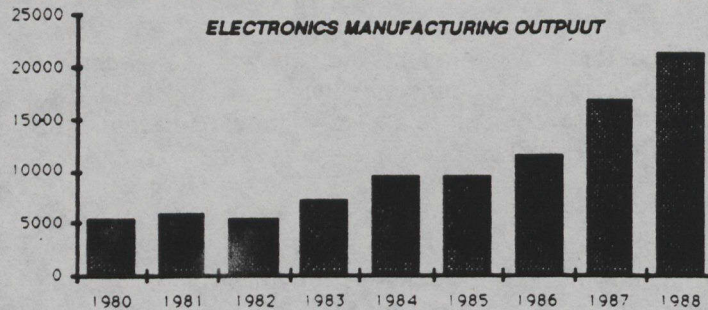


BACKGROUND ...

ECONOMIC OVERVIEW ...

Electronics Sector

Demand for consumer electrical products/components grew by 16% in 1989. Compressors, motors and other electrical appliances enjoyed strong demand in the US. With the gradual recovery of the construction sector, the electrical power equipment and systems industry has also been growing. However, companies manufacturing precision components experienced a slowdown partly because of the decrease in orders from China for consumer electronics. Companies shipping computer and office automation equipment reported a steady increase in demand in 1984.



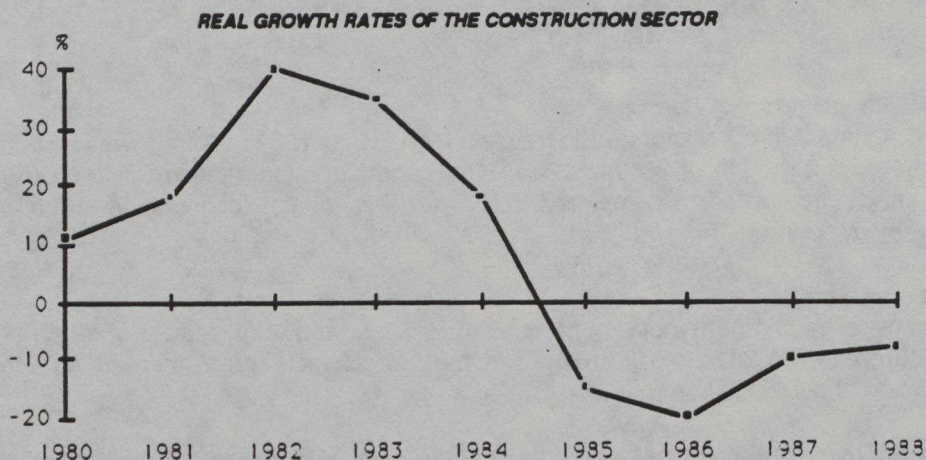
Source : Yearbook of Statistics

Construction Sector

The construction sector, the major end-user of engineering consultants, experienced some growth (3.5% in the third quarter of 1989) after four and a half years of decline. With the total value of contracts awarded growing strongly (63% in the third quarter of 1989) the sector is expected to improve further. Aside from growing private sector demand, two recent public sector developments are expected to continue raising demand for engineering consultants :

- plans to refurbish HDB flats and improve common areas and open spaces in HDB estates
- the relaxation of restrictions on the purchase of HDB flats by permanent residents

Total construction contracts awarded for 1989 reached S\$4.8 billion, a 42% increase from 1988. For the third quarter, the value of contracts for the private sector grew by 120%, while that of the public sector grew by just 17%.



Source : Department of Statistics

Other major end-users, (eg : the financial, transportation, petrochemical, electronic and government sectors) have likewise experienced growth in the past years.