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## INDUSTRY OVERVIEW

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**The information contained in this section, unless otherwise indicated, have been derived from various official government publications and other publications generally believed to be reliable and the market research report prepared by Frost & Sullivan which we commissioned. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. None of our Company, the Sponsor, any of our or their respective directors, officers or representatives or any other person involved in the [REDACTED], except for Frost & Sullivan, has independently verified such information nor give any representation as to the accuracy or completeness of such information. As such, you should not unduly rely upon such information in making, or refraining from making, any investment decision.**

### SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the slope works market in Hong Kong. The report prepared by Frost & Sullivan for us is referred to in this listing document as Industry Report. We agreed to pay Frost & Sullivan a fee of HK\$130,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

We have included certain information from the Industry Report in this listing document because we believe this information facilitates an understanding of the slope works market in Hong Kong for the prospective investors. The Industry Report includes information of the slope works market in Hong Kong as well as other economic data, which have been quoted in the listing document. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the slope works market in Hong Kong. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Industry Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the steady development of the slope works market in Hong Kong.

### OVERVIEW OF HONG KONG CONSTRUCTION INDUSTRY

#### Gross value of construction works performed

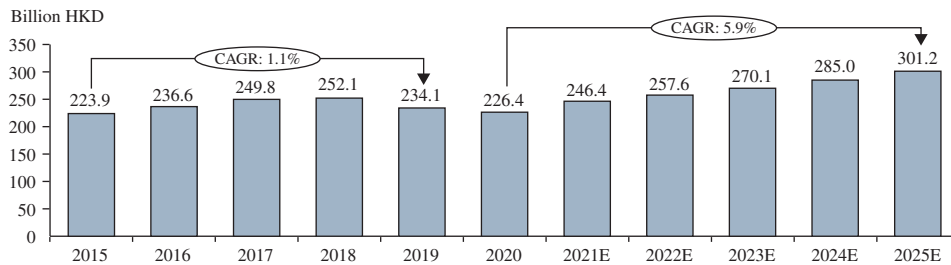
The construction industry in Hong Kong accounted for approximately 9.3% to 8.4% of the GDP of Hong Kong from 2015 to 2020. According to the Census and Statistics Department of Hong Kong, the gross value of construction works performed in Hong Kong increased from approximately HK\$223.9 billion in 2015 to approximately HK\$234.1 billion

## INDUSTRY OVERVIEW

in 2019, representing a CAGR of 1.1%. The growth was primarily driven by the increase in construction activities for key infrastructure and property development projects, namely the revitalisation of ageing buildings, rising residential supply, and the new towns development. Slope works are positively correlated to the number of buildings as more man-made slopes are constructed in those real estate projects. Driven by the continuous investment in infrastructure projects, including the improvement and upgrade of buildings and facilities and construction of new buildings, the pace of growth in construction works is expected to be maintained, which in turn lead to an increase in gross value of construction works performed. The gross value of construction works performed in Hong Kong is expected to grow steadily at a CAGR of 5.9% during 2020 to 2025.

Construction projects in Hong Kong can be generally categorised into public sector projects and private sector projects. Public sector projects refer to projects commissioned by the Government or Government-related organisations while private sector projects refer to projects commissioned by individuals, property developers, property owners and main contractors who are engaged in property development.

### Gross value of construction works performed (Hong Kong), 2015-2025E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

## OVERVIEW OF HONG KONG SLOPE WORKS INDUSTRY

### Value Chain Analysis

The value chain of Hong Kong slope works market consists of upstream government department and property developers, who are the owners of slopes, midstream engineering consultancies and contractors, and downstream raw material and equipment suppliers. Government departments, such as Geotechnical Engineering Office ("GEO") conduct regular studies on every slope around Hong Kong under Landslip Prevention and Mitigation Programme ("LPMitP") and invite tenders from the engineering consultancies and slope works contractors if there are necessary landslip prevention and mitigation works to be carried out. On the other hand, Buildings Department is responsible for taking statutory actions against private slope owners in order to maintain the safety of the privately-owned slopes. In general, GEO first engages engineering consultants in the landslip prevention and mitigation studies.

Contractors generally engage sub-contractors with specialist licenses or specialties in certain aspects, including slope works, to carry out a portion of site works under their contracts. The criteria for selecting contractors are mainly based on the track records, business relationship and capital requirements. Slope works subcontractors are responsible for the sourcing of suitable raw materials and equipment for their slope works from the raw material and equipment suppliers.

Customer concentration is an industry norm in the slope works industry in Hong Kong. Customer generally prefer to engage slope works contractors with industry reputation, comprehensive services offering, technical expertise, proven track record and sound financial capability. Customers are generally inclined to engage slope works contractors of larger

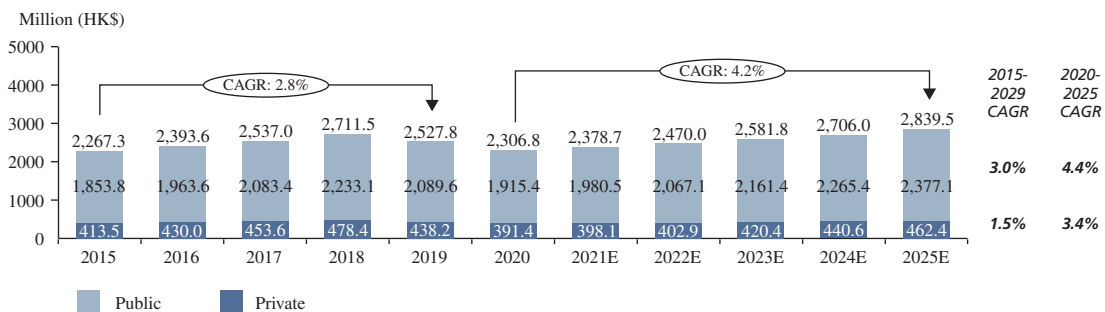
## INDUSTRY OVERVIEW

operating scale for sizeable projects. In particular, a sizeable slope works project would normally have a contract sum of approximately HK\$30 million or above. To ensure such sizeable slope works project could be completed on time and within budget, the main contractors or property owners would prefer to engage the established market players in the slope works industry who possess the requisite expertise, experience and resources to handle such projects reliably. The top five largest players in the slope works industry in Hong Kong (including our Group) had an estimated revenue ranging from approximately HK\$115.6 million to HK\$335.9 million in the year of 2020. As such, where a slope works contractor obtains one or multiple sizeable projects each with contract sum of HK\$30 million or above, such projects would likely contribute a significant portion of its revenue in the forthcoming years and hence this may result in customer concentration for such slope works contractor in the relevant periods.

### Market Size

The revenue of slope works increased from approximately HK\$2,267.3 million in 2015 to approximately HK\$2,711.5 million in 2018, while slope works in public sector has been the main source of revenue. Imputed to social unrest and the outbreak of the COVID-19 in 2019 and 2020 respectively, the project quantity and project value of LPMitP initiated by the Government has been sharply contracted, the revenue of public slope works has plunged to approximately HK\$2,089.6 million in 2019 and further diminished to HK\$1,915.4 million in 2020. Since early 2021, the number of cases of COVID-19 in Hong Kong has remained relatively stable and the efforts from the Government have contributed towards an effective control of the epidemic. In the long run, the outbreak of COVID-19 is expected to have limited impact on the demand for Hong Kong's slope works industry due to the fact that (i) as put forward in the Hong Kong 2021-2022 Budget by the Government, the financial provision on slope safety and geotechnical standards has increased from HK\$416.9 million to HK\$441.7 million during 2019 to 2021, representing a CAGR of approximately 2.9%. The programme is deployed with a view to exercising geotechnical control on private and public developments, register slopes, implement the LPMitP programme, provide landslide emergency service, investigate serious landslides, set geotechnical standards, undertake public education and advise private slope owners on slope safety. As such, the increasing financial and strategic effort dedicated by the Government is expected to propel the slope works industry; (ii) the Government has estimated the number of new slope features registered to reach 450 units in 2021, as compared to 440 units and 429 units for 2019 and 2020, respectively. The continuous registration of new slope is expected to underpin the growth of slope works industry; and (iii) the major construction projects in Hong Kong ranging from roads, housing shopping malls and offices, which are currently in the pipeline to be built in the following years will unlikely be affected. Coupled with the rising safety standard for man-made slope and natural hillsides, the demand for slope works is expected to recover gradually in the future. The estimated revenue of slope works in Hong Kong is forecasted to experience a growth from approximately HK\$2,306.8 million in 2020 to approximately HK\$2,839.5 million in 2025, at a CAGR of 4.2%.

### Revenue of slope works by public and private sector (Hong Kong), 2015 – 2025E



Source: Frost & Sullivan

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## INDUSTRY OVERVIEW

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Slope works correlate to the construction industry as it is the subset of demolition and site preparation, which is performed in the buildings and infrastructure development. The slope works projects in public sector are mainly initiated by the Agriculture, Fisheries and Conservation Department, Lands Department, Water Supplies Department, Highways Department, Architectural Services Department and Civil Engineering and Development Department.

### MARKET DRIVERS

The development of slope works industry is closely related to the construction industry as a whole, and the slope works industry is expected to benefit from the following market drivers:

#### **1. Promotion of Landslip Prevention and Mitigation Programme (LPMitP)**

The launching of LPMitP by the GEO in 2010 is considered one of the key drivers for the Hong Kong slope works market. LPMitP regularly monitors the situation of all slopes in Hong Kong to mitigate the risks associated with both man-made slopes and natural hillside. Since the launching of LPMitP, GEO has spent about HK\$25.2 billion on landslip prevention and mitigation studies and works; more than 6,140 Government man-made slopes were upgraded, more than 330 mitigation works for natural hillside had been implemented and more than 6,100 private man-made slopes were studied and evaluated for safety screening. Coupled with the increasing population and more buildings sit next to steep slopes, it is expected that the Government will put more effort on the promotion of LPMitP to ensure the safety of all man-made slope and natural hillside. With the continuous efforts by the Government in this regard to slope safety, the demand for slope works is expected to rise accordingly.

#### **2. Demand for slope works from large scale public infrastructure projects**

In light of the mountainous landscape in Hong Kong, the expedite development of infrastructure induces humongous demand for slope works. In Policy Address in 2020, the Government acknowledged that investment in infrastructure is conducive to economic development and shall not be scaled back in periods of economic downturn. Projects such as the extension of mass transit railway lines, new roadways, transform areas in Kwun Tong, Kowloon Bay and Kai Tak and Island South initiative, have entailed demand and requirement in slope works and maintenance studies, such as developing earth reinforced retaining walls and cut back slopes for road works railways and hill-side building developments. Studies to ensure adequate surface drainage and stabilisation after construction is also key to slope safety for new roadways, railways and new building sites. As such, the committed annual expenditure by the Government of over HKD100 billion on average over the next few years as put forward in the Policy Address 2020, is set to favour the growth of the slope works industry.

#### **3. Rising supply of residential buildings and slope converted net site area**

Slope stabilisation and reinforcement works are ubiquitous at existing and new residential building sites. Thus, the Hong Kong slope works market has been underpinned by the flourishing supply of public and private housing, which are instigated by Government initiatives and supplementary policies as well as active involvement of private property developer. According to the Long Term Housing Strategy (LTHS) as at December 2020, the total housing supply target for the ten-year period from 2021 to 2030 is approximately 430,000 units with a public/private split of 70:30, comprising 210,000 public rental housing units and 91,000 subsidised sale flats to cope with the growing demand from low-to-middle income families in Hong Kong. As mapped out in the Policy Address 2020 addressed by the Chief Executive, the Long Term Housing Strategy Annual Progress Report published by the Transport and Housing Bureau has identified 330 hectares of land required for providing 316,000 public housing units to meet the demand in the coming 10 years i.e. 2021-2030.

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## INDUSTRY OVERVIEW

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Such sizeable amount primarily comes from reclamation land as well as utilisation of brownfields. Housing Authority also remarked that areas that used to be occupied by slopes, could be taken into account in the calculation of the net site area for public flat building, through leveraging site formation techniques that cut into hills and blasting rocks, which contribute to the increasing demand for modification of slopes. For private sector, the Government envisaged an estimated average annual production of about 19,600 units in the upcoming five years from 2020 to 2025, substantially greater than the average production of about 15,600 units in the past five years from 2015 to 2019. Accordingly, the number of new man-made slopes and slope safety measures such as retaining walls, steel and concrete barriers, and slope stabilisation works are expected to increase as a result of new housing developments, inducing the demand for slope works.

### **4. Technology advancement in slope engineering**

In order to enhance the safety condition of man-made slopes and increase the efficiency of the mitigation measures implemented on natural hillsides, the Hong Kong Government has been continuously working with academia and experienced slope engineering professionals to develop innovative slope work solution. In particular in 2020, the GEO rolled out a suite of technology enabled measures, encompassing (i) deployment of Artificial-Intelligence-incorporated robots with a view to monitor the landslide prone area using optical radar, to analyse data and to assess the slope risk in order to formulate prompt mitigation measures; and (ii) installation of "Smart Barrier" system, which assess on-site status, record and transfer real time data and notify engineers automatically to alert surrounding residents. Leveraging the Slope Maintenance Responsibility Information System (SMRIS) developed by the Lands Department that record information of slopes comprehensively in Hong Kong, a synergy effect is created between data and practical apparatus, collaboratively reduce disasters induced by slope instabilities. On the other hand, the slope work market participants in Hong Kong are adopting more advanced technologies and engineering methodologies, such as adoption of wireless tilt and vibration monitoring system, to improve the overall work efficiency and quality, and to cater the changing requirements from the clients, i.e., the Government. The evolution of slope engineering further facilitates the problem identification, risk distribution examination, and risk strategy formulation in prioritisation and resources allocation. The enhanced landslide risk management expedite the urban development, which in turn increase the demand for slope works.

### **5. Government engagement in private sector**

According to the Buildings Department, amongst the 60,000 man-made slopes registered in Hong Kong, private slopes take up for one-third of the total amount. Stipulated in the Section 27A of the Building Ordinance, when a private slope or retaining wall is found to be dangerous or liable to become dangerous, the Buildings Department will serve a "Dangerous Hillside Order" (DH) to require private owners to investigate and rectify the slope. As such, with a view to arousing public attention on related slope safety issue, the GEO has set up a Community Advisory Unit (CAU) to assist private owners to discharge their slope maintenance responsibility through direct community outreach advisory and information services. The CAU offers assistance by holding consulting sessions with Owners' Corporations and Mutual Aid Committees to formulate action plan to undertake slope maintenance works. The CAU has also dedicated increasing effort on organising seminars and meeting private owners who have received DH Orders to advise them on how to proceed with the necessary slope upgrading works. In the long run, the active Government engagement is expected to induce growing demand for slope works in the private sector.



## INDUSTRY OVERVIEW

### COMPETITIVE LANDSCAPE AND ENTRY BARRIERS

According to the Buildings Department, there are 204 contractors registered on the list of "Register of Specialist Contractors" under the sub-register of site formation works category. The slope works market in Hong Kong is relatively concentrated with the top five players contributing to 50.5% of the entire market in terms of revenue. According to the Development Bureau, there are 41 approved contractors who are eligible to tender for the public works of landslip preventive and remedial works to slopes or retaining walls as at 1 January 2021. The revenue of our Group was approximately HK\$276.0 million in 2020, accounting for approximately 12.0% market share in the slope works market in Hong Kong in terms of revenue. Our Group ranked the third in the Hong Kong slope works market in terms of revenue in 2020.

#### Top five largest players in the slope works industry in Hong Kong, 2020

Rank	Company	Estimated revenue in 2020 (HK\$'million)	Approximate market share (%)
1	Company A	335.9	14.5%
2	Company B	318.4	13.8%
3	Our Group	276.0	12.0%
4	Company C	120.0	5.2%
5	Company D	115.6	5.0%
	Top five subtotal	1,165.9	50.5%
	Others	1,140.9	49.5%
	Total	<u>2,306.8</u>	<u>100.0%</u>

Source: Frost & Sullivan

Notes:

Company A is a private Chinese company engaging in construction of industrial, energy, transportation, and municipal works.

Company B is a Hong Kong company listed on the Stock Exchange primarily engaged in the slope works in Hong Kong as main contractor.

Company C is a private Hong Kong-based company principally engaged in the provision of maintenance and construction works on civil engineering contracts including waterworks engineering, road works and drainage, as well as slope upgrading and maintenance services in Hong Kong.

Company D is a public Hong Kong company listed on the Stock Exchange in 2016 and primarily engaged in slope works construction.

### FACTOR OF COMPETITION

#### 1. Recognition and qualification

In Hong Kong slope works market, recognition and qualification is one of the key factors of competition. Contractors are required to be registered on the List of Approved Specialist Contractors for Public Works from the Development Bureau in order to tender for public slope works projects directly from the Government. The details of the registered contractors, such as works categories and contract value of public works for tendering are shown to the public and potential clients. When construction contractors and private property owners and developers select slope works contractors, they generally refer to the List of Approved Specialist Contractors for Public Works which is publicly available on the website

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## **INDUSTRY OVERVIEW**

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of the Development Bureau because such list provides them with assurance on the track record, financial position and the service quality of the registered contractors. Besides, as slope works involve different aspects of technical know-how (including design of foundation and methods of site works), main contractors typically prefer to engage subcontractors who possess strong academic background and qualifications in the engineering field for handling the technical and contract administration of the projects. The approved contractors are recognised by its proven project reference in building industry and experience in managing related projects, which enables the company to enjoy an edge in the industry. In addition, slope works contractors obtaining international recognised certificates including ISO 9001, OHSAS 18001, ISO 45001 and ISO 14001 regarding quality management system, occupational health and safety management system and environmental management system are more competitive in the market.

### **2. Track record and quality of works**

Slope works contractors are required to carry out high quality of work within tight schedule and budget. Any defects of the finished works may potentially lead to catastrophic consequences, i.e. landslide, or require further improvement works to rectify the issue. Furthermore, the potential clients, including the Government and main contractors, would consider the factors of quality of works, timeliness of project delivery as well as capability of meeting safety and environmental requirements as part of the assessment criteria for tender awards. The Development Bureau sets out that the suitability of a contractor for inclusion in the approved specialist contractor for the LPMitP and is assessed on the basis of both the contractor's global business activity and business activity in Hong Kong. While initial admission will be categories into "on probation" group, new industry players shall maintain competitiveness and garner project exposure to establish a trustworthy profile. As a result, contractors with better performance on these criterions can stand out from the market. Ongoing investment in machinery and construction equipment enables the companies to access and deploy more machinery to the slope works projects, which in turn improves the execution effectiveness and efficiency. Slope works contractors with sufficient level of machinery and working capital, are therefore preferred by the clients.

### **3. Relationship with stakeholders**

In general, the existing slope works contractors have already established business relationship with various stakeholders, including the engineering consultants, main contractors, subcontractors and raw-materials suppliers. In addition, the majority of slope works projects are public works, therefore having an in-depth understanding of the work requirements from the Government is invaluable to the market. Companies that possess established profile are exposed to more opportunities. On the other hand, some of the slope works contractors are capable of providing design-and-build services, such as advisory of engineering design, allocation of resources and final project execution, as well as employment of external engineering consultants.

## **ENTRY BARRIERS**

### **1. Licensing requirement**

Licensing requirement is considered to be one of the key entry barriers for the slope works market in Hong Kong. In order to be eligible for tendering public slope works directly from the Government, contractors are required to register on the List of Approved Specialist Contractors for Public Works under the category of "Landslip preventive/remedial works to slopes/retaining walls", which sets forth certain criterion in the area of financial, technical and management. For subcontractors engaged in public slope works projects commissioned by certain Government departments and statutory bodies, they are required to be registered under the Registered Specialist Trade Contractors Scheme (formerly known as the Subcontractor Registration Scheme) at the Construction Industry Council and certain main contractors may require their subcontractors to be registered as Approved Specialist

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## INDUSTRY OVERVIEW

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Contractor. For undertaking slope work projects from private sectors, contractors are also required to be registered on the list of "Register of Specialist Contractors (sub-register of site formation works category)" from Buildings Department which requires highly experienced slope works professional to be part of the management team. As a result, new entrants who are unable to meet such criteria will not be able to compete for slope works projects. Public slope works projects in Hong Kong are generally awarded to certain sizeable construction contractors. According to the Development Bureau, there are 41 approved specialist contractors who are eligible to tender for public works of landslip preventive/remedial works to slopes/retaining walls. According to the Buildings Department, there are 204 contractors registered on the list of "Register of Specialist Contractors" under the sub-register of site formation works category in the Buildings Department of Hong Kong.

### 2. Capital requirement

Moreover, sufficient initial capital is important for slope works contractors to satisfy their operational needs and licensing requirements. Failure to make timely payments for procurement of raw materials, labour cost and acquisition of construction machinery for slope works such as drilling machines, excavators, air-compressors, concrete pumps, generator may delay project schedule. On the other hand, contractors are required to have sufficient capital reserve during the early stage of construction works as the payment is generally divided into several settlements and being paid with respect to the progress of works. In particular, slope works contractors are generally required by new customers with whom they have limited past business relationship, to take out performance bonds. The performance bond requirement is generally adopted by contractors to safeguard the performance and service quality of their new subcontractors. In addition, the admission and retention on the List of Approved Specialist Contractors for Public Works under the category of "Landslip preventive/remedial works to slopes/retaining walls" are subject to certain financial criteria, which primarily include (i) having a minimum employed capital of HK\$13,900,000; and (ii) having a minimum working capital of either (a) HK\$13,900,000 if there are no outstanding contracts or (b) the higher of HK\$13,900,000 or 10% of the combined annual value of uncompleted works on outstanding contracts both in the Government and non-Government sectors. Such substantial amount of capital requirements presents a barrier for the new entrants to the slope works industry in Hong Kong.

### 3. Proven track record and project experience

Proven track record and technical expertise is the key entry barrier in the slope works industry. Other than project fee and business relationship, credible track record for (i) quality of works, (ii) remarkable projects, (iii) design and (iv) build capability, is the critical metrics for the companies. On the other hand, proven track record is required for advancement of registered contractors to higher level of work group with eligibility of tendering for slope works projects of higher contract value. New entrants without sound reputation and experience in the provision of slope works would compromise a company's overall competitiveness in the market.

## POTENTIAL CHALLENGES

Slope works contractors are undergoing the following potential challenges in Hong Kong:

### 1. Shortage of skillful workers

The Hong Kong construction industry has in general been facing the problem of labour shortage and aging workforce. According to the statistics of the Construction Industry Council, as at 31 January 2021, of some 551,000 registered construction workers, about 43.6% are aged over 50 whereas only about 14.0% are aged below 30. According to Construction Industry Council, there is a projected range for approximately 5,000 to 10,000 of skilled construction workers shortage each year from 2019 to 2023 Besides, attributable



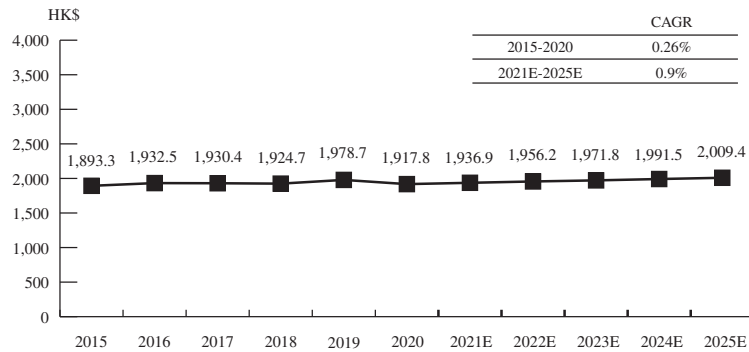
## INDUSTRY OVERVIEW

to the long working hours and challenging working conditions in construction sites, market participants may find it difficult to attract younger generation to participate in the industry. Therefore, the lack of new entrance of competent workers and inadequate supply of labour force may result in project delays and pose as a potential market threat in the Hong Kong slope works market.

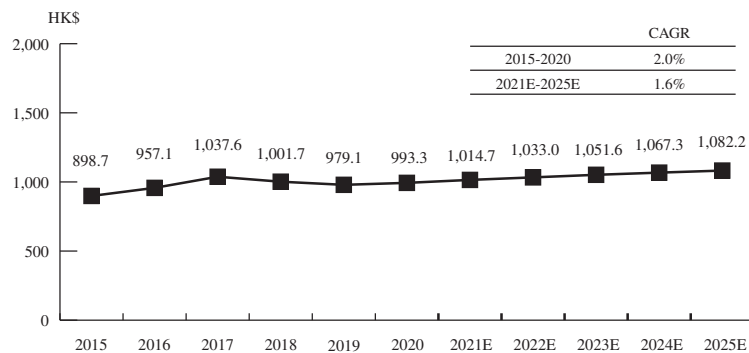
### 2. Rising labour cost

The slope works market in Hong Kong is generally considered as labour-intensive and it has seen an increasing demand for construction workers. According to the Census and Statistics Department of Hong Kong, the average wages of construction workers have increased at a CAGR of 2.0% from approximately HK\$898.7 per day in 2015 to approximately HK\$993.3 per day in 2020. Going forward, the average wages of concreter and general workers are expected to reach HK\$2,009.4 per day and HK\$1,082.2 per day in 2025, representing a CAGR of approximately 0.9% and 1.6%, respectively during 2021 to 2025. It is expected that the insufficient supply of particular trade workers will further heighten the labour costs in the slope works market. Moreover, in order to attract and retain high-calibre workers, contractors are required to pay a higher salary which may further impose as a financial burden to existing market participants. As a result, the escalating labour wages may entail an increase in operation costs and affect the business performance of contractors.

**Average daily wages of concreter (Hong Kong), 2015-2025E**



**Average daily wages of general workers (Hong Kong), 2015-2025E**



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

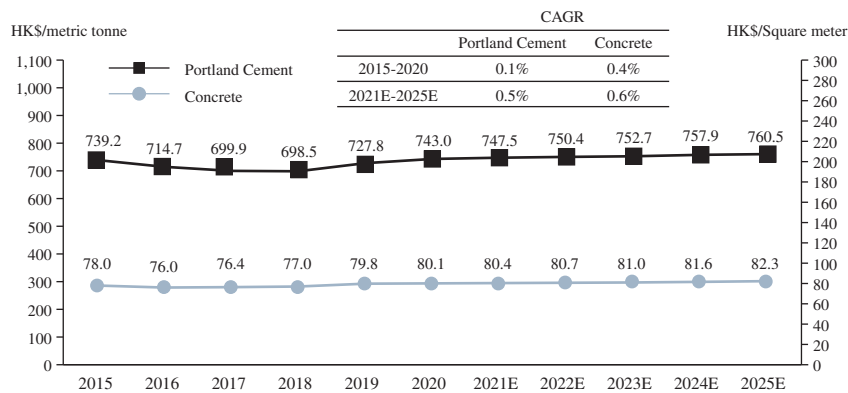
### 3. Fluctuating cost of materials in Hong Kong

Portland cement, concrete and steel reinforcements are the common construction materials used when carrying out slope works in Hong Kong. During 2015 to 2020, the average price of steel reinforcements has increased from approximately HK\$4,476.9 per

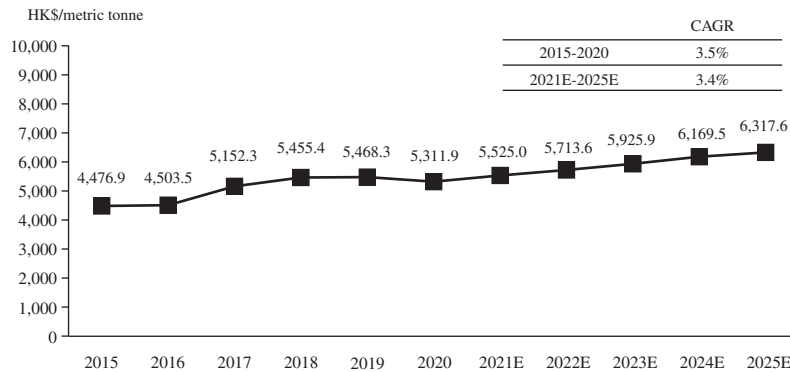
## INDUSTRY OVERVIEW

metric tonne to approximately HK\$5,311.9 per metric tonne. On the other hand, the average price of Portland cement remains broadly constant, where it increased slightly from approximately HK\$739.2 per metric tonne to approximately HK\$743.0 per metric tonne between 2015 and 2020 primarily due to the stable demand for slope works and other construction works. However, the average price of concrete has increased from HK\$78.0 per square meter in 2015 to HK\$80.1 square meter in 2020, representing a CAGR of 0.4% from 2015 to 2020. Going forward, the average price of Portland cement and concrete are expected to reach HK\$760.5 per metric tonne and HK\$82.3 per square meter in 2025, representing a CAGR of approximately 0.5% and 0.6% respectively during 2021 to 2025. The average price of steel reinforcements is expected to spike HK\$6,317.6 per metric tonne in 2025, representing a CAGR of approximately 3.4% during 2021 to 2025. Such increase is driven by the rising import price from PRC, where the government campaign to limit the production of some heavy industries such as concrete manufacturing, to reduce air pollution.

### Average price of portland cement and concrete (Hong Kong), 2015-2025E



### Average price of steel reinforcements (Hong Kong), 2015-2025E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Note:

- (i) Average price of steel reinforcements includes both mild steel and high tensile steel.
- (ii) Latest available figures recorded in third quarter of 2020.

## DIRECTORS' CONFIRMATION

Our Directors, after due and reasonable consideration, are of the view that there has been no adverse change in the market information since the date of the Industry Report which may qualify, contradict or have an impact on the information therein.