



Prospects

Maintaining a steady business growth and exploring new investment opportunities are the formidable tasks for the Group in the years ahead. While construction materials operations will continue to be the core business of the Group, the telecommunications business of KGT will become increasingly important to the Group, especially after the formation of a strategic alliance between NTT DoCoMo and KGT.



The pace of housing developments and infrastructure construction activities in Hong Kong continues to show signs of slow-down in the early months for 2001. Despite certain price cuts of cement imported, the Directors expect that profit contribution from construction material businesses in Hong Kong will be narrowed as a result of the sluggishness of the construction industry.

As the exchange rate of peso against the US dollar has become relatively stable since January 2001, the Directors are confident that the Philippine operation will sustain further profit growth by gradually increasing sales volume and market prices and reduction in costs.

Construction activities in the PRC, especially infrastructure work, is on a general upward trend, and there are indications that demand for cement is increasing. The Directors believe that AKB can take advantage of such increase while distribution channels are established so that its performance can be improved in 2001, its first full year of operation.

With the success of the Company's strategy to counteract cyclical trends in local construction material industries by expanding geographically, the Directors will continue to explore new opportunities in other countries with a prudent approach.

In late February 2001, NTT DoCoMo, one of the largest cellular service providers in the world, acquired a 20% equity interest in KGT. The Directors believe that such an alliance will strengthen KGT's market position by NTT DoCoMo's support through the introduction of "i-mode" services, already very successful in Japan, to Taiwan, as well as for 3G cellular service licence application through the provision of technology and know-how behind the NTT DoCoMo's W-CDMA platform.