



**MARKET
INTELLIGENCE
REPORT 2018**



FOREWORD

The market intelligence report was commissioned by the Construction Industry Development Board (CIDB) for the benefit of Malaysian construction and infrastructure industry players who have interest to pursue construction opportunities and projects in Singapore. This report should serve as a valuable guide prior to embarking on any ventures in the said country. The scope covered in this report have been agreed with CIDB. It shall not be taken as comprehensive or absolute due to limitation on availability of public data.

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CHAPTER 1

SINGAPORE AT A GLANCE



An island country situated between Malaysia and Indonesia

Singapore is an extraordinary success story. In less than 50 years, it has gone from an impoverished island with no natural resources and small population, a majority of whom were illiterate, to a country of 5.6 million people with living standards that match those of the most highly developed industrial nations.

A developed nation with one of the highest percentages of expatriates in the world

An island country in Southeast Asia, it is located off the southern edge of the Malay Peninsula, between Malaysia and Indonesia. Its official languages are English, Malay, Chinese, and Tamil, and the currency is the Singapore dollar (SGD). It has one of the highest percentages of expats in the world and every year, more and more people from all across the globe are moving to the island to find new opportunities and excitement.

Singapore is one of the world's most prosperous countries, with strong international trading links (its port is one of the world's busiest in terms of tonnage handled) and with a per capita Gross Domestic Product (GDP) comparable to or exceeding that of many nations in Western Europe.



1.1 Brief History

Singapore, previously a British colonized country, achieved complete internal self-government in 1959 and obtained independence from Malaysia on August 9, 1965



The British founded Singapore as a trading colony on the site in 1819. In 1824, Singapore became a British colony when local rulers agreed to cede the island to the British East India Company "in perpetuity". During World War II, Singapore was occupied by Japan in February 1942. Singapore remained under the control of the Japanese troops until September 1945, when the British returned to the island after the surrender of Japan to the Allied Powers. In 1958, the United Kingdom Parliament passed the State of Singapore Act to change the Singapore's status from a colony to a state. Moreover, a new constitution was enacted to create the position of Prime Minister and increase the number of seats in the Legislative Assembly to 51 with Members entirely chosen by popular election.

Singapore achieved complete internal self-government in 1959. In May of that year, Singapore held its first general election to return 51 Members to the first fully elected legislature. The People's Action Party ("PAP") won 43 seats and its leader, Lee Kuan Yew, became the first Prime Minister of Singapore.

Singapore joined Malaya, Sarawak and Sabah to form the Federation of Malaysia in 1963. However, tension within the federation became evident afterwards, forcing Singapore to withdraw and become an independent republic on 9 August 1965.

Singapore at a Glance

1.2 Facts & Figure

Indicators	Singapore	Malaysia
Flag		
Establishment	<ul style="list-style-type: none"> ➤ 6 February 1819 (Established by the British) ➤ 2 April 1955 (Self-government granted from the British Empire) ➤ 7 August 1965 (Independence proclaimed for Singapore after separation from Malaysia) 	<ul style="list-style-type: none"> ➤ 31 August 1957 (Independence from the British Empire proclaimed for the Federation of Malaya) ➤ 16 September 1963 (Proclamation of Malaysia)
Population	5,607,300	USD 1: MYR 4.23
Land Area	719.1 km ²	30,803 km ²
Population Density	20,194 km ²	92 km ²
Exchange Rate	2.1%	3.5%
Government	Parliamentary Constitutional Republic	Federal parliamentary constitutional monarchy
Head of State	President, Halimah Yacob	Monarch, Sultan Muhammad V
Head of Government	Prime Minister, Lee Hsien Loong	Prime Minister, Najib Razak
GDP (Nominal)	US\$297 billion	US\$296.4 billion
GDP per Capita	US\$52,961	US\$9,503
Top 5 Export Markets	<ol style="list-style-type: none"> 1. China 2. Hong Kong 3. Malaysia 4. Indonesia 5. United States 	<ol style="list-style-type: none"> 1. Singapore 2. China 3. United States 4. Japan 5. Thailand
Top 5 Import Markets	<ol style="list-style-type: none"> 1. China 2. Malaysia 3. United States 4. Japan 5. South Korea 	<ol style="list-style-type: none"> 1. China 2. Singapore 3. Japan 4. United States 5. Thailand



Singapore at a Glance



1.3 Geographical Overview

A total land area of 719 sq. km., bordered by Malaysia and Indonesia

Singapore lies at the southern tip of the Malay Peninsula, and is separated from Malaysia by the Johor Strait and from Indonesia by the Singapore Strait. It is an island state with a total land area of 719 sq km, comprising the main island of Singapore and 63 surrounding islets.

Located between the Pacific and Indian Oceans, Singapore is bordered by Malaysia and Indonesia. Majority of Singapore is only about 15 meters above sea level with the highest point being Bukit Timah which is 165 meters.

Singapore has lost 95% of its historical forests due to urbanization. Over half of its naturally occurring flora and fauna is present in nature reserves, comprising only 0.25% of Singapore's land area. Singapore does not have any natural lakes, but there are reservoirs to help store water for the water supply.



Connectivity to Malaysia via 2 man-made causeways and bridges in the West and North

The main island is linked by a causeway and bridge to southern Malaysia. Two of the man-made connections to Malaysia are the Tuas Second Link in the West and the Johor-Singapore Causeway in the North. There are also some land reclamation projects. As a result, the country continues to get bigger, even though it's an island. In fact, in the 1960s the land area was 581.5 km² (224.5 sq mi) and today it is 719 km² (278 sq mi) today. It is estimated that within the next 20 years it might grow by as much as 100 km² (40 sq mi). Some of the land in Singapore has been set aside for nature reserves, although the country's urbanization has eradicated most of the its rainforests.



1.4 Institutional & Governance Structure

A “parliamentary representative democratic republic” system whereby the President is the head of state and the Prime Minister is the head of government

The government, as defined by the Constitution, is made up of the President and the Cabinet. The Cabinet, composed of the Prime Minister and other Ministers appointed on his or her advice by the President, directs the government's policy. The Cabinet is formed by the political party that gains a simple majority in each general election.



Singapore at a Glance

Singapore’s political landscape is largely dominated by the People’s Action Party (PAP) since it came to power in 1959, winning 14 successive general elections since then. One of the reasons that Singapore proves to be such an attraction as a home is the ease of living, particularly in terms of residence, transportation and governance system. Over the years, Singapore has made significant strides in many areas and has attracted an encouraging number of international accolades which recognize the city as vibrant and world-class.



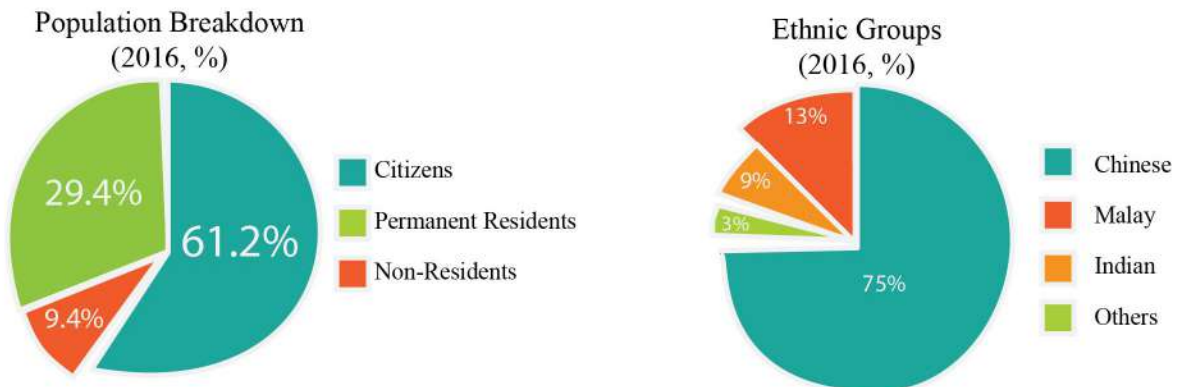
1.5 Population and Demographics

As of June 2017, the island's population stood at 5.61 million, making it the second densest sovereign state in the world, after the microstate Monaco. Apart from the citizens and permanent residents, the country is also home to many expats, given the rise of the island as a prominent trading and financial hub in the region. This is evident from the substantial growth in non-resident population in Singapore over the last decade, as shown in the graph below.



Chinese constitutes 75% of Singapore’s ethnic group

Singapore’s ethnic groups can be categorized using the “Chinese, Malays, Indians, and Others (CMIO)” System. The CMIO system is a framework of multiracialism developed to manage the diversity and differences in Singapore and integrate them into a single culture. The Chinese form the largest ethnic group in Singapore. There are also Eurasians in Singapore.

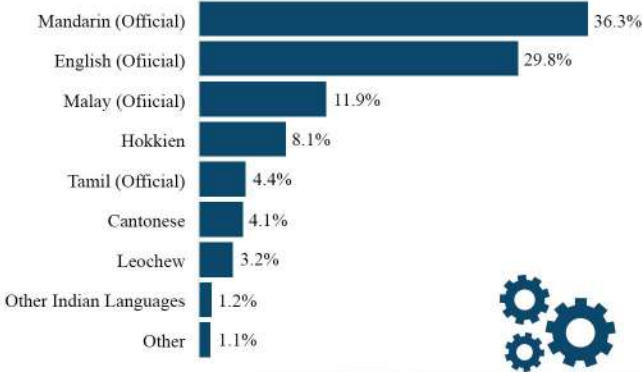




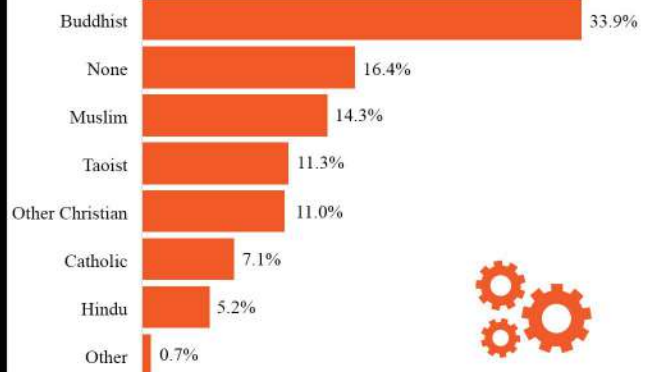
Official language is Malay but English is primary language used in education & administration

There are four official languages: English, Malay, Mandarin and Tamil. Malay is the national language but English serves as the link between the different ethnic groups and is the language of the educational system and the administration. The main religions of Singapore are Buddhism and Daoism, Islam, Christianity and Hinduism with a significant number who profess no religion. Singapore generally allows religious freedom, although the authorities restrict or ban some religions. People who practice no religion form the 3rd largest group in Singapore.

Language Breakdown in Singapore



Religion Breakdown in Singapore



1.6 Economics

A free-market economy with the highest GDP per capita in ASEAN

According to World Bank ranking, Singapore is the 36th largest economy in the world in 2016 and 4th largest in Southeast Asia after Indonesia, Thailand and Philippines. However, its ranking climbs to 9th worldwide and 1st in Southeast Asia when looking at GDP per capita. Singapore has a highly developed and successful free-market economy. It enjoys a remarkably open environment, stable prices, and a per capita GDP higher than that of most developed countries. Unemployment is very low. The economy depends heavily on exports, particularly of consumer electronics, information technology products, medical and optical devices, pharmaceuticals, and on its vibrant transportation, business and financial services sectors. Singapore is strategically positioned as Southeast Asia's leading financial and technology hub. It is a member of the Regional Comprehensive Economic Partnership negotiations with the 9 other ASEAN members plus Australia, China, India, Japan, South Korea, and New Zealand. In 2015, Singapore formed with the other ASEAN members, the ASEAN Economic Community.



Singapore at a Glance

9th Largest Economy by GDP per Capita

36th Largest Economy by GDP (nominal)

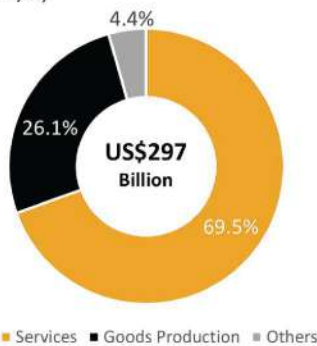
US\$52,961- GDP per capita, 2016

US\$297 Billion - GDP, 2016

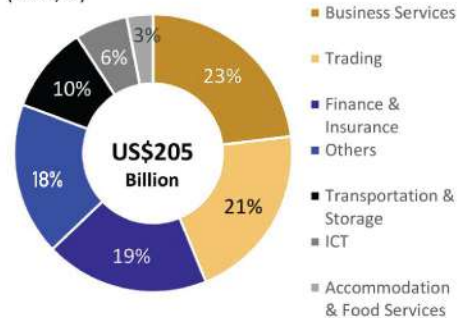
Singapore's economy is dominated by the services industry, mainly the trade, finance and business services

Being a manufacturing and service export-oriented economy, Singapore's services sector, which accounts for 70% of the GDP has become increasingly significant. The economic growth is supported by trade, finance and business services. Domestically, trade-related sectors, such as manufacturing (in particular, the electronics and precision engineering sectors) and transportation and storage, are expected to be the main sources of growth. In addition, the education, health, social services and ICT sectors are expected to remain resilient.

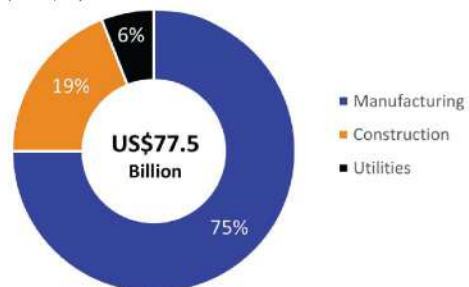
GDP Breakdown by Industries
(2016, %)



GDP Contribution from Services Industry Sectors
(2016, %)



GDP Contribution from Goods Industry Sectors
(2016, %)



Uninterrupted economic growth in the last 4 decades

Singapore has essentially no agriculture and even has to import water from Malaysia. From its independence in 1965, Singapore achieved almost uninterrupted economic growth averaging nearly 8% per annum over the next three decades. Singapore experienced a brief period of economic difficulty in the late 2000. Going forward, the extent of economic slowdown of China (the largest export market) remains a concern for Singapore's growth prospects. The next phase of Singapore's economic development will be based on a shift to a more knowledge and skills-based economy, driven by productivity gains to overcome inevitable supply-side constraints amid its ongoing economic restructuring to reduce reliance on foreign workers.

Singapore at a Glance



1.7 Current Standing

2nd easiest country to do business in the world according to World Bank

World Bank has ranked Singapore’s ease of doing business at second position out of 190 nations. It is the only ASEAN country featured in the Top 20 of the ranking. Outside the Top 20, Malaysia was ranked 24th in the list. Apart from these 2 countries, Thailand is the only other ASEAN country to be featured in the Top 50 of the ranking. The Ease of Doing Business index looks at 10 indices where Singapore is ranked top in “protecting minority investors” and second in “enforcing contracts”. Its worst relative showing is in “trading across borders”.

World Bank Ease of Doing Business (Top 5 Global, 2018)

Ranking	Countries
1	New Zealand
2	Singapore
3	Denmark
4	South Korea
5	Hong Kong

World Bank Ease of Doing Business (Top 5 ASEAN, 2018)

Ranking	Countries
2	Singapore
24	Malaysia
26	Thailand
56	Brunei Darussalam
68	68 Vietnam

Similarly, Singapore also showed a remarkable positioning in the Global Competitiveness Index published by the World Economic Forum (WEF), where it was ranked first among ASEAN countries and 3rd worldwide. However, it was ranked second globally in the previous year, signaling a downward trend. Malaysia is ranked 23rd, the second best among ASEAN countries. Only 3 other ASEAN countries were featured in Top 50 of the report – Thailand, Indonesia and Brunei Darussalam.





Singapore at a Glance

WEF Global Competitiveness Index
(Top 5 Global, 2018)

Ranking	Countries
1	Switzerland
2	United States
3	Singapore
4	Netherlands
5	Germany

WEF Global Competitiveness Index
(Top 5 Global, 2018)

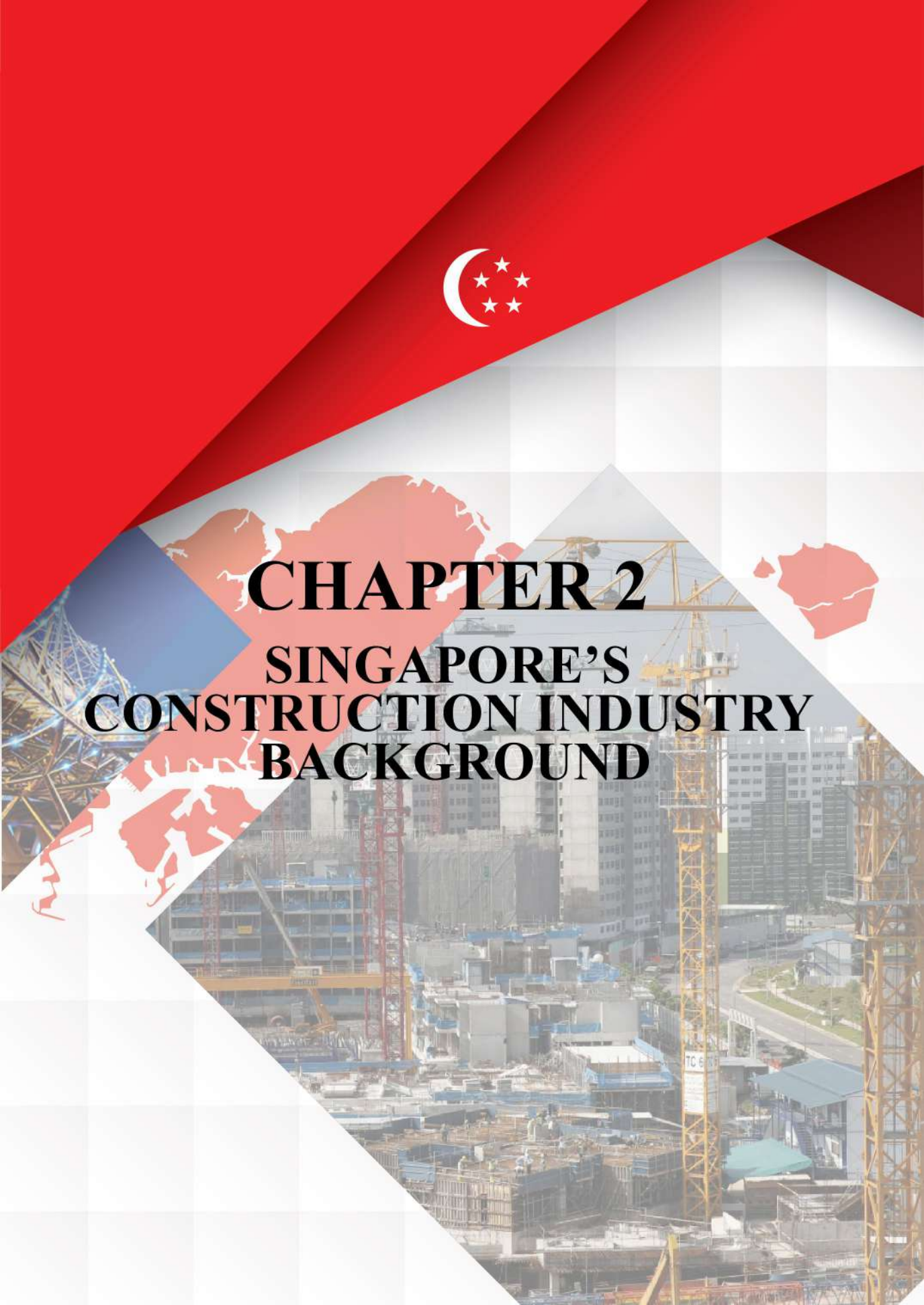
Ranking	Countries
3	Singapore
23	Malaysia
32	Thailand
36	Indonesia
46	Brunei Darussalam

However, the report also denoted that Singapore needs to improve further on its restrictive labor regulations and enhance its capacity to innovate in order to stay competitive.



CHAPTER 2

SINGAPORE'S CONSTRUCTION INDUSTRY BACKGROUND



Singapore's Construction Industry Background

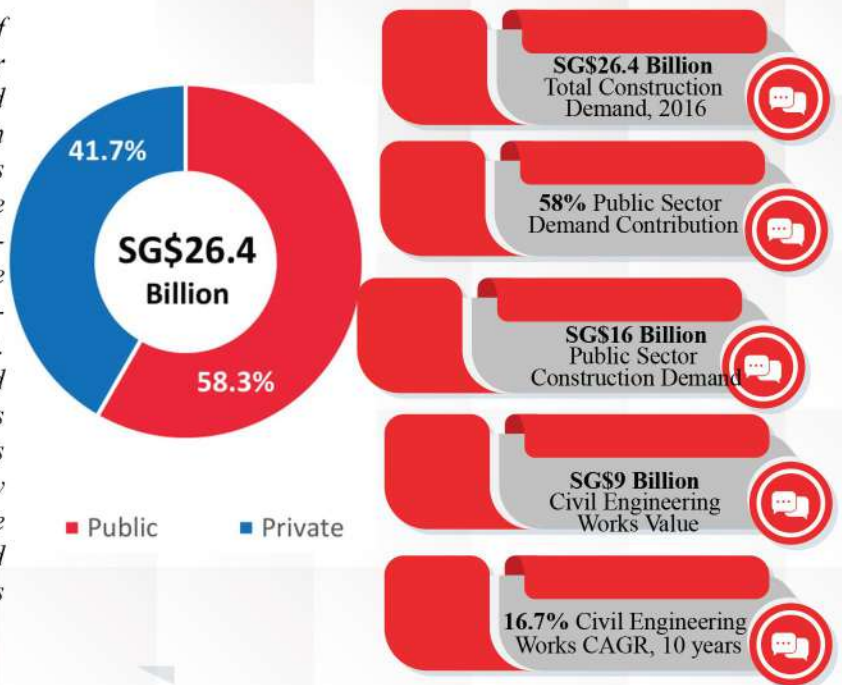
2.1 Market Size

Singapore's construction market size is valued at SG\$26.4 billion

The economic slowdown has taken a toll on the construction sector, with the total value of construction demand falling for the second consecutive year in 2016, amounting to SG\$26.4 billion. This is marginally lower compared to SGD\$27 billion achieved in the previous year and substantially off from the SG\$38.8 billion achieved in 2014, which was an industry record back then. As usual, public sector is the biggest contributor to construction demand with 58%, while the remaining 42% came from the private sector.

Public-Private Sector Contribution to Construction Industry (2016, SG\$ Billion)

For the whole year of 2016, public sector construction demand increased by 19% to reach \$16 billion. Growth was supported by a 108% surge in demand for civil engineering works such as the construction of the Thomson-East Coast Line (TEL). On the other hand, demand for public building works registered weaknesses across the board, mainly led by declines in the residential, industrial, and institutional & others segments.



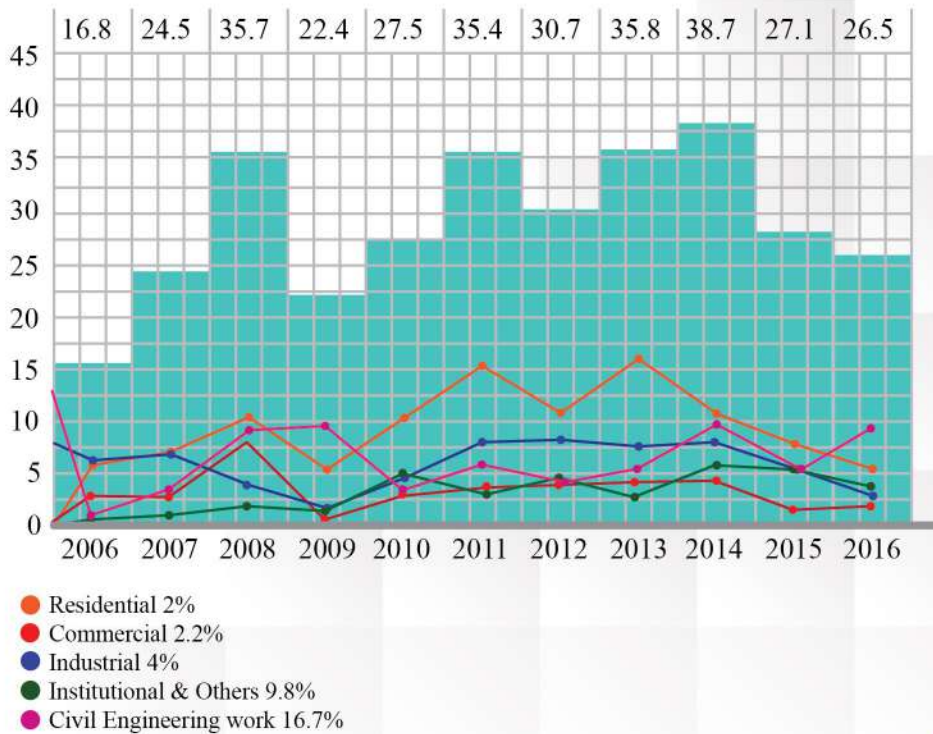
2.2 Top Sectors

Civil engineering works and Residential building works are the top performing construction sectors in Singapore

In 2016, the top performing construction sector was Civil Engineering Works with total project value of SG\$ 9 billion. This is in stark contrast to the previous years where the Residential building works has consistently been the top performing construction sector. The only exception in the last 10 years was in the year 2009 where civil engineering projects were the biggest contributor. Unsurprisingly, the civil engineering sector also achieved the highest growth rate in the last 10 years with 16.7% while the Industrial Building works is the only sector which saw a decline in its growth. Overall, it is expected that the civil engineering sector will become the top contributor, closely followed by the Residential building works while the other sectors are expected to remain stagnant owing to the economic uncertainties. This is reflected in the following chart.



Completed Projects Value By Sectors (2006-2016 SG\$ Billion)



2.3 Industry Players

The top 10 exporting firms accounted for more than 90% of the total overseas contracts secured last year. SembCorp Engineers and Constructors Pte Ltd emerged as the leading exporter, with S\$366 million worth of overseas contracts. Singapore Technologies Engineering Ltd and Jurong Engineering Limited were also among the top exporters last year. They had secured S\$85 million and S\$54 million worth of overseas contract respectively.

Singapore's construction consulting firms are also expanding their reach overseas as well, securing more than 150 projects outside Singapore in 2002. A total of 27 consulting firms were awarded with contracts in 22 destinations, of which China and India accounted for 38% and 24% of the total number of projects respectively.



Top 10 Construction Companies by Turnover & Overseas Contract Awarded

Ranking	Companies
1	Sembcorp Engineers and Constructors Pte Ltd
2	Econ International Ltd
3	Antara Koh Pte Ltd
4	Jurong Engineering Ltd
5	BBR Holdings (S) Pte Ltd
6	L&M Group Investments Ltd
7	Evan Lim & Company Pte Ltd
8	Neo Corporation Pte Ltd
9	Lian Beng Construction Pte Ltd
10	Bored Piling Pte Ltd

Singapore's Construction Industry Background

2.4 Projects Snapshot

2nd most popular target market for Malaysian players in ASEAN region after Cambodia

Singapore has been one of the most popular target markets for Malaysian players where in the last 30 years, 58 projects have been undertaken by our players. In the ASEAN region, only Cambodia has more projects (82 projects) secured by Malaysian players than Singapore. Globally, Singapore is ranked 6th behind Sri Lanka, India, Cambodia, UAE and China, as seen in the table below.

Top 10 Target Markets for Malaysian Player

Ranking	Top 10 (ASEAN) – No. of Projects	Top 10 (ASEAN) – Projects value	Top 10 (ASEAN) – No. of Projects	Top 10 (ASEAN) – Projects value
1	Cambodia	Indonesia	Sri Lanka	India
2	Singapore	Brunei	India	UAE
3	Thailand	Vietnam	Cambodia	Qatar
4	Vietnam	Thailand	UAE	Saudi Arabia
5	Indonesia	Cambodia	China	Indonesia
6	Philippines	Singapore	Singapore	China
7	Brunei	Philippines	Thailand	Bahrain
8	Myanmar	Myanmar	Qatar	Australia
9	Laos	Laos	Vietnam	Brunei
10	-	-	Indonesia	Sudan

6th biggest overseas construction destination by projects value in ASEAN region

However, Singapore's rank falls behind considerably when the value of contract is taken into consideration. In this regards, Indonesia leads the pack with over US\$3.1 billion worth of projects whereas Singapore with US\$310 million project value ranks 6th in the ASEAN region. This rank falls further behind when all the continents are taken into account where India leads with project value exceeding US\$6 billion. Globally, Singapore is ranked 17th in terms of contract value.

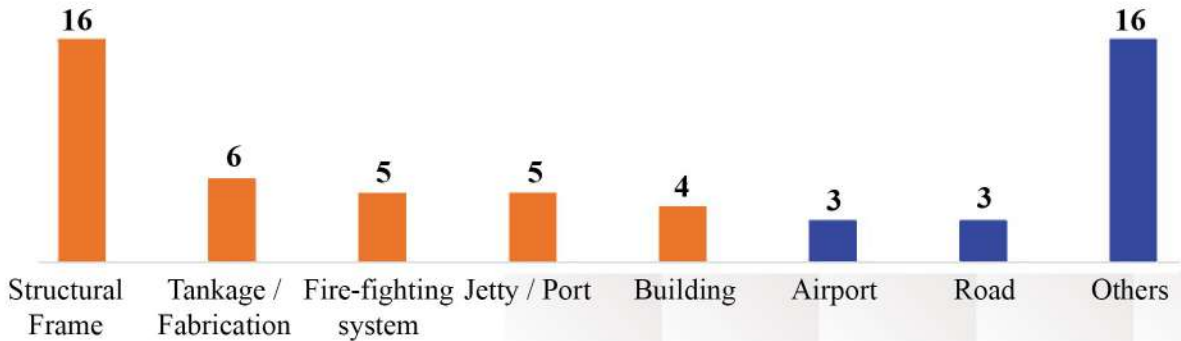
Overseas projects undertaken by Malaysian Players (2016)

Country	No. of Projects	%	Projects Value(US\$ Million)	%
Singapore	58	19.7%	309.6	4.4%
Asean	295		6,973.4	

The 58 projects undertaken by Malaysian players in Singapore represents 20% of the total number of ASEAN projects whereas the US\$309.6 million contract value represents only about 4% of the region. This indicates that despite the higher quantity of projects undertaken, the individual contract value of these projects are relatively low compared to other countries.

Singapore's Construction Industry Background

Types of Projects undertaken by Malaysian Players in Singapore (2016, Quantity)



Top 10 Projects undertaken by Malaysian Players in Singapore

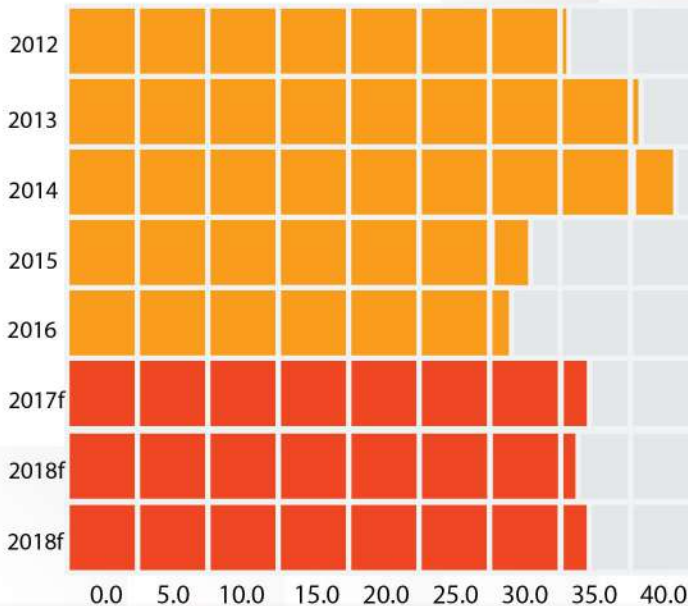
#	Project Type	Project Type	Year Award	Year Completed	Contract Value (US\$ Million)
1	Jetty / Port	Construction & Completion of 4 Jetties and Jetty Heads – Horizon Bulk Liquid Product Terminal at Jurong Island	2005	2006	51.3
2	Tankage / Fabrication	Banyan Phase 4 – Shop Fabrication & Site Erection of Storage Tank	2008	2009	34.6
3	Building	Renovation & Refurbishment works to Chancery, HBS quarters, Club House, Recreational Facilities & Residence of Deputy High Commissioner of Malaysia	2001	2003	30.8
4	Tankage / Fabrication	Pit 5 Expansion & pit 11 Tankage – Shop Fabrication & Site Erection of Storage Tank at Pulau Sebarok	2006	2008	17.7
5	Tankage / Fabrication	Banyan Phase 3 - Shop Fabrication & Site Erection of Storage Tank	2007	2008	17.5
6	Tankage / Fabrication	Tankage work for stolthaven phase 2c at Jurong Island	2013	2014	15.5
7	Jetty / Port	Upgrading of Berth K12, K13 & K14 at Kappel Terminal	2007	2009	14.9
8	Tankage / Fabrication	Shop Fabrication & Site Erection of Storage Tanks for Stolthaven Terminal	2010	2011	13.5
9	Power Plant	Senoko Power Plant Stage 1 – Repowering	2002	2004	11.7
10	Tankage / Fabrication	Bayan Integrated Terminal Phase 2 – Shop Fabrication & Site Erection	2006	2007	10.9

Source: CIDB Database



2.5 Industry Trends & Outlook

The construction industry in Singapore achieved its peak demand in 2014 with SG\$38.8 billion but has registered a downward trend since then. Despite this slight downturn, a surge in public-sector building jobs this year could help to reverse the falling trend. Based on preliminary estimates by the BCA, the Public-sector demand is projected to grow between \$20 billion and \$24 billion while the private sector demand is likely to grow between \$8 and \$11 billion, owing to the slowdown in the property market and continued economic uncertainties. This indicates a total construction demand which could potentially surpass \$30 billion. This also means that the contribution from the public sector will be higher at around 70% compared to 58% achieved last year.



2017 FORECAST



VALUE OF CONTRACTS TO BE AWARDED IN 2017

<p>CIVIL ENGINEERING</p> <ul style="list-style-type: none"> • SG\$11.3 – 14.6 Billion • Anticipated to increase due to mega public sector infrastructure projects 	<p>INDUSTRIAL</p> <ul style="list-style-type: none"> • SG\$4.2 – 5.6 Billion • Projected to increase, supported by public sector demand
<p>COMMERCIAL</p> <ul style="list-style-type: none"> • SG\$2.4 – 3.2 Billion • May gather momentum and potentially increase following expansion last year 	<p>RESIDENTIAL</p> <ul style="list-style-type: none"> • SG\$5.7 – 6.8 Billion • Public demand expected to increase but private demand to soften further
<p>INSTITUTIONAL & OTHERS</p> <ul style="list-style-type: none"> • SG\$4.3 – 4.9 Billion • Projected to increase with more healthcare, educational and recreational facilities 	

Key Projects:

- ▲ Deep Tunnel Sewerage System (DTSS) Phase 2
- ▲ North-South Corridor
- ▲ MRT circle line 6
- ▲ HDB's Defu Industrial City
- ▲ HDB Flat upgrading
- ▲ National Cancer Centre



CHAPTER 3

INDUSTRY ASSESSMENT





Industry Assessment



3.1 SWOT Analysis

STRENGTHS

- Strategic location, with strong connections with the English, Malay and Chinese speaking countries
- Top 3 in the world in terms of Ease of Doing Business and Global Competitiveness
- Highly developed infrastructure
- Open economy, with strong governance for business and stable political backdrop
- Leading Financial and Transport Hub
- Being a creditor nation, Singapore has no external public debt
- One of the highest GDP per capita
- The only ASEAN country to receive AAA credit rating from “Big Three”
- Comparatively lower tax rates for expats and foreign investors
- Roughly 44% of the workforce are expats

WEAKNESSES

- Singapore’s construction cost is one of the highest in the region, more than double that of Kuala Lumpur, thereby reducing the construction margin
- The construction market in Singapore is getting more saturated compared to other ASEAN countries
- Lower margins amidst stiffer competition
- Stiffer regulatory controls, especially on foreign labor
- The construction sector lags behind the manufacturing sector in terms of labour productivity improvements
- No minimum wage policy

OPPORTUNITIES

- Increased demand for civil engineering works, especially in the transport sector
- Stronger push from government on green buildings and built assets
- Rising materials cost in Singapore – more opportunities for Malaysian Building Materials Suppliers
- Various financing products and incentives are offered by the local government agencies for construction and infrastructure projects
- Upcoming mega public sector infrastructure projects, Deep Tunnel Sewerage System, North-South Corridor and MRT Circle Line 6

THREATS

- Declining demand for residential and commercial building works owing to property market slowdown, thereby reducing the attractiveness for Malaysian property developers
- Ageing population demographics
- Currency appreciation could pose a constraint on the business community and investors doing business in Singapore
- Economic uncertainties due to sluggish performance of some of the key trading partners, especially China
- Construction and infrastructure industry are more technologically advanced than in Malaysia

Industry Assessment

3.2 PEST Analysis

POLITICAL

- Political and Economic Risk Consultancy (PERC) states that the country enjoys the lowest political risk in the continent
- Transparency International has ranked Singapore 7th out of 176 countries in its Corruption Perceptions Index 2016, but the scores are dropping in the last 3 years
- Singapore has diplomatic relations with more than 180 sovereign states

OPPORTUNITIES

- Vibrant free-market economy
- Strong bilateral relations with ASEAN members and trade partners
- The 2015 Index of Economic Freedom ranks Singapore as the 2nd freest economy in the world
- One of the most competitive, innovative and dynamic business environment in the region
- Strong professional workforce
- Strong and stable currency value
- Reliance on foreign workers for low skilled & jobs
- One of the lowest unemployment rate

SOCIAL

- Singapore's passport is ranked the strongest in the world
- High population density
- High standard of living, leading to higher purchasing power
- Foreign workers make up 80% of the construction industry
- High literacy rate, with good command of English and Chinese languages
- In 2016, Singapore is rated the world's most expensive city by Economist Intelligence Unit (EIU)
- Singapore has the world's highest % of millionaires (1 out of every 6 households having at least US\$1 million disposable wealth)

TECHNOLOGICAL

- Akamai has ranked Singapore at the highest spot on its Q4 2015 Global average peak connection speed rankings and 15th in terms of average connection speed
- WEF's 2015 Global Technology Report placed Singapore as the most "Tech Ready Nation"
- Singapore also topped Waseda University's International e-Government rankings from 2009 to 2013 and 2015
- World's highest smartphone penetration rate and >70% penetration rate on household broadband



CHAPTER 4

KEY LEARNINGS

FOR MALAYSIAN PLAYERS





Key Learnings for Malaysian Players



4.1 Industry Regulator

The Building and Construction Authority (BCA) of Singapore is the agency under the Ministry of National Development, championing the development of an excellent built environment for Singapore. “Built environment” refers to buildings, structures and infrastructure in our surroundings that provide the setting for the community’s activities. It was established on 1st April 1999 through the merger of CIDB and Building Control Division of the former Public Works Department. Some of its core functions are:

- ▲ Enhancing building safety
- ▲ Promoting building quality excellence
- ▲ Championing environmental sustainability
- ▲ Enhancing barrier-free accessibility
- ▲ Transforming the building and construction industry



4.2 Local Requirements and Contractual Arrangements

Building and Construction Authority (BCA)

- ▲ Contractor provide construction-related good & services to public sector to register with BCA
- ▲ Main requirements: financial capability, relevant technical personnel, management certifications and track record
- ▲ BCA also provides guidebook for building materials standards and requirements which needs to be complied by both local and foreign building material suppliers

Licensing of Builders (Building Control Act)

- ▲ Builders carrying out building works where plans are required to be approved by the Commissioner of Building Control and builders who work in specialist areas which have a high impact on public safety will require a Builder’s License
- ▲ Builders Applies to both public and private projects and validity of license is 3 years. Main requirements:
 - 🔑 Appointment of Approved Person (take charge and direct the management of the business)
 - 🔑 Appointment of Technical Controller (oversee the execution and performance of works; possess a civil /structural engineering degree)
 - 🔑 Minimum paid-up capital (for corporations only) - Class 1 General Builder: Not less than S\$300,000, Class 2 General Builder or Specialist Builder: Not less than S\$25,000



Key Learnings for Malaysian Players

Main Contractual arrangements

- 🔑 Conventional Contract
- 🔑 Management Contract
- 🔑 Develop and Construct
- 🔑 Guaranteed Maximum Price (GMP)
- 🔑 Design & Build Contract
- 🔑 Construction Management Contract
- 🔑 Term Contract
- 🔑 Public-Private Partnership (PPP)



4.3 Doing Business in Singapore

Policies:

- 🏠 1. Favourable tax system with one of the lowest corporate taxes in the region, extensive number of double taxation agreements
- 🏠 2. Immigration policies which attracts internationalized workforce Free Trade Agreement (FTA) with Malaysia
- 🏠 3. Credit Rating: AAA [Standard& Poor]

Economic Situation:

- 🏠 Stable political system and effective policy-making
- 🏠 High income country; serves as a regional hub for trade and financial services
- 🏠 Track record of sound and flexible economic policies
- 🏠 Strong external position with a long history of current account surpluses, ample foreign exchange reserves and low public external debt
- 🏠 Very strong business environment and banking sector

Lending Interest Rate: 2.5% [2015]



Key Learnings for Malaysian Players

Financing Instruments:

#	List of Financing Instrument	Providers
1	Share Capital	<ul style="list-style-type: none">• Contractors• Government (for PPP projects)
2	Debt (Junior / Sub-ordinated / Mezzanine)	<ul style="list-style-type: none">• Contractors• Government• Private Investors
3	Senior Debt (Bridging, Short-term & Long-term Loans)	<ul style="list-style-type: none">• Commercial Banks• Investment Banks
4	Loans / Guarantees / Insurance	<ul style="list-style-type: none">• Multi-lateral Development Banks and Agencies (World Banks, International Financial Group & Asian Development Bank)
5	Commercial Loans	<ul style="list-style-type: none">• National Development Bank
6	Bonds	<ul style="list-style-type: none">• Institutional investors (Insurance companies, Sovereign funds & Pension funds)
7	Others (Supplier Financing Insurance, Bank Guarantee)	<ul style="list-style-type: none">• Insurance companies• Commercial Banks

For more information, please log onto the following links:

- Construction Board – Building and Construction Authority (<http://www.bca.gov.sg/>)
- Commercial Registration – Accounting and Corporate Regulatory Authority (<http://www.acra.gov.sg>)

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ISBN 817525766-0



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