

UNAUDITED RESULTS OF THE GROUP FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2021

	Note	2021 S\$'000	2020 S\$'000	Change %
Revenue		1,168,647	612,378	91
Cost of sales		(1,086,514)	(546,227)	99
Gross profit		82,133	66,151	24
Other income	A	12,334	10,006	23
Expenses				
Distribution expenses		(5,721)	(5,545)	3
Administrative expenses		(18,448)	(10,075)	83
Finance costs		(4,696)	(6,768)	(31)
Other operating expenses		(6,480)	(13,777)	(53)
(Provision for)/reversal of impairment loss on trade receivables		(2,700)	1,090	n.m.
Share of results of joint venture		971	354	174
Share of results of associates		980	(14,446)	n.m.
Profit before tax	B	58,373	26,990	116
Income tax expense		(11,347)	(6,638)	71
Profit for the year		47,026	20,352	131
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Net fair value loss on equity instruments at fair value through other comprehensive income		(27)	–	n.m.
Items that may be reclassified subsequently to profit or loss				
Net exchange loss on net investment in foreign operations		(359)	(375)	(4)
Foreign currency translation:				
Exchange differences on translation of foreign operations		343	309	11
Other comprehensive income, net of tax		(43)	(66)	(35)
Total comprehensive income for the year		46,983	20,286	132

n.m. denotes not meaningful

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED ENDED 30 SEPTEMBER 2021

Note A - Other income

	2021 S\$'000	2020 S\$'000	Change %
Interest income	1,333	1,391	(4)
Dividend income from investment securities	–	2	n.m.
Government grant	3,253	5,306	(39)
Rental income	154	152	1
Sundry income	366	298	23
Sales commission	33	231	(86)
Foreign exchange gain, net ¹	5,969	1,694	252
Fair value changes on derivatives, net ²	1,166	–	n.m.
Gain on disposal of property, plant and equipment	–	201	n.m.
Credit insurance claims for bad debts	60	731	(92)
	<u>12,334</u>	<u>10,006</u>	<u>23</u>

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

	2021 S\$'000	2020 S\$'000	Change %
Depreciation of property, plant and equipment	17,917	18,964	(6)
Depreciation of investment properties	69	69	–
Interest expense	4,696	6,768	(31)
Expenses relating to short-term leases	1,271	1,957	(35)
Expenses relating to low-value assets	18	19	(5)
Foreign exchange gain, net ¹	(5,969)	(1,694)	252
Fair value changes on derivatives, net ²	(1,166)	848	n.m.
Provision for/(reversal of) onerous contracts ³	45,331	(6,442)	n.m.
Allowance for/(reversal of) inventory obsolescence	2,953	(329)	n.m.
Provision for/(reversal of) impairment loss on trade receivables ⁴	2,700	(1,090)	n.m.
Finance cost on discounting of dividend receivable from joint venture	–	629	n.m.
Fair value changes on trade receivables ⁵	1,454	7,389	(80)
Loss/(gain) on disposal of property, plant and equipment	27	(201)	n.m.
Write-off of property, plant and equipment	105	2	n.m.

¹ 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).

² 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.

³ Provision of onerous contracts are made for sales contracts under which the unavoidable 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.

⁴ Expected credit losses estimated for trade receivables carried at amortised cost.

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

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	143,897	154,755	66,544	58,186
Investment properties	2,264	2,333	–	–
Investment in subsidiaries	–	–	122,659	229,359
Interest in joint venture	9,269	7,870	6,076	6,076
Interest in associates	8,376	4,389	8,376	3,934
Deferred tax assets	2,334	–	2,334	–
Investment securities	57	84	57	84
Other receivables	3,770	4,396	3,770	4,396
	169,967	173,827	209,816	302,035
Current assets				
Inventories	466,171	237,185	461,020	235,211
Trade and other receivables	155,661	89,824	128,199	66,317
Amount due from subsidiaries	–	–	4,407	7,552
Prepayments	8,592	7,037	8,264	6,531
Deposits	385	290	266	240
Derivatives	974	–	974	–
Asset held for sale	–	33,893	–	–
Cash and bank balances	82,970	77,892	69,712	67,204
	714,753	446,121	672,842	383,055
Total assets	884,720	619,948	882,658	685,090
Current liabilities				
Trade and other payables	69,154	27,918	64,497	21,069
Amount due to subsidiaries	–	–	21,236	89,074
Contract liabilities	2,814	21,410	2,449	15,079
Loans and borrowings	358,114	160,338	357,901	141,039
Loan from immediate holding company	–	20,000	–	20,000
Provisions	46,104	3,006	43,110	2,530
Derivatives	–	192	–	192
Current income tax liabilities	19,861	10,339	15,214	8,829
	496,047	243,203	504,407	297,812
Non-current liabilities				
Provisions	3,539	1,390	3,157	261
Loans and borrowings	77,652	98,926	70,410	80,803
Deferred tax liabilities	6,533	11,882	–	5,998
	87,724	112,198	73,567	87,062
Total liabilities	583,771	355,401	577,974	384,874
Net assets	300,949	264,547	304,684	300,216
Equity attributable to owners of the Company				
Share capital	138,754	125,001	138,754	125,001
Treasury shares	(1,105)	(1,105)	(1,105)	(1,105)
Capital reserve	597	597	597	597
Fair value reserve	(103)	(76)	(103)	(76)
Foreign currency translation reserve	(2,757)	(2,741)	–	–
Retained earnings	165,563	142,871	166,541	175,799
Total equity	300,949	264,547	304,684	300,216
Total equity and liabilities	884,720	619,948	882,658	685,090

AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand	30 September 2021		30 September 2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	5,624	-	3,683
Bills payable	-	343,841	-	110,845
Bank loans	7,409	1,240	6,682	38,588
Loan from immediate holding company	-	-	-	20,000
Other borrowings	-	-	540	-
	7,409	350,705	7,222	173,116

Amount repayable after one year	30 September 2021		30 September 2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	25,575	-	27,529
Bank loans	48,520	3,557	66,696	4,701
	48,520	29,132	66,696	32,230

Details of any collateral

Other borrowings of S\$0.5 million as at 30 September 2020 are secured by certain motor vehicles . The carrying amount of motor vehicles held under these borrowings as at 30 September 2020 were S\$2.0 million.

Bank loans of S\$55.9 million as at 30 September 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

	2021 S\$'000	2020 S\$'000
Operating activities		
Profit before tax	58,373	26,990
Adjustments for:		
Share of results of joint venture	(971)	(354)
Share of results of associates	(980)	14,446
Depreciation of investment properties	69	69
Depreciation of property, plant and equipment	17,917	18,964
Write-off of property, plant and equipment	105	2
Allowance for/(reversal of) inventory obsolescence	2,953	(329)
Provision for/(reversal of) impairment loss on trade receivables	2,700	(1,090)
Finance cost on discounting of dividend receivable from joint venture	-	629
Fair value changes on trade receivables subjected to provisional pricing	1,454	7,389
Fair value changes on derivatives, net	(1,166)	848
Loss/(gain) on disposal of property, plant and equipment	27	(201)
Provision for/(reversal of) onerous contracts	45,331	(6,442)
Provision of retirement benefits	5	7
Unrealised exchange differences	(423)	223
Interest expense	4,696	6,768
Interest income	(1,333)	(1,391)
Dividend income from investment securities	-	(2)
Operating cash flow before working capital changes	128,757	66,526
Changes in working capital		
Trade and other receivables	(71,624)	95,229
Inventories	(231,939)	(4,965)
Prepayments and deposits	(1,650)	803
Asset held for sale	33,893	(3,844)
Trade and other payables and contract liabilities	25,998	(22,573)
Increase in restricted cash	-	(3,454)
Cash flows (used in)/generated from operations	(116,565)	127,722
Income taxes paid	(9,508)	(5,620)
Retirement benefits paid	(89)	-
Net cash flows (used in)/generated from operating activities	(126,162)	122,102
Investing activities		
Purchase of property, plant and equipment	(1,935)	(2,540)
Proceeds from disposal of property, plant and equipment	35	804
Interest received	326	329
Dividend income from investment securities	-	2
Proceeds from liquidation of an associate	441	-
Net cash flows used in investing activities	(1,133)	(1,405)
Financing activities		
Repayment of principal obligations under lease liabilities	(5,472)	(5,346)
Repayment of other borrowings	(540)	(1,398)
Proceeds from/(repayment of) bills payable, net	232,996	(127,859)
Proceeds from issuance of shares	14,200	-
Share issuance expense	(447)	-
Proceeds from bank loans	12,000	61,873
Repayment of bank loans	(67,941)	(11,277)
Repayment of loan from immediate holding company	(20,000)	(3,100)
Dividends paid	(24,334)	(18,667)
Interest paid	(4,600)	(6,054)
Net cash flows generated from/(used in) financing activities	135,862	(111,828)

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

	2021 S\$'000	2020 S\$'000
Net increase in cash and cash equivalents	8,567	8,869
Cash and cash equivalents at beginning of year	74,438	65,778
Effects of exchange rate changes on cash and cash equivalents	(35)	(209)
Cash and cash equivalents at end of year	82,970	74,438

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 September:

	2021 S\$'000	2020 S\$'000
Cash and bank balances	82,970	77,892
Less: Restricted cash	–	(3,454)
Cash and cash equivalents at end of year	82,970	74,438

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 as at 1 October 2019	125,001	(1,105)	(2,154)	141,186	262,928
Profit for the year	–	–	–	20,352	20,352
Other comprehensive income for the year	–	–	(66)	–	(66)
Total comprehensive income for the year	–	–	(66)	20,352	20,286
Cash dividends on ordinary shares	–	–	–	(18,667)	(18,667)
Total contributions by and distributions to owners	–	–	–	(18,667)	(18,667)
Balance as at 30 September 2020	125,001	(1,105)	(2,220)	142,871	264,547
Balance as at 1 October 2020	125,001	(1,105)	(2,220)	142,871	264,547
Profit for the year	–	–	–	47,026	47,026
Other comprehensive income for the year	–	–	(43)	–	(43)
Total comprehensive income for the year	–	–	(43)	47,026	46,983
Cash dividends on ordinary shares	–	–	–	(24,334)	(24,334)
Issuance of shares	14,200	–	–	–	14,200
Share issuance expense	(447)	–	–	–	(447)
Total contributions by and distributions to owners	13,753	–	–	(24,334)	(10,581)
Balance as at 30 September 2021	138,754	(1,105)	(2,263)	165,563	300,949

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 as at 1 October 2019	125,001	(1,105)	521	181,207	305,624
Profit for the year	–	–	–	13,259	13,259
Total comprehensive income for the year	–	–	–	13,259	13,259
Cash dividends on ordinary shares	–	–	–	(18,667)	(18,667)
Total contributions by and distributions to owners	–	–	–	(18,667)	(18,667)
Balance as at 30 September 2020	125,001	(1,105)	521	175,799	300,216
Balance as at 1 October 2020	125,001	(1,105)	521	175,799	300,216
Profit for the year	–	–	–	15,076	15,076
Other comprehensive income for the year	–	–	(27)	–	(27)
Total comprehensive income for the year	–	–	(27)	15,076	15,049
Cash dividends on ordinary shares	–	–	–	(24,334)	(24,334)
Issuance of shares	14,200	–	–	–	14,200
Share issuance expense	(447)	–	–	–	(447)
Total contributions by and distributions to owners	13,753	–	–	(24,334)	(10,581)
Balance as at 30 September 2021	138,754	(1,105)	494	166,541	304,684

SELECTED NOTES TO FINANCIAL STATEMENTS

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of trade receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables carried at amortised cost. The provision rates are based on days past due for grouping of various customers that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast economic conditions may also not be representative of customer's actual default in the future.

Provision for onerous contracts

Provision for onerous contracts is recorded in respect of outstanding order books vis-à-vis inventory on hand and committed purchases whereby the costs to meet the obligations are expected to exceed the economic benefits to be received. Management assessed and estimated the unavoidable costs required to fulfil its contractual obligation based on the value of inventory on hand, plus estimated costs of inventory purchases and conversion costs required.

TRADE AND OTHER RECEIVABLES

	2021 S\$'000	2020 S\$'000
Current		
Trade receivables		
- Third party customers	152,757	81,394
Other receivables	2,904	8,430
Total trade and other receivables (current)	155,661	89,824
Other receivables (non-current)	3,770	4,396
Total trade and other receivables (current and non-current)	159,431	94,220

Expected credit losses - trade receivables

	2021 S\$'000	2020 S\$'000
At beginning of the financial year	8,456	9,595
Charge/(reversal) for the year	2,700	(1,090)
Written off	(4,530)	(49)
Foreign exchange movements	(1)	-
At end of the financial year	6,625	8,456

SELECTED NOTES TO FINANCIAL STATEMENTS (cont'd)**PROVISION FOR ONEROUS CONTRACTS**

Provision for onerous contracts are recorded in respect of certain sales contracts for which the unavoidable costs to meet the obligations are expected to exceed the economic benefit to be received under it.

	2021	2020
	S\$'000	S\$'000
At beginning of the financial year	774	7,216
Charge/(reversal) for the year	45,331	(6,442)
Foreign exchange movements	(1)	-
At end of the financial year	46,104	774

SHARE CAPITAL AND TREASURY SHARES

	No. of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S\$'000	Treasury shares S\$'000
Balance as at 1 October 2019 and 30 September 2020	234,962	1,627	125,001	(1,105)
Shares issued	10,000	-	13,753	-
Balance as at 30 September 2021	244,962	1,627	138,754	(1,105)

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.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 14 October 2021, the Group completed another placement of 31,015,000 new ordinary shares at an issue price of S\$1.48 for each ordinary share, the total number of issued shares of the Company has increased from 243,335,089 shares (excluding 1,626,600 treasury shares) to 274,350,089 shares (excluding 1,626,600 treasury shares). All net proceeds were used to repay outstanding bank borrowings.

OTHER INFORMATION

- 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 financial statement 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	2021	2020
- Basic	19.58	8.72
- Diluted	19.58	8.72
Weighted average number of shares for basic earnings per share	240,129,610	233,335,089
Weighted average number of shares for diluted earnings per share	240,129,610	233,335,089

- 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)

	2021	2020
The Group	123.68	113.38
The Company	125.21	128.66

Net asset value per ordinary share was calculated based on 243,335,089 shares as at 30 September 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 achieved a record revenue of S\$1.2 billion for the full year ended 30 September 2021 ("FY2021"), representing a 91% year-on-year growth. This increase was due to higher sales volume as compared to the low base in FY2020, when construction activities were almost at a complete halt in the second half of FY2020 due to Circuit Breaker measures, coupled with higher selling prices in line with rising international steel prices as well as revenue of S\$38.4 million obtained from the sale of a development property at Nassim Road.

Gross profit margin and gross profit

The Group's gross profit margin decreased to 7% in FY2021 from 10.8% in FY2020, mainly due to provision for onerous contracts.

Provision for onerous contracts of S\$45.3 million was recorded in FY2021, compared to a reversal of S\$6.4 million in FY2020. With the escalation of international steel prices, Management has assessed and estimated that the unavoidable costs to meet the obligations of certain sales contracts are expected to exceed the economic benefits to be received. Such 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 values.

Gross profit for the Group increased by 24% to S\$82.1 million in FY2021 from S\$66.2 million in FY2020, mainly due to contribution from higher sales volume.

Other income

Other income increased by 23% to S\$12.3 million in FY2021 from S\$10.0 million in FY2020. This increase was mainly due to an increase in foreign exchange gains, as well as in the gains from fair value changes on derivatives, which were partially offset by a decrease in government grants.

Distribution and administrative expenses

Distribution expenses increased marginally by 3% to S\$5.7 million in FY2021, compared to S\$5.5 million in FY2020. Higher salaries and bonuses, staff-related costs, insurance costs, as well as legal and professional fees in FY2021 resulted in an 83% increase in administrative expenses from FY2020.

Finance costs

Finance costs decreased by 31% to S\$4.7 million in FY2021 from S\$6.8 million in FY2020 due to lower level of borrowings and falling interest rates.

Other operating expenses

Other operating expenses decreased by 53% to S\$6.5 million in FY2021 compared to S\$13.8 million in FY2020. This was mainly due to lower fair value loss on trade receivables, down to S\$1.5 million in FY2021 from S\$7.4 million in FY2020.

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

The provision for impairment loss on trade receivables was S\$2.7 million in FY2021, compared to a reversal of S\$1.1 million in FY2020, and this was mainly due to an increase in trade receivables, which was in line with higher sales revenues.

PERFORMANCE REVIEW OF THE GROUP (cont'd)

STATEMENT OF COMPREHENSIVE INCOME (cont'd)

Share of results of joint venture

The Group's share of profit from its joint venture increased by 174% to S\$1.0 million in FY2021 from S\$0.4 million in FY2020 due to better local market conditions.

Share of results of associates

Share of results of associates recorded a gain of S\$1.0 million in FY2021 as compared to share of losses of S\$14.4 million in FY2020. The share of results of associates were 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 profits were due to a partial reversal of impairment loss which was taken up in the previous year (FY2020: impairment loss of S\$6.8 million) offset by lower operating losses as a result of improved occupancy rates in both the hotel and resort following the easing of travel restrictions in Maldives.

STATEMENT OF FINANCIAL POSITION

As at 30 September 2021, the Group's balance sheet remained strong with net assets of S\$300.9 million and net asset value per ordinary share of 123.68 Singapore cents.

Inventories increased by S\$229.0 million as the Group replenished its inventory at higher costs, which is in line with rising international steel prices, to fulfil its sales order book. Correspondingly, loans and borrowings increased by S\$176.5 million.

The Group's trade and other receivables increased by S\$65.2 million due to higher sales in the last quarter of current financial year-end, as compared to the last quarter in the previous financial year-end.

During the current financial year, 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\$41.2 million, mainly due to an increase in goods-in-transit.

The Group's contract liabilities decreased by S\$18.6 million due to the recognition of revenue upon delivery of steel to customers that have made payments in advance.

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

The Group's provisions increased by S\$45.2 million, mainly due to the provision for onerous contracts.

STATEMENT OF CASH FLOW

Net cash flows generated from financing activities of S\$135.9 million for the full year ended 30 September 2021 were mainly used in operating activities, as well as dividend payments.

- 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 financial year ended 30 September 2021 is 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 Singapore Ministry of Trade and Industry ("MTI") on 14 October 2021¹, the Singapore economy grew by 0.8% on a quarter-on-quarter ("q-o-q") seasonally-adjusted basis in the third quarter of 2021 ("3Q21"), a reversal from the 1.4% contraction in the preceding quarter. For the construction sector, it shrank by 0.4% on q-o-q seasonally-adjusted basis in 3Q21, improving from the 2.4% decline of the previous quarter. Nevertheless, the MTI pointed out that, *"In absolute terms, the value-added of this sector remained 25.1% below its pre-Covid (i.e., third quarter of 2019) level, with activity at construction worksites weighed down by labour shortages due to border restrictions on the entry of migrant workers."*

In the last 3 months, on the back of high Covid-19 vaccination rates (85% as at 10 November 2021²), Singapore had moved deliberately but surely towards living with the virus permanently, including allowing more foreign workers to return to work in construction here. More importantly, the government had given clear signals that mass lockdowns would be a thing of the past. For example, worksites and factories are no longer completely shut down due to the discovery of Covid-19 cases; rather, underlined by the mass use of Antigen Rapid Tests ("ART"), an increasingly safe and efficient system of discovery, isolation, recovery and back to work has been put in place. For the construction supply chain, disruptions are increasingly minimised as the workforce gets to grip with this new normal.

Nevertheless, the foreign labour shortage situation is likely to persist for some time to come. Based on conversations with our clients, they do not expect the situation to improve significantly until the second half of 2022, particularly since many foreign workers still stuck in Singapore since the start of the pandemic are expected to want to return home as borders restrictions continue to lessen going forward.

On balance, while we expect moderately more stable worksite activity levels in the next 3 to 6 months, the pace of work would still be weighed down by an absolute shortage of foreign labour. After that, we expect the pace of work to pick up at an increasing pace on the back of a more abundant foreign labour situation, as builders rush to fulfil the sizeable number of construction contracts that had been awarded during the last 15 months or so. For example, despite the pandemic, the Housing & Development Board ("HDB") launched 16,800 Build-To-Order ("BTO") flats in 2020, and is on track to launch 17,000 BTO flats in 2021, exceeding pre-Covid 2019's 14,600 BTO flats.³ This bodes well for reinforcing steel and BRC, which are an integral part of the local construction supply chain.

On the other hand, the financial health of companies in the construction space continue to remain a concern, particularly for those that are still trying to complete the contracts that were awarded in 2018, 2019 and the first half of 2020 in an increasing cost environment that had far exceeded expectations since the April 2020 Circuit Breaker.

¹ https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2021/10/AdvEst_3Q21.pdf

² <https://www.straitstimes.com/multimedia/graphics/2021/06/singapore-covid-vaccination-tracker/index.html?shell>

³ <https://www.hdb.gov.sg/cs/infoweb/about-us/news-and-publications/press-releases/22102021-Release-of-3rd-Quarter-2021-Public-Housing-Data>

COMMENTARY (cont'd)

We continue to be keenly aware of the higher credit risks throughout the industry going forward, and would continue to take steps to mitigate the Group's exposure. 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 30 September 2021, our sales order book stood at approximately S\$1.2 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****2021**

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

b) Corresponding period of the immediately preceding financial year**2020**

Name of dividend	Final tax exempt (one-tier)	Special tax exempt (one-tier)
Dividend type	Cash	Cash
Dividend rate (per ordinary share)	2 cents	4 cents
Books closure date	15 March 2021	15 March 2021
Payment date	26 March 2021	26 March 2021

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

Not applicable.

- 13 - Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

BUSINESS SEGMENTS

Year ended 30 September 2021	Fabrication and manufacturing S\$'000	Others S\$'000	Adjustments and eliminations S\$'000	Consolidated S\$'000
Revenue:				
External customers	1,130,267	38,380	–	1,168,647
Inter-segment	–	–	–	–
Total revenue	1,130,267	38,380	–	1,168,647
Results:				
Interest income	1,422	–	(89)	1,333
Interest expense	(4,696)	(89)	89	(4,696)
Depreciation expense	(16,766)	(1,220)	–	(17,986)
Share of results of joint venture	971	–	–	971
Share of results of associates	–	980	–	980
Provision for onerous contracts	(45,331)	–	–	(45,331)
Provision for impairment loss on trade receivables, net	(2,700)	–	–	(2,700)
Fair value changes on trade receivables subject to provisional pricing	(1,454)	–	–	(1,454)
Other non-cash expense	(3,058)	–	–	(3,058)
Income tax expense	(10,691)	(656)	–	(11,347)
Segment profit	41,527	5,499	–	47,026
Assets:				
Segment assets	845,475	39,276	(31)	884,720
Addition to property, plant and equipment	1,810	125	–	1,935
Interest in joint venture	9,269	–	–	9,269
Interest in associates	–	8,376	–	8,376
Liabilities:				
Segment liabilities	(575,639)	(8,163)	31	(583,771)

BUSINESS SEGMENTS (cont'd)

Year ended 30 September 2020	Fabrication and manufacturing S\$'000	Others S\$'000	Adjustments and eliminations S\$'000	Consolidated S\$'000
Revenue:				
External customers	612,378	-	-	612,378
Inter-segment	-	-	-	-
Total revenue	612,378	-	-	612,378
Results:				
Interest income	1,388	3	-	1,391
Interest expense	(6,768)	-	-	(6,768)
Dividend income	2	-	-	2
Depreciation expense	(17,813)	(1,220)	-	(19,033)
Share of results of joint venture	354	-	-	354
Share of results of associates	-	(14,446)	-	(14,446)
Reversal of provision for onerous contracts	6,442	-	-	6,442
Reversal for impairment of trade receivables, net	1,090	-	-	1,090
Fair value changes on trade receivables subject to provisional pricing	(7,389)	-	-	(7,389)
Other non-cash expense	(302)	-	-	(302)
Income tax expense	(6,395)	(243)	-	(6,638)
Segment profit/(loss)	33,469	(13,117)	-	20,352
Assets:				
Segment assets	558,262	61,718	(32)	619,948
Addition to property, plant and equipment	1,884	656	-	2,540
Interest in joint venture	7,870	-	-	7,870
Interest in associates	-	4,389	-	4,389
Liabilities:				
Segment liabilities	(344,989)	(10,444)	32	(355,401)

GEOGRAPHICAL SEGMENTS

	Revenues		Non-current assets	
	2021 S\$'000	2020 S\$'000	30.9.2021 S\$'000	30.9.2020 S\$'000
Brunei	11,275	2,438	-	-
China	7,698	16,727	9,269	7,870
Hong Kong	6,057	13,605	-	-
Indonesia	8,922	3,676	-	-
Malaysia	60,743	46,128	12,570	13,646
Singapore	1,030,651	517,360	144,934	152,311
Thailand	38,255	8,177	-	-
Others	5,046	4,267	-	-
	1,168,647	612,378	166,773	173,827

14 - Breakdown of sales

	2021 S\$'000	2020 S\$'000	Change %
Sales reported for the first half year	492,726	458,563	7
Profit after tax reported for first half year	19,150	22,661	(15)
Sales reported for remaining period	675,921	153,815	339
Profit after tax reported for remaining period	27,876	(2,309)	n.m.

15 - Breakdown of total annual dividend (in dollar value) for the issuer's latest full year and it previous full year

	2021 S\$'000	2020 S\$'000
Interim dividend	9,734	-
Final dividend*	10,974	4,867
Special dividend*	10,974	9,733
Total annual dividend	31,682	14,600

* Proposed final dividend of 4 cents and special dividend of 4 cents for the financial year ended 30 September 2021 will be subject to shareholder's approval at the forthcoming Annual General Meeting. The dividends are computed based on 274,350,089 shares excluding treasury shares as at the date of this announcement.

16 - Interested person transactions

Name of interested person and nature of transaction	Aggregate value of all interested person transactions during the financial year (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 year (excluding transactions less than S\$100,000)	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Estee Enterprise Pte Ltd				
- Loan facility interest	355	958	-	-
Shanghai Emetal Hong Energy Co., Ltd				
- Steel hedging contractual price difference receivable/received	-	748	-	-
- Settlement of cancellation of purchase contract**	-	-	682	-

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.

** BRC entered into a purchase contract with Shanghai Emetal Hong Energy Co., Ltd ("SEHE") on 1st July 2021 for 10,000MT of Steel Deformed Bars to be delivered on or before 30th June 2022 for US\$6,800,000 which was subsequently settled at US\$506,700 payable by SEHE to the Group in lieu of delivery, in accordance with the terms of the contract.

- 17 - Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

Not applicable.

- 18 - 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
29 November 2021