

## **BRC ASIA LIMITED**

Incorporated in the Republic of Singapore  
Company Registration No. 193800054G

---

### **RESPONSE TO SGX QUERIES**

---

The Board of Directors of BRC Asia Limited (the "**Company**") (the "**Board**") refers to the Company's announcement dated 27 November 2023 setting its responses to the queries raised by the Singapore Exchange Regulation ("**SGX RegCo**") on 23 November 2023 in relation to the condensed unaudited financial statements for the Half Year and Full Year ended 30 September 2023 ("**FY23**") that was announced on 21 November 2023.

*Unless otherwise stated, all capitalised terms used herein shall have the same meanings ascribed to them in the aforementioned announcement.*

The Company sets out below its responses to additional queries raised by the SGX RegCo on 30 November 2023:

***We refer to the Company's full year financial statement announced on 21 November 2023 and its response to SGX queries announced on 27 November 2023. It was disclosed that the Company paid S\$2,107,000 in FY2023 to SEHE, an associate of a controlling shareholder, to cancel a contract with SEHE prior to delivery of Steel Deformed Bars to the Company. The Company represented that the settlement amount of S\$2,107,000 is a mandated transaction under the Company's IPT mandate as it relates to a purchase contract covered by the IPT mandate. We wish to inform that the settlement is not covered by the Company's IPT Mandate as it is not a specified mandated transaction and is also not a recurrent transaction of a revenue or trading nature or those necessary for its day-to-day operations.***

***i) Please provide the Audit Committee's view and elaborate on the basis for determining whether the compensation amount was in line with industry norms and based on normal commercial terms.***

#### Company's Response

The Company has duly noted SGX RegCo's position on the settlement. In this regard, the Audit and Risk Management Committee of the Company is of the view that paying the settlement sum to SEHE was commercially justifiable and did not prejudice the interests of the Company and its minority shareholders, taking into consideration the following:

- (1) The price per tonne for the Steel Deformed Bars under the purchase contract with SEHE was based on the prevailing market price at the material time. As mentioned in the Company's announcement dated 27 November 2023, the market price for the steel bars experienced a substantial decrease during 2H FY23. Such market conditions presented the Company with an opportunity to negotiate more advantageous terms with another supplier. Hence a settlement with SEHE was agreed upon during FY2023. Although a settlement sum was payable to SEHE for early termination in accordance with the terms of the purchase contract, this was outweighed by the cost savings (of at least S\$25 per tonne) eventually achieved by the Company as a result, without compromising the reliability of its supply chain.

- (2) The Company regularly monitors and evaluates the market conditions with a view to optimise costs efficiency and, to this end, such early termination (and settlement) of purchase contracts is not an uncommon practice for the Company. In FY23, the Company as a purchaser had also similarly agreed to settlement sums for termination of purchase contracts with another third party supplier to take advantage of market conditions favourable to the Company.

***ii) Please compute the settlement amount with the aggregate value of all transactions entered into with the same interested person during the same financial year as a percentage of the Group's FY2022 net tangible assets pursuant to Listing Rule 905 and 906 to determine if any announcement or shareholder approval is required.***

Company's Response

Based on the Group's audited consolidated financial statements for FY2022, three per cent. (3%) and five per cent. (5%) of the latest audited consolidated NTA of the Group as at 30 September 2022 is S\$11.96 million and S\$19.94 million, respectively.

The aggregate value of all transactions entered into with SEHE during FY2023 (including the settlement amount) amounted to approximately S\$2.10 million, representing less than 3% of the Group's audited NTA for FY2022 and, accordingly, no announcement or shareholder approval is required under Rules 905 and 906 of the Listing Manual of the SGX-ST, respectively.

**By order of the Board**

Seah Kiin Peng  
Executive Director and Chief Executive Officer  
4 December 2023