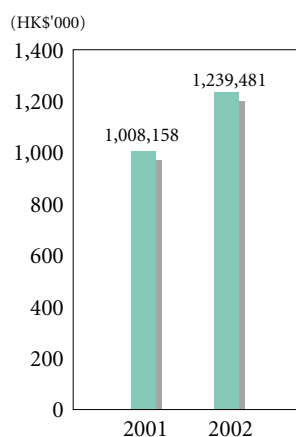
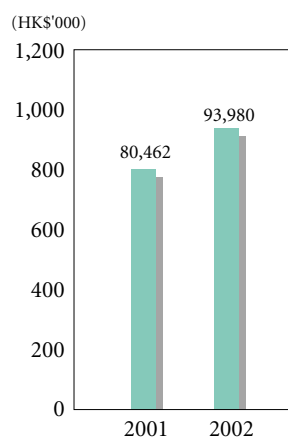


# Chairman's Statement

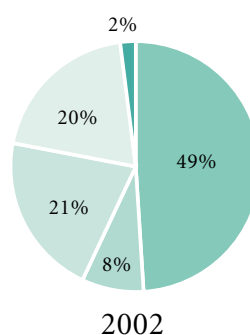
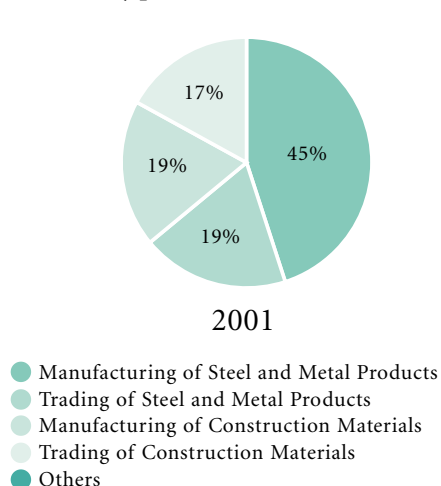
**Turnover for the years ended  
31st December 2001 and 2002**



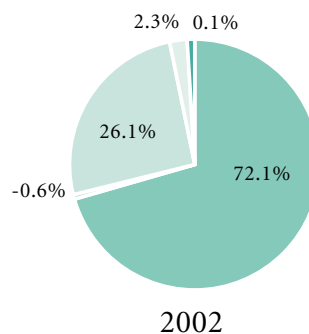
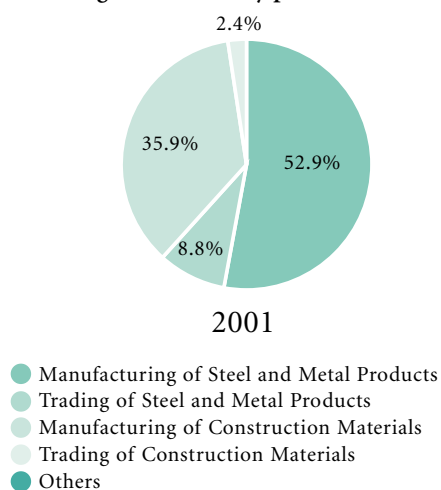
**Profit from operations for the years ended  
31st December 2001 and 2002**



**Turnover by products in 2001 and 2002**



**Profit Segment Result by products in 2001 and 2002**



# Chairman's Statement



The Group has adhered to the strategy “Facing the Mainland, focusing in high value-added products and relying less on building construction” in business restructuring.....

I am pleased to present the annual results of Golik Holdings Limited (“the Company”) and its subsidiaries (“the Group”) for the year ended 31st December, 2002.

## **BUSINESS REVIEW**

With the dedicated effort of the management and staff, there is steady growth both in sales and operations profit for the year 2002.

For the year under review, the Group has adhered to the strategy “Facing the Mainland, focusing in high value-added products and relying less on building construction” in business restructuring and successfully transformed into an Industrial Specialist both in High Value-Added Steel Products and Construction Materials Manufacturer.

## **Steel and Metal Products**

### *1. Steel Coil Processing*

Decoiling business has been the constant profit generator for the Group in the past few years. During the year, due to great effort of the management coupled with the synergy effect created between the new factory in Taipo, Hong Kong and that in Dongguan, Guangdong, the operation made significant advance in the profit contribution.

In the meantime, apart from the capacity enlargement in the factory in Dongguan, Guangdong, the Group is going to set up a steel coil color coating factory in Changzhou, Jiangsu. The 70,000 tons annual capacity coating plant is now under equipment installation and will start test run in the second half of 2003. Color coated steel coils are widely used in building construction, home electrical appliances, cars and other industries.

# Chairman's Statement

## 2. *Steel Wires and Strands*

The steel wire rope factory in Heshan, Guangdong and the elevator rope factory in Tianjin are both with stable performances. In the past year, due to raw materials prices were increased while the finished products prices lowered, the overall profit contributions were decreased. However, the management has already formulated some ways in up-keeping the gross margins and look forward to have more satisfactory results in the coming years.

In view of the tremendous economic growth of the Mainland China and in line with the anticipated construction bloom of the 2008 Beijing Olympics in Northern China, in September of 2002, the Group has set up a joint venture company with Tianjin Steel Wire and Steel Cable Group in manufacturing of low relaxation PC steel strands which are widely used in the construction of district skyover, river bridge, dam, nuclear factory, various stadiums, etc. Beside the existing equipments, a newly added production line with production capacity 70,000 tons would also complete installation, start production in March 2003 and should bring forth profit in 2003.

## **Construction Materials Products**

Private and public housing building markets have significantly reduced in 2002. In respect thereof, performance of this area is not satisfactory.

### 1. *Steel Re-bars stockholding and Distribution*

The Group has further consolidated her position in the trading, stockholding and distributing of steel re-bars which is widely used in the Hong Kong construction industry. Although the general industrial environment has improved in the second half of 2002, profitability is not satisfactory due to deliveries based on contracts mainly concluded during price-cutting period earlier. Nevertheless, this problem is expected to vanish in 2003 and the operation will have better performance.

### 2. *Concrete and Concrete Products*

Ready Mixed Concrete and Precast Concrete products were the focus of the Group's restructuring in the past year. In the second half of 2002, we successfully tendered the ready mixed concrete factory site in Lantau Island and have erected a plant with annual capacity of 200,000 cubic meters. The plant will start production in the second half of 2003.

In November 2002, the Group acquired a ready mixed concrete factory with 400,000 cubic meters annual capacity in Guangzhou, Guangdong to further increase the participation in the Mainland China construction materials market.

As the Group has just devoted effort in this area and estimated it would take one or two years for establishing a firm market position, in doing so satisfactory return will be achieved soon.

### 3. *Other Construction Materials*

Semi-Precast Concrete Slab "Super Slab" which produced by Daido Group, is in the market development stage. On the other hand, ALC products and welded wire mesh, which were mature products, kept generating stable profits in the past year. The Group believes that further enforcement of effective control on costs, these operations will continue to be profit contributors to the Group.

# Chairman's Statement

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group's financial position is healthy and stable. As at 31st December, 2002, the Group's cash and bank balances reached HK\$121,000,000. As at 31st December, 2002, current ratio (current assets to current liabilities) for the Group was 1:1.29, maintaining the level of 2001. As at 31st December, 2002, interest-bearing borrowings for the Group was approximately HK\$510,000,000.

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, together with the minimal fluctuation in exchange rate between the Hong Kong dollars and Renminbi, the Group believes its exposure to exchange risk is not material.

## **CAPITAL STRUCTURE**

During the year, there was no change to the share capital of the Company. As at 31st December, 2002, shareholders' equity reached HK\$428,000,000.

As at 31st December, 2002, net gearing ratio (interest-bearing borrowings minus cash and bank balances to shareholders' equity and minority shareholders' interest) was 0.67.

## **EMPLOYMENT AND REMUNERATION POLICY**

As at 31st December, 2002, the total number of staff of the Group in Hong Kong and the PRC was 1,401. The Group also provided Mandatory Provision Fund entitlement to Hong Kong's employees.

## **PROSPECTS**

With the Hong Kong economy still in great uncertainties, the Group will gradually strengthen its development in industrial raw materials and construction materials manufacturing. Further, the Group will reduce part of its business operation that was adversely affected by the shrinking Hong Kong private and public housing construction markets and to allocate its resources to areas with good prospects. Indeed, the new ventures cannot generate immediate significant contributions, however, with the current organizational structure, direction and the dedication of the management, the Group is confident that the return to our shareholders will be increased in the years to come.

# Chairman's Statement

## ACKNOWLEDGEMENTS

I would like to take this opportunity to express my sincere thanks to the staff of the Group for their dedication and hard work in the past. I would also like to thank our customers, shareholders, bankers and business associates for their continued support during the year. With the encouraging result last year and the effort we put in, I am looking forward to a fruitful year in 2003.

**Pang Tak Chung**  
*Chairman*

Hong Kong, 16th April, 2003



*Directors of the Group pictured at Golik Holdings Limited 25th Anniversary Celebration Dinner*



*Staff of the Group pictured in the "Po Leung Kuk Charity Walk" of 2002*