

**BUSINESS UPDATE
FOR THE FIRST QUARTER ENDED 31 DECEMBER 2021**

KEY FINANCIAL HIGHLIGHTS FOR GROUP

Summarised Statement of Comprehensive Income	1Q2022 S\$'000
Revenue	357,405
Gross profit	26,314
Profit after tax	13,335
Total comprehensive income for the period	13,036
Summarised Balance Sheet	31.12.2021 S\$'000
Non-current assets	165,628
Current assets	622,809
Total assets	788,437
Current liabilities	343,983
Non-current liabilities	84,677
Total liabilities	428,660
Net assets	359,777
Loans and Borrowings	31.12.2021 S\$'000
Current	202,501
Non-current	74,680
Total loans and borrowings	277,181
Cash and cash equivalents	101,766
Net loans and borrowings	175,415
Summarised Statement of Cash Flows	1Q2022 S\$'000
Net cash flows generated from operating activities	132,842
Net cash flows used in investing activities	(163)
Net cash flows used in financing activities	(113,882)
Net increase in cash and cash equivalents	18,797
Cash and cash equivalents at beginning of period	82,970
Effects of exchange rate changes on cash and cash equivalents	(1)
Cash and cash equivalents at end of financial period	101,766

COMMENTARY

On 3 January 2022, the Ministry of Trade and Industry reported that, based on advance estimates, the Singapore economy grew by 7.2% in 2021, rebounding strongly from the 5.4% contraction in 2020. However, for the construction sector, its value-added in absolute terms remained 26% below its pre-COVID (i.e. fourth quarter of 2019) level, as activity at construction worksites continued to be weighed down by labour shortages due to border restrictions on the entry of migrant workers.¹

On the other hand, in conjunction with new measures announced on 15 December 2021 to cool the buoyant Singapore property market, the government intends to ramp up the supply for both private and public housing.² On 16 December 2021, the Ministry of National Development ("MND") released the Government Land Sales ("GLS") Programme for the first half of 2022, which increased the supply of private housing on the Confirmed List to 2,785 units, compared to 2,000 units for the second half of 2021. MND also stated that it *"is prepared to step up supply further if demand remains strong"*.³ Separately, the Housing & Development Board announced that it planned to launch up to 23,000 flats per year in 2022 and 2023, a significant increase from the last 3 years, where a combined 48,509 flats were launched (16,170 flats per year).

Indeed, the Building and Construction Authority ("BCA"), in a media release on 26 January 2022, projected that the total construction demand (i.e. the value of construction contracts to be awarded) in 2022 to be between S\$27 billion and S\$32 billion, comparable to the preliminary S\$30 billion in 2021, and substantially more than 2020's S\$21 billion, with the public sector expected to contribute about 60% of 2022's construction demand. At the same time, due to a steady level of construction demand and the backlog of remaining workloads that were affected by the Covid-19 pandemic since 2020, total nominal construction output (value of certified progress payments) is projected to increase to between S\$29 billion to S\$32 billion for 2022, from the preliminary estimate of about S\$26 billion for 2021.⁴

This bodes well for reinforcing steel and BRC going forward, which are an integral part of the local construction supply chain.

As of 31 December 2021, our sales order book stood at approximately S\$1.3 billion. The duration of projects in our sales order book range up to 5 years and may be subject to further changes.

On behalf of the Board of Directors

Seah Kiin Peng
Chief Executive Officer

Singapore
9 February 2022

¹ https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2022/01/AdvEst_4Q21.pdf

² <https://www.mnd.gov.sg/newsroom/press-releases/view/measures-to-cool-the-property-market>

³ [https://www.mnd.gov.sg/newsroom/press-releases/view/release-of-first-half-of-2022-government-land-sales-\(gls\)-programme](https://www.mnd.gov.sg/newsroom/press-releases/view/release-of-first-half-of-2022-government-land-sales-(gls)-programme)

⁴ <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2022/01/26/sustained-construction-demand-in-2022-supported-by-public-sector-projects>