

MANAGEMENT DISCUSSION AND ANALYSIS

Building Construction  
 Civil and Infrastructure  
 Foundation and Geotechnical Engineering  
 Mechanical, Electrical and Plumbing  
 Sustainable Energy  
 Manufacturing and Sale of Precast Concrete Products  
 Machinery Division  
 Virtual Design and Construction (VDC)

## MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

**COST COMPONENTS**

- Rebar & Mesh
- Labour
- Ready-mix Concrete
- Mould
- Transportation

We develop, design, manufacture and supply precast concrete products with manufacturing plants located in Iskandar and Senai in Johor, Malaysia and an Integrated Construction and Prefabrication Hub (ICPH) in Singapore.

We are among the first to be awarded the license to produce Prefabricated Bathroom Units (PBU) and obtained the license to produce Prefabricated Prefinished Volumetric Construction (PPVC). Our precast sales are predominantly in Singapore where we cater to the Singapore Housing Development Board (HDB) projects and also private executive condominiums. We specialise in manufacturing building components such as precast walls, slabs, panels, PBU and PPVC.

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

In FY2023, SunCon commenced operations at its Integrated Construction and Prefabrication Hub (ICPH) in Pulau Punggol Barat, Singapore. The ICPH is the largest in the country to date and is the 3<sup>rd</sup> precast plant, in addition to the Senai and Iskandar plants in Johor. The opening of the ICPH enables SunCon to offer a wider range of precast products as well as expands the production capacity to meet the growing demand.

The fully automated ICPH plant was developed as a joint venture between Hong Leong Asia and Sunway Construction Group and is capable of producing a wide range of precast components under one roof, such as prefabricated prefinished volumetric construction (PPVC) elements, precast bathroom units (PBU), precast household shelters and large panel slabs. The ICPH is also equipped with a state-of-the-art Automated Storage and Retrieval System (ASRS) which enables shorter production cycles, improves product quality, and reduces dependence on human labour,

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all contributing to the division's commitment to efficiency and excellence. With an additional annual capacity from the ICPH plant, the Precast division significantly contributes to Singapore's construction landscape.

To date, SunCon has successfully secured several contracts, including the supply of precast components such as large panel slabs for Housing and Development Board (HDB) projects. SunCon is steadily enhancing the productivity of the ICPH to meet the escalating demands of the construction industry.

In FY2023, the Precast division had successfully secured 10 new projects for HDB totalling S\$83.55 million while successfully completing 4 projects. The division is currently undertaking several projects for HDB for the supply of precast components such as PPVC, PBU, precast façade, precast household shelters, and others.

In line with SunCon's drive towards progressively embedding ESG considerations across all divisions, in FY2023, a specific focus was made on reviewing operational processes with the view of eliminating redundancies and thus reducing consumption of resources, notably reducing electricity consumption.

The conscientious choice for this course of action reflects SunCon's proactive approach to environmental sustainability which not only aligns with evolving ESG standards but also positions SunCon as a responsible corporate entity dedicated to lessening its environmental footprint.

**WORKFORCE**

Staff Force	2023	2022	2021
Male	112	89	87
Female	23	19	18
<b>Total</b>	<b>135</b>	<b>108</b>	<b>105</b>

  

Staff Category (%)	2023	2022	2021
Executive	42	46	42
Non-Executive	58	54	58

**PRECAST SEGMENT INDICATORS**

Precast Segment	2023	2022	2021
HDB BTO Units Launched in Singapore	24,447	23,184	17,109
Precast Division Sales – Private (%)	0	0	3
Precast Division Sales – HDB (%)	100	100	97
Maximum Plant Capacity (m <sup>3</sup> per annum)	174,000	126,000	126,000
Overall Plant Utilisation Rate (%)	53	61	44



Tampines N9C18 project, Singapore

**OUTLOOK AND PROSPECTS**

In FY2024, the Precast division anticipates a positive outlook underpinned by the strong pipeline of public housing projects from HDB's ramping up of Build-To-Order (BTO) flats programme, which aims to launch up to 100,000 BTO flats from 2021 to 2025.

Beyond high-rise residential construction, the division is also exploring opportunities to supply precast components for institutional buildings such as school projects in Singapore. This forward-looking perspective emphasises the division's crucial role in fostering not only residential but also educational and community development, reinforcing SunCon's dedication to excellence in construction.

In addition, SunCon's commitment to Singapore's transition from fuel to natural gas marks a significant positive shift as embracing cleaner energy sources creates a notable reduction in energy costs. This significant move towards natural gas puts SunCon in a financial advantage, which in turn creates enhanced operational efficiency. As a result, the reduced energy costs will contribute to a more economically efficient and environmentally-friendly trajectory for future construction projects.