ANNUAL REPORT 2021
BUILDING BETTER

CONTENTS

CHAIRMAN'S **MESSAGE**

Dear Shareholders,

I am pleased to present to you BRC Asia Limited's ("**BRC Asia**", or the "**Group**") Annual Report for the financial year ended 30 September 2021 ("**FY2021**").

Since the beginning of FY2021, we were operating in an environment of uncertainties. Covid-19 rattled global financial markets and supply chains, causing massive economic disruptions worldwide. Many countries went into months of lockdown, leading to unprecedented challenges.

Singapore was not spared, with GDP contracting 5.4% year-on-year[1]. Despite the numerous challenges posed by Covid-19, the team at BRC Asia persevered to deliver an impressive set of financial results for FY2021.

The Covid-19 pandemic has proven to be fluid, with sporadic resurgences and emergence of new virus strains derailing the recovery of economic activities to pre-pandemic levels. Even as Singapore progressively reopens its borders through the Vaccinated Travel Lane ("**VTL**") since September 2021 to allow for quarantine-free travel between Singapore and partner countries, dormitory-bound work pass holders were unable to enter via VTLs following rising global concerns over the Omicron variant. In the near term, tight border restrictions will continue to result in labour shortages.

EMERGING STRONGER

Over the fiscal year, we continued to take measures and actions to strengthen the Group and improve our financial position to prepare and respond to challenges.

In January and October 2021, BRC Asia completed in total the placement of 41.015 million shares to raise gross proceeds of approximately S$60.1 million, which were used to pay down the Group's outstanding bank borrowings. These placement exercises have allowed the Group to remain in a strong position even as the return to pre-pandemic levels is expected to be slow and uncertain.

Our shareholder, Hong Leong Asia ("**HLA**") strongly believes in the direction and future of the Group, and hence has increased its stake in the Group to 20.0% by subscribing to new and vendor shares. With HLA's regional network, we look forward to partnering with them to explore international growth opportunities and tap on strong business synergies between both companies.

[1] *https://www.mti.gov.sg/Resources/feature-articles/2021/Performance-of-the-Singapore-Economy-in-2020*

FINANCIAL PERFORMANCE

Despite Covid-19 related disruptions, the Group delivered a strong set of financial results and ended the year with a robust balance sheet. This was mainly attributable to our resilient business model and operating capabilities.

For FY2021, the Group's revenue increased by 91% year-on-year ("**yoy**") to S$1.2 billion. The increase in revenue was underpinned by higher sales volume in tandem with the recovery of construction activities, as well as higher selling prices driven by increasing international steel prices. Gross profit increased by 24% yoy to S$82.1 million in FY2021.

Gross profit margin decreased from 10.8% in FY2020 to 7.0% in FY2021, largely due to an increase in provision for onerous contracts as a result of escalating steel prices on fixed price contracts. However, these provisions are reversed when deliveries under such sales contracts are executed, or when the contractual obligations no longer exist, or when the costs to meet the obligations no longer exceed the sales value. The Group's operating profit margin increased from 4.4% for FY2020 to 5.0% for FY2021.

Overall, the Group reported net earnings of S$47.0 million in FY2021, a 131% yoy improvement. Earnings per share increased to 19.58 Singapore cents for FY2021, compared to 8.72 Singapore cents for FY2020.

As at 30 September 2021, the Group's balance sheet remained robust with net assets of S$300.9 million and net asset value per ordinary share of 123.68 Singapore cents, compared with S$264.5 million and 113.38 Singapore cents respectively as at 30 September 2020.

Our pipeline of projects remain strong with order book as at 30 September 2021 standing at S$1.2 billion. The duration of projects in our sales order book range up to 5 years.

OUTLOOK

The Building and Construction Authority ("**BCA**") had forecast that construction demand would reach to between S$23.0 billion and S$28.0 billion for 2021, an improvement from S$21.0 billion in 2020. BCA also expects a steady improvement in construction demand, which is projected to reach S$25.0 billion to S$32.0 billion from 2022 – 2025, with the public sector contributing between S$14.0 billion to S$18.0 billion.

> **Despite Covid-19 related disruptions, the Group delivered a strong set of financial results and ended the year with a robust balance sheet. Overall, the Group reported net earnings of S$47.0 million in FY2021, a 131% yoy improvement.**

Besides public residential developments, public sector construction demand will continue to be supported by large infrastructure and institutional projects such as the Cross Island MRT Line (Phases 2 and 3), the Downtown Line Extension to Sungei Kadut, the cycling path networks, the relocation of Singapore Science Centre, the Toa Payoh Integrated Development, the Alexandra Hospital redevelopment, and a new integrated hospital at Bedok[2].

Singapore has one of the highest vaccination rates, with 87% of the population fully vaccinated and 96% of the eligible population having completed their full regime as at early December 2021. Coupled with a steady rollout of booster shots, it should facilitate the progressive easing of border restrictions, which will ultimately alleviate labour shortages, a key obstacle preventing the construction sector from recovering to pre-pandemic activity levels.

REWARDING SHAREHOLDERS

In appreciation of our shareholders' continued trust and support, the Group has proposed final and special dividend amounting to 8 Singapore cents per share. This will bring the dividend for the financial year to 12 Singapore cents per share, representing a dividend pay-out of about 61%.

As we progress into the new year, we look forward to achieving greater breakthroughs, and BRC Asia remains confident of emerging as one of the winners in the new normal.

I am confident that BRC Asia will navigate safely through the uncertain times that may still lie ahead of us.

MR. TEO SER LUCK
CHAIRMAN AND INDEPENDENT DIRECTOR

[2] *https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2021/01/18/public-sector-construction-demand-to-support-the-sector's-recovery*

主席致辞

尊敬的各位股东

我很高兴向您呈现BRC Asia Limited（“**BRC亚洲**”或“**集团**”）截至2021年9月30日财政年度（“**2021财年**”）的年度报告。步入2021年时，我们处于一个充满不确定性的经营环境。新型冠状病毒疫情造成金融市场出现大幅度波动，供应链遭遇严峻挑战，导致全球经济承受巨大冲击。许多国家也进入了长达数月的封锁期，带来了前所未有的挑战。

新加坡也不例外，国内生产总值和去年相比下降5.4%。尽管面临疫情带来的各种挑战，集团在全体员工共同努力下在2021财年仍然取得了良好业绩。全体员工在逆境中所表现出的韧性也让我感到非常自豪。

疫情千变万化，随时能大面积传播和出现新的变种毒株，阻碍经济活动复苏。尽管新加坡自2021年9月起逐步实施疫苗接种者旅游通道（“**VTL**”）重新开放边境，允许新加坡和伙伴国之间的无隔离旅行，但全球对奥密克戎（“**Omicron**”）变种的担忧日益加剧，居住在宿舍的工作准证持有者将无法通过VTL进入。短期内严格的边境限制将导致劳动力持续短缺。

持续强劲

2021财年，我们继续采取有力措施来应对复杂局面，提升我们的财务状况，使我们能够更好地应对前所未有的挑战。BRC亚洲也在2021年1月和10月共完成了4101.5万股的配售，筹集了约6010万新元的资金，用于偿还集团的银行借款。重返疫情前状态的道路将会是缓慢且充满艰辛，这次配股使集团能继续保持良好的发展势头和优势市场地位。

我们的股东丰隆亚洲（“**Hong Leong Asia**”）通过认购新股和现有股份的方式，将其在该集团的持有股份增加至20.0%，这表明他们对集团的长期前景充满信心。BRC亚洲计划通过丰隆亚洲的区域平台，与它们合作探索国际增长机会，并发挥双方强大的业务协同效应。

财务表现

尽管困难重重，我们依然从2020财年的低谷中走向复苏，集团取得了强劲的财务业绩，并以稳健的资产负债表结束了这一年。这主要归功于我们灵活的业务模式和运营能力。

2021财年，集团销售收入同比2020财年增长91%到12亿新元。2021财年建筑活动的复苏导致销售量增加，以及国际钢材价格上涨推动了销售价格上涨，支撑了收入的增长。2021财年毛利润与2020财年比增长24%，达到8210万新元。

毛利率从2020财年的10.8%下降到2021财年的7.0%，这主要是由于钢铁价格的上涨而导致固定价合约的潜亏计提。潜亏计提在合约执行交付后，或当合同义务不再存在时，以及当履约的成本不超过销售价格时将予以转回。集团的营业利润率从2020财年的4.4%增至2021财年的5.0%。

集团2021财年净利润达到4700万新元，同比2020财年增长131.0%。2021财年每股收益增至0.1958新元，2020财年为0.0872新元。

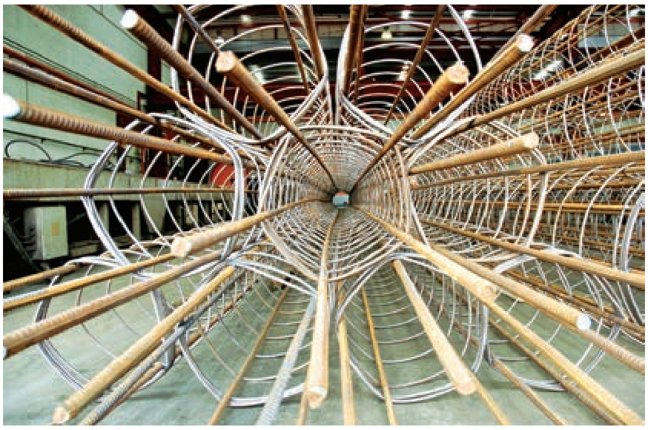
截至2021年9月30日，与2020年9月30日的2.645亿新元的净资产和1.1338新元的每股净资产相比，集团的资产负债表依然强劲，净资产为3.009亿新元，每股净资产净值为1.2368新元。

公司的销售订单稳定而健康，截至2021年9月30日，集团的销售订单约为12亿新元，其中销售订单项目期最长为5年。

市场展望

新加坡建设局（“**BCA**”）预测，建筑市场需求在2021年将达到230亿新元至280亿新元，比2020的210亿新元有所改善。BCA还预计，建筑市场需求将稳步改善，预计2022-2025年将达到250亿至320亿新元，其中公共设施部分预测贡献140亿至180亿新元。

> 尽管困难重重，我们依然从2020财年的低谷中走向复苏，集团取得了强劲的财务业绩，并以稳健的资产负债表结束了这一年。集团2021财年净利润达到4700万新元，同比2020财年增长131%。



除公共住宅开发外，大型基础设施和机构项目将继续支持公共设施的建设需求，如跨岛地铁线路(第2期和第3期)，通往双溪加株的滨海市区线延长线、自行车道网络、新加坡科学馆的搬迁、大巴窑综合开发、亚历山大医院重建和勿洛的新综合医院。

新加坡拥有世界上最高的疫苗接种率之一，2021年12月初，87%的全人口已完全接种疫苗，96%的合格人口完成了疫苗接种。加上稳步推出追加剂，这将有助于逐步放松边境限制，最终缓解劳动力短缺，这是阻碍建筑业活动恢复到疫情前水平的一个关键障碍。

回馈股东

为了感谢我们股东持续的信任和支持，集团提议每股派发0.08新元的末期股息和特别股息。这将使本财年的股息达到每股0.12新元，派息率达61%。

步入新的一年，我们期待着取得更大的突破，BRC亚洲仍有信心在未来取得更好的成绩。我相信BRC亚洲将能够安全度过我们眼前的不确定时期。

张思乐
主席及独立董事

OPERATIONS &
FINANCIAL REVIEW

OPERATIONAL REVIEW

FY2021 marked a year of transition for BRC Asia. Despite constantly changing Covid-19 regulations and disruptions, BRC Asia is well-positioned to look ahead into the new normal and future growth trajectory, as opposed to dealing with unprecedented events and significant changes in the operating environment a year ago in 2020. Our business operations and sales volume recovered massively from a low base in FY2020, when our operations were severely impacted for an extended period due to Covid-19 related disruptions, but we are still some way from a full recovery, as the Covid-19 pandemic continues to linger in various degrees.

In the first quarter of 2021, the construction sector contracted by 23% year-on-year ("**yoy**"), as it continued to be weighed down by Covid-19 disruptions. With the situation stabilising over the course of the year and, coupled with a phased approach to resume economic activities in Singapore, the construction sector expanded 106.2% and 66.3% respectively in the second and third quarter in 2021. This was mainly due to low base effects arising from the Circuit Breaker ("**CB**") in 2020, which suspended most construction activities, and a slow resumption of construction activities after the CB period. In absolute terms, the value-added of the construction sector in 3Q2021 remained 21.1% below the pre-pandemic level in 2019[1]. Nevertheless, a strong project pipeline consisting of backlogs from pre-pandemic projects and relatively strong tender activity over the past 15 months will provide solid support to the expected pickup in total construction output going forward.

Border restrictions as well as safe management measures in workplaces continue to weigh on the labour-intensive construction sector, and labour shortages are expected to continue to keep the construction sector output below pre-pandemic levels in 2022. Despite these headwinds, the Group continues to demonstrate resilience and agility in responding to unprecedented challenges. From the beginning of the Covid-19 pandemic, the Group was guided by clear priorities, keeping our people safe, which also ensured that our supply and services were uninterrupted, and taking the pandemic as an opportunity to enhance and accelerate the pace of digitisation within the Group.

We continued to demonstrate operational excellence and a strong financial position. In January and October 2021, BRC Asia completed in total the placement of 41.015 million shares to raise gross proceeds of approximately S$60.1 million, reflecting investors' confidence in BRC Asia's resilient operations and future growth. All the net proceeds were used to repay the Group's outstanding bank borrowings to strengthen our balance sheet. We recognise that credit risk concerns remain prevalent within the construction sector,

[1] *https://www.singstat.gov.sg/-/media/files/news/gdp3q2021.pdf*

and the Group will continue to work closely with our credit insurers and customers to mitigate the risks involved.

REVENUE AND PROFITABILITY

BRC Asia reported strong financial results as it recovered from a low base in FY2020. For FY2021, the Group's revenue increased by 91% yoy to S$1.2 billion. The increase in revenue was underpinned by higher sales volume in tandem with the recovery of construction activities during the year and higher selling prices driven by increasing international steel prices. Gross profit increased by 24% yoy to S$82.1 million in FY2021 and gross profit margin decreased from 10.8% in FY2020 to 7.0% in FY2021.

The decline in gross margin was primarily due to provision for onerous contracts of S$45.3 million recorded in FY2021, compared to a reversal of S$6.4 million in FY2020. The increase in provisions were a result of the escalation of international steel prices on fixed price contracts and made in accordance with relevant accounting standards. These provisions are reversed when deliveries under such sales contracts are executed, or when the contractual obligations no longer exist, or when the costs to meet the obligations no longer exceed the sales value.

From the beginning of the Covid-19 pandemic, the Group was guided by clear priorities, keeping our people safe, which also ensured that our supply and services were uninterrupted, and taking the pandemic as an opportunity to enhance and accelerate the pace of digitisation within the Group.

With improving fundamentals, a robust balance sheet and led by a committed team of experienced professionals, we remain confident that we will be able to effectively navigate the changing landscape.

Operating expenses increased 8% yoy to S$38.0 million as administrative expenses increased 83% yoy to S$18.4 million, mainly due to higher salaries and bonuses, staff-related costs, insurance costs, as well as legal and professional fees. An increase in trade receivables in line with higher sales revenues resulted in a provision for impairment loss on trade receivables of S$2.7 million in FY2021, as opposed to a reversal of S$1.1 million in FY2020.

The increase in FY2021 operating expenses was partially offset by lower finance costs and other operating expenses. Finance costs decreased by 31% yoy to S$4.7 million due to lower levels of borrowings and falling interest rates. Other operating expenses declined by 53% yoy to S$6.5 million, mainly due to lower fair value loss on trade receivables. Operating profit margin increased from 4.4% for FY2020 to 5.0% for FY2021.

Overall, the Group reported net profit attributable to

shareholders of S$47.0 million in FY2021, a 131% yoy improvement. Earnings per share increased to 19.58 Singapore cents for FY2021, compared to 8.72 Singapore cents for FY2020.

FINANCIAL POSITION

As at 30 September 2021, the Group's balance sheet remained robust with net assets of S$300.9 million and net asset value per ordinary share of 123.68 Singapore cents, compared with S$264.5 million and 113.38 Singapore cents respectively as at 30 September 2020.

In FY2021, trade and other receivables increased by S$65.2 million due to higher sales during the year compared to FY2020. Asset held for sale decreased by S$33.9 million due to the sale of a detached house along Nassim Road, Singapore. Trade and other payables increased by S$41.2 million, mainly due to an increase in goods-in-transit. Provisions increased by S$45.2 million to S$49.6 million, mainly due to the provision for onerous contracts.

The Group's inventories increased by S$229.0 million to S$466.2 million as the Group replenished its inventory, at higher costs due to rising international steel prices, to fulfil its sales order book. Correspondingly, loans and borrowings increased by S$176.5 million. A loan from immediate holding company of S$20.0 million was fully repaid in FY2021.

LOOKING AHEAD

OPERATIONS & **FINANCIAL REVIEW**

There remains a severe shortage of foreign labour in Singapore, particularly for non-office based roles in brick-and-mortar sectors such as construction, and this situation is expected to persist in at least the first half of 2022. For now, with the advent of the Omicron variant, Singapore's further reopening has stalled. Be that as it may, an extended period of moderated activities within the construction sector has led to pent-up demand and, in tandem with a foreseen loosening of labour conditions as we move towards living with Covid-19 in an endemic state, builders are expected to rush to fulfil the sizable number of construction contracts that were awarded over the last 15 months. The government also announced on 15 December 2021 that it would be increasing the supply of both public and private housing to meet housing demand.[2] For private housing, the supply on the Confirmed List for the first half of 2022 under the Government Land Sales ("**GLS**") Programme has been increased to 2,785 units, from 2,000 units in the second half of 2021[3]. The Housing and Development Board ("**HDB**") also announced a significant ramp-up in new Build-To-Order ("**BTO**") flats that would be launched in the next two years, to up to 23,000 units per year in 2022 and 2023[4], compared to 17,000, 16,800 and 14,600 units in 2021, 2020 and 2019 respectively[5]. This bodes well for the demand for reinforcing steel going forward.

Singapore's yearly construction demand for 2022-2025 is also forecasted to be between S$25.0 billion and S$32.0 billion[6], an uptick from 2021's estimated Construction Demand forecast of S$23.0 billion to S$28.0 billion. At the end of 30 September 2021, the Group's order book stood at 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.

Subsequent to FY2021, in October 2021, Hong Leong Asia ("**HLA**") increased its stake in BRC Asia from about 3.6% to 20.0% through a private placement exercise and purchase of vendor shares, and is now a substantial shareholder of BRC Asia.

Separately, initiated by BRC Asia, the major reinforcing steel and precast players in Singapore (including HLA) got together to form The Prefabrication Association of Singapore for Precast and Steel Limited ("**PFAPS**") in August 2021. This non-profit organisation represents the collective interest of Design for Manufacturing and Assembly ("**DfMA**") specialists in Singapore for the off-site prefabrication of precast and reinforcing steel, for the construction industry. Together, PFAPS aims to align ideas and collaborate with government agencies and industry business partners to achieve a smart, sustainable, and resilient Built Environment for Singapore, by initiating and increasing the adoption of productive technologies and sustainable practices in moving towards a more advanced, integrated, and progressive sector.

Internally, we continue to implement stringent policies and safe management frameworks to protect our employees and our community, including regular swab tests for all personnel. At the same time, we are keenly aware of the adverse psychological impact that the numerous Covid-19 measures over the last 20 months may have on our workers residing in dormitories, and have taken steps to ensure that communication channels remain open and active with them.

With improving fundamentals, a robust balance sheet and led by a committed team of experienced professionals, we remain confident that we will be able to effectively navigate the changing landscape. I believe that these efforts will place BRC Asia onto a new growth trajectory and eventually emerge stronger in the new normal.

APPRECIATION

In closing, I would like to express my heartfelt gratitude to our customers, business partners and associates for their continued support in these unprecedented times. I would also like to extend my appreciation to our management team and staff for their dedication and hard work over the past year amidst the challenging environment. Finally, I would like to thank our shareholders for their unwavering loyalty and trust in us.

MR. SEAH KIIN PENG
CHIEF EXECUTIVE OFFICER

[2] *https://www.mnd.gov.sg/newsroom/press-releases/view/measures-to-cool-the-property-market*
[3] *https://www.mnd.gov.sg/newsroom/press-releases/view/release-of-first-half-of-2022-government-land-sales-(gls)-programme*
[4] *https://www.hdb.gov.sg/cs/infoweb/about-us/news-and-publications/press-releases/16122021-HDB-to-Ramp-Up-Flat-Supply-by-35-Percent-Over-Next-Two-Years*
[5] *https://www.hdb.gov.sg/cs/infoweb/about-us/news-and-publications/press-releases/22102021-Release-of-3rd-Quarter-2021-Public-Housing-Data*
[6] *https://bca.gov.sg/infonet/others/forecast.pdf*

运营回顾

对BRC亚州而言，2021财年是过度时期的一年。和2020财年疫情肆虐对于前景感到诸多不确定性和经营环境的重大变化相比，尽管防疫法规还在不断变化和中断，此刻的BRC亚州能够比较好的展望未来新常态以及增长轨道。2021财年我们的业务和销售量相比因疫情影响受到严重冲击的2020财年大量恢复，但由于疫情继续在不同程度上徘徊，我们的业务离完全恢复的状态还有一定的距离。

2021年第一季度，在疫情的持续影响下，建筑业年同比收缩了23%。随着今年的形势稳定，加上新加坡逐步恢复经济活动，在2021年的第二和三季度，建筑业分别上涨了106.2%和66.3%。这主要是由于2020年断路器措施暂停了大部分施工活动，和断路器后期施工活动的缓慢恢复。同比计算，2021年第三季度建筑业的增加值比2019年疫情前的水平低21.1%[1]。尽管如此，由疫情期间的延期在建项目和过去15个月强劲的招标活动组成的众多工程数量为未来建筑总产量的预期回升提供坚实的支持。

入境限制以及工作场所的安全管理措施持续对劳动密集型的建筑行业造成压力，预计劳动力短缺将使建筑行业2022年的产量在低于疫情前的水平。尽管存在这些不利因素，集团仍表现出韧性和灵活性应对前所未有的挑战。从疫情初级阶段，集团以明确的优先事项引导，确保我们的员工安全，这也确保了我们的供应和服务不间断，并把疫情转换为机会，提高和加速集团的数字化步伐。

我们继续展示出卓越的运营能力和强大的财务状况。在2021年1月和10月，BRC亚州完成了两次股票配售，筹集了约6010万新元的资金，反映了投资者对BRC亚州的运营弹性和未来增长的信心。所有募集资金将用于偿还集团的短期借款，以优化我们的资产负债表。我们意识到信贷风险在建筑行业普遍存在，集团将继续与我们的信贷保险公司和客户密切合作，以降低相关风险。

收入和盈利能力

和2020财年相比，BRC亚洲在2021年强劲复苏，交出了一份亮眼财务业绩。2021财年，集团收入同比增长91%，达到12亿新元。收入的增加主要是由于年内建筑活动的恢复带动了销售量的增加，以及国际钢材价格上涨导致的销售价格上涨。毛利率从2020财年的10.8%下降至2021财年的7.0%，2021财年毛利润同比增长24%，达到8210万新元。

毛利率下降主要是由于2021财年记录的4530万新元固定价合同潜亏计提，而2020财年记录为640万新元潜亏计提转回。这些固定价合同潜亏是国际钢铁价格上涨的结果。按照相关会计准则制定，当此类销售合同执行交付时，或当合同义务不再存在时，或当销售的成本不再超过销售价格时，应转回这些计提。

> 从疫情初级阶段，集团以明确的优先事项引导，确保我们的员工安全，这也确保了我们的供应和服务不间断，并把疫情转换为机会，提高和加速集团的数字化步伐。
>
> 凭借不断改善的基本面、稳健的资产负债表以及由经验丰富的专业人士组成的敬业团队，我们有信心并且能够有效应对不断变化的形势。

随着年度行政费用同比增加83%至1840万新元，总体的营业费用同比增长8%至3810万新元。行政费用的增家主要是因为工资奖金、员工相关费用、保险费用以及律师和专业费用的上涨。随着销售收入的增加，应收账款相应增加，2021财年应收账款减值损失为270万新元，而2020财年则为110万新元损失转回。

2021财年营业费用的增加被较低的财务费用和其他营业费用部分抵消。由于借款水平降低和利率下降，财务费用同比下降31%至470万新元。其他营业费用同比下降53%至650万新元，主要原因是贸易应收款公允价值损失降低。营业利润率从2020财年的4.4%增至2021财年的5.0%。

集团2021财年归属于股东的净利润为4700万新元，同比增长131%。2021财年每股收益增至0.1958新元，而2020财年为0.0872新元。

财务状况

截至2021年9月30日，集团的资产负债表表现强劲，净资产为3.009亿新元，每股净资产净值为1.2368新元。2020年9月30日，净资产为2.645亿新元，每股净资产净值为1.1338新元。

2021财年贸易和其他应收款增加了6520万新元，主要原因是财年的销售额大幅增加所致。持有待售资产因出售新加坡Nassim路的一栋独栋别墅而产减少了3390万新元。贸易和其他应付款增加了4120万新元，主要原因是在在途货物增加。计提增加了4520万新元，达到4960万新元，主要原因是不断上涨的钢铁价格而导致固定价合同的潜亏。

运营及财务回顾

由于国际钢铁价格上涨，集团原料采购单价上升，因此集团的库存增加了2.290亿新元，达到4.662亿新元。相应地，贷款和借款增加了1.765亿新元。直接控股公司的2000万新元贷款于2021财年全额偿还。

展望未来

新加坡仍然严重缺乏外籍劳动力，尤其是建筑等实体行业的非办公室岗位，预计这种情况至少会持续到2022年上半年。随着奥密克戎变种的出现，目前新加坡的进一步重新开放又暂时陷入停滞。即便如此，疫情的长期持续导致了建筑活动的需求被压抑，同时伴随着劳动力状况的预期放松，我们从正与疫情对抗转变为地方性流行病的国家，预计建筑商将抓紧履行过去15个月内授予的大量建筑合同。政府也于2021年12月15日宣布，将增加公共住房和私人住房的供给，以满足住房需求[2]。对私人房屋，政府售地计划2022下半年的确认单供应量已由2021下半年的2000个单位增至2785个单位[3]。建屋发展局（"**HDB**"）也宣布，预购组屋（"**BTO**"）将在未来两年内大幅提升，在2022和2023年[4]达到23000个单位，相比2021，2020和2019的17000， 16800个和14600个单位，这预示着未来对建筑钢材的需求良好。

新加坡对2022年至2025年的建设市场需求预计也将在250亿新元到320亿新元之间，高于2021年的建筑市场预计需求的230亿新元至280亿新元之间。截至2021年9月30日底，集团的订单量大约12亿新元。我们的销售订单中的项目期限最长为5年。

在2021年10月，丰隆亚洲（"**HLA**"）通过认购新股和现有股份，将其在BRC亚洲的股份从约3.6%增加到20.0%，目前是BRC亚洲的重要大股东之一。

分别由BRC亚洲发起，新加坡的主要钢筋和预制钢构件公司（包括HLA）在2021年8月成立了新加坡预制协会（"**PFAPS**"）。这个非营利性组织代表了为新加坡建筑行业提供预制钢筋的场外预制制造和装配设计（"**DfMA**"）行业的集体利益。PFAPS与政府机构和行业商业合作伙伴保持一致，通过启动和增加生产技术和可持续实践的采用，实现智能的可持续和有弹性的新加坡建筑环境，朝着更先进，更一体化的方向发展，继续提升市场。

集团内部，我们持续实施严格管控的政策和安全管理框架，以保护我们的员工和社区，包括对所有人员进行定期拭子检测。同时，我们意识到过去20个月里的社区隔离政策对我们居住在宿舍的外籍劳工造成了不利的心理影响，并采取开放和活跃的沟通渠道，确保他们的心理健康。

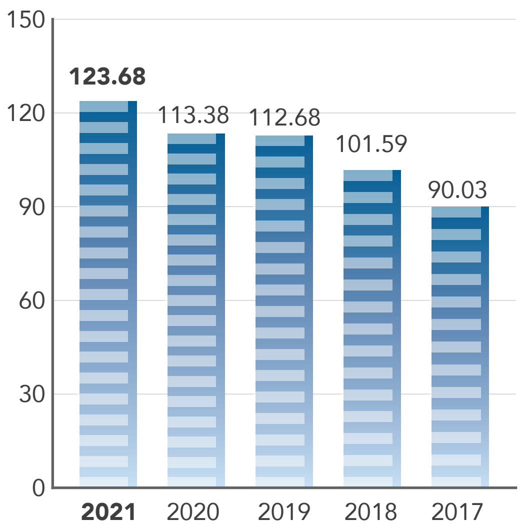
凭借不断改善的基本面、稳健的资产负债表以及由经验丰富的专业人士组成的敬业团队，我们有信心能够有效应对不断变化的形势。我相信，这些努力将使BRC亚洲走上一条新的增长轨道，并最终在新常态中变得更加强大。

致谢

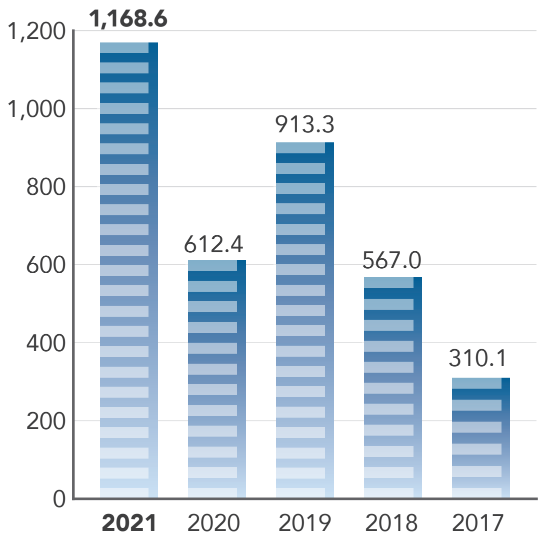
最后，我要向我们的客户，业务伙伴和同事表示衷心的感谢，感谢他们在这个前所未有的时期继续提供支持。我还要感谢我们的管理团队和员工在过去的一年里，在充满挑战的环境下，他们的奉献精神和辛勤工作。最后我还要感谢我们的股东对我们坚定不移的忠诚和信任。

谢敬平
首席执行官

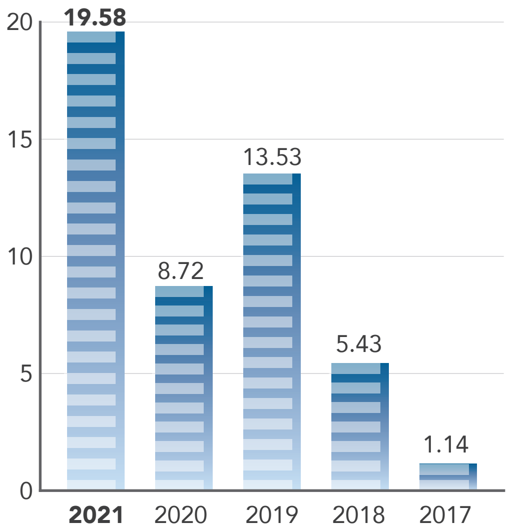
Net asset per share attributable to owners (cents)



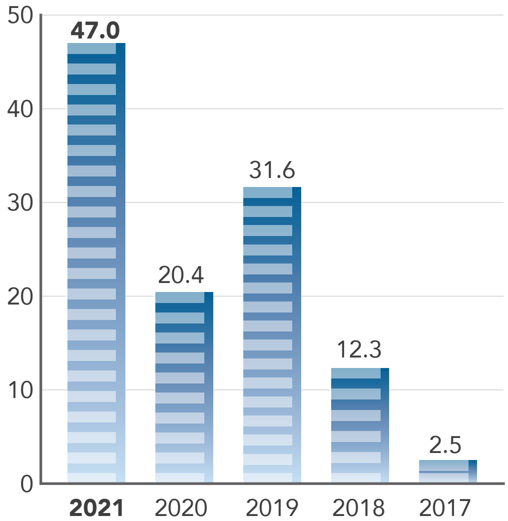
Revenue from continuing operations (S$'million)



Basic earnings per share (cents)



Profit after tax (S$'million)



Group Financial Results	2021*	2020*	2019*	2018*	2017
Revenue from continuing operations (S$'000)	**1,168,647**	612,378	913,287	567,009	310,148
Profit before tax (S$'000)	**58,373**	26,990	38,435	15,650	3,024
Profit after tax (S$'000)	**47,026**	20,352	31,562	12,296	2,473
Net asset attributable to owners (S$'000)	**300,949**	264,547	262,928	237,036	167,755

Per Share Data					
Basic earnings per share (cents)	**19.58**	8.72	13.53	5.43	1.14
Net asset per share attributable to owners (cents)	**123.68**	113.38	112.68	101.59	90.03

* The Group Financial Results included the results of Lee Metal, which became a subsidiary of the Group in FY2018.

BOARD OF **DIRECTORS**

MR. TEO SER LUCK

Chairman and Independent Director

Mr. Teo was appointed as an Independent Director of the Group and Chairman of the Board on 28 November 2017.

Mr. Teo is currently an entrepreneur and investor as well as the Lead Independent Director of China Aviation Oil (Singapore) Corporation Ltd., Straco Corporation Ltd., Mindchamps Preschool Limited, Independent Non-Executive Chairman of Serial System Ltd., and an Independent Director of Yanlord Land Group Limited, which are listed on the mainboard SGX-ST. He is also an adviser to the Institute of Singapore Chartered Accountants (ISCA) as well as the Singapore Fintech Association.

Mr. Teo is a trained accountant and spent 15 years in the private sector managing and setting up companies before being elected as a Member of the Parliament of Singapore and a full-time political office holder for 11 years. He returned to the private sector in July 2017 and remained as a Member of the Parliament till June 2020.

He was Minister of State at the Ministry of Trade and Industry and Ministry of Manpower, Mayor of the North East District of Singapore, as well as Senior Parliamentary Secretary in the Ministry of Community Development, Youth and Sports and was also the Chairman of Singapore-Shandong Bilateral Business Council and Vice Chairman of Singapore-Jiangsu Bilateral Business Council.

MR. SEAH KIIN PENG

Executive Director and Chief Executive Officer

Mr. Seah was appointed as the Chief Executive Officer of the Group on 26 September 2018.

Mr. Seah is responsible for the Group's business performance. He oversees the development and implementation of our business plans and strategies. Since joining the Group in March 2010 as an Executive Director, Mr. Seah had assisted the previous Group Managing Director in running the businesses of the Group. From October 2016, Mr. Seah ran the operations of the Group, successfully steering the Group through a challenging period, amidst weakness in the construction sector, as well as completing the S$200 million takeover of Lee Metal Group Ltd. in 2018. Prior to joining the Group, Mr. Seah was the General Manager of a group of companies in the shipping business. He started his career with the Singapore Foreign Service after graduating with Bachelor and Masters of Science in Management from the London School of Economics and Political Science.

MR. JOEL LEONG KUM HOE

Independent Director

Mr. Leong was appointed as an Independent Director and Chairman of the Audit Committee on 2 April 2018.

Mr. Leong is currently a business consultant specialising in corporate restructuring, mergers and acquisitions, and business management.

Mr. Leong is also an active volunteer. He is currently the Chairman of Hougang Constituency Community Club Management Committee and Vice Chairman of Kaki Bukit Constituency Citizen Consultative Committee.

Mr. Leong has vast experience in various industries like industrial engineering, precision engineering, semiconductor, IT, electronics, ordnance and food. He was Chief Financial Officer and Independent Director of several listed companies on both the Mainboard and Catalist board of SGX-ST in the past.

MS. CHANG PUI YOOK

Independent Director

Ms. Chang was appointed as an Independent Director of the Group on 6 August 2018.

Ms. Chang has close to 30 years of Corporate Banking experience with leadership roles in International Banks. As the former Managing Director & Regional Asian Head of ABN Amro's franchise in Trade & Structured Commodity Finance, her key responsibilities were in originating and developing client relationships and being trusted advisor to (C-suite level) clients. Recognised for her work across the key markets of commodity value chains, she is a collaborator with multi-geographic teams and specialises in credit and risk management, structured trade, financial due diligence and corporate governance. She enjoys nurturing young talents and was Advisory Council member of the International Trading Institute in Singapore Management University.

Ms. Chang graduated from NUS with majors in Economics & Statistics, and has an INSEAD Certificate in Corporate Governance (IDP-C).

MR. HE JUN

Independent Director

Mr. He was appointed as an Independent Director of the Group on 2 April 2018.

Mr. He joined WongPartnership LLP in Singapore in February 1997 and is currently the Head of the China Practice of WongPartnership LLP. He was appointed as a Non-Independent Non-Executive Director of Raffles Education Corporation Limited on 6 November 2018. Mr. He was an Independent Director of Asia Power Corporation Limited from December 2007 until it was delisted from the SGX-ST in May 2014 and Devotion Energy Group Ltd. from December 2007 until it was delisted from the SGX-ST in December 2013.

Mr. He graduated with a Bachelor's Degree in Arts from Yunnan University in July 1983 and a Master's Degree in Law from China University of Political Science and Law in July 1989 and from McGeorge School of Law, University of the Pacific in the United States of America in May 1993. Mr. He was admitted as a lawyer in the PRC in December 1995.

MR. XU JIGUO

Executive Director and Chief Procurement Officer

Mr. Xu was appointed as an Executive Director of the Group on 28 November 2017.

Mr. Xu is responsible for the trading activities of the Group. He also assists the Chief Executive Officer of the Group with steel procurement. Mr. Xu has more than 20 years of experience in shipping and trading. Prior to joining the Group, he was a Deputy General Manager in Bright Point Pte. Ltd., a steel trading company. Mr. Xu holds an MBA Degree from The University of South Australia.

BOARD OF **DIRECTORS**

MR. ZHANG XINGWANG

Executive Director and Chief Operating Officer

Mr. Zhang was appointed as an Executive Director of the Group on 5 December 2017.

Mr. Zhang is responsible for the development of strategies for the Group. He also assists the Chief Executive Officer of the Group with manufacturing and operations. Prior to joining the Group, Mr. Zhang was a Director of a company in iron ore trading. He was a Deputy Director within the raw material department of WISCO International Economy & Trading Limited. Mr. Zhang holds an MBA Degree from Wright State University in USA and a Bachelor's Degree in Mineral Engineering from Central South University in China.

MR. DARRELL LIM CHEE LEK

Executive Director

Mr. Lim was appointed as an Executive Director of the Group on 14 February 2019.

Mr. Lim is responsible for the Group's corporate, capital market and international expansion strategies. Before that, he spent 10 years with the Singapore Exchange (SGX) in a number of management roles including corporate coverage, investor relations, product development, investor relations and corporate strategy. Prior to joining SGX, he was an Australian-based management consultant specialising primarily in corporate strategy and organisational transformation. Over the course of his consulting career, he had worked with clients across Australia, New Zealand, Hong Kong and Southeast Asia.

Mr. Lim holds degrees from Oxford University (UK), Sydney University (Australia) and the National University of Singapore.

KEY EXECUTIVE **OFFICERS**

MS. LEE CHUN FUN

Chief Financial Officer and Company Secretary

Ms. Lee is responsible for the Group's financial and treasury management while overseeing the Human Resources and Administration department. She started her career in auditing with a public accounting firm and has experience in finance, treasury and credit control functions.

Ms. Lee holds a Master's Degree in Business Administration from the University of Strathclyde and a Bachelor's Degree in Accountancy from the National University of Singapore.

MR. TAN LAU MING

Deputy Chief Operating Officer

Mr. Tan is responsible for the Group's prefabrication production, operational matters and cut and bend services while overseeing safety, security and dormitories.

Mr. Tan has over 20 years of experience in production operations which include manufacturing, planning, resource allocation, industrial engineering and process control.

Mr. Tan holds a Master's Degree in Engineering Management from the University of Wollongong.

MR. ONG LIAN TECK

Chief Commercial Officer

Mr. Ong oversees the Sales and Marketing Department and is responsible for formulating marketing plans and strategies as well as the delivery of engineering support services to customers. He also assists the Chief Executive Officer in business development efforts and the Chief Procurement Officer in steel inventory management. He has over 20 years of experience in the industry.

Mr. Ong graduated from Nanyang Technological University with a Bachelor's Degree (Honours) in Engineering (Civil).

CORPORATE
GOVERNANCE REPORT

INTRODUCTION

BRC Asia Limited ("**BRC**" or the "**Company**") and its subsidiaries (the "**Group**") are committed to achieving high standards of corporate governance and transparency practices. The Group believes that good corporate governance is imperative to the sustained growth and long-term success of the Group's business.

This report outlines the Company's corporate governance processes and activities that were in place, with specific reference to the Code of Corporate Governance 2018 (the "**Code**") and the disclosure guide (the "**Guide**") developed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Group is generally in compliance with the principles and provisions as set out in the Code and the Guide. Where there are deviations from the Code, the Board of Directors (the "**Board**") has considered alternative practices adopted by the Group are sufficient to meet the underlying objectives of the Code. Appropriate explanations have been provided in the relevant sections where there are deviations.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Group.

The Company is headed by its effective Board comprising professionals from various disciplines who are entrusted with the responsibility for the overall management of the Group. All Directors recognise that they have to discharge their duties and responsibilities in the best interests of the Company. Each Director is expected to act in good faith, be honest and diligent in exercising his/her independent judgement in overseeing the business and affairs of the Company.

Composition of the Board of Directors

The Board comprises eight Directors, four of whom are Independent Directors. The Board consists of:

Mr. Teo Ser Luck	Chairman and Independent Director
Mr. Seah Kiin Peng	Executive Director and Chief Executive Officer
Mr. Xu Jiguo	Executive Director and Chief Procurement Officer
Mr. Zhang Xingwang	Executive Director and Chief Operating Officer
Mr. Darrell Lim Chee Lek	Executive Director
Ms. Chang Pui Yook	Independent Director
Mr. He Jun	Independent Director
Mr. Joel Leong Kum Hoe	Independent Director

The profile of each Board member is provided on pages 12 to 14 of the Annual Report.

Primary Functions of the Board

The primary functions of the Board are to:

- supervise and approve strategic direction of the Group;
- decide on policies covering corporate governance and business matters;
- review the business practices and risk management of the Group;
- review the management performance of the Group;
- review and approve interested person transactions;
- approve matters beyond the authority of the Key Executive Officers;
- ensure that there are policies and safeguards in the system of internal controls to preserve the integrity of assets;

- ensure compliance with legal and regulatory requirements;
- approve all communications with Shareholders;
- approve recommendations made by the Audit, Nominating and Remuneration Committees; and
- consider sustainability issues such as environmental and social factors as part of its strategic plans.

Disclosure of Interest

Directors and Chief Executive Officer who are in any way, directly or indirectly, interested in a transaction or proposed transaction, including those identified within the Code and provisions of the Companies Act, Cap. 50 (the "**Act**") will declare the nature of their interests and not participate in any discussion and decision on the matter.

Each Director is aware of the requirements in respect of his/her disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information. All disclosure of interests and conflicts are made to the Company within prescribed timeline.

Delegation by the Board

To assist the Board in the discharge of its oversight function, various Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee, have been constituted to operate under the defined terms of reference. The key terms of reference of the respective Board Committees are set out in this report. The terms are reviewed by the Board and respective Board Committees from time to time. Each Committee, chaired by an Independent Director, has the delegated power to make decisions, execute actions or make recommendations within its terms of reference and applicable limits of authority. The Board is apprised of the decisions made by the Committees. Draft notice of each Committee meeting will be circulated to the respective members in advance, to ensure the members have sufficient time to revert with proposed agenda.

The Company has specified in its procedure manual that transactions beyond the threshold limits of Key Executive Officers be referred to the Board for approval. Material matters which require approval of the Board include new investments or increase in investments, material acquisitions or disposals of assets exceeding certain limits, share issues, all commitments to funding from banks and dividends payout. Approvals of release of financial results and financial statements are also material transactions specifically reserved for the Board's review and approval.

Directors facing conflict of interest recuse themselves from discussions and decisions involving the issues of conflict.

Board's Conduct of Affairs

During the financial year ended 30 September 2021, five Board meetings were held. In addition, the Board members have in numerous occasions exchange views outside the formal environment of Board meetings. Additional Board meetings will be convened when they are deemed necessary to address any significant issues that may arise in-between the scheduled meetings. Ad-hoc matters which require the Board's approval are dealt with through circular resolutions, when necessary.

The Management recognises the importance of circulating information on a timely basis to ensure that the Board has adequate time to review the materials to facilitate constructive and effective discussions during meetings. Company Secretaries, Ms. Lee Chun Fun (who is also the Chief Financial Officer) and Ms. Low Mei Wan, assist the Chairman in the preparation of notices, Board papers and minutes of Board proceedings. They are the primary channel of communication with SGX-ST and also responsible for assisting the Chairman to ensure Board procedures are followed. All Directors may, where necessary, seek independent professional advice paid for by the Company.

The attendance of the Directors at the Board and Committee meetings for the financial year ended 30 September 2021 is as follows:

Name of Director	Board of Directors	Audit Committee	Remuneration Committee	Nominating Committee
Mr. Teo Ser Luck	5/5	5/5[1]	1/1	1/1
Mr. Seah Kiin Peng	5/5	5/5[1]	1/1[1]	1/1[1]
Mr. Xu Jiguo	5/5	5/5[1]	1/1[1]	1/1[1]
Mr. Zhang Xingwang	4/5	5/5[1]	1/1[1]	1/1[1]
Mr. Darrell Lim Chee Lek	5/5	5/5[1]	1/1[1]	1/1[1]
Ms. Chang Pui Yook	5/5	5/5	1/1	1/1[1]
Mr. He Jun	5/5	5/5	1/1	1/1
Mr. Joel Leong Kum Hoe	5/5	5/5	1/1	1/1

Note:
1 The Director who is not a member of the committee has attended the meeting(s) by invitation.

To assist the Board in discharging its duties, the Board is provided with reports as well as financial results on a regular basis. Board papers are also distributed in advance of Board meetings so that the Directors would have sufficient time to understand the matters which are to be discussed. The Directors have direct access to the Management and Company Secretaries at all times.

The Independent Directors are always available to provide guidance to the Management on business issues and in areas which they specialise in. They provide independent judgement during the Board meetings.

Under the direction of the Chairman, the Company Secretaries ensure good information flow within the Board and its committees and between the Management and Independent Directors, advising the Board all governance matters as well as facilitating orientation and assisting with professional development as and when required. The Directors may communicate directly with the Management and Company Secretaries on all matters whenever they deem necessary to ensure adherence to the Board procedures and relevant rules and regulations which are applicable to the Company.

During the financial year, the Company Secretary attended all of the Board and Board Committee meetings.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Composition and Balance

The Board consists of four Independent Directors and four Executive Directors. The Nominating Committee, with concurrence of the Board, is of the opinion that the current Board, Board Committee size and composition are considered appropriate for the Company’s needs and nature of the operations, with an objective of achieving a good mix and diversity of skills, experience, gender and knowledge of the business to ensure that the Board will be able to make satisfactory and independent decisions regarding the affairs of the Company. Each Board member is encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the participation in external training seminars and courses. The costs incurred for seminars and trainings shall be borne by the Company.

Regular briefings and updates on developments in accounting and governance standards are conducted by the external auditor, Ernst & Young LLP, and the internal auditor, Yang Lee & Associates. The Directors also attend other appropriate courses and seminars to keep abreast with changes in regulations, financial reporting standards, continuing listing obligations as well as industry-related matters.

The Nominating Committee reviews the existing Board composition annually, to ensure the existing Board and Board Committees are appropriate. Although Non-Executive Directors of the Company do not make up a majority of the Board, the Nominating Committee is of the view that there is a strong and independent element on the Board as independent directors form half of the Board, thereby eliminating the risk of a particular group dominating the decision-making process. The Board ensures that the process of decision-making by the Board is independent and is based on collective decision, without any concentration of power. The Board has reviewed and decided that the Company does not need a Lead Independent Director for the time being.

The Independent Directors provide, amongst others, strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively develop proposals on strategies. They also contribute to the Board processes by monitoring and reviewing Management's performance. When dealing with challenging proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflict of interest and other complexities.

To facilitate more effective checks on the Management, Independent Directors' meetings are held at least once a year and as and when needed.

During the financial year, the Independent Directors have held one meeting without the presence of Management.

None of the Independent Directors has any relationship with the Company's related companies or its substantial Shareholders or its Officers that could interfere or be reasonably perceived to interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Company. No individual or group of individuals dominates the Board's decision-making process.

The Company does not have a Board diversity policy but it consists of professionals from various disciplines. The Board conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. This enables the Board to maintain or enhance balance and diversity within the Board.

The Board has reviewed and believes that its composition achieves a diversity of skills, knowledge, experience and gender, as further described as follows:

	Number of Directors	Proportion of Board
Core Competencies		
Accounting/Finance/Legal/Corporate governance	5	62.5%
Industry/Customer based-knowledge or experience	6	75.0%
Strategic planning experience	6	75.0%
Gender		
Male	7	87.5%
Female	1	12.5%

The Board members have a range of core competencies that would provide effective directive for the Group.

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Under Provision 3.1 of the Code, the Chairman and the Chief Executive Officer are to be separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. Mr. Teo Ser Luck was appointed as Independent Non-Executive Chairman of the Company on 28 November 2017 and Mr. Seah Kiin Peng was appointed as Chief Executive Officer of the Company on 26 September 2018. The Chairman and the Chief Executive Officer are not immediate family members.

The Chairman leads the Board and has a clear role that is distinct from that of the Chief Executive Officer. He is responsible for, amongst others:

- leading the Board to ensure its effectiveness on all aspects of its role, scheduling meetings of the Board and setting the Board meeting agenda after consultation with the Management;
- exercising control over quality, quantity and timeliness of the flow of information between Management and the Board;
- inviting participation from advisors or Management to facilitate in-depth discussions, where necessary;
- calling for informal meetings with Management as and when needed;
- assisting to ensure compliance with the Company's guidelines on corporate governance;
- ensuring effective communication with Shareholders;
- encouraging constructive relations between the Board and Management as well as between the Executive Directors and Independent Directors;
- facilitating the effective contribution of Independent Directors; and
- promoting high standards of corporate governance.

The Chief Executive Officer is responsible for implementing the Group's strategies and policies as well as the daily management and operations of the Group. He is responsible for management and performance.

The Board has no dissenting view on the Chairman's statement to the Shareholders for the financial year under review.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

Nominating Committee

The Nominating Committee consists of:

Mr. He Jun	Chairman
Mr. Teo Ser Luck	Member
Mr. Joel Leong Kum Hoe	Member

The Nominating Committee is established for the purpose of ensuring that there is a formal and transparent process for all Board appointments, taking into account the need for progressive renewal of the Board. All members of the Nominating Committee are Independent Directors.

The Nominating Committee is governed by its adopted written terms of reference and its functions are to:

- recommend to the Board on relevant matters relating to (a) review of board succession plans for Directors (including Independent Directors), in particular, the Chairman, Chief Executive Officer and Executive Directors, taking into consideration, contribution and performance of each Director; (b) the development of a process for evaluation of the performance of the Board, the Board Committees and individual Directors; (c) the review of training and professional development programmes for the Board; and (d) making evaluations, assessments and recommendations with respect to the selection and appointment and re-appointment of Directors (including alternate Directors, if applicable);
- review whether the size of the Board is appropriate;
- review annually the composition of the Board to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities;
- review and determine annually, and as and when circumstances require, if a Director is independent;
- review where a Director has multiple Board representations, whether the Director is able to and has been adequately carrying out his/her duties as Director, taking into consideration the number of listed Company Board representations of the Directors and other principal commitments;

- recommend Directors who are retiring by rotation to be put forward for re-election. The Constitution of the Company requires at least one-third of the Directors (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation every year and each Director to retire from the office at least once every three years;
- review and approve any new employment of related persons and the proposed terms of their employment;
- recommend to the Directors candidates for Key Executive Officer positions and candidates for directorship (including executive directorships);
- review succession plans for Key Executive Officers and recommend them to the Board for approval; and
- review that no individual member of the Board dominates the Board's decision-making process.

The process for the short-listing, selection and appointment of all new Directors is spearheaded by the Nominating Committee. In the selection and nomination of new Director, the Nominating Committee taps on the resources of the Directors' personal contacts for recommendation of potential candidates. External help (for example, open advertisement, executive search, consultants) may be used to source for potential candidates. The Nominating Committee meets with the short-listed potential candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectation required before a decision is made for recommendation to the Board for approval.

AII Board appointments are made based on merits, in the context of skills, experience, core competencies, independence and other relevant factors, having due regard for the benefits of diversity on the Board and the contribution that the selected candidates will bring to the Board.

Upon appointment to the Board, each Director receives a formal letter which sets out the Directors' duties and obligations. AII new Directors are briefed on the Group's history, business activities, strategic direction, core values and corporate governance practices. Newly appointed Independent Directors are also apprised of Board processes, corporate governance initiatives and industry development relating to the Company. Newly appointed Directors who do not have prior experience as Director of a listed Company will attend trainings pertaining to duties and obligations as well as in other relevant areas at the expense of the Company.

The criteria of independence are based on the definition given in the SGX-ST Listing Manual and the Code. Under Provision 2.1 of the Code, an "independent" Director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related companies, its substantial Shareholders or its Officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

The independence of Directors shall be reviewed by the Nominating Committee annually, in accordance with the SGX-ST Listing Manual's definition of independence.

Mr. Teo Ser Luck, Mr. He Jun, Mr. Joel Leong Kum Hoe and Ms. Chang Pui Yook, the Independent Directors of the Company, have each confirmed that they and their immediate family members are not employed or have been employed by the Company or any of its related Companies for the current and any of the past three financial years and whose remuneration is determined by the Remuneration Committee. They have also confirmed that they do not have any relationship with the Company, its related companies, its substantial Shareholders or its Officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group.

Pursuant to SGX-ST Listing Rule 210(5)(d)(iii) which take effect from 1 January 2022, an independent director who has served on Board for an aggregate period of more than nine or more years will be subject to approval of (i) all shareholders; and (ii) all shareholders, excluding shareholders who are directors and Chief Executive Officer of the Company (and their associates).

As of the date of this report, no Independent Director has served for an aggregate period of nine or more years from the date of his/her first appointment.

During the year, the Nominating Committee has reviewed the independence of all Independent Directors and is satisfied that there are no relationships which would deem any of them not to be independent. The Nominating Committee has considered the relationships identified by the Code and, additionally, that the Independent Directors are also independent from substantial Shareholders of the Company. No individual or small group of individuals dominates the Board's decision-making process.

CORPORATE
GOVERNANCE REPORT

The Constitution of the Company states that at least one-third of the Directors (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office and all Directors shall retire from office at least once every three years. A retiring Director shall be eligible for re-election and a Director retiring at a meeting shall retain office until the close of the meeting, whether adjourned or not.

When considering the re-nomination of Director for re-election, the Nominating Committee would take into account the time commitment by the Board members with multiple board representation. The Nominating Committee resolved that each Executive Director of the Company shall hold not more than three directorships in other listed companies and non-governmental organisation. For Independent Directors, the Nominating Committee is satisfied that they are able to carry out and have been carrying out their duties as a Director of the Company and sufficient time and attention have been given to the affairs of the Company. Therefore, it has decided not to fix a numerical limit on the number of directorships an Independent Director can hold. During the financial year under review, the Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance of the meeting dates. Every year, the Nominating Committee reviews the composition of the Board and the number of listed Company Board representations each Director holds. Where a Director holds a significant number of directorships and principal commitments, the Nominating Committee will assess his/her ability to diligently discharge his/her duties.

Key information of the Directors as at the date of this report is set out below:

Name of Director	Position in the Company	Directorships in Other Listed Companies and Other Principal Commitments
Mr. Teo Ser Luck	Independent Director and Non-Executive Chairman	• 2YSL Pte Ltd (Director) • China Aviation Oil (Singapore) Corporation Ltd. (Non-Executive and Independent Director) • F4U Private Limited (Director) • Helicap Private Limited (Adviser) • Institute of Singapore Chartered Accountants (Adviser) • Mindchamps Preschool Limited (Lead Independent Director) • Serial System Ltd. (Non-Executive Independent Chairman) • Singapore FinTech Association (Adviser) • Straco Corporation Ltd. (Non-Executive and Independent Director) • Yanlord Land Group Limited (Non-Executive and Independent Director)
Mr. Seah Kiin Peng	Executive Director and Chief Executive Officer	–
Mr. Xu Jiguo	Executive Director and Chief Procurement Officer	–
Mr. Zhang Xingwang	Executive Director and Chief Operating Officer	–
Mr. Darrell Lim Chee Lek	Executive Director	• Bright Point Capital Pte. Ltd. (Director) • New Silkroutes Group Limited (Independent Non-Executive Chairman) • Prometheus Pte. Ltd. (Director) • XM Studios Pte. Ltd. (Director)

Name of Director	Position in the Company	Directorships in Other Listed Companies and Other Principal Commitments
Ms. Chang Pui Yook	Independent Director	–
Mr. He Jun	Independent Director	● WongPartnership LLP (Partner) ● Raffles Education Corporation Limited (Non-Executive and Non-Independent Director)
Mr. Joel Leong Kum Hoe	Independent Director	–

Currently, no alternate Director has been appointed by the Directors.

Mr. Teo Ser Luck, Mr. Zhang Xingwang and Ms. Chang Pui Yook are Directors seeking re-election at the forthcoming annual general meeting.

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the information relating to the retiring Directors as set out in Appendix 7.4.1 of the Listing Manual is disclosed below:

	Teo Ser Luck	Zhang Xingwang	Chang Pui Yook
Date of Appointment	28 November 2017	5 December 2017	6 August 2018
Date of last re-appointment	30 January 2020	30 January 2020	30 January 2019
Age	54	48	56
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance, preparedness, participation and suitability of Mr. Teo for re-election as Director of the Company and concluded that Mr. Teo possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance, preparedness, participation and suitability of Mr. Zhang for re-election as Director of the Company and concluded that Mr. Zhang possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance, preparedness, participation and suitability of Ms. Chang for re-election as Director of the Company and concluded that Ms. Chang possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Independent Director	Executive Director Mr. Zhang is responsible for the Group's manufacturing operations in Singapore and Malaysia	Independent Director

CORPORATE
GOVERNANCE REPORT

	Teo Ser Luck	Zhang Xingwang	Chang Pui Yook
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director and Chairman of the Board Remuneration Committee Chairman Nominating Committee Member	Executive Director and Chief Operating Officer	Independent Director Audit Committee Member Remuneration Committee Member
Professional qualifications	Bachelor of Accountancy, Nanyang Technological University, Singapore	Bachelor of Mineral Engineering, Central South University, China Master of Business Administration (Degree), Wright State University, USA	Bachelor of Arts, National University of Singapore, Singapore Certificate of Corporate Governance (IDP-C), INSEAD, Singapore
Any relationship (including immediate family relationships) with any existing Director, existing executive Officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Working experience and occupation(s) during the past 10 years	Senior Parliamentary Secretary, Ministry of Transport Senior Parliamentary Secretary, Ministry of Community, Youth & Sports Ministry of State, Ministry of Trade & Industry Mayor, North East District Ministry of State, Ministry of Manpower Chairman of Singapore-Shandong Bilateral Business Council Vice-Chairman of Singapore-Jiangsu Bilateral Business Council	Fairborn Resource Pte. Ltd. (Director) Guangdong Guangxin Mining Resources Group Co., Ltd. (Vice General Manager) International Economics & Trading Corp., Wugang Group (Raw Material Department Director)	ABN AMRO Bank Singapore (Managing Director & Regional Head of Asia, Commodity Finance)

	Teo Ser Luck	Zhang Xingwang	Chang Pui Yook
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7)) or Appendix 7H (Catalist Rule 704(6))	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil
Other Principal Commitments* Including Directorships[#] Notes: * "Principal Commitments" has the same meaning as defined in the Code [#] These fields are not applicable for announcements of appointments pursuant to Listing Rule 704 (9) or Catalist Rule 704 (8).			
Past (for the last 5 years)	• Ministry of State, Ministry of Manpower. • Mayor of North East District • Ministry of State, Ministry of Trade and Industry	Nil	• ABN AMRO Bank, Singapore
Present	• 2YSL Pte Ltd • BRC Asia Limited • China Aviation Oil (Singapore) Corporation Ltd • F4U Private Limited • Helicap Private Limited • Institute of Singapore Chartered Accountants • Mindchamps Preschool Limited • Serial System Ltd. • Singapore FinTech Association • Straco Corporation Ltd. • Yanlord Land Group Limited	• BRC Asia Limited • BRC International Pte. Ltd. • BRC Projects Pte. Ltd. • Fairborn Resources Pte. Ltd. • Lee Metal Group Pte. Ltd. • Lee Welded Mesh Singapore Pte. Ltd. • LMG Realty Pte. Ltd.	• BRC Asia Limited

	Teo Ser Luck	Zhang Xingwang	Chang Pui Yook
Disclose the following matters concerning an appointment of Director, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Manager or other Officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a Director or an equivalent person or a key executive, at the time when he was a Director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a Director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a Director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

	Teo Ser Luck	Zhang Xingwang	Chang Pui Yook
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
iv any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a Director of a listed company?	N.A.	N.A.	N.A.
If yes, please provide details of prior experience.	N.A.	N.A.	N.A.
If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a Director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the Director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.

The Board had accepted the Nominating Committee's recommendation to seek approval from the Shareholders at the forthcoming Annual General Meeting to re-elect Mr. Teo Ser Luck, Mr. Zhang Xingwang and Ms. Chang Pui Yook, who will be retiring according to Regulation 104 of the Constitution of the Company, as Directors of the Company.

In reviewing the re-nomination of the Board members who are due for re-election as a Director of the Company, the members of the Board concerned abstained from voting on the resolution in respect of his re-nomination as a Director.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual directors.

The Company has in place a system to assess the Board's performance as a whole and each Board Committee separately, and also assessing the contribution of each individual Director. With the recommendation of the Nominating Committee, the Board uses objective performance criteria to evaluate the Board's performance, bearing in mind that each member of the Board contributes in a different way to the success of the Company and Board decision are made collectively. To-date, no external facilitator has been engaged for the purposes of Board assessment.

On an annual basis, the Nominating Committee in consultation with the Chairman of the Board, will review and evaluate the performance of the Board as a whole. The qualitative criteria used to evaluate the overall Board performance includes the composition of the Board, information flow to the Board, Board procedures, corporate strategy and planning, risk management and accountability as well as matters concerning Key Executive Officers and standard conduct of its Board members. The Nominating Committee will evaluate the process for performance evaluation review and its effectiveness from time to time. The Chairman of the Board will act on the results of the performance evaluations and, in consultation with the Nominating Committee, propose, where appropriate, new members to be appointed to the Board or seek the resignation of existing members.

The Board has taken the view that the recommendations under the Code to include financial indicators as part of the performance criteria for Board evaluation is not appropriate as it is more of a measurement of Management's performance and therefore, less applicable to the whole Board.

The Nominating Committee met in November 2021 and discussed amongst others, the performance of individual directors, the Board committees and the Board, independence of the Independent Directors and re-election of Directors who will be retiring at the next annual general meeting. AII committee members present at the meeting participated in the discussion. No significant issues were identified from the evaluation of the Board's performance for the financial year under review.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of Individual Directors and Key Executive Officers. No Director is involved in deciding his/her own remuneration.

Principle 7: Level and Mix of Remuneration

The level and structure of remuneration of the Board and Key Executive Officers are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the Company.

Remuneration Committee

The Remuneration Committee, regulated by a set of written terms of reference, consists of four members who are all Independent Directors.

The Remuneration Committee consists of:

Mr. Teo Ser Luck	Chairman
Mr. Joel Leong Kum Hoe	Member
Mr. He Jun	Member
Ms. Chang Pui Yook	Member

The principal functions of the Remuneration Committee are to:

- recommend to the Board a framework of remuneration for the Directors and Key Executive Officers of the Group, including Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent);
- determine specific remuneration packages for each Executive Director including the Chief Executive Officer (or equivalent);
- review all aspects of remuneration of employees (including, among others, employees who are related to the Directors and relatives of the Directors and controlling Shareholders), including Directors' fees, salaries, allowances, bonuses and other benefits-in-kind;
- review and ensure that the remuneration of Independent Directors is appropriate to the level of contribution by them taking into account factors such as effort and time spent and responsibilities of the Directors;
- recommend the employees' share option schemes or any long-term incentive scheme, which may be set up from time to time and to do all acts necessary in connection therewith; and
- review the Company's obligation arising in the event of termination of the Executive Directors and Key Executive Officers' contract of services to ensure that such contract of services contain fair and reasonable clauses which are not overly generous.

The Remuneration Committee's recommendations are made in consultation with the Chief Executive Officer and Executive Directors and submitted for endorsement by the Board.

In determining the remuneration system for the Key Executive Officers, the Remuneration Committee may seek advice from human resource consultants and senior practitioners in order to obtain comparable information on the market and the industry. The annual review covers all aspects of remuneration including salaries, fees, allowances, bonuses, options and benefits-in-kind, taking into consideration the long-term interests of the Group. The Remuneration Committee will also take into account the performance of the Group as well as that of the Directors and Key Executive Officers, aligning their interests with those of Shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. It ensures that remuneration package is appropriate to attract, retain and motivate the Directors and Key Executive Officers to provide good stewardship of the Group and successfully manage the Group for the long term. The review of remuneration packages takes into consideration the financial and commercial health, business needs and long-term interest of the Group. Performance-related remuneration is aligned with the interests of Shareholders and other Stakeholders and promotes the long-term success of the Group.

The Remuneration Committee met in November 2021 to discuss the various remuneration matters and its decision was recorded by way of minutes. The committee members present at the meeting were involved in the deliberations. No Director was involved in the fixing of his/her own remuneration.

No external remuneration consultants were appointed for the financial year under review.

Principle 8: Disclosure on Remuneration

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedures for setting remuneration, and the relationships between remuneration, performance and value creation.

The remuneration package of Executive Directors and Key Executive Officers consists of:

Basic Salary

Basic salary is determined based on the market value of the job. Merit increments, if any, are added to the basic salary. In line with the Singapore government's recommendations, the Company has designated a portion of the basic salary as a monthly variable component for certain employees, including Key Executive Officers.

Bonus

The Executive Directors and Key Executive Officers are entitled to a bonus which is determined by the Group's performance. The Board, as recommended by the Remuneration Committee, approves any bonuses paid to the Executive Directors and Key Executive Officers.

Benefits-in-kind

Customary benefits-in-kind consistent with market practices are given to Executive Directors and Key Executive Officers.

Employee Share Option Scheme

The Company does not have an Employee Share Option Scheme in place.

Remuneration of Directors and Chief Executive Officer

Given the competitive environment that the Company is operating in and the confidentiality of remuneration matters, the Company will not disclose the exact amount and breakdown of each individual Director and Chief Executive Officer, as the Company believes that such disclosure may be prejudicial to its business interests. The Company believes that disclosing individual Director and Chief Executive Officer remuneration in bands of S$250,000 and breakdown in percentage terms strike a good balance between detailed disclosure and confidentiality. The Company believes that disclosing the respective and aggregate remuneration of the Directors in bands no wider than S$250,000 provides a sufficient overview of the remuneration of Directors.

The remuneration (in percentage terms and in bands no wider than S$250,000) of the Directors and Chief Executive Officer is set out below:

Name of Director	Salary %	Bonus %	Fees[1] %	Benefits-in-kind[2] %	Total %
S$750,000 to S$999,999					
Mr. Seah Kiin Peng	28	64	–	8	100
Mr. Xu Jiguo	22	70	–	8	100
S$500,000 to S$749,999					
Mr. Zhang Xingwang	24	68	–	8	100
Mr. Darrell Lim Chee Lek	28	63	–	9	100
Up to S$249,999					
Mr. Teo Ser Luck	–	–	100	–	100
Ms. Chang Pui Yook	–	–	100	–	100
Mr. He Jun	–	–	100	–	100
Mr. Joel Leong Kum Hoe	–	–	100	–	100

The annual aggregate remuneration of Directors for financial year ended 30 September 2021 is S$3,551,000.

Notes:

1 The fees have been approved by Shareholders at the last Annual General Meeting held on 28 January 2021.

2 Includes transport allowances, contributions to Central Provident Fund and other benefits-in-kind.

The Non-Executive and Independent Directors are entitled to Directors' fees. The level of fees is reviewed for reasonableness taking into account the size of the Company, level of contribution and the additional duties and responsibilities of the Directors.

Remuneration of Top 3 Key Executive Officers

Regarding the Code's recommendation to fully disclose the remuneration of at least the top 5 Key Executive Officers who are not Directors or Chief Executive Officer, the Board does not believe it to be in the Company's best interests to disclose the individual remuneration of these Key Executive Officers. The Board is of this view after having carefully considered the highly competitive human resources environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, and that such disclosure is likely to give rise to talent retention issues and would negatively impact the Company if experienced and senior members of the Management team are poached.

The Company had only three Key Executive Officers for the financial year ended 30 September 2021. The profiles of the Key Executive Officers can be found on page 15 of the Annual Report. The Board is of the view that disclosing the remuneration of the top 3 Key Executive Officers in bands of S$250,000 provides a sufficient overview of the remuneration of the Key Executive Officers. The remuneration of two Key Executive Officers falls within the band of S$500,000 and S$749,999 and that of one Key Executive Officer falls within the band of S$750,000 and S$999,999.

Remuneration of Employees Related to Directors

There are no employees related to a Director or the Chief Executive Officer or a substantial Shareholder of the Company whose remuneration exceeds S$100,000 in the Company's employment for the financial year ended 30 September 2021.

For the financial year under review, there were no terminations, retirements or post-employment benefits granted to the Directors, the Chief Executive Officer and Key Executive Officers.

Where appropriate, the Remuneration Committee reviews the service contracts of the Company's Chief Executive Officer and the Executive Directors.

There is no contractual provision under the present remuneration structure that allows the Company to reclaim variable incentive components of remuneration from the Chief Executive Officer, Executive Directors and Key Executive Officers. However, in alignment with the current regulatory standards, the variable incentives of the Chief Executive Officer, Executive Directors and Key Executive Officers may be clawed back in the event of exceptional circumstances of misstatement of financial results or of misconduct resulting in financial or other losses to the Company.

The Company's compensation framework comprises fixed salary and short-term incentives. The Company subscribes to linking the executive remuneration to corporate and individual performance, based on an annual appraisal of employees and using indicators such as core values, competencies, key result areas, performance rating and potential of the employees.

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its Shareholders.

Internal Controls

The Board is responsible for the overall risk governance, risk management and internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interest. Management also reviews the system of internal controls regularly in order to ensure that sufficient checks and balances exist within the system to safeguard the Group's assets. The Audit Committee ensures that these controls are effective by engaging an external consultant as the internal auditor. The internal auditor works within the scope of an audit plan, which has been approved by the Audit Committee, to review and test the adequacy, effectiveness and independence of the internal controls of the Group. The external independent auditor will, in the course of the external audit, conduct a review of certain internal controls relevant to the preparation of financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. The roles of risk management have been delegated to the Audit Committee.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk-focused culture throughout the Group for effective risk governance.

The Board has reviewed the adequacy and effectiveness of the Group's internal controls framework in relation to financial, operational, compliance and information technology controls as well as risk management systems of the Group. The Board, with the concurrence of the Audit Committee, is of the view that the Group's internal controls addressing financial, operational, compliance and information technology risk as well as the Group's risk management systems are effective and adequate as at 30 September 2021. The Board and Audit Committee did not identify any major concern on the Group's internal controls or risk management systems for the financial year under review.

The system of internal controls provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices and the identification and management of business risks.

The Board acknowledges that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the financial records as at 30 September 2021 have been properly maintained and the financial statements for the financial year under review give a true and fair view of the Group's operations and finances. The Board has also received assurance from the Chief Executive Officer and Key Executive Officers that the Company's risk management and internal control systems are adequate and effective.

Principle 10: Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

Audit Committee

The Audit Committee consists of:

Mr. Joel Leong Kum Hoe	Chairman
Mr. He Jun	Member
Ms. Chang Pui Yook	Member

The role of the Audit Committee is to, inter alia, assist the Board in discharging its responsibilities to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls. The Board is of the opinion that the members of the Audit Committee have sufficient accounting and financial management expertise and experience in discharging their duties and responsibilities. There is a good mix of expertise among the members who can handle financial, legal as well as commercial issues relating to the Group's business.

There were five Audit Committee meetings held during the year. In the meetings dealing with the announcement of the Group's results, all other Directors and the Chief Financial Officer were also present.

The Audit Committee has written terms of reference and its key functions are to:

- review with the Company's external auditor their audit plan, their evaluation of selected internal controls in the course of the external audit, their letter to the Management and the Management's response and results of the Company's audit conducted by the external auditor;
- review the reports of the Company's external auditor as well as the independence and objectivity of the external auditor;
- review the co-operation given by the Company's Officers to the external auditor;

- review and discuss with the external auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations which has or is likely to have a material adverse impact on the Group's operating results or financial position and the Management's response;
- make recommendations to the Board on the proposal to the Shareholders on the appointment, re-appointment and removal of external auditor and approving the remuneration and terms of engagement of the external auditor;
- review the quarterly announcements and annual financial statements, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the compliance with accounting standards and compliance with the SGX-ST Listing Manual and any other relevant statutory or regulatory requirements;
- review the significant reporting issues and judgements so as to ensure integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;
- review the material internal control procedures, comprising financial, operational, compliance and information technology controls and ensure co-ordination between the external auditor and the Management, and review the assistance given by the Management to the auditor, and discuss problems and concerns, if any, arising from audits, and any matters which the auditor may wish to discuss (in the absence of the Management, where necessary);
- approve the Group's internal audit plans;
- monitor the implication of outstanding internal control weaknesses highlighted by the internal and external auditors;
- review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual (including any entrusted loans that may be provided to interested persons prior to such loans being entered into to ensure that the terms and (ii) the grant of the entrusted loans (taking into account various factors that may include but are not limited to the rationale for the grant, the creditworthiness of the borrower and the interest rate payable to the Group) are not prejudicial to the Group and the Shareholders);
- review potential conflicts of interest, if any;
- review and consider transactions in which there may be potential conflicts of interests between the Group and the interested persons and recommend whether those who are in a position of conflict should abstain from participating in any discussions or deliberations of the Board or voting on resolutions of the Board or the Shareholders in relation to such transactions as well as to ensure that proper measures to mitigate such conflicts of interest have been put in place;
- review key financial risk areas, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review will be disclosed in the annual reports or if there are material findings, to be immediately announced via SGXNET;
- review and recommend hedging policies and instruments, if any, to be implemented by the Company to the Directors;
- review the suitability of the Chief Financial Officer;
- review the effectiveness of the Company's internal audit function, if applicable;
- undertake such other reviews and projects as may be requested by the Board, and report to the Board its finding from time to time on matters arising and requiring the attention of the Audit Committee; and
- undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time on a quarterly basis.

Apart from the abovementioned duties, the Audit Committee shall commission and review the findings of internal investigations in the event of suspected fraud, irregularity, failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material adverse impact on the Group's operating results and/or financial position.

The Audit Committee has full access to and the cooperation from the Management, along with the full discretion to invite any Director or Key Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its function properly. The Board considers Mr. Joel Leong Kum Hoe, well qualified to chair the Audit Committee. The Key Executive Officers of the Company attend meetings of the Audit Committee on invitation.

The Company has put in place a whistle-blowing policy and the Audit Committee has the authority to conduct independent investigations into any complaints. The Audit Committee oversees the administration of whistle-blowing policy. Periodic reports will be submitted to the Audit Committee stating the number of and details of complaints received, the results of the investigations and follow-up actions. The Audit Committee and the Board ensure that the identity of whistleblower is kept confidential and he is protected against detrimental or unfair treatment. There were no reported incidents under the whistle-blowing policy for the financial year under review.

There has been no reports of fraudulent or inappropriate activities or malpractices received to date.

No former Partner or Director of the Company's existing auditing firm or auditing corporation has acted as a member of the Company's Audit Committee: (a) within a period of 2 years commencing on the date of his/her ceasing to be a Partner of the auditing firm or Director of the auditing corporation; and in any case (b) for as long as he/she has any financial interest in the auditing firm or auditing corporation.

During the year, the Audit Committee has met with the external auditor and internal auditor without the presence of Management.

Independent Auditor

In appointing the audit firm for the Group, the Audit Committee takes into account several factors such as the adequacy of resources and experience of the auditing firm, the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited as well as the number and experience of supervisory and professional staff assigned to the audit. The Audit Committee is satisfied that the Company has complied with the Listing Rules 712 and 716. All the subsidiaries incorporated in Singapore except for one dormant subsidiary are audited by Ernst & Young LLP.

The Audit Committee has reviewed all non-audit services provided by the external auditor to ensure that the provision of these services did not affect the independence of the external auditor. The amount of fees paid to the external auditor in respect of the audit and non-audit services for the year under review can be found on page 76 of the Annual Report. The Audit Committee has reviewed the non-audit services provided by the external auditor and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditor and accordingly, has recommended the re-appointment of the external auditor at the forthcoming annual general meeting.

The Board and Audit Committee have reviewed and confirmed the suitability of the appointment of different auditor for Pristine Islands Investment Pte. Ltd., a 17%-owned associate of the Company and are satisfied that the said appointment would not compromise the standard and effectiveness of the audit of the Group.

The Audit Committee is kept abreast of changes to the accounting standards and issues that have a direct impact on the financial statements.

Internal Audit

As the size of the Group cannot support a full-time internal audit team and also for cost reasons, the Management has, with approval from the Audit Committee, outsourced its internal audit function to an independent professional service firm, Yang Lee & Associates ("**YLA**"). YLA is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005, and currently maintains a diversified internal audit portfolio of SGX-ST listed companies across different industries including distribution, manufacturing, services, food & beverage, trading, retail and property development. YLA is staffed with professionals with relevant experience and qualifications such as the Certified Internal Auditor qualification with the Institute of Internal Auditors.

YLA reports directly to the Chairman of the Audit Committee and has direct access to the Audit Committee and unrestricted access to the Group's documents, records, properties and personnel that are relevant to their work. YLA is a corporate member of Institute of Internal Auditors of Singapore. The Company's engagement with YLA stipulates that its work shall be guided by the International Standards for the Professional Practice of Internal Auditing Issued by the Institute of Internal Auditors of Singapore.

On an annual basis, YLA prepares and executes a risk-based audit plan so as to review the adequacy and effectiveness of the system of internal controls of the Group. During the financial year under review, one internal audit review was conducted. The findings and recommendations of YLA, Management's responses, and Management's implementation of the recommendations have been reviewed and discussed with the Audit Committee.

The internal audit engagement team comprises two Directors, a Senior Manager, an Assistant Manager and supported by two Associates. Each of the two Directors has more than 20 years of relevant experience whilst the Manager has approximately 15 years of relevant experience.

The Audit Committee will, at least annually, review the adequacy, effectiveness and independence of the internal audit function.

Based on a review on the internal audit function and activities performed, the Audit Committee is of the view that the internal audit function is independent, effective, qualified and adequately resourced.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

The Company treats all Shareholders fairly and equitably in order to enable them to exercise Shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives its Shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12: Engagement with Shareholders

The Company communicates regularly with its Shareholders and facilitates the participation of Shareholders during general meetings and other dialogues to allow Shareholders to communicate their views on various matters affecting the Company.

The Board is mindful of the obligation to provide timely and fair disclosure of material information and price sensitive information. The Management is accountable to the Board while Board is accountable to the Shareholders. In line with the continuous disclosure obligations under the relevant rules, the Board ensures that Shareholders are promptly informed of all major developments that may have a material impact on the Group in a timely manner.

The Company has engaged Financial PR Pte Ltd as its investor relations consultant to facilitate effective and efficient communications with its Shareholders. All announcements, annual reports and sustainability reports are released via SGX-ST and published at the Company's website: www.brc.com.sg.

In presenting the annual financial statements and announcements of financial results to Shareholders, the Board has a responsibility to present a fair assessment of the Group's financial performance and position including the prospects of the Group. Following the amendments announced by the Singapore Exchange Regulation which took effect from 7 February 2020, the Company announced that it would cease its quarterly reporting. However, as it is important for Shareholders and stakeholders to be promptly updated with regular business updates, the Board resolved to voluntarily release its key financial information for its first and third quarters via SGXNET.

The Company encourages Shareholders' participation at the Company's annual general meetings. The annual general meeting is the principal forum for dialogue with Shareholders. In view of the Covid-19 situation, the Company's forthcoming annual general meeting for the financial year ended 30 September 2021 (the "**AGM**") will be held through electronic means. Although Shareholders will not be able to ask questions during the live webcast at the meeting, the Company encourages Shareholders to register and submit their questions in advance of the meetings. Shareholders will be given at least 7 calendar days to submit their questions and they may raise questions or share their views regarding the proposed resolutions as well as the Company's businesses and affairs with the Company.

At the forthcoming general meeting, a Shareholder will not be able to attend the meeting in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate in the AGM by:

(a) watching or listening to the live meeting webcast proceedings;

(b) submitting questions in advance of the meeting; and/or

(c) appointing the Chairman of the meeting as proxy to attend, speak and vote on their behalf at the AGM.

The Company ensures that sufficient explanations of all resolutions are included in the notice of general meeting. Separate resolutions on each distinct issue are tabled at general meeting. "Bundling" of resolutions are kept to a minimum and executed only where the resolutions are interdependent as to form one significant proposal and only where there are reasons and material implications involved.

The Company will endeavour to address substantial and relevant questions received from Shareholders before 24 January 2022 on SGXNET.

All Shareholders have the opportunity to participate effectively in and vote at general meeting.

The voting results of each of the resolutions tabled are announced on the same day after the meeting. The total numbers of votes cast for or against the resolutions are also announced after the meeting via SGXNET.

The proceedings of the annual general meeting and extraordinary general meeting (if any) are properly recorded, including all comments or queries raised by Shareholders relating to the agenda of the meeting and responses from the Board and Management. All minutes of general meetings are available to Shareholders upon their request.

Under item 11.1 of the checklist issued by Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore ("**MAS**") and Singapore Exchange Regulation on 13 April 2020 which provides guidance to the listed and non-listed entities on the conduct of general meetings during the period when safe management measures are in place, issuers must publish minutes within one month after the general meeting on SGXNET and, if available, the issuer's corporate website.

Accordingly, the Company will publish the minutes of the forthcoming AGM via SGXNET and corporate website of the Company within one month from the date of meetings. The minutes will record substantial and relevant comments or queries from shareholders relating to the agenda of the general meetings, and responses from the Board and management.

The Board does not implement absentia-voting methods by mail, e-mail or fax, until issues on security and integrity are satisfactorily resolved.

All Directors, Chief Financial Officer and Company Secretary were present at the annual and extraordinary general meetings of the Company held in 2021.

Dividends

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, financial position, capital needs, plans for expansion and other factors which the Board may deem appropriate. The Board would consider establishing a dividend policy at the appropriate time.

On 24 November 2021, the Board has recommended a final tax exempt (one-tier) dividend of 4 Singapore cents per ordinary share and a special tax exempt (one-tier) dividend of 4 Singapore cents per ordinary share for the financial year ended 30 September 2021, for Shareholders' approval at the forthcoming AGM.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material Stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. The identified key stakeholders of the Group include suppliers, customers, employees, community, investors and regulators.

The Company regularly engages its stakeholders through various channels to ensure that the business interests are aligned with its stakeholders. Stakeholders of the Company will be able to communicate with the Company through the contact information provided in its corporate website.

Interested Person Transactions

The Company has set out the procedures for review and approval of the Group's interested person transactions. All interested person transactions entered into by the Group is submitted to the Audit Committee for review on a quarterly basis.

Disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for the financial year ended 30 September 2021 is stated in the table below:

Name of interested person and nature of transaction	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$'000)
Esteel Enterprise Pte Ltd			
- Loan facility interest	Controlling shareholder of the Company	355	Nil
Shanghai Emetal Hong Energy Co., Ltd			
- Settlement of cancellation of purchase contract*	Associate of Mr. You Zhenhua, the controlling shareholder of the company	Nil	682

Note:
* BRC entered into a purchase contract with Shanghai Emetal Hong Energy Co., Ltd ("**SEHE**") on 1 July 2021 to purchase 10,000MT of Steel Deformed Bars to be delivered on or before 30 June 2022 for USD6,800,000. This contract was subsequently cancelled before the year end and mutually settled with USD506,700 payable by SEHE to the Group in lieu of delivery.

Interested person transactions mandate for mutual supply of steel products between the Company and associates of the Company's controlling shareholder has been approved at the extraordinary general meeting held on 28 January 2021.

Risk Management

The Board acknowledges that risks are inherent in business and views the taking of risks as a prelude to generating returns. However, the Board's policy is that risks should be managed in order to reduce the variability of returns. The Board regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks.

The primary responsibility for identifying business risks lies with Management, who then tables and recommends processes to the Board for their deliberation and for formulating policies to deal with the risks. The Board approves the recommended processes for managing risks which may include but not limited to optimisation, hedging, reduction of exposure or limiting possible losses through controls.

Material Contracts

There were no material contracts of the Group involving the interests of any Director or controlling Shareholders subsisting at the end of the financial year ended 30 September 2021 or if not then subsisting, entered into since the previous financial year.

Utilisation of Proceeds

In the financial year under review, the Group had on 26 January 2021 completed a placement of 10,000,000 new ordinary shares at an issue price of S$1.42 for each ordinary share and 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). As at the date of this report, there are no unutilised placement proceeds as all net proceeds amounting to S$13,753,000 were used to repay outstanding bank borrowings.

Subsequent to year end, 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 and 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 amounting to S$45,792,000 were used to repay outstanding bank borrowings.

Dealing in the Company's Securities

The Group's internal code on dealing in Company's securities is in place and there has not been any incidence of non-compliance.

The Company has informed its Directors and Officers not to deal in the Company's shares whilst they are in possession of unpublished material and price-sensitive information and during the period commencing one month before the announcement of the Company's half year and full year financial results/statements and the period commencing two (2) weeks before the voluntary announcement of the Company's financial results for the first and third quarters. The Directors and Officers of the Company are also advised not to deal in the Company's securities on short-term considerations.

In line with Rule 1207(19) of the Listing Manual and the Company's internal guide on securities dealings, the Company will not purchase or acquire any Shares during the period commencing one (1) month before the announcement of the Company's half year and full year results and the period commencing two (2) weeks before the voluntary announcement of the Company's results for the first and third quarters.

The Directors and Officers are also advised to observe insider trading provisions under the Securities and Futures Act (Chapter 289) at all times even when dealing in the Company's securities within the permitted periods. Directors of the Company are required to report all dealings to the Company Secretary. The Company Secretary ensures that all disclosure announcements are released to SGX-ST within the prescribed timeline.

In view of the processes in place, in the opinion of the Board, the Company has complied with Rule 1207(19) of the Listing Manual issued by SGX-ST on dealing in securities.

Sustainability Report

Apart from creating long term value for its stakeholders and upholding high standards of governance, the Company recognises the importance of environmental sustainability and social responsibilities. In defining the Company's sustainability reporting content, the Company will apply the principles of the Global Reporting Index (GRI) by considering the Group's activities, impact, as well as substantive expectations and interests of its stakeholders.

The Company has put in place proper procedures for ensuring economic contribution to the society, legal compliance and corporate governance.

The Company will publish its standalone sustainability report for the financial year ended 30 September 2021 within 5 months of the end of the financial year and the same will be uploaded on the Company's website and SGXNET.

The Company welcomes feedback from stakeholders with regards to the Company's sustainability efforts. The stakeholders may send feedback to the Company at: info@brc.com.sg.

CONTENTS

DIRECTORS' **STATEMENT**

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of BRC Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 September 2021.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this report are:

Teo Ser Luck
Seah Kiin Peng
Xu Jiguo
Zhang Xingwang
Darrell Lim Chee Lek
Joel Leong Kum Hoe
He Jun
Chang Pui Yook

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

No director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year and 21 October 2021.

DIRECTORS' **STATEMENT**

Share options

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under options

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

Audit Committee

The Audit Committee performed the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Seah Kiin Peng
Director

Xu Jiguo
Director

Singapore
10 January 2022

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BRC Asia Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 30 September 2021, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment of trade receivables

Trade receivable balances are significant to the Group as they represent 21% of the Group's current assets and trade receivables carried at amortised cost are subject to expected credit loss assessment. The expected credit loss assessment requires significant management estimation over the correlation between historical observed default rates and forward-looking factors, including consideration of Covid-19 impact. Consequently, we determined that this is a key audit matter.

Key audit matters (cont'd)

Impairment of trade receivables (cont'd)

Our audit procedures included, amongst others, evaluating the Group's processes and controls for monitoring and identifying trade receivables with collection risks, including the enhanced controls put in place by management in response to the Covid-19 pandemic. In particular, we tested the data and inputs used by management in computing the historical loss rate and evaluated the basis used for the forward-looking adjustment in determining the expected credit loss rate. We discussed with management on the collectability of trade receivables and inquired management if there are any known customers potentially more impacted by the Covid-19 pandemic which may then affect their ability to repay their debts. On a sample basis, we have also checked for evidence of receipts subsequent to the year end. We also checked the mathematical accuracy of the expected credit loss allowance and assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk and liquidity risk in Notes 35(a) and 35(b) to the financial statements.

Provision for onerous contracts

As at 30 September 2021, the Group recognised provision for onerous contracts amounting to $46.1 million (2020: $0.8 million). The process of estimating provision for onerous contracts requires management's judgement on the estimated unavoidable costs of meeting its contractual obligations based on the inventory on hand, plus estimated costs of inventory purchases and conversion costs required. Consequently, we determined that this is a key audit matter.

Our audit procedures included, amongst others, evaluating the Group's process for identifying onerous contracts. We tested the completeness of this identification against open sales orders and current year sales as well as through analysis of the underlying contracts in place. In particular, we evaluated management's assessment for the unavoidable costs in meeting the obligations under these contracts. We also checked the mathematical accuracy of management's computation of the provision for onerous contracts and assessed the adequacy of the Group's disclosures on provision for onerous contracts in Note 26 of the financial statements.

Impairment assessment of investment in subsidiaries and interest in associate

As at 30 September 2021, the Company's investment in subsidiaries and interest in associate amounted to $122.7 million and $8.4 million (2020: $229.4 million and $3.9 million), respectively. The Group's interest in associates amounted to $8.4 million as at 30 September 2021 (2020: $4.4 million). Management assessed that there were indicators of impairment noted for some of its subsidiaries and determined their recoverable amounts using a value in use ("VIU") model. This resulted in the Company recognising impairment losses of $19.4 million on investment in subsidiaries. Management noted favourable changes in the indicators that led to the previously recognised impairment loss relating to interest in associate and therefore performed reassessment of their recoverable amounts using VIU. As a result, the Group and Company recognised reversals of impairment loss of $2.7 million and $1.0 million, respectively, on interest in associate for the year ended 30 September 2021.

These impairment assessments require significant management estimation and involved judgement. As such, we determined this to be a key audit matter.

In respect of impairment assessment of investment in subsidiaries, our audit procedures included, amongst others, assessing the reasonableness of management's key assumptions such as forecasted revenue, profit margin, terminal growth rate and discount rate applied in the VIU calculation based on our knowledge of the subsidiaries' operations and past performance, considering the impact associated with Covid-19 pandemic. We have also involved the valuation team to review the reasonableness of the terminal growth rate and discount rate adopted by management. In addition, we performed sensitivity analysis on the recoverable amount to possible reasonable changes in the respective key assumptions described above. We have also assessed the adequacy of the disclosures in Note 13 to the financial statements.

Key audit matters (cont'd)

Impairment assessment of investment in subsidiaries and interest in associate (cont'd)

In respect of impairment assessment of interest in associate, our audit procedures included, amongst others, assessing the reasonableness of management's assumptions applied in the VIU calculation. We assessed the reasonableness of the revenue growth rates and budgeted profit margin by comparing them to available external industry data, taking into consideration market conditions prevailing at the reporting date. We also considered the viability of future plans, local economic conditions and industry outlook and assessed the probabilities assigned by management to possible recovery scenarios, taking into consideration the impact associated with the recovery of Covid-19 pandemic. We have also reviewed the reasonableness of the discount rate and terminal growth rate used by comparing the discount rate to comparable companies in the same industry and comparing the long-term growth rate to external economic data. We have also assessed the adequacy of the disclosures in Note 15 to the financial statements.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ho Shyan Yan.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
10 January 2022

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the financial year ended 30 September 2021

	Note	2021 $'000	2020 $'000
Revenue	4	**1,168,647**	612,378
Cost of sales		**(1,086,514)**	(546,227)
Gross profit		**82,133**	66,151
Other income	5	**12,334**	10,006
Expenses			
Distribution expenses		**(5,721)**	(5,545)
Administrative expenses		**(18,448)**	(10,075)
Finance costs	6	**(4,696)**	(6,768)
Other operating expenses		**(6,480)**	(13,777)
(Provision for)/reversal of impairment loss on trade receivables	18	**(2,700)**	1,090
Share of results of joint venture	14	**971**	354
Share of results of associates	15	**980**	(14,446)
Profit before tax	7	**58,373**	26,990
Income tax expense	9	**(11,347)**	(6,638)
Profit for the year		**47,026**	20,352
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)**	–
Items that may be reclassified subsequently to profit or loss			
Net exchange loss on net investment in foreign operations		**(359)**	(375)
Foreign currency translation:			
Exchange differences on translation of foreign operations		**343**	309
Other comprehensive income for the year, net of tax		**(43)**	(66)
Total comprehensive income for the year		**46,983**	20,286
Basic and diluted earnings per share (cents)	10	**19.58**	8.72

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE **SHEETS**

As at 30 September 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Non-current assets					
Property, plant and equipment	11	**143,897**	154,755	**66,544**	58,186
Investment properties	12	**2,264**	2,333	**–**	–
Investment in subsidiaries	13	**–**	–	**122,659**	229,359
Interest in joint venture	14	**9,269**	7,870	**6,076**	6,076
Interest in associates	15	**8,376**	4,389	**8,376**	3,934
Investment securities	16	**57**	84	**57**	84
Deferred tax assets	27	**2,334**	–	**2,334**	–
Other receivables	18	**3,770**	4,396	**3,770**	4,396
		169,967	173,827	**209,816**	302,035
Current assets					
Inventories	17	**466,171**	237,185	**461,020**	235,211
Trade and other receivables	18	**155,661**	89,824	**132,606**	73,869
Prepayments		**8,592**	7,037	**8,264**	6,531
Deposits		**385**	290	**266**	240
Derivatives	20	**974**	–	**974**	–
Asset held for sale	19	**–**	33,893	**–**	–
Cash and bank balances	21	**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	22	**69,154**	27,918	**85,733**	110,143
Contract liabilities	4(c)	**2,814**	21,410	**2,447**	15,079
Loans and borrowings	23	**358,114**	160,338	**357,901**	141,039
Loan from immediate holding company	24	**–**	20,000	**–**	20,000
Provisions	26	**46,104**	3,006	**43,110**	2,530
Derivatives	20	**–**	192	**–**	192
Current income tax liabilities		**19,861**	10,339	**15,214**	8,829
		496,047	243,203	**504,405**	297,812
Net current assets		**218,706**	202,918	**168,437**	85,243
Non-current liabilities					
Loans and borrowings	23	**77,652**	98,926	**70,410**	80,803
Provisions	26	**3,539**	1,390	**3,159**	261
Deferred tax liabilities	27	**6,533**	11,882	**–**	5,998
		87,724	112,198	**73,569**	87,062
Total liabilities		**583,771**	355,401	**577,974**	384,874
Net assets		**300,949**	264,547	**304,684**	300,216

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE **SHEETS**

As at 30 September 2021

	Note	Group 2021	Group 2020	Company 2021	Company 2020
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital	28	**138,754**	125,001	**138,754**	125,001
Treasury shares	28	**(1,105)**	(1,105)	**(1,105)**	(1,105)
Other reserves	29	**(2,263)**	(2,220)	**494**	521
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

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY

For the financial year ended 30 September 2021

Group	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Balance 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	30	–	–	–	(18,667)	(18,667)
Total contributions by and distributions to owners		–	–	–	(18,667)	(18,667)
Balance at 30 September 2020 and 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	30	**–**	**–**	**–**	**(24,334)**	**(24,334)**
Issuance of shares	28	**14,200**	**–**	**–**	**–**	**14,200**
Share issuance expense	28	**(447)**	**–**	**–**	**–**	**(447)**
Total contributions by and distributions to owners		**13,753**	**–**	**–**	**(24,334)**	**(10,581)**
Balance at 30 September 2021		**138,754**	**(1,105)**	**(2,263)**	**165,563**	**300,949**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
CHANGES IN EQUITY

For the financial year ended 30 September 2021

Company	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Balance 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	30	–	–	–	(18,667)	(18,667)
Total contributions by and distributions to owners		–	–	–	(18,667)	(18,667)
Balance at 30 September 2020 and 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	30	**–**	**–**	**–**	**(24,334)**	**(24,334)**
Issuance of shares	28	**14,200**	**–**	**–**	**–**	**14,200**
Share issuance expense	28	**(447)**	**–**	**–**	**–**	**(447)**
Total contributions by and distributions to owners		**13,753**	**–**	**–**	**(24,334)**	**(10,581)**
Balance at 30 September 2021		**138,754**	**(1,105)**	**494**	**166,541**	**304,684**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
CASH FLOW STATEMENT

For the financial year ended 30 September 2021

	Note	2021 $'000	2020 $'000
Operating activities			
Profit before tax		**58,373**	26,990
Adjustments for:			
Share of results of joint venture	14	**(971)**	(354)
Share of results of associates	15	**(980)**	14,446
Depreciation of investment properties	12	**69**	69
Depreciation of property, plant and equipment	11	**17,917**	18,964
Write-off of property, plant and equipment	7	**105**	2
Allowance for/(reversal of) inventory obsolescence	17	**2,953**	(329)
Provision for/(reversal of) impairment loss on trade receivables	18	**2,700**	(1,090)
Finance cost on discounting of dividend receivable from joint venture	18	**–**	629
Fair value changes on trade receivables subjected to provisional pricing	7	**1,454**	7,389
Fair value changes on derivatives, net	20	**(1,166)**	848
Loss/(gain) on disposal of property, plant and equipment	7	**27**	(201)
Provision for/(reversal of) onerous contracts	7	**45,331**	(6,442)
Provision for retirement benefits	8	**5**	7
Unrealised exchange differences		**(424)**	223
Interest expense	6	**4,696**	6,768
Interest income	5	**(1,333)**	(1,391)
Dividend income from investment securities	5	**–**	(2)
Operating cash flow before working capital changes		**128,756**	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	21	**–**	(3,454)
Cash flows (used in)/generated from operations		**(116,566)**	127,722
Income taxes paid		**(9,508)**	(5,620)
Retirement benefits paid	26	**(88)**	–
Net cash flows (used in)/generated from operating activities		**(126,162)**	122,102

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED
CASH FLOW STATEMENT

For the financial year ended 30 September 2021

	Note	2021 $'000	2020 $'000
Investing activities			
Purchase of property, plant and equipment	11	**(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	15	**441**	–
Net cash flows used in investing activities		**(1,133)**	(1,405)
Financing activities			
Repayment of principal obligations under lease liabilities	23	**(5,472)**	(5,346)
Repayment of other borrowings	23	**(540)**	(1,398)
Proceeds from/(repayment of) bills payable, net	23	**232,996**	(127,859)
Proceeds from bank loans	23	**12,000**	61,873
Repayment of bank loans	23	**(67,941)**	(11,277)
Repayment of loan from immediate holding company	23	**(20,000)**	(3,100)
Proceeds from issuance of ordinary shares	28	**14,200**	–
Share issuance expense	28	**(447)**	–
Dividends paid on ordinary shares	30	**(24,334)**	(18,667)
Interest paid		**(4,600)**	(6,054)
Net cash flows generated from/(used in) financing activities		**135,862**	(111,828)
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	21	**82,970**	74,438

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

BRC Asia Limited (the "Company") is a public limited liability company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The immediate holding company is Esteel Enterprise Pte. Ltd. ("Esteel"), a private limited company incorporated and domiciled in Singapore. Its ultimate holding company is Advance Venture Investments Limited ("AVIL"). AVIL is incorporated and domiciled in the British Virgin Islands.

The registered office and principal place of business of the Company is at 350 Jalan Boon Lay, Jurong Industrial Estate, Singapore 619530.

The principal activities of the Company are the prefabrication of steel reinforcement for use in concrete, trading of steel reinforcing bars, and manufacturing and sale of wire mesh fences. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ("$'000"), except when otherwise indicated.

2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year, except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 October 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2*	1 January 2021
Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16 *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37 *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8 *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company's. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

2. Summary of significant accounting policies (cont'd)

2.5 *Foreign currency (cont'd)*

(a) *Transactions and balances (cont'd)*

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of reporting period and the profit or loss are translated at the weighted average exchange rates for the financial year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, all property, plant and equipment except for freehold land and a leasehold building are measured at cost less accumulated depreciation and accumulated impairment losses. The leasehold building was initially stated at cost and subsequently measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation.

The valuation of the leasehold building was carried out in 1993 based on the appraisals received from an independent firm of professional valuers and the revaluation surplus was taken to asset revaluation reserve. The Group does not have a policy of periodically revaluing its leasehold buildings as allowed under SFRS(I) 1-16 for one-off revaluation performed between 1 January 1984 and 31 December 1996.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight line basis over the estimated useful life of the asset as follows:

Leasehold land	–	15 months to 27 years
Leasehold buildings	–	11 to 36 years
Plant and machinery	–	4 to 15 years
Motor vehicles	–	7 to 10 years
Furniture and equipment	–	3 to 5 years

Assets under construction are not depreciated as these assets are not yet available for use.

2. Summary of significant accounting policies (cont'd)

2.6 *Property, plant and equipment (cont'd)*

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.7 *Investment properties*

Investment properties are properties that are either owned by the Group or right-of-use assets that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed using the straight-line method to allocate their depreciable amount over the estimated useful life as follows:

Leasehold property	–	Over lease term of 45 years
Freehold property	–	30 years

The carrying value of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognised in profit or loss in the year of retirement or disposal.

2. Summary of significant accounting policies (cont'd)

2.8 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate balance sheet, investment in subsidiaries are accounted for at cost less impairment losses.

2.10 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for interest in joint venture is set out in Note 2.11.

2. Summary of significant accounting policies (cont'd)

2.11 *Joint venture and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its interest in associates and joint venture using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the interest in associate or joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture. The profit or loss reflects the share of results of the operations of the associate or joint venture. Distributions received from associate or joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's interest in associates or joint venture. The Group determines at each balance sheet date whether there is any objective evidence that the interest in the associates or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount within "share of results of associates or joint venture" in profit or loss.

The financial statements of the associates and joint venture are prepared as at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's balance sheet, interests in joint venture and associates are stated at cost less accumulated impairment losses.

2. Summary of significant accounting policies (cont'd)

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

At initial recognition, the Group measures a financial asset at its fair value, plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investments in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss ("FVPL") and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

<u>Investments in equity instruments</u>

On initial recognition of an investment in equity instrument that is not held for trading, the Group has irrevocably elected to present subsequent changes in fair value in other comprehensive income ("OCI"). Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

2. Summary of significant accounting policies (cont'd)

2.12 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or has expired. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantees. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default ("a lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

2.15 *Asset held for sale*

Asset held for sale relates to property acquired and being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Asset held for sale is held as inventory and is measured at the lower of cost and net realisable value.

Net realisable value of asset held for sale is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of asset held for sale recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2. Summary of significant accounting policies (cont'd)

2.16 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.17 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.13 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.19 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress, and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds.

2. Summary of significant accounting policies (cont'd)

2.20 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss, under "Other income".

2.21 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group makes contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Similar defined contributions are made in accordance to other schemes in the jurisdiction that the Group operates in. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Retirement benefits*

Retirement benefits are granted to employees who commenced employment with the Company prior to 1 January 1983. The retirement benefits are calculated based on one week's pay for each full year of service at the employee's last-drawn salary at date of retirement.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality government bonds that are denominated in the currency in which the benefits will be paid; and it has tenures approximating that of the related benefit obligations.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

2. Summary of significant accounting policies (cont'd)

2.21 *Employee benefits (cont'd)*

(c) *Employee leave entitlements*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

2.22 *Leases*

As lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

<u>Right-of-use assets</u>

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and an estimate of costs of restoring the underlying asset required by terms and conditions of the lease. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.8 Impairment of non-financial assets. The Group's right-of-use assets are presented within property, plant and equipment (Note 11).

<u>Lease liabilities</u>

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group recognises those payments as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in loans and borrowings (Note 23).

2. Summary of significant accounting policies (cont'd)

2.22 *Leases (cont'd)*

As lessee (cont'd)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of land and machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of factory and office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods*

The Group supplies steel products to its customers. Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

Some contracts with customers allow for price adjustments based on changes in steel reinforcement prices for the stipulated delivery month. These are referred to as provisional pricing arrangements. The period between provisional invoicing and the finalisation is up to two months.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of estimated prompt payment discount and sales discount.

At the end of the reporting period, the Group updates its assessment of the estimated transaction price. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes.

(b) *Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2. Summary of significant accounting policies (cont'd)

2.23 *Revenue (cont'd)*

(c) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

(d) *Interest income*

Interest income is recognised using the effective interest method.

2.24 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (cont'd)

2.24 *Taxes (cont'd)*

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity; and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

2.25 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.27 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

2. Summary of significant accounting policies (cont'd)

2.27 *Contingencies (cont'd)*

(b) a present obligation that arises from past events but not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

Management is of the opinion that there is no significant judgement made in applying the accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3.2 *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.

(a) *Impairment of trade receivables*

The Group uses a provision matrix to calculate 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.

3. Significant accounting judgements and estimates (cont'd)

3.2 *Key sources of estimation uncertainty (cont'd)*

(a) *Impairment of trade receivables (cont'd)*

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. The information about the ECLs on the Group's trade receivables carried at amortised cost is disclosed in Note 35(a).

(b) *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.

The carrying amount of the Group's provision for onerous contracts as at 30 September 2021 was $46,104,000 (2020: $774,000) (Note 26).

(c) *Impairment of investment in subsidiaries and interest in associate*

The Group and Company assesses at each reporting date whether there is an indicator that an asset may be impaired. If any indicator exists, the Group and Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use ("VIU"), and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Management prepared discounted cash flow analysis to determine the recoverable amounts of the subsidiaries and associate using the VIU model and also considered the fair value less costs of disposal. These were prepared based on assumptions such as forecasted revenue, profit margin, terminal growth rate and discount rate. These involve management judgement and estimation. As a result of such impairment assessments, impairment losses on investment in subsidiaries of $19,400,000 at Company level and reversals of impairment of interest in associate of $2,665,000 and $1,034,000 at Group and Company levels, respectively, were recorded during the year. Refer to details in Notes 13 and 15.

The carrying amounts of the Company's investment in subsidiaries and the Group's interest in associates as at 30 September 2021 were $122,659,000 (2020: $229,359,000) and $8,376,000 (2020: $4,389,000) respectively.

4. Revenue

(a) Disaggregation of revenue

	Group 2021	Group 2020
	$'000	$'000
Primary geographical markets		
Brunei	**11,275**	2,438
China	**7,698**	16,727
Hong Kong	**6,057**	13,605
Indonesia	**8,922**	3,676
Malaysia	**60,743**	46,128
Singapore	**1,030,651**	517,360
Thailand	**38,255**	8,177
Others	**5,046**	4,267
	1,168,647	612,378
Timing of transfer of goods		
At a point in time	**1,168,647**	612,378

(b) Estimating variable consideration

In estimating the variable consideration for sale of goods with fluctuation clause based on published steel reinforcement index from the Building and Construction Authority, the Group applied the 'most likely amount method' to predict the steel reinforcement index based on spot sales prices and steel price trends.

(c) Contract balances

Information about receivables and contract liabilities from contracts with customers is disclosed as follows:

	Note	Group 30.9.2021	Group 30.9.2020	Group 1.10.2019
		$'000	$'000	$'000
Receivables from contracts with customers	18	**152,757**	81,394	185,315
Contract liabilities		**2,814**	21,410	4,023

The Group has recognised impairment losses on receivables from contracts with customers amounting to $2,700,000 (2020: reversal of impairment loss of $1,090,000).

Contract liabilities primarily relate to the Group's obligation to transfer goods to customers for which the Group has received advances from customers. These are recognised as revenue as the Group performs under the contract. The decrease in contract liabilities is due to fulfilment of contracts and hence recognition of revenue during the year.

4. Revenue (cont'd)

(c) Contract balances (cont'd)

Significant changes in the contract liabilities balances during the period are as follows:

	Group	
	2021	**2020**
	$'000	$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**21,087**	3,245

5. Other income

	Group	
	2021	**2020**
	$'000	$'000
Interest income from debt instruments at amortised cost	**1,333**	1,391
Dividend income from investment securities	**–**	2
Government grants	**3,253**	5,306
Rental income	**154**	152
Sundry income	**366**	298
Sales commission	**33**	231
Gain on disposal of property, plant and equipment	**–**	201
Gain from fair value changes on derivatives, net	**1,166**	–
Foreign exchange gain, net	**5,969**	1,694
Credit insurance claims for bad debts	**60**	731
	12,334	10,006

Government grant income relates mainly to Covid-19 relief measures and support, Senior Employment Credit ("SEC") and Wage Credit Scheme ("WCS").

Covid-19 relief measures and support comprise mainly of Jobs Support Scheme ("JSS") grants, Foreign Worker Levy ("FWL") and Property tax rebates introduced in the 2020 Budget.

The Government introduced JSS in early 2020, during a period of economic uncertainty due to Covid-19, to help employers retain local employees. Under the JSS, the Government co-funds 25% to 75% of the first $4,600 of gross monthly wages paid to each local employee in a 10-month period (up to August 2020) and 10% to 50% of the same in the subsequent 7-month period (September 2020 to March 2021). In the 2021 Budget, JSS was extended for another 6 months till September 2021 targeting only certain affected sectors. The Group recognised the related grant receivables (Note 18) when there is reasonable assurance that the grant conditions are satisfied. Grant received in advance (Note 22) is recognised as government grant income in the profit or loss on a systematic basis over the months in which the related salary costs are recognised as expenses.

5. Other income (cont'd)

To ease labour costs of firms that employ foreign workers, FWL rebates of $750 monthly for April to June 2020 were granted for each work permit and S-Pass holder, and was subsequently stepped down to $375 monthly for July to September 2020. In the subsequent 15-month period (October 2020 to December 2021) the FWL rebate would be $90 monthly for each work permit holder. The Group recognised the related grant receivables (Note 18) when there is reasonable assurance that the grant conditions are satisfied with the corresponding recognition of government grant income in the profit or loss over the corresponding months.

SEC was announced in 2020 as part of the Government's Senior Worker Support Package. The SEC combines two previous Government schemes, the Special Employment Credit and the Additional Special Employment Credit. The SEC provides wage offsets to employers that hire Singaporean workers aged 55 and above, and earning up to S$4,000 per month. This wage offset will be provided for a 2-year period from 1 January 2021 to 31 December 2022.

WCS was introduced in 2013 to help businesses with rising wage costs, to support businesses embarking on transformation efforts and to encourage sharing of productivity gains with workers. It was announced in the 2020 budget that the Government co-funding ratio for wage increases will be raised to 15% from 10% and the qualifying wage ceiling will be raised to $5,000 per month from $4,000.

6. Finance costs

	Group	
	2021	**2020**
	$'000	$'000
Interest expense on:		
- bills payable to banks	**1,460**	3,220
- lease liabilities	**942**	1,021
- other borrowings	**28**	46
- bank loans	**1,911**	1,523
- loans from immediate holding company	**355**	958
	4,696	6,768

7. Profit before tax

Profit before tax is arrived after charging/(crediting) the following:

	Note	Group 2021 $'000	Group 2020 $'000
Audit fees paid/payable to			
- Auditors of the company		**391**	388
- Other auditors		**27**	28
Non-audit fees paid/payable to			
- Auditors of the company		**78**	76
Provision for/(reversal of) impairment loss on trade receivables	18	**2,700**	(1,090)
Finance cost on discounting of dividend receivable from joint venture	18	**–**	629
Depreciation of property, plant and equipment	11	**17,917**	18,964
Depreciation of investment properties	12	**69**	69
Expenses relating to short-term leases	25(c)	**1,272**	1,957
Expenses relating to leases of low-value assets	25(c)	**18**	19
Foreign exchange gain, net		**(5,969)**	(1,694)
(Gain)/loss from fair value changes on derivatives, net		**(1,166)**	848
Provision for/(reversal of) onerous contracts	26	**45,331**	(6,442)
Fair value changes on trade receivables subject to provisional pricing		**1,454**	7,389
Allowance for/(reversal of) inventory obsolescence	17	**2,953**	(329)
Loss/(gain) on disposal of property, plant and equipment		**27**	(201)
Write-off of property, plant and equipment		**105**	2
Employee compensation	8	**34,234**	25,388
Utilities		**3,302**	3,062
Repair and maintenance		**7,926**	6,447
Transportation expenses		**6,776**	4,676
Legal and other professional fees		**2,005**	1,443

8. Employee compensation

	Note	Group 2021 $'000	Group 2020 $'000
Wages and salaries		**31,801**	23,430
Employer's contribution to Central Provident Fund		**2,428**	1,951
Retirement benefits	26	**5**	7
		34,234	25,388

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 September 2021 and 2020 are:

	Group	
	2021	**2020**
	$'000	$'000
Current income tax		
- Current financial year	**18,773**	7,188
- Under/(over) provision in respect of previous financial years	**257**	(293)
	19,030	6,895
Deferred income tax		
- Current financial year arising from origination and reversal of temporary differences	**(7,746)**	(188)
- Under/(over) provision in respect of previous financial years	**63**	(69)
	(7,683)	(257)
Income tax expense recognised in profit or loss	**11,347**	6,638

Relationship between tax expense and profit before tax

A reconciliation between the tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 30 September 2021 and 2020 is as follows:

	Group	
	2021	**2020**
	$'000	$'000
Profit before tax	**58,373**	26,990
Tax calculated at domestic rates applicable to profits in the countries where the Group operates	**9,899**	4,615
Adjustments:		
Income not subject to taxation	**(519)**	(494)
Expenses not deductible for tax purposes	**951**	2,911
Effect of partial tax exemption and tax relief	**(120)**	(102)
Effects of deferred tax assets not recognised	**82**	–
Benefits from previously unrecognised capital allowances	**(121)**	(84)
Under/(over) provision in respect of previous financial years	**320**	(362)
Overprovision in current year	**942**	–
Others	**(87)**	154
Income tax expense recognised in profit or loss	**11,347**	6,638

As at 30 September 2021, a subsidiary of the Group has unutilised tax losses and unabsorbed capital allowances amounting to $2,925,000 (2020: $2,945,000) and $2,758,000 (2020: $4,321,000), respectively, that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The unutilised tax losses have expiry date up to 30 September 2025.

9. Income tax expense (cont'd)

Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements as at 30 September 2021.

10. Earnings per share

Basic earnings per share is calculated by dividing profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares (excluding treasury shares) outstanding during the financial year.

There were no dilutive potential ordinary shares for the financial years ended 30 September 2021 and 30 September 2020.

The earnings per share is calculated as follows:

	Group	
	2021	**2020**
	$'000	$'000
Profit for the year attributable to owners of the Company	**47,026**	20,352

	Weighted average no. of ordinary shares	
	2021	**2020**
	'000	'000
Weighted average number of ordinary shares (excluding treasury shares) for basic and diluted earnings per share computation	**240,130**	233,335

	Group	
	2021	**2020**
Basic and diluted earnings per share (cents)	**19.58**	8.72

11. Property, plant and equipment

	Leasehold land and buildings $'000	Freehold land $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and equipment $'000	Construction in progress $'000	Total $'000
Group							
Cost or valuation							
At 1 October 2019	72,294	2,220	135,190	6,655	7,522	311	224,192
Represented by:							
Cost	65,994	2,220	135,190	6,655	7,522	311	217,892
Valuation	6,300	–	–	–	–	–	6,300
Effect of adoption of SFRS(I) 16	36,037	–	–	–	–	–	36,037
Additions	1,681	–	909	121	467	1,043	4,221
Disposal	–	–	(3,415)	(186)	(41)	–	(3,642)
Written-off	–	–	(9)	–	(91)	–	(100)
Exchange differences	(18)	(8)	(36)	–	(3)	1	(64)
At 30 September 2020 and 1 October 2020	**109,994**	**2,212**	**132,639**	**6,590**	**7,854**	**1,355**	**260,644**
Represented by:							
Cost	**103,694**	**2,212**	**132,639**	**6,590**	**7,854**	**1,355**	**254,344**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**–**	**6,300**
Additions	**5,785**	**–**	**931**	**218**	**252**	**208**	**7,394**
Reclassification	**1,265**	**–**	**142**	**–**	**88**	**(1,495)**	**–**
Disposal	**–**	**–**	**(451)**	**(37)**	**(4)**	**–**	**(492)**
Written-off	**–**	**–**	**(460)**	**–**	**(939)**	**–**	**(1,399)**
Expiry of leases	**(3,533)**	**–**	**–**	**–**	**–**	**–**	**(3,533)**
Exchange differences	**(64)**	**(28)**	**(151)**	**–**	**(12)**	**(13)**	**(268)**
At 30 September 2021	**113,447**	**2,184**	**132,650**	**6,771**	**7,239**	**55**	**262,346**
Represented by:							
Cost	**107,147**	**2,184**	**132,650**	**6,771**	**7,239**	**55**	**256,046**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**–**	**6,300**

11. Property, plant and equipment (cont'd)

	Leasehold land and buildings $'000	Freehold land $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and equipment $'000	Construction in progress $'000	Total $'000
Group							
Accumulated depreciation							
At 1 October 2019	21,636	–	59,822	2,257	6,367	–	90,082
Disposal	–	–	(2,846)	(154)	(39)	–	(3,039)
Written-off	–	–	(8)	–	(90)	–	(98)
Exchange differences	(3)	–	(13)	–	(4)	–	(20)
Depreciation charge	9,266	–	8,273	837	588	–	18,964
At 30 September 2020 and 1 October 2020	**30,899**	**–**	**65,228**	**2,940**	**6,822**	**–**	**105,889**
Disposal	**–**	**–**	**(395)**	**(32)**	**(3)**	**–**	**(430)**
Written-off	**–**	**–**	**(355)**	**–**	**(939)**	**–**	**(1,294)**
Expiry of leases	**(3,533)**	**–**	**–**	**–**	**–**	**–**	**(3,533)**
Exchange differences	**(17)**	**–**	**(72)**	**–**	**(11)**	**–**	**(100)**
Depreciation charge	**8,725**	**–**	**7,975**	**841**	**376**	**–**	**17,917**
At 30 September 2021	**36,074**	**–**	**72,381**	**3,749**	**6,245**	**–**	**118,449**
Net carrying amount							
At 30 September 2021	**77,373**	**2,184**	**60,269**	**3,022**	**994**	**55**	**143,897**
At 30 September 2020	79,095	2,212	67,411	3,650	1,032	1,355	154,755

11. Property, plant and equipment (cont'd)

	Leasehold land and buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and equipment $'000	Construction in progress $'000	Total $'000
Company						
Cost or valuation						
At 1 October 2019	27,731	83,065	2,087	5,311	–	118,194
Represented by:						
Cost	21,431	83,065	2,087	5,311	–	111,894
Valuation	6,300	–	–	–	–	6,300
Effect of adoption of SFRS(I) 16	13,166	–	–	–	–	13,166
Additions	1,377	669	72	364	230	2,712
Disposal	–	(3,062)	–	(26)	–	(3,088)
Written-off	–	(7)	–	(89)	–	(96)
At 30 September 2020 and 1 October 2020	**42,274**	**80,665**	**2,159**	**5,560**	**230**	**130,888**
Represented by:						
Cost	**35,974**	**80,665**	**2,159**	**5,560**	**230**	**124,588**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**6,300**
Additions	**17,755**	**921**	**188**	**216**	**200**	**19,280**
Reclassification	**–**	**142**	**–**	**88**	**(230)**	**–**
Disposal	**–**	**(388)**	**–**	**(4)**	**–**	**(392)**
Written-off	**–**	**(460)**	**–**	**(939)**	**–**	**(1,399)**
Expiry of leases	**(3,533)**	**–**	**–**	**–**	**–**	**(3,533)**
At 30 September 2021	**56,496**	**80,880**	**2,347**	**4,921**	**200**	**144,844**
Represented by:						
Cost	**50,196**	**80,880**	**2,347**	**4,921**	**200**	**138,544**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**6,300**
Accumulated depreciation						
At 1 October 2019	16,684	42,419	1,486	4,812	–	65,401
Disposal	–	(2,519)	–	(26)	–	(2,545)
Written-off	–	(6)	–	(89)	–	(95)
Depreciation charge	4,852	4,649	191	249	–	9,941
At 30 September 2020 and 1 October 2020	**21,536**	**44,543**	**1,677**	**4,946**	**–**	**72,702**
Disposal	**–**	**(388)**	**–**	**(3)**	**–**	**(391)**
Written-off	**–**	**(355)**	**–**	**(939)**	**–**	**(1,294)**
Expiry of leases	**(3,533)**	**–**	**–**	**–**	**–**	**(3,533)**
Depreciation charge	**5,845**	**4,528**	**180**	**263**	**–**	**10,816**
At 30 September 2021	**23,848**	**48,328**	**1,857**	**4,267**	**–**	**78,300**
Net carrying amount						
At 30 September 2021	**32,648**	**32,552**	**490**	**654**	**200**	**66,544**
At 30 September 2020	20,738	36,122	482	614	230	58,186

11. Property, plant and equipment (cont'd)

Assets under construction

The Group's and Company's assets under construction mainly relate to expenditure for plant and machinery in the course of construction.

Revaluation of leasehold building

Included in leasehold buildings is a building which was revalued based on valuation by an independent firm of professional valuers in 1993. The valuation was based on the open market value of the leasehold building. The revaluation surplus was taken to asset revaluation reserve.

The Group does not have a policy of periodic revaluation of property leasehold buildings (as allowed under SFRS(I) 1-16 for one-off revaluation performed on property, plant and equipment between 1 January 1984 and 31 December 1996).

If the leasehold building stated at valuation had been included in the financial statements at cost less accumulated depreciation, the net book value would have been $Nil (2020: $Nil).

Assets pledged as security

The Group's leasehold buildings with a carrying amount of $41,739,000 (2020: $36,616,000) and asset held for sale (Note 19) are mortgaged to secure the Group's bank loans (Note 23).

Provision for restoration costs and lease additions

During the previous financial year, the Group provided for restoration costs amounting to $1,160,000 and made adjustments of $521,000 to the right-of-use asset as a result of lease reassessment.

During the financial year, the Group has capitalised new leases amounting to $5,459,000 (Note 25). The cash outflow on acquisition of property, plant and equipment amounted to $1,935,000 (2020: $2,540,000).

Right-of-use assets

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 25.

12. Investment properties

	Group $'000
Balance sheet:	
Cost:	
At 1 October 2019, 30 September 2020, 1 October 2020 and 30 September 2021	**2,494**
Accumulated depreciation:	
At 1 October 2019	92
Depreciation charge	69
At 30 September 2020 and 1 October 2020	**161**
Depreciation charge	**69**
At 30 September 2021	**230**
Net carrying amount:	
At 30 September 2021	**2,264**
At 30 September 2020	2,333

12. Investment properties (cont'd)

	Group 2021 $'000	Group 2020 $'000
Statement of comprehensive income:		
Rental income from investment properties:		
- Minimum lease payments	**154**	152
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	**(95)**	(97)

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

The investment properties held by the Group as at 30 September 2021 and 2020 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
Factory unit, 3791 Jalan Bukit Merah^	Industrial	Leasehold	42 years (2020: 43 years)
Apartment unit, 2909/75-89 A'Beckett Street, Melbourne VIC 3000#	Residential	Freehold	N/A

^ Independently valued by Knight Frank Pte Ltd at $1,820,000 in September 2018. The valuation was carried out based on direct comparison approach in which current market conditions and other relevant factors were considered.

Independently valued by Knight Frank Pte Ltd at AUD 560,000 in September 2018. The valuation was carried out based on direct comparison approach in which current market conditions and other relevant factors were considered.

Management has assessed that the fair values have not changed significantly as at 30 September 2021.

13. Investment in subsidiaries

	Company 2021 $'000	Company 2020 $'000
Shares, at cost	**130,114**	217,414
Impairment loss	**(19,457)**	(57)
	110,657	217,357
Intercompany indebtedness:		
Non-trade amount due from a subsidiary	**12,002**	12,002
Total investment in subsidiaries	**122,659**	229,359

During the year, a subsidiary of the Company undertook a capital reduction exercise. Correspondingly, the shares at cost was reduced by $87,300,000.

Intercompany indebtedness

The amount owing by a subsidiary included as part of the Company's net investment in the subsidiary is unsecured, bears interest at 1.08% to 1.34% per annum (2020: 1.11% to 2.51% per annum), has no fixed repayment terms and is repayable only when the cash flows of the subsidiary permit.

13. Investment in subsidiaries (cont'd)

Impairment assessment of investment in subsidiaries

In performing the impairment assessment of the subsidiaries, the Company determined the recoverable amounts of the subsidiaries based on value in use calculations and also considered fair value less costs of disposal which requires certain assumptions. The key assumptions include forecasted revenue growth rate (0.0% to 12.0%), terminal growth rate (1.5% to 2.0%) and discount rate (8.0% to 11.0%). Based on the assessment, impairment losses of $19,400,000 were recorded for the financial year ended 30 September 2021. Management has also considered possible reasonable changes in the respective key assumptions and concluded that it will not result in significant additional impairment.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation/ business	Proportion of ownership interest (%)	
			2021	2020
Held by the Company				
Lee Metal Group Pte. Ltd.(1)	Prefabrication, trading and manufacturing and sale of steel products	Singapore	**100**	100
BRC Prefab Holdings Sdn. Bhd.(2)	Prefabrication, trading and manufacturing and sale of steel products	Malaysia	**100**	100
BRC Asia (Australia) Pty. Ltd.	Trading and distribution of steel products	Australia	**100**	100
BRC Prefab Sdn. Bhd.(3)	Inactive	Malaysia	**100**	100
BRC Projects Pte. Ltd.	Dormant	Singapore	**100**	100
Held through Lee Metal Group Pte. Ltd.				
Lee Welded Mesh Singapore Pte. Ltd.(1)	Manufacture of reinforcing mesh and any other manufactured mesh and the processing of fabricated reinforcing bars	Singapore	**100**	100
BRC International Pte. Ltd.(1)	Inactive	Singapore	**100**	100
LMG Realty Pte. Ltd.(1)	Property development and investment	Singapore	**100**	100
Steel Park Malaysia Sdn. Bhd.(2)	Inactive	Malaysia	**100**	100

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by a member firm of EY Global in the respective country
(3) Audited by Roger Yue & Associates

14. Interest in joint venture

The Company has a 50% (2020: 50%) equity interest in a joint venture, Anhui BRC & Ma Steel Weldmesh Co. Ltd, incorporated in the People's Republic of China ("PRC"). The joint venture's principal activity is to market and manufacture steel welded wire mesh and other forms of wire and reinforcing steel products for use in the construction industry in the PRC. The Group jointly controls the venture with the other partner under the contractual agreement and unanimous consent is required for all major decisions.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Unquoted shares, at cost	**6,076**	6,076	**6,076**	6,076
Share of post-acquisition reserves	**9,213**	8,242	**–**	–
Less: Accumulated dividends received	**(224)**	(224)	**–**	–
Less: Dividend receivable from joint venture	**(5,983)**	(5,983)	**–**	–
Effects of exchange rates	**187**	(241)	**–**	–
	9,269	7,870	**6,076**	6,076

The summarised financial information of the joint venture and reconciliation with the carrying amount of the interest in the consolidated financial statements are as follows:

	2021	**2020**
	$'000	$'000
Summarised balance sheet		
Cash and cash equivalents	**3,217**	5,873
Other current assets	**46,386**	42,249
Current assets	**49,603**	48,122
Non-current assets	**4,350**	3,165
Total assets	**53,953**	51,287
Current liabilities	**35,415**	20,472
Non-current liabilities	**–**	15,075
Total liabilities	**35,415**	35,547
Net assets	**18,538**	15,740
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets/carrying amount of the interest	**9,269**	7,870

14. Interest in joint venture (cont'd)

	2021	2020
	$'000	$'000
Summarised statement of comprehensive income		
Revenue	**85,771**	76,379
Depreciation	**(70)**	(60)
Interest expense	**(1,048)**	(927)
Operating expenses	**(82,309)**	(74,384)
Profit before tax	**2,344**	1,008
Tax	**(402)**	(300)
Profit after tax representing total comprehensive income	**1,942**	708
50% share of results of joint venture	**971**	354

No dividends were declared for the financial year ended 30 September 2021 and 30 September 2020. Dividends of $5,983,000 was declared during the financial year ended 30 September 2019 but not received from the joint venture (Note 18).

15. Interest in associates

The Group's interest in the associates are summarised below:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Unquoted shares, at cost	**2,155**	3,853	**2,155**	2,155
Shareholder loans	**25,219**	21,811	**25,219**	21,811
Share of post-acquisition reserve	**(15,192)**	(13,714)	**–**	–
Dividend received	**–**	(1,050)	**–**	–
Impairment loss	**(4,092)**	(6,757)	**(18,998)**	(20,032)
Effects of exchange difference	**286**	246	**–**	–
	8,376	4,389	**8,376**	3,934

Impairment of interest in associate

During the financial year, there were indicators that the impairment loss recognised in prior period may need to be reversed for the Group's associate, Pristine Islands Investment Pte. Ltd., due to recovery of the economic conditions in the hospitality and tourism industry of Maldives where the associate operates. The Group and Company carried out a review of the recoverable amount of this investment. The recoverable amount was estimated based on the value-in-use model.

The continually evolving situation due to Covid-19 pandemic during the year resulted in inherent uncertainty in the impairment assessment. In performing the impairment assessment of the interest in associate at the Group and Company level, the Group adopted the Expected Cash Flow approach. The Expected Cash Flow approach uses all expectations about possible cash flows, instead of the single most likely cash flow. Uncertainties about future outcomes are reflected through probability weighted cash flow scenarios. In making these estimates, management has estimated expectations of timing of recovery of the industry that the associate operates in.

15. Interest in associates (cont'd)

Impairment of interest in associate (cont'd)

The key assumptions underlying the Group's impairment assessment of its interest in an associate and the associate's assessment of its underlying investee's operations are:

- Cash flow projections covering a 5-year period;

- Cash flows beyond the 5-year period were extrapolated using an estimated long-term growth rate which did not exceed the long-term average growth rate of the country in which the associate's investments are located.

The significant inputs are set out in the table as follows:

	2021	2020
	%	%
Average revenue growth rate	**11.5**	23.0
Terminal growth rate	**2.0**	2.0
Discount rate	**13.3**	18.3

The change in discount rate from prior year was due to changes in risk premium and risk free rate in the current financial year.

Arising from the impairment assessment, a reversal of impairment loss of $2,665,000 (2020: impairment charge of $6,757,000) was recognised in the "share of results of associates" line item of the consolidated statement of comprehensive income at Group level for the financial year ended 30 September 2021. At Company level, the reversal of impairment loss of the interest in associate amounted to $1,034,000 (2020: impairment of $20,032,000).

Details of the associates are as follows:

Name of associate	Principal activities	Country of incorporation/ business	Proportion (%) of ownership interest 2021	Proportion (%) of ownership interest 2020
Held by the Company				
Pristine Islands Investment Pte. Ltd.[1]	Investment holding	Singapore	**17**	17
Held through LMG Realty Pte. Ltd.				
MaxLee Development Pte. Ltd.[2]	Property development	Singapore	**–**	35

[1] Audited by BDO LLP, Singapore, this associate holds an investment which operates primarily in the hospitality and tourism industry in the Maldives

[2] Audited by Ernst & Young LLP, Singapore, liquidated during the year

The shareholder loans are unsecured and bear interest at 1% per annum above the prevailing bank lending rates. Included in the amount comprise interest receivable of $3,531,000 (2020: $Nil) as at 30 September 2021.The loans are not expected to be repaid in the next twelve months.

15. Interest in associates (cont'd)

The summarised financial information in respect of Pristine Islands Investment Pte. Ltd. ("PII") based on its SFRS financial statements and a reconciliation with the carrying amount of the interest in the consolidated financial statements are as follows:

	2021	2020
	$'000	$'000
Summarised balance sheet		
Current assets	**21,004**	17,264
Non-current assets	**173,628**	187,322
Total assets	**194,632**	204,586
Current liabilities	**59,705**	43,911
Non-current liabilities	**209,993**	226,142
Total liabilities	**269,698**	270,053
Net liabilities	**(75,066)**	(65,467)
Less: Non-controlling interest	**63**	58
Net liabilities attributable to owners of the associate	**(75,003)**	(65,409)
Net liabilities excluding goodwill	**(75,003)**	(65,409)
Proportion of the Group's ownership	**17%**	17%
Group's share of net liabilities	**(12,751)**	(11,120)
Shareholder loans	**25,219**	21,811
Less: Impairment loss	**(4,092)**	(6,757)
Carrying amount of the interest	**8,376**	3,934

	2021	2020
	$'000	$'000
Summarised statement of comprehensive income		
Revenue	**31,567**	13,922
Loss after tax	**(9,827)**	(45,224)
Total comprehensive income	**(9,827)**	(45,224)

The Company has pledged its entire shareholdings in PII to a consortium of banks in respect of loan facilities granted to PII. A similar charge was executed by all other shareholders of PII in respect of their shareholdings.

15. Interest in associates (cont'd)

The summarised financial information in respect of MaxLee Development Pte. Ltd. ("MLD") based on its SFRS financial statements and a reconciliation with the carrying amount of the interest in the consolidated financial statements are as follows:

Summarised balance sheet	**2021** $'000	**2020** $'000
Current assets, representing total assets and net assets	**–**	1,300
Proportion of the Group's ownership	**–**	35%
Group's share of net assets/carrying amount of the interest	**–**	455

Summarised statement of comprehensive income	**2021** $'000	**2020** $'000
Revenue	**–**	–
Loss after tax	**(39)**	(4)
Total comprehensive income	**(39)**	(4)

During the financial year, MLD has been liquidated and net proceeds of $441,000 was received pursuant to the liquidation.

16. Investment securities

	Note	**Group and Company** **2021** $'000	 **2020** $'000
At fair value through other comprehensive income			
- Equity securities (quoted)		**57**	84
At beginning of the financial year		**84**	84
Fair value changes recognised in other comprehensive income	29(a)	**(27)**	–
At end of the financial year		**57**	84

The Group has elected to measure the equity securities at fair value through other comprehensive income due to the Group's intention to hold these equity instruments as long-term investments.

The Group recognised a dividend of $Nil (2020: $2,000) from its investment securities during the financial year.

17. Inventories

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Balance Sheet:				
Raw materials	**442,664**	236,311	**437,751**	234,505
Finished goods	**2,112**	1,876	**1,874**	1,708
Goods in transit	**25,374**	24	**25,374**	24
	470,150	238,211	**464,999**	236,237
Allowance for inventory obsolescence	**(3,979)**	(1,026)	**(3,979)**	(1,026)
	466,171	237,185	**461,020**	235,211

The cost of inventories recognised as expense and included in “Cost of sales” in the consolidated statement of comprehensive income amounted to $932,090,000 (2020: $484,237,000).

The allowance for inventory obsolescence recognised as income and included in “Cost of sales” in the consolidated statement of comprehensive income amounted to $2,953,000 (2020: reversal of inventory obsolescence of $329,000).

The reversal was made when the related inventories were sold above their carrying amounts during the financial year ended 30 September 2020.

18. Trade and other receivables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Trade receivables (current)				
Trade receivables, net:				
- Third parties	**152,757**	81,394	**126,050**	60,078
- Due from subsidiaries	**–**	–	**4,310**	7,494
	152,757	81,394	**130,360**	67,572
Other receivables (current)				
- Third parties	**127**	4,661	**32**	2,470
- Sales tax receivable, net	**660**	–	**–**	–
- Due from holding company	**–**	17	**–**	17
- Due from an associate	**–**	2,734	**–**	2,734
- Due from subsidiaries	**–**	–	**97**	58
- Due from a joint venture	**11**	13	**11**	13
- Dividend receivable from a joint venture	**2,106**	1,005	**2,106**	1,005
	2,904	8,430	**2,246**	6,297
Total trade and other receivables (current)	**155,661**	89,824	**132,606**	73,869
Other receivables (non-current)				
- Dividend receivable from a joint venture	**3,770**	4,396	**3,770**	4,396
Total trade and other receivables (current and non-current)	**159,431**	94,220	**136,376**	78,265
Add:				
Deposits	**385**	290	**266**	240
Cash and bank balances (Note 21)	**82,970**	77,892	**69,712**	67,204
Less:				
Sales tax receivable, net	**(660)**	–	**–**	–
Trade receivables subject to provisional pricing	**(52,097)**	(25,048)	**(35,389)**	(17,661)
Grant receivables (Note 5)	**(113)**	(1,734)	**(32)**	(1,175)
Total financial assets carried at amortised cost	**189,916**	145,620	**170,933**	126,873
Trade receivables subject to provisional pricing	**52,097**	25,048	**35,389**	17,661
Add:				
Currency forward contracts (Note 20)	**974**	(192)	**974**	(192)
Total financial assets at fair value through profit or loss	**53,071**	24,856	**36,363**	17,469

18. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables subject to provisional pricing amounting to $52,097,000 (2020: $25,048,000) relate to sale of goods with price fluctuation clause which allow for price adjustments based on the market price.

Receivables denominated in foreign currencies are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Australian Dollar	**662**	261	**662**	261
United States Dollar	**4,607**	10,877	**4,607**	10,877

Related party balances

The non-trade amounts due from holding company, subsidiaries, associate and joint venture are unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

During the previous financial year, the joint venture restructured the payment of the dividend declared into 5 unsecured equal instalments to be received over the next 5 years. The portion of dividend receivable expected to be received after 12 months from the balance sheet date has been classified as non-current other receivable and discounted at the rate of 4.58% per annum which resulted in charge to the profit or loss of $629,000 in the previous financial year, representing receivable measured at amortised cost. As at 30 September 2021, 2 of 5 instalments are presented within current receivables.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2021	**2020**
	$'000	$'000
Movements in allowance accounts:		
At beginning of financial year	**8,456**	9,595
Charge/(reversal) for the financial year	**2,700**	(1,090)
Exchange differences	**(1)**	–
Written off	**(4,530)**	(49)
At end of financial year	**6,625**	8,456

Trade receivables relating to debtors who were undergoing liquidation were written off as the Group does not expect to receive future cash flows from these debtors.

19. Asset held for sale

	Group 2021 $000	Group 2020 $000
At beginning of the financial year	**33,893**	30,049
Additional development costs capitalised	**2,517**	3,844
Disposal	**(36,410)**	–
At end of the financial year	**–**	33,893
Represented by:		
Land	**–**	25,523
Development costs	**–**	8,370
	–	33,893

Details of development property

Description and location	% owned	Site area (square metre)	Gross floor area (square metre)	Stage of completion as at date of annual report
Detached house along Nassim Road, Singapore	**100**	**1,235**	**953**	**100% completed and disposed**

The sale of the property was completed in February 2021 for a total consideration of $38,380,000 (including release of funds held in escrow of $3,454,000) resulting in a gain on disposal of $1,970,000 during the year in one of its subsidiaries. As at 30 September 2020, deposit of $3,454,000 from the purchaser was held in escrow by the appointed solicitor (Note 21).

20. Derivatives

Derivatives comprise currency forward contracts that are used to hedge foreign currency payables and contracted purchase commitments of inventories denominated in US Dollar which exist at the balance sheet date and extending to January 2022 (2020: March 2021).

	2021			2020		
Group and Company	**Contract/ Notional Amount** $'000	**Assets** $'000	**Liabilities** $'000	**Contract/ Notional Amount** $'000	**Assets** $'000	**Liabilities** $'000
Currency forward contracts	**112,791**	**974**	**–**	38,517	–	(192)

21. Cash and bank balances

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Cash at banks and on hand	**82,970**	77,892	**69,712**	67,204

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Cash and bank balances denominated in foreign currencies are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Australian Dollar	**179**	281	**171**	273
Malaysia Ringgit	**395**	133	**349**	133
United States Dollar	**16,374**	18,160	**16,318**	18,116

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2021	**2020**
	$'000	$'000
Cash and bank balances	**82,970**	77,892
Less: Restricted cash	**–**	(3,454)
Cash and cash equivalents	**82,970**	74,438

Restricted cash as at 30 September 2020 relates to the deposit received in respect of sale of a detached house, held in escrow by the appointed solicitor. The sale was completed in February 2021 (Note 19) and escrow funds released to the Group.

22. Trade and other payables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Trade payables:				
- Third parties	**50,655**	14,634	**49,386**	11,293
- Due to subsidiaries	**–**	–	**21,189**	89,023
	50,655	14,634	**70,575**	100,316
Other payables:				
- Due to a subsidiary	**–**	–	**47**	51
- Due to a related party	**2,667**	2,781	**2,667**	2,781
- Sales tax payables, net	**1,164**	33	**1,134**	3
- Accrued employee compensation	**9,910**	4,170	**8,474**	3,284
- Accrued operating expenses	**4,758**	6,300	**2,836**	3,708
	18,499	13,284	**15,158**	9,827
Total trade and other payables	**69,154**	27,918	**85,733**	110,143
Add:				
Loans and borrowings (Note 23)	**435,766**	259,264	**428,311**	221,842
Loan from immediate holding company (Note 24)	**–**	20,000	**–**	20,000
Less:				
Provision for unutilised leave	**(1,230)**	(417)	**(999)**	(389)
Sales tax payables, net	**(1,164)**	(33)	**(1,134)**	(3)
Grant received in advance (Note 5)	**(368)**	(1,028)	**(239)**	(671)
Lease liabilities (Note 23)	**(31,199)**	(31,212)	**(23,744)**	(10,719)
Total financial liabilities carried at amortised cost	**470,959**	274,492	**487,928**	340,203

Trade payables are generally settled on 30 to 60 days' terms.

The other payables due to a subsidiary are unsecured, non-interest bearing, repayable upon demand and are expected to be settled in cash. Other payables due to a related party relates to settlement amounts arising from cancellation of purchase contracts payable to a company related to the shareholder and is unsecured, non-interest bearing and expected to be settled in cash.

Trade and other payables denominated in foreign currencies are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Euro	**9**	35	**9**	35
Malaysia Ringgit	**41**	72	**41**	72
United States Dollar	**40,647**	6,057	**40,647**	6,057

23. Loans and borrowings

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Current				
Bills payable to banks (unsecured)	**343,841**	110,845	**343,841**	94,456
Other borrowings (secured)	**–**	540	**–**	–
Lease liabilities (unsecured)	**5,624**	3,683	**5,411**	1,313
Bank loans (secured)	**7,409**	6,682	**7,409**	6,682
Bank loans (unsecured)	**1,240**	38,588	**1,240**	38,588
	358,114	160,338	**357,901**	141,039
Non-current				
Lease liabilities (unsecured)	**25,575**	27,529	**18,333**	9,406
Bank loans (secured)	**48,520**	66,696	**48,520**	66,696
Bank loans (unsecured)	**3,557**	4,701	**3,557**	4,701
	77,652	98,926	**70,410**	80,803
Total loans and borrowings (current and non-current)	**435,766**	259,264	**428,311**	221,842

Bills payable to banks

Bills payable bear interest at 0.69% to 1.41% per annum (2020: 0.66% to 2.64% per annum) and are repayable within 5 months (2020: 5 months) after the financial year end.

Other borrowings (secured)

Other borrowings are secured by a charge over certain assets and have been fully repaid during the financial year.

Bank loans (secured)

As at 30 September 2021, the bank loans bear interest ranging from 1.50% to 2.78% (2020: 1.88% to 2.38%) per annum for the first and second year and commercial financing rate in the subsequent years. These are secured by certain leasehold buildings (Note 11) (2020: leasehold buildings and asset held for sale (Note 19)) and are repayable in equal quarterly instalments over the next 5 to 18 years (2020: 6 to 19 years).

Bank loans (unsecured)

As at 30 September 2020, these comprise a short-term bridging loan guaranteed by a related party amounting to USD 28,000,000, interest bearing at 2.22% per annum, fully repayable in March 2021 and another loan of $5,000,000, interest bearing at 2.25% per annum and repayable in 48 equal monthly instalments from July 2021.

The bridging loan has been fully repaid during the financial year.

23. Loans and borrowings (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

	1.10.2020	Cash flows	Non-cash changes: Accretion of interest	Non-cash changes: Additions	Non-cash changes: Other*	30.9.2021
	$'000	$'000	$'000	$'000	$'000	$'000
Bills payable and bank loans						
- Current	**156,115**	**187,546**	**–**	**–**	**8,829**	**352,490**
- Non-current	**71,397**	**(10,491)**	**–**	**–**	**(8,829)**	**52,077**
Lease liabilities						
- Current	**3,683**	**(6,414)**	**942**	**3,008**	**4,405**	**5,624**
- Non-current	**27,529**	**–**	**–**	**2,451**	**(4,405)**	**25,575**
Other borrowings						
- Current	**540**	**(540)**	**–**	**–**	**–**	**–**
	259,264	**170,101**	**942**	**5,459**	**–**	**435,766**
Loan from immediate holding company	**20,000**	**(20,000)**	**–**	**–**	**–**	**–**
	279,264	**150,101**	**942**	**5,459**	**–**	**435,766**

* relates to reclassification of non-current portion due to passage of time.

	1.10.2019	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Adoption of SFRS(I) 16	Non-cash changes: Accretion of interest	Non-cash changes: Additions	Non-cash changes: Other*	30.9.2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bills payable and bank loans								
- Current	244,446	(94,823)	216	–	–	–	6,276	156,115
- Non-current	60,113	17,560	–	–	–	–	(6,276)	71,397
Lease liabilities								
- Current	–	(6,367)	–	5,343	1,021	521	3,165	3,683
- Non-current	–	–	–	30,694	–	–	(3,165)	27,529
Other borrowings								
- Current	1,393	(1,444)	–	–	46	–	545	540
- Non-current	545	–	–	–	–	–	(545)	–
	306,497	(85,074)	216	36,037	1,067	521	–	259,264
Loan from immediate holding company	23,100	(3,100)	–	–	–	–	–	20,000
	329,597	(88,174)	216	36,037	1,067	521	–	279,264

* relates to reclassification of non-current portion due to passage of time.

24. Loan from immediate holding company

The loan bears interest at a fixed rate of 4.5% per annum and has been fully repaid in February 2021.

25. Leases

Group and Company as lessee

The Group and Company have lease contracts for leasehold land for its offices and production facilities. These generally have lease terms between 15 months to 27 years. The Group and Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group and Company are restricted from assigning and subleasing the leased assets.

The Group and Company also have certain leases with lease terms of 12 months or less and leases of low value. The Group and Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) **Carrying amounts of right-of-use assets classified within property, plant and equipment**

Group	Leasehold land $'000
Cost	
1 October 2019	1,452
Effect of adoption of SFRS(I) 16	36,037
Additions	1,681
As at 30 September 2020 and 1 October 2020	**39,170**
Additions	**5,459**
Expiry of leases	**(3,533)**
As at 30 September 2021	**41,096**
Accumulated depreciation	
1 October 2019	1,452
Depreciation charge	6,575
As at 30 September 2020 and 1 October 2020	**8,027**
Depreciation charge	**5,823**
Expiry of leases	**(3,533)**
As at 30 September 2021	**10,317**
Net carrying amount	
As at 30 September 2021	**30,779**
As at 30 September 2020	31,143

25. Leases (cont'd)

Group and Company as lessee (cont'd)

(a) **Carrying amounts of right-of-use assets classified within property, plant and equipment (cont'd)**

Company	**Leasehold land** $'000
Cost	
1 October 2019	1,452
Effect of adoption of SFRS(I) 16	13,166
Additions	1,377
As at 30 September 2020 and 1 October 2020	**15,995**
Additions	**17,755**
Expiry of leases	**(3,533)**
As at 30 September 2021	**30,217**
Accumulated depreciation	
At 1 October 2019	1,452
Depreciation charge for the year	3,969
As at 30 September 2020 and 1 October 2020	**5,421**
Depreciation charge for the year	**4,962**
Expiry of leases	**(3,533)**
As at 30 September 2021	**6,850**
Net carrying amount	
As at 30 September 2021	**23,367**
As at 30 September 2020	10,574

(b) **Lease liabilities**

Set out below are the carrying amounts of lease liabilities (included under loans and borrowings) and the movements during the period:

	2021	
	Group $'000	**Company** $'000
As at 1 October 2020	**31,212**	**10,719**
Additions, net	**5,459**	**17,755**
Accretion of interest	**942**	**602**
Payments	**(6,414)**	**(5,332)**
As at 30 September 2021	**31,199**	**23,744**
Represented by:		
Current	**5,624**	**5,411**
Non-current	**25,575**	**18,333**
	31,199	**23,744**

25. Leases (cont'd)

Group and Company as lessee (cont'd)

(b) **Lease liabilities (cont'd)**

	2020	
	Group	**Company**
	$'000	$'000
Adoption of SFRS(I) 16 on 1 October 2019	36,037	13,166
Additions, net	521	596
Accretion of interest	1,021	356
Payments	(6,367)	(3,399)
As at 30 September 2020	31,212	10,719
Represented by:		
Current	3,683	1,313
Non-current	27,529	9,406
	31,212	10,719

(c) **Amounts recognised in profit or loss**

	2021	**2020**
	$'000	$'000
Depreciation expense of right-of-use assets	**5,823**	6,575
Interest expense on lease liabilities	**942**	1,021
Expenses relating to short-term leases	**1,272**	1,957
Expenses relating to low-value leases	**18**	19
Total amount recognised in profit or loss	**8,055**	9,572

The Group had total cash outflows for leases of $7,704,000 (2020: $8,343,000) in 2021. The maturity analysis of lease liabilities are disclosed in Note 35(b).

Group as a lessor

The Group has entered into operating lease on its investment property. This lease has a remaining term of 3 years (2020: 4 years). Future minimum receivables under non-cancellable operating leases as at 30 September 2021 are as follows:

	Group	
	2021	**2020**
	$'000	$'000
Within one year	**141**	141
After one year but not more than five years	**199**	340
	340	481

26. Provisions

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Current				
Provision for onerous contracts	**46,104**	774	**43,110**	298
Provision for restoration costs	**–**	2,232	**–**	2,232
	46,104	3,006	**43,110**	2,530
Non-current				
Provision for retirement benefits	**178**	261	**178**	261
Provision for restoration costs	**3,361**	1,129	**2,981**	–
	3,539	1,390	**3,159**	261

<u>Provision for onerous contracts</u>

Provision for onerous contracts are recorded in respect of certain sales contracts for which the estimated unavoidable costs to meet contractual obligations are expected to exceed the economic benefits to be received under it. Increase in provision arises from rising steel prices on fixed price contracts and the ultimate realisation or reversal of the provision is dependent on the timing of fulfilment of the contracts and the actual steel prices at that point.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At beginning of the financial year	**774**	7,216	**298**	3,640
Charge/(reversal) for the year, net	**45,331**	(6,442)	**42,812**	(3,342)
Exchange differences	**(1)**	–	**–**	–
At end of the financial year	**46,104**	774	**43,110**	298

<u>Provision for restoration costs</u>

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At beginning of the financial year	**3,361**	2,201	**2,232**	1,451
Charge for the year	**–**	1,160	**749**	781
At end of the financial year	**3,361**	3,361	**2,981**	2,232

26. Provisions (cont'd)

Provision for retirement benefits

The Company has in place a retirement benefit scheme for employees who commenced employment with the Company prior to 1 January 1983. The retirement benefits are calculated based on one week's pay for each full year of service at the employee's last-drawn basic salary at date of retirement. The retirement benefit scheme is unfunded and will be paid out by the Company in cash when due. As at 30 September 2021, there are no plan assets (2020: Nil).

The changes in the present value of the defined retirement benefit obligation recognised as a liability in the balance sheets are as follows:

	Group and Company	
	2021	**2020**
	$'000	$'000
At beginning of the financial year	**261**	254
Payment during financial year	**(88)**	–
Charged to statement of comprehensive income (Note 8)	**5**	7
Service cost	**4**	6
Interest cost	**1**	1
At end of the financial year	**178**	261

Of the total charged, amounts of $1,000 (2020: $1,000) and $4,000 (2020: $6,000) were included in "Cost of Sales" and "Administrative expenses" respectively.

The principal actuarial assumptions at the balance sheet date are as follows:

	Group and Company	
	2021	**2020**
Discount rate at 30 September	**2%**	2%
Future salary increases	**1%**	1%
Resignation rate	**0%**	0%

Amounts for the current and previous four periods are as follows:

	2021	**2020**	**2019**	**2018**	**2017**
	$'000	$'000	$'000	$'000	$'000
Defined benefit obligation	**178**	261	254	244	408

27. Deferred tax assets and liabilities

Deferred tax as at 30 September 2021 and 2020 relates to the following:

	Group				Company	
	Consolidated Balance Sheet		Consolidated Income Statement		Balance Sheet	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets:						
Provisions	**9,689**	1,580	**(8,109)**	1,900	**8,622**	830
Unutilised tax losses and capital allowances	**604**	2,134	**1,530**	(1,564)	**–**	–
Leases	**105**	67	**(38)**	(67)	**64**	25
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**(9,982)**	(10,783)	**(801)**	(404)	**(5,802)**	(6,356)
Fair value adjustments on acquisition of subsidiaries	**(4,065)**	(4,383)	**(318)**	(326)	**–**	–
Undistributed earnings	**(550)**	(497)	**53**	204	**(550)**	(497)
Deferred tax (liabilities)/assets, net	**(4,199)**	(11,882)			**2,334**	(5,998)
Deferred tax expense			**(7,683)**	(257)		

28. Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital	Treasury shares	Share capital	Treasury shares
Group and Company	'000	'000	$'000	$'000
Balance as at 1 October 2019, 30 September 2020 and 1 October 2020	**234,962**	**1,627**	**125,001**	**(1,105)**
Shares issued	**10,000**	**–**	**14,200**	**–**
Share issuance expense	**–**	**–**	**(447)**	**–**
Balance as at 30 September 2021	**244,962**	**1,627**	**138,754**	**(1,105)**

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value. Treasury shares relate to ordinary shares of the Company that are held by the Company.

There were no purchase of treasury shares during the year (2020: Nil) and there have been no reissuance of treasury shares since their acquisitions.

During the year, the Company issued 10,000,000 ordinary shares at $1.42 per share pursuant to a share placement exercise. The net proceeds of this placement were utilised to repay the Group's outstanding bank borrowings in line with the intended use of proceeds.

29. Other reserves

	Note	Group 2021	Group 2020	Company 2021	Company 2020
		$'000	$'000	$'000	$'000
Fair value reserve	(a)	**(103)**	(76)	**(103)**	(76)
Foreign currency translation reserve	(b)	**(2,757)**	(2,741)	**–**	–
Asset revaluation reserve	(c)	**597**	597	**597**	597
		(2,263)	(2,220)	**494**	521

(a) **Fair value reserve**

Fair value reserve represents the cumulative fair value changes, net of tax, of quoted investment securities until they are disposed or impaired.

	Group and Company 2021	Group and Company 2020
	$'000	$'000
At beginning of the financial year	**(76)**	(76)
- Net loss on fair value changes during the financial year	**(27)**	–
At end of the financial year	**(103)**	(76)

(b) **Foreign currency translation reserve**

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the effect of exchange differences arising on monetary items that forms part of the Group's net investment in foreign operations.

	Group 2021	Group 2020
	$'000	$'000
At beginning of the financial year	**(2,741)**	(2,675)
Net effect of exchange differences arising from the translation of financial statements of foreign operations	**343**	309
Net effect of exchange differences arising from the shareholder loans due from an associate and a subsidiary	**(359)**	(375)
At end of the financial year	**(2,757)**	(2,741)

(c) **Asset revaluation reserve**

Asset revaluation reserve arose on revaluation of a certain leasehold building in 1993 (Note 11). There is no movement in asset revaluation reserve during the current and previous financial years as the Group does not have a policy of periodic revaluation of property leasehold buildings (as allowed under SFRS(I) 1-16 for one-off revaluation performed on property, plant and equipment between 1 January 1984 and 31 December 1996).

30. Dividends

	Group and Company	
	2021	**2020**
	$'000	$'000
Declared and paid during the financial year:		
Cash dividends on ordinary shares:		
- Interim exempt (one-tier) dividend of 4 cents (2020: Nil cents) per share in respect of the current financial year	**9,734**	–
- Final exempt (one-tier) dividend of 2 cents (2020: 5 cents) per share in respect of the previous financial year	**4,867**	11,667
- Special exempt (one-tier) dividend of 4 cents (2020: 3 cents) per share in respect of the previous financial year	**9,733**	7,000
	24,334	18,667

Proposed but not recognised as a liability as at 30 September:

Dividends on ordinary shares, subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM"):

	Group and Company	
	2021	**2020**
	$'000	$'000
- Final exempt (one-tier) dividend for 2021: 4 cents (2020: 2 cents) per share	**10,974**	4,667
- Special exempt (one-tier) dividend for 2021: 4 cents (2020: 4 cents) per share	**10,974**	9,333
	21,948	14,000

Proposed final dividend of 4 cents and special dividend of 4 cents for the financial year ended 30 September 2021 are computed based on 274,350,089 shares excluding treasury shares (Note 38).

31. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following were significant transactions between the Group and related parties on rates and terms agreed during the financial year:

(a) **Sales and purchases of goods and services**

	Group	
	2021	**2020**
	$'000	$'000
Interest income from associate	**801**	1,062
Interest paid/payable to immediate holding company	**(355)**	(958)
Settlement of cancellation of purchase contract with company related to shareholder	**682**	–
Steel hedging received/receivable from company related to shareholder	**–**	748

31. Related party transactions (cont'd)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management of the Group paid during the financial year is as follows:

	Group	
	2021	**2020**
	$'000	$'000
Wages and salaries	**5,026**	2,427
Employer's contribution to Central Provident Fund	**104**	100
Other short-term benefits	**390**	229
Directors' fees	**305**	305
	5,825	3,061

Included in the above is total compensation to directors (including directors' fees) of the Company amounting to $3,551,000 (2020: $1,864,000).

32. Commitments and contingencies

(a) Capital commitments

Capital expenditures contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Capital commitment in respect of:				
Plant and machinery	**313**	77	**313**	77
Development costs for asset held for sale	**–**	1,781	**–**	–
	313	1,858	**313**	77

(b) Contingencies

The Company has provided a corporate guarantee in respect of banking facilities provided by a consortium of banks to an associate up to the extent of the Company's 17% shareholding in the investee. As at 30 September 2021, the amount of facilities drawn down by the associate amounted to $55,682,000 (2020: $57,735,000).

33. Segment reporting

For management purposes, the Group is organised into business units based on its products and services, and has reportable segments as follows:

i) The fabrication and manufacturing segment is involved in the business of prefabrication of steel reinforcement for use in concrete, trading of steel reinforcing bars, and manufacturing and sale of wire mesh fences.

ii) Others relates to property development and interest in associate who operates in the business of management of airport, hotel and resort and property development.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Year ended 30 September 2021	Fabrication and manufacturing $'000	Others $'000	Adjustments and eliminations $'000	Notes	Group $'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	**43,360**	**3,666**	**–**		**47,026**
Assets:					
Segments assets	**845,475**	**39,276**	**(31)**	**A**	**884,720**
Additions 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**	**A**	**(583,771)**

Note A: Inter-segment assets/liabilities are deducted from segment assets/liabilities to arrive at total assets/liabilities reported in the consolidated balance sheet.

33. Segment reporting (cont'd)

Year ended 30 September 2020	Fabrication and manufacturing $'000	Others $'000	Adjustments and eliminations $'000	Notes	Group $'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 of impairment loss on 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:					
Segments assets	558,262	61,718	(32)	A	619,948
Additions 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	A	(355,401)

Note A: Inter-segment assets/liabilities are deducted from segment assets/liabilities to arrive at total assets/liabilities reported in the consolidated balance sheet.

33. Segment reporting (cont'd)

Geographical segments

Revenue and non-current assets information based on geographical locations of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'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	**148,128**	152,311
Thailand	**38,255**	8,177	**–**	–
Others	**5,046**	4,267	**–**	–
	1,168,647	612,378	**169,967**	173,827

Non-current assets information presented above consist of property, plant and equipment, investment properties, interest in joint venture, interest in associates, investment securities, deferred tax assets and other receivables as presented in the consolidated balance sheet.

34. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

34. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
30 September 2021				
Assets measured at fair value				
Financial assets:				
Investment securities (Note 16)				
- *Quoted equity securities at FVOCI*	**57**	**–**	**–**	**57**
Debt instruments at FVPL (Note 18)				
- *Trade receivables subject to provisional pricing*	**–**	**–**	**52,097**	**52,097**
Derivatives (Note 20)				
- *Currency forward contracts*	**–**	**974**	**–**	**974**
Financial assets as at 30 September 2021	**57**	**974**	**52,097**	**53,128**
30 September 2020				
Assets measured at fair value				
Financial assets:				
Investment securities (Note 16)				
- *Quoted equity securities at FVOCI*	84	–	–	84
Debt instruments at FVPL (Note 18)				
- *Trade receivables subject to provisional pricing*	–	–	25,048	25,048
Financial assets as at 30 September 2020	84	–	25,048	25,132
Liabilities measured at fair value				
Financial liabilities:				
Derivatives (Note 20)				
- *Currency forward contracts*	–	(192)	–	(192)
Financial liabilities as at 30 September 2020	–	(192)	–	(192)

34. Fair value of assets and liabilities (cont'd)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives (Note 20):

Currency forward contracts are valued according to valuations obtained from reputable financial institutions as at the end of the reporting period.

(d) Level 3 fair value measurements

The Group applied the 'most likely amount method' to predict steel reinforcement index based on historical published indices from the Building and Construction Authority, spot sales prices and steel price trends. The Group also takes into consideration the credit risk with reference to the provisional matrix developed under the simplified approach for lifetime ECL, which involves adjustment to historical credit loss experience with forward-looking information such as forecast of economic conditions.

(e) Assets not measured at fair value, for which fair value is disclosed

The following table shows an analysis of the Group's assets not measured at fair value, for which fair value is disclosed:

		Fair value measurements at the end of the reporting period using	
	Note	Significant unobservable inputs (Level 3)	Carrying amount
Group		$'000	$'000
30 September 2021			
Assets:			
Investment properties	12	**2,369**	**2,264**
30 September 2020			
Assets:			
Investment properties	12	2,367	2,333

Determination of fair value

Fair value as disclosed in the table above is based on independent valuations performed. Details are disclosed in Note 12.

34. Fair value of assets and liabilities (cont'd)

(f) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value**

Fair value information is not disclosed for the following financial instruments of the Group as at 30 September 2021 as the difference between the carrying amounts and their fair values are not significant.

	Group	
	2021	**2020**
	$'000	$'000
Financial liabilities:		
Bank loans (unsecured) (non-current)	**3,557**	4,701

35. Financial risk management objective and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees on the policies and procedures for the management of these risks, which are executed by the Chief Executive Officer and/or the Chief Financial Officer.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and procedures for the management of these risks.

(a) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, derivatives, and cash and bank balances), the Group and the Company minimise credit risks by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

35. Financial risk management objective and policies (cont'd)

(a) Credit risk (cont'd)

The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.

- Actual or expected significant changes in the operating results of the borrower.

- Significant increases in credit risk on other financial instruments of the same borrower.

- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- There is significant difficulty of the issuer or the borrower.

- A breach of contract, such as a default or past due event.

- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

35. Financial risk management objective and policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 30 September 2021 is determined as follows, the expected credit losses below also incorporate forward-looking information such as forecast of economic conditions.

Summarised below is the information about the credit risk exposure on the Group's trade receivables at amortised cost, excluding trade receivables subject to provisional pricing, using provision matrix.

2021	Current $'000	1 to 30 days past due $'000	31 to 60 days past due $'000	61 to 90 days past due $'000	More than 90 days past due $'000	Total $'000
Gross carrying amount	**66,860**	**33,880**	**3,373**	**857**	**2,315**	**107,285**
Loss allowance provision	**(2,502)**	**(1,378)**	**(236)**	**(367)**	**(2,142)**	**(6,625)**
	64,358	**32,502**	**3,137**	**490**	**173**	**100,660**

2020	Current $'000	1 to 30 days past due $'000	31 to 60 days past due $'000	61 to 90 days past due $'000	More than 90 days past due $'000	Total $'000
Gross carrying amount	45,653	9,508	1,115	446	8,080	64,802
Loss allowance provision	(1,517)	(321)	(18)	(4)	(6,596)	(8,456)
	44,136	9,187	1,097	442	1,484	56,346

Information regarding loss allowance movement of trade receivables are disclosed in Note 18.

During the financial year, the Group wrote off $4,530,000 (2020: $49,000) of trade receivables which were more than 90 days past due as the Group does not expect to receive future cash flows.

Financial guarantees

The Group assessed the expected credit loss for financial guarantees using the probability of default approach. In determining ECL for financial guarantees, the Group considers events such as breach of loan covenants, default on instalment payments and determined that significant increase in credit risk occur when there is changes in the risk that the specific debtor will default on the contract and concluded no provision is required as at 30 September 2021 and 2020.

35. Financial risk management objective and policies (cont'd)

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group's and the Company's trade receivables concentration profiles by geographical areas and industry sectors as at the end of reporting period are as follows:

	Group	
	2021	**2020**
	$'000	$'000
By geographical areas:		
- China	**–**	7,434
- Malaysia	**3,139**	10,733
- Singapore	**147,418**	61,002
- Thailand	**927**	1,459
- Others	**1,273**	766
	152,757	81,394
By industry sector:		
- Construction	**148,919**	81,394
- Property development	**3,838**	–

At the end of the reporting period, approximately:

- 44% (2020: 36%) of the Group's and 45% (2020: 27%) of the Company's trade receivables were due from 10 (2020: 10) major customers who are in the construction industry in Singapore.
- 8% (2020: 20%) of the Company's trade and other receivables were due from related parties.

Amount due from subsidiaries and related parties

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from reputable financial institutions. In addition, the Group and the Company also maintain sufficient cash balances for operating and future investment opportunities.

35. Financial risk management objective and policies (cont'd)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of reporting period based on contractual undiscounted repayment obligations:

Group	Within 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
At 30 September 2021				
Financial assets:				
Investment securities	**–**	**57**	**–**	**57**
Trade and other receivables	**154,888**	**4,211**	**–**	**159,099**
Cash and bank balances	**82,970**	**–**	**–**	**82,970**
Other current assets - deposits	**385**	**–**	**–**	**385**
Derivatives				
- Receipts	**113,765**	**–**	**–**	**113,765**
- Payments	**(112,791)**	**–**	**–**	**(112,791)**
Total undiscounted financial assets	**239,217**	**4,268**	**–**	**243,485**
Financial liabilities:				
Trade and other payables	**66,392**	**–**	**–**	**66,392**
Loans and borrowings (excluding lease liabilities)	**354,120**	**44,500**	**19,123**	**417,743**
Lease liabilities	**6,477**	**16,011**	**14,744**	**37,232**
Total undiscounted financial liabilities	**426,989**	**60,511**	**33,867**	**521,367**
Total net undiscounted financial liabilities	**(187,772)**	**(56,243)**	**(33,867)**	**(277,882)**
At 30 September 2020				
Financial assets:				
Investment securities	–	84	–	84
Trade and other receivables	88,090	4,020	1,005	93,115
Cash and bank balances	77,892	–	–	77,892
Other current assets - deposits	290	–	–	290
Total undiscounted financial assets	166,272	4,104	1,005	171,381
Financial liabilities:				
Trade and other payables	26,440	–	–	26,440
Loans and borrowings (excluding lease liabilities)	159,425	43,083	53,769	256,277
Lease liabilities	4,579	15,937	17,619	38,135
Derivatives				
- Receipts	(38,517)	–	–	(38,517)
- Payments	38,709	–	–	38,709
Loan from immediate holding company	20,651	–	–	20,651
Total undiscounted financial liabilities	211,287	59,020	71,388	341,695
Total net undiscounted financial liabilities	(45,015)	(54,916)	(70,383)	(170,314)

35. Financial risk management objective and policies (cont'd)

(b) Liquidity risk (cont'd)

Company	Within 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
At 30 September 2021				
Financial assets:				
Investment securities	**–**	**57**	**–**	**57**
Trade and other receivables	**132,574**	**4,211**	**–**	**136,785**
Cash and bank balances	**69,712**	**–**	**–**	**69,712**
Other current assets - deposits	**266**	**–**	**–**	**266**
Derivatives				
- Receipts	**113,765**	**–**	**–**	**113,765**
- Payments	**(112,791)**	**–**	**–**	**(112,791)**
Total undiscounted financial assets	**203,526**	**4,268**	**–**	**207,794**
Financial liabilities:				
Trade and other payables	**83,361**	**–**	**–**	**83,361**
Loans and borrowings (excluding lease liabilities)	**354,120**	**44,500**	**19,123**	**417,743**
Lease liabilities	**6,024**	**14,199**	**6,272**	**26,495**
Total undiscounted financial liabilities	**443,505**	**58,699**	**25,395**	**527,599**
Total net undiscounted financial liabilities	**(239,979)**	**(54,431)**	**(25,395)**	**(319,805)**
At 30 September 2020				
Financial assets:				
Investment securities	–	84	–	84
Trade and other receivables	72,694	4,020	1,005	77,719
Cash and bank balances	67,204	–	–	67,204
Other current assets - deposits	240	–	–	240
Total undiscounted financial assets	140,138	4,104	1,005	145,247
Financial liabilities:				
Trade and other payables	109,080	–	–	109,080
Loans and borrowings (excluding lease liabilities)	142,459	43,083	53,769	239,311
Lease liabilities	1,615	4,079	7,292	12,986
Derivatives				
- Receipts	(38,517)	–	–	(38,517)
- Payments	38,709	–	–	38,709
Loan from immediate holding company	20,651	–	–	20,651
Total undiscounted financial liabilities	273,997	47,162	61,061	382,220
Total net undiscounted financial liabilities	(133,859)	(43,058)	(60,056)	(236,973)

35. Financial risk management objective and policies (cont'd)

(b) Liquidity risk (cont'd)

The table below shows the contractual expiry by maturity of the Group and Company's commitments. The maximum amount of the corporate guarantee is allocated to the earliest period in which the guarantee could be called.

Group and Company	2021 $'000	2020 $'000
Corporate guarantee – 1 year or less	**1,236**	605
Corporate guarantee – 1 to 5 years	**8,230**	9,210
	9,466	9,815

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2020: 6 months) from the balance sheet date.

Sensitivity analysis for interest rate risk

At the end of reporting period, if SGD interest rates had been 50 basis points lower/higher with all other variables constant, the Group's profit before tax would have been $1,719,000 (2020: $554,000) higher/lower respectively as a result of lower/higher interest expense on floating rate loans and borrowings.

(d) Foreign currency risk

The Group and the Company have transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currency in which these transactions are denominated is mainly the US Dollar ("USD").

The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD.

The Group and the Company use currency forward contracts to hedge its exposure to foreign currency exchange risk arising from purchases which are mainly denominated in USD.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD/SGD exchange rate, with all other variables held constant, of the Group's profit before tax:

	2021	2020
	Profit before tax	
	(Decrease)/ Increase	Increase/ (Decrease)
Group and Company	$'000	$'000
USD/SGD - strengthened 7% (2020: 7%)	**(1,377)**	1,609
- weakened 7% (2020: 7%)	**1,377**	(1,609)

36. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 September 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. The Group includes within net debt, loans and borrowings and loan from immediate holding company less cash and bank balances. Capital includes equity attributable to owners of the Company.

	Group	
	2021	**2020**
	$'000	$'000
Loans and borrowings (Note 23)	**435,766**	259,264
Loan from immediate holding company (Note 24)	**–**	20,000
Less: Cash and bank balances (Note 21)	**(82,970)**	(77,892)
Net debt	**352,796**	201,372
Equity attributable to owners of the Company	**300,949**	264,547
Capital plus net debt	**653,745**	465,919
Gearing ratio	**54%**	43%

37. Impact of Covid-19

The Covid-19 pandemic has continued to affect countries in the world and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by various governments. The Group's operations are mainly in Singapore and an associate has operations in the Maldives, both of which are countries affected by Covid-19.

Set out below is the impact of Covid-19 on the Group's financial performance reflected in this set of financial statements for the year ended 30 September 2021:

- The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

- The Group received government grants and rebates and the effects of such are disclosed in Note 5.

- The Group has considered the market conditions (including the impact of Covid-19) as at the balance sheet date in making estimates and judgements on the recoverability of assets and investment in subsidiaries and interest in associate as at 30 September 2021. The significant estimates and judgements applied are disclosed in Note 3.

As the global Covid-19 situation remains fluid at the date these financial statements were authorised for issue, the Group cannot reasonably ascertain the full extent of the probable impact of the Covid-19 disruptions on its operating and financial performance for the next financial year.

38. Events occurring after the reporting period

On 14 October 2021, the Company completed a share placement exercise of 31,015,000 new ordinary shares at an issue price of $1.48 per share for a total subscription price of $45,902,200. The subscription shares rank pari passu in all respects with the existing shares of the Company and carry all rights similar to the existing shares at the time of the issue. The purpose of this share placement is to repay the Group's outstanding bank borrowings, strengthen the Group's capital base and reduce interest payable under existing bank borrowings. The total number of issued shares of the Company increased from 243,335,089 (excluding 1,626,600 treasury shares) to 274,350,089 (excluding 1,626,600 treasury shares).

39. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2021 were authorised for issue in accordance with a resolution of the Board of Directors dated on 10 January 2022.

APPENDIX I

APPENDIX DATED 10 JANUARY 2022

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

This Appendix explains the rationale and provides information to Shareholders in relation to the Proposed Renewal of Share Purchase Mandate and Proposed Renewal of IPT Mandate, to be tabled at the AGM of the Company to be held on 27 January 2022 at 10.00 a.m. by way of electronic means. The notice of the 2022 AGM and Proxy Form are made available to Shareholders on the same date hereof, via SGXNET and the Company's corporate website at http://www.brc.com.sg/.

Pursuant to the Alternative Arrangements Order, alternative arrangements have been put in place by the Company to allow Shareholders to participate in the 2022 AGM by: (a) watching or listening to proceedings via a "**live**" webcast; (b) submitting questions in advance; and (c) voting by proxy. For further information, please refer to the Notice of AGM and Instructions to Shareholders as announced on the date hereof via SGXNET, including the steps to be taken by Shareholders to participate at the 2022 AGM.

If you have sold or transferred all your Shares, you should forward this Appendix immediately to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

BRC
ASIA

BRC ASIA LIMITED

(Incorporated in Singapore on 14 December 1938)
(Company Registration No. 193800054G)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

IN RELATION TO:

(I) PROPOSED RENEWAL OF SHARE PURCHASE MANDATE; AND

(II) PROPOSED RENEWAL OF INTERESTED PERSON TRANSACTIONS MANDATE

APPENDIX I

TABLE OF CONTENTS

APPENDIX I

DEFINITIONS

General

"**2021 AGM**"	:	The AGM of the Company held on 28 January 2021
"**2021 EGM**"	:	The EGM of the Company held on 28 January 2021
"**2022 AGM**"	:	The AGM of the Company to be held on 27 January 2022, and any adjournment thereof
"**ACRA**"	:	The Accounting and Corporate Regulatory Authority of Singapore
"**AGM**"	:	An annual general meeting of the Company
"**Alternative Arrangements Order**"	:	The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020
"**Appendix**"	:	This appendix to the notice of annual general meeting
"**Approval Date**"	:	The date of the 2022 AGM at which the Proposed Renewal of Share Purchase Mandate is approved
"**Audit Committee**"	:	The audit committee of the Company
"**Board**"	:	The board of directors of the Company
"**BPT**"	:	Bright Point Trading Pte. Ltd.
"**Buy-Sell Transaction**"	:	Has the meaning ascribed to it in the IPT Mandate Circular
"**CDP**"	:	The Central Depository (Pte) Limited
"**Company**"	:	BRC Asia Limited
"**Companies Act**"	:	The Companies Act (Chapter 50) of Singapore
"**Constitution**"	:	The constitutive documents of the Company
"**Controlling Shareholder**"	:	A person who: (a) holds directly or indirectly 15% or more of the Company's total voting rights. The SGX-ST may determine that a person who satisfies this paragraph (a) is not a controlling shareholder; or (b) in fact exercises control over the Company
"**CPF**"	:	The Central Provident Fund
"**CPF Agent Banks**"	:	Agent banks included under the CPFIS
"**CPF Investors**"	:	Investors who have purchased Shares pursuant to the CPFIS
"**CPFIS**"	:	CPF Investment Scheme
"**Davos**"	:	Davos Investment Holdings Private Limited
"**Director**"	:	Director of the Company

APPENDIX I

DEFINITIONS

"**EGM**"	:	An extraordinary general meeting of the Company
"**EPS**"	:	Earnings per Share
"**Esteel**"	:	Esteel Enterprise Pte. Ltd.
"**Financial Limit**"	:	Equal to or exceeding S$100,000 but below 5% of the Group's latest announced audited consolidated NTA at the time of entry into the relevant interested person transaction
"**FY**"	:	Financial year ended or ending 30 September
"**FY2021**"	:	Financial year ended 30 September 2021
"**Goods**"	:	Has the meaning ascribed to it in the IPT Mandate Circular
"**Group**"	:	The Company and its subsidiaries
"**HLA**"	:	Hong Leong Asia Ltd.
"**HLAI**"	:	Hong Leong Asia Investments Pte. Ltd.
"**HLCH**"	:	Hong Leong Corporation Holdings Pte. Ltd.
"**HLE**"	:	Hong Leong Enterprises Pte. Ltd.
"**HLIH**"	:	Hong Leong Investment Holdings Pte. Ltd.
"**IPT Mandate**"	:	The interested person transaction mandate granted by the Shareholders on 28 January 2021, which is proposed to be renewed on the terms set out in this Appendix
"**IPT Mandate Circular**"	:	The circular to Shareholders dated 6 January 2021 in relation to the IPT Mandate
"**KH**"	:	Kwek Holdings Pte. Ltd.
"**Latest Practicable Date**"	:	15 December 2021, being the latest practicable date prior to the release of this Appendix
"**Listing Manual**"	:	The Listing Manual of the SGX-ST
"**Mandated Interested Persons**" or each a "**Mandated Interested Person**"	:	BPT and SEHE, each being associates of Mr. You
"**Market Day**"	:	A day on which the SGX-ST is open for trading of securities
"**Mr. You**"	:	Mr. You Zhenhua, a Controlling Shareholder
"**Maximum Percentage**"	:	Has the meaning ascribed to it in Paragraph 2.2
"**Notice of AGM**"	:	Notice of the 2022 AGM
"**NTA**"	:	Net tangible assets

DEFINITIONS

"**Proposed Renewal of IPT Mandate**"	:	The proposed renewal of the IPT Mandate
"**Proposed Renewal of Share Purchase Mandate**"	:	The proposed renewal of the Share Purchase Mandate
"**Proxy Form**"	:	The proxy form in respect of the 2022 AGM
"**Purchase Order**"	:	Has the meaning ascribed to it in the IPT Mandate Circular
"**Relevant Period**"	:	The period commencing from the Approval Date and until the date the next AGM is held or is required by law to be held, whichever is the earlier (whereupon the Share Purchase Mandate will lapse, unless renewed at such meeting) or until the Share Purchase Mandate is varied or revoked by the Company in a general meeting (if so varied or revoked prior to the date the next AGM is held or is required by law to be held, whichever is the earlier)
"**Securities Accounts**"	:	The securities account maintained with CDP, but not including the securities accounts maintained with a Depository Agent
"**SEHE**"	:	Shanghai Emetal Hong Energy Co., Ltd. (上海东铭红一能源有限公司)
"**SFA**"	:	The Securities and Futures Act (Chapter 289) of Singapore
"**SGXNET**"	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system network prescribed by the SGX-ST
"**SGX-ST**"	:	The Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Registered holders of Shares except that where the registered holder is CDP, the term "**Shareholders**" in relation to Shares held by CDP shall, where the context admits, means the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Share Purchase Mandate**"	:	The mandate renewed by the Shareholders on 28 January 2021 for the Company to purchase or otherwise acquire its Shares, which is proposed to be further renewed in the manner and on the terms set out in this Appendix
"**SRS**"	:	Supplementary Retirement Scheme
"**SRS Agent Banks**"	:	Agent banks included under the SRS
"**SRS Investors**"	:	Investors who have purchased Shares under the SRS
"**Starich**"	:	Starich Investments Pte. Ltd.
"**Subsidiary**"	:	Has the meaning ascribed to it in Section 5 of the Companies Act
"**subsidiary holdings**"	:	Has the meaning ascribed to it in the Listing Manual
"**Substantial Shareholder**"	:	A person who has an interest or interests (directly or indirectly) in voting Shares in the Company representing not less than five per cent. (5%) of all the voting Shares

APPENDIX I

DEFINITIONS

"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as may be amended, supplemented or modified from time to time
"**Treasury Shares**"	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and has, since it was so purchased, been continuously held by the Company

<u>Currencies, Units and Others</u>

"**S$**" and "**cents**"	:	Singapore dollars and cents respectively
"**%**" or "**per cent.**"	:	Percentage or per centum

The terms "**Depositor**", "**Depository**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being in force, as may be amended or re-enacted. Any word defined under the Companies Act, the Listing Manual, the SFA, the Take-over Code or any statutory modification thereof and used in this Appendix shall have the meaning assigned to it under the said Companies Act, Listing Manual, SFA, Take-over Code or statutory modification, as the case may be, unless the context otherwise requires.

Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference to a time of day or date in this Appendix is a reference to a time of day or date, as the case may be, in Singapore, unless otherwise stated.

Any discrepancies in this Appendix between the sum of the figures stated and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures which precede them.

Rajah & Tann Singapore LLP has been appointed as the Singapore legal adviser to the Company in relation to the Proposed Renewal of Share Purchase Mandate and the Proposed Renewal of IPT Mandate.

APPENDIX I

LETTER TO SHAREHOLDERS

BRC ASIA LIMITED
(Company Registration No. 193800054G)
(Incorporated in Singapore)

Board of Directors:

Mr. Teo Ser Luck (Chairman and Independent Director)
Mr. Seah Kiin Peng (Executive Director and Chief Executive Officer)
Mr. Xu Jiguo (Executive Director and Chief Procurement Officer)
Mr. Zhang Xingwang (Executive Director and Chief Operating Officer)
Mr. Darrell Lim Chee Lek (Executive Director)
Mr. Joel Leong Kum Hoe (Independent Director)
Mr. He Jun (Independent Director)
Ms. Chang Pui Yook (Independent Director)

Registered Office:

350 Jalan Boon Lay
Jurong Town
Singapore 619530

10 January 2022

Dear Shareholders,

(I) PROPOSED RENEWAL OF SHARE PURCHASE MANDATE; AND
(II) PROPOSED RENEWAL OF IPT MANDATE

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval for:

(a) the proposed renewal of a general mandate to the Directors to exercise all powers of the Company to purchase or otherwise acquire its issued Shares, on the terms of the Share Purchase Mandate; and

(b) the proposed renewal of a general mandate for the purposes of Chapter 9 of the Listing Manual to enable the Company to enter into recurrent interested person transactions, on the terms of the IPT Mandate

at the 2022 AGM to be held on 27 January 2022 at 10.00 a.m. by electronic means. The Notice of AGM is made available to Shareholders on the same date hereof via SGXNET and may also be accessed via the Company's website at http://www.brc.com.sg/.

If you are in any doubt as to the course of action to take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

The SGX-ST assumes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Appendix.

LETTER TO SHAREHOLDERS

2. PROPOSED RENEWAL OF SHARE PURCHASE MANDATE

2.1 Background and Rationale

It is a requirement under the Companies Act for a company to obtain the approval of its shareholders to purchase or otherwise acquire its own shares at a general meeting of its shareholders. At the 2021 AGM, Shareholders had approved, inter alia, the renewal of the share purchase mandate approved on 30 January 2020 authorising the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company.

The Share Purchase Mandate will expire on the date of the 2022 AGM, unless renewed. The Directors wish to renew the Share Purchase Mandate to allow the Company to purchase issued Shares. The Share Purchase Mandate will allow the Directors to make share purchases at the appropriate price level and is one of the ways through which the return on equity of the Group may be enhanced. Share purchases or acquisitions provide the Company with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. Share purchases or acquisitions also allow the Directors to exercise control over the share structure of the Company and may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NTA per Share of the Company.

During the period when the Share Purchase Mandate is in force, the Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares when and if the circumstances permit. The Share Purchase Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued, to help mitigate short-term market volatility and to offset the effects of short-term speculation. The Share Purchase Mandate will also allow the Directors to effectively manage and minimise the dilution impact (if any) associated with share option schemes and performance share plans.

While the Share Purchase Mandate would authorise a purchase or acquisition of Shares of up to ten per cent. (10%) of the issued share capital of the Company (excluding Treasury Shares and subsidiary holdings) as at the date of the AGM at which the Share Purchase Mandate is approved), Shareholders should note that purchases and acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full ten per cent. (10%) limit as authorised and no purchases or acquisitions of Shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. Please refer to Paragraph 2.2(a) below for further information on the Maximum Percentage (as defined below).

2.2 Details of the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares under the Share Purchase Mandate, if renewed at the 2022 AGM, are the same as previously approved by Shareholders at the 2021 AGM and, for the benefit of Shareholders, are summarised below:

(a) **Maximum Number of Shares**

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares which may be purchased is limited to that number of Shares representing not more than ten per cent. (10%) of the issued Shares (excluding Treasury Shares and subsidiary holdings) as at the Approval Date ("**Maximum Percentage**"), unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the Companies Act, in which event the issued share capital of the Company as altered pursuant to such reduction, and subject always to the free float requirement as set out in Paragraph 2.10 of this Appendix.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, the Company is holding 1,626,600 Shares as Treasury Shares and has no subsidiary holdings. Based on 274,350,089 Shares in issue (excluding Treasury Shares) as at the Latest Practicable Date and assuming that no further Shares are issued, no further Shares are purchased or acquired and held by the Company as Treasury Shares and there are no subsidiary holdings on or prior to the 2022 AGM, the purchase by the Company of up to the maximum limit of ten per cent. (10%) of its issued Shares (excluding Treasury Shares and subsidiary holdings) will result in the purchase or acquisition of 27,435,008 Shares.

However, as stated in Paragraph 2.10 below, purchases or acquisitions pursuant to the Share Purchase Mandate need not be carried out to the full extent mandated, and, in any case, would not be carried out to such an extent that would result in the Company being delisted from the SGX-ST. **Thus, notwithstanding that the Share Purchase Mandate may enable purchases or acquisitions of up to 10% of the issued Shares (excluding Treasury Shares and subsidiary holdings) to be carried out, it should be noted that in order to maintain the listing status of the Shares on the SGX-ST, the Company must ensure (pursuant to Rule 723 of the Listing Manual) that there is at all times a public float of not less than 10% in the issued Shares**. In other words, the Maximum Percentage gives the Company the flexibility to purchase or acquire its Shares up to the Maximum Percentage, should the Company's free float subsequently allow for the same.

Accordingly, assuming solely for illustrative purposes that 49,499,153 Shares (or 18.04% of the issued Shares (excluding Treasury Shares)) are held in public hands as at the Latest Practicable Date, in order to preserve the listing status of the Shares on the SGX-ST by maintaining a public float of not less than 10% in the issued Shares (excluding Treasury Shares), the Company would not purchase or acquire more than 24,515,715 Shares (or 8.94% of the issued Shares (excluding Treasury Shares and subsidiary holdings) as at that date) pursuant to the Share Purchase Mandate. The public float in the issued Shares as at the Latest Practicable Date is disclosed in Paragraph 2.10 below.

(b) **Duration of Authority**

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM at which the renewal of the Share Purchase Mandate is approved, up to the earliest of:

(i) the next AGM of the Company is held or required by law to be held;

(ii) purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the authority conferred by the Share Purchase Mandate is varied or revoked.

(c) **Manner of Purchases**

Purchases or acquisitions of Shares may be made on the SGX-ST ("**On-Market Purchases**"); and/or otherwise than on the SGX-ST, effected pursuant to an equal access scheme ("**Off-Market Purchases**").

On-Market Purchases refer to purchases of Shares by the Company transacted on the SGX-ST through the ready market, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

LETTER TO SHAREHOLDERS

Off-Market Purchases refer to purchases of Shares by the Company made under an equal access scheme or schemes for the purchase of Shares from Shareholders. The Directors may impose such terms and conditions, which are consistent with the Share Purchase Mandate, the Listing Manual ("**Listing Manual**") of the SGX-ST and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(i) offers for the purchase or acquisition of issued Shares shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers are the same, except that there shall be disregarded:

(A) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;

(B) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

(C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, pursuant to Rule 885 of the Listing Manual and Section 76C of the Companies Act, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document or notice to all Shareholders which must contain at least the following information:

(i) the terms and conditions of the offer;

(ii) the maximum number of Shares or the maximum percentage of ordinary shares authorised to be purchased or acquired;

(iii) the maximum price which may be paid for the Shares;

(iv) the date on which the Share Purchase Mandate is to expire, being a date that must not be later than the date on which the next AGM of the Company is or is required by law to be held, whichever is earlier;

(v) the sources of funds to be used for the purchase or acquisition of the Shares including the amount of financing and its impact on the Company's financial position;

(vi) the period and procedures for acceptances;

(vii) the reasons for the proposed purchase or acquisition of Shares;

(viii) the consequences, if any, of the proposed purchase or acquisition of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

(ix) whether the purchase or acquisition of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;

(x) details of any purchase or acquisition of Shares made by the Company in the previous twelve (12) months (whether by way of On-Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions, where relevant, and the total consideration paid for the purchases; and

(xi) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

(d) **Maximum Purchase Price**

The purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. The purchase price to be paid for the Shares as determined by the Directors must not exceed:

(i) in the case of an On-Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter) of the Shares; and

(ii) in the case of an Off-Market Purchase, one hundred and ten per cent. (110%) of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition ("**Maximum Price**").

"**Average Closing Price**" means the average of the closing market prices of a Share for the five days on which the SGX-ST is open for trading in securities ("**Market Days**") on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five (5) Market Day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.3 Status of Purchased Shares

Any Share which is purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a Treasury Share. At the time of each purchase or acquisition of the Shares by the Company, the Directors will decide whether the Shares purchased will be cancelled or kept as Treasury Shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company, which are cancelled and are not held as Treasury Shares.

All Shares purchased or acquired by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and certificates (if any) in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

APPENDIX I

LETTER TO SHAREHOLDERS

2.4 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the key provisions on treasury shares under the Companies Act are summarised below:

(a) **Maximum Holdings**

The number of Shares held as Treasury Shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

(b) **Voting and Other Rights**

The Company cannot exercise any right in respect of the Treasury Shares. In particular, the Company will not have the right to attend or vote at meetings and to receive any dividends or other distribution of the Company's assets in respect of the Treasury Shares.

However, the allotment of Treasury Shares as fully paid bonus shares in respect of Treasury Shares is allowed. A subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller number is also allowed so long as the total value of the Treasury Shares after the subdivision or consolidation is the same as before.

(c) **Disposal and Cancellation**

Where the Company holds Shares as Treasury Shares, it may dispose of such Treasury Shares at any time in the following ways:

(i) sell the Treasury Shares for cash;

(ii) transfer the Treasury Shares for the purposes of or pursuant to an employees' share scheme;

(iii) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the Treasury Shares; or

(v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance of Singapore.

In addition, under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "usage"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares comprised in the usage.

2.5 Reporting Requirements

Within thirty (30) days of passing a Shareholders' resolution to approve the purchase or acquisition of Shares by the Company, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchase or acquisition including the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled and the number of Shares held as Treasury Shares, the Company's issued share capital before and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, and such other information required by the Companies Act.

Rule 886 of the Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

(a) in the case of an On-Market Purchase, on the Market Day following the day on which the On-Market Purchase was made; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme in accordance with Section 76C of the Companies Act, on the second Market Day after the close of acceptances of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

2.6 Source of Funds

The Company may only apply funds for the purchase or acquisition of Shares as provided in the Constitution of the Company and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares pursuant to the Share Purchase Mandate, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or distributable profits provided that:

(a) there is no ground on which the Company could be found to be unable to pay its debts;

(b) if:

    (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

    (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of Shares become less than the value of its liabilities (including contingent liabilities).

Where the purchase of Shares is made out of distributable profits, such purchase (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the purchase of Shares is made out of capital, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares but the amount available for the distribution of cash dividends by the Company will not be reduced.

The Company will use its internal resources and/or external borrowings to finance its purchase or acquisition of the Shares. Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

However, the Directors do not propose to exercise the Share Purchase Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

2.7 Financial Effects

The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, how the purchase or acquisition is funded, whether the Shares purchased or acquired are held as Treasury Shares or immediately cancelled on purchase or acquisition as well as how the Shares, if held as Treasury Shares, are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act.

Accordingly, it is not possible for the Company to calculate or quantify the actual impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the NTA and EPS of the Company and the Group.

(a) **Illustrative Financial Effects**

Based on 274,350,089 issued Shares (excluding Treasury Shares and subsidiary holdings) as at the Latest Practicable Date, and a public float of 18.04% in the issued Shares as at that date, the exercise of the Share Purchase Mandate, on the Latest Practicable Date, up to an extent that would not affect adversely the listing status of the Shares on the SGX-ST, might result in the purchase or acquisition by the Company of 24,515,715 Shares (or 8.94% of such issued Shares (excluding Treasury Shares and subsidiary holdings)) (instead of a purchase or acquisition of 27,435,008 Shares, representing 10% of the issued Shares (excluding Treasury Shares and subsidiary holdings)).

For illustrative purposes only, based on the audited financial statements of the Company and the Group for the FY2021 (please refer to page 49 of the Annual Report), and based on the assumptions set out below:

(i) in the case of On-Market Purchases by the Company and assuming that the Company purchases or acquires 24,515,715 Shares, representing 8.94% of its issued share capital as at the Latest Practicable Date (excluding Treasury Shares and subsidiary holdings) and the Shares are purchased at S$1.649 per Share, being a price representing one hundred and five per cent. (105%) of the Average Closing Price as at the Latest Practicable Date; and

(ii) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 24,515,715 Shares, representing 8.94% of its issued share capital as at the Latest Practicable Date (excluding Treasury Shares and subsidiary holdings) and the Shares are purchased at S$1.727 per Share, being a price representing one hundred and ten per cent. (110%) of the Average Closing Price as at the Latest Practicable Date,

LETTER TO SHAREHOLDERS

and provided that the purchases or acquisitions are financed entirely out of internal sources of funds and external borrowings and the purchased or acquired Shares are cancelled or held in treasury, the impact of the purchase of Shares by the Company pursuant to the Share Purchase Mandate on the Group's and the Company's audited financial statements for FY2021 would be as set out below.

	On-Market Purchase (S$'000)		Off-Market Purchase (S$'000)	
	Before	**After**	**Before**	**After**
Group				
Total Equity	300,949	260,523	300,949	258,610
Net assets attributable to owners	300,949	260,523	300,949	258,610
Current Assets	714,753	674,327	714,753	672,414
Current Liabilities	496,047	496,047	496,047	496,047
Total Borrowings	435,766	435,766	435,766	435,766
Cash and Bank Balances	82,970	42,544	82,970	40,631
No. of issued and paid up Shares ('000) (excluding Treasury Shares)	274,350	249,835	274,350	249,835
Financial Ratios				
Net assets per Share attributable to owners (cents)[1a]	109.70	104.28	109.70	103.51
Gearing (times)[1b]	1.45	1.67	1.45	1.69
Basis EPS (cents)[1c]	17.14	18.82	17.14	18.82
Company				
Total Equity	304,684	264,258	304,684	262,345
NTA	304,684	264,258	304,684	262,345
Current Assets	672,842	632,416	672,842	630,503
Current Liabilities	504,405	504,405	504,405	504,405
Total Borrowings	428,311	428,311	428,311	428,311
Cash and Bank Balances	69,712	29,286	69,712	27,373
No. of issued and paid up Shares ('000) (excluding Treasury Shares)	274,350	249,835	274,350	249,835
Financial Ratios				
NTA per Share (cents)[1d]	111.06	105.77	111.06	105.01
Gearing (times)[1b]	1.41	1.62	1.41	1.63
Basis EPS (cents)[1c]	5.50	6.03	5.50	6.03

Notes:

(1) For the purposes of the above calculations:

(a) "**Net assets per Share attributable to owners**" is calculated based on the net assets attributable to owners and the issued and paid-up Shares (excluding Treasury Shares) as at the Latest Practicable Date;

(b) "**Gearing**" represents the ratio of total borrowings to total equity;

(c) "**Basic EPS**" is calculated based on profit attributable to Shareholders and number of issued and paid-up Shares (excluding Treasury Shares) as at the Latest Practicable Date; and

(d) "**NTA per Share**" is calculated based on the NTA and the issued and paid-up Shares (excluding Treasury Shares) as at the Latest Practicable Date.

Shareholders should note that the financial effects set out in this section are purely for illustrative purposes only and are in no way indicative of the Company's real financial position or a forecast of the Group's and the Company's financial figures.

LETTER TO SHAREHOLDERS

2.8 Tax Implications

The proceeds received by Shareholders from the Company will be treated for income tax purposes in the same manner as proceeds arising from any other disposal of shares. Whether the payment is taxable in the hands of such Shareholders will depend on whether such proceeds are receipt of an income or a capital nature.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.9 Listing Manual

Under Rule 884 of the Listing Manual, a listed company may purchase shares by way of On-Market Purchases at a price per share which is not more than five per cent. (5%) above the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made, and deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the day on which the purchases are made.

The Maximum Price for a Share in relation to On-Market Purchases by the Company conforms to this restriction.

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time(s), because the listed company would be regarded as an "**insider**" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. In line with Rule 1207(19) of the Listing Manual and the Company's internal guide on securities dealings, the Company will not purchase or acquire any Shares during the period commencing one month before the announcement of the Company's half year and full year results and the period commencing two weeks before the voluntary announcement of the Company's results for the first and third quarters.

2.10 Listing Status

The Company is required under Rule 723 of the Listing Manual to ensure that at least ten per cent. (10%) of any class of its equity securities (excluding preference shares and convertible equity securities) are in the hands of the public. The "**public**", as defined under the Listing Manual, are persons other than its Directors, chief executive officer, Substantial Shareholders or controlling shareholders and its subsidiaries, as well as the associates of such persons. For purposes of this Appendix, the terms "**Substantial Shareholder**" and "**subsidiary**" shall have the meaning ascribed to them in the Companies Act and the terms "**controlling shareholder**" and "**associate**" shall have the meanings ascribed to them in the Listing Manual.

As at the Latest Practicable Date, there are 49,499,153 Shares in the hands of the public (as defined above), representing 18.04% of the issued Shares (excluding Treasury Shares). As such, notwithstanding that the Share Purchase Mandate may enable purchases or acquisitions of up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings) to be carried out, it should be noted that in order to maintain the listing status of the Shares on the SGX-ST, in order to preserve the listing status of the Shares on the SGX-ST by maintaining a public float of not less than 10% in the issued Shares (excluding Treasury Shares), the Company would not purchase or acquire more than 24,515,715 Shares, representing 8.94% of the issued Shares (excluding Treasury Shares) as at the Latest Practicable Date. It should be noted that the foregoing statement is **for illustrative purposes only** and should not be taken as any indication that the Directors will effect such purchases of its Shares. Having regard of the Company's current free float of approximately 18.04%, the Company will only undertake purchases and/or acquisitions of Shares up to the Maximum Percentage of 10% if and when the number of Shares in the hands of the public increases subsequently to allow the Company to maintain the requisite float of 10%.

It should further be noted that in undertaking any purchases of its Shares through On-Market Purchases, the Directors will use their best efforts to ensure that a sufficient number of Shares remains in public hands so that the Share purchase(s) will not:

(a) adversely affect the listing status of the Shares on the SGX-ST;

(b) cause market illiquidity; or

(c) adversely affect the orderly trading of Shares.

2.11 Obligations to Make a Take-over Offer

Under the Take-over Code, a person will be required to make a general offer for a public company if:

(a) he acquires thirty per cent. (30%) or more of the voting rights of the company; or

(b) he holds between thirty per cent. (30%) and fifty per cent. (50%) of the voting rights of the company and he increases his voting rights in the company by more than one per cent. (1%) in any period of six (6) months.

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code ("**Rule 14**").

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert:

(i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(ii) a company, its parent, its subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies as well as any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforementioned entities for the purchase of voting rights, all with each other;

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

LETTER TO SHAREHOLDERS

(v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;

(vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts, which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the aforementioned, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons for the purchase of voting rights.

For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the equity share capital of a company will be regarded as the test of associated company status. The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

Under Appendix 2 of the Take-Over Code, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights in the Company of such Directors and their concert parties:

(A) increase to thirty per cent. (30%) or more; or

(B) if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties increase by more than one per cent. (1%) in any period of six (6) months.

A Shareholder not acting in concert with the Directors will not incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company increase to thirty per cent. (30%) or more, or if the voting rights of such Shareholder fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

The interests of the Directors and Substantial Shareholders as at the Latest Practicable Date are disclosed in paragraph 4 below. As at the Latest Practicable Date, assuming that the Company purchases the maximum limit of ten per cent. (10%) of its issued Shares (excluding Treasury Shares and subsidiary holdings):

(1) none of the Directors (together with persons acting in concert with them, if any) will be obligated to make a takeover offer for the Company under Rule 14 as a result of the purchase by the Company of Shares under the Share Purchase Mandate; and

(2) none of the Directors is aware of any Substantial Shareholders who may become obligated to make a take-over offer for the Company under Rule 14 as a result of the purchase by the Company of Shares under the Share Purchase Mandate.

LETTER TO SHAREHOLDERS

This paragraph 2.11 does not purport to be a comprehensive or exhaustive description of all the implications that may arise under the Take-over Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their own professional advisers at the earliest opportunity.

2.12 Share Purchases in the Previous 12 Months

In the last twelve (12) months immediately preceding the Latest Practicable Date, the Company has not purchased any Shares pursuant to the Share Purchase Mandate approved by Shareholders at the 2021 AGM.

3. PROPOSED RENEWAL OF IPT MANDATE

3.1 Background on the IPT Mandate

Shareholders had at the 2021 EGM granted an interested person transaction mandate pursuant to Rule 920 of the Listing Manual for recurrent interested person transactions to be entered into by the Company with the Mandated Interested Persons in the ordinary course of business and as set out in the IPT Mandate Circular.

The IPT Mandate is subject to annual renewal and accordingly, it is proposed that the Proposed Renewal of IPT Mandate be put forth for Shareholders' approval at the 2022 AGM.

3.2 Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be entities at risk, with the listed company's interested persons. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

Under Chapter 9 of the Listing Manual, where a listed company or any of its subsidiaries or any of its associated companies which are controlled by the listed group and its interested person(s) (other than a subsidiary or associated company that is listed on the SGX-ST or an approved stock exchange) proposes to enter into transactions with the listed company's interested persons, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval if the value of the transaction is equal to or exceeds certain financial thresholds. In particular:

(a) where the value of any such transaction is equal to or exceeds three per cent. (3%) of the latest audited consolidated NTA of the listed company and its subsidiaries and is less than five per cent. (5%) of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement is required;

(b) where the value of any such transaction is equal to or exceeds five per cent. (5%) of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement and shareholders' approval is required;

(c) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to three per cent. (3%) or more of the latest audited consolidated NTA of the listed company and its subsidiaries, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year; and

APPENDIX I

LETTER TO SHAREHOLDERS

(d) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to five per cent. (5%) or more of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement must be made and shareholders' approval must be obtained in respect of the latest and all future transactions entered into with that interested person during that financial year.

The rules referred to above do not apply to any transaction below S$100,000.

Based on the Group's audited consolidated financial statements for FY2021, three per cent. (3%) and five per cent. (5%) of the latest audited consolidated NTA of the Group as at 30 September 2021 is S$9.03 million and S$15.05 million, respectively.

Chapter 9 of the Listing Manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.

Under the Listing Manual:

(i) an "**entity at risk**" means:

- (A) the listed company;
- (B) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
- (C) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;

(ii) an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder;

(iii) an "**associate**":

- (A) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
  - (1) his immediate family (that is, the person's spouse, child, adopted-child, step-child, sibling and parent);
  - (2) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - (3) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more; and
- (B) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more;

(iv) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;

(v) an "**interested person transaction**" means a transaction between an entity at risk and an interested person; and

(vi) a "**transaction**" includes:

(A) the provision or receipt of financial assistance;

(B) the acquisition, disposal or leasing of assets;

(C) the provision or receipt of services;

(D) the issuance or subscription of securities;

(E) the granting of or being granted options; and

(F) the establishment of joint ventures or joint investments,

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

3.3 IPT Mandate

The Group is principally engaged in the business of design, manufacture and supply of steel reinforcement for construction, and is the leading steel reinforcing solutions provider in Singapore. The Group evaluates the types of prefabricated steel reinforcement required by project, as well as design, manufacture, pack and tag the prefabricated steel reinforcing components for easy and efficient handling and on-site assembly. The Group also has subsidiaries in Malaysia and employs more than 1,000 employees.

Mr. You has a deemed shareholding interest in 167,795,536 Shares, representing an interest of approximately 61.16% in the Company (excluding Treasury Shares), and is accordingly a Controlling Shareholder of the Company. Mr. You's shareholding interest in the Company is held through his wholly-owned special purpose vehicle Advance Venture Investments Limited which in turn holds 100% of the shares in Esteel Enterprise Pte. Ltd. ("**Esteel**"). Esteel in turn holds 167,795,536 Shares, representing approximately 61.16% of share capital of the Company (excluding Treasury Shares).

Pursuant to the IPT Mandate, the Group can enter into Mandated Transactions with Mandated Interested Persons.

3.4 Mandated Transactions

Mandated Transactions comprise the purchase and/or sale of raw materials and intermediate goods, comprising steel, steel products, steel-related products and steel by-products used by the Company for its business activities, to lock in prices for such products which are attractive and cost-efficient and ensure that such prices are complementary to the Company's risk appetite, internal practices and pricing policies.

The Company will benefit from having access to competitive quotes from the Mandated Interested Persons on payment and credit terms which are arm's length and (a) not more favourable than those offered to third party customers or (b) not less favourable than those offered by third party suppliers (as the case may be), in addition to obtaining quotes from non-interested and unrelated third party persons.

LETTER TO SHAREHOLDERS

3.5 Mandated Interested Persons

Mandated Interested Persons are BPT and SEHE.

BPT is a private company limited by shares and was incorporated in Singapore on 5 October 2016. BPT is one hundred per cent. (100%) held by Theme International Holdings Limited. Theme International is listed on the SEHK and is seventy-one point two-nine per cent. (71.29%) owned by Wide Bridge Limited, with the balance owned by public shareholders. Wide Bridge Limited is in turn one hundred per cent. (100%) beneficially owned by Mr. You. Accordingly, BPT is an "**associate**" of Mr. You and an "**interested person**". The principal business activities of BPT comprise the wholesale of metals and metals ores and wholesale on a fee or contract basis.

SEHE is a private company limited by shares and was incorporated in the PRC on 7 March 2018. Mr. You Zhenwu, the brother of Mr. You, has a deemed shareholding interest of seventy per cent. (70%) in SEHE which is held through Emetal Industrial Group Co., Ltd. which is in turn indirectly controlled by RGL Group Co., Ltd. in which Mr. You Zhenwu has an aggregate interest of eighty-eight point two-four per cent. (88.24%) which is held directly and indirectly through Shanghai Huaxi Industrial Co., Ltd.. Accordingly, SEHE is an "**associate**" of Mr. You and an "**interested person**". The principal business activities of SEHE comprise the import and export of steel, iron ore products and building materials.

3.6 Rationale

The Proposed Renewal of IPT Mandate will:

(a) facilitate the entry into Mandated Transactions with the Mandated Interested Persons in the ordinary course of the Group's businesses;

(b) give the Company the ability to select transactions, service providers, customers or business relationships on the basis of which provides the best commercial advantage to the Company regardless of relationship with its interested persons; and

(c) eliminate the need to convene separate general meetings under Chapter 9 of the Listing Manual, to seek Shareholders' approval, thereby:

    (i) substantially reducing administrative time and costs associated with the convening of such meetings;

    (ii) avoiding delay in the execution of financing transactions which facilitate the Group's business;

    (iii) enabling the Group to maintain its overall competitiveness and not be disadvantaged as compared to other parties that do not require Shareholders' approval to be obtained for entering into such transactions; and

    (iv) allowing manpower resources and time to be channelled towards attaining corporate objectives rather than to the convening of repeated Shareholders' meetings.

3.7 Guidelines and Review Procedures

(a) **Review Procedures**

Quotation exercises are generally conducted for most of the Company's purchases except where the transaction value is below the threshold specified in the internal control procedures of the Group which are in line with the non-appliable threshold stipulated in Chapter 9 of the Listing Manual. The specific terms of supply and/or purchase in a Buy-Sell Transaction are usually contained in a Purchase Order.

To ensure that the Mandated Transactions with Mandated Interested Persons are undertaken at:

(i) arm's length and on normal commercial terms, being consistent with the Company's usual business practices and on terms which, taken as a whole, are not more favourable than those extended to unrelated third parties (in the case of sale or provision of Goods by the Company) or not less favorable than those obtained from unrelated third parties (in the case of purchase or procurement of Goods by the Company); or

(ii) in any event on terms, which taken as a whole, are not prejudicial to the interests of the Company and the minority Shareholders,

the Company will adopt the following Review Procedures:

(A) When purchasing Goods from a Mandated Interested Person, the Company will require that rate quotations for the relevant product be obtained from the Shanghai Futures Exchange, being the only active futures market for steel rebars, to the extent such rate quotations are reasonably representative of market transactions after taking into account the nature, quantum and frequency of Buy-Sell Transactions involved. The Company will only enter into such purchasing transactions with such Mandated Interested Person provided that the rate quoted is on terms competitive and not prejudicial to the interest of the Company as compared to those rate(s) obtained from the Shanghai Futures Exchange (and taking into account, where applicable, the futures market situation). In determining whether the price and terms offered by such Mandated Interested Person are competitive and not prejudicial to the interest of the Company, all pertinent factors, including but not limited to quality, track record, specification compliance, delivery time, experience and expertise, and where applicable, preferential rates, discounts or rebates accorded for bulk purchases, may be taken into consideration.

In the event that such competitive quotations cannot be obtained from the Shanghai Futures Exchange (for instance, if at or around the time the Company intends to enter into the Buy-Sell Transaction with the relevant Mandated Interested Person, there are no similar transactions of a Good being traded on the Shanghai Futures Exchange of a similar quantity within a comparable timeframe), the Company will require that quotations for the relevant product be obtained from at least two (2) other unrelated third party suppliers for similar quantities and/or quality of products (which may include products manufactured in other countries) for comparison. The pricing for products will not be higher than the most competitive price obtained through the unrelated third party quotations to ensure that the price and terms offered by the Mandated Interested Person are fair and reasonable and competitive to those offered by other unrelated third parties for the same or similar type of products. In determining the transaction price payable to such Mandated Interested Person for such products, all pertinent factors, including but not limited to quality, track record, specification compliance, delivery time, experience and expertise, and where applicable, preferential rates, discounts or rebates accorded for bulk purchases, may also be taken into consideration.

(B) When selling Goods to a Mandated Interested Person, the Company will require that rate quotations for the relevant product be obtained from the Shanghai Futures Exchange to the extent such rate quotations are reasonably representative of market transactions after taking into account the nature, quantum and frequency of Buy-Sell Transactions involved. The Company will only enter into such selling transactions with such Mandated Interested Person provided that the rate quoted is on terms competitive and not prejudicial to the interest of the Company as compared to those rate(s) obtained from the futures exchange(s) (and taking into account, where applicable, the futures market situation). Considerations such as preferential rates, discounts and/or rebates accorded to corporate customers or for bulk purchases will be taken into account in the assessment.

LETTER TO SHAREHOLDERS

In the event that contracted sale rates or prices are not available on the Shanghai Futures Exchange (for instance, at or around the time the Company intends to enter into the Buy-Sell Transaction with the relevant Mandated Interested Person, there are no similar transactions of a Good being traded on the Shanghai Futures Exchange of a similar quantity within a comparable timeframe), the Company will require that quotations for the relevant product be obtained from at least two (2) other unrelated third party suppliers for similar quantities and/or quality of products (which may include products manufactured in other countries) for comparison. The pricing for products will not be lower than the most competitive price obtained through the unrelated third party quotations to ensure that the price and terms offered by the Mandated Interested Person are fair and reasonable and competitive to those offered by other unrelated third parties for the same or similar type of products and generally in accordance (where applicable) with industry norms. The transaction prices will, where applicable, be in accordance with the Company's usual business practices and pricing policies, consistent with the usual margin of the Company for the same or substantially similar type(s) of transaction with unrelated third parties. In determining the transaction price payable by such Mandated Interested Person for such products, all pertinent factors, including but not limited to quantity, volume, duration of contract, strategic purposes of the transaction, and where applicable, preferential rates, discounts and/or rebates accorded for bulk purchases, will also be taken into account in the assessment.

(b) **Threshold Limit**

In addition to the above Review Procedures, the following approval threshold shall be adopted in respect of the Mandated Transactions:

(i) Each transaction equal to the Financial Limit will be reviewed and approved by two (2) uninterested Directors, and reported to the Audit Committee on a quarterly basis.

(ii) Each Mandated Transaction with a value exceeding the Financial Limit in value will be reviewed and approved by the Audit Committee prior to the Company's entry into of such Mandated Transaction.

(iii) Any of the approving Directors, and the Audit Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including requesting for an independent financial adviser's opinion and/or the obtaining of valuations from independent professional valuers.

(c) **Abstention from decision making and voting at a Board meeting**

If any of the Directors has an interest in the transaction or is a nominee for the time being of either or both of the Mandated Interested Persons, or if any associate of such Director is involved in the decision making process on the part of either or both of the Mandated Interested Persons, the review and approval process shall be undertaken by the remaining Directors who do not have an interest in the transaction or are not nominees for the time being of the relevant Mandated Interested Person(s), and who are not subject to such conflicts of interest, save that if all of the Directors have an interest in the transaction, or are nominees for the time being of either or both of the Mandated Interested Persons or are subject to such conflicts of interest, the review and approval process shall be undertaken by the Audit Committee or such other senior executive(s) of the Company designated by the Audit Committee from time to time for such purpose.

If a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of either or both of the Mandated Interested Persons, or if any associate of a member of the Audit Committee is involved in the decision-making process on the part of either or both of the Mandated Interested Persons, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

(d) **Register of Mandated Transactions**

The Company will maintain a register of Mandated Transactions (including transactions below S$100,000) carried out with the Mandated Interested Persons (recording the basis, including quotations, enquiries and/or reports obtained to support such basis, on which they are entered into).

The Audit Committee will review the register of Mandated Transactions on a quarterly basis to ascertain that the guidelines and review procedures for Mandated Transactions have been complied with. The Audit Committee shall also review the appropriateness and sufficiency of the guidelines and review procedures for Mandated Transactions at least annually.

(e) **Periodic Reviews**

The internal auditors shall periodically, at the request of the Audit Committee, carry out audit reviews on the adequacy and compliance of the internal control system and reporting procedures for Mandated Transactions and will report to the Audit Committee on their findings.

The internal auditors shall periodically, at the request of the Audit Committee, carry out audit reviews to ascertain that the established guidelines and procedures for Mandated Transactions are appropriate and have been adequately complied with.

The Audit Committee shall review these internal audit reports on Mandated Transactions to ascertain that the internal control procedures for Mandated Transactions have been complied with.

If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the established guidelines and review procedures for Mandated Transactions have become inappropriate or insufficient for whatever reason, such as in the event of changes to the nature of, or manner in which, the business activities of the Company or the Mandated Interested Persons are conducted, the Company will seek a fresh mandate from the Shareholders based on new guidelines and review procedures with a view to ensuring that Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders. In such a situation, prior to obtaining the new Shareholders' mandate, all transactions with the Mandated Interested Persons will be reviewed and approved by the Audit Committee.

3.8 Excluded Transactions

The IPT Mandate will not cover any transaction with an interested person that is below S$100,000 in value, as Chapter 9 of the Listing Manual provides that any such transaction is to be disregarded.

Transactions between the Company and Mandated Interested Persons which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual, or other applicable provisions of the Listing Manual, if any.

3.9 Validity Period

The Proposed Renewal of IPT Mandate is subject to Shareholders' approval at the 2022 AGM, and will take effect on and from its approval until the next AGM of the Company (unless earlier revoked or varied by the Company in general meeting).

Approval from Shareholders will be sought for the Proposed Renewal of IPT Mandate at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of its continued application to Mandated Transactions with the Mandated Interested Persons.

LETTER TO SHAREHOLDERS

3.10 Details of Directors (if any) to be appointed in connection with the IPT Mandate

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Renewal of IPT Mandate.

3.11 Disclosure

The Company will announce the aggregate value of transactions conducted with each of the Mandated Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to periodic reporting by listed companies) within the time required for the announcement of such report.

Disclosure will be made in the Company's annual report of the aggregate value of the transactions conducted with interested persons pursuant to the IPT Mandate during the relevant financial year, and in the annual reports for the subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements and form set out in Chapter 9 of the Listing Manual.

3.12 Abstention from voting

Esteel, being an interested person, will abstain and shall procure its associates to abstain from voting on the Proposed Renewal of IPT Mandate. Esteel and its associates will also not act as proxies in relation to the Proposed Renewal of IPT Mandate unless specific voting instructions have been given by the Shareholder.

3.13 Statement from the Audit Committee

The Audit Committee, comprising Mr. Joel Leong Kum Hoe, Mr. He Jun and Ms. Chang Pui Yook, all of whom are considered independent for the purposes of considering the Proposed Renewal of IPT Mandate, having reviewed the rationale for and the terms and benefits of the Proposed Renewal of IPT Mandate is satisfied and of the view that:

(a) the guidelines and review procedures under the IPT Mandate have not changed since the last approval granted by Shareholders on 28 January 2021; and

(b) the guidelines and review procedures under the IPT Mandate are sufficient and appropriate to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

However, in the event that the Audit Committee is subsequently no longer of this view, the Company shall approach the Shareholders for a fresh mandate for the interested person transactions concerning the Group based on new guidelines and/or review procedures.

LETTER TO SHAREHOLDERS

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the register of Directors' shareholding as at the Latest Practicable Date, the Directors do not own any interests, directly or indirectly, in the Shares. Based on the register of Substantial Shareholders as at the Latest Practicable Date, the interests of the Substantial Shareholders, direct or indirect, in the Shares are set out below:

	Direct Interest		Deemed Interest		Total Interest	
Shareholders	**Number of Shares**	**% of total issued Shares[1]**	**Number of Shares**	**% of total issued Shares[1]**	**Number of Shares**	**% of total issued Shares[1]**
Esteel	167,795,536	61.16	–	–	167,795,536	61.16
AVIL[2]	–	–	167,795,536	61.16	167,795,536	61.16
Mr. You[3]	–	–	167,795,536	61.16	167,795,536	61.16
HLAI	54,875,000	20.00	–	–	54,875,000	20.00
HLA[4]	–	–	54,875,000	20.00	54,875,000	20.00
HLCH[5]	–	–	55,166,400	20.11	55,166,400	20.11
HLE[6]	–	–	55,166,400	20.11	55,166,400	20.11
HLIH[7]	–	–	57,055,400	20.80	57,055,400	20.80
Davos[8]	–	–	57,055,400	20.80	57,055,400	20.80
KH[9]	–	–	57,055,400	20.80	57,055,400	20.80

Notes:

(1) Based on the total issued Shares (excluding Treasury Shares), comprising 274,350,089 Shares as at the Latest Practicable Date.

(2) AVIL has a 100% interest in Esteel. Accordingly, AVIL is deemed to have an interest in the Shares held by Esteel pursuant to Section 7 of the Companies Act.

(3) Mr. You has a 100% interest in AVIL. Accordingly, Mr. You is deemed to have an interest in the Shares held by AVIL pursuant to section 7 of the Companies Act.

(4) HLA has a 100% interest in HLAI. Accordingly, HLA is deemed to have an interest in the Shares held by HLAI pursuant to Section 7 of the Companies Act.

(5) HLCH is deemed under Section 4 of the SFA to have an interest in the Shares in which its subsidiaries, HLAI and Starich, have an interest.

(6) HLE is entitled to exercise or control the exercise of not less than 20% of the voting shares in HLCH. Accordingly, HLE is deemed to have an interest in the Shares held by HLCH pursuant to Section 4 of the SFA.

(7) HLIH is deemed under Section 4 of the SFA to have an interest in the Shares in which its subsidiaries, HLAI, Starich and Shanwood Development Pte Ltd have an interest.

(8) Davos is entitled to exercise or control the exercise of not less than 20% of the voting shares in HLIH. Accordingly, Davos is deemed to have an interest in the Shares held by HLIH pursuant to Section 4 of the SFA.

(9) KH is entitled to exercise or control the exercise of not less than 20% of the voting shares in HLIH. Accordingly, KH is deemed to have an interest in the Shares held by HLIH pursuant to Section 4 of the SFA.

5. ANNUAL GENERAL MEETING

The 2022 AGM will be held on 27 January 2022 at 10.00 a.m. by way of electronic means for the purposes of considering and, if thought fit, passing, with or without modification, the ordinary resolutions relating to the Proposed Renewal of Share Purchase Mandate and the Proposed Renewal of IPT Mandate.

LETTER TO SHAREHOLDERS

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Alternative arrangements have been put in place by the Company to allow Shareholders to participate in the 2022 AGM by electronic means. A member (whether individual or corporate) must submit his/her/its Proxy Form appointing the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In line with the provisions under the Alternative Arrangements Order, no printed copies of this Appendix, the Notice of AGM and the Proxy Form will be physically despatched to Shareholders. Electronic copies of this Appendix and the accompanying Proxy Form and the Notice of AGM will be made available to Shareholders via SGXNET and may also be accessed at the Company's website at http://www.brc.com.sg/.

Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Investors whose Shares are held with relevant intermediaries including CPF Investors and SRS Investors, who wish to appoint the Chairman of the AGM as proxy, should approach their respective intermediaries such as CPF Agent Banks or SRS Agent Banks to submit their votes at least seven (7) working days before the AGM in order to allow sufficient time for their respective CPF Agent Banks or SRS Agent Banks to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:

(a) if in hard copy and sent personally or by post, the proxy form must be lodged at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898; or

(b) if by email, the proxy form must be received at sg.is.proxy@sg.tricorglobal.com,

(c) if via the website of the AGM, at https://conveneagm.com/sg/brcasia

in either case, by 10.00 a.m. on 24 January 2022 (being not less than 72 hours before the time fixed for holding the 2022 AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

Printed copies of the Proxy Form will not be sent to members. Instead, an electronic version of the Proxy Form may be accessed by Shareholders via SGXNET and the Company's website at http://www.brc.com.sg/. A member who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

7. DIRECTORS' RECOMMENDATIONS

7.1 The Directors, having carefully considered the terms and rationale of the Proposed Renewal of Share Purchase Mandate, are of the view that the Proposed Renewal of Share Purchase Mandate is in the best interests of the Company and accordingly, recommend that Shareholders vote in favor of the ordinary resolution in relation to the Proposed Renewal of Share Purchase Mandate at the 2022 AGM.

LETTER TO SHAREHOLDERS

7.2 Having considered the rationale for the Proposed Renewal of IPT Mandate, the Directors who are deemed to be independent for the purposes of making a recommendation to Shareholders in respect of the Proposed Renewal of IPT Mandate, being Mr. Teo Ser Luck, Mr. Joel Leong Kum Hoe, Mr. He Jun and Ms. Chang Pui Yook are of the opinion that the Proposed Renewal of IPT Mandate is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution in relation to the Proposed Renewal of IPT Mandate at the 2022 AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Renewal of Share Purchase Mandate, the Proposed Renewal of IPT Mandate, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at 80 Robinson Road, #02-00, Singapore 068898, during normal business hours from the date of this Appendix up to and including the date of the 2022 AGM:

(a) the Constitution; and

(b) the annual report of the Company for FY2021.

This Appendix and the annual report for FY2021 are also available on the Company's corporate website (http://www.brc.com.sg/) and SGXNET.

Yours faithfully
For and on behalf of the Board

Teo Ser Luck
(Chairman and Independent Director)

STATISTICS OF
SHAREHOLDINGS

As at 15 December 2021

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHARHOLDERS

No. of Shares	**:**	**275,976,689**
Class of Shares	**:**	**Ordinary Shares**
Voting Rights	**:**	**One vote for each Ordinary share**
Treasury Shares	**:**	**1,626,600**
Percentage of such holding against total number of issued ordinary shares (excluding treasury Shares)	**:**	**0.59%**

SIZE OF SHAREHOLDERS			NO. OF SHAREHOLDERS	%	NO. OF SHARES*	%
1	-	99	14	0.94	410	0.00
100	-	1,000	815	54.88	337,458	0.12
1,001	-	10,000	431	29.03	2,089,059	0.76
10,001	-	1,000,000	214	14.41	14,945,056	5.45
1,000,001	and	above	11	0.74	256,978,106	93.67
		TOTAL	**1,485**	**100.00**	**274,350,089**	**100.00**

* Excluding Treasury Shares as at 15 December 2021 - 1,626,600 shares. As at 15 December 2021, the Company had no subsidiary holdings. “Subsidiary Holdings” is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

TWENTY LARGEST SHAREHOLDERS AS AT 15 DECEMBER 2021

NO.	SIZE OF SHAREHOLDERS	NO. OF SHARES	%
1	UOB KAY HIAN PTE LTD	175,098,036	63.82
2	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	59,279,600	21.61
3	D3 RESOURCES PTE. LTD.	5,000,000	1.82
4	DBS NOMINEES PTE LTD	3,056,888	1.11
5	RAFFLES NOMINEES (PTE) LIMITED	2,880,480	1.05
6	BPSS NOMINEES SINGAPORE (PTE.) LTD.	2,436,600	0.89
7	PHILLIP SECURITIES PTE LTD	2,376,500	0.87
8	LUO BIN	2,108,400	0.77
9	SHANWOOD DEVELOPMENT PTE LTD	1,889,000	0.69
10	OCBC SECURITIES PRIVATE LTD	1,618,002	0.59
11	CITIBANK NOMINEES SINGAPORE PTE LTD	1,234,600	0.45
12	GOH TIOW GUAN	1,000,000	0.36
13	SEAH BOON HWA	1,000,000	0.36
14	SIA LING SING	757,800	0.28
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	750,815	0.27
16	HSBC (SINGAPORE) NOMINEES PTE LTD	729,800	0.27
17	LIM YIT WAH @NG YOE NIE	500,000	0.18
18	LIU SONG	500,000	0.18
19	LIM CHIN LOON	490,000	0.18
20	IFAST FINANCIAL PTE LTD	394,200	0.14
	TOTAL	**263,100,721**	**95.89**

Note:

%: Based on 274,350,089 shares (excluding treasury shares) as at 15 December 2021

Treasury Shares as at 15 December 2021 - 1,626,600 shares

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the register of Directors' shareholding as at the Latest Practicable Date, the Directors do not own any interests, directly or indirectly, in the Shares. Based on the register of Substantial Shareholders as at the Latest Practicable Date, the interests of the Substantial Shareholders, direct or indirect, in the Shares are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% of total issued Shares[1]	Number of Shares	% of total issued Shares[1]	Number of Shares	% of total issued Shares[1]
Shareholders						
Esteel	167,795,536	61.16	–	–	167,795,536	61.16
AVIL[2]	–	–	167,795,536	61.16	167,795,536	61.16
Mr. You[3]	–	–	167,795,536	61.16	167,795,536	61.16
HLAI	54,875,000	20.00	–	–	54,875,000	20.00
HLA[4]	–	–	54,875,000	20.00	54,875,000	20.00
HLCH[5]	–	–	55,166,400	20.11	55,166,400	20.11
HLE[6]	–	–	55,166,400	20.11	55,166,400	20.11
HLIH[7]	–	–	57,055,400	20.80	57,055,400	20.80
Davos[8]	–	–	57,055,400	20.80	57,055,400	20.80
KH[9]	–	–	57,055,400	20.80	57,055,400	20.80

Notes:

(1) Based on the total issued Shares (excluding Treasury Shares), comprising 274,350,089 Shares as at the Latest Practicable Date.

(2) AVIL has a 100% interest in Esteel. Accordingly, AVIL is deemed to have an interest in the Shares held by Esteel pursuant to Section 7 of the Companies Act.

(3) Mr. You has a 100% interest in AVIL. Accordingly, Mr. You is deemed to have an interest in the Shares held by AVIL pursuant to section 7 of the Companies Act.

(4) HLA has a 100% interest in HLAI. Accordingly, HLA is deemed to have an interest in the Shares held by HLAI pursuant to Section 7 of the Companies Act.

(5) HLCH is deemed under Section 4 of the SFA to have an interest in the Shares in which its subsidiaries, HLAI and Starich, have an interest.

(6) HLE is entitled to exercise or control the exercise of not less than 20% of the voting shares in HLCH. Accordingly, HLE is deemed to have an interest in the Shares held by HLCH pursuant to Section 4 of the SFA.

(7) HLIH is deemed under Section 4 of the SFA to have an interest in the Shares in which its subsidiaries, HLAI, Starich and Shanwood Development Pte Ltd have an interest.

(8) Davos is entitled to exercise or control the exercise of not less than 20% of the voting shares in HLIH. Accordingly, Davos is deemed to have an interest in the Shares held by HLIH pursuant to Section 4 of the SFA.

(9) KH is entitled to exercise or control the exercise of not less than 20% of the voting shares in HLIH. Accordingly, KH is deemed to have an interest in the Shares held by HLIH pursuant to Section 4 of the SFA.

PUBLIC SHAREHOLDINGS

Based on information available to the Company, approximately 18.04% of the Company's shares are held in the hand of the public and therefore, the Company has complied with the Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF
ANNUAL GENERAL MEETING

BRC ASIA LIMITED
(Company Registration No.: 193800054G)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the annual general meeting ("**AGM**") of BRC Asia Limited ("**Company**") will be convened and held by electronic means on Thursday, 27 January 2022 at 10 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2021 and the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt (one-tier) dividend of 4 Singapore cents per ordinary share for the financial year ended 30 September 2021. **(Resolution 2)**

3. To declare a special tax-exempt (one-tier) dividend of 4 Singapore cents per ordinary share for the financial year ended 30 September 2021. **(Resolution 3)**

4. To approve the Directors' fees of S$425,000 for the financial year ending 30 September 2022 (2021: S$360,000). **(Resolution 4)**

5. To re-elect Mr. Teo Ser Luck, who is retiring pursuant to Regulation 104 of the Constitution of the Company, as director of the Company. *(See Explanatory Note 1)* **(Resolution 5)**

   Mr. Teo Ser Luck, if re-elected as Director of the Company, will remain as Chairman of the Board and continue to serve as Chairman of the Remuneration Committee and Member of the Nominating Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited.

6. To re-elect Mr. Zhang Xingwang, who is retiring pursuant to Regulation 104 of the Constitution of the Company, as director of the Company. *(See Explanatory Note 1)* **(Resolution 6)**

7. To re-elect Ms. Chang Pui Yook, who is retiring pursuant to Regulation 104 of the Constitution of the Company, as director of the Company. *(See Explanatory Note 1)* **(Resolution 7)**

   Ms. Chang Pui Yook, if re-elected as Director of the Company, will remain as Member of the Audit Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited.

8. To re-appoint Ernst & Young LLP, as Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without any modifications:

9. Authority to Issue Shares **(Resolution 9)**

"That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Act**") and the listing rules (the "**Listing Rules**") of the listing manual ("**Listing Manual**") of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, to:

(a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of bonus, rights or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, options, debentures or other instruments convertible into Shares,

(b) (notwithstanding the authority conferred by this resolution ("**Resolution**") may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not be more than fifty per cent (50%) of the total number of Shares (excluding treasury shares and subsidiary holdings), in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(ii) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to existing shareholders shall not be more than twenty per cent (20%) of the total number of Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the total number of Shares (excluding treasury shares and subsidiary holdings) shall be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options or vesting of share awards which are outstanding or subsisting at the date the general mandate is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares; and

(iv) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force until the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier." *(See Explanatory Notes 2)*

10. Renewal of the Share Purchase Mandate **(Resolution 10)**

"That:

(a) for the purposes of Sections 76C and 76E of the Act, the exercise by the directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Percentage (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) purchases or acquisitions of Shares made on the SGX-ST ("**On-Market Purchases**") transacted through the ready market, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) purchases of Shares made otherwise than on the SGX-ST, in accordance with an equal access scheme or schemes for the purchase of Shares from Shareholders ("**Off-Market Purchases**") as may be determined or formulated by the Directors as they consider fit in the interests of the Company, which scheme(s) shall satisfy the conditions, which are consistent with the Share Purchase Mandate (as hereinafter defined), the Listing Rules and the Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest date on which:

(i) the next annual general meeting of the Company is held or required by law to be held;

(ii) purchases or acquisitions of Shares pursuant to the Share Purchase Mandate have been carried out to the full extent mandated; or

(iii) the authority contained in the Share Purchase Mandate is varied or revoked in a general meeting;

(c) in this Resolution:

"**Average Closing Price**" means the average of the last dealt prices of a Share for the five (5) consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the On-Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Rules, for any corporate action that occurs after the relevant five (5) days period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Percentage**" means that number of Shares representing not more than ten per cent (10%) of the issued ordinary share capital as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holdings), subject always to the free float requirement as set out in paragraph 2.10 of the Appendix to this Notice of AGM as at the date of passing of this resolution (excluding any Shares which are held as treasury Shares or subsidiary holdings as at that date); and

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) in the case of an On-Market Purchase, one hundred and five per cent (105%) of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, one hundred and ten per cent (110%) of the Average Closing Price of the Shares, in each case, excluding related expenses of the purchase or acquisition; and

(d) the Directors and/or any of the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary in the interests of the Company to give effect to the Share Purchase Mandate and/or this Resolution." *(See Explanatory Note 3)*

11. Renewal of the Shareholders' Mandate for Interested Person Transactions **(Resolution 11)**

"That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Chapter 9**"), for the Company and its subsidiaries that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions as set out in the Appendix to the Annual Report dated 10 January 2022, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions as set out in the Appendix (the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or is required by the law to be held, whichever is earlier; and

(c) the Directors of the Company be and are hereby authorised to do all acts and things as they may in their discretion deem necessary, desirable or expedient in the interests of the Company to give effect to the IPT Mandate and/or this Resolution. " *(See Explanatory Note 4)*

12. To transact any other ordinary business which may be properly transacted at an annual general meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Register of Members and Share Transfer Books of the Company will be closed on 8 March 2022 at 5 p.m. to determine the shareholders' entitlements to the proposed dividends.

Duly completed transfers of shares received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898, up to 5 p.m. on 8 March 2022 will be registered to determine shareholders' entitlements to the proposed dividends. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5 p.m. on 8 March 2022 will be entitled to the proposed dividends.

The proposed dividends, if approved by the members at the Annual General Meeting, will be paid on 18 March 2022.

BY ORDER OF THE BOARD

Lee Chun Fun
Low Mei Wan
Company Secretaries

10 January 2022

Explanatory Notes:

1. For ordinary resolutions 5, 6 and 7 above, detailed information on the three (3) directors can be found under "Board of Directors" and "Corporate Governance Statement" sections of the Annual Report 2021.

2. Resolution 9, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and/or shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 9 in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of which the total number of shares and shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 9 issued other than on a pro-rata basis to existing shareholders shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

   For the purpose of Resolution 9, the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

3. Resolution 10 relates to the renewal of the mandate which was last renewed by shareholders on 28 January 2021 and, if passed, will authorise the Directors to make purchases or otherwise acquire Shares from time to time subject to and in accordance with the guidelines set out in the Appendix to this Notice of AGM, the Listing Manual and such other laws as may for the time being be applicable. Please refer to Appendix I for further information.

4. Resolution 11 relates to the renewal of the mandate which was approved by shareholders on 28 January 2021 and, if passed, will empower the Company and its subsidiaries or any of them to enter into certain interested person transactions with persons who are considered "interested persons" as defined in Chapter 9 of the Listing Manual. Please refer to Appendix I for further information.

Important Notes:

1. Registration to Attend the AGM remotely

Shareholders will be able to watch the proceedings of the AGM through live audio-visual webcast or listen the proceedings of the AGM through live audio-only stream. In order to do so, Shareholders must pre-register by the Registration Cut-Off Date of 10 a.m. on 24 January 2022, at https://conveneagm.com/sg/brcasia. Shareholders will be required to provide their particulars for verification purposes.

Upon successful registration, authenticated attendees will receive an email confirmation by 26 January 2022 with a unique link to watch the live audio-visual webcast or listen to the live audio-only stream of the AGM proceedings. Shareholders who do not receive an email confirmation by 26 January 2022 but have registered by the pre-registration deadline as stated above should send an email to support@conveneagm.com.

PHYSICAL ATTENDANCE OF THE AGM WILL NOT BE PERMITTED.

2. Prior submission of questions

Please note that Shareholders will not be able to ask questions at the AGM live during the webcast and the audio feed, and therefore it is important for Shareholders to submit their questions in advance of the AGM.

(a) All questions must be submitted by 10 a.m. on 18 January 2022:

(i) via the pre-registration website at https://conveneagm.com/sg/brcasia; or

(ii) via hard copy and sent personally or by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898.

When sending in the questions, please provide full name, identification/registration number and the manner in which the shares of the Company are held for verification purpose, failing which, the submission will be treated as invalid.

(b) The Company will endeavour to address substantial and relevant questions received from Shareholders before 24 January 2022 on SGXNET.

(c) The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET, and the minutes will include the responses to the questions referred to above.

3. Voting by Proxy

Shareholders (whether individual or corporate) who wish to exercise their votes must submit a proxy form to appoint the Chairman of the AGM to vote on their behalf:

(a) if in hard copy and sent personally or by post, the proxy form must be lodged at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898;

(b) if by email, the proxy form must be received at sg.is.proxy@sg.tricorglobal.com;

(c) via the website of the AGM at https://conveneagm.com/sg/brcasia.

in either case, by **10 a.m. on 24 January 2022** (being 72 hours before the time fixed for the AGM).

CPF Investors and SRS Investors who wish to appoint the chairman of the AGM as their proxy should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM. CPF Investors and SRS Investors should not directly appoint the chairman as proxy to direct the vote.

The Chairman of the AGM, as proxy, need not be a member of the Company.

The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act (Chapter 50) of Singapore or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy.

Personal data privacy:

By submitting an instrument appointing Chairman of the AGM to vote at the AGM of the Company and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines and (ii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

BRC ASIA LIMITED

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

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT :

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting at the AGM are set out in the Annual Report.
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM. CPF Investors and/or SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to appointment of the chairman of the AGM as proxy for the AGM.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We ______________________________ (Name) *NRIC/Passport/Co. Reg. No. ____________________

of ____ (Address)

being a *member/members of BRC Asia Limited (the "**Company**"), hereby appoint the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company ("**AGM**") to be held by electronic means on Thursday, 27 January 2022 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy to vote for or against or to abstain from voting on the ordinary and special resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, this Proxy Form shall be disregarded and the proxy shall abstain from voting on any matter arising at the AGM and at any adjournment thereof.

No.	Resolutions	No. of votes for**	No. of votes against**	No. of votes abstaining**
Ordinary Business				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 September 2021 and the Auditor's Report thereon.			
2.	To declare a final tax-exempt (one-tier) dividend of 4 Singapore cents per ordinary share for the financial year ended 30 September 2021.			
3.	To declare a special tax-exempt (one-tier) dividend of 4 Singapore cents per ordinary share for the financial year ended 30 September 2021.			
4.	To approve the Directors' fees of S$425,000 for the financial year ending 30 September 2022 (2021: S$360,000).			
5.	To re-elect Mr. Teo Ser Luck as Director of the Company (Regulation 104).			
6.	To re-elect Mr. Zhang Xingwang as Director of the Company (Regulation 104).			
7.	To re-elect Ms. Chang Pui Yook as Director of the Company (Regulation 104).			
8.	To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.			
Special Business				
9.	To authorise Directors to allot and issue shares.			
10.	To approve the renewal of the Share Purchase Mandate.			
11.	To approve the renewal of the Shareholders' Mandate for Interested Person Transactions.			

** If you wish to exercise all your votes "For" or "Against" the Resolutions or if you wish to abstain from voting on the Resolutions in respect of all your votes, please indicate with a "✓" within the box provided. Alternatively, if you wish to exercise some and not all of your votes both "For" and "Against" the Resolutions and/or if you wish to abstain from voting in respect of the Resolutions, please indicate the number of votes "For", the number of votes "Against" and/or the number of votes "Abstaining" in the boxes provided for the Resolutions. For the avoidance of doubt, if you are required under Rule 920 of the Listing Manual to abstain from voting on the Resolutions, you must abstain in respect of all (and not some only) of your votes.

Total No. of Shares in	No. of shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s) or
Common Seal of Corporate Shareholder

**Delete where inapplicable.*

Dated this __________ day of ____________________ 2022

IMPORTANT: PLEASE READ NOTES BELOW CAREFULLY BEFORE COMPLETING THIS FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. **A Shareholder will not be able to attend the AGM in person**. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its votes, he/she/it must submit a proxy form to appoint the Chairman of the AGM to vote on his/her/its behalf.

3. The chairman of the AGM, as proxy, need not be a member of the Company.

4. The instrument appointing the chairman of the AGM as proxy must:

   (a) if in hard copy and sent personally or by post, the proxy form must be lodged at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898;

   (b) if by email, the proxy form must be received at sg.is.proxy@sg.tricorglobal.com;

   (c) if via the website of the AGM, at https://conveneagm.com/sg/brcasia.

   in either case, by 10 a.m. on 24 January 2022 (being 72 hours before the time fixed for the AGM).

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act (Chapter 50) of Singapore or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors.

6. Where an instrument appointing the Chairman of the AGM as proxy is signed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. Relevant Intermediaries shall also appoint the chairman of the AGM to act as proxy and direct the vote at the AGM. Together with the instrument appointing a proxy, the Relevant Intermediaries shall provide to the Company a list of attendees who would like to attend the AGM by way of a live webcast or a live audio feed with each attendee's full particulars for verification purposes. Upon successful registration, authenticated attendees will receive an email confirmation by 26 January 2022 with a unique link to watch the live audio-visual webcast or listen to the live audio-only stream of the AGM proceedings. Shareholders who do not receive an email confirmation by 26 January 2022, but have registered by the pre-registration deadline as stated above, should send an email to support@conveneagm.com.

8. A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 January 2022.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Teo Ser Luck
Chairman and Independent Director

Seah Kiin Peng
Executive Director and Chief Executive Officer

Xu Jiguo
Executive Director and Chief Procurement Officer

Zhang Xingwang
Executive Director and Chief Operating Officer

Darrell Lim Chee Lek
Executive Director

Chang Pui Yook
Independent Director

He Jun
Independent Director

Joel Leong Kum Hoe
Independent Director

KEY EXECUTIVE OFFICERS
Lee Chun Fun
Chief Financial Officer and Company Secretary

Tan Lau Ming
Deputy Chief Operating Officer

Ong Lian Teck
Chief Commercial Officer

REGISTERED OFFICE
350 Jalan Boon Lay
Jurong Industrial Estate
Singapore 619530
Tel: 6265 2333
Fax: 6264 3063
Website: www.brc.com.sg
Co. Reg. No. 193800054G

AUDITOR
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

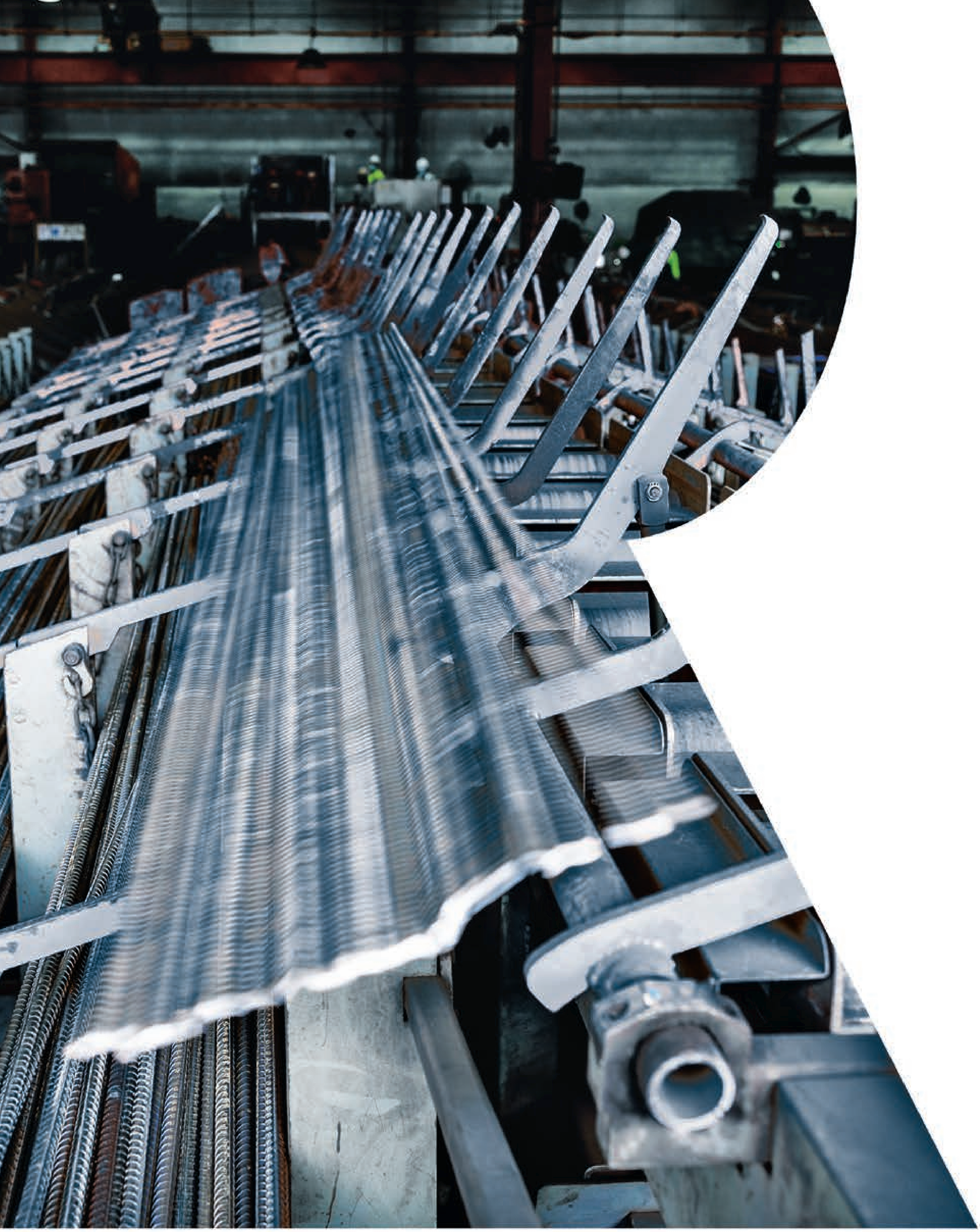
Partner-in-charge: **Ho Shyan Yan**
(since financial year ended 30 September 2018)

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898
Co. Reg. No. 53035217J

COMPANY SECRETARIES
Lee Chun Fun
Low Mei Wan

SOLICITORS
Allen & Gledhill LLP
Chan Neo LLP
Harry Elias Partnership LLP
Rajah & Tann Singapore LLP

PRINCIPAL BANKERS
CIMB Bank Berhad
CTBC Bank Co., Ltd
DBS Bank Ltd
HL Bank
KBC Bank N.V. Singapore Branch
Malayan Banking Berhad
Shanghai Pudong Development Bank Co., Ltd. Singapore Branch
Standard Chartered Bank (Singapore) Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited



BRC ASIA LIMITED
BUILDING BETTER

www.brc.com.sg