

CHAIRMAN'S STATEMENT



"The Group will continue to invest in upgrading the production facilities so as to increase efficiency as well as product quality and ultimately deliver brilliant results to shareholders."

I am pleased to present the annual report of Golik Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31st December, 2000.

The Year's Highlights

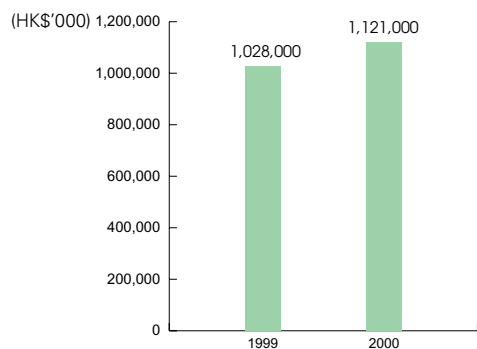
Financial Highlights:

- Turnover recorded approximately HK\$1,121 million (1999: HK\$1,028 million), representing a slight 9% increase compared with that of the preceding year.
- Profit after taxation posted HK\$59 million, a slight increase of 7% (1999: HK\$55 million).

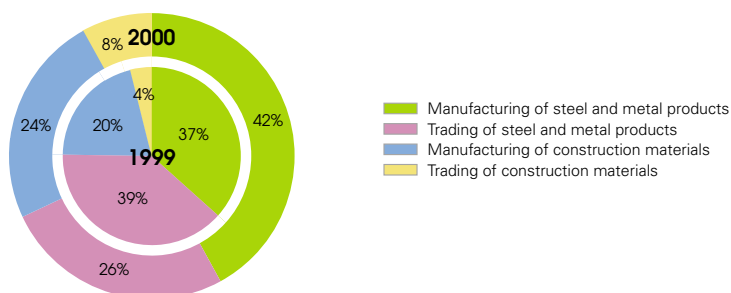
Strategic Moves & Restructuring:

- The Group's strategic acquisition of Daido Concrete (H.K.) Limited and its subsidiaries ("Daido Group") had successfully turned around and posted a profit attributable to shareholders of HK\$38 million. (1999: loss of HK\$60 million)
- Daido Group which was originally acquired by the Group in November 1999, its legal status has been redomiciled and became a wholly-owned of a newly incorporated Bermuda based company, Daido Group Limited ("Daido") is now well positioned for its development and expansion in the subsequent restructuring and international moves.
- Golik Metal Manufacturing Co. Limited was injected into Daido to better utilizing its resources and expand the product development of its welded wire fabric with precast concrete products. This move will further better position Daido as construction material arm for the Group.
- Opened new decoiling center in Tai Po Industrial Estate to capture increasing demand for valued-added steel and metal products and services in Hong Kong in October 2000.
- Established a new operation Golik Steel Company Limited to develop into trading and stocking of construction-used steel reinforcement bars.
- Acquired an UK construction materials manufacturer, Locusrite Limited, a starting point of moving into European market.

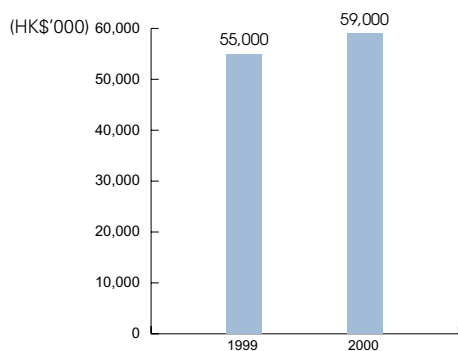
Turnover for year ended
31st December 1999 and 2000



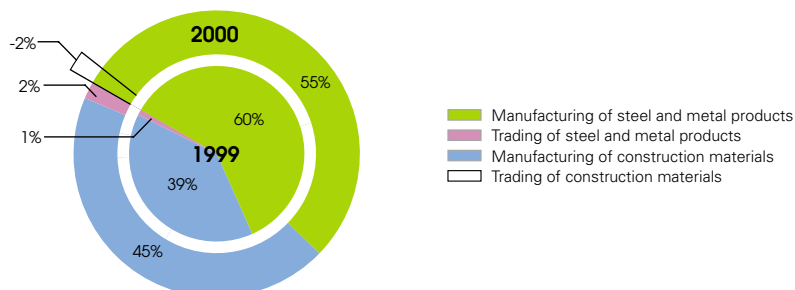
Turnover by Products in 1999 and 2000



Profit after Taxation for year ended
31st December 1999 and 2000



Profit after Taxation by Products
in 1999 and 2000



"The Group adopts twin-line strategies, i.e. cautious cost control and product diversification and will move towards environmentally friendly concept..."

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Operation Review

Hong Kong economy was gradually recovering some grounds from the Asian financial turmoil. It however does not fully reflect on every industry. It was still a difficult time for the whole steel and construction materials field in the territory, or even in the Asia Pacific region. The change of government policy of building less public housing hampered the business performance of the Group's construction material operations for the year under review. On the other hand, the Group aggressively developed its industrial-used steel products which are expected to be less affected by sluggish construction market during the year under review.

Steel and Metal Products

1. Manufacturing of Steel and Metal Products

The manufacturing process mainly concerns value-adding to the steel and metal. This business remained the core business of the Group, accounting for 42% of the Group's turnover during the year. Similar to previous years, the steel and metal products manufacturing operation delivered stable return to the Group.

- *Decoiling Center*

The decoiling center maintained steady growth both in turnover and profitability. The newly established production facilities in Tai Po Industrial Estate, Hong Kong commenced production in October 2000 and therefore the production and operation capability of the new factory has not been reflected. Over the review year, the operation attained targeted goal in spite of the depreciation incurred in the new set-up period including factory and machinery and equipment.



- *Steel Wire and Wire Rope*

The Group focused on development of value-adding products, particularly the high quality steel wire used for the production of optical fiber cables. During the year, the Group conducted review over the production process and upgraded facilities in a way to boost efficiency and product quality.

2. Trading of Steel and Metal Products

During the year under review, global steel and metal products market continued to face over-supply resulted from massive production in the former Soviet Union member countries, compounded with generally weak demand in Asia. Both factors put downward pressure on prices. Furthermore, the PRC continues to gradually expand its domestic production base while tightening its importation quota system which affected the performance for trading of steel and metal products business for the PRC market.

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Construction Materials

1. Manufacturing of Construction Materials

Responding to the adverse impact of public housings production cut, the Group has been implementing two major directions, i.e. stringent cost control measures and product diversification.

Daido attained turnaround resulted from effective cost control and business restructuring. Daido was focused on manufacturing precast concrete products with environmental friendly concept which received encouraging response from the market.

Acquisition of Locusrite Limited, the United Kingdom construction materials manufacturer, was completed in the second half year of 2000, marking the starting point of moving into European market and scoring an opportunity of exploring overseas markets amid the fierce competition in the domestic market.



2. Trading of Construction Materials

As public housing spending market shrank, turnover of construction materials trading was scaled down during the year. In order to better diversify the Group's product range, it established a new operation namely Golik Steel Company Limited in June 2000 which is principally engaging in trading and stocking of steel reinforcement bars, which aims at providing quality steel supply services to the construction market. The new operation was still under an investment period.

Liquidity and Financial Resources

The Group's financial position is health and stable. As at 31 December 2000, the Group's cash and bank deposits reached HK\$122 million. Bank borrowings rose by 18% over prior year to approximately HK\$270 million.

The business operation was generally financed by the Group's internal funding. For the year, the Group maintained a healthy liquidity status with net cash inflow from operating activities amounted approximately HK\$22 million (1999: HK\$117 million).

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

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Capital Structure

During the year, except for the total of 8,500,000 share options exercised by the option holders of the Company, there was no change to the share capital of the Company. The Group's operation was financed by shareholders' equity.

As at 31st December 2000, consolidated shareholders' equity reached HK\$359 million and aggregated interest-bearing borrowings was approximately HK\$299 million. The Group's debt to equity ratio was approximately 83% (1999: 70%).

Employment and Remuneration Policy

At the end of 2000, the total number of staff of the Group in Hong Kong and the PRC was 845. In addition to the set up of share options scheme, the Group also provided Mandatory Provident Fund entitlement to Hong Kong's employees.

Prospects

For the steel and metal operation, the Group expects that the operation will continue to deliver stable income to the Group capitalizing on its industry position. The Group also will continue to invest in upgrading the production facilities so as to increase efficiency as well as product quality and ultimately deliver brilliant results to shareholders.

In face of shrinkage of construction industry led by the government's housing policy, the Group adopts twin-line strategies to offset the impact, i.e. cautious cost control and product diversification. The Group will move towards environmental friendly concept as well. On the other hand, the Group will continue to extend its market presence in the private sector through continued promotion targeting private developers. The Group will consider to identify high potential operation through alliance or acquisition.

With the efforts of experienced management and devoted people, the Group implemented strategies such as increasing devotion to value-added products, diversification of services and products, balancing private and public sector client proportion, structure streamlining and cost control, to improve overall business performance. The Group is well prepared to clear any hurdles and to capture emerging business opportunities, in an effort to strive for a satisfactory results in the coming year of challenge.

Appreciation

I would like to take this opportunity to express my heartfelt thanks to the support from all of the staff for their dedication and hard work during the year. I would also like to offer my sincere gratitude to all our customers, shareholders, bankers as well as our business associates for their continued support and advice. I am expecting their continuous support and contribution will make aspiring achievement in the coming year.

Pang Tak Chung
Chairman

Hong Kong, 17th April, 2001