

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I would first like to thank our shareholders and staff for their support during the year.

As announced previously, with the completion of the subscription and placing agreements on 9th June 2000, 1,800,000,000 and 200,000,000 new shares of the KG NextVision Company Limited (the "Company") were issued to KG NextVision Corporation ("KGNV") and the public respectively, at HK\$0.12 per share for an aggregate consideration of HK\$240 million. As a result of the subscription of new shares by KGNV, the controlling shareholders and Board composition of the Company were changed and the Company considers KGNV to be the ultimate holding company thereafter.

For the year ended 31st March 2001, the Company and its subsidiaries (the "Group") suffered a loss attributable to shareholders of approximately HK\$49.2 million, of which approximately HK\$40.7 million came from our construction business, as the construction market continued to remain tough.

As part of our intention to diversify into technology-related businesses, the Group made investments in a number of companies that provide business-to-business e-commerce solutions and transaction infrastructure. These technologies enable customers to conduct business electronically with multiple trading partners around the world and cover the complete range of purchasing process, from request for quotation to settlement, to integrated financial and logistics services. However, with the continued slowdown in the technology sector, the operating environment of such companies has become challenging.

Market environment of the Group's construction business has remained difficult. Competition in the local construction industry has intensified. Property developers are continuously raising the quality standards and adopting a policy of minimal defect on hand-over, resulting in additional costs to building contractors. However, such increased costs are not reflected in recent tender prices. As local property market is unlikely to have a significant rebound in the coming year, trading conditions will continue to be weak.

Despite current market conditions, we are optimistic about future prospects of the high-technology sector and new business opportunities arising from the use of appropriate technology to enhance productivity of traditional businesses. Looking forward, we intend to capitalize on such opportunities and will seek improvement to Group's profits and shareholders' value through our investment in this direction.

I would like to take this opportunity to express my gratitude to all of our clients, suppliers, subcontractors, and business associates for their continued support. Also, I wish to thank our staff for their loyalty and hard work.

**Dr. Jeffrey Len-Song KOO**

*Chairman*

Taipei, 26th July 2001