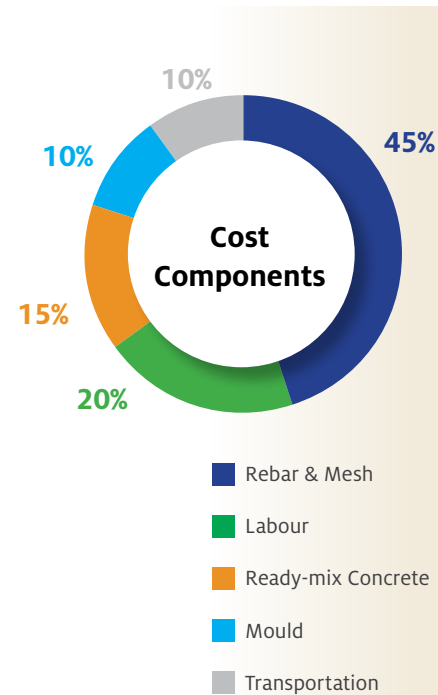


MANAGEMENT DISCUSSION AND ANALYSIS



MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS



Integrated Construction and Prefabrication Hub (ICPH), Pulau Punggol Barat, Singapore

Aside from global developments, the precast division's business and operational performance was influenced by prevailing operating conditions in Singapore (where the division's operations are largely based).

The announcement by the Singapore Housing Development Board (HDB) to launch 100,000 Build-To-Order (BTO) flats had increased demand for precast materials. However, the imposition of cooling measures on the Singapore housing sector and rising material prices due to supply chain disruptions had affected overall rise in demand.

The division responded proactively – increasing adoption of digital platforms to increase productivity, focusing on cost rationalisation and supply chain management to manage raw material costs. Specifically, material prices were monitored closely towards ensuring the best procurement solutions from suppliers. Business development efforts were also ramped up towards expanding the client base beyond HDB projects.

During the year, we completed and commissioned the Integrated Construction and Prefabrication Hub (ICPH) in Pulau Punggol Barat, Singapore in December 2022. The new plant, with an annual capacity of 73,500 m³ of precast components, is able to cater to a wider range of product mix such as large panel slabs and 3D components. To date, we have secured a HDB large panel slab contract which will be using the division's carousel plant to cast. We are currently working towards building up our order book for the ICPH plant.

With regard to ongoing projects, the Precast division continued to register a steady rate of progress on all ongoing projects. Several projects such as Jurong West N2C20, Tampines N9C18 and N6C3, as well as Ang Mo Kio are well on track for completion within FY2023.

Completed projects during the year were Kallang Whampoa C57, Clementi N8C1 and Toa Payoh N1C25A.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK AND PROSPECTS

Market conditions remain challenging though FY2023 is expected to see an easing of supply chain restrictions and disruptions. This should also translate into improved price stability of raw materials.

The ongoing transition driven by the Singapore government towards substituting fuel for natural gas to generate electricity augurs well for the Precast Division. This will enable cheaper energy prices, which will support reductions in operational cost. The reductions can be leveraged to offer more competitive tender bids going into FY2023.

Labour and talent remain issues and as such, the division will continue to prioritise talent recruitment, development and staff welfare as a key aspect of its strategic approach for FY2023.

Specifically, the Precast Division is actively providing opportunities for staff to upgrade their skills, knowledge and professional qualifications. The objective of this approach is to develop the internal talent pool of the divisions, to reward and motivate staff and to facilitate the career growth and advancement of employees.

A structured, comprehensive succession plan has also been introduced towards identifying and nurturing selected, high-performing talent that has been earmarked for leadership positions within the division.

The division will also explore on the expansion of its product range to different segments such as the infrastructure and tunnel segments in the medium term. In the longer term, the division will explore opportunities in exporting prefabricated homes beyond the Singapore region to the European market as there is a growing demand in exportation of prefabricated homes manufactured in Asia, as it is more cost effective.

PRECAST SEGMENT INDICATORS

	2022	2021	2020
HDB BTO Units Launched in Singapore	23,184	17,109	16,752
Precast Division Sales – Private (%)	0%	3%	10%
Precast Division Sales – HDB (%)	100%	97%	90%
Maximum Plant Capacity (m ³ per annum)	126,000	126,000	126,000
Overall Plant Utilisation Rate (%)	61%	44%	47%

WORKFORCE

Staff Force	2022	2021	2020
Male	89	87	85
Female	19	18	8
Total	108	105	93

Staff Category (%)	2022	2021	2020
Executive	46	42	20
Non-Executive	54	58	80



Clementi N2C3 project, Singapore