

BUSINESS REVIEW *(continued)*

contract has progressed to the final construction phase with one of the two plants under testing and commissioning stage. The completion of which is expected to be in early 2005.

During the period under review, the Group has formed an associate with two other property developers for the purpose of diversifying its existing business by expanding into property development market. The associate has acquired a land at No. 111 King Lam Street, Kowloon for an office building development. Planning and design phases have commenced and this Major Transaction has been approved by the Shareholders at the Special General Meeting on 15th November 2004.

PROSPECTS

Looking ahead, it is anticipated that the private sector will continue to be sluggish in the foreseeable future and accordingly the Group will concentrate on securing public and institutional works.

The Group will continue to explore new business opportunities. In China, the Group will focus mainly on environmental, industrial related projects and landscaping markets. With the experience of the wastewater treatment plant in Zhuhai, the Group has been looking for new investments and contracts in this sector. It is expected that new projects may be secured in the near future. In Hong Kong, the Group will focus on the property development at No. 111 King Lam Street, Kowloon and will prudently look for similar opportunities in the property development market.

EMPLOYEES

During the period under review, the Group employed approximately 140 staff, excluding workers under exclusive sub-contracting arrangements.