

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, 2006.

BUSINESS REVIEW

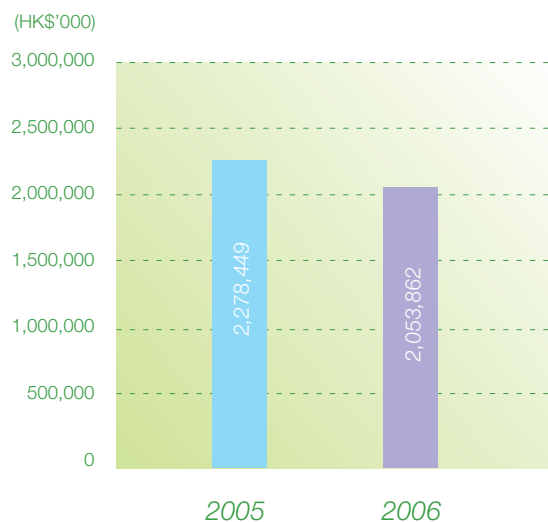
For the year ended 31st December, 2006, the Group achieved an annual turnover of HK\$2,053,862,000, approximately 10% decrease compared to the year of 2005. Although turnover had been declined, profit was improved over the year. After deduction of the minority interests, profit attributable to the Company was HK\$41,064,000, an increase of 27% over last year.

During the year, business environment remained very much unchanged. Domestic construction market had yet to benefit from Hong Kong's continuing economic recovery. Despite increases in production for private sector development, total expenditure in Hong Kong's construction industry was still in decline due to the

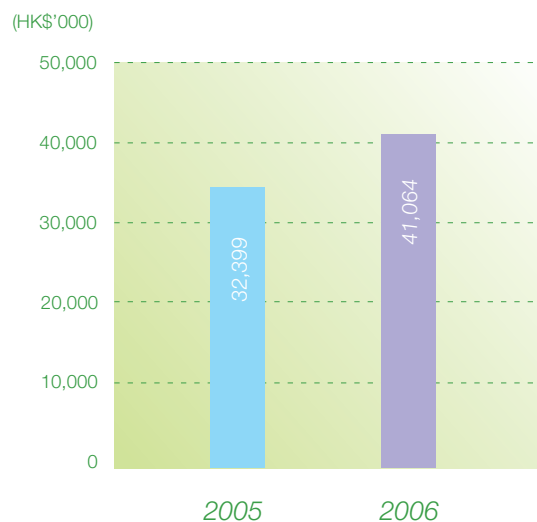
greater impact from the fall in public sector projects. Volatility in global steel prices was again a feature during the year. In order to mitigate losses and minimise risks associated with the volatility of steel prices, the Group had continued to engage in a more conservative operating strategy for the "Steel Distribution" business which resulted in a decrease in turnover compared to last year. With the exception of the "Pre-stressed Steel Strands" operation, most of the core business units were in their maturing phases and could deliver solid performances. Despite a slight decrease in turnover, the Company is pleased with its increase in attributable profit.

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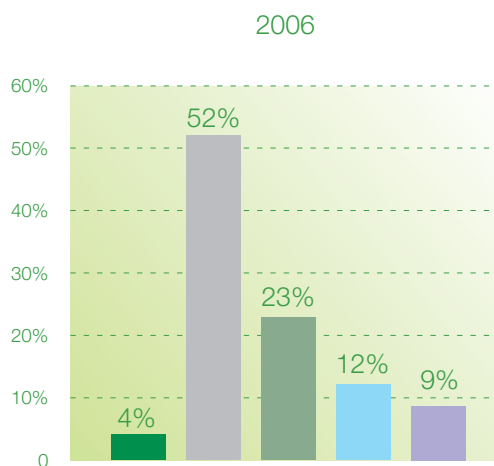
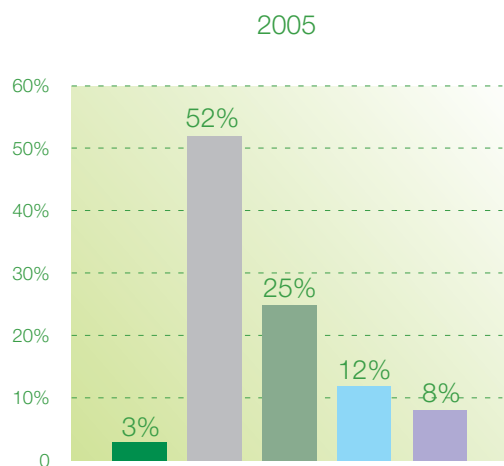
TURNOVER FOR THE YEARS ENDED 31ST DECEMBER, 2005 AND 2006



PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY FOR THE YEARS ENDED 31ST DECEMBER, 2005 AND 2006



TURNOVER BY BUSINESS SEGMENTS FOR THE YEARS ENDED 31ST DECEMBER, 2005 AND 2006



- Trading of steel and metal products
- Manufacturing of steel and metal products
- Trading of construction materials
- Manufacturing of construction materials
- Others

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Steel and Metal Products

1. *Steel Coil Processing*

The two Steel Coil Processing centers located in Taipo Industrial Estate, Hong Kong and Dongguan, Guangdong mainly supply steel sheet materials to stationery, electrical appliances and metal manufacturers in the Pearl River Delta Region for their export production. It is pleasing to report that the business has operated consistently and achieved solid result despite weaker market condition during the first quarter of the year.

In order to keep pace with market condition, the Management is planning to endeavour further into the People's Republic of China (the "PRC")'s market with an aim to expand the Group's current market presence. It is forecasted that the Steel Coil Processing business will continue to provide the Group with stable and consistent profit contribution in the coming days.

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

The year end result for the Steel Wires and Wire Ropes factory in Heshan, Guangdong was achieved as expected. During the year, the Group acquired the remaining 40% equity interest from the minority shareholder, making the Steel Wires and Wire Ropes factory in Heshan now a wholly owned subsidiary of the Group. Through the restructuring, the Group will now be able to allocate more resources to increase production capacity as well as to enhance the value of steel wires products, from which more profit contribution can be generated for the Group.

Over the past two years, the Pre-stressed Steel Strands industry in Tianjin, the PRC has witnessed a phenomenal rise in production output from competitors, leading to market saturation and intense competition between manufacturers with a resulting substantial fall in profit margins. As a result, performance of this operation during the year was not satisfactory. However, market potential for the outlook of pre-stressed steel strands is still looking remarkably strong as they are used extensively in the construction of railways, roads and infrastructure projects. It is anticipated that once the excess capacity has been

absorbed by the market, the business will be able to deliver solid result for the Group for the years ahead through sound management and effective cost control initiatives.

Construction Materials Products

1. *Steel Re-bars Stockholding and Distribution*

The Group is one of the Hong Kong's major suppliers of steel reinforcement bars for construction industry. During the year, the Group participated in supplying materials to some large construction projects in both the private and public sectors, including "Skyplaza Hong Kong International Airport", "Deep Bay Link West Corridor", "Dream City Tseung Kwan O" and "Ho Tung Lau Development", etc. In order to mitigate losses and minimise risks from the volatility of steel prices, the Group further reinforced its conservative operating strategy. As a result, turnover compared to the last year had marginally been decreased but after operational adjustments, profit increased significantly and the overall result was delightful.

2. *Ready Mixed Concrete Products*

The Group's concrete operations mainly supply ready mixed concrete and pre-cast concrete products to the construction industry in Hong Kong and Guangzhou regions.

During the year, the business continued to face challenges from the sluggish Hong Kong construction industry and low-pricing position in the Guangzhou concrete market, etc., the business had struggled. However, through persistent effort from the Management, target for the year was achieved and business condition resumed positive returns. The result achieved is nothing short of admirable.

The Group's outlook for the concrete business is highly optimistic. The two concrete plants located in Hong Kong and Guangzhou have tremendous geographical advantages. It is anticipated that once the market environment improves, the business will be benefited and will perform to deliver greater returns for the Group.

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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, 2006, the Group's bank balances and cash reached approximately HK\$167,188,000. As at 31st December, 2006, current ratio (current assets to current liabilities) for the Group was 1.34:1.

As at 31st December, 2006, borrowings for the Group was approximately HK\$502,492,000.

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 change to the share capital of the Company. As at 31st December, 2006, equity attributable to equity holders of the Company reached approximately HK\$459,537,000.

As at 31st December, 2006, net gearing ratio (borrowings minus bank balances and cash to total equity) was 0.62:1.

EMPLOYMENT AND REMUNERATION POLICY

As at 31st December, 2006, the total number of staff of the Group was 1,132. The Group also provided Mandatory Provident Fund entitlement to Hong Kong's employees.

PROSPECT

The current operating environment is still hindered by various hurdles such as the rapid changes of demand and supply and the fluctuation of commodities prices, etc. To avoid negative impacts to the Group's result, it is necessary for the Group to respond to these risks and continue to operate diligently to our strategy. Furthermore, in improving our position, we are looking

towards strengthening our cost control measures and progressively restructure operations that are not compatible and/or are not fully aligned with our core business strategies.

The Board is extremely optimistic on the future development of the Group, especially the Steel Value-added business in the PRC which has underlying high growth potentials due to its low production cost. Following Mr. Donald Tsang's sweeping victory in the recent Hong Kong Chief Executive election, one of the key messages highlighted in his prior Policy Address for his administration is to accelerate the development of the infrastructure projects in Hong Kong. The Group believes construction businesses in Hong Kong will be directly benefited as a result.

Our main focus will be on strengthening and expanding two of the Group's main core businesses in both the PRC and Hong Kong at even strides, those are "Steel Value-added" and "Construction Materials" businesses. With clear goal and strong commitment, the Group is certain on delivering compelling result.

ACKNOWLEDGMENT

With the Group marking its 30th anniversary this year, I would like to take this opportunity to sincerely thank our staff and our Management for their tremendous contributions and efforts over the past years. I would also like to sincerely thank our clients, shareholders, bankers and business partners for their relentless support. With their continuing support, the Group is set to deliver even better result in the coming year.

Pang Tak Chung
Chairman

Hong Kong, 19th April, 2007