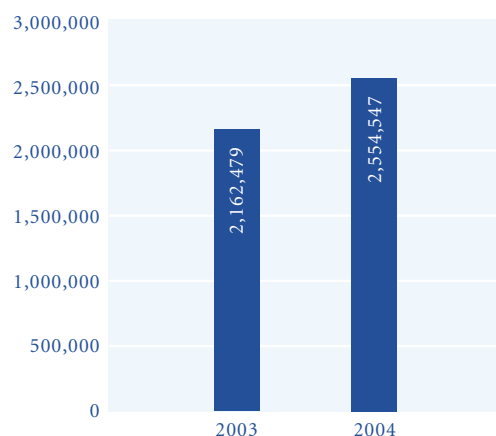


Chairman's Statement

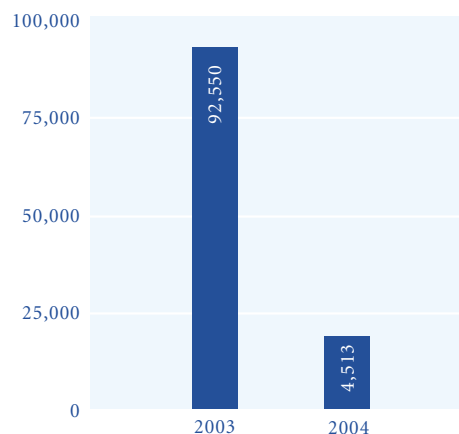
**Turnover for the years ended
31st December 2003 and 2004**

(HK\$'000)

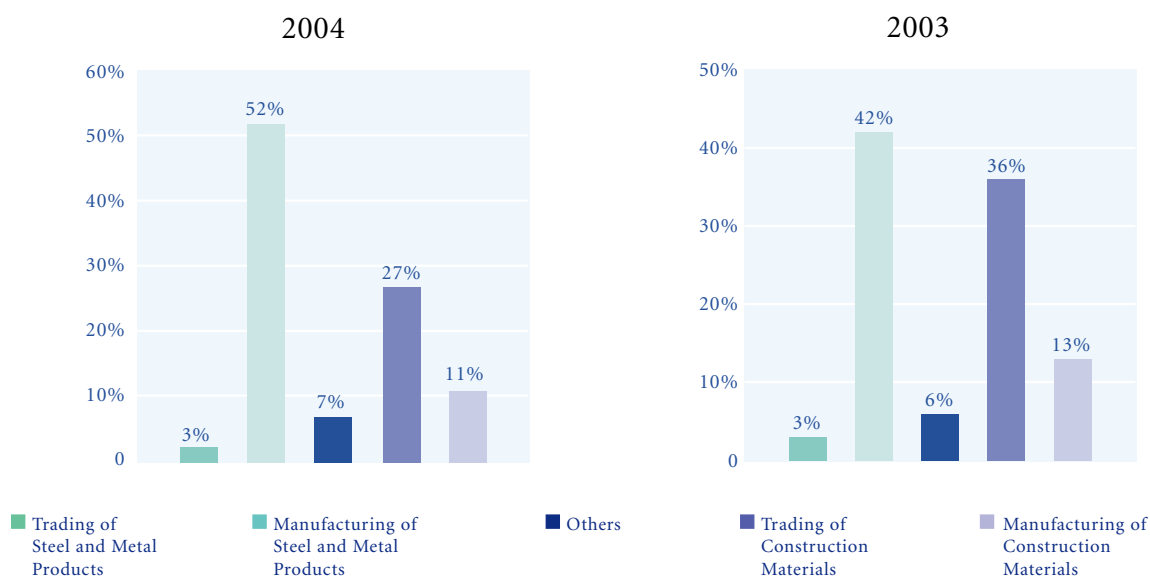


**Profit from operations for the years ended
31st December 2003 and 2004**

(HK\$'000)



Turnover by products in 2003 and 2004



Chairman's Statement

I would like to present the annual results of Golik Holdings Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31st December, 2004.

BUSINESS REVIEW

For the year ended 31st December, 2004, the annual turnover of the Group has recorded HK\$2,554,547,000 approximately 18% increase compared to that of 2003. The primary reason for such increase is due to the sharp increase in prices of steel products. During the year, the performance of the Group has not been satisfactory.

After deduction of certain non-operating losses and minority interests, the Group recorded a HK\$52,271,000 loss.

For the year of 2004, the Group's "Construction Materials" related businesses experienced a number of market related difficulties. The steel re-bars stockholding and distribution business encountered tough times resulting from the sharp rise in steel prices over the past two years, an event that the Group has never seen before. In particular, during the 2nd half of the year, the loss from the steel re-bars and concrete products expanded further. Despite other core businesses of the Group, such as the "Metal Manufacturing" businesses experiencing satisfactory performance, the profit contribution from the Metal Manufacturing businesses has been diminished due to the losses from the Construction Materials businesses. Additionally, the revaluation deficit from the Group's properties, in preparation for later-on disposal arrangement, and the increase of impairment loss on goodwill, amounted to approximately HK\$20,879,000 and HK\$10,610,000 non-operating losses respectively and made the Group's performance even worse. However, before the above non-operating losses and minority interests, the Group did maintain an operating profit for the year.

Manufacturing and Sales of Steel and Metal Products

1. Steel Coil Processing

The operation of steel coil centers located in the Tai Po Industrial Estate, Hong Kong and Dongguan, Guangzhou of the PRC continued to



have a solid growth during the year despite difficulties from an increasingly competitive environment within the industry resulting from shortages of materials supplies and increasing operational cost.

With enormous effort contributed by the management team, along with firm support from material suppliers and valuable customers, this business has steadily contributed to the Group a continuous profit return for the past years. Following the Pearl River Delta Region becoming a global manufacturing base, the steel coil processing business will continue to have a bright outlook and remain profitable.

2. Wire Processing (Steel Wires, Wire Ropes, Pre-stressed Steel Strands)

Wire Processing is an important part of our "Metal Manufacturing" businesses and the Group intends to put enormous effort to make this a stable and growing income source. Results are pleasing this year and the operation is beginning to reap the rewards, especially with the pre-stressed steel strand products whose sales revenue and profit yield has increased substantially compared with that of last year. Pre-stressed steel strand products are continuing essential items for construction of upcoming and future large-scale development on road and transportation infrastructure projects in the PRC. The business continues to have an excellent outlook in the future years.

In an on-going effort to improve the quality of our range of wire rope products and update technical skill in the manufacturing frontier, the Group have recently engaged in a joint-venture with a global well-known British wire rope manufacturer ('Bridon') for further development of the wire rope industry in the PRC. The Group believes the current wire rope product's quality and values will be improved with the input from Bridon's expertise and knowledge.

Chairman's Statement

Manufacturing and Sales of Construction Materials Products

1. *Steel Re-bars Stockholding and Distribution*

Due to continually increased steel prices over the past two years, the business has suffered greatly resulting from this unstable situation. This is also the main reason for the Group's overall result suffering negative earnings.

The normal trade practice in Hong Kong for the steel re-bars distribution business requires the signing of long term fixed-price supply contracts with contractors. The supply contracts normally last for between 18-24 months according to the construction project requirements, however, a similar arrangement cannot be offered by supplier. For the past two years, steel price have significantly increased which is something the industry has rarely experienced in the past. The price increase has put this kind of trading business into a very disadvantaged situation. To maintain our reputation in the industry, the Group honoured all commitments and continued to supply materials to the customers. A severe cost difference from the increased steel prices was paid for the execution of the supply contracts and agreements with the customers and hence resulted in severe losses during the year. Along with other major industry players, the Group suffered heavy losses from this type of business for 2004.

In hindsight, valuable lessons have been obtained and the Group's management has reinforced the importance of risk management. The business strategy for our steel re-bars distribution has been re-evaluated and risk management has been strengthened by reducing the commitment of long-term supply contract with customers.

The worst period for the business has passed, most of the below-cost contracts have already been delivered. The Group believes the business will turn from loss to profit again in 2005 inline with our current business strategy.

2. *Concrete Products*

Our ready mixed concrete factory located in Guangzhou continues to grow in production capacity and maintains steadily improving profit.

In Hong Kong, because of the severe downturn in the construction industry, the return from our ready mixed concrete business did not meet with our expectation. During the year, the Group has restructured its ready mixed concrete business resulting in lower operating costs and a simplified logistic structure. With the focus on our plant on Lantau Island and the successful award of the supply contract for the Hong Kong Airport "Sky Plaza" project on Lantau Island, the business has become positive. The projected increased construction activity on Lantau Island over the medium term future resulting from the "Hong Kong-Zhuhai-Macau Bridge" being constructed within the next few years, gives our ready mixed concrete plant on Lantau Island a very positive outlook. The business prospect for this sector is optimistic.

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, 2004, the Group's cash and bank balances reached HK\$109,653,000. As at 31st December, 2004, current ratio (current assets to current liabilities) for the Group was 1.18:1.

As at 31st December, 2004, interest-bearing borrowings for the Group was approximately HK\$627,221,000.

Chairman's Statement

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, 2004, shareholders' equity reached HK\$411,638,000.

As at 31st December, 2004, net gearing ratio (interest-bearing borrowings minus cash and bank balances to shareholders' equity and minority interests) was 0.998:1.

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2004, the total number of staff of the Group in Hong Kong and the PRC was 1,321. The Group also provided Mandatory Provident Fund entitlement to Hong Kong's employees.

PROSPECTS

The Group's management is deeply concerned and feels sorry for the loss incurred to the shareholders for the past year.

The strategy of the Group will continue to develop metal processing businesses to generate stable returns and further develop similar kind of business opportunities in the PRC. The Group will further optimize their assets by eliminating those high-risk and low-return operations so as to make the overall business organization operate under a more structured and stable condition.

Despite the increasing market competition in steel coil and wire rope processing business, the Group is still optimistic of their future prospects over the coming year and confident that pleasing results in this segment will be able to be retained and continue. Further, the construction material business has moved toward more positive territory through improvement of market environment and the new structured operating format. The Group expect this business segment to also move forward to profit this year.

With the management's continuing efforts, the Group is confident that pleasing returns will be obtained for shareholders in the coming year.

ACKNOWLEDGMENTS

I would like to take this opportunity to express my deepest gratitude and sincere thank 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. With your continuous support to the Group, I am looking forward to bringing fruitful returns in the coming year.

Pang Tak Chung

Chairman

Hong Kong, 21st April, 2005