**1,712**	**–**	**–**	**–**	**9,983**
Contributions to retirement benefits scheme	**192**	**165**	**–**	**–**	**–**	**–**	**357**
	5,195	**3,433**	**1,712**	**126**	**126**	**126**	**10,718**

	Pang Tak Chung HK$'000	Ho Wai Yu, Sammy HK$'000	John Cyril Fletcher HK$'000	Yu Kwok Kan, Stephen HK$'000	Chan Yat Yan HK$'000	Lo Yip Tong HK$'000	2009 Total HK$'000
Fees	–	–	–	118	118	118	354
Other emoluments							
Salaries and other benefits	4,369	2,648	1,674	–	–	–	8,691
Contributions to retirement benefits scheme	183	156	25	–	–	–	364
	4,552	2,804	1,699	118	118	118	9,409

No director waived any emoluments for the two years ended 31st December, 2010.

12. EMPLOYEES' EMOLUMENTS

The five highest paid individuals included three directors (2009: three directors), details of whose emoluments are set out in note 11 above. The emoluments of the remaining two individuals (2009: two individuals) are as follows:

	2010 **HK$'000**	2009 HK$'000
Salaries and other benefits	**3,351**	2,980
Contributions to retirement benefits scheme	**76**	65
	3,427	3,045

Their emoluments were within the following bands:

	2010 **Number of employees**	2009 Number of employees
HK$1,000,001–HK$1,500,000	**–**	1
HK$1,500,001–HK$2,000,000	**2**	1
	2	2

13. DIVIDEND

	2010 **HK$'000**	2009 HK$'000
Dividends paid:		
2010 Interim – 1.2 HK cents (2009: Nil) per ordinary share	**6,743**	–
Final – 2.5 HK cents (2009: 2008 final dividend 1.5 HK cents) per ordinary share	**14,048**	8,510
	20,791	8,510
Dividend proposed:		
Final dividend proposed for the year – 2.6 HK cents (2009: 2.5 HK cents) per ordinary share	**14,610**	14,184

The directors recommend the payment of a final dividend of 2.6 HK cents per share for the year ended 31st December, 2010 which is subject to approval by the shareholders in the annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the shareholders of the Company for the year and 562,182,144 (2009: 567,362,500) weighted average number of ordinary shares in issue during the year.

No diluted earning per share is presented as there was no potential ordinary shares outstanding during the year and as at the end of reporting date.

15. GOODWILL

	HK$'000
COST	
At 1st January, 2009, 31st December, 2009 and 31st December, 2010	**34,355**
IMPAIRMENT	
At 1st January, 2009	32,390
Impairment loss recognised	1,965
At 31st December, 2009 and 31st December, 2010	**34,355**
CARRYING AMOUNT	
At 31st December, 2009 and 31st December, 2010	**–**

For the purposes of impairment testing, goodwill is allocated to individual cash-generating unit which is engaged in trading of printing materials and is expected to benefit from that business combination. As at 31st December, 2009, the carrying amount of goodwill was attributable to a subsidiary in other operations segment.

During the year ended 31st December, 2009, the Group recognised an impairment loss of HK$1,965,000 due to increased competition in the business.

16. INVESTMENT PROPERTIES

	2010 HK$'000	2009 HK$'000
FAIR VALUE		
At beginning of the year	**16,860**	16,790
Increase in fair value recognised in profit and loss	**7,526**	70
Disposals	**(21,506)**	–
At end of the year	**2,880**	16,860

The Group's investment properties comprise:

	2010 HK$'000	2009 HK$'000
Properties held under medium-term leases located in:		
Hong Kong	**–**	14,300
Other regions in the PRC	**2,880**	2,560
	2,880	16,860

The investment properties of the Group which are held under operating leases are measured using the fair value model.

The fair value of the Group's investment properties as at 31st December, 2010 and 31st December, 2009 have been arrived at on the basis of a valuation carried out on that date by LCH (Asia-Pacific) Surveyors Limited, Chartered Surveyors, independent qualified professional valuers not connected with the Group. LCH (Asia-Pacific) Surveyors Limited, Chartered Surveyors are members of the Institute of Valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Plant and machinery and equipment HK$'000	Assets under installation HK$'000	Construction in progress HK$'000	Total HK$'000
COST OR VALUATION								
At 1st January, 2009 (originally stated)	77,706	23,601	19,079	65,660	377,382	5,235	8,327	576,990
Effects of changes in accounting policies	130,790	–	–	–	–	–	–	130,790
At 1st January, 2009 (restated)	208,496	23,601	19,079	65,660	377,382	5,235	8,327	707,780
Exchange differences	43	3	15	71	320	1	6	459
Additions	300	7	1,043	2,951	9,027	30,459	10,432	54,219
Disposals	(92)	–	(235)	(745)	(2,072)	–	–	(3,144)
Reclassification	420	3,205	37	–	19,360	(16,280)	(6,742)	–
At 31st December, 2009 (restated)	209,167	26,816	19,939	67,937	404,017	19,415	12,023	759,314
Exchange differences	966	61	197	1,619	7,413	675	327	11,258
Additions	–	1,082	940	7,347	12,639	86,398	2,292	110,698
Disposals	(2,809)	(357)	(397)	(25,998)	(23,775)	(81)	(2)	(53,419)
Reclassification	2,745	–	–	–	35,402	(30,144)	(8,003)	–
Eliminated on disposals of subsidiaries	–	–	(1,789)	(5,389)	(80,418)	–	–	(87,596)
At 31st December, 2010	**210,069**	**27,602**	**18,890**	**45,516**	**355,278**	**76,263**	**6,637**	**740,255**
DEPRECIATION AND IMPAIRMENT								
At 1st January, 2009 (originally stated)	–	20,215	15,826	48,116	203,057	–	2,638	289,852
Effects of changes in accounting policies	133,487	–	–	–	–	–	–	133,487
At 1st January, 2009 (restated)	133,487	20,215	15,826	48,116	203,057	–	2,638	423,339
Exchange differences	19	1	9	50	140	–	–	219
Provided for the year	4,346	1,226	1,241	4,229	26,773	–	–	37,815
Impairment loss	–	–	–	–	2,235	–	–	2,235
Eliminated on disposals	(50)	–	(195)	(665)	(1,649)	–	–	(2,559)
At 31st December, 2009 (restated)	137,802	21,442	16,881	51,730	230,556	–	2,638	461,049
Exchange differences	455	32	144	1,206	3,579	–	–	5,416
Provided for the year	3,957	1,008	1,255	4,146	28,444	–	–	38,810
Impairment loss	640	–	54	106	5,945	–	–	6,745
Eliminated on disposals	(1,538)	(348)	(365)	(22,949)	(18,053)	–	–	(43,253)
Eliminated on disposals of subsidiaries	–	–	(1,316)	(3,436)	(45,211)	–	–	(49,963)
At 31st December, 2010	**141,316**	**22,134**	**16,653**	**30,803**	**205,260**	**–**	**2,638**	**418,804**
CARRYING VALUES								
At 31st December, 2010	**68,753**	**5,468**	**2,237**	**14,713**	**150,018**	**76,263**	**3,999**	**321,451**
At 31st December, 2009 (restated)	71,365	5,374	3,058	16,207	173,461	19,415	9,385	298,265
At 1st January, 2009 (restated)	75,009	3,386	3,253	17,544	174,325	5,235	5,689	284,441

The carrying values of motor vehicles, plant and machinery and equipment of the Group include an amount of HK$387,000 (2009: HK$809,000) and HK$5,132,000 (2009: HK$6,511,000) respectively in respect of assets held under finance leases.

The carrying values of plant and machinery and equipment of the Group include an amount of HK$21,973,000 (2009: Nil) in respect of assets leased to third party under operating leases.

17. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The carrying value of leasehold land and buildings comprises:

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
Situated in Hong Kong under medium-term lease	**30,106**	31,977	34,178
Situated in other regions in the PRC under medium-term lease	**38,647**	39,388	40,831
	68,753	71,365	75,009

18. PREPAID LEASE PAYMENTS

	31.12.2010 HK$'000	31.12.2009 HK$'000 (restated)	1.1.2009 HK$'000 (restated)
The Group's prepaid lease payments comprise:			
Land use right in other regions in the PRC under medium-term lease	**16,860**	16,785	17,185
Analysed for reporting purposes as:			
Current asset	**436**	423	423
Non-current asset	**16,424**	16,362	16,762
	16,860	16,785	17,185

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2010 HK$'000	2009 HK$'000
Cost of investments (unlisted)	**1,257**	1,257
Share of post-acquisition profits	**419**	414
	1,676	1,671

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

Particulars of the jointly controlled entities as at 31st December, 2010 and 2009 are as follows:

Name of company	Form of business structure	Place of incorporation/ registration/ operation	Class of shares	Percentage of ownership attributable to the Group	Principal activities
Kunshan Rosathal Printing Ink Limited	Equity joint venture	PRC	Registered capital	33.25%	Manufacturing and sales of printing ink
Hi-Net Business Limited	Incorporated	British Virgin Islands	Ordinary shares	50%	Investment holding

The summarised financial information in respect of the Group's interests in jointly controlled entities is set out below:

	2010 HK$'000	2009 HK$'000
Non-current assets	**1,411**	1,597
Current assets	**4,998**	4,543
Current liabilities	**(3,619)**	(3,447)
	2,790	2,693
Income	**3,349**	2,545
Expenses	**(3,344)**	(2,641)
Profit (loss) for the year	**5**	(96)

20a. LONG-TERM RECEIVABLES

	2010 HK$'000	2009 HK$'000
Other loans (Note a)	**1,830**	2,445
Trade and other receivables (Note b)	**2,212**	2,462
Consideration receivables (Note c)	**31,441**	–
Less: allowance for doubtful debts for other loans and trade and other receivables	**(2,962)**	(1,350)
	32,521	3,557
Less: amounts due within one year shown under trade and other receivables	**(17,265)**	(3,557)
Amounts due after one year	**15,256**	–

20a. LONG-TERM RECEIVABLES *(continued)*

Movement in allowance for doubtful debts:

	2010 HK$'000	2009 HK$'000
Balance at beginning of the year	**1,350**	–
Impairment losses recognised	**1,612**	1,350
Balance at end of the year	**2,962**	1,350

Notes:

(a) The amounts are unsecured. Included in other loans, (i) HK$1,350,000 (2009: HK$1,445,000) carries fixed interest rate at 7% (2009: 5% to 7%) per annum and repayable within one year; and (ii) HK$480,000 (2009: HK$1,000,000) carries fixed interest rate at 4% (2009: 3%) per annum and repayable by monthly instalments within two years, from the end of the reporting period.

(b) The amounts are unsecured, interest-free which aged over 120 days and are repayable by monthly instalments within two years from the end of the reporting period.

(c) Upon disposal of a subsidiary of the Company as details set out in note 40(a), included in the consideration receivables of HK$31,441,000, the principal amount of HK$17,861,000 has been recorded at initial recognition at its present value of HK$16,485,000.

Among the total consideration receivables of HK$31,441,000, (i) HK$14,953,000 is repayable within twelve months from the end of the reporting period; (ii) HK$2,245,000 is repayable by half-yearly instalments with last payment on 30th September, 2012; and (iii) the remaining amount of HK$14,243,000 is repayable on or before 30th September, 2012. Accordingly, HK$15,027,000 is classified as non-current.

The effective interest rate adopted for the measurement of fair value upon the initial recognition of the receivables is 5% per annum which is expected to be realised on or before 30th September, 2012. The Group has assessed the creditworthiness and settlement after the end of reporting period, and considered that the default risk is low, and accordingly, no impairment has been provided.

The consideration receivables are denominated in Renminbi, currency other than the functional currency of the subsidiary of the Company.

Included in the allowance for doubtful debts are individually impaired other loans, trade and other receivables with an aggregate balance of HK$2,962,000 (2009: HK$1,350,000) which are either been placed under liquidation or in financial difficulties in repaying the outstanding balances. The Group does not hold any collateral over these balances.

In determining the recoverability of a loan, the Group considers any change in the credit quality of the loan from the date the loan was initially granted up to the reporting date.

20b. DEPOSITS PLACED AT INSURANCE COMPANIES

	2010 HK$'000	2009 HK$'000
Deposits placed at insurance companies and due after one year	7,214	–

During the year, the Group entered into life insurance policies with insurance companies to insure the executive directors and staff. Under the policies, the beneficiary and policy holder are both Company and a subsidiary of the Company and the total insured sum is approximately HK$60,207,000. The Group is required to pay premium charges at inception of the policies amounting to HK$324,000. The Group can terminate the policies at any time and receive cash back based on the cash value of the policies at the date of withdrawal, which is determined by the upfront payment of HK$7,507,000 plus accumulated interest earned and minus insurance premium charged at inception of HK$324,000 and the accumulated monthly insurance premium expense charged ("Cash Value"). In addition, if withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge. The insurance companies will pay the Group an interest of 3% per annum on the outstanding Cash Value of the policy.

The effective interest rate on initial recognition was 3%, which was determined by discounting the estimated future cash receipts through the expected life of the respective policies, excluding the financial effect of surrender charge. The carrying amount of deposits placed for life insurance policies as at 31st December, 2010 represented the Cash Value of the insurance policies. As at 31st December, 2010, the expected life of the policies was remained unchanged from the initial recognition and the directors considered that the financial impact of the option to terminate the policies was insignificant.

The deposits placed at insurance companies amounting to HK$5,108,000 (2009: Nil) are denominated in United States dollars, currency other than the functional currency of the Company and the subsidiary of the Company.

21. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

The amounts are unsecured, interest-free and are not expected to be repaid within the next twelve months from the end of the reporting period.

22. INVENTORIES

	2010 HK$'000	2009 HK$'000
Raw materials	195,337	142,628
Work in progress	23,365	20,579
Finished goods	200,925	240,020
Supplies	2,246	1,025
	421,873	404,252

23. TRADE AND OTHER RECEIVABLES

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

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, with an aged analysis presented based on the invoice date at the end of the reporting period as follows:

	2010 **HK$'000**	2009 HK$'000
0 – 30 days	**246,970**	246,666
31 – 60 days	**147,696**	150,614
61 – 90 days	**61,479**	63,082
91 – 120 days	**36,645**	43,724
More than 120 days	**33,147**	20,831
	525,937	524,917

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit rating limits for each customers. Limits attributed to customers are reviewed once a year.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$200,324,000 (2009: HK$181,666,000) which are past due at the reporting date for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances. Trade receivables which are neither past due nor impaired are in good quality with no default history in the past.

Ageing of trade receivables (by due date) which are past due but not impaired:

	2010 **HK$'000**	2009 HK$'000
1 – 30 days	**115,728**	112,854
31 – 60 days	**49,873**	50,651
Over 60 days	**34,723**	18,161
Total	**200,324**	181,666

23. TRADE AND OTHER RECEIVABLES *(continued)*

Movement in the allowance for doubtful debts:

	2010 HK$'000	2009 HK$'000
Balance at beginning of the year	**41,772**	23,005
Exchange realignment	**350**	12
Impairment losses recognised	**11,707**	20,988
Impairment losses reversed	**(1,222)**	(296)
Amounts written off during the year	**(7,182)**	(1,937)
Disposal of subsidiaries	**(1,126)**	–
Balance at end of the year	**44,299**	41,772

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$44,299,000 (2009: HK$41,772,000) which are either been placed under liquidation or in financial difficulties in repaying the outstanding balances. The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Trade and other receivables that are denominated in United States dollars and Renminbi, currencies other than the functional currencies of relevant group entities, amounted to HK$30,880,000 (2009: HK$22,623,000) and HK$56,492,000 (2009: HK$2,334,000), respectively.

24. PLEDGED BANK DEPOSITS

As at 31st December, 2010, an amount of HK$59,000 represents deposit pledged to bank to secure bill payables within one year. Accordingly, the pledged bank deposit is classified as current assets. The deposit carries fixed interest rate at 4.4% per annum.

As at 31st December, 2009, an amount of HK$20,572,000 were pledged to customers as collateral for the tender deposits and retention deposits of the construction projects. The deposits carried fixed interest rate at 0.80% per annum.

25. BANK BALANCES AND CASH

The amounts included deposits of HK$150,200,000 (2009: HK$98,000,000) with an original maturity of three months or less which carry fixed interest rates of 0.035% to 0.6% (2009: 0.02% to 0.1%) per annum. The remaining amounts carried at prevailing market interest rates.

Bank balances and cash that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities, amounted to HK$52,080,000 (2009: HK$58,646,000).

26. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with an aged analysis presented based on the invoice date at the end of the reporting period as follows:

	2010 **HK$'000**	2009 HK$'000
0 – 30 days	**85,980**	104,734
31 – 60 days	**18,919**	14,133
61 – 90 days	**2,414**	6,591
91 – 120 days	**6,846**	6,760
More than 120 days	**15,612**	4,567
	129,771	136,785

Trade payables that are denominated in United States dollars, currency other than the functional currencies of relevant group entities, amounted to HK$30,243,000 (2009: HK$26,087,000).

27. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts are unsecured, interest-free and are repayable on demand.

28. DERIVATIVE FINANCIAL INSTRUMENTS

At 31st December, 2010, the fair value of the Group's foreign currency forward contracts is estimated to be a financial liability of approximately HK$196,000 (2009: HK$196,000). The net gain on change in fair value and expiration of the foreign currency forward contracts amounting to HK$765,000 (2009: HK$79,000) has been recognised in consolidated statement of comprehensive income. The instruments purchased are to be settled on a net basis. Details of the outstanding foreign exchange forward contracts are stated in the below table.

As at 31st December, 2010

Structured foreign exchange forward contracts

Notional amount at each maturity date	Maturity	Forward exchange rates
Buy US$200,000 or US$400,000	From February 2010 to July 2011 with monthly settlement on notional amount	Buying US$200,000 if market rate at or above contract rate of HK$7.728 to US$1 or buying US$400,000 if market rate below contract rate of HK$7.728 to US$1
Buy US$400,000 or US$1,200,000	From November 2010 to October 2012 with monthly settlement on notional amount	Buying US$400,000 if market rate at or above contract rate of HK$7.728 to US$1 or buying US$1,200,000 if market rate below contract rate of HK$7.728 to US$1
Buy US$1,000,000 or US$2,000,000	From February 2010 to January 2011 with monthly settlement on notional amount	Buying US$1,000,000 if market rate below HK$7.820 to US$1 and at or above contract rate of HK$7.714 to US$1 or buying US$2,000,000 if market rate below HK$7.820 to US$1 and below contract rate of HK$7.714 to US$1

As at 31st December, 2009

Structured foreign exchange forward contracts

Notional amount at each maturity date	Maturity	Forward exchange rates
Buy US$200,000 or US$600,000	From May 2009 to April 2011 with monthly settlement on notional amount	Buying US$200,000 if market rate at or above contract rate of HK$7.728 to US$1 or buying US$600,000 if market rate below contract rate of HK$7.728 to US$1
Buy US$1,000,000 or US$2,000,000	From February 2010 to January 2011 with monthly settlement on notional amount	Buying US$1,000,000 if market rate at or above contract rate of HK$7.714 to US$1 or buying US$2,000,000 if market rate below contract rate of HK$7.714 to US$1

29. BANK BORROWINGS

	31.12.2010	31.12.2009	1.1.2009
	HK$'000	HK$'000	HK$'000
		(restated)	(restated)
Bank loans	**244,080**	312,888	200,780
Mortgage loans	**–**	3,284	5,803
Trust receipt loans	**507,899**	485,996	510,067
	751,979	802,168	716,650
Analysed as:			
Secured	**34,317**	42,126	27,574
Unsecured	**717,662**	760,042	689,076
	751,979	802,168	716,650
Carrying amounts of bank loans repayable within one year based on the scheduled repayment dates set out in the loan agreements	**138,418**	220,637	113,332
Carrying amounts of bank loans contains a repayable on demand clause (shown under current liabilities) but are repayable:			
Within one year	**563,081**	550,681	587,354
More than one year, but not exceeding two years	**17,761**	14,038	8,955
More than two years, but not exceeding five years	**32,719**	16,812	7,009
	751,979	802,168	716,650
Less: amounts due within one year shown under current liabilities	**(751,979)**	(802,168)	(716,650)
Amounts shown under non-current liabilities	**–**	–	–

The average effective borrowing rates are ranging from 1.21% to 7.15% (2009: 1.76% to 6.82%) per annum.

29. BANK BORROWINGS *(continued)*

The carrying amounts of the Group's borrowings are analysed as follows:

Denominated in	Interest rate per annum	**2010 HK$'000**	2009 HK$'000
Hong Kong dollars	Hong Kong Interbank Offered Rate ("HIBOR") plus 1% to 2%	**570,355**	540,902
United States dollars (Note)	London Interbank Offered Rate ("LIBOR") plus 2.1% (2009: 2.2%)	**11,965**	6,557
Renminbi	0% to 20% mark up from People's Bank of China ("PBOC") lending rate	**69,339**	119,251
	Fixed rate of 5.04% to 5.84% (2009: 4.86% to 6.9%)	**100,223**	135,458
Others (Note)	LIBOR plus 2.1%	**97**	–
		751,979	802,168

Note: These borrowings are denominated in currencies other than functional currencies of the relevant group entities.

30. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		**Present value of minimum lease payments**	
	2010 HK$'000	2009 HK$'000	**2010 HK$'000**	2009 HK$'000
Within one year	**1,525**	1,783	**1,488**	1,711
In the second to fifth year inclusive	**563**	2,083	**550**	2,036
	2,088	3,866		
Less: future finance charges	**(50)**	(119)		
Present value of lease obligations	**2,038**	3,747	**2,038**	3,747
Less: amounts due within one year shown under current liabilities			**(1,488)**	(1,711)
Amounts due after one year			**550**	2,036

30. OBLIGATIONS UNDER FINANCE LEASES *(continued)*

It is the Group's policy to lease certain of its motor vehicles and plant and machinery and equipment under finance leases. The lease terms are ranging from 1 to 5 years. The obligations under finance lease of HK$285,000 (2009: HK$575,000) carry fixed interest rates range from 7.4% to 10.1% (2009: 2.6% to 10.1%) per annum and HK$1,753,000 (2009: HK$3,172,000) carry variable interest rates range from HIBOR plus 1.5% (2009: HIBOR plus 1.5% to 3.3%) per annum. For the year ended 31st December, 2010, the average effective borrowing rates range from 1.7% to 7.9% (2009: 4.0% to 5.0%) per annum. All leases are on a fixed repayment basis.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

31. SHARE CAPITAL

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

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

Month of the repurchases	Total number of the ordinary shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate consideration
		HK$	HK$	HK$'000
January, 2010	4,350,000	0.410	0.395	1,757
February, 2010	790,000	0.410	0.410	324
	5,140,000			2,081

For the year ended 31st December, 2009, the Company repurchased its 300,000 ordinary shares on the Stock Exchange at an aggregate consideration of HK$115,000. All of the shares repurchased had been cancelled during the year.

32. SHARE OPTION SCHEME

The share option scheme of the Company was effective on 27th May, 2004 (the "Scheme").

Summary of the Scheme

a. The primary purpose of the Scheme is to provide incentives or rewards to Participants (see below defined) thereunder for their contribution to the Group and any entity in which the Group holds any equity interest ("Invested Entity") and/or to enable the Group and an Invested Entity to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any Invested Entity.

b. The directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants ("Participants"), to take up options to subscribe for shares of HK$0.10 each in the share capital of the Company ("Shares").

   (i) any eligible employee;
   (ii) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
   (iii) any supplier of goods or services to any member of the Group or any Invested Entity;
   (iv) any customer of the Group or any Invested Entity;
   (v) any person or entity acting in their capacities as advisers or consultants that provides research, development or other technological support to the Group or any Invested Entity; and
   (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity from time to time determined by the directors having contributed or may contribute to the development and growth of the Group and any Invested Entity.

c. The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Scheme and any other share option scheme of the Company) to be granted under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue as at the date of adoption of the Scheme (i.e. 27th May, 2004). The Company can grant options to subscribe up to 56,192,250 Shares which is 10% of the total issued share capital of the Company as at 31st December, 2010. The maximum number of Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

d. The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option scheme of the Company (including both exercised or outstanding options) to each Participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

e. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the directors to each grantee, which period may commence on the date on which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

f. An offer of grant of an option may be accepted by a Participant within 28 days from the date of the offer of grant of the option. A consideration of HK$1 is payable on acceptance of the offer of grant of an option.

32. SHARE OPTION SCHEME *(continued)*

Summary of the Scheme *(continued)*

g. The subscription price per Share under the Scheme shall be a price determined by the directors, but shall not be lower than the highest of:

(i) the closing price of the Share as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day;
(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of grant; and
(iii) the nominal value of a Share.

h. The Scheme has a life of 10 years and will expire on 26th May, 2014.

No share option was granted since the adoption of the Scheme.

33. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Accelerated accounting depreciation HK$'000	Revaluation on properties HK$'000	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Withholding tax on retained profits to be distributed HK$'000	Others HK$'000	Total HK$'000
At 1st January, 2009 (originally stated)	2,895	(6,633)	(13,372)	6,080	(900)	221	(11,709)
Effects of changes in accounting policies	(2,895)	5,825	–	(1,899)	–	–	1,031
At 1st January, 2009 (restated)	–	(808)	(13,372)	4,181	(900)	221	(10,678)
Credit (charge) to profit or loss	–	490	(2,239)	1,716	(2,000)	33	(2,000)
At 31st December, 2009 (restated)	–	(318)	(15,611)	5,897	(2,900)	254	(12,678)
Credit (charge) to profit or loss	–	318	257	(3,298)	1,500	247	(976)
At 31st December, 2010	**–**	**–**	**(15,354)**	**2,599**	**(1,400)**	**501**	**(13,654)**

For the purposes of presentation in the consolidated statement of financial position, deferred tax assets and liabilities of the same entity have been offset and shown under non-current liabilities.

At the end of the reporting period, the Group has unused tax losses of HK$609,193,000 (31.12.2009: HK$666,205,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$15,737,000 (31.12.2009 (restated): HK$35,725,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$593,456,000 (31.12.2009 (restated): HK$630,480,000) due to the unpredictability of future profit streams. Included in unused tax losses is tax loss of HK$17,961,000 (31.12.2009: HK$15,300,000) which will expire in the following years ending 31st December:

33. DEFERRED TAXATION *(continued)*

	31.12.2010 HK$'000	31.12.2009 HK$'000
2010	–	1,325
2011	1,661	1,605
2012	1,562	1,509
2013	2,853	3,968
2014	3,505	6,893
2015	8,380	–
	17,961	15,300

At the end of the reporting period, the Group has deductible temporary differences of HK$30,213,000 (31.12.2009: HK$30,509,000) in respect of accelerated accounting depreciation and allowance for doubtful debts. A deferred tax asset has been recognised in respect of HK$3,035,000 (31.12.2009 (restated): HK$1,536,000) of such deductible temporary differences. No deferred tax asset has been recognised in respect of the remaining HK$27,178,000 (31.12.2009 (restated): HK$28,973,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

34. MAJOR NON-CASH TRANSACTIONS

Other than disclosed in note 40(a), the Group has the following major non-cash transaction. During the year ended 31st December, 2010, the PRC subsidiary, Tianjin Goldsun Wire Rope Ltd. ("Tianjin Goldsun") distributed dividend to the Group and the non-controlling interest of HK$49,301,000 and HK$15,998,000 respectively. And the Group entered into the capital increment agreement with the non-controlling interest for Tianjin Goldsun, both parties agreed to contribute on a non-pro-rata basis amounting to approximately HK$50,215,000, including HK$34,454,000 and HK$15,761,000 contributed by the Group and non-controlling interest respectively, which was settled by dividend distributed by Tianjin Goldsun. The difference between the amount distributed to non-controlling interest of HK$15,998,000 and the amount contributed by non-controlling interest of HK$15,761,000 amounting to HK$237,000 was included in amount due to non-controlling interest.

During the year ended 31st December, 2009, the Group entered into finance leases in respect of the acquisition of property, plant and equipment with a total capital value at the inception of the leases of HK$4,000,000.

35. PLEDGE OF ASSETS

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

	2010 HK$'000	2009 HK$'000 (restated)
Investment properties	**–**	14,300
Buildings and prepaid lease payments	**18,785**	38,405
Plant and machinery and equipment	**50,757**	–
Bank deposits	**59**	20,572
	69,601	73,277

36. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2010 HK$'000	2009 HK$'000
Land and buildings:		
Within one year	**16,809**	7,495
In the second to fifth year inclusive	**37,397**	3,699
After five years	**103,867**	5,956
	158,073	17,150
Plant and machinery and equipment:		
Within one year	**423**	409
In the second to fifth year inclusive	**35**	443
	458	852

Operating lease payments represent rentals payable by the Group for certain of its office premises, staff quarters and plant and machinery and equipment. Leases of office premises, staff quarters and, plant and machinery are negotiated for terms ranging from one to twenty years.

36. OPERATING LEASE COMMITMENTS *(continued)*

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases which fall due as follow:

	2010 **HK$'000**	2009 HK$'000
Land and buildings:		
Within one year	**–**	375
In the second to fifth year inclusive	**–**	–
	–	375
Plant and machinery and equipment:		
Within one year	**720**	–
In the second to fifth year inclusive	**2,520**	–
	3,240	–

All of the properties held have committed tenants for the next year.

37. CAPITAL COMMITMENTS

	2010 **HK$'000**	2009 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**30,399**	84,010
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	**1,708**	7,578

38. RETIREMENT BENEFITS SCHEMES

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, the Group contributes at 5% of relevant payroll costs with maximum of HK$1,000 per month to the Scheme.

Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

Employees located in the PRC are covered by the retirement and pension schemes defined by local practice and regulations and which are essentially defined contribution schemes.

During the year, the Group made retirement benefits scheme contributions of HK$7,687,000 (2009: HK$8,317,000) after forfeited contributions utilised in the Group's ORSO Scheme of HK$73,000 (2009: HK$143,000).

39. RELATED PARTY TRANSACTIONS

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

	Trade purchases		Rental charges		Disposal of subsidiaries		Acquisition of further interest in a subsidiary		Capital contributions from non-controlling interests	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
A jointly controlled entity	**2,198**	2,882	**–**	–	**–**	–	**–**	–	**–**	–
Non-controlling interests with significant influence over certain subsidiaries	**–**	–	**1,762**	1,731	**32,891**	–	**500**	–	**20,661**	–

39. RELATED PARTY TRANSACTIONS *(continued)*

Compensation of key management personnel

During the period, the Group's remuneration paid to the directors, the key management personnel of the Group are as follows:

	2010	2009
	HK$'000	HK$'000
Short-term employee benefits	**10,361**	9,045
Post-employment benefits	**357**	364
	10,718	9,409

Their remuneration is determined by the remuneration committee having regard to the performance of individuals and market trends.

40. DISPOSAL OF SUBSIDIARIES

(a) On 1st November, 2010, the Group entered into an agreement (the "Agreement") with non-controlling interest of Tianjin Golik – The First PC Steel Strand Co., Ltd. ("Tianjin Golik") to dispose of its 51% equity interest in Tianjin Golik for a consideration of RMB28,926,000 (equivalent to approximately HK$33,992,000).

The transfer of equity interests was divided into the following phases:

(i) Transfer of 26% equity interest for a consideration of RMB13,727,000 (equivalent to approximately HK$16,131,000) (the "First Transfer") in December, 2010; and

(ii) Transfer of the remaining 25% equity interest for a consideration of RMB15,199,000 (equivalent to approximately HK$17,861,000) on or before 30th September, 2012.

The Group undertook to waive its entitlement to profit sharing and right to receive dividend attributable to the remaining 25% equity interest in Tianjin Golik after completion of the First Transfer. Pursuant to a supplementary agreement dated on 29th December, 2010, the Group and non-controlling interest of Tianjin Golik confirmed the completion of the First Transfer. Both parties also agreed that the Group had lost control, significant influence and significant risks and rewards of the ownership of the remaining 25% equity interest in Tianjin Golik. The contractual right to receive the consideration on the second phase has been acknowledged by the buyer and the remaining 25% equity interest held by the Group prior to the settlement of the consideration is considered as collateral for the deferred consideration. Accordingly, the Group derecognised all assets, liabilities and non-controlling interest of Tianjin Golik and recognised the fair value of the consideration receivables. The resulting difference was recognised as a gain in profit or loss.

40. DISPOSAL OF SUBSIDIARIES *(continued)*

(a) *(continued)*

The net assets of Tianjin Golik at the date of disposal were as follows:

	Carrying amount HK$'000
Property, plant and equipment	37,633
Trade and other receivables	83,833
Inventories	44,584
Amount due from a non-controlling interest of Tianjin Golik	502
Pledged bank deposits	15,955
Bank balances and cash	31,951
Trade and other payables	(28,072)
Amount due to the Group	(8,749)
Income tax payable	(6)
Bank borrowings	(115,172)
Net assets of Tianjin Golik	62,459
Gain on disposal	7,473
Exchange reserve	(7,349)
Non-controlling interest	(30,535)
Costs incurred in connection with the disposal included in other payable	568
	32,616
Total consideration satisfied by:	
Cash	1,175
Consideration receivables (Note)	31,441
	32,616
Net cash outflow arising on disposal:	
Cash consideration	1,175
Bank balances and cash disposed	(31,951)
	(30,776)

Note:

As details disclosed in note 20a(c), part of the consideration included in other receivables is classified as non-current as the amount is expected to be realised after twelve months from the end of the reporting period. The consideration included the effect on discounting to present value on consideration receivable of HK$1,376,000 at discount rate 5% which was determined based on the interest rate of loans with similar terms of the Group and is expected to be realised on or before 30th September, 2012.

The settlement of the consideration receivables were divided into several settlement stages, of which are disclosed in details per note 20a(c).

40. DISPOSAL OF SUBSIDIARIES *(continued)*

(b) On 14th December, 2010, the Group disposed of its 55% of the issued share capital of Ding Cheong Limited ("Ding Cheong") for a consideration of HK$275,000.

The net assets of Ding Cheong at the date of disposal were as follows:

	Carrying amount HK$'000
Bank balances and cash	525
Non-controlling interest	(229)
Net assets of Ding Cheong	296
Loss on disposal	(21)
	275
Total consideration satisfied by:	
Cash	275
Net cash outflow arising on disposal:	
Cash consideration	275
Bank balances and cash disposed	(525)
	(250)

The subsidiaries disposed of contributed approximately HK$508,540,000 to the Group's revenue and approximately loss of HK$1,765,000 to the Group's profit before taxation for the year.

41. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in note 29, net of cash and cash equivalents, and equity attributable to shareholders of the Company, comprising issued share capital, reserves and retained profits. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the repayment of existing debt, if necessary.

42. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2010 HK$'000	2009 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**924,411**	912,037
Financial liabilities		
At amortised cost	**977,872**	1,013,094
Derivative financial instruments	**196**	196

(b) Financial risk management objectives and policies

The Group's major financial instruments include long-term receivables, deposits placed at insurance companies, trade and other receivables, bank deposits and balances, amounts due from jointly controlled entities, trade and other payables, borrowings and amounts due to non-controlling interests. Details of the financial instruments are disclosed in respective notes.

The management monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group's activities expose primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures.

(c) Foreign currency risk management

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. The Group also has trade and other receivables, trade and other payables and borrowings denominated in foreign currencies.

(i) Non-derivative foreign currency monetary assets and monetary liabilities

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
Hong Kong dollars	**741**	740	**87**	95
United States dollars	**75,245**	77,723	**42,304**	33,730
Renminbi	**89,503**	10,788	**9,151**	7,939
Others	**167**	5,790	**1,731**	1,382

42. FINANCIAL INSTRUMENTS *(continued)*

(c) Foreign currency risk management *(continued)*

(i) Non-derivative foreign currency monetary assets and monetary liabilities (continued)

Foreign currency sensitivity

The directors consider that the exposure of Hong Kong dollars against United States dollars is limited as Hong Kong dollars is pegged to United States dollars and the Group is mainly exposed to the currency risk of Renminbi against Hong Kong dollars and United States dollars; and Hong Kong dollars against Renminbi.

The following table details the Group's sensitivity to a 5% (2009: 5%) increase in the functional currencies of the relevant group entities against the foreign currencies. 5% (2009: 5%) is the sensitivity rate used in management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2009: 5%) change in foreign currency rates. A negative number indicates a decrease in profit for the year where the functional currencies of the relevant group entities strengthen against the relevant foreign currencies. For a 5% (2009: 5%) weakening of the functional currencies of the relevant group entities, there would be an equal and opposite impact on the profit for the year.

	Profit for the year	
	2010	2009
	HK$'000	HK$'000
Foreign currencies		
Hong Kong dollars	**(33)**	(32)
United States dollars	**(109)**	(47)
Renminbi	**(4,018)**	(142)
Others	**78**	(220)

In management's opinion, the sensitivity analysis is unrepresentative of the foreign exchange risk inherent in the financial assets and financial liabilities as the year end exposure does not reflect the exposure during the year.

(ii) Foreign currency forward contracts

During the year, the Group has entered into several foreign currency forward contracts with banks. These derivatives are not accounted for under hedge accounting. The Group is required to estimate the fair value of the foreign currency forward contracts at the end of each reporting period, which therefore exposed the Group to foreign currency risk.

Foreign currency sensitivity

The directors consider that the exposure of Hong Kong dollars against United States dollar is limited as Hong Kong dollars is pegged to United States dollars.

42. FINANCIAL INSTRUMENTS *(continued)*

(d) Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits (note 24), fixed-rate other loans receivables (note 20) and fixed-rate bank borrowings and obligations under finance leases (notes 29 and 30). The management will take appropriate measures to manage interest rate exposure if interest rate fluctuates significantly. The management considers the fair value interest rate risk to the Group is low.

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on variable-rate bank borrowings and obligations under finance leases (notes 29 and 30 for details of these borrowings).

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, LIBOR and PBOC arising from the Group's borrowings denominated in Hong Kong dollars and Renminbi.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings and obligations under finance leases. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was existed for the whole year. A 50 (2009: 50) basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 (2009: 50) basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31st December, 2010 would decrease/increase by HK$3,268,000 (2009: decrease/increase by HK$3,349,000).

(e) Credit risk management

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a large number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

(f) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

At the end of the reporting period, the Group has available unutilised short and long-term bank loan facilities of approximately HK$773,778,000 and HK$12,508,000 (2009: HK$495,693,000 and HK$14,801,000) respectively.

42. FINANCIAL INSTRUMENTS *(continued)*

(f) Liquidity risk management *(continued)*

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

For derivative instruments settled on a net basis, the management consider the risk associated with the derivative instruments has no significant effects on the Group's cash flows.

	Weighted average interest rate %	On demand or less than 3 months HK$'000	4–6 months HK$'000	7–12 months HK$'000	1–2 year HK$'000	2–3 years HK$'000	3–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2010 HK$'000
2010									
Non-derivative instruments									
Trade and other payables	–	222,949	–	–	–	–	–	222,949	222,949
Bank borrowings									
– Fixed interest rate	5.41	51,706	21,699	28,582	–	–	–	101,987	100,223
– Variable interest rate	3.35	636,880	6,055	9,554	–	–	–	652,489	651,756
Amounts due to non-controlling interests	–	2,944	–	–	–	–	–	2,944	2,944
Obligations under finance leases									
– Fixed interest rate	7.78	50	26	53	106	79	–	314	285
– Variable interest rate	1.81	349	349	698	379	–	–	1,775	1,753
		914,878	28,129	38,887	485	79	–	982,458	979,910

	Weighted average interest rate %	On demand or less than 3 months HK$'000	4–6 months HK$'000	7–12 months HK$'000	1–2 year HK$'000	2–3 years HK$'000	3–5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2009 HK$'000
2009 (restated)									
Non-derivative instruments									
Trade and other payables	–	205,614	490	–	–	–	–	206,104	206,104
Bank borrowings									
– Fixed interest rate	5.60	84,881	21,082	31,679	–	–	–	137,642	135,458
– Variable interest rate	3.32	605,420	40,301	23,367	–	–	–	669,088	666,710
Amounts due to non-controlling interests	–	4,822	–	–	–	–	–	4,822	4,822
Obligations under finance leases									
– Fixed interest rate	6.54	91	91	141	129	106	79	637	575
– Variable interest rate	2.63	413	349	698	1,396	374	–	3,230	3,172
		901,241	62,313	55,885	1,525	480	79	1,021,523	1,016,841

42. FINANCIAL INSTRUMENTS *(continued)*

(f) Liquidity risk management *(continued)*

Bank loans with a repayment on demand clause are included in the "on demand or less than 3 month" time band in the above maturity analysis. As at 31st December, 2010 and 31st December, 2009, the aggregate undiscounted principal amounts of these bank loans amounted to HK$613,561,000 and HK$581,531,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within five years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. During that period, the aggregate principal and interest cash outflows will amount to HK$618,606,000 (2009: HK$584,403,000).

	Maturity Analysis – Term loans subject to a repayment on demand clause based on scheduled repayments						
	0–3 months HK$'000	4–6 months HK$'000	7–12 months HK$'000	1–2 year HK$'000	2–3 years HK$'000	3–5 years HK$'000	Total undiscounted cash outflows HK$'000
31st December, 2010	**247,693**	**306,290**	**12,795**	**18,498**	**16,744**	**16,586**	**618,606**
31st December, 2009	431,852	112,588	8,310	14,454	6,787	10,412	584,403

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(g) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

42. FINANCIAL INSTRUMENTS *(continued)*

(h) Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2010 & 2009 Level 2 HK$'000
Derivative financial liabilities	**196**

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of company	Form of business structure	Place of incorporation/ registration/ operation	Issued and fully paid share capital/paid up registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group 2010	2009	Principal activities
Advance Concord Development Limited	Incorporated	Hong Kong	HK$1,000,000 Ordinary shares	**100%**	100%	Property holding
China Metal Technology Holdings Limited	Incorporated	Hong Kong	HK$1,000,000 Ordinary shares	**100%**	100%	Investment holding
China Rope Holdings Limited	Incorporated	Hong Kong	HK$10,000 Ordinary shares HK$18,162,854 Non-voting deferred shares	**100%**	100%	Investment holding

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Name of company	Form of business structure	Place of incorporation/ registration/ operation	Issued and fully paid share capital/paid up registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group 2010	2009	Principal activities
Dah Bang Printing Ink Manufactory Limited	Incorporated	Hong Kong	HK$10,000 Ordinary shares HK$10,100,000 Non-voting deferred shares**	**95%**	95%	Investment holding and sales of printing materials, spare parts and machines
Ding Cheong Limited***	Incorporated	Hong Kong	HK$500,000 Ordinary shares	**–**	55%	Investment holding and sales of construction materials
Fulwealth Metal Factory Limited*	Incorporated	Hong Kong	HK$20,000,000 Ordinary shares	**77%**	77%	Decoiling centres
G.F.T.Z. Golik Metal Trading Co., Ltd.	Wholly foreign owned enterprise	PRC	HK$10,000,000 Registered capital	**100%**	100%	Sales of steel and metal products
Golik Concrete Limited	Incorporated	Hong Kong	HK$60,000,000 Ordinary shares	**100%**	100%	Investment holding and operating concrete batching plants
Golik Concrete (HK) Limited (formerly known as Golik Steel Supplies Limited)	Incorporated	Hong Kong	HK$2,000,000 Ordinary shares	**100%**	100%	Sales of ready mixed concrete
Golik Godown Limited	Incorporated	Hong Kong	HK$2 Ordinary shares	**100%**	100%	Provision of warehouse services
Golik Metal Industrial Company Limited*	Incorporated	Hong Kong	HK$10,000 Ordinary shares HK$5,135,000 Non-voting deferred shares**	**100%**	100%	Investment holding and sales of metal products
Golik Metal Manufacturing Co. Limited	Incorporated	Hong Kong	HK$30,000,000 Ordinary shares	**100%**	100%	Manufacturing and sales of welded wire mesh and metal products

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Name of company	Form of business structure	Place of incorporation/ registration/ operation	Issued and fully paid share capital/paid up registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
				2010	2009	
Golik Properties Limited*	Incorporated	Hong Kong	HK$2 Ordinary shares	**100%**	100%	Property investment
Golik Steel Company Limited	Incorporated	Hong Kong	HK$80,000,000 Ordinary shares	**100%**	100%	Investment holding and sales of steel bars and metal products
Golik Steel (HK) Limited	Incorporated	Hong Kong	HK$750,000,000 Ordinary shares	**100%**	100%	Investment and properties holding and sales of steel bars and metal products
Jiangmen Golik Metal Manufacturing Co., Ltd. (formerly known as Ding Cheong (Jiangmen) Metal Mfg. Co., Ltd.)	Wholly foreign owned enterprise	PRC	HK$15,500,000 Registered capital	**100%**	100%	Manufacturing and sales of metal products
Orient Smart Industrial Limited	Incorporated	Hong Kong	HK$20,000,000 Ordinary shares	**53.5%**	51%	Manufacturing and sales of PVC plastic products
Golik Metal (Australia) Pty. Ltd. (formerly known as Stahl Trading Pty Ltd and Golik Metal Trading (Australia) Pty. Ltd.)	Incorporated	Australia	AUS$100 Ordinary shares	**100%**	100%	Sales of steel and metal products
The Spacers & Bar Chairs Manufacturer Company Limited	Incorporated	Hong Kong	HK$800,000 Ordinary shares	**80%**	80%	Manufacturing and sales of construction materials
Tianjin Golik – The First PC Steel Strand Co., Ltd.***	Equity joint venture	PRC	RMB49,000,000 Registered capital	**–**	51%	Manufacturing and sales of pre-stressed steel wires
Tianjin Goldsun Wire Rope Ltd.	Equity joint venture	PRC	RMB60,000,000 Registered capital	**70.5%**	75.5%	Manufacturing and sales of steel wire ropes for elevators

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

Name of company	Form of business structure	Place of incorporation/ registration/ operation	Issued and fully paid share capital/paid up registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
				2010	2009	
Worldlight Group Limited*	Incorporated	British Virgin Islands	US$2 Ordinary shares	**100%**	100%	Investment holding
鶴山恒基鋼絲制品有限公司	Wholly foreign owned enterprise	PRC	US$6,380,000 Registered capital	**100%**	100%	Manufacturing and sales of steel wire products and steel ropes
廣東水利混凝土有限公司	Wholly foreign owned enterprise	PRC	RMB27,800,000 Registered capital	**100%**	100%	Operating a concrete batching plant
鶴山高力金屬制品有限公司	Wholly foreign owned enterprise	PRC	US$2,250,000 Registered capital	**100%**	100%	Manufacturing and sales of steel wire mesh and metal products

* Subsidiaries held directly by the Company

** The deferred shares, which are not held by the Group, practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the respective company or to participate in any distribution on winding up.

*** Subsidiaries were disposed during the year, details are set out in note 40.

Note:

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

None of the subsidiaries had any debt security outstanding at the end of the year or at any time during the year.