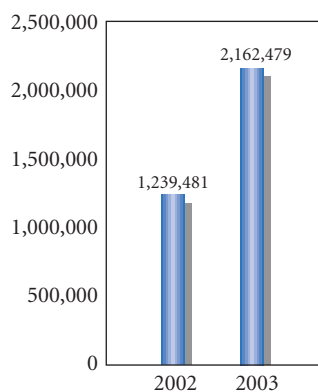


Chairman's Statement

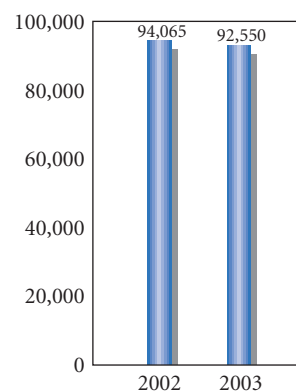
**Turnover for the years ended
31st December 2002 and 2003**

(HK\$'000)

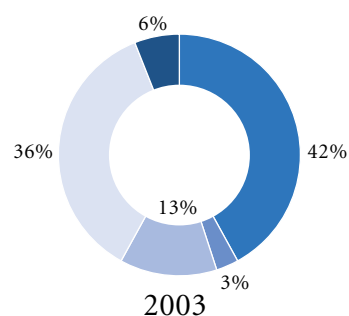
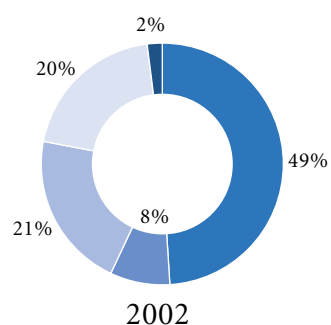


**Profit from operations for the years ended
31st December 2002 and 2003**

(HK\$'000)

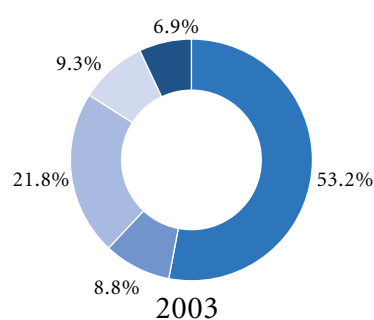
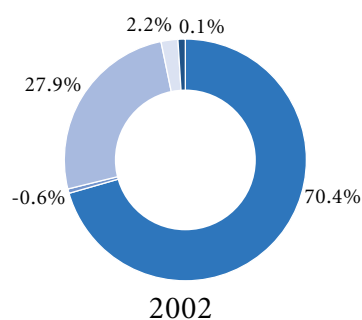


Turnover by products in 2002 and 2003



- Manufacturing of Steel and Metal Products
- Trading of Steel and Metal Products
- Manufacturing of Construction Materials
- Trading of Construction Materials
- Others

Profit Segment Result by products in 2002 and 2003



- Manufacturing of Steel and Metal Products
- Trading of Steel and Metal Products
- Manufacturing of Construction Materials
- Trading of Construction Materials
- Others

Chairman's Statement



The management will continue to implement its stable and vivid business strategies, devote to overcome the short-term difficulties brought by negative contingencies and yield the largest return for its shareholders.

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, 2003.

BUSINESS REVIEW

In 2003, due to the commencement of various new projects and the rise in prices of certain steel products, annual turnover of the Group recorded approximately HK\$2,162,479,000 (2002: HK\$1,239,481,000), representing an increase of approximately 74.47%.

During the year under review, the Group disposed of certain assets pursuant to the business restructuring and incurred an extraordinary loss of approximately HK\$23,088,000. As a result, net profit for the year was approximately HK\$12,647,000 (2002: HK\$38,676,000), representing a decrease of approximately 67.30%.

2003 is a year of challenge. Despite of our dedicated effort in business restructuring and operating, the occurrence of many unpredictable contingencies, including the devastating outbreak of the Severe Acute Respiratory Syndrome (“SARS”), affected the operational environments of most businesses in the first half-year. And the sharp rise in steel price and material cost in the second half-year not fully transferred to customers led to significant drop in profit margin. Combined with the extraordinary loss of approximately HK\$23,088,000 incurred in the business restructuring, the annual results of the Group was not as satisfactory as expected.

Although the results during the year were affected by a number of adverse factors, turnover still recorded a strong growth of approximately 74.47%, profit before taxation reached approximately HK\$41,464,000. It could be deduced that the foundation of the Group’s present business was solid.

Chairman's Statement

Steel and Metal Products

(1) *Steel Coil Processing*

The export orders from factories were adversely impacted by the outbreak of SARS in the first half-year, such that the performance of the steel coil processing centres in Dongguan, Guangdong and Tai Po Industrial Estate, Hong Kong was not as satisfactory as that of last year. Despite of the challenging operational environment, the business still contributed reasonable return for the Group. The Group was confident toward the prospect of the business and the experienced management.

(2) *Wires Processing (Steel Wires, Wire Ropes and Steel Strands)*

The steel wire rope factory in Heshan, Guangdong and the elevator rope factory in Tianjin maintained stable performances and contributed profits for the Group this year. However, the current production capacities of the two factories had already reached the maximum levels. In the coming year, the Group will invest in the renewal for part of the equipments so as to further upgrade the production capacities and the product value-adding abilities.

The new production lines of the PC steel strands factory in Tianjin commenced production in March. Affected by the outbreak of SARS, the results did not match with the expectation. Nevertheless, the Group remained positive to the future prospect of the business. Along with the abundant investment for constructing railway and highway in the PRC during the next decade, the market demand of the Group's products would be substantiated.

During the year, the upsurge in the price of raw material led to an increase in wire products' cost. The profit margin could not reach the expected level. The Group did revise the sales strategy in the year and resulted in a significant improvement of the situation. It was expected to resume satisfactory results in the coming year.

Construction Materials Products

The stagnant construction industry affected the business performance of construction materials. The Group successfully sold the less promising business during the year in order to focus more on the distribution of steel reinforcement bars ("steel re-bars") and ready mixed concrete in the construction materials business.

(1) *Steel Re-bars Stockholding and Distribution*

The Group is one of the major suppliers of steel re-bars for construction use in Hong Kong. During the year, the import price of steel re-bars encountered the most substantial surge in 20 years. Part of the increase could not be transferred to users affecting the profit margin of the business. Nevertheless, the Group was confident that the business would yield encouraging profit returns when steel price became stable.

(2) *Concrete Products*

The ready mixed concrete factory in Lantau Island officially commenced production in the 4th quarter of the year and provided concrete for Disney Land and some construction projects in Lantau Island. The concrete factory would definitely be benefited from the nearby infrastructure projects, including SkyCity ("航天城") in Lantau Island in the future.

The Group's ready mixed concrete factory in Guangzhou is one of the largest concrete factories in the region, with smooth operation and stable profit. During the year, the Group improved the management so as to set a solid foundation for further development.

Chairman's Statement

LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, there was no significant change in the capital and loan structure of the Group. As at 31st December, 2003, the Group's cash and bank balances reached HK\$147,571,000. As at 31st December, 2003, current ratio (current assets to current liabilities) for the Group was 1.23:1. As at 31st December, 2003, interest-bearing borrowings for the Group was approximately HK\$663,701,000.

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 risk is not material.

CAPITAL STRUCTURE

During the year under review, there was no change to the share capital of the Company. As at 31st December, 2003, shareholders' equity reached HK\$424,695,000.

As at 31st December, 2003, net gearing ratio (interest-bearing borrowings minus cash and bank balances to shareholders' equity and minority shareholders' interest) was 0.97.

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2003, the total number of staff of the Group in Hong Kong and the PRC was 1,463. The Group also provided Mandatory Provision Fund entitlement to Hong Kong's employees.

PROSPECTS

In the coming year, the Group will continue to focus on steel processing business which had generated stable returns in the past. Since the Pearl River Delta, the Chang Jiang River Delta and the regions of Beijing and Tianjin have become the processing base for the world's industrial products, while the PRC is going to reach its peak level of infrastructure construction in the coming 10 years, it could be seen that abundant market demand for the Group's steel coil processing factory in Dongguan and PC steel strands factory in Tianjin would be expected.

Regarding the business of construction materials, the Group will continue to consolidate its market positions for steel and concrete in Hong Kong and further develop the enormous market in the PRC. Recently, the property price in Hong Kong is on a rising trend, indicating an increased confidence on the property market. It is expected that the reviving housing construction will benefit the steel and concrete businesses of the Group in Hong Kong.

The Group is optimistic towards the future prospect and expects that the Group will realize profit growth in 2004. The management will continue to implement its stable and vivid business strategies, devote to overcome the short-term difficulties brought by negative contingencies and yield the largest return for its shareholders.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my deepest gratitude and sincere thanks to all of our staff and fellow directors for their contributions and efforts to the Group in the past. I would also like to thank our customers, shareholders, bankers and business associates for their continuous support to the Group. As the market starts showing sign of revival, I am looking forward to placing the Group on the path to growth and bringing fruitful returns for shareholders in the coming financial year.

Pang Tak Chung
Chairman

Hong Kong, 15th April, 2004