

**UNAUDITED RESULTS FOR THE HALF YEAR AND SECOND QUARTER ENDED 31 MARCH 2021**

1 - Information required for announcements of half-yearly and full year results

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR AND SECOND QUARTER ENDED 31 MARCH 2021**

	Note	1st Half 2021 S\$'000	1st Half 2020 S\$'000	Change %	2Q2021 S\$'000	2Q2020 S\$'000	Change %
Revenue		492,726	458,563	7	279,300	231,756	21
Cost of sales		(453,078)	(403,364)	12	(263,074)	(206,379)	27
<b>Gross profit</b>		<b>39,648</b>	<b>55,199</b>	<b>(28)</b>	<b>16,226</b>	<b>25,377</b>	<b>(36)</b>
Other income	A	5,555	936	493	4,442	789	463
<b>Expenses</b>							
Distribution expenses		(2,811)	(3,010)	(7)	(1,394)	(1,439)	(3)
Administrative expenses		(8,376)	(7,746)	8	(4,181)	(3,690)	13
Finance costs		(2,236)	(3,968)	(44)	(866)	(1,899)	(54)
Other operating expenses (Provision for)/reversal of impairment loss on trade receivables		(4,579)	(8,121)	(44)	(2,555)	(3,048)	(16)
		(2,469)	(3,669)	(33)	12	(2,936)	n.m.
Share of results of joint venture		426	222	92	61	(32)	n.m.
Share of results of associates		(1,607)	(2,080)	(23)	(103)	(826)	(88)
<b>Profit before tax</b>	B	<b>23,551</b>	<b>27,763</b>	<b>(15)</b>	<b>11,642</b>	<b>12,296</b>	<b>(5)</b>
Income tax expense		(4,401)	(5,102)	(14)	(2,096)	(2,341)	(10)
<b>Profit for the period</b>		<b>19,150</b>	<b>22,661</b>	<b>(15)</b>	<b>9,546</b>	<b>9,955</b>	<b>(4)</b>
<b>Other comprehensive income:</b>							
<b>Items that will not be reclassified subsequently to profit or loss</b>							
Net fair value loss on equity instruments at fair value through other comprehensive income		(30)	-	n.m.	-	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>							
Net exchange gain on net investment in foreign operations		145	684	(79)	902	726	24
Foreign currency translation: Exchange differences on translation of foreign operations		152	325	(53)	(12)	516	n.m.
<b>Other comprehensive income, net of tax</b>		<b>267</b>	<b>1,009</b>	<b>(74)</b>	<b>890</b>	<b>1,242</b>	<b>(28)</b>
<b>Total comprehensive income for the period</b>		<b>19,417</b>	<b>23,670</b>	<b>(18)</b>	<b>10,436</b>	<b>11,197</b>	<b>(7)</b>

n.m. denotes not meaningful

## STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR AND SECOND QUARTER ENDED 31 MARCH 2021

### Note A - Other income

	1st Half 2021 S\$'000	1st Half 2020 S\$'000	Change %	2Q2021 S\$'000	2Q2020 S\$'000	Change %
Interest income	60	118	(49)	39	76	(49)
Government grant	1,584	120	1,220	694	120	478
Rental income	74	85	(13)	39	42	(7)
Sundry income	218	70	211	90	8	1,025
Fair value changes on derivatives, net <sup>1</sup>	3,577	543	559	3,577	543	559
Sales commission	27	-	n.m.	-	-	-
Gain on disposal of property, plant and equipment	15	-	n.m.	3	-	n.m.
	<u>5,555</u>	<u>936</u>	<u>493</u>	<u>4,442</u>	<u>789</u>	<u>463</u>

### Note B - Profit before tax is arrived at after charging/(crediting) the following:

	1st Half 2021 S\$'000	1st Half 2020 S\$'000	Change %	2Q2021 S\$'000	2Q2020 S\$'000	Change %
Interest expense	2,236	3,968	(44)	866	1,899	(54)
Depreciation of property, plant and equipment	8,812	9,833	(10)	4,411	4,931	(11)
Depreciation of investment properties	35	35	-	18	18	-
Expenses relating to short-term leases	477	1,151	(59)	179	448	(60)
Expenses relating to low-value assets	9	-	n.m.	5	-	n.m.
Fair value changes on derivatives, net <sup>1</sup>	(3,577)	(543)	559	(5,796)	(2,369)	145
Foreign exchange loss/(gain), net <sup>2</sup>	1,479	(321)	n.m.	3,624	513	606
Allowance for/(reversal of) provision for onerous contracts <sup>3</sup>	28,889	(6,442)	n.m.	20,954	(103)	n.m.
Provision/(reversal) of impairment loss on trade receivables <sup>4</sup>	2,469	3,669	(33)	(12)	2,936	n.m.
Fair value changes on trade receivables <sup>5</sup>	631	4,736	(87)	-	1,980	n.m.

<sup>1</sup> Derivatives include currency forward contracts used to hedge exposure to foreign currency exchange risk arising from purchases of steel which are mainly denominated in USD. As the Group did not adopt hedge accounting under SFRS(I) 9, fair value changes on derivatives are recognised immediately in the statement of comprehensive income.

<sup>2</sup> The Group and the Company have transactional currency exposures arising from purchases which are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currencies in which these transactions are denominated are mainly US Dollar (USD), Malaysian Ringgit (MYR) and Euro (EUR).

<sup>3</sup> Provision for onerous contracts are made for sales contracts under which the costs to meet the obligations are expected to exceed the sales value. These provisions are reversed when the contractual obligations are met or no longer exist or when the costs to meet the obligations no longer exceed the sales value.

<sup>4</sup> Expected credit losses estimated for trade receivables carried at amortised cost.

<sup>5</sup> Trade receivables subject to provisional pricing carried at fair value through profit and loss.

**STATEMENT OF FINANCIAL POSITION**

	Group		Company	
	31.3.2021 S\$'000	30.9.2020 S\$'000	31.3.2021 S\$'000	30.9.2020 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	147,257	154,755	66,629	58,186
Investment properties	2,298	2,333	-	-
Investment in subsidiaries	-	-	229,359	229,359
Interest in joint venture	8,477	7,870	6,076	6,076
Interest in associates	2,610	4,389	3,584	3,934
Investment securities	54	84	54	84
Other receivables	3,595	4,396	3,595	4,396
	164,291	173,827	309,297	302,035
<b>Current assets</b>				
Inventories	281,690	237,185	278,107	235,211
Trade and other receivables	146,603	89,824	108,064	66,318
Amount due from subsidiaries	-	-	7,756	7,551
Prepayments	20,492	7,037	20,100	6,531
Deposits	473	290	273	240
Derivatives	3,385	-	3,385	-
Asset held for sale	-	33,893	-	-
Cash and cash equivalents	73,726	77,892	60,053	67,204
	526,369	446,121	477,738	383,055
<b>Total assets</b>	690,660	619,948	787,035	685,090
<b>Current liabilities</b>				
Trade and other payables	210,183	27,918	204,795	21,069
Amount due to subsidiaries	-	-	84,969	89,074
Contract liabilities	7,605	21,410	6,436	15,079
Loans and borrowings	52,186	160,338	51,796	141,039
Loan from immediate holding company	-	20,000	-	20,000
Provisions	31,886	3,006	30,740	2,530
Derivatives	-	192	-	192
Current income tax liabilities	10,213	10,339	8,329	8,829
	312,073	243,203	387,065	297,812
<b>Non-current liabilities</b>				
Provisions	1,390	1,390	261	261
Loans and borrowings	82,353	98,926	75,003	80,803
Deferred tax liabilities	11,727	11,882	5,998	5,998
	95,470	112,198	81,262	87,062
<b>Total liabilities</b>	407,543	355,401	468,327	384,874
<b>Net assets</b>	283,117	264,547	318,708	300,216
<b>Equity</b>				
Share capital	138,754	125,001	138,754	125,001
Treasury shares	(1,105)	(1,105)	(1,105)	(1,105)
Fair value reserve	(106)	(76)	(106)	(76)
Foreign currency translation reserve	(2,444)	(2,741)	-	-
Asset revaluation reserve	597	597	597	597
Retained earnings	147,421	142,871	180,568	175,799
<b>Total equity</b>	283,117	264,547	318,708	300,216
<b>Total equity and liabilities</b>	690,660	619,948	787,035	685,090

**AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES**

Amount repayable in one year or less, or on demand	31 March 2021		30 September 2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bills payable to banks	-	40,564	-	110,845
Other borrowings	180	-	540	-
Lease liabilities	-	3,129	-	3,683
Bank loans	7,409	904	6,682	38,588
Loan from immediate holding company	-	-	-	20,000
	7,589	44,597	7,222	173,116

Amount repayable after one year	31 March 2021		30 September 2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	25,797	-	27,529
Bank loans	52,157	4,399	66,696	4,701
	52,157	30,196	66,696	32,230

**Details of any collateral**

Other borrowings of S\$0.2 million (30 September 2020: S\$0.5 million) are secured by certain motor vehicles. The carrying amount of motor vehicles held under these borrowings are S\$1.8 million (30 September 2020: S\$2.0 million).

Bank loans of S\$59.6 million as at 31 March 2021 (30 September 2020: S\$73.4 million) were secured by mortgages over certain leasehold properties (30 September 2020: leasehold properties and asset held for sale) of the Group.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	1st Half 2021 S\$'000	1st Half 2020 S\$'000	2Q2021 S\$'000	2Q2020 S\$'000
<b>Operating activities</b>				
Profit before tax	23,551	27,763	11,642	12,296
Adjustments for:				
Share of results of joint venture	(426)	(222)	(61)	32
Share of results of associates	1,607	2,080	103	826
Depreciation of investment properties	35	35	18	18
Depreciation of property, plant and equipment	8,812	9,833	4,411	4,931
Provision for/(reversal of) impairment loss on trade receivables	2,469	3,669	(12)	2,936
Fair value changes on trade receivables subject to provisional pricing	631	4,736	-	1,980
Fair value changes on derivatives, net	(3,577)	(543)	(5,796)	(2,369)
Gain on disposal of property, plant and equipment	(15)	-	(3)	-
Provision for/(reversal of) onerous contracts	28,889	(6,442)	20,954	(103)
Unrealised exchange differences	566	(150)	1,988	(233)
Interest expense	2,236	3,968	866	1,899
Interest income	(60)	(118)	(39)	(76)
<b>Operating cash flow before working capital changes</b>	<b>64,718</b>	<b>44,609</b>	<b>34,071</b>	<b>22,137</b>
Changes in working capital				
Trade and other receivables	(59,078)	12,258	(1,866)	7,936
Inventories	(44,505)	(18,014)	(160,364)	(5,626)
Prepayments and deposits	(13,638)	1,233	(11,609)	(2,400)
Asset held for sale	33,893	(2,475)	34,710	(1,503)
Trade and other payables and contract liabilities	171,704	(1,991)	189,212	(15,220)
<b>Cash flows generated from operations</b>	<b>153,094</b>	<b>35,620</b>	<b>84,154</b>	<b>5,324</b>
Income taxes paid	(4,682)	(4,203)	(3,206)	(4,185)
<b>Net cash flows generated from operating activities</b>	<b>148,412</b>	<b>31,417</b>	<b>80,948</b>	<b>1,139</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(1,035)	(850)	(863)	(173)
Proceeds from disposal of property, plant and equipment	22	24	6	24
Interest received	60	118	39	76
<b>Net cash flows used in investing activities</b>	<b>(953)</b>	<b>(708)</b>	<b>(818)</b>	<b>(73)</b>
<b>Financing activities</b>				
Repayment of principal obligations under lease liabilities	(2,756)	(2,713)	(1,399)	(1,408)
Repayment of other borrowings	(360)	(394)	(180)	(214)
(Repayment of)/proceeds from bills payable, net	(70,281)	(31,223)	30,017	16,405
Proceeds from bank loans	12,000	-	-	-
Repayment of bank loans	(63,798)	(8,171)	(61,967)	(6,736)
Proceeds from issuance of shares	14,200	-	14,200	-
Share issuance expense	(447)	-	(447)	-
Repayment of loan from immediate holding company	(20,000)	(3,100)	(20,000)	(3,100)
Dividends paid	(14,600)	(18,667)	(14,600)	(18,667)
Interest paid	(2,026)	(3,734)	(1,072)	(1,665)
<b>Net cash flows used in financing activities</b>	<b>(148,068)</b>	<b>(68,002)</b>	<b>(55,448)</b>	<b>(15,385)</b>
Net (decrease)/increase in cash and cash equivalents	(609)	(37,293)	24,682	(14,319)
Cash and cash equivalents at beginning of period	74,438	65,778	48,546	42,446
Effects of exchange rate changes on cash and cash equivalents	(103)	410	498	768
<b>Cash and cash equivalents at end of financial period</b>	<b>73,726</b>	<b>28,895</b>	<b>73,726</b>	<b>28,895</b>

**STATEMENT OF CHANGES IN EQUITY – GROUP**

	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 October 2019	125,001	(1,105)	(2,154)	141,186	262,928
Profit for the financial period	-	-	-	22,661	22,661
Other comprehensive income for the financial period	-	-	1,009	-	1,009
Total comprehensive income for the financial period	-	-	1,009	22,661	23,670
Cash dividends on ordinary shares	-	-	-	(18,667)	(18,667)
Total contributions by and distributions to owners	-	-	-	(18,667)	(18,667)
Balance at 31 March 2020	125,001	(1,105)	(1,145)	145,180	267,931
Balance at 1 October 2020	125,001	(1,105)	(2,220)	142,871	264,547
Profit for the financial period	-	-	-	19,150	19,150
Other comprehensive income for the financial period	-	-	267	-	267
Total comprehensive income for the financial period	-	-	267	19,150	19,417
Cash dividends on ordinary shares	-	-	-	(14,600)	(14,600)
Issuance of shares	14,200	-	-	-	14,200
Share issuance expense	(447)	-	-	-	(447)
Total contributions by and distributions to owners	13,753	-	-	(14,600)	(847)
Balance at 31 March 2021	138,754	(1,105)	(1,953)	147,421	283,117

**STATEMENT OF CHANGES IN EQUITY – COMPANY**

	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 October 2019	125,001	(1,105)	521	181,207	305,624
Profit for the financial period	-	-	-	22,386	22,386
Total comprehensive income for the financial period	-	-	-	22,386	22,386
Cash dividends on ordinary shares	-	-	-	(18,667)	(18,667)
Total contributions by and distributions to owners	-	-	-	(18,667)	(18,667)
Balance at 31 March 2020	125,001	(1,105)	521	184,926	309,343
Balance at 1 October 2020	125,001	(1,105)	521	175,799	300,216
Profit for the financial period	-	-	-	19,369	19,369
Other comprehensive income for the financial period	-	-	(30)	-	(30)
Total comprehensive income for the financial period	-	-	(30)	19,369	19,339
Cash dividends on ordinary shares	-	-	-	(14,600)	(14,600)
Issuance of shares	14,200	-	-	-	14,200
Share issuance expense	(447)	-	-	-	(447)
Total contributions by and distributions to owners	13,753	-	-	(14,600)	(847)
Balance at 31 March 2021	138,754	(1,105)	491	180,568	318,708

**SHARE CAPITAL AND TREASURY SHARES**

	Number of issued share capital (excluding treasury shares)	Treasury shares
As at 30 September 2020	233,335,089	1,626,600
Issuance of shares	10,000,000	-
As at 31 March 2021	243,335,089	1,626,600

Percentage of number of treasury shares against the total number of issued share capital excluding treasury shares was 0.70% and 0.67% as at 30 September 2020 and 31 March 2021 respectively.

There were no sale, transfer, disposal, cancellation and/or use of treasury shares during the current financial period.

- 2 - Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard.

The figures have not been audited or reviewed.

- 3 - Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

- 4 - Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation to the financial statements for the current financial period and the most recently audited annual financial statements for the financial year ended 30 September 2020.

- 5 - If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There were no changes in the accounting policies and methods of computation as compared to those adopted in the most recently audited annual financial statements for the financial year ended 30 September 2020.

- 6 - Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

#### **EARNINGS PER ORDINARY SHARE (CENTS)**

The Group	1st Half 2021	1st Half 2020	2Q2021	2Q2020
- Basic	8.08	9.71	3.97	4.27
- Diluted	8.08	9.71	3.97	4.27
Weighted average number of shares for basic earnings per share	236,906,518	233,335,089	240,557,311	233,335,089
Weighted average number of shares for diluted earnings per share	236,906,518	233,335,089	240,557,311	233,335,089

#### **PLACEMENT SHARES**

On 26 January 2021, the Group completed a placement of 10,000,000 new ordinary shares at an issue price of S\$1.42 for each ordinary share, the total number of issued shares of the Company has increased from 233,335,089 shares (excluding 1,626,600 treasury shares) to 243,335,089 shares (excluding 1,626,600 treasury shares). All net proceeds were used to repay outstanding bank borrowings.



- 7 - Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

### NET ASSET VALUE PER ORDINARY SHARE (CENTS)

	31.3.2021	30.9.2020
The Group	116.35	113.38
The Company	130.97	128.66

Net asset value per ordinary share was calculated based on 243,335,089 shares as at 31 March 2021 and 233,335,089 shares as at 30 September 2020.

- 8 - A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets, or liabilities of the group during the current financial period reported on.

### PERFORMANCE REVIEW OF THE GROUP

#### STATEMENT OF COMPREHENSIVE INCOME

##### Revenue

The Group's revenue grew by 7% to S\$492.7 million for the first half ended 31 March 2021 ("1H2021") and 21% to S\$279.3 million for the second quarter ended 31 March 2021 ("2Q2021") from first half ended 31 March 2020 ("1H2020") and second quarter ended 31 March 2020 ("2Q2020") respectively.

The increment was due to the revenue of S\$38.4 million arising from the sale of a development property at Nassim Road as well as higher selling prices uplifted by increases in steel prices.

Excluding the sale of property, revenue for 1H2021 would have been comparable to 1H2020.

##### Gross profit margin and gross profit

The Group's gross profit as a percentage of revenue for 1H2021 and 2Q2021 decreased respectively to 8.0% and 5.8% from 12.0% and 10.9% for 1H2020 and 2Q2020, mainly due to provision for onerous contracts of S\$28.9 million recorded in 1H2021 compared to a reversal of S\$6.4 million in 1H2020. Similarly, for 2Q2021, a provision for onerous contracts of S\$21.0 million was recorded compared to a reversal of S\$0.1 million in 2Q2020. With the recent escalation of international steel prices, Management has assessed and estimated that the unavoidable costs to meet the obligations of certain sales contracts based on the value of inventory on hand plus estimated costs of inventory purchases and conversion costs to be incurred are expected to exceed the economic benefit to be received.

A net gain of S\$1.56 million during the current financial period was recorded upon sale of the development property at Nassim Road.

In tandem with lower gross profit margins, gross profits for 1H2021 and 2Q2021 decreased by 28% to S\$39.6 million and 36% to S\$16.2 million respectively compared to the corresponding periods in the previous financial year.

##### Other income

Other income increased to S\$5.6 million in 1H2021 from S\$0.9 million in 1H2020. This increase was mainly due to fair value changes on derivatives and government grants.

## PERFORMANCE REVIEW OF THE GROUP (cont'd)

### STATEMENT OF COMPREHENSIVE INCOME (cont'd)

#### Distribution and administrative expenses

Distribution expenses for 1H2021 and 2Q2021 decreased respectively by S\$0.2 million to S\$2.8 million and S\$0.1 million to S\$1.4 million compared to the corresponding periods in the previous financial year.

Administrative expenses increased by S\$0.7 million to S\$8.4 million in 1H2021 from S\$7.7 million in 1H2020. For 2Q2021, administrative expenses increased year-on-year by \$0.5 million to S\$4.2 million. This increase was mainly due to higher personnel-related costs as well as legal and professional fees.

#### Finance costs

Finance costs decreased by 44% to S\$2.2 million in 1H2021 and 54% to S\$0.9 million in 2Q2021 compared to the respective corresponding periods in the previous financial year. This decrease was mainly attributable to falling interest rates as well as lower level of borrowings.

#### Other operating expenses

Other operating expenses decreased by 44% to S\$4.6 million in 1H2021 from S\$8.1 million in 1H2020. For 2Q2021, other operating expenses decreased by 16% to S\$2.6 million from S\$3.0 million in 2Q2020. This was mainly due to a S\$4.1 million decrease in period-on-period fair value changes on trade receivables subject to provisioning pricing from S\$4.7 million in 1H2020 to S\$0.6 million in 1H2021. This decrease was partially offset by an increase in net foreign exchange losses.

#### Provision for/(reversal of) impairment loss on trade receivables

Provision for impairment loss on trade receivables decreased 33% to S\$2.5 million in 1H2021 from S\$3.7 million in 1H2020, even though a reversal of impairment loss on trade receivables of S\$0.1 million was recorded in 2Q2021 as opposed to a provision of S\$2.9 million in 2Q2020. This was mainly due to improvement in forecast economic conditions offset by higher receivable balances.

#### Share of results of joint venture

The Group's share of profit from its joint venture increased by 92% to S\$0.4 million in 1H2021 from S\$0.2 million in 1H2020 due to better local market conditions.

#### Share of results of associates

Share of losses of associates for 1H2021 and 2Q2021, as compared to corresponding periods in the previous financial year, decreased by 23% and 88% to S\$1.6 million and S\$0.1 million respectively. The losses are attributable to the Group's 17% equity interest in Pristine Islands investment Pte Ltd, an investment holding company with a 100% interest in a subsidiary that operates and manages an airport, hotel and resort in the Maldives. The lower losses are attributable to the improved hotel and resort occupancy rates in the Maldives.

## **PERFORMANCE REVIEW OF THE GROUP (cont'd)**

### **STATEMENT OF FINANCIAL POSITION**

As at 31 March 2021, the Group's balance sheet remained strong with net assets of S\$283.1 million and net asset value per ordinary share of 116.35 Singapore cents.

Inventories increased by S\$44.5 million as the Group replenished its inventory to fulfil orders.

The Group's trade and other receivables increased by S\$56.0 million due to higher sales in the current quarter as compared to the last period in the previous financial year.

The Group's prepayments increased by S\$13.5 million arising from deposits paid to suppliers.

During the current financial period, the Group sold its asset held for sale, a detached house along Nassim Road, Singapore.

The Group's trade and other payables increased by S\$182.3 million, mainly due to an increase in goods-in-transit.

The Group's contract liabilities decreased by S\$13.8 million due to the recognition of revenue upon delivery of steel to customers that have made payments in advance.

The Group's loans and borrowings decreased by S\$124.7 million, mainly due to the repayment of bills payable and bank loans.

The Group's loan from immediate holding company was repaid in full during the current financial period.

The Group's provisions increased by S\$28.9 million, mainly due to the provision for onerous contracts.

### **STATEMENT OF CASH FLOW**

Net cash flows generated from operating activities of S\$148.4 million for 1H2021, coupled with cash at banks and on hand of S\$77.9 million at the beginning of the financial year, were mainly used in the repayment of bills payables, bank loans and lease liabilities.

9 - Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's results for first half and second quarter ended 31 March 2021 are in line with the commentary in paragraph 10 of the previous results announcement.

- 10 - A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

## COMMENTARY

Based on advance estimates released by the Ministry of Trade and Industry ("MTI") on 14 April 2021<sup>1</sup>, the Singapore economy grew by 0.2% on a year-on-year basis in the first quarter of 2021 ("1Q21"), reversing the 2.4% contraction recorded in the previous quarter ("4Q20"), as the country continues to recover from the severe disruptions caused by the Covid-19 pandemic. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 2.0% in 1Q21, extending the 3.8% expansion in 4Q20.

The local construction sector was one of the hardest-hit by the Covid-19 pandemic, in particular the Circuit Breaker lockdown and its immediate aftermath, contracting 35.9% in 2020 on a year-on-year basis, and -35.9% on a quarter-on-quarter seasonally-adjusted basis. On the back of a sector-wide pickup of activities, the sector contracted 20.2% on a year-on-year basis in 1Q21, which was an improvement from the 27.4% shrinkage in 4Q20. Further, on a quarter-on-quarter seasonally-adjusted basis, the sector expanded 8.4% in 1Q21, extending the 55.6% growth in the preceding quarter.

On 30 March 2021, the Building and Construction Authority ("BCA") finalised the 2020 construction demand figure at S\$21.0 billion, which was slightly lower than its preliminary estimate of S\$21.3 billion. Nevertheless, BCA maintains that it still expects construction demand to improve to between S\$23 billion and S\$28 billion for 2021, with the public sector contributing about 65%, or approximately S\$15 billion - S\$18 billion, of the new contracts amid an anticipated stronger demand for public housing and infrastructure projects.

In the first Build-To-Order ("BTO") exercise of the year, the Housing and Development Board ("HDB") launched 3,740 flats for sale on 4 February 2021. According to the HDB, it will be offering about 3,800 BTO flats in May 2021, and another 4,900 units in August 2021, which would bring the BTO flats launched for the year to more than 12,000 units, or about 80% of the number of BTO flats launched in 2019 (approximately 14,500 units), before the Covid-19 pandemic started.<sup>2</sup>

Looking further ahead, the BCA forecasts that the average construction demand for 2022 to 2025 would range between S\$25 billion and S\$32 billion per year, excluding the development of Changi Airport Terminal 5 and expansion of Integrated Resorts, with the public sector contributing to an average of about 56% of this expected demand. The major pipeline projects during this period will include the Singapore Science Centre Relocation, Toa Payoh Integrated Development, Alexandra Hospital Redevelopment, Integrated Hospital at Bedok, Cross Island MRT Line (Phases 2 and 3), and the Downtown Line Extension to Sungei Kadut.

Compared to the severe disruptions caused to the construction industry and its supply chain by the measures taken to tackle Covid-19 in 2020, these expected broad improvements to Singapore's construction demand and output in 2021 and beyond certainly bode well for the reinforcing steel industry, which is an integral part of the construction supply chain. Having said that, it bears cautioning that this is all based on a principal assumption: that there would be no Circuit Breaker-like lockdown this year.

<sup>1</sup> [https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2021/04/AdvEst\\_1Q21.pdf](https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2021/04/AdvEst_1Q21.pdf)

<sup>2</sup> <https://www.hdb.gov.sg/about-us/news-and-publications/press-releases/04022021-HDB-Launches-3740-Flats-in-February-2021-BTO-Exercise>

**COMMENTARY (cont'd)**

Moreover, under this Covid-19 new normal, as long as a more permanent solution is not found for this disease, general economic activity is likely to remain subdued, and work productivity at large to decline significantly. For the construction sector (including its supply chain), this may come in the form of periodic disruption to work due to the results of swab testing for Covid-19, inherently lower efficiency and productivity from having to work under Covid-Safe measures, and heightened costs all around as a result. In particular, the fulfilment of balance works and supplies in existing contracts that were awarded during pre-Covid-19 times is expected to result in some of these contracts becoming unprofitable. Hence, we continue to be cognisant of higher credit risks throughout the industry going forward.

Be that as it may be, going forward, supported by strong financials and fundamentals and led by a committed team of experienced professionals, the Group is confident of navigating safely through the uncertain times that are still ahead of us.

As of 31 March 2021, our sales order book stood at approximately S\$1.10 billion. The duration of projects in our sales order book range up to 5 years and may be subject to further changes.

**11 - Dividend****a) Current Financial Period reported on****1H2021**

Name of dividend	Interim tax-exempt (one-tier)
Dividend type	Cash
Dividend rate (per ordinary share)	4 cents
Books closure date	To be announced later
Payment date	To be announced later

**b) Corresponding period of the immediately preceding financial year**

Nil

**12 - If no dividend has been declared/recommended, a statement to that effect**

Not applicable.

## 13 - Interested person transactions

Name of interested person and nature of transaction	Aggregate value of all interested person transactions during the financial period (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 during the financial period (excluding transactions less than S\$100,000)	
	1st Half 2021 S\$'000	1st Half 2020 S\$'000	1st Half 2021 S\$'000	1st Half 2020 S\$'000
Esteel Enterprise Pte Ltd - Loan facility interest	355	507	-	-

Interested person transactions mandate for mutual supply of steel products between the Company and associates of the Company's controlling shareholder has been approved on the extraordinary general meeting held on 28 January 2021.

## 14 - Confirmation pursuant to Rule 705(5) of the SGX Listing Manual

We, Xu Jiguo and Seah Kiin Peng, being two directors of BRC Asia Limited, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the half year and second quarter ended 31 March 2021 to be false or misleading in any material aspects.

## 15 - Confirmation that the issuer has procured undertakings for all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Group confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the listing manual.

On behalf of the Board of Directors

Xu Jiguo  
Executive Director

Seah Kiin Peng  
Executive Director

Singapore  
5 May 2021