

## PROSPECTS

Looking ahead, it is anticipated that the private sector will continue to be sluggish for the second half of the financial year and accordingly the Group will concentrate on securing public and institutional works.

It is too early to predict the repercussions on the local construction industry, if any, of the terrorist attacks of 11th September 2001. However, management will carefully monitor the situation.

Following the award of various licences for the undertaking of Government contracts, the Group has recently been accorded probationary status within the List of Approved Contracts for Public Works in the Site Formation Category Group C maintained by the Works Bureau. In addition, the Group has also been successful in renewing the NW2 licence (in joint venture with Able Engineering Co. Ltd.) from the Housing Authority. These enable the Group to tender for large scale public sector site formation and building projects. It is expected that the client base of the Group will be broadened and more opportunities will be provided for the Group to further develop its infrastructure and building construction business for public and institutional organizations.

As a result of the more stringent requirements and demands of consultants and clients, a lesser number of competitors will remain in the market, and this, together with the proactive measures taken by the Group, should result in reasonable profit margins being attained in future foundation operations.

The Group will continue to manage its core business to avoid high risk. With its healthy financial status, the Group is confident of its long-term opportunities within the industry.

In order to increase the Group's competitiveness in the extremely competitive environment, the directors continue to investigate various options to reduce and control costs. On cost reduction, all facets of the cost structures have been reviewed and a number of cost cutting measures have been implemented. The directors are also implementing an integrated computer management system to further strengthen the cost control system.