

## Prospects 前景

### PROSPECTS AND FUTURE INVESTMENT PLANS

The current stagnancy of construction activities in Hong Kong is expected to continue in 2006, but selling prices of cement and ready-mixed concrete are expected to rise mildly. The Directors believe that the performance of Group's cement business and associates' ready-mixed concrete businesses in Hong Kong will be better than that of 2005.

Mainland China continued to be the Group's primary target geographical area in the expansion of its business. The Directors consider that construction material businesses have a long-term perspective due to their indispensability for a country's economic growth. Accordingly, the macroeconomic austerity measures to curb excessive investment in the cement industry currently in force will not deter the Group's strategy in seeking for new investment opportunities in Mainland China.

- The joint venture in Wuhu will actively seek to develop its sales within Anhui Province and outside Mainland China to mitigate increased competition in Shanghai, its major target market but currently having more competitors. Total sales quantity and average selling prices are likely to be similar to the levels in 2005.
- As the Fuzhou operations have run in towards the end of 2005, a significant increase in sales quantity in the coming year is expected and the Directors are confident that they will perform considerably better in their first full year of commercial operation. In addition, the market condition in Fuzhou and its vicinity is promising and the Group is planning to construct an additional production line with an annual production capacity of 750,000 metric tonnes within the present premises. The construction of new plant is expected to commence in the second quarter of 2006 and complete by the fourth quarter of 2007.

### 前景及未來投資計劃

香港建築活動現時之呆滯情況預期將於二零零六年持續，但水泥及預拌混凝土之售價則將會輕微上升。董事相信，本集團於香港之水泥業務及聯營公司之預拌混凝土業務表現將較二零零五年為佳。

中國大陸已成為本集團擴充業務之主要重點地區。董事認為，建築材料業務乃國家經濟增長不可或缺之一部分，擁有長遠潛力。因此，近期打擊水泥業投資過熱之宏觀經濟調控，將不會改變本集團於中國大陸尋求新投資機會之策略。

- 由於目標市場上海之競爭漸趨激烈，且不斷有競爭者加入戰團，故蕪湖之合營企業將積極發展其安徽省內及中國大陸境外之銷售，以緩和競爭帶來之影響。總銷量及平均售價將與二零零五年之水平相若。
- 由於福州業務於踏入二零零五年末時已步上軌道，因此預期來年之銷量將錄得大幅增長，而董事有信心，福州業務於其首個完整年度之表現將顯著改善。此外，福州及其鄰近地區之市況可人，故本集團現計劃於現有廠房內興建另一條生產線，預計年產能達750,000公噸。新廠房之建築工程預期於二零零六年第二季展開，並於二零零七年第四季完工。

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- The Group's slag powder joint venture in Liuzhou is expected to increase its contribution to the Group's profit by taking advantage of the high demand in slag powder in the Pearl River Delta region in Guangdong and Guangxi Provinces. The construction of additional slag powder production line with an annual production capacity of 700,000 metric tonnes was postponed after a closer assessment of the site where the future plant is to be located for convenience of accessing raw materials. The choice of site for the new plant has been confirmed and construction of the new production line and its ancillary facilities are expected to commence in the second quarter of 2006 and complete by the third quarter of 2007.
- The two cement production lines of the Yingde cement manufacturing base commenced to operate commercially in March 2006 and they are expected to become the major operation and profit contributor of the Group in the future. Despite the increased presence of competitors in Guangdong Province, the continuing prosperity of the Pearl River Delta region and the government's policy of eliminating inefficient vertical shaft kilns from which more than 60% of cement is currently produced in the locality and replacing them with new dry process kilns, will enable the Group's Yingde cement manufacturing base to have a firm foothold in the construction materials market there. Taking advantage of the advantageous market condition, the Group will start to construct two additional production lines with an aggregate annual cement production capacity of 4.5 million metric tonnes in the second quarter of 2006 and they are expected to complete by the fourth quarter of 2007.
- 受惠於廣東省珠江三角洲地區及廣西對礦渣粉之大量需求，預期本集團於柳州之礦渣粉合營企業對本集團溢利之貢獻將有所增加。由於須進一步評估未來廠房所在地盤在運送原材料之便利程度，本集團順延了額外興建年產能達700,000公噸之礦渣粉生產線之計劃。新廠房之選址已經落實，而新生產線及其配套設施之工程預期於二零零六年第二季展開，並預期於二零零七年第三季竣工。
- 英德水泥生產基地之兩條水泥生產線已於二零零六年三月開始商業運轉，預期成為本集團日後之主要業務及獲利來源。雖然廣東省出現越來越多競爭對手，但珠三角地區之發展持續蓬勃，而政府淘汰現時當地之低效率立窯（佔現時當地水泥產量超過60%），並以新型乾法旋窯取代之政策，將有利本集團之英德水泥製造基地於當地建材市場奠立穩建之基石。受惠於有利之市場條件，本集團將於二零零六年第二季開始興建兩條年水泥產能合共4,500,000公噸之生產線，並預期於二零零七年第四季完工。

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Upon completion of all of the above-mentioned existing and planned projects by the fourth quarter of 2007, the Group will have an annual cement and slag powder production capacity of approximately 13 million metric tonnes in Mainland China, which exceeds our original target of achieving an aggregate annual production capacity of 10 million metric tonnes over the same time frame.

In the implementation of the above investment plans, all financing methods, including equity, debt or other means, will be considered so long as such methods are beneficial to shareholders as a whole.

待上述現有及已規劃項目於二零零七年第四季完成後，本集團於中國大陸將擁有水泥及礦渣粉年產能約13,000,000公噸，超過本集團原訂於同一時間表達成之總年產能目標10,000,000公噸。

在實踐上述投資計劃時，只要有關之融資方法（包括股本、債務或其他方法）符合股東整體利益，本集團均會予以考慮。