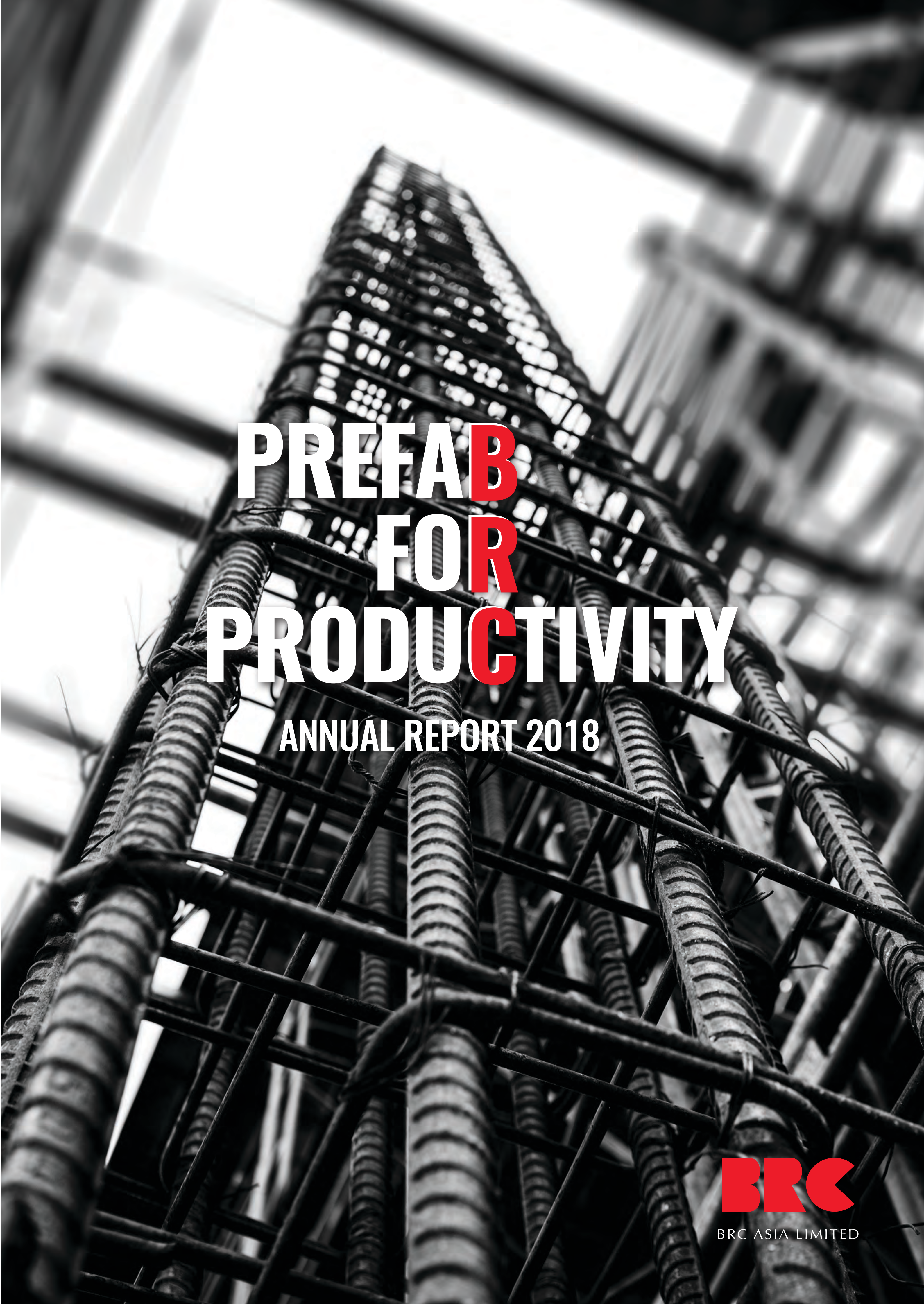
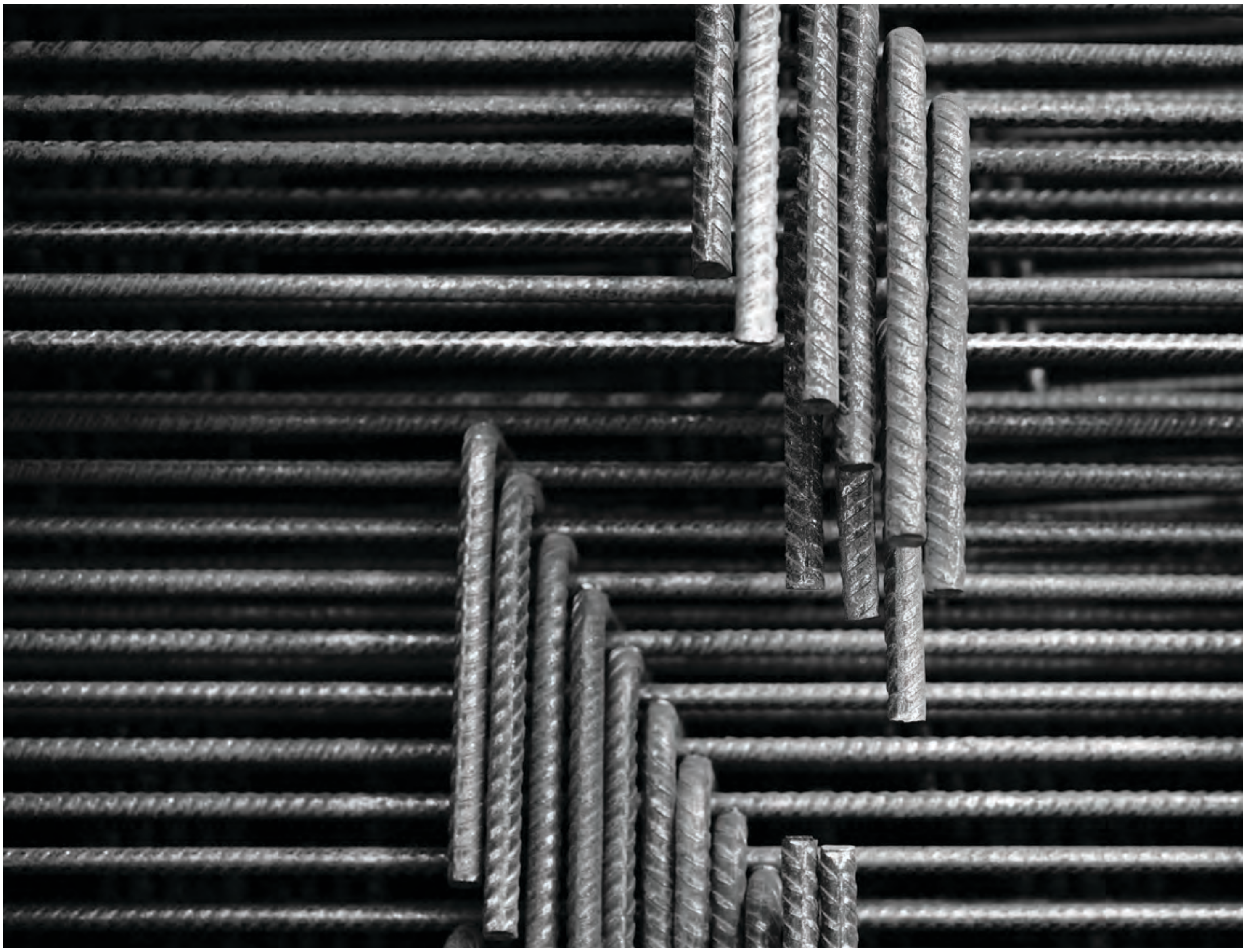


PREFAB FOR PRODUCTIVITY

ANNUAL REPORT 2018

BRC

BRC ASIA LIMITED



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CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

I am delighted to present to you the annual report of BRC Asia Limited ("BRC") for the financial year ended 2018 ("FY2018"). Having experienced some challenging business environment in the past few years, we delivered a remarkable performance in FY2018.

A Remarkable Year

In July 2018, the Group completed the S$200-million acquisition of the 100% stake in Lee Metal Group Ltd ("Lee Metal"). Established in 1982, Lee Metal is a distributor and fabricator of steel products and a recognised international trader of steel and steel-related products in Southeast Asia. The merger of the two equally large entities strengthened our capabilities in prefabricated steel reinforcement significantly. With the expanded production capacity and customer network, we enhanced our presence in our core Singapore market and laid a solid foundation for the Group's long-term growth.

Financially, we reported a strong set of results, contributed by both BRC's original business and Lee Metal. As a result of the consolidation of Lee Metal's accounts from June 2018 onwards, the Group's revenue increased by 83% to S$567 million. More importantly, despite absorbing significant post-acquisition losses from Lee Metal's operations and provisions in June 2018, earnings from continuing operations increased by over five fold to S$12 million in FY2018 compared to FY2017. The Group's gross profit margin and operating profit margin both showed encouraging improvement, an early sign of efficiency gains from economies of scale.

As the operations of the Group gradually stabilised after the acquisition, in September 2018 the Group formally appointed a new management team with extensive experience and knowledge in their respective fields. The clear allocation of responsibilities and leadership in each function have facilitated a smooth and efficient integration process, and sets stage for the enlarged entity to better materialise the benefits of the merger such as cost-saving, cross-selling, optimisation of resource allocation, improvement in productivity and achieving economies of scale.

Market conditions in Singapore

According to the quarterly survey published by the Monetary Authority of Singapore in September 2018, private-sector economists maintained their growth forecast for the Singapore economy at 3.2 per cent in 2018. However, the outlook for the domestic property market and the construction sector has become less encouraging as the recent official real estate statistics suggested, the development pipelines for public housing and retail properties declined. On a positive note, the wave of en-bloc property transactions since 2017 has replenished the severely depleted pipeline for the development and construction of private residential properties. In addition, the pipeline for executive condominiums, offices, hotels and industrial properties segments remains healthy. While the recovery from the multi-year weak market has not been an explosive one, the overall demand for reinforcing steel in Singapore is expected to be at least stable in the near future.

Growth Potential Overseas

Since 2017, it has been the Group's long-term strategy to look beyond Singapore for its future growth, and our existing overseas operations in Malaysia and China provide the Group with well-functioning platforms to tap into other markets. Malaysia's residential and non-residential buildings sector is expected to grow by 4.4% in real terms in 2018 and at an annual average of 3.7% between 2018 and 2027 . In China, despite concerns on slower economic growth and marginally lower demand for steel, total steel demand for 2019 is estimated at a sizable 722 million tonnes , supported by ongoing urbanisation. On top of the sheer absolute size of the market, steel prefabrication as a method of construction is expected to gain popularity and enter a fast-growing phase because of the government-led, nationwide push for green construction. It is estimated that the steel prefabrication market will grow at a compound annual rate of 14%-24% in neutral and optimistic scenarios respectively from 2018 to 2020 .

BRC's Just-In-Time Total Prefabricated Reinforcing Steel Solutions will play an important role in enhancing productivity and safety and reduce wastage and pollution in construction activities, and our expertise will stand us in good stead to gain an edge in fast-growing markets in Southeast Asia and beyond as and when the timing is appropriate.

Outlook and Appreciation

Since the acquisition of Lee Metal, the Group has been streamlining operations and assets, so as to improve our cost efficiency, offer better products and services to customers and realise economies of scale. This will continue to be our main focus in 2019. Looking ahead, drawing on the talents of a collective, integrated team, we will explore ways to capitalise on BRC's outstanding capabilities in prefabricated steel reinforcement both in Singapore and overseas, further improve our financial performance, and continue to create value for our customers and shareholders.

We are immensely grateful for the unwavering support from our shareholders, without which the acquisition of Lee Metal would not have been possible. Therefore, as a token of appreciation, a final dividend of 1 Singapore cent per ordinary share for FY2018 had been proposed.

The past financial year has been a transformational one, building on which we aspire to grow the business to the next level. Our Board of Directors and management team will focus on providing the guidance and support and facilitating effective, entrepreneurial and prudent management that can deliver long-term and sustainable success for the Group and our shareholders.

MR. TEO SER LUCK
CHAIRMAN
BRC ASIA LIMITED

The merger of the two equally large entities strengthened our capabilities in prefabricated steel reinforcement significantly. With the expanded production capacity and customer network, we enhanced our presence in our core Singapore market and laid a solid foundation for the Group's long-term growth.

主席致词

尊敬的各位股东，

我很荣幸向您呈现BRC亚洲有限公司（以下简称“BRC”）2018财政年度（“2018财年”）的年度报告。过去几年，市场充满了挑战；我们披荆斩棘，在2018财年里取得了令人瞩目的成绩。

可圈可点的一年

2018年7月，集团以两亿新元完成了对Lee Metal Group Ltd（以下简称“Lee Metal”）100%股权的收购。Lee Metal 成立于1982年， 主营业务为钢铁产品的分销和制造，是东南亚地区颇具知名度的钢铁产品国际贸易商。BRC和Lee Metal的强强联合显著增强了集团在预制钢筋领域的实力。随生产能力的扩张和客户网络的增长，集团在新加坡核心市场的地位得以巩固，为集团的长期增长奠定了坚实的基础。

受BRC自身业务和Lee Metal业绩的支撑，集团2018财年的财务表现也大幅跃进。由于 Lee Metal 于2018年6月开始合并至集团的财务报表中，集团全年收入增长83%至5.67亿新元。不仅如此，尽管2018年6月集团在财报中确认了与 Lee Metal 相关的相当体量的运营亏损和拨备，集团2018财年持续经营业务收益仍比2017财年增加了五倍多达1,200万新元。由于规模经济提升了运营效率，集团的毛利率和营业利润率均有所提高。

收购完成后，集团运营逐渐稳定。2018年9月，集团正式任命了新的管理团队，新任高管在各自领域拥有丰富的知识和经验。各个职能部门明确了职责分配和领导体系，促进了集团收购后的整合过程更加顺利、高效，为集团扩张后更好地实现在成本、销售、优化资源配置、提高生产效率及实现规模经济等方面的协同效应创造了条件。

新加坡市场环境

根据新加坡金融管理局2018年9月公布的季度调查，私营部门经济学家对2018年新加坡经济增长的预测维持在3.2%。然而，国内房地产和建筑业前景转淡；官方最新房地产统计数据显示，政府住宅和零售物业的计划和在建项目减少。从积极的方面来看，2017年以来的地产项目集体出售浪潮填补了之前私人住宅开发和建设的计划和在建项目的洼地。此外，共管公寓、办公楼、酒店和工业地产的计划和在建项目数量保持稳健。虽然与市场多年疲软的情况相比，目前看到的复苏仍然有限，但预计新加坡市场对钢筋的整体需求在未来一段时间至少会保持稳定。

海外增长机会

2017年以来，集团开始放眼海外市场，筹划长期发展战略。我们在马来西亚及中国的现有业务为进军其他市场提供了良好的运作平台。预计马来西亚2018年住宅和非住宅建筑行业实际增长为4.4%，而2018年至2027年的平均年增长率将达到3.7%。在中国，尽管市场担心经济增长放缓和钢材需求可能略有下降，但得益于持续的城市化进程，2019年钢铁总需求估计将达到7.22亿吨。除受如此庞大的市场规模支撑，在中国政府主导的在全国范围大力推行绿色建筑的背景下，预制钢结构有望获得普及并进入快速增长阶段。据估计，从2018年到2020年，中国对预制钢结构的需求在中性和乐观情景下将以每年14%-24%的 速度增长。

BRC的即时全预制钢筋解决方案将在提高生产率和安全性、以及减少建筑活动中的浪费和污染方面发挥重要作用。集团长期积累的专业知识和经验将有利于我们在市场条件成熟时，在东南亚高速增长的市场中占据优势。

展望及致谢

自收购 Lee Metal 以来，集团一直致力于优化资产结构配置和运营安排，以提高成本效益，为客户提供更优质的产品及服务，并实现规模效应。2019年，这些也将是集团的工作重点。展望未来，随集团人才及团队的壮大和整合，我们将继续探索，最大程度地将BRC在预制钢筋领域的能力和实力在新加坡和海外市场发扬光大，进一步提高集团的财务业绩，并继续为我们的客户和股东创造价值。

我们非常感谢股东的坚定支持，正是有你们的支持，我们才得以完成对 Lee Metal 的收购。为表达对股东的感谢，集团董事会已提议2018财年派发每普通股1分的年终股息。

2018年，是BRC具有转型意义的一年。我们将在2018年取得的成绩的基础上，再接再厉，将业务提升到下一个高度。我们的董事会和管理团队将尽心竭力，专注、高效、审慎、实干，为集团和股东创造可持续的事业和长期回报。

张思乐
主席
BRC ASIA LIMITED

BRC和Lee Metal的强强联合显著增强了集团在预制钢筋领域的实力。随生产能力的扩张和客户网络的增长，集团在新加坡核心市场的地位得以巩固，为集团的长期增长奠定了坚实的基础。

OPERATIONS & FINANCIAL REVIEW

Operational Review

In 2017, the Singapore construction sector shrank by 8.4%, primarily caused by lower volume of private residential and industrial construction works. However, the contraction slowed to 5.1% in the first quarter of 2018, and further to 4.2% and 2.3% in the next two quarters. The slowdown in the pace of decline has been driven by the pickup in private industrial and commercial building works, with private certified progress payments rising for two consecutive quarters in the second and third quarters of 2018. According to the Building and Construction Authority, Singapore's construction demand in the first nine months of 2018 was already S$20.9 billion, compared to S$24.8 billion for the whole of 2017.

The addition of Lee Metal has doubled the Group's annual manufacturing capacity. Supported by the mild recovery of the Singapore property and construction market and the addition of Lee Metal from June 2018 onwards, our steel sales volume increased by about 40% in FY2018 compared to FY2017. Going forward, as the two entities merge into one, this increased capacity brought by Lee Metal will allow us to further optimise our manufacturing and operational resources, lower our costs and enhance our margins.

Revenue and Profitability

Following the Company's voluntary conditional cash offer ("VGO") to acquire all the issued and paid-up ordinary shares in the capital of Lee Metal Group Ltd, the companies under the Lee Metal Group Ltd ("Lee Metal") became subsidiaries of the Group on 23 May 2018. Subsequently, Lee Metal became a wholly-owned subsidiary of the Group on 26 July 2018. The consolidated statement of comprehensive income for financial year 2018 ("FY2018") included the post-acquisition results of Lee Metal.

The Group's revenue increased by 83% from S$310.1 million in FY2017 to S$567.0 million in FY2018 due to an increase in the volume of steel delivered as well as higher steel prices. Gross profit increased by 133% from S$19.4 million in FY2017 to S$45.1 million in FY2018. This was supported by higher sales volume and gross margin, which improved from 6.2% in FY2017 to 8.0% in FY2018.

Operating expenses increased by 76% from S$17.6 million in FY2017 to S$31.1 million in FY2018; this was primarily due to some one-off professional fees and finance costs incurred in relation to the acquisition of Lee Metal's shares. Despite these one-off expenses, the Group's operating profit margin improved from 1.0% in FY2017 to 2.8% in FY2018.

Overall, the Group reported earnings from continuing operations of S$12.0 million in FY2018, an increase of 565% compared to the S$1.8 million reported in FY2017. Earnings per share in FY2018 was 5.57 Singapore cents, compared to 0.97 Singapore cents in FY2017.

Financial Position

As at 30 September 2018, the Group's balance sheet remained strong with net assets of S$237.0 million and net asset value per ordinary share of 101.59 Singapore cents.

As a result of the inclusion of Lee Metal and the associated positive purchase price allocation fair value uplift adjustment of S$29.4 million, the Group's property, plant and equipment increased from S$89.1 million as of 30 September 2017 to S$149.0 million as of 30 September 2018.

The Group's interest in associates increased by S$4.8 million to S$11.5 million in FY2018 mainly due to the continuing contribution by the Group to its 17% stake in a resort business venture in the Maldives for the ongoing construction of a second resort hotel.

The changes in the Group's working capital were as follows. Inventories increased by S$158.8 million to S$270.2 million in FY2018 mainly due to higher inventory levels in association with the acquisition of Lee Metal, as well as higher steel unit costs. Trade and other receivables increased by S$105.2 million to S$180.7 million in FY2018 mainly due to increased revenue. The item "assets held for sale" is a property under redevelopment by Lee Metal. Trade and other payables decreased by S$10.1 million mainly due to a decrease in goods-in-transit.

The Group's loans and borrowings as well as loan from immediate holding company increased by S$275.0

million and S$23.1 million respectively. These were mainly to fund the acquisition of Lee Metal as well as higher inventory purchases, in tandem with increased volume at higher costs.

The Group's provisions increased by S$8.2 million mainly due to provisions made for onerous contracts arising from Lee Metal acquisition.

Disposal of the Stake in Nuform

The Group entered into a conditional sale and purchase agreement on 10 July 2018 to dispose of its 51% interest in Nuformsystem (M) Sdn Bhd ("Nuform Malaysia") and 10% interest in Nuform System Asia Pte Ltd ("Nuform Singapore") as part of the Group's strategy to strengthen its core business and consolidate its resources for its next phase of growth. The disposal of Nuform Singapore and Nuform Malaysia was completed on 31 July 2018 and 16 August 2018 respectively. The disposal of Nuform stakes resulted in a loss of S$863,000. The Group ceased the business segment known as "rental of construction equipment" following the completion of disposal of Nuform Malaysia.

Looking Ahead

In the coming year, our primary focus shall be on the total integration of Lee Metal into the BRC Group, particularly in manufacturing and operations, infusing our Better, Faster, Cheaper Total Reinforcing Steel business philosophy into this newest member of our Group. At the same time, we shall continue to explore expansion opportunities both locally and overseas that will strengthen our core business as well as enhance the scalability of our Singapore reinforcing steel model internationally.

In closing, I will like to take this opportunity to wish all our stakeholders – colleagues, shareholders, bankers, customers, suppliers, business associates – happy new year and a wonderful year ahead!

MR. SEAH KIIN PENG
CHIEF EXECUTIVE OFFICER
BRC ASIA LIMITED

The addition of Lee Metal has doubled the Group's annual manufacturing capacity. Supported by the mild recovery of the Singapore property and construction market and the addition of Lee Metal from June 2018 onwards, our steel sales volume increased by about 40% in FY2018 compared to FY2017

运营及财务回顾

运营回顾

2017年，由于私人住宅和工业建筑工程量减少，新加坡建筑业收缩8.4%。然而市场的收缩幅度在2018年第一季度放缓至5.1%，并在接下来的两个季度进一步放缓至4.2%和2.3%。私人工业建筑和商业建筑工程的增长使收缩步伐放缓，同时私人部门建筑分期付款在2018年第二和第三连续两个季度攀升。新加坡建设局数据显示，新加坡2017年全年建筑需求为248亿新元，而2018年前九个月的建筑需求量已达209亿新元。

集团通过收购Lee Metal，整体年产能达到过去的两倍。由于新加坡房地产和建筑市场的温和复苏以及2018年6月以来Lee Metal的并入，集团2018财年钢材销量与2017财年相比增长约40%。长期来看，随着两个公司的合并，我们可以进一步优化扩大的产能，对生产和运营资源进行最优配置，并降低成本和提高利润率。

收入和盈利能力

继集团以自愿有条件现金(“VGO”)形式收购Lee Metal Group Ltd所有已发行和缴足普通股本后，Lee Metal Group Ltd旗下公司自2018年5月23日起成为BRC亚洲集团的子公司。随后，Lee Metal Group Ltd于2018年7月26日成为集团的全资子公司。集团2018财年综合收益表包括了Lee Metal被收购后的财务表现。

由于钢材销量的增加以及钢材价格上涨，集团收入由2017财年的3.10亿新元增加至2018财年的5.67亿新元，增幅为83%。毛利从2017财年的1,937万新元增加至2018财年的4,507万新元，增幅为133%。毛利的增加得益于年内钢材销量的增长及毛利率的提高；毛利率从2017财年的6.2%上升至2018财年的8.0%。

运营费用由2017财年的1,764万新元增加76%至2018财年的3,108万新元，主要由于收购Lee Metal股份所产生的一次性专业服务费用及融资成本。即使计入这些一次性费用，集团的运营利润率仍然从2017财年的1.0%上升至2018财年的2.8%。

总体而言，集团于2018财年录得持续经营收益1,204万新元，较2017财年报告的181万新元增加565%。 2018财年的每股收益为5.57新加坡分，而2017财年为0.97新加坡分。

财务状况

截至 2018年9月30日，集团资产负债表保持稳健，净资产为2.37亿新元，每股普通股资产净值为101.59新加坡分。

受Lee Metal的并入以及2,940万新元的收购价格分配上调贡献，集团的物业、厂房及设备价值由2017年9月30日的8,914万新元增加至2018年9月30日的1.49亿新元。

由于集团在其马尔代夫度假村17%股权联营企业的持续投资并建设第二家度假酒店，集团联营公司的权益在2018财年比2017财年增加480万新元至1,150万新元。

集团营运资金的变动如下: 2018财年库存增加1.59亿新元至2.70亿新元，主要是由于收购的Lee Metal带来的库存以及钢铁单位成本的增加。2018财年，随着销售额的增加，贸易及其他应收款项增加1.05亿新元至1.81亿新元。集团持有的待售资产项目为Lee Metal正在改建的物业。贸易及其他应付款减少1,009万新元，主要是由于在途货物的减少。

集团贷款及借款和直接控股公司的贷款分别增加了2.75亿新元和2310万新元。这些贷款主要是为收购Lee Metal提供资金，以及用于扩充库存；库存量价都有增加。

集团拨备增加的820万新元主要来自收购Lee Metal事项。

Nuform的股权出售

集团于2018年7月10日订立有条件出售协议，以出售其持有的Nuformsystem (M) Sdn Bhd (Nuform Malaysia) 51%的权益及Nuform System Asia Pte Ltd (Nuform Singapore) 10%的权益。此次股权出售是集团加强核心业务战略的一部分，也为下一阶段的增长整合资源，做好准备。 Nuform Singapore及Nuform Malaysia的出售分别于2018年7月31日及2018年8月16日完成。出售Nuform股权导致亏损863,000新元。完成出售Nuform Malaysia后，集团关闭了建筑设备租赁业务部门。

展望未来

未来一年里，我们将重点推进BRC与Lee Metal在生产和运营方面的整合，推动新加入集团的业务部门共同实施“更好，更快，更经济”地提供钢筋产品的业务理念。同时，我们将继续探索本地及海外的扩展机会，以促进集团核心业务的增长，并在国际市场上推行新加坡钢筋结构的应用。

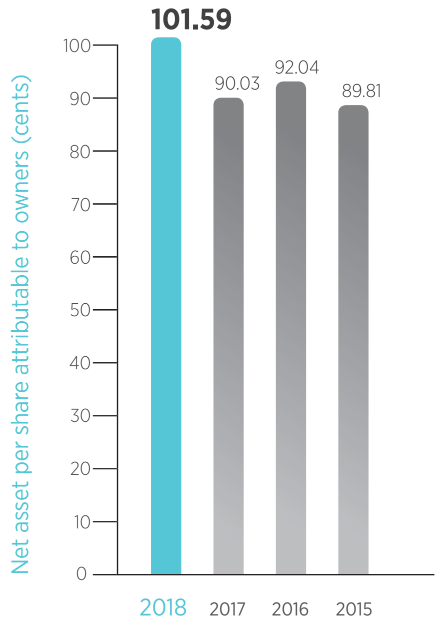
最后，我想借此机会祝集团所有利益群体 – 同事、股东、银行、客户、供应商及商业伙伴 – 新年快乐，万事如意!

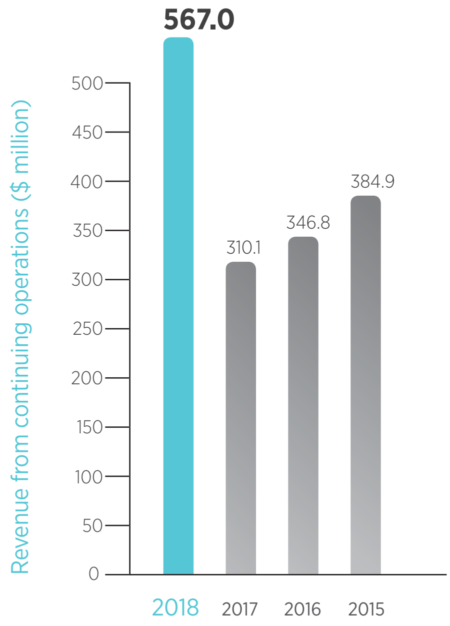
谢敬平

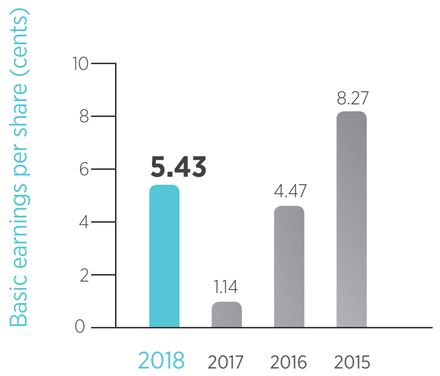
首席执行官

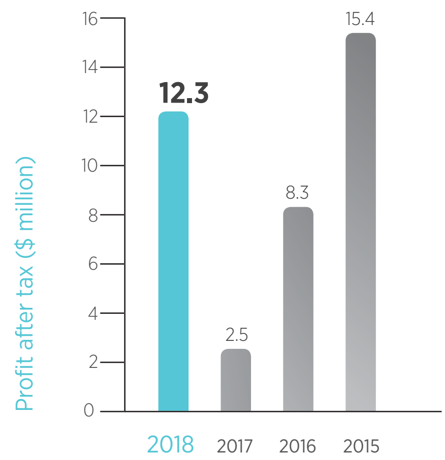
BRC ASIA LIMITED

FINANCIAL HIGHLIGHTS









Group Financial Results	2018*	2017	2016	2015
Revenue from continuing operations ($'000)	567,009	310,148	346,752	384,927
Profit before tax ($'000)	15,650	3,024	10,143	18,486
Profit after tax ($'000)	12,296	2,473	8,341	15,403
Net asset attributable to owners ($'000)	237,036	167,755	171,607	167,918

Per Share Data				
Basic earnings per share (cents)	5.43	1.14	4.47	8.27
Net asset per share attributable to owners (cents)	101.59	90.03	92.04	89.81

* The Group Financial Results for FY2018 included the post-acquisition results of Lee Metal.

BOARD OF DIRECTORS

MR. TEO SER LUCK

Chairman and Independent Director

Mr. Teo Ser Luck was appointed as an Independent Director of the Company, Chairman of the Board and a member of the Audit Committee on 28 November 2017.

He is currently the Lead Independent Director of United Engineers Limited and Deputy Chairman of Serial System Ltd, both companies listed on the SGX- ST. Mr. Teo is an entrepreneur and investor. Mr. Teo is also an adviser to the Institute of Chartered Accountants of Singapore(ISCA) as well as Singapore Fintech Association.

Mr. Teo has been an elected Member of the Parliament of Singapore (MP) representing the Pasir Ris-Punggol Group Representation Constituency since 2006. He was Minister of State at the Ministry of Trade and Industry and Ministry of Manpower, Mayor of the North East District of Singapore and Chairman of Mayors Committee. Mr. Teo was with Minister of State for Trade and Industry overseeing the Small and Medium Enterprises (SME) and trade relations with the region including China, as well as the Parliamentary Secretary in the Ministry of Community Development, Youth and Sports. He 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 Kiin Peng was appointed as the Chief Executive Officer of the Group on 26 September 2018 and is responsible for its 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.

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. XU JIGUO

Executive Director and Chief Procurement Officer

Mr. Xu Jiguo, an Executive Director, joined the Group in 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.

MR. ZHANG XINGWANG

Executive Director and Chief Operating Officer

Mr. Zhang Xingwang, an Executive Director, joined the Group in December 2017. Mr. Zhang is responsible for the development of strategy 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. JOEL LEONG KUM HOE

Independent Director

Mr. Joel Leong is currently the Chief Financial Officer since July 2018, for Revez Group of companies, based in Singapore, specialises in providing customised IT solutions to support Smart Nation initiatives in Singapore and Smart IT solutions to customers in Asia. Prior to this, he is a business consultant specialising in corporate restructuring, mergers and acquisitions, and business management. He has vast experience in various industries like food, precision engineering, semiconductor, ordnance and electronics. Since April 2018, he has been appointed as BRC Asia Limited's Independent Director and Audit Committee Chairman.

Prior to the above, he was the General Manager of North East Community Development Council under People's Association from 2011 to 2014, a statutory board of Singapore. He supported the ex-Mayor, ex-Minister of State Teo Ser Luck, in formulation and implementation of community development and local social assistance strategies in North East District of Singapore covering over 800,000 residents. Prior to joining the Government of Singapore, he took on various Directorships and Chief Financial Officer positions in several SGX-ST listed companies from 2002 to 2011, namely: Juken Technology Limited, Rowsley Limited and Changjiang Fertilizers Holdings Limited, where he led the deal and listing processes in Initial Public Offering and Reverse Takeovers. As the Chief Financial Officer of these listed companies, he was primarily responsible for the formulation and implementation of the listed companies' risk management strategies, financial policies and budgeting, taxation coordination and maintenance of the companies' accounting and internal control systems, cash flow management, project financing and compliance with audit and statutory requirements.

From 1997 to 2002, Mr. Leong was with Infineon Technologies (Asia Pacific) Pte. Ltd as the Department Head of Internal Audit covering the Asia Pacific region. Prior to that, he was an internal auditor with the Singapore Technologies Group and an auditor with KPMG Peat Marwick (now KPMG).

Mr. Leong graduated from Singapore's Nanyang Technological University's Accountancy with Second Class Honours in 1994.

Mr. Leong is also an active volunteer taking leadership positions in many grassroots and non-profit organisations. He is currently the Chairman of Hougang Constituency Community Club Management Committee and Vice Chairman of Hougang Constituency Citizen Consultative Committee. In addition, he is also the Vice Chairman of Bedok Reservoir View Neighbourhood Committee in Kampong Chai Chee Constituency since 2012. He is the Chairman of the MCST 2665 Management Council since 2015. From 1998 to 2006 he was the Honorary Treasurer of the Nature Society of Singapore.

MR. HE JUN

Independent Director

Mr. He Jun joined Wong Partnership LLP in Singapore in February 1997 and is currently the Head of the China Practice of Wong Partnership LLP. He was appointed as a Non-executive Director of Oriental University City Holdings (H.K.) Limited on January 16, 2014. 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.

MS. CHANG PUI YOOK

Independent Director

Ms. Chang was appointed as an Independent Director on 6 August 2018. She has more than 25 years of Banking experience and was Managing Director & Regional Asian Head of ABN AMRO Bank's Corporate lending franchise in Trade & Structured Commodity Finance. She was also a member of the Bank's Global Commodities Management team headquartered in Amsterdam. Prior to ABN AMRO, she held senior leadership positions in Rabobank International and Fortis Bank. She also served as an Advisory Council member of the International Trading Institute of Singapore Management University since its inception in late 2000. Ms. Chang is a graduate of National University of Singapore with majors in Economics and Statistics.

KEY EXECUTIVE OFFICERS

The names, duties / responsibilities and working experience of our Key Executive Officers are set out below:

MS. LEE CHUN FUN

Chief Financial Officer and Company Secretary

Ms. Lee Chun Fun began her career in auditing with a public accounting firm and has more than 25 years of experience in finance, treasury and credit control functions. Ms. Lee is responsible for the Group's financial and treasury management. She also oversees Human Resources and Administration.

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. ONG LIAN TECK

Chief Commercial Officer

Mr. Ong Lian Teck 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.

Mr. Ong also assists the Chief Procurement Officer in steel inventory management and Chief Executive Officer in business development efforts.

He has been with the Company for over 17 years and graduated from Nanyang Technological University with a Bachelor's Degree (Honours) in Engineering (Civil).

MR. TAN LAU MING

Deputy Chief Operating Officer

Mr. Tan Lau Ming has more than 25 years of experience in production operations which include manufacturing, planning, resource allocation, industrial engineering and process control. Mr. Tan is responsible for cut/bend and prefabrication production and operational matters of the Company. He oversees safety, security and dormitories. Mr. Tan has a Master's Degree in Engineering management from the University of Wollongong.

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 in conjunction with the Singapore Exchange Securities Trading Limited's (the "**SGX-ST**") requirements that issuers describe their practices with specific reference to the Code of Corporate Governance 2012 (the "**Code**") in their annual reports.

The Group is generally in compliance with the principles and guidelines as set out in the Code. 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. Although the Code of Corporate Governance 2018 will only be effective for the financial year commencing 1 January 2019, the Company has where possible adhered to the guidance provided.

(A) BOARD MATTERS

Principle 1: Every Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Company is headed by its effective Board comprising professionals from various disciplines and 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 of them 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.

All 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 or re-election to the Board, each Director receives a formal letter which sets out the Directors' duties and obligation. All new Directors are briefed on the Group's history, business activities, strategic direction, core values and corporate governance practices. The newly appointed directors who do not have prior experience as director of a listed company will attend trainings in relevant areas and about duties and obligation of director of a listed company, at the expense of the Company.

All Directors are provided with opportunities to attend trainings related to their roles at the Company's expenses to keep them up-to-date.

CORPORATE GOVERNANCE REPORT

Directors will attend seminars and briefing sessions to enable them to keep pace with changes in regulations, financial reporting standards, continuing listing obligations as well as industry-related matters. During the financial year under review, the courses and conferences attended by the directors are as follows:

Name of Director	Name of Course/Conference	Organizer
Mr. Seah Kiin Peng	2018 South East Asia Iron & Steel Institute Conference & Exhibition	South East Asia Iron & Steel Institute
Mr. Xu Jiguo	2018 South East Asia Iron & Steel Institute Conference & Exhibition	South East Asia Iron & Steel Institute
	Board and Director Fundamentals Course	Singapore Institute of Directors
Mr. Zhang Xingwang	Board and Director Fundamentals Course	Singapore Institute of Directors
Ms. Chang Pui Yook	Listed Company Director Essentials	Singapore Institute of Directors
	Launch of Women on Board Book and the ASEAN CG Scorecard	Singapore Institute of Directors
	Rebooting Globalisation SID Directors Conference 2018	Singapore Institute of Directors

Composition of the Board of Directors

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

Mr. Teo Ser Luck	Independent Non-executive Chairman (appointed on 28 November 2017)
Mr. Seah Kiin Peng	Executive Director and Chief Executive Officer (appointed on 1 March 2010 / 26 September 2018)
Mr. Xu Jiguo	Executive Director and Chief Procurement Officer (appointed on 28 November 2017 / 26 September 2018)
Mr. Zhang Xingwang	Executive Director and Chief Operating Officer (appointed on 5 December 2017 / 26 September 2018)
Mr. Joel Leong Kum Hoe	Independent Director (appointed on 2 April 2018)
Mr. He Jun	Independent Director (appointed on 2 April 2018)
Ms. Chang Pui Yook	Independent Director (appointed on 6 August 2018)

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 executives;
- 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 factor as part of its strategic plans.

CORPORATE GOVERNANCE REPORT

Independent Judgement and Disclosure of Interest

All Directors are required to objectively discharge their duties and responsibilities in the best interests and benefit of the Company. 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.

The Directors are aware of the requirements in respect of their disclosure of interests in securities, disclosure of conflicts of interest in transaction involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

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 terms of reference of the respective board committees are set out in this report. Each committee, chaired by an independent director, has the delegated power to make decision, execute actions or make recommendations within its terms of reference and applicable limits of authority. The Board is apprised of the decision made by the committees. The draft notice of each committee meeting will be circulated to the respective members two weeks in advance, to ensure each member has sufficient time to revert with the proposed agenda. The recommendations made by the respective Chairmen of the Board and Board committees with regard to proceedings of meetings are deliberated and adopted if accepted.

The Company has specified in its procedure manual that transactions beyond the threshold limits of executives 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. The Board has put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Board's Conduct of Affairs

The Board meets regularly and when circumstances require, members of the Board 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 written resolutions, when necessary.

The record of attendance of the Directors at the Board and committee meetings for the financial year ended 30 September 2018 is as follows:

Name of Director	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
	Number of Meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Teo Ser Luck	4	4	4	4	1	1	1	1
Seah Kiin Peng	4	4	-	-	-	-	-	-
Xu Jiguo	4	4	-	-	-	-	-	-
Zhang Xingwang	4	3	-	-	-	-	-	-
He Jun[1]	4	2	4	2	1	-	1	-
Joel Leong Kum Hoe[1]	4	2	4	2	1	-	1	-
Chang Pui Yook[2]	4	1	-	-	1	-	-	-
Ooi Seng Soon[3]	4	1	4	1	1	1	1	1
Tan Lee Meng[3]	4	2	4	2	1	1	1	1

CORPORATE GOVERNANCE REPORT

Notes:
1 Mr. He Jun and Mr. Joel Leong Kum Hoe were appointed as Independent Directors of the Company on 2 April 2018.
2 Ms. Chang Pui Yook was appointed as Independent Director of the Company on 6 August 2018.
3 Mr. Tan Lee Meng and Mr. Ooi Seng Soon resigned as Independent Directors of the Company on 2 April 2018.

Board papers are distributed in advance of the Board meetings so that Directors may better understand the matters prior to the meeting. 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 they are 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.

During the financial year, the Company Secretaries had provided updates to the Board on regulatory changes such as changes to the Act and the SGX Listing Manual. Briefing was also provided to the Board by the Company's external auditor on the changes to new accounting standards, including the adoption of international financial reporting standards.

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% Shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision-making.

Composition and Balance

The Board consists of four Independent Directors and three Executive Directors. The Nominating Committee, with concurrence of the Board, is of the opinion that the current Board size and composition are considered appropriate for the Company's needs, taking into account the expanded scope post-acquisition of Lee Metal Group Ltd. (delisted from the Mainboard of Singapore Exchange Securities Trading Limited on 31 July 2018 and now known as Lee Metal Group Pte. Ltd.) and nature of the operations of the Group, with an objective of achieving a good mix and diversity of skills and experiences to ensure that the Board will be able to make satisfactory and independent decisions regarding the affairs of the Company. It has reviewed and decided that the Company does not need a lead independent director for the time being. The Nominating Committee reviews the existing Board combination regularly, to ensure the existing Board and Board committees are appropriate. With the Independent Directors making up majority of the Board, the Nominating Committee is of the view that there is strong and independent element on 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 based on collective decision without any concentration of power of influence.

The Independent Directors contribute to the Board process by monitoring and reviewing management's performance against goals and objectives. 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.

The Independent Directors were briefed on matters such as Board processes, corporate governance initiatives and industry development relating to the Company. Independent Directors' meetings are held at least once a year and as and when needed. During the 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 interest of the Company. No individual or group of individuals dominates the Board's decision-making process.

The Independent Directors provide, amongst others, strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively develop proposals on strategy. The Independent Directors also review the performance of the Management in meeting goals and objectives and monitor the reporting of performance.

CORPORATE GOVERNANCE REPORT

The Company does not have a board diversity policy. The Board has reviewed and believed that its composition achieves a good mix and diversity of skills, knowledge, experience and gender, as further described as follows:

	Number of Directors	Proportion of Directors
Core Competencies		
Accounting/Finance/Legal/Corporate governance	5	71.43%
Industry/Customer based knowledge or experience	6	85.71%
Strategic planning experience	5	71.43%
Gender		
Male	6	85.71%
Female	1	14.29%

The profile of each Board member is provided on pages 10 and 11 of the Annual Report.

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

Role of the Chairman and the Chief Executive Officer

Mr. Teo Ser Luck, appointed as Independent Non-Executive Chairman of the Company since 28 November 2017, leads the Board and has a clear role that is distinct from that of the Chief Executive Officer, Mr. Seah Kiin Peng. Mr. Seah was appointed as Executive Director of the Company since 1 March 2010. The Board, after taking into consideration Mr. Seah's working experience and qualification, promoted him to be the Chief Executive Officer of the Company, with effect from 26 September 2018.

The Chairman and the Chief Eexcutive Officer are not immediate family members.

The Chairman ensures that Board meetings are held on a timely basis to deliberate, decide or approve matters which require the Board's attention. He leads all Board meetings and will invite participation from advisors or management staff to facilitate in-depth discussions, where necessary. He ensures the quality, quantity and timeliness of information flow between the Board and Management and that the Board has sufficient opportunities for interaction and informal meetings with Management. The Board meets the Management for informal meetings, when needed.

The Chairman also ensures effective communication with Shareholders and facilitates effective contributions from the Independent Directors. He is also responsible for promoting and maintaining 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 operation of the Group.

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

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

Nominating Committee

The Nominating Committee consists of:

Mr. He Jun	Chairman (appointed on 2 April 2018)
Mr. Teo Ser Luck	Member (appointed on 13 December 2017)
Mr. Joel Leong Kum Hoe	Member (appointed on 2 April 2018)

CORPORATE GOVERNANCE REPORT

The Nominating Committee was set up in July 2000 for the purpose of ensuring that there is a formal and transparent process for all Board appointments. 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 director; (c) the review of training and professional development programmes for the Board; and (d) making evaluation, assessment and recommendations with respect to the selection and appointment of any proposed new directors 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 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 senior management positions and candidates for directorship (including executive directorships);
- review succession plans for senior management 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 Nominating Committee proposes to the Board, objective performance criteria for evaluating the Board's performance.

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.

The Nominating Committee has reviewed the independence of Mr. Teo Ser Luck, Mr. He Jun, Mr. Joel Leong Kum Hoe and Ms. Chang Pui Yook and is satisfied that there are no relationships which would deem any of them not to be independent. In reviewing the independence, 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. As of the date of this report, there is no independent director who has served for a continuous period of nine years or more from the date of his/her first appointment.

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.

CORPORATE GOVERNANCE REPORT

The Board had accepted the Nominating Committee's recommendation to seek approval from Shareholders at the forthcoming annual general meeting to re-elect Mr. Seah Kiin Peng and Mr. Xu Jiguo, who will be retiring according to Regulation 104 of the Constitution of the Company as well as Mr. He Jun, Mr. Joel Leong Kum Hoe and Ms. Chang Pui Yook, who will be retiring in accordance to Regulation 108 of the Constitution. In reviewing the re-nomination of the Board members who are due for re-election as a Director of the Company, no member of the Board shall vote in respect of his/her own re-election.

When considering the re-nomination of Director for re-election, the Nominating Committee also takes into account the time commitment by the Board members with multiple board representation. The Nominating Committee is satisfied that the Directors are able to carry out and have been carrying out their duties as a Director of the Company. Sufficient time and attention has been given to the affairs of the Company. Therefore, it has decided not to fix a numerical limit on the number of directorships a director can hold. 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 or her duties.

The Nominating Committee has reviewed the board succession plan for Directors and as part of the succession plan, Mr. Seah Kiin Peng was appointed as Chief Executive Officer of the Group with effect from 26 September 2018 to oversee the business of the Group.

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

Name of Director	**Appointment**	**Date of initial appointment / last re-election**	**Directorships in other listed companies and other principal commitments**	
			Current	**Past 3 Years**
Teo Ser Luck	Independent Director and Non-Executive Chairman	28 November 2017 / 26 January 2018	• Elected Member of the Parliament of Singapore • United Engineers Limited (Lead Independent and Non-Executive Director) • Serial System Ltd. (Non-Executive Independent Deputy Chairman) • Vicduo Food Tech Pte. Ltd. (Director) • Nufin Data Pte. Ltd. (Chairman)	• Minister of State at the Ministry of Trade and Industry and Ministry of Manpower • Mayor of the North East District of Singapore • Chairman of Mayors Committee
Seah Kiin Peng	Executive Director and Chief Executive Officer	1 March 2010 / 26 January 2018	-	-
Xu Jiguo	Executive Director	28 November 2017 / 26 January 2018	-	• Trust Base Pte. Ltd. (Deputy General Manager) • Rainbow Ace Shipping Pte. Ltd. (Director) • Everwin Shipping Pte. Ltd. (Director) • Bright Point Pte. Ltd. (Deputy General Manager) • Gold Sky Shipping Pte. Ltd. (Director)

CORPORATE GOVERNANCE REPORT

Name of Director	Appointment	Date of initial appointment / last re-election	Directorships in other listed companies and other principal commitments	
			Current	Past 3 Years
Zhang Xingwang	Executive Director	5 December 2017 / 26 January 2018	-	• Fairborn Resource Pte. Ltd. (Director)
Joel Leong Kum Hoe	Independent Director	2 April 2018	-	-
He Jun	Independent Director	2 April 2018	• Oriental University City Holdings (H.K.) Limited (Non-Executive Director) • WongPartnership LLP (Partner)	-
Chang Pui Yook	Independent Director	6 August 2018	-	• ABN AMRO Bank Singapore (Managing Director & Regional Head of Asia, Commodity Finance) • MeesPierson Singapore Private Limited (Director)

Currently, there is no alternate director appointed by the Directors.

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board

The Group has in place a system to assess the Board's performance as a whole. To-date, no external facilitator has been used.

The Nominating Committee has determined that given the number of directors of the Company, size of the Board, the background, the expertise, the participation in the board meetings of the Company and the contribution made by the Directors at the meetings, it would not be necessary for directors to perform a self-evaluation 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 include 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 management personnel 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 2018 and discussed amongst others, the Board's performance, independence of the Independent Directors and re-election of directors who will be retiring at the next annual general meeting. All the committee members who were 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 ended 30 September 2018.

Each member of the Nominating Committee shall abstain from voting on any resolution in respect of the assessment of his/her performance or re-nomination as a Director.

CORPORATE GOVERNANCE REPORT

Principle 6: In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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 are entitled to request from Management and should be provided with additional information as needed to make informed decisions. The Directors have direct access to Management and Company Secretaries at all times. In addition, Directors and Board Committee, where necessary, may seek professional advice paid for by the Company.

The Independent Directors are always available to provide guidance to the Management on business issues and in areas which they specialise in.

Under the direction of the Chairman, the Company Secretaries ensure good information flow within the Board and its Board committees and between 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 the 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 Secretaries have attended all Board and Board committee meetings.

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

(B) REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

Remuneration Committee

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

Mr. Teo Ser Luck	Chairman (appointed as member on 13 December 2017 and as Chairman on 2 April 2018)
Mr. Joel Leong Kum Hoe	Member (appointed on 2 April 2018)
Mr. He Jun	Member (appointed on 2 April 2018)
Ms. Chang Pui Yook	Member (appointed on 6 August 2018)

The principal functions of the Remuneration Committee are to:

- recommend to the Board a framework of remuneration for the directors and key executives 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 executives' contract of services to ensure that such contract of services contain fair and reasonable clauses which are not overly generous.

CORPORATE GOVERNANCE REPORT

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 Remuneration Committee will also take into account the performance of the Group as well as that of the Directors and key executives, aligning their interest with those of Shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. The review of remuneration packages takes into consideration the long-term interest of the Group. The review covers all aspects of remuneration, including salaries, fees, bonuses, share options and benefits-in-kind.

During the year, the Remuneration Committee met once, discussing various remuneration matters and recording its decision by way of minutes and circular resolutions. The Committee members present at the meeting were involved in the deliberations. No director was involved in the fixing of his own remuneration. No external remuneration consultants were appointed during the financial year.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company; and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration and the procedures for setting remuneration in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel and performance.

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.

Fees
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 and the additional duties and responsibilities of the Directors.

Bonus
The Executive Directors and selected key executive officers are entitled to a bonus which is determined by the Company's performance. The Board, as recommended by the Remuneration Committee, approves any bonuses paid to the Executive Directors and selected key executive officers.

Benefits-in-kind
Customary benefits-in-kind consistent with market practices are given to Executive Directors and selected key executive officers.

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

Given the competitive environment the Company is operating in, the Company will not disclose details of Directors' remuneration in nearest thousand dollars, and in bands of S$250,000 as well as the upper limit to the band as the Company believes that disclosure may be prejudicial to its business interests. The Company believes that disclosing remuneration breakdown in percentage terms paid to the Directors provide sufficient overview of the remuneration of Directors.

CORPORATE GOVERNANCE REPORT

The remuneration (in percentage terms) of the Directors is set out below:

Name of Director	Salary %	Bonus %	Fees[1] %	Benefits-in-kind[2] %	Total %
Above S$250,000					
Mr. Seah Kiin Peng	50	40	-	10	100
Mr. Xu Jiguo	40	44	-	16	100
Mr. Zhang Xingwang	42	46	-	12	100
Up to S$250,000					
Mr. Teo Ser Luck	-	-	100	-	100
Mr. He Jun[3]	-	-	100	-	100
Mr. Joel Leong Kum Hoe[3]	-	-	100	-	100
Ms. Chang Pui Yook[4]	-	-	100	-	100
Mr. Tan Lee Meng[5]	-	-	100	-	100
Mr. Ooi Seng Soon[5]	-	-	100	-	100

Notes:
1 The fees have been approved by Shareholders at the last Annual General Meeting held on 26 January 2018.
2 Includes transport allowances, contributions to Central Provident Fund, retirement benefits and other benefits-in-kind.
3 Mr. He Jun and Mr. Joel Leong Kum Hoe were appointed as Independent Directors of the Company on 2 April 2018.
4 Ms. Chang Pui Yook was appointed as Independent Director of the Company on 6 August 2018.
5 Mr. Tan Lee Meng and Mr. Ooi Seng Soon resigned as Independent Directors of the Company on 2 April 2018.

Key Executive Officers (Top 5)

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 Company does not believe it to be in its best interests to disclose the identity and remuneration of its top 5 key executive officers, as having considered the highly competitive human resources environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may give rise to talent retention issues and would cause negative impact to the Company if experienced and senior management team are poached.

Having considered several factors, the Group is of the view that in order to maintain confidentiality of remuneration matters, remuneration of the top 5 keys executives in the bands of S$250,000 breakdown (in percentage or dollar terms) as well as the aggregate total remuneration paid to its top 5 key executive officers will not be disclosed.

Remuneration of Employees Related to Directors

There is no employee 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 2018.

For the financial year ended 30 September 2018, there was no termination, retirement or post-employment benefits granted to the Directors, the Chief Eexcutive Officer and key executives other than the standard contractual notice period termination payment in lieu of service, and the benefits for the Chief Executive Officer and relevant key executives.

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

CORPORATE GOVERNANCE REPORT

There are no contractual provisions under the present remuneration structure that allow the Company to reclaim variable incentive components of remuneration from the Chief Executive Officer, Executive Directors and key executives. However, in alignment with the current regulatory standards, the variable incentives of the Chief Executive Officer, Executive Directors and key executives 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, short-term and long-term incentives.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board provides Shareholders with quarterly and annual financial results. Results for first, second and third quarters are released to Shareholders within 45 days of the end of each quarter whilst annual results are released within 60 days from the financial year end. In presenting the annual financial statements and announcements of financial results to Shareholders, it is the aim of the Board to provide Shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects. The Board is mindful of its obligation to provide timely and fair disclosure of material information. The Board is accountable to the Shareholders while the Management is accountable to the Board.

Board papers are given to the Board members prior to any Board meeting to facilitate effective discussion and decision making.

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Audit Committee

The Audit Committee was formed in July 2000. Members of the Committee are:

Mr. Joel Leong Kum Hoe	Chairman (appointed on 2 April 2018)
Mr. Teo Ser Luck	Member (appointed on 28 November 2017)
Mr. He Jun	Member (appointed on 2 April 2018)

All the members are Independent Directors. There is a good mix of expertise among the members who can handle financial, legal as well as commercial issues relating to the Company's business.

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

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 the system of internal accounting controls in the course of the external audit, their letter to Management and the Management's response and results of the Company's audit conducted by internal and external auditors;
- review the reports of the Company's external auditors as well as the independence and objectivity of the external auditors;
- review the co-operation given by the Company's officers to the external auditors;

CORPORATE GOVERNANCE REPORT

- review and discuss with the external auditors 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 auditors and approving the remuneration and terms of engagement of the external auditors;
- 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 audit, 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 Company and any announcements relating to the Company's financial performance;
- review the material internal control procedures, comprising financial, operational, compliance and information technology controls and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);
- approve the Company'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 (i) 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 Company 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.

It has full access to and the cooperation from Management and the full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its function properly. The executive officer of the Company attends 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.

CORPORATE GOVERNANCE REPORT

As at to-date, no reports of fraudulent or inappropriate activities or malpractices have been received.

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 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 has any financial interest in the auditing firm or auditing corporation.

During the year, the Audit Committee has met with the external auditors without the presence of the Company's Management. The Audit Committee has also reviewed all non-audit services provided by the external auditors to ensure that the provision of these services did not affect the independence of auditors. The amount of fees paid to the auditors in respect of the audit and non-audit services for the year under review can be found on page 67 of the Annual Report. The Audit Committee has reviewed the non-audit services provided by the external auditors 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 auditors at the forthcoming annual general meeting.

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

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 and 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 715, read with Rule 716 in relation to its appointment of external auditors. The Board and Audit Committee have reviewed and confirmed the suitability of the appointment of different auditors for the Group's certain associated companies incorporated in Singapore and overseas and are satisfied that the said appointment would not compromise the standard and effectiveness of the audit of the Group.

Internal Controls

Management reviews the system of internal controls regularly in order to ensure that sufficient checks and balances exist within the system to safeguard the Company'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 auditors will, in the course of the external audit, conduct a review of certain internal control procedures relevant to the preparation of financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

The Board has reviewed the adequacy 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 controls as well as risk management systems are effective and adequate as at 30 September 2018.

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.

CORPORATE GOVERNANCE REPORT

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the financial records as at 30 September 2018 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 finance, and that the Group's risk management and internal control systems are adequate and effective.

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Internal Audit

As the size of the Company cannot support a full-time internal audit team and also for cost reasons, the Management has, with the agreement of the Audit Committee, outsourced its internal audit function to an independent public accounting firm. The Audit Committee will, at least annually, review the adequacy, effectiveness and independence of the internal audit function. During the financial year under review, internal audit review was conducted on the operations at the two manufacturing locations of a subsidiary company.

A local consultancy firm, Yang Lee & Associates has been appointed as the Internal Auditor by the Audit Committee for the financial year ending 30 September 2019 and it will report directly to the Chairman of the Audit Committee.

(D) SHAREHOLDERS' RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all Shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of Shareholders' rights and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their Shareholders and put in place an investor relations policy to promote regular, effective and fair communication with Shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of Shareholders, and allow Shareholders the opportunity to communicate their views on various matters affecting the Company.

The Company is mindful of its obligation to ensure a timely and adequate disclosure of information on matters of material impact on the Company to its Shareholders, in compliance with the requirements set out in the SGX-ST Listing Manual. All announcements are released via SGX-ST and the Company's website: www.brc.com.sg.

The Company encourages Shareholders' participation at the Company's annual general meetings. The annual general meeting is the principal forum for dialogue with Shareholders. There is an open question and answer session at which Shareholders may raise questions or share their views regarding the proposed resolutions as well as the Company's businesses and affairs. The Company has engaged Sino-Lion Communications Pte Ltd as its investor relations consultant to facilitate effective and efficient communications with its shareholders.

The Company ensures that sufficient explanations of all resolutions are included in the notice of the annual general meeting. At the annual general meeting, the Company makes available the Chairman of the Board and Chairman of the respective Audit, Nominating and Remuneration Committees as well as the Company's auditors and other advisors to provide answers to Shareholders' queries. Senior management of the Group is also present to address any queries which Shareholders may have.

CORPORATE GOVERNANCE REPORT

Attendance by proxies is allowed as stipulated in the Constitution and Act. The Company's Constitution allows a member of the Company who is not a relevant Intermediary to appoint not more than two proxies to attend, speak and vote at general meetings. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the general meetings provided that each proxy must be appointed to exercise the rights attached to the shares held by such member. The Board believes that it would not promote greater efficiency or effective decision making nor would it be cost effective to lift the limit on the number of proxies for a member who is not a relevant Intermediary. The Board does not implement absentia-voting methods by mail, e-mail or fax, until issues on security and integrity are satisfactorily resolved. All Shareholders have the opportunity to participate effectively in and vote at general meetings. Separate resolutions on each distinct issue are tabled at general meetings. "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.

At the annual and extraordinary general meetings of the Company held in 2018, the Company has put all resolutions tabled to vote by poll. The voting results of all votes cast in respect of each resolution and the respective percentages were displayed at the meetings and announced in a timely manner via SGXNET after the meetings.

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.

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.

CORPORATE SOCIAL RESPONSIBILITY

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 responsibility.

The Company has in place proper procedures for recycling and disposal of steel scrap. In addition, the Company has been involved in giving to the less fortunate communities by way of donations.

The Company will publish its standalone sustainability report for the financial year under review within the prescribed timeline and the same will be uploaded on the Company's website and SGXNET.

INTERESTED PERSON TRANSACTIONS

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

During the financial year under review, there were no interested person transactions with an aggregate value of S$100,000 and above.

The Group also does not have a general mandate from Shareholders for interested person transactions pursuant to Rule 920 of the SGX- ST Listing Manual.

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.

CORPORATE GOVERNANCE REPORT

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 could include optimisation, hedging, reduction of exposure or limiting possible losses through controls.

MATERIAL CONTRACTS

There was no material contract of the Company and any of its subsidiary companies involving the interest of any Director or controlling shareholder subsisting at the end of the financial year ended 30 September 2018 or if not then subsisting, entered into since the previous financial year.

UTILISATION OF PROCEEDS

During the financial year ended 30 September 2018, the Company completed a private placement exercise in which 37 million shares were allotted and issued. The private placement was completed on 2 February 2018 and the proceeds of S$47 million from the placement were deployed towards the settlement of acceptances in relation to the voluntary conditional cash offer to acquire all of the issued and paid-up ordinary share in the capital of Lee Metal Group Ltd which subsequently became a wholly-owned subsidiary of the Company on 26 July 2018.

DEALING IN THE COMPANY'S SECURITIES

The Group's internal code pursuant to Rule 1207(19) of the Listing Manual issued by SGX-ST is in place and there has not been any incidence of non-compliance. The Company has informed its 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 two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements.

The Directors and officers of the Company are advised not to deal in the Company's securities on short-term considerations.

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.

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 2018.

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 2018 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	(appointed on 28 November 2017)
Seah Kiin Peng	
Xu Jiguo	(appointed on 28 November 2017)
Zhang Xingwang	(appointed on 5 December 2017)
Joel Leong Kum Hoe	(appointed on 2 April 2018)
He Jun	(appointed on 2 April 2018)
Chang Pui Yook	(appointed on 6 August 2018)

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 date of appointment if later, or at the end of the financial year.

Share options

BRC Share Option Scheme 2011

The BRC Share Option Scheme 2011 (the "Scheme") for Executive Directors and confirmed employees of the Group was approved by shareholders of the Company at an Extraordinary General Meeting on 25 January 2011. No share options were granted in the financial years ended 30 September 2018 and 2017.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the employee share option plans as at 30 September 2018 are described in Note 8 to the financial statements.

DIRECTORS' STATEMENT

Share options (cont'd)

BRC Share Option Scheme 2011 (cont'd)

All options that were granted are valid for a period of five (5) years from the date of grant. The options granted without a discount are exercisable during the period commencing from the first anniversary of the date of grant and expiring on the fifth anniversary of the date of grant of such options. The options granted at a discount are exercisable during the period commencing from the second anniversary of the date of grant and expiring on the fifth anniversary of the date of grant of such options.

The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. The persons to whom the options have been issued shall have no restriction on the eligibility to participate in any other share options or share incentive schemes implemented by the Company or any other company within the Group. The Group and the Company have no obligation to repurchase or settle the options in cash.

The aggregate nominal amount of shares over which options may be granted on any date, when added to the nominal shares issued and issuable in respect of all options granted under the Scheme, shall not exceed 15% of the issued share capital of the Company on the day preceding that date.

Details of the options to subscribe for ordinary shares of the Company granted to directors and participants of the Company which have exceeded 5% of the total number of options granted under the Scheme are as follows:

	Aggregate options outstanding at beginning of financial year	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial year	Aggregate options exercised since commencement of plan to end of financial year	Aggregate options surrendered for cancellation since commencement of plan to end of financial year	Aggregate options outstanding at end of financial year
Name of director						
Seah Kiin Peng	–	–	25,789,000	(25,789,000)	–	–
Name of participant						
Lee Chun Fun	300,000	–	6,400,000	(4,900,000)	(300,000)	–
Lau Wee Min	–	–	6,100,000	(6,100,000)	–	–

Since the commencement of the BRC Share Option Scheme 2011 till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participant, other than the directors and participants mentioned above, has received 5% or more of the total options available under the Scheme; and
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.

Pursuant to the mandatory conditional cash offer dated 22 September 2017 by Esteel Enterprise Pte. Ltd. (the "Offeror") to acquire all issued ordinary shares in the capital of the Company, the Offeror made a proposal ("Options Proposal") to the holders of the share options to pay to them a cash amount in consideration of them agreeing not to exercise any options into new shares and not to exercise any of their rights as option holders. As at the financial year ended 30 September 2018, all outstanding options to subscribe for shares have been surrendered for cancellation as the holders of all outstanding options have accepted the Options Proposal.

DIRECTORS' STATEMENT

Audit Committee

The Audit Committee consists of three members, all of whom are non-executive and independent directors. At the end of the financial year and at the date of this report, the Audit Committee comprised the following members:

Joel Leong Kum Hoe (Chairman)
Teo Ser Luck
He Jun

The Audit Committee carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company;
- Reviewed the quarterly announcements and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed effectiveness of the Group's and the Company's material internal controls, including financial, operational and compliance controls and risk management;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;
- Reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The Audit Committee, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The Audit Committee has also conducted a review of interested person transactions.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

DIRECTORS' STATEMENT

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
8 January 2019

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 September 2018
Independent auditor's report to the members of BRC Asia Limited

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 2018, 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 Financial Reporting Standards in Singapore (FRSs) 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 2018 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.

Acquisition of Lee Metal Group

During the financial year, the Group acquired 100% of the total issued and paid-up capital of Lee Metal Group Ltd and its subsidiaries (collectively, "Lee Metal Group"), for a total cash consideration of $199 million. The Group conducted a purchase price allocation ("PPA") exercise for which fair value of the identifiable assets and liabilities are included in the financial statements of the Group. Given the materiality of this acquisition and the significant management judgement required in the measurement of the fair value of the acquired identifiable assets and liabilities, we considered the accounting for the acquisition of Lee Metal Group to be a key audit matter.

Our audit procedures included, amongst others, performing inquiries with management on the identification of identifiable assets and liabilities including any intangible assets. We reviewed and assessed the reasonableness of the assumptions used by the management in determining that there are no intangible

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 September 2018
Independent auditor's report to the members of BRC Asia Limited

Key audit matters (cont'd)

Acquisition of Lee Metal Group (cont'd)

assets to be recognised. We also involved our internal valuation specialists in reviewing and assessing the reasonableness of the assumptions used by the management in estimation of that fair values of the acquired identifiable asstes and liabilities based on the nature of the assets and liabilities. We also assessed the adequacy of the disclosures in the financial statements in Note 14 to the financial statements.

Impairment of trade receivables

Trade receivable balances are significant to the Group as they represent 34% of the Group's current assets. The Group mainly sells to companies in the construction industry and as such, any unfavorable changes in the market condition of the construction industry could adversely affect the recoverability of trade receivables of the Group, which may then give rise to the need to provide for impairment of the amounts due. The impairment of trade receivables requires significant management judgement to assess customers' ability to pay. As such, we determined that this is a key audit matter.

Our audit procedures included, amongst others, evaluating the Group's processes and controls for monitoring and identifying trade receivables with collection risks. We reviewed aged and major receivable balances for collectability by obtaining evidence of subsequent receipts after year-end and reviewing customers' past payment history. In particular, we reviewed management's justification on the adequacy of the amount of impairment made and assumptions used to calculate the trade receivables impairment amount, notably through analyses of trade receivables ageing trends, assessment of significant individual amounts that have been long overdue and reviewing correspondences with customers on expected settlement dates. We also assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as liquidity risk and credit risk in Notes 36b and 36a to the financial statements.

Provision for onerous contracts

As at 30 September 2018, the Group recognised provisions for onerous contracts amounting to $20.1 million. The process of estimating the provision for onerous contracts requires management's judgement on the estimated unavoidable costs of meeting its contractual obligation based on the value of 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 order 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 27 of the financial statements.

Impairment of investment in subsidiary

As at 30 September 2018, the Company's investment in subsidiaries amounted to S$225.6 million. Based on management's assessment, indicators of impairment were noted in the cost of investment for one of the subsidiaries. Management prepared a discounted cash flow analysis to determine the recoverable amount of the subsidiary using the value in use (VIU) model and concluded that no further impairment was required for the financial year ended 30 September 2018.

The VIU calculation was determined based on a number of significant assumptions such as forecasted revenue, profit margin, terminal growth rate and discount rate. These estimates require significant management judgement. As such, we determined that this is a key audit matter.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 September 2018
Independent auditor's report to the members of BRC Asia Limited

Key audit matters (cont'd)

Impairment of investment in subsidiary (cont'd)

Our audit procedures included, amongst others, assessing the reasonableness of management's assumptions applied in the VIU calculation based on our knowledge of the subsidiary's operations, past performance and industry benchmarks. Our internal valuation specialist assisted us in reviewing the discount rate and terminal growth rate used. In addition, we reviewed management's analysis of sensitivity of the recoverable amount to significant changes in the respective key assumptions. We have also assessed the adequacy of the disclosures in Note 14 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 FRSs, 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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 September 2018
Independent auditor's report to the members of BRC Asia Limited

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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
8 January 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2018

	Note	2018 $'000	2017 $'000 [Re-presented]
Revenue	4	**567,009**	310,148
Cost of sales		**(521,938)**	(290,775)
Gross profit		**45,071**	19,373
Other income	5	**2,482**	995
Expenses			
Distribution expenses		**(5,129)**	(4,815)
Administrative expenses		**(13,346)**	(6,275)
Finance costs	6	**(5,202)**	(1,536)
Other operating expenses		**(7,398)**	(5,015)
Share of results of joint venture	15	**777**	1,746
Share of results of associates	16	**(1,605)**	(1,449)
Profit before tax from continuing operations	7	**15,650**	3,024
Income tax expense	9	**(3,607)**	(1,152)
Profit from continuing operations, net of tax		**12,043**	1,872
Discontinued operation			
Loss on disposal of subsidiary	10	**(863)**	–
Profit, net of tax	10	**1,116**	601
Profit from discontinued operation, net of tax		**253**	601
Profit for the year		**12,296**	2,473
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Net (loss)/gain on fair value changes of available-for-sale financial assets		**(5)**	26
Net exchange gain/(loss) on net investment in foreign operations		**398**	(432)
Foreign currency translation:			
Exchange differences on translation of foreign operations		**288**	(191)
Reclassifications		**(67)**	–
Other comprehensive income for the year, net of tax		**614**	(597)
Total comprehensive income for the year		**12,910**	1,876

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2018

	Note	2018 $'000	2017 $'000 [Re-presented]
Profit for the year attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax		**12,043**	1,811
(Loss)/profit from discontinued operation, net of tax		**(293)**	307
		11,750	2,118
Non-controlling interest			
Profit from continuing operations, net of tax		**–**	61
Profit from discontinued operation, net of tax		**546**	294
		546	355
		12,296	2,473
Total comprehensive income for the year attributable to:			
Owners of the Company		**12,291**	1,521
Non-controlling interests		**619**	355
		12,910	1,876
Total comprehensive income for the year attributable to Owners of the Company:			
Profit from continuing operations, net of tax		**12,582**	1,215
(Loss)/profit from discontinued operation, net of tax		**(291)**	306
		12,291	1,521
Earnings per share from continuing operations (cents per share):			
Basic	11	**5.57**	0.97
Diluted	11	**5.57**	0.97
Earnings per share (cents per share):			
Basic	11	**5.43**	1.14
Diluted	11	**5.43**	1.14

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

BALANCE SHEETS

As at 30 September 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
Non-current assets					
Property, plant and equipment	12	**148,978**	89,136	**60,042**	65,942
Investment properties	13	**2,471**	–	**–**	–
Investment in subsidiaries	14	**–**	–	**225,559**	26,371
Interest in joint venture	15	**12,116**	11,650	**6,076**	6,076
Interest in associates	16	**11,477**	6,714	**13,505**	8,807
Available-for-sale financial assets	17	**109**	1,614	**109**	1,614
Loan to investee company	19	**–**	1,500	**–**	1,500
		175,151	110,614	**305,291**	110,310
Current assets					
Inventories	18	**270,249**	111,433	**158,032**	103,376
Trade and other receivables	19	**180,725**	75,516	**88,271**	85,487
Prepayments		**4,526**	1,022	**4,025**	259
Deposits		**300**	255	**131**	235
Assets held for sale	20	**26,711**	–	**–**	–
Cash and cash equivalents	22	**41,080**	23,989	**15,591**	19,673
		523,591	212,215	**266,050**	209,030
Total assets		**698,742**	322,829	**571,341**	319,340
Current liabilities					
Trade and other payables	23	**58,959**	69,049	**61,379**	61,031
Advances received	24	**3,178**	443	**2,449**	161
Loans and borrowings	25	**255,838**	52,376	**140,691**	52,376
Provisions	27	**20,066**	11,667	**4,998**	11,438
Derivative financial instruments	21	**325**	344	**239**	344
Current income tax liabilities		**5,115**	2,808	**2,665**	2,808
		343,481	136,687	**212,421**	128,158
Net current assets		**180,110**	75,528	**53,629**	80,872
Non-current liabilities					
Provisions	27	**244**	408	**244**	408
Loans and borrowings	25	**82,265**	10,772	**79,948**	10,772
Deferred tax liabilities	28	**12,616**	6,785	**7,258**	6,785
Loan from immediate holding company	26	**23,100**	–	**23,100**	–
		118,225	17,965	**110,550**	17,965
Total liabilities		**461,706**	154,652	**322,971**	146,123
Net assets		**237,036**	168,177	**248,370**	173,217
Equity attributable to owners of the Company					
Share capital	29	**125,001**	68,011	**125,001**	68,011
Treasury shares	29	**(1,105)**	(1,105)	**(1,105)**	(1,105)
Other reserves	30	**(2,218)**	(1,879)	**546**	1,436
Retained earnings		**115,358**	102,728	**123,928**	104,875
Equity attributable to owners of the Company		**237,036**	167,755	**248,370**	173,217
Non-controlling interests		**–**	422	**–**	–
Total equity		**237,036**	168,177	**248,370**	173,217
Total equity and liabilities		**698,742**	322,829	**571,341**	319,340

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 2018

		Attributable to owners of the Company						
	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group								
Balance at 1 October 2016		68,011	(1,044)	(1,193)	105,833	171,607	5	171,612
Effect of adjustment on reclassification of available-for-sale financial assets to associate		–	–	–	(840)	(840)	–	(840)
Profit for the year		–	–	–	2,118	2,118	355	2,473
Other comprehensive income for the year	30	–	–	(597)	–	(597)	–	(597)
Total comprehensive income for the year		–	–	(597)	2,118	1,521	355	1,876
Cash dividends on ordinary shares	31	–	–	–	(4,472)	(4,472)	–	(4,472)
Purchase of treasury shares	29	–	(61)	–	–	(61)	–	(61)
Capital contribution from non-controlling interest		–	–	–	–	–	62	62
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		–	(61)	–	(4,472)	(4,533)	62	(4,471)
Employee share options forfeited		–	–	(89)	89	–	–	–
Balance at 30 September 2017 and 1 October 2017		**68,011**	**(1,105)**	**(1,879)**	**102,728**	**167,755**	**422**	**168,177**
Profit for the year		**-**	**-**	**-**	**11,750**	**11,750**	**546**	**12,296**
Other comprehensive income for the year	30	**-**	**-**	**541**	**-**	**541**	**73**	**614**
Total comprehensive income for the year		**-**	**-**	**541**	**11,750**	**12,291**	**619**	**12,910**
Conversion of bonds	25	**10,000**	**-**	**-**	**-**	**10,000**	**-**	**10,000**
Issuance of shares	29	**46,990**	**-**	**-**	**-**	**46,990**	**-**	**46,990**
Capital contribution from non-controlling interest		**-**	**-**	**-**	**-**	**-**	**840**	**840**
Total contributions by and distributions to owners		**56,990**	**-**	**-**	**-**	**56,990**	**840**	**57,830**
Acquisition of non-controlling interests without a change in control		**-**	**-**	**5**	**(5)**	**-**	**(9)**	**(9)**
Disposal of a subsidiary		**-**	**-**	**-**	**-**	**-**	**(1,872)**	**(1,872)**
Total changes in ownership interests in subsidiaries		**-**	**-**	**5**	**(5)**	**-**	**(1,881)**	**(1,881)**
Total transactions with owners in their capacity as owners		**56,990**	**-**	**5**	**(5)**	**56,990**	**(1,041)**	**55,949**
Employee share options cancelled		**-**	**-**	**(885)**	**885**	**-**	**-**	**-**
Balance at 30 September 2018		**125,001**	**(1,105)**	**(2,218)**	**115,358**	**237,036**	**-**	**237,036**

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 2018

	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Company						
Balance at 30 September 2016		68,011	(1,044)	1,499	108,356	176,822
Profit for the year		–	–	–	902	902
Other comprehensive income for the year	30	–	–	26	–	26
Total comprehensive income for the year		–	–	26	902	928
Cash dividends on ordinary shares	31	–	–	–	(4,472)	(4,472)
Purchase of treasury shares	29	–	(61)	–	–	(61)
Total contributions by and distributions to owners		–	(61)	–	(4,472)	(4,533)
Employee share options forfeited		–	–	(89)	89	–
Balance at 30 September 2017 and 1 October 2017		**68,011**	**(1,105)**	**1,436**	**104,875**	**173,217**
Profit for the year		**-**	**-**	**-**	**18,168**	**18,168**
Other comprehensive income for the year	30	**-**	**-**	**(5)**	**-**	**(5)**
Total comprehensive income for the year		**-**	**-**	**(5)**	**18,168**	**18,163**
Conversion of bonds	25	**10,000**	**-**	**-**	**-**	**10,000**
Issuance of shares	29	**46,990**	**-**	**-**	**-**	**46,990**
Total contributions by and distributions to owners		**56,990**	**-**	**-**	**-**	**56,990**
Employee share options cancelled		**-**	**-**	**(885)**	**885**	**-**
Balance at 30 September 2018		**125,001**	**(1,105)**	**546**	**123,928**	**248,370**

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 2018

	Note	2018 $'000	2017 $'000
Operating activities			
Profit before tax from continuing operations		**15,650**	3,024
Profit before tax from discontinued operation		**270**	601
		15,920	3,625
Adjustments for:			
Share of results of joint venture	15	**(777)**	(1,746)
Share of results of associates	16	**1,605**	1,449
Amortisation of club memberships		**12**	–
Depreciation of investment properties	13	**23**	–
Depreciation of property, plant and equipment	12	**10,829**	7,646
Write-off of property, plant and equipment	7	**4**	4
Allowance for/(reversal of) inventory obsolescence	18	**578**	(1,255)
Allowance for impairment of trade receivables, net	19	**2,542**	16
Fair value changes on derivatives, net	21	**380**	887
Gain on disposal of property, plant and equipment	7	**(22)**	(2)
Gain on disposal of club memberships		**(455)**	–
Goodwill on acquisition of subsidiary written off	14	**55**	–
Loss on disposal of investment in a subsidiary	10	**863**	–
Bad debts recovered		**(1)**	(34)
Bad debts written off		**14**	–
(Reversal of)/provision for onerous contracts	7	**(11,983)**	9,075
Provision for retirement benefits	8	**22**	15
Unrealised exchange differences		**(869)**	(279)
Interest expense		**5,202**	1,539
Interest income	5	**(1,153)**	(621)
Dividend income from investments in available-for-sale financial assets	5	**(5)**	(5)
Operating cash flow before working capital changes		**22,784**	20,314
Changes in working capital			
Trade and other receivables		**(4,777)**	(9,491)
Inventories		**(42,614)**	(18,733)
Prepayments and deposits		**(2,646)**	3,166
Development costs for assets held for sale		**(211)**	–
Trade and other payables		**19,808**	36,137
Cash flows (used in)/generated from operations		**(7,656)**	31,393
Income taxes paid		**(3,075)**	(606)
Retirement benefits paid	27	**(186)**	(34)
Net cash flows (used in)/generated from operating activities		**(10,917)**	30,753

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 2018

	Note	2018 $'000	2017 $'000
Investing activities			
Purchases of property, plant and equipment	12	**(26,865)**	(19,318)
Acquisition of non-controlling Interest		**(9)**	–
Proceeds from disposal of property, plant and equipment		**586**	80
Proceeds from disposal of club memberships		**810**	–
Proceeds from disposal of a subsidiary, net of cash disposed off	10	**936**	–
Capital contribution from non-controlling interest of a subsidiary		**840**	62
Net cash outflow from acquisition of subsidiaries	14	**(142,334)**	–
Proceeds from disposal/(purchase) of available-for-sale financial assets		**1,500**	(1,500)
Proceeds from repayment of loan from/(loan to) investee company		**1,500**	(1,500)
Interest received		**694**	621
Dividend income from investments in available-for-sale financial assets		**5**	5
Dividend income from interest in joint venture	15	**-**	120
Long term loan to associates		**(4,632)**	(2,459)
Net cash flows used in investing activities		**(166,969)**	(23,889)
Financing activities			
Purchase of treasury shares		**-**	(61)
Repayment of finance lease	25	**(2,504)**	(2,693)
Net proceeds from short-term borrowings	25	**52,552**	13,956
Proceeds from bank loan		**129,311**	–
Repayment of bank loan		**(50,000)**	–
Proceeds from issuance of shares	29	**46,990**	–
Proceeds from loan from immediate holding company	26	**23,100**	–
Dividends paid on ordinary shares	31	**-**	(4,472)
Interest paid		**(4,490)**	(1,539)
Net cash flows generated from financing activities		**194,959**	5,191
Net increase in cash and cash equivalents		**17,073**	12,055
Cash and cash equivalents at beginning of year		**23,989**	11,938
Effects of exchange rate changes on cash and cash equivalents		**18**	(4)
Cash and cash equivalents at end of year	22	**41,080**	23,989

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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 14 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 ("FRS").

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.

<u>Convergence with International Financial Reporting Standards</u>

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework "SFRS (I)" identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 October 2018.

The Group has performed an assessment of the impact of adopting the new financial reporting framework. Other than the adoption of the new standards that are effective on 1 October 2018, the Group expects that the adoption of the new framework will have no material impact on the financial statements in the year of initial application. The Group expects that the impact of adopting the new standards that are effective on 1 October 2018 will be similar to that as disclosed in Note 2.3.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except 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 2017, including the Amendments to FRS 7 Disclosure Initiative. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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**
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 115 *Clarifications to FRS 115 Revenue from Contracts with Customers*	1 January 2018
Improvements to FRSs (December 2016)	
(a) Amendments to FRS 28 *Investments in Associate and Joint Venture*	1 January 2018
(b) INT FRS 122 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
FRS 116 *Leases*	1 January 2019
Amendments to FRS 28: *Long-term interests in Associates and Joint Ventures*	1 January 2019
Amendments to FRS 109: *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to FRS 19: *Plan Amendment, Curtailment or Settlement*	1 January 2019
Improvements to FRSs (March 2018)	
(a) Amendments to FRS 103 *Business Combinations*	1 January 2019
(b) Amendments to FRS 111 *Joint Arrangements*	1 January 2019
(c) Amendments to FRS 12 *Income Taxes*	1 January 2019
(d) Amendments to FRS 23 *Borrowing Costs*	1 January 2019
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

As disclosed in Note 2.1, the Group will adopt SFRS (I) on 1 October 2018. Upon adoption of SFRS (I), the SFRS (I) equivalent of the above standards that are effective on 1 October 2018 will be adopted at the same time.

Except for SFRS(I) 9, SFRS(1) 15 and SFRS(I) 16, the directors expect that the adoption of SFRS(I) equivalent of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 9, SFRS(I) 15 and SFRS(I) 16 are described below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.3 Standards issued but not yet effective (cont'd)

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

SFRS(I) 9 requires the Group to record expected credit losses on loans and receivables, either on a 12 month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group does not expect a significant impact on its equity. The Group will continuously perform a detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in SFRS(I) 15 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

The Group has performed a preliminary impact assessment of adopting SFRS(I) 15 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 15 in 2018.

The Group plans to apply the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

The Group plans to adopt the new standard on the required effective date by applying SFRS(I) 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 October 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to SFRS(I) 16 and assessing the possible impact of adoption.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(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.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

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

(b) *Business combinations and goodwill (cont'd)*

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 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.6 Foreign currency (cont'd)

(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.

2.7 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 FRS 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 buildings	–	Over the lease term of between 11 to 36 years
Plant and machinery	–	4 to 15 years
Motor vehicles	–	7 years
Furniture and equipment	–	3 to 5 years
Formwork	–	10 years

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.7 Property, plant and equipment (cont'd)

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.

2.8 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that is 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 remaining 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.

2.9 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 of continuing operations 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.9 Impairment of non-financial assets (cont'd)

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.

2.10 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 financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 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 2.12.

2.12 Joint venture and associate

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

On acquisition of the interest, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.12 Joint venture and associate (cont'd)

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 associate or joint venture. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate 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 in profit or loss.

The financial statements of the associate and joint venture is 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 separate financial statements, investments in joint venture and associate are stated at cost less impairment loss.

2.13 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 instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.13 Financial instruments (cont'd)

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

Subsequent measurement (cont'd)

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.13 Financial instruments (cont'd)

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

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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.14 Impairment of financial assets (cont'd)

(a) *Financial assets carried at amortised cost (cont'd)*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include: (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.15 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.

2.16 Asset held for sale

Asset held for sale is property acquired or 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 inventories 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 costs of asset held for sale recognised in profit or loss on disposal are 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.17 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.

2.18 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.

2.19 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 recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.21 Convertible bonds

Convertible bonds are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption in accordance with the accounting policy set out in Note 2.13(b).

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

No conversion option (equity component) was recognised by the Group and Company as the difference in the fair value of the liability component and the proceeds from the bonds was not significant.

2.22 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 may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income".

2.23 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 Company 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 (1) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.23 Employee benefits (cont'd)

(b) *Retirement benefits (cont'd)*

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.

(c) *Employee share option scheme*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.23 Employee benefits (cont'd)

(d) *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.

2.24 Leases

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.25(b).

2.25 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Rental income*

Rental income arising from operating leases 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.25 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.

2.26 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 taxable 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.26 Taxes (cont'd)

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

– 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.

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.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

2.29 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.

2.30 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

(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 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 reporting date. 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

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(a) *Impairment of investment in subsidiary*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the 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, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

3.1 Judgements made in applying accounting policies (cont'd)

(a) *Impairment of investment in subsidiary (cont'd)*

As at 30 September 2018, based on the results of the subsidiaries, indicators of impairment was noted in the cost of investment for BRC Prefab Holdings Sdn Bhd. Management prepared a discounted cash flow analysis to determine the recoverable amount of the subsidiary using the value in use (VIU) model, based on assumptions such as forecasted revenue, profit margin, terminal growth rate and discount rate. Correspondingly, the Company recorded an impairment loss of $Nil (2017: $3,800,000) on its cost of investment in the subsidiary.

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 loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 19 of the financial statements.

(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 2018 was $20,066,000 (2017: $11,667,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

4. Revenue

	Group	
	2018	**2017**
	$'000	$'000
Sale of goods	**567,009**	310,148

5. Other income

	Group	
	2018	**2017**
	$'000	$'000
Interest income - loans and receivables	**1,153**	621
Dividend income from available-for-sale financial assets	**5**	5
Government grant	**184**	233
Rental income	**56**	–
Sundry income	**12**	134
Gain on disposal of property, plant and equipment	**22**	2
Gain on disposal of club membership	**455**	–
Foreign exchange gain, net	**595**	–
	2,482	995

Government grant income relates mainly to Special Employment Credit ("SEC") grants, Wage Credit Scheme ("WCS"), Temporary Employment Credit ("TEC") and Workforce Training and Upgrading.

From 2012 to 2016, employers who hire Singaporean employees aged above 50 earning up to $4,000 a month receive SEC of up to 8% of the employee's monthly wages. The SEC has been extended for three years (1 January 2017 to 31 December 2019) to continue providing a wage-offset to employers hiring Singaporean workers aged 55 and above, and earning up to $4,000.

Under the WCS, the government will co-fund 40% of wage increases given to Singapore Citizen employees earning a gross monthly wage of $4,000 and below in 2013 – 2015. To give firms more time to adjust to rising wages in the tight labour market, the government has extended the WCS for two more years, i.e. 2016 and 2017, with reduced level of co-funding at 20% (instead of 40%) of wage increases given to Singaporean employees earning a gross monthly wage of $4,000 and below. To support businesses embarking on transformation efforts and encourage sharing of productivity gains with workers, the WCS has been further extended for 3 more years (2018 to 2020). Government co-funding will be maintained at 20% in 2018. Subsequently, the co-funding ratio will be stepped down to 15% in 2019 and 10% in 2020.

The TEC was announced as a Budget 2014 initiative to help employers adjust to the increase in CPF contribution rates which took effect in January 2015 and January 2016. With the TEC, the Company will receive wage offsets of 1%, 1% and 0.5% of wages (up to the ordinary wage ceiling per month or CPF annual limit) for Singaporean and Singapore Permanent Resident (PR) employees in 2015, 2016 and 2017 respectively.

The Workforce Training and Upgrading Scheme co-funds the costs of selected skills assessment and training courses to upgrade the skills of workforce in the built environment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

6. Finance costs

	Group 2018 $'000	Group 2017 $'000
Interest expense		
- bills payable to banks	**3,106**	924
- finance lease	**69**	112
- bank loan	**1,189**	–
- loan from immediate holding company	**638**	–
- convertible bond	**200**	500
	5,202	1,536

7. Profit before tax from continuing operations

Profit before tax from continuing operations is arrived at after charging/(crediting) items in Notes 5 and 6 and the following:

	Group 2018 $'000	Group 2017 $'000
Audit fees paid/payable to		
- auditors of the company	**454**	190
- other auditors	**17**	8
Non-audit fees paid/payable to		
- auditors of the company	**42**	12
- other auditors	**-**	20
Depreciation of property, plant and equipment	**9,842**	7,158
Depreciation of investment properties (Note 13)	**23**	–
Amortisation of club memberships	**12**	–
Operating lease expense	**7,484**	5,498
Foreign exchange (gain) /loss, net	**(595)**	1,122
Loss from fair value changes on derivatives, net	**380**	887
(Reversal of)/provision for onerous contracts (Note 27)	**(11,983)**	9,075
Allowance for impairment of trade receivables, net (Note 19)	**2,542**	16
Bad debts recovered	**(1)**	(34)
Bad debts written off	**14**	–
Allowance for/(reversal of) inventory obsolescence (Note 18)	**578**	(1,255)
Gain on disposal of property, plant and equipment	**(22)**	(2)
Write-off of property, plant and equipment	**4**	4
Employee compensation (Note 8)	**24,396**	14,912
Utilities	**3,142**	2,477
Repair and maintenance	**5,844**	5,040
Transportation expenses	**7,822**	6,729
Legal and other professional fees	**4,431**	576
Inventories recognised as an expense in cost of sales (Note 18)	**467,842**	257,412

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

8. Employee compensation

	Group 2018 $'000	Group 2017 $'000
Wages and salaries	**23,091**	13,907
Employer's contribution to Central Provident Fund	**1,283**	990
Retirement benefits (Note 27)	**22**	15
	24,396	14,912

Employee share option scheme

Under the BRC Share Option Scheme 2011 (the "Scheme"), share options were granted on 15 March 2011, 6 March 2012, and 28 March 2013 respectively to all eligible employees except for controlling shareholders or associates of such controlling shareholders [as defined in the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST")]. The terms of the Scheme are stated in the Directors' Report.

Movement in the number of unissued ordinary shares under option and their exercise prices is as follows:

	Number of ordinary shares under option						
Group and Company	**At beginning of financial year** '000	**Granted during financial year** '000	**Forfeited during financial year** '000	**Surrendered for cancellation during financial year** '000	**At end of financial year** '000	**Exercise price**	**Exercise period**
2018							
2013 Options – discounted	**1,064**	**-**	**-**	**(1,064)**	**-**		
2013 Options – undiscounted	**3,987**	**-**	**-**	**(3,987)**	**-**		
	5,051	**-**	**-**	**(5,051)**	**-**		
2017							
2013 Options – discounted	1,240	-	(176)	-	1,064	$0.81	28.3.2015 - 27.3.2018
2013 Options – undiscounted	4,307	-	(320)	-	3,987	$0.90	28.3.2014 - 27.3.2018
	5,547	-	(496)	-	5,051		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

8. Employee compensation (cont'd)

Employee share option scheme (cont'd)

- The number of options outstanding and exercisable as at 30 September 2018 was Nil. (2017: 5,051,000).
- The weighted average exercise price for options exercised during the financial year is $Nil. (2017: $Nil).
- The weighted average exercise price for options outstanding at the end of the reporting period is $Nil. (2017: $0.88).
- The weighted average remaining contractual life for these options is Nil (2017: 0.49) years.

No share options were granted in the current and previous financial years.

Pursuant to the mandatory conditional cash offer dated 22 September 2017 by Esteel Enterprise Pte. Ltd. (the "Offeror") to acquire all issued ordinary shares in the capital of the Company, the Offeror made a proposal ("Options Proposal") to the holders of the share options to pay to them a cash amount in consideration of them agreeing not to exercise any options into new shares and not to exercise any of their rights as option holders. As at the financial year ended 30 September 2018, all outstanding options have been surrendered for cancellation as the holders of all outstanding options have accepted the Options Proposal.

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 September 2018 and 2017 are:

	Group	
	2018	**2017**
	$'000	$'000
Current income tax – continuing operations		
- Current financial year	**2,481**	2,628
- Under provision in respect of previous financial years	**106**	6
	2,587	2,634
Deferred income tax – continuing operations		
- Current financial year arising from origination and reversal of temporary differences	**985**	(1,511)
- Under provision in respect of previous financial years	**35**	29
	1,020	(1,482)
Income tax expense attributable to continuing operations	**3,607**	1,152
Income tax expense attributable to discontinued operation (Note 10)	**17**	–
Income tax expense recognised in profit or loss	**3,624**	1,152

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

9. Income tax expense (cont'd)

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 2018 and 2017 is as follows:

	Group	
	2018	**2017**
	$'000	$'000
Profit before tax from continuing operations	**15,650**	3,024
Profit before tax from discontinued operations (Note 10)	**270**	601
Accounting profit before tax	**15,920**	3,625
Tax calculated at domestic rates applicable to profits in the countries where the Group operates	**2,740**	(515)
Adjustments:		
Income not subject to taxation	**(68)**	(318)
Expenses not deductible for tax purposes	**1,355**	1,168
Effect of partial tax exemption and tax relief	**(87)**	(126)
Effects of deferred tax assets not recognised	**31**	896
Effects of enhanced capital allowances and investment allowances	**(521)**	–
Under provision in respect of previous financial years	**141**	35
Others	**33**	12
Income tax expense recognised in profit or loss	**3,624**	1,152

As at 30 September 2018, a subsidiary of the Group has unutilised tax losses and unabsorbed capital allowances amounting to $2,968,000 (2017: $2,968,000) and $3,350,000 (2017: $3,220,000) 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. These losses and capital allowances have no expiry date.

The Company and one of its subsidiary company are entitled to investment allowances at a support level of 50% on the approved fixed capital expenditure inccured under the Investment Allowance Scheme ("IAS") administered by the Building and Construction Authority ("BCA") of Singapore.

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 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

10. Discontinued operation

On 10 July 2018, the Company announced the decision of its board of directors to dispose its 51%-owned subsidiary, Nuformsystem (M) Sdn Bhd (NFSB), which was previously reported in the renting of construction equipment segment. The disposal consideration was fully settled in cash. The decision is consistent with the Group's strategy to focus on its core fabrication and manufacturing businesses and to divest its renting of construction equipment business. The disposal of NFSB was completed on 16 August 2018.

The value of assets and liabilities of NFSB recorded in the consolidated financial statements as at 16 August 2018, and the effects of the disposal were:

	2018 $'000
Carrying amounts of assets and liabilities as at date of disposal	
Property, plant and equipment	35,408
Inventories	290
Trade and other receivables	3,589
Deposits	27
Cash and cash equivalents	84
	39,398
Trade and other payables	(34,878)
Advances received	(679)
Loans and borrowings	(19)
Net assets derecognised	3,822
Less: Non-controlling interests	(1,872)
Net assets disposed off	1,950
Cash inflow arising from disposal	
Cash consideration	1,020
Cash and cash equivalents of the subsidiary	(84)
Net cash inflow on disposal of a subsidiary	936
Loss on disposal:	
Cash received	1,020
Net assets disposed off	(1,950)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control	67
	(863)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

10. Discontinued operation (cont'd)

Income statements disclosures

The results of NFSB for the years ended 30 September are as follows:

	Group	
	2018	**2017**
	$'000	$'000
Revenue	**2,118**	1,478
Expenses	**(985)**	(877)
Profit before tax	**1,133**	601
Income tax expense	**(17)**	–
Profit, net of tax	**1,116**	601
Loss on disposal of subsidiary	**(863)**	–
Profit from discontinued operations, net of tax	**253**	601
Profit before tax from discontinued operations	**270**	601

Cash flow statement disclosure

The cash flows attributable to NFSB are as follows:

	Group	
	2018	**2017**
	$'000	$'000
Operating	**24,319**	12,224
Investing	**(25,950)**	(10,031)
Net cash (outflows)/inflows	**(1,631)**	2,193

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

10. Discontinued operation (cont'd)

Earnings per share disclosure

	Group 2018 $'000	Group 2017 $'000
(Loss)/profit per share from discontinued operations, attributable to owners of the Company (cents per share)		
Basic	**(0.14)**	0.16
Diluted	**(0.14)**	0.16

The basic and diluted (loss)/profit per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. These loss/(profit) and share data are presented in the tables in Note 11(a).

11. Earnings per share

(a) *Continuing operations*

Basic earnings per share from continuing operations are calculated by dividing profit from continuing operations, 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.

Diluted earnings per share is calculated by dividing profit from continuing operations, net of tax for the financial year attributable to owners of the parent by the weighted average number of ordinary shares (excluding treasury shares) outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The earnings per share is calculated as follows:

	Group 2018 $'000	Group 2017 $'000
Profit for the year attributable to owners of the Company	**11,750**	2,118
Add: Loss/(profit) from discontinued operation, net of tax attributable to owners of the Company	**293**	(307)
Profit from continuing operations, net of tax attributable to owners of the Company	**12,043**	1,811

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

11. Earnings per share (cont'd)

(a) *Continuing operations (cont'd)*

	Group	
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares (excluding treasury shares) for basic and diluted earnings per share computation	**216,192**	186,356
Basic and diluted earnings per share (cents) from continuing operations	**5.57**	0.97
Basic and diluted earnings per share (cents)	**5.43**	1.14

There were no share options granted to employees under the BRC Share Option Scheme 2011 and no convertible bonds outstanding as at 30 September 2018.

5,051,000 share options granted to employees in 2013 under the BRC Share Option Scheme 2011 and 10,000,000 convertible bonds outstanding as at 30 September 2017 were not included in the calculation of diluted earnings per share for 2017 because they are anti-dilutive.

(b) Earnings per share computations

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares (excluding treasury shares).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

12. Property, plant and equipment

	Leasehold buildings $'000	Freehold land $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and equipment $'000	Construction in progress $'000	Formwork $'000	Total $'000
Group								
Cost or valuation								
At 1 October 2016	30,706	2,217	104,711	1,759	6,187	25	–	145,605
Represented by:								
Cost	24,406	2,217	104,711	1,759	6,187	25	–	139,305
Valuation	6,300	–	–	–	–	–	–	6,300
Additions	197	–	3,506	–	174	5,545	10,033	19,455
Reclassification	140	–	3,624	205	66	(4,035)	–	–
Disposal	–	–	(1,530)	–	(11)	–	–	(1,541)
Written-off	–	–	(6)	–	(260)	–	–	(266)
Exchange differences	(123)	(56)	(140)	–	(17)	–	–	(336)
At 30 September 2017 and 1 October 2017	**30,920**	**2,161**	**110,165**	**1,964**	**6,139**	**1,535**	**10,033**	**162,917**
Represented by:								
Cost	**24,620**	**2,161**	**110,165**	**1,964**	**6,139**	**1,535**	**10,033**	**156,617**
Valuation	**6,300**	**-**	**-**	**-**	**-**	**-**	**-**	**6,300**
Additions	**58**	**-**	**497**	**37**	**104**	**737**	**25,432**	**26,865**
Acquisition of subsidiary	**38,837**	**-**	**28,254**	**5,590**	**1,168**	**4,114**	**-**	**77,963**
Reclassification	**-**	**-**	**1,897**	**62**	**192**	**(2,151)**	**-**	**-**
Disposal	**-**	**-**	**(3,772)**	**(582)**	**(127)**	**-**	**-**	**(4,481)**
Disposal of subsidiary	**-**	**-**	**(5)**	**(39)**	**(61)**	**-**	**(36,839)**	**(36,944)**
Written-off	**-**	**-**	**(22)**	**-**	**(260)**	**-**		**(282)**
Exchange differences	**165**	**77**	**318**	**2**	**33**	**42**	**1,374**	**2,011**
At 30 September 2018	**69,980**	**2,238**	**137,332**	**7,034**	**7,188**	**4,277**	**-**	**228,049**
Represented by:								
Cost	**63,680**	**2,238**	**137,332**	**7,034**	**7,188**	**4,277**	**-**	**221,749**
Valuation	**6,300**	**-**	**-**	**-**	**-**	**-**	**-**	**6,300**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

	Leasehold buildings	Freehold land	Plant and machinery	Motor vehicles	Furniture and equipment	Construction in progress	Formwork	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Accumulated depreciation								
At 1 October 2016	13,102	–	48,721	831	5,272	–	–	67,926
Disposal	–	–	(1,452)	–	(11)	–	–	(1,463)
Written-off	–	–	(3)	–	(259)	–	–	(262)
Exchange differences	(14)	–	(41)	–	(11)	–	–	(66)
Depreciation charge	1,073	–	5,348	220	529	–	476	7,646
At 30 September 2017 and 1 October 2017	**14,161**	**–**	**52,573**	**1,051**	**5,520**	**–**	**476**	**73,781**
Disposal	**–**	**–**	**(3,772)**	**(19)**	**(126)**	**–**	**–**	**(3,917)**
Disposal of subsidiary	**–**	**–**	**–**	**(2)**	**(24)**	**–**	**(1,510)**	**(1,536)**
Written-off	**–**	**–**	**(18)**	**–**	**(260)**	**–**	**–**	**(278)**
Exchange differences	**25**	**–**	**87**	**–**	**22**	**–**	**58**	**192**
Depreciation charge	**2,040**	**–**	**6,665**	**538**	**610**	**–**	**976**	**10,829**
At 30 September 2018	**16,226**	**–**	**55,535**	**1,568**	**5,742**	**–**	**–**	**79,071**
Net carrying amount								
At 30 September 2017	16,759	2,161	57,592	913	619	1,535	9,557	89,136
At 30 September 2018	**53,754**	**2,238**	**81,797**	**5,466**	**1,446**	**4,277**	**–**	**148,978**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

	Leasehold 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 2016	25,942	85,861	1,759	5,442	6	119,010
Represented by:						
Cost	19,642	85,861	1,759	5,442	6	112,710
Valuation	6,300	–	–	–	–	6,300
Additions	197	74	–	–	4,029	4,300
Reclassification	140	3,624	205	66	(4,035)	–
Disposal	–	(105)	–	(11)	–	(116)
Written-off	–	(6)	–	(260)	–	(266)
At 30 September 2017 and 1 October 2017	**26,279**	**89,448**	**1,964**	**5,237**	**–**	**122,928**
Represented by:						
Cost	**19,979**	**89,448**	**1,964**	**5,237**	**–**	**116,628**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**6,300**
Additions	**–**	**15**	**–**	**–**	**527**	**542**
Reclassification	**–**	**250**	**62**	**192**	**(504)**	**–**
Disposal	**–**	**(3,772)**	**–**	**(126)**	**–**	**(3,898)**
Written-off	**–**	**(22)**	**–**	**(256)**	**–**	**(278)**
At 30 September 2018	**26,279**	**85,919**	**2,026**	**5,047**	**23**	**119,294**
Represented by:						
Cost	**19,979**	**85,919**	**2,026**	**5,047**	**23**	**112,994**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**6,300**
Accumulated depreciation						
At 1 October 2016	12,578	32,559	831	4,809	–	50,777
Disposal	–	(15)	–	(11)	–	(26)
Written-off	–	(3)	–	(259)	–	(262)
Depreciation charge	887	5,021	220	369	–	6,497
At 30 September 2017 and 1 October 2017	**13,465**	**37,562**	**1,051**	**4,908**	**–**	**56,986**
Disposal	**–**	**(3,772)**	**–**	**(125)**	**–**	**(3,897)**
Written-off	**–**	**(18)**	**–**	**(256)**	**–**	**(274)**
Depreciation charge	**883**	**5,073**	**223**	**258**	**–**	**6,437**
At 30 September 2018	**14,348**	**38,845**	**1,274**	**4,785**	**–**	**59,252**
Net carrying amount						
At 30 September 2017	12,814	51,886	913	329	–	65,942
At 30 September 2018	**11,931**	**47,074**	**752**	**262**	**23**	**60,042**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

Assets under construction

The Group's and Company's assets under construction as at 30 September 2018 and 30 September 2017 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 appraisals received from 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 FRS16 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 (2017: Nil).

Assets held under finance leases

During the financial year, the Group acquired plant and machinery with an aggregate cost of $Nil (2017: $137,000) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to $26,865,000 (2017: $19,318,000).

The carrying amount of motor vehicle and plant and machinery held under finance leases at the end of the reporting period were $2,773,000 and $7,140,000 (2017: $Nil and $8,327,000) respectively.

The leased assets are pledged as security for the related finance lease liabilities.

13. Investment properties

	Group $'000
Balance sheet:	
Cost:	
Acquisition of subsidiaries	2,494
At 30 September 2018	2,494
Accumulated depreciation:	
Depreciation charge for the year	23
At 30 September 2018	23
Net carrying amount:	
At 30 September 2017	–
At 30 September 2018	2,471

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

13. Investment properties (cont'd)

	Group	
	2018	**2017**
	$'000	$'000
Statement of comprehensive income:		
Rental income from investment properties:		
- Minimum lease payments	**56**	–
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	**(49)**	–

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 2018 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
Factory unit, 3791 Jalan Bukit Merah^	Industrial	Leasehold	45 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 550,000 in January 2018. The valuation was carried out based on direct comparison approach in which current market conditions and other relevant factors were considered. The fair value as at 30 September 2018 approximates the fair value determined in January 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

14. Investment in subsidiaries

	Company 2018 $'000	Company 2017 $'000
Shares, at cost:		
Balance as at beginning of the year	**18,226**	18,160
Acquisition of subsidiaries	**199,311**	–
Disposal of subsidiary	**(1,007)**	–
Additional investment in subsidiaries	**884**	66
	217,414	18,226
Impairment losses	**(3,857)**	(3,857)
At the end of the financial year	**213,557**	14,369
Intercompany indebtedness:		
Non-trade amount due from a subsidiary	**12,002**	12,002
Total investment in subsidiaries	**225,559**	26,371

During the financial year, the Company subscribed for additional 2,652,000 (2017: 204,000) ordinary shares in Nuformsystem (M) Sdn Bhd ("NMSB") for a consideration of RM2,652,000 (2017: RM204,000). The subsidiary was subsequently disposed in August 2018 (Note 10).

Intercompany indebtedness

The amounts owing by a subsidiary included as part of the Company's net investment in the subsidiary are unsecured, bear interest at 1.94% to 2.42% per annum (2017: 1.58% to 1.69%), have no fixed repayment terms and are repayable only when the cash flows of the subsidiary permit.

a. Composition of the Group

Details of the subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation/ business	Proportion (%) of ownership interest 2018	Proportion (%) of ownership interest 2017
	Held by the Company				
(1)	Lee Metal Group Ltd	Prefabrication, manufacturing and sale, and trading of steel products	Singapore	**100**	–
(2)	BRC Prefab Holdings Sdn. Bhd.	Prefabrication, manufacturing and sale, and trading of steel products	Malaysia	**100**	100
(3)	BRC Prefab Sdn. Bhd.	Inactive	Malaysia	**100**	70
#	BRC International Pte Ltd (f.k.a Eva Investments Pte Ltd)	Dormant	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

14. Investment in subsidiaries (cont'd)

a. Composition of the Group (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation/ business	Proportion (%) of ownership interest 2018	2017
	Held by the Company				
	Nuformsystem (M) Sdn. Bhd.	Renting of construction equipment	Malaysia	-	51
	Held through Lee Metal Group Ltd				
(1)	Lee Welded Mesh Singapore Pte Ltd	Manufacture of reinforcing mesh and any other manufactured mesh and the processing of fabricated reinforcing bars	Singapore	**100**	–
(1)	Steel Park International Pte Ltd	Inactive	Singapore	**100**	–
(2)	Steel Park Malaysia Sdn. Bhd.	Trading business of steel, metal and related materials	Malaysia	**100**	–
(1)	LMG Realty Pte. Ltd.	Property development and investment	Singapore	**100**	–
#	Listeel Hong Kong Limited	Inactive	Hong Kong	**100**	–
^	Lee Metal Investment Pte Ltd	Investment holding	Singapore	**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, Tan & Associates.
Not required to be audited.
^ Struck off on 4 December 2018.

b. Interest in subsidiaries with material non-controlling interest (NCI)

As at 30 September 2017, the Group has the following subsidiary that has NCI that is material to the Group. The Group has subsequently disposed this subsidiary in August 2018 (Note 10).

30 September 2017

Name of Subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000
Nuformsystem (M) Sdn. Bhd.	Malaysia	49%	294	420

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

14. Investment in subsidiaries (cont'd)

c. Summarised financial information about subsidiaries with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of the subsidiary is as follows:

Summarised balance sheet

	2018	2017
	$'000	$'000
Current		
Assets	-	3,113
Liabilities	-	(11,861)
Net current (liabilities)/assets	-	(8,748)
Non-current		
Assets	-	9,605
Net assets	-	857

Summarised statement of comprehensive income

	2018	2017
	$'000	$'000
Revenue	-	1,478
Profit before tax	-	601
Income tax expense	-	–
Other comprehensive income	-	(1)
Total comprehensive income	-	600

Other summarised information

	Company	
	2018	2017
	$'000	$'000
Net cash flows from operations	-	11,000
Acquisition of significant plant and equipment	-	10,095

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

14. Investment in subsidiaries (cont'd)

d. Acquisition of subsidiaries

The Company acquired 100% equity interest of Lee Metal Group Ltd ("Lee Metal Group"), a manufacturer of prefabrication, manufacturing and sale, and trading of steel products in Singapore. Upon the acquisition, Lee Metal Group became a subsidiary of the Group. The Group acquired Lee Metal Group in order to strengthen its position as a leader of prefabrication, manufacturing and sale, and trading of steel products in Singapore. The acquisition is expected to reduce costs through economies of scale in the long run.

The fair value of the identifiable assets and liabilities as at acquisition date were:

	2018 $'000
Cash and cash equivalents	56,977
Inventories	117,070
Assets held for sale	26,500
Trade and other receivables	106,288
Prepayment	761
Derivative	399
Investment properties	2,494
Property, plant and equipment	77,963
Deferred tax assets	789
Investment in associates	1,698
Club membership	367
	391,306
Trade and other payables	(7,682)
Loans and borrowings	(155,615)
Provision	(20,375)
Income tax liabilities	(2,778)
Deferred tax liabilities	(5,600)
	(192,050)
Total identifiable net assets at fair value	199,256
Goodwill arising from acquisition	55
	199,311
Effect of the acquisition of Lee Metal Group on cash flows	
Total consideration settled in cash	199,311
Less: Cash and cash equivalents acquired	(56,977)
Net cash outflow from acquisition	142,334

Goodwill arising from acquisition

The goodwill of $55,000 comprises the value of strengthening the Group's market position and cost reduction synergies expected to arise from the acquisition and is allocated entirely to the prefabrication and manufacturing segment. This has been written off during the year as the amount is determined by management not to be significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

14. Investment in subsidiaries (cont'd)

d. Acquisition of subsidiaries

Transaction costs

Transaction costs related to the acquisition of $3,494,000 have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the year ended 30 September 2018.

Trade and other receivables acquired

The fair value of trade and other receivables is $106,288,000 and includes trade receivables of $93,125,000 and other receivables and deposits of $13,163,000, which is also the gross contractual amount. It is expected that the full contractual amount can be collected.

Impact of the acquisition on profit or loss

From the acquisition date, Lee Metal Group has contributed $135,852,000 of revenue and $5,468,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the Group's revenue from continuing operations would have been $829,213,000 and the Group's profit from continuing operations, net of tax would have been $9,461,000.

Fair value

The Group has engaged independent valuers to determine the fair value of the assets acquired. There is no additional intangible asset arising from the acquisition. The valuation of the acquired assets was finalised during the year.

15. Interest in joint venture

The Company has a 50% (2017: 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**	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Unquoted shares, at cost	**6,076**	6,076	**6,076**	6,076
Share of post-acquisition reserves	**6,606**	5,829	**-**	–
Less: Accumulated dividends received	**(224)**	(224)	**-**	–
Effects of exchange rates	**(342)**	(31)	**-**	–
	12,116	11,650	**6,076**	6,076

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

15. Interest in joint venture (cont'd)

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

	Group	
	2018	**2017**
	$'000	$'000
Summarised balance sheet:		
Cash and cash equivalents	**6,236**	1,656
Other current assets	**32,955**	35,646
Current assets	**39,191**	37,302
Non-current assets	**2,915**	2,870
Total assets	**42,106**	40,172
Current liabilities	**7,321**	6,670
Non-current liabilities	**10,553**	10,202
Total liabilities	**17,874**	16,872
Net assets	**24,232**	23,300
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets/carrying amount of the investment	**12,116**	11,650
Summarised statement of comprehensive income:		
Revenue	**116,588**	67,186
Depreciation	**(299)**	(650)
Interest expense	**(580)**	(430)
Operating expenses	**(114,054)**	(62,580)
Profit before tax	**1,655**	3,526
Tax	**(101)**	(34)
Profit after tax representing total comprehensive income	**1,554**	3,492
50% share of results of joint venture	**777**	1,746

Dividends of $Nil (2017: $120,000) were received from the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

16. Interest in associates

The Group's interest in the associate is summarised below:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Unquoted shares, at cost	**3,853**	2,155	**2,155**	2,155
Shareholder loans	**11,350**	6,652	**11,350**	6,652
Share of post-acquisition reserve	**(3,894)**	(2,289)	**-**	–
Effects of exchange difference	**168**	196	**-**	–
	11,477	6,714	**13,505**	8,807

Details of the associates are as follows:

	Name of subsidiary	Principal activities	Country of incorporation/ business	Proportion (%) of ownership interest 2018	2017
	Held by the Company				
(1)	Pristine Islands Investment Pte. Ltd.	Investment holding	Singapore	**17**	17
	Held through LMG Realty Pte. Ltd.				
(2)	MaxLee Development Ptd Ltd	Property development	Singapore	**35**	–

(1) Audited by BDO LLP, Singapore.
(2) Audited by Ernst & Young LLP, Singapore.

The shareholder loans are unsecured and bear interest at 1% per annum above the prevailing bank lending rates. The loans are not expected to be repaid in the next twelve months.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

16. Interest in associates (cont'd)

Summarised balance sheet

	2018	2017
	$'000	$'000
Current assets	**15,064**	10,733
Non-current assets	**121,368**	74,603
Total assets	**136,432**	85,336
Current liabilities	**109,432**	62,612
Non-current liabilities	**35,567**	22,360
Total liabilities	**144,999**	84,972
Net (liabilities)/assets	**(8,567)**	364
Less: Non-controlling interest	**12**	–
Net (liabilities)/assets attributable to owners of the associate	**(8,555)**	364
Net (liabilities)/assets excluding goodwill	**(8,555)**	364
Proportion of the Group's ownership	**17%**	17%
Group's share of net (liabilities)/assets	**(1,454)**	62
Shareholder loans	**11,350**	6,652
Carrying amount of the investment	**9,896**	6,714

Summarised statement of comprehensive income

	2018	**2017**
	$'000	$'000
Revenue	**10,410**	863
Loss after tax from continuing operations	**(8,757)**	(8,524)
Other comprehensive income	**–**	–
Total comprehensive income	**(8,757)**	(8,524)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

16. Interest in associates (cont'd)

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

Summarised balance sheet

	2018 $'000
Current assets	**4,538**
Non-current assets	**–**
Total assets	**4,538**
Current liabilities	**3**
Non-current liabilities	**18**
Total liabilities	**21**
Net assets	**4,517**
Net assets excluding goodwill	**4,517**
Proportion of the Group's ownership	**35%**
Group's share of net assets	**1,581**
Carrying amount of the investment	**1,581**

Summarised statement of comprehensive income

	2018 $'000
Revenue	**–**
Loss after tax from continuing operations	**(333)**
Other comprehensive income	**–**
Total comprehensive income	**(333)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

17. Available-for-sale financial assets

	Group and Company	
	2018	**2017**
	$'000	$'000
Listed securities:		
- equity securities - Singapore	**109**	114
Unquoted shares in an investee company	**-**	1,500
	109	1,614
At beginning of financial year	**1,614**	2,243
(Disposal)/additions to available-for-sale financial assets	**(1,500)**	1,500
Reclassification to associate	**-**	(2,155)
Fair value changes recognised in other comprehensive income [Note 30(b)]	**(5)**	26
At end of financial year	**109**	1,614

In 2017, the Company subscribed for 1,166,667 unquoted shares in Nuform System Asia Pte. Ltd. ("NSAPL"), constituting a 10% interest in NSAPL, for a consideration of $1,500,000. The principal activities of NSAPL is that of rental of construction equipment.

During the financial year, the Company disposed 1,166,667 unquoted shares in NSAPL, for a consideration of $1,500,000 and the company ceased to have any interest in NSAPL.

18. Inventories

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Balance Sheet:				
Raw materials	**227,955**	60,512	**125,249**	53,290
Work-in-progress	**1,152**	–	**-**	–
Finished goods	**1,816**	1,996	**996**	1,213
Goods in transit	**40,114**	49,135	**32,575**	49,083
	271,037	111,643	**158,820**	103,586
Allowance for inventory obsolescence	**(788)**	(210)	**(788)**	(210)
	270,249	111,433	**158,032**	103,376

The cost of inventories recognised as expense and included in "cost of sales" in the consolidated statement of comprehensive income amounted to $467,842,000 (2017: $257,412,000).

The allowance/(reversal of allowance) for inventory obsolescence recognised as income and included in "cost of sales" in the consolidated statement of comprehensive income amounted to $578,000 (2017: reversal $1,255,000). The reversal of allowance for inventory obsolescence for 2017 was made when the related inventories were sold.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

19. Trade and other receivables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Trade receivables:				
- Third parties	**179,858**	73,907	**79,463**	65,092
- Related parties	**-**	304	**-**	304
- Subsidiary companies	**-**	–	**8,413**	15,753
	179,858	74,211	**87,876**	81,149
Less: Allowance for impairment of trade receivables – third parties	**(2,790)**	(249)	**(466)**	(214)
Trade receivables - net	**177,068**	73,962	**87,410**	80,935
Non-trade receivables:				
- Third parties	**2,796**	156	**-**	52
- Sales tax receivable, net	**-**	995	**-**	–
- Due from an associate	**843**	383	**843**	383
- Due from subsidiaries	**-**	–	**-**	4,097
- Due from a joint venture	**18**	20	**18**	20
Total trade and other receivables	**180,725**	75,516	**88,271**	85,487
Add: Deposits	**300**	255	**131**	235
Cash and cash equivalents (Note 22)	**41,080**	23,989	**15,591**	19,673
Loan to investee company	**-**	1,500	**-**	1,500
Less: Sales tax receivables, net	**-**	(995)	**-**	–
Total loans and receivables	**222,105**	100,265	**103,993**	106,895

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.

Related party balances

The non-trade amounts due from subsidiaries are unsecured, bear interest at 1.94% to 2.42% (2017: 1.58% to 1.69%) per annum and repayable on demand and are expected to be settled in cash.

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

Loan to investee company

The loan is unsecured, bears interest at 6% per annum and has been fully repaid during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

19. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $69,751,000 (2017: $27,215,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2018	**2017**
	$'000	$'000
Trade receivables past due:		
- Less than 90 days	**67,113**	27,034
- 90 to 180 days	**2,638**	181
	69,751	27,215

Receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movements of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	**2,790**	249	**466**	214
Less: Allowance for impairment	**(2,790)**	(249)	**(466)**	(214)
	-	–	**-**	–
Movements in allowance accounts:				
At beginning of financial year	**249**	647	**214**	612
Charge for the financial year	**2,542**	16	**252**	16
Reversal during the financial year	**(1)**	(34)	**-**	(34)
Bad debts written off against allowance	**-**	(380)	**-**	(380)
At end of financial year	**2,790**	249	**466**	214

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and/or have defaulted on payment. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

19. Trade and other receivables (cont'd)

Receivables denominated in foreign currencies at 30 September are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
United States Dollar	**1,307**	–	**1,307**	–

20. Assets held for sale

	Group
	2018
	$'000
Acquisition of subsidiaries	**26,500**
Additional development costs capitalised	**211**
Carrying cost at 30 September	**26,711**
Represented by:	
Cost of land	**25,523**
Development costs	**1,188**
	26,711

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 (expected year of completion)**
Detached house along Nassim Road, Singapore	100	1,235	953	15%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

21. Derivative financial instruments

Derivative financial instruments comprise the net fair value changes on 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 March 2019 (2017: December 2017).

	2018			2017		
	Contract/ Notional Amount	**Assets**	**Liabilities**	**Contract/ Notional Amount**	**Assets**	**Liabilities**
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Currency forward contracts	**159,637**	**-**	**(325)**	100,104	–	(344)
Total financial liabilities at fair value through profit or loss		**-**	**(325)**		–	(344)
Company						
Currency forward contracts	**83,421**	**-**	**(239)**	100,104	–	(344)
Total financial liabilities at fair value through profit or loss		**-**	**(239)**		–	(344)

22. Cash and cash equivalents

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Cash at banks and on hand	**41,080**	23,989	**15,591**	19,673

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

Cash and cash equivalents denominated in foreign currencies at 30 September are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
United States Dollar	**6,095**	381	**1,410**	364
Australian Dollar	**8**	–	**-**	–
Malaysia Ringgit	**112**	146	**78**	146

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

23. Trade and other payables

		Group		Company	
	Note	**2018**	**2017**	**2018**	**2017**
		$'000	$'000	$'000	$'000
Trade payables:					
- Third parties	(a)	**38,977**	55,454	**37,496**	54,955
Non-trade payables:					
- Due to subsidiaries	(b)	**-**	–	**14,611**	70
Sales tax payables, net		**1,113**	179	**752**	179
Accrued employee compensation		**7,888**	3,293	**5,006**	3,293
Accrued operating expenses		**10,981**	10,123	**3,514**	2,534
Total trade and other payables		**58,959**	69,049	**61,379**	61,031
Add: Loans and borrowings (Note 25)		**338,103**	63,148	**220,639**	63,148
Add: Loan from immediate holding company (Note 26)		**23,100**	–	**23,100**	–
Less: Provision for unutilised leave		**(960)**	(625)	**(688)**	(625)
Less: Sales tax payables, net		**(1,113)**	(179)	**(752)**	(179)
Total financial liabilities carried at amortised cost		**418,089**	131,393	**303,678**	123,375

(a) Trade payables are generally settled on 90 days' terms.

(b) The non-trade amounts due to a subsidiary are unsecured, bear interest at 2.25% (2017: Nil), are repayable upon demand and are expected to be settled in cash.

Trade and other payables denominated in foreign currencies at 30 September are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Euro	**59**	112	**6**	112
United States Dollar	**301**	60	**291**	60
Malaysia Ringgit	**2**	52	**2**	52

24. Advances received

The advances received from third parties are unsecured and to be applied against subsequent sales by the Group and Company to these parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

25. Loans and borrowings

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Current				
Bills payable to banks (unsecured)	**140,556**	51,012	**140,556**	51,012
Bills payable to banks (secured)	**113,205**	–	**-**	–
Finance lease obligations (secured) [Note 33 (d)]	**2,077**	1,364	**135**	1,364
	255,838	52,376	**140,691**	52,376
Non-current				
Finance lease obligations (secured) [Note 33 (d)]	**2,954**	772	**637**	772
Bank loan	**79,311**	–	**79,311**	–
Convertible bonds (unsecured)	**-**	10,000	**-**	10,000
	82,265	10,772	**79,948**	10,772
Total loans and borrowings	**338,103**	63,148	**220,639**	63,148

Bills payable to banks

Bills payable bears interest at 1.51% to 5.30% per annum (2017: 1.22% to 2.13% per annum) and is repayable within 4 months (2017: 4 months) after the financial year end.

Bills payable to banks are secured by the following:

(a) corporate guarantee given by the Company and certain subsidiaries to the banks; and
(b) a deed of charge and assignment of inventories and floating charge over trade receivables.

Finance lease obligations

These obligations are secured by a charge over the leased assets (Note 12). The discount rate implicit in the lease is 1.95% to 3.06% (2017: 1.90% to 2.91%) per annum.

Bank loan

The bank loan bears interest at 1.75% and 2.25% above SOR per annum for the first and second year respectively and is secured by the shares of Lee Metal Group. The loan is repayable in full in May 2020.

Convertible bonds

The Company issued $10,000,000 redeemable convertible bonds (the "Bonds") on 16 May 2014 which were due five years from the issue date of the Bonds. The total proceeds of $10,000,000 was used by the Company for working capital purposes.

The Bonds were convertible at the option of the bondholders into ordinary shares of the Company at conversion price of one share for every $1.00 of Bonds held.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

25. Loans and borrowings (cont'd)

Convertible bonds (cont'd)

The Bonds bear interest at a fixed rate of 5% per annum and is payable on a half-yearly basis on 30 June and 31 December each year. During the financial year, all the convertible bonds were converted into ordinary shares at a price of $1.00 per share (Note 29).

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

			Non-cash changes			
	2017	**Cash flows**	**Acquisition**	**Disposal**	**Other**	**2018**
	$'000	$'000	$'000		$'000	$'000
Bills payable and loan						
- current	51,012	52,552	150,216	(19)	–	**253,761**
- non-current	–	79,311	–	–	–	**79,311**
Finance lease obligations						
- current	1,364	(2,504)	2,504	–	713*	**2,077**
- non-current	772	–	2,895	–	(713)*	**2,954**
Convertible bonds	10,000	–	–	–	(10,000) #	**-**
Loan from immediate holding company	–	23,100	–	–	–	**23,100**
	63,148	152,459	155,615	(19)	(10,000)	**361,203**

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

relates to reclassification to equity upon conversion of bonds

26. Loan from immediate holding company

The loan bears interest at a fixed rate of 4.5% per annum and is payable in June 2020.

27. Provisions

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Current:				
Provision for onerous contracts	**20,066**	11,667	**4,998**	11,438
Non-current:				
Provision for retirement benefits	**244**	408	**244**	408

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

27. Provisions (cont'd)

Provision for onerous contracts

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

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
At beginning of financial year	**11,667**	2,592	**11,438**	2,592
Acquisition of subsidiaries	**20,375**	–	**–**	–
(Reversal)/charge for the year, net	**(11,983)**	9,075	**(6,440)**	8,846
Exchange differences	**7**	–	**–**	–
At end of financial year	**20,066**	11,667	**4,998**	11,438

Provision for retirement benefits

The Company have 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 2018, there are no plan assets (2017: 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	
	2018	**2017**
	$'000	$'000
At beginning of financial year	**408**	427
Payment during financial year	**(186)**	(34)
Charged to statement of comprehensive income (Note 8)	**22**	15
Service cost	**20**	8
Interest cost	**2**	7
At end of financial year	**244**	408

Of the total charged, amounts of $2,000 (2017: $2,000) and $20,000 (2017: $13,000) were included in "cost of goods sold" and "administrative expenses" respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

27. Provisions (cont'd)

Provision for retirement benefits (cont'd)

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

	Group and Company	
	2018	**2017**
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:

	Group and Company				
	2018 $'000	**2017** $'000	**2016** $'000	**2015** $'000	**2014** $'000
Defined benefit obligation	**244**	408	427	489	518

28. Deferred tax liabilities

Deferred tax as at 30 September 2018 and 2017 relates to the following:

	Group				Company	
	Consolidated balance sheet		Consolidated statement of comprehensive income		Balance sheet	
	2018 $'000	**2017** $'000	**2018** $'000	**2017** $'000	**2018** $'000	**2017** $'000
Deferred tax assets:						
Provisions	**3,634**	2,130	**2,011**	(1,501)	**953**	2,014
Unutilised tax benefits	**1,214**	761	**(748)**	–	**-**	–
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**(12,272)**	(9,676)	**(125)**	19	**(8,211)**	(8,799)
Fair value adjustments on acquisition of subsidiaries	**(5,192)**	–	**(118)**	–	**-**	-
Deferred tax liabilities, net	**(12,616)**	(6,785)			**(7,258)**	(6,785)
Deferred tax expense/ (credit)			**1,020**	(1,482)		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

28. Deferred tax liabilities (cont'd)

Unrecognised temporary differences relating to interest in joint venture

At the end of the reporting period, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of the Group's joint venture (2017: Nil):

Such temporary differences for which no deferred tax liability has been recognised aggregate to $5,037,000 (2017: $4,903,000). The deferred tax liability is estimated to be $252,000 (2017: $245,000).

29. Share capital and treasury shares

Share capital

	Group and Company			
	2018		2017	
	No. of ordinary shares '000	$'000	No. of ordinary shares '000	$'000
Issued and fully paid				
At beginning of financial year	**187,962**	**68,011**	187,962	68,011
Conversion of bonds (Note 25)	**10,000**	**10,000**	–	–
Issuance of shares	**37,000**	**46,990**	–	–
At end of financial year	**234,962**	**125,001**	187,962	68,011

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.

On 2 February 2018, the Company allotted and issued 37,000,000 new ordinary shares fully paid at $1.27 per share to 15 investors, pursuant to the authority granted by shareholders of the Company at the Annual General Meeting held on 23 January 2017. The placement shares rank, pari passu, in all respects with the existing shares in the Company.

Treasury shares

	Group and Company			
	2018		2017	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid				
At beginning of financial year	**1,627**	**1,105**	1,512	1,044
Acquisition during the financial year	**-**	**-**	115	61
At end of financial year	**1,627**	**1,105**	1,627	1,105

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

29. Share capital and treasury shares (cont'd)

Treasury shares (cont'd)

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The Company acquired Nil (2017: 115,000) shares in the Company through purchase on the SGX-ST during the financial year.

The total amount paid to acquire the shares was $Nil (2017: $61,000) and this was presented as a component within shareholders' equity. There have been no reissuance of treasury shares since their acquisitions.

30. Other reserves

	Note	Group		Company	
		2018	**2017**	**2018**	**2017**
		$'000	$'000	$'000	$'000
Share option reserve	(a)	**-**	885	**-**	885
Fair value adjustment reserve	(b)	**(51)**	(46)	**(51)**	(46)
Foreign currency translation reserve	(c)	**(2,764)**	(3,315)	**-**	–
Asset revaluation reserve	(d)	**597**	597	**597**	597
		(2,218)	(1,879)	**546**	1,436

(a) ***Share option reserve***

Share option reserve represents the equity-settled share options granted to employees (Note 8). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

	Group and Company	
	2018	**2017**
	$'000	$'000
At beginning of financial year	**885**	974
Cancelled/forfeited during the year	**(885)**	(89)
At end of financial year	**-**	885

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

30. Other reserves (cont'd)

(b) *Fair value adjustment reserve*

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of quoted available-for-sale financial assets until they are disposed of or impaired.

	Group and Company	
	2018	**2017**
	$'000	$'000
At beginning of financial year	**(46)**	(72)
Available-for-sale financial assets:		
- Net (loss)/gain on fair value changes during the financial year	**(5)**	26
At end of financial year	**(51)**	(46)

(c) *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	
	2018	**2017**
	$'000	$'000
At beginning of financial year	**(3,315)**	(2,692)
Net effect of exchange differences arising from the translation of financial statements of foreign operations	**148**	(191)
Net effect of exchange differences arising from the shareholder loans due from an associate	**66**	(127)
Net effect of exchange differences arising on quasi capital non-trade amount due from a subsidiary	**332**	(305)
Acquisition of non-controlling interests without a change in control	**5**	–
At end of financial year	**(2,764)**	(3,315)

(d) *Asset revaluation reserve*

Asset revaluation reserve arose on revaluation of a certain leasehold building in 1993 (Note 12). 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 FRS 16 for one-off revaluation performed on property, plant and equipment between 1 January 1984 and 31 December 1996).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

31. Dividends

	Group and Company	
	2018	**2017**
	$'000	$'000
Declared and paid during the financial year:		
Cash dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2017: Nil cents (2016: 2.4 cents) per share	-	4,472
	-	4,472

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	
	2018	**2017**
	$'000	$'000
- Final exempt (one-tier) dividend for 2018: 1 cent (2017: Nil) per share	**2,333**	–
	2,333	–

32. 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	
	2018	**2017**
	$'000	$'000
Sales of goods to companies related to directors	-	661
Interest income from associate	**459**	–
Interest payable to immediate holding company	**(638)**	–
Interest paid to companies related to directors	-	(50)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

32. 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	
	2018	**2017**
	$'000	$'000
Wages and salaries	**1,860**	–
Employer's contribution to Central Provident Fund	**79**	137
Other short-term benefits	**271**	550
Directors' fees	**252**	308
	2,462	3,181

Included in the above is the total compensation to directors of the Company amounting to $1,358,000 (2017: $1,470,000).

The total amount of outstanding share options granted by the Company to one of the Company's executive director under the BRC Share Option Scheme 2011 amounted to Nil (2017: 3,186,000). No share options have been granted to the Company's non-executive directors.

33. 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	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Capital commitment in respect of:				
Plant and machinery	**434**	299	**-**	145
Furniture and equipment	**-**	11	**-**	11
	434	310	**-**	156

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

33. Commitments and contingencies (cont'd)

(b) *Operating lease commitments – as lessee*

The Group has entered into leases on buildings, plants and machinery. Lease on building have a tenure of twelve to twenty three years while plant and machinery has a tenure of one to three years.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 September 2018 amounted to $7,484,000 (2017: $5,534,000).

As at the balance sheet date, the Group and the Company have operating lease commitments for rental payable in subsequent periods as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Future minimum lease payments				
Within one financial year	**7,122**	7,064	**3,938**	6,836
After one financial year but within five financial years	**11,322**	11,607	**5,565**	11,523
After five financial years	**12,083**	11,744	**10,737**	11,744
	30,527	30,415	**20,240**	30,103

The above operating lease commitments are based on existing rates. Certain lease agreements have a provision for a periodic revision of such rates in the future.

(c) *Operating lease commitments – as lessor*

The Group has entered into commercial property lease for its investment properties. These non-cancellation leases have remaining lease terms of one year.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2018	**2017**
	$'000	$'000
Future minimum lease receivables		
Within one financial year	**70**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

33. Commitments and contingencies (cont'd)

(c) *Operating lease commitments – as lessor (cont'd)*

The Group has entered into leases on construction equipment. These non-cancellation leases have remaining lease terms of between one to two years. As at 30 September 2018, the Group does not have such leasing arrangement subsequent to the disposal of Nuformsystem (M) Sdn. Bhd. (Note 10).

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2018	**2017**
	$'000	$'000
Future minimum lease receivables		
Within one financial year	-	2,229
After one financial year but within five financial years	-	198
	-	2,427

(d) *Finance lease commitments*

The Group and Company have finance leases for certain items of plant and machinery.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	2018		**2017**	
	Minimum lease payments	**Present value of payments (Note 25)**	**Minimum lease payments**	**Present value of payments (Note 25)**
	$'000	$'000	$'000	$'000
Within 1 year	**2,158**	**2,077**	1,396	1,364
After 1 year but within 5 years	**3,018**	**2,954**	807	772
Total minimum lease payments	**5,176**	**5,031**	2,203	2,136
Less : Amount representing finance charges	**(145)**	**-**	(67)	–
Present value of minimum lease payments	**5,031**	**5,031**	2,136	2,136

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

33. Commitments and contingencies (cont'd)

(d) ***Finance lease commitments (cont'd)***

	Company			
	2018		**2017**	
	Minimum lease payments	**Present value of payments (Note 25)**	**Minimum lease payments**	**Present value of payments (Note 25)**
	$'000	$'000	$'000	$'000
Within 1 year	**156**	**135**	1,396	1,364
After 1 year but within 5 years	**651**	**637**	807	772
Total minimum lease payments	**807**	**772**	2,203	2,136
Less: Amount representing finance charges	**(35)**	**-**	(67)	–
Present value of minimum lease payments	**772**	**772**	2,136	2,136

(e) ***Contingencies***

The Company and one of its subsidiary have provided corporate guarantees in respect of banking facilities provided by banks to its subsidiaries. As at 30 September 2018, the amount of the facilities drawn down by the subsidiaries amounted to $113,205,000 (2017: $Nil) (Note 25).

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% shareholdings in the investee. As at 30 September 2018, the amount of facilities drawn down by the associate amounted to $28,922,000 (2017: $16,099,000).

34. Segment reporting

For management purposes, the Group is organised into business units based on its products and services, and has two (2017: three) 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) The renting of construction equipment segment relates to rental of construction equipment (disposed during the year).

iii) Others relates to the operation and 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

34. Segment reporting (cont'd)

2018	Fabrication and manufacturing $'000	Others $'000	Adjustments and eliminations $'000	Notes	Total for continuing operations $'000
Revenue:					
External customers	567,009	-	-		567,009
Inter-segment	-	-	-		-
Total revenue	567,009	-	-		567,009
Results:					
Interest income	1,086	108	(41)		1,153
Interest expense	(5,243)	-	41		(5,202)
Dividend income	5	-	-		5
Depreciation expense	(9,490)	(352)	-		(9,842)
Share of results of joint-venture	777	-	-		777
Share of results of associate	-	(1,605)	-		(1,605)
Other non-cash expenses/(income)	8,845	-	-		8,845
Income tax expense	(3,533)	(74)	-		(3,607)
Segment profit/(loss)	13,648	(1,605)	-		12,043
Assets:					
Segments assets	642,510	70,876	(14,644)	A	698,742
Additions to property, plant and equipment	26,865	-	-		26,865
Interest in joint venture	12,116	-	-		12,116
Interest in associate	-	11,477	-		11,477
Liabilities:					
Segment liabilities	(474,063)	(2,287)	14,644	A	(461,706)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

34. Segment reporting (cont'd)

2017	Fabrication and manufacturing $'000	Others $'000	Adjustments and eliminations $'000	Notes	Total for continuing operations $'000
Revenue:					
External customers	310,148	–	–		310,148
Inter-segment	–	–	–		–
Total revenue	310,148	–	–		310,148
Results:					
Interest income	621	–	–		621
Interest expense	(1,536)	–	–		(1,536)
Dividend income	5	–	–		5
Depreciation	(7,158)	–	–		(7,158)
Share of results of joint-venture	1,746	–	–		1,746
Share of results of associate	–	(1,449)	–		(1,449)
Other non-cash expenses/(income)	7,840	–	–		7,840
Income tax expenses	1,152	–	–		1,152
Segment profit/(loss)	3,321	(1,449)	–		1,872
Assets:					
Segment assets	314,882	6,714	–		321,596
Additions to property, plant and equipment	9,360	–	–		9,360
Interest in joint-venture	11,650	–	–		11,650
Interest in associate	–	6,714	–		6,714
Liabilities:					
Segment liabilities	(154,276)	–	–		(154,276)

Geographical segments

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

	Revenues		Non-current assets	
	2018 $'000	**2017** $'000	**2018** $'000	**2017** $'000
Singapore	**531,615**	277,387	**148,914**	69,055
China	**-**	–	**12,116**	11,650
Malaysia	**35,394**	31,745	**14,121**	13,590
Others	**-**	1,016	**-**	6,714
	567,009	310,148	**175,151**	101,009

Non-current assets information presented above consist of property, plant and equipment, interest in joint venture, interest in associates, available-for-sale financial assets and loan to investee company as presented in the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

35. 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.

(b) *Assets and liabilities measured at fair value*

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

		Group	
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Total**
	$'000	$'000	$'000
2018			
Available-for-sale financial assets (Note 17)	**109**	**-**	**109**
Financial assets as at 30 September 2018	**109**	**-**	**109**
Derivative financial instruments (Note 21) - Currency forward contracts	**-**	**325**	**325**
Financial liabilities as at 30 September 2018	**-**	**325**	**325**
2017			
Available-for-sale financial assets (Note 17)	114	–	114
Financial assets as at 30 September 2017	114	–	114
Derivative financial instruments (Note 21) - Currency forward contracts	–	344	344
Financial liabilities as at 30 September 2017	–	344	344

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

35. 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:

Derivative financial instruments (Note 21):

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

(d) ***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:

	Note	Significant unobservable inputs (Level 3)	Carrying amount
		$'000	$'000
Group			
2018			
Assets:			
Investment properties	13	**2,394**	**2,471**

Determination of fair value

Fair value as disclosed in the table above is based on independent valuations performed. Details are disclosed in Note 13.

(e) ***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 has not been disclosed for the Group's investments in unquoted equity securities because fair value cannot be measured reliably. These equity securities represent ordinary shares in a Singapore investment company that is not quoted on any market. The Group has disposed of this investment during the financial year (Note 17).

Fair value information is not disclosed for the following financial instruments of the Group and Company as at 30 September 2018 as the difference between the carrying amounts and their fair values are not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

(e) ***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 (cont'd)***

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
Financial assets:				
Loan to investee company	**–**	1,500	**–**	1,500
Financial liabilities:				
Obligations under finance lease	**(5,031)**	(2,136)	**(772)**	(2,136)
Loan from immediate holding company	**(23,100)**	–	**(23,100)**	–
Convertible bonds	**–**	(10,000)	**–**	(10,000)
Net financial liabilities	**(28,131)**	(10,636)	**(23,872)**	(10,636)

36. 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 General Manager and/or the Group Financial Controller.

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 available-for-sale financial assets, derivative financial instruments, and cash and cash equivalents), the Group and the Company minimise credit risks by dealing exclusively with high credit rating counterparties.

The Group and the Company have a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit review, which takes into account qualitative and quantitative factors such as business performance and profile of the customers, is performed and approved by the management before credit is granted. All customer payment profiles and credit exposures are monitored on an on-going basis by the management.

Exposure to credit risk

At the end of reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets including derivative financial instruments with positive fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

36. 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		Company	
	2018	**2017**	**2018**	**2017**
	$'000	$'000	$'000	$'000
By country:				
- Singapore	**162,791**	65,115	**69,181**	65,115
- Malaysia	**12,969**	8,847	**16,921**	15,820
- Hong Kong	**861**	–	**861**	–
- India	**447**	–	**447**	–
	177,068	73,962	**87,410**	80,935
By industry sector:				
- Construction	**177,068**	73,962	**87,410**	80,935

At the end of the reporting period, approximately:

- 30% (2017: 34%) of the Group's and 58% (2017: 32%) of the Company's trade receivables were due from 10 (2017: 10) major customers who are in the construction industry in Singapore.
- 11% (2017: 24%) of the Company's trade and other receivables were due from related parties.

<u>Financial assets that are neither past due nor impaired</u>

Cash and cash equivalents and derivative financial instruments that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and have no history of default. Trade and other receivables that are neither past due nor impaired are with creditworthy debtors having good payment record with the Group.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 19 (Trade and other receivables).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

(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 risks 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 surplus cash balances for future investment opportunities.

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:

	Within 1 year	**2 to 5 years**	**Total**
	$'000	$'000	$'000
Group			
At 30 September 2018			
Financial assets:			
Available-for-sale financial assets	**-**	**109**	**109**
Trade and other receivables	**180,725**	**-**	**180,725**
Cash and cash equivalents	**41,080**	**-**	**41,080**
Other current assets - deposits	**300**	**-**	**300**
Total undiscounted financial assets	**222,105**	**109**	**222,214**
Financial liabilities:			
Trade and other payables	**56,886**	**-**	**56,886**
Loans and borrowings	**260,837**	**84,553**	**345,390**
Loan from immediate holding company	**1,039**	**23,880**	**24,919**
Derivative financial instruments			
- Receipts	**(159,312)**	**-**	**(159,312)**
- Payments	**159,637**	**-**	**159,637**
Total undiscounted financial liabilities	**319,087**	**108,433**	**427,520**
Total net undiscounted financial liabilities	**(96,982)**	**(108,324)**	**(205,306)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

(b) *Liquidity risk (cont'd)*

	Within 1 year $'000	2 to 5 years $'000	Total $'000
Group			
At 30 September 2017			
Financial assets:			
Loan to investee company	150	1,585	1,735
Available-for-sale financial assets	–	1,614	1,614
Trade and other receivables	74,521	–	74,521
Cash and cash equivalents	23,989	–	23,989
Other current assets - deposits	255	–	255
Total undiscounted financial assets	98,915	3,199	102,114
Financial liabilities:			
Trade and other payables	68,245	–	68,245
Loans and borrowings	53,162	11,118	64,280
Derivative financial instruments			
- Receipts	(99,760)	–	(99,760)
- Payments	100,104	–	100,104
Total undiscounted financial liabilities	121,751	11,118	132,869
Total net undiscounted financial liabilities	(22,836)	(7,919)	(30,755)

	Within 1 year $'000	2 to 5 years $'000	Total $'000
Company			
At 30 September 2018			
Financial assets:			
Available-for-sale financial assets	**-**	**109**	**109**
Trade and other receivables	**88,271**	**-**	**88,271**
Cash and cash equivalents	**15,591**	**-**	**15,591**
Other current assets - deposits	**131**	**-**	**131**
Total undiscounted financial assets	**103,993**	**109**	**104,102**
Financial liabilities:			
Trade and other payables	**59,939**	**-**	**59,939**
Loans and borrowings	**144,678**	**82,186**	**226,864**
Loan from immediate holding company	**1,039**	**23,880**	**24,919**
Derivative financial instruments			
- Receipts	**(83,182)**	**-**	**(83,182)**
- Payments	**83,421**	**-**	**83,421**
Total undiscounted financial liabilities	**205,895**	**106,066**	**311,961**
Total net undiscounted financial liabilities	**(101,902)**	**(105,957)**	**(207,859)**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

(b) *Liquidity risk (cont'd)*

	Within 1 year $'000	2 to 5 years $'000	Total $'000
Company			
At 30 September 2017			
Financial assets:			
Loan to investee company	150	1,585	1,735
Available-for-sale financial assets	–	1,614	1,614
Trade and other receivables	85,487	–	85,487
Cash and cash equivalents	19,673	–	19,673
Other current assets - deposits	235	–	235
Total undiscounted financial assets	105,545	3,199	108,744
Financial liabilities:			
Trade and other payables	60,227	–	60,227
Loans and borrowings	53,162	11,118	64,280
Derivative financial instruments			
- Receipts	(99,760)	–	(99,760)
- Payments	100,104	–	100,104
Total undiscounted financial liabilities	113,733	11,118	124,851
Total net undiscounted financial liabilities	(8,188)	(7,919)	(16,107)

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		Company	
	2018 $'000	**2017** $'000	**2018** $'000	**2017** $'000
Corporate guarantee – 1 year or less	**113,205**	261	**2,301**	261
Corporate guarantee – 1 to 5 years	**4,917**	3,425	**4,917**	3,425
	118,122	3,686	**7,218**	3,686

(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 (2017: 6 months) from the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

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

(c) ***Interest rate risk(cont'd)***

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 $1,665,000 (2017: $255,000) 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 cash equivalents 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. The Group's and the Company's trade payables balances at the balance sheet date have similar exposures.

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:

		2018	**2017**
		Increase/ (decrease) in Profit before tax	**Increase/ (decrease) in Profit before tax**
		$'000	$'000
Group and Company			
USD/SGD	- strengthened 7% (2017: 7%)	**497**	23
	- weakened 7% (2017: 7%)	**(497)**	(23)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2018

37. 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 2018 and 2017.

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, less cash and cash equivalents. Capital includes equity attributable to owners of the Company.

	Group	
	2018	**2017**
	$'000	$'000
Loans and borrowings (Note 25)	**338,103**	63,148
Loan from immediate holding company (Note 26)	**23,100**	-
Less:		
Cash and cash equivalents	**(41,080)**	(23,989)
Net debt	**320,123**	39,159
Equity attributable to owners of the Company	**237,036**	167,755
Capital plus net debt	**557,159**	206,914
Gearing ratio	**57%**	19%

38. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2018 were authorised for issue in accordance with a resolution of the Board of Directors dated on 8 January 2019.

APPENDIX I

PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE OF BRC ASIA LIMITED (THE "COMPANY")

1. BACKGROUND

1.1 Notice of AGM

We refer to Ordinary Resolution 11 set out in the notice of annual general meeting ("**Notice of AGM**") at pages 135 to 139 of the annual report of the Company dated 15 January 2019 ("**Annual Report**").

1.2 Letter to Shareholders

The purpose of this Appendix I is to provide shareholders of the Company ("**Shareholders**") with information relating to, and to explain the rationale for, the proposed renewal of the Share Purchase Mandate (as defined in **paragraph 1.4** below), and to seek their approval in relation therefor at the annual general meeting of the Company to be held on 30 January 2019 ("**AGM**").

The details of the Share Purchase Mandate are set out at **paragraph 2** of this Appendix I.

1.3 SGX-ST

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the accuracy of any statements or opinions made or reports contained in this Appendix I.

1.4 Proposed Renewal of the Share Purchase Mandate

It is a requirement under the Companies Act, Chapter 50 of Singapore, as amended or modified from time to time ("**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 annual general meeting of the Company held on 26 January 2018 ("**2018 AGM**"), shareholders of the Company ("**Shareholders**") had approved, *inter alia*, the renewal of the share purchase mandate approved on 23 January 2017 authorising the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") (the "**Share Purchase Mandate**").

The Share Purchase Mandate took effect on the date of the passing of Ordinary Resolution 10 at the 2018 AGM and will expire on the date of the forthcoming AGM, scheduled to be held on 30 January 2019. Accordingly, the directors of the Company ("**Directors**") are proposing to seek Shareholders' approval for the renewal of the Share Purchase Mandate at the AGM. The Share Purchase Mandate is set out in Ordinary Resolution 11 in the Notice of AGM.

As at 20 December 2018, being the latest practicable date prior to the printing of this Appendix I (the "**Latest Practicable Date**"), the Company had purchased an aggregate of 1,626,600 Shares by way of Market Purchases (as defined in **paragraph 2.2.3** below) in the following manner:

(i) pursuant to the Share Purchase Mandate approved by the Shareholders at the annual general meeting of the Company held on 28 January 2016, the Company purchased 289,200 Shares;

(ii) pursuant to the Share Purchase Mandate approved by the Shareholders at the annual general meeting of the Company held on 23 January 2017, the Company has not purchased any Shares; and

(iii) pursuant to the Share Purchase Mandate approved by the Shareholders at the 2018 AGM, the Company has not purchased any Shares.

APPENDIX I

1. BACKGROUND (cont'd)

1.5 Advice to Shareholders

If a Shareholder is in any doubt as to the course of action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. SHARE PURCHASE MANDATE

2.1 Background and Rationale

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 Company and its subsidiaries ("**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 earnings per Share ("**EPS**") and/or the net tangible asset ("**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 (as defined in **paragraph 2.2.3** (xi) below) and subsidiary holdings in each class 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.

2.2 Details of the Share Purchase Mandate

Save for **paragraph 2.8** below, the authority and limitations placed on purchases or acquisitions of Shares under the Share Purchase Mandate, if renewed at the AGM, are the same as previously approved by Shareholders at the 2018 AGM and, for the benefit of Shareholders, are summarised below:

2.2.1 <u>Maximum Number of Shares</u>

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 as at the date of the AGM at which the renewal of the Share Purchase Mandate is approved ("**Approval Date**"), unless the Company has, at any time during the relevant period, effected a reduction of its share capital in accordance with the applicable Companies Act, in which event the issued share capital of the Company as altered pursuant to such reduction.

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

2.2 Details of the Share Purchase Mandate (cont'd)

2.2.1 Maximum Number of Shares (cont'd)

Purely for illustrative purposes, based on 233,335,089 issued Shares as at the Latest Practicable Date (disregarding Treasury Shares (as defined in **paragraph 2.2.3** below) as at the Latest Practicable Date) and assuming no further Shares are issued on or prior to the AGM, the purchase by the Company of up to the maximum limit of ten per cent. (10%) of its issued Shares (excluding Treasury Shares (as defined in **paragraph 2.2.3** below)) will result in the purchase or acquisition of 23,333,508 Shares.

In the event that any of the convertible bonds issued by the Company ("**Convertible Bonds**") are converted, only those new Shares that are allotted and issued by the Approval Date pursuant to the conversion of Convertible Bonds will be taken into account for the purposes of determining the total number of Shares as at the Approval Date.

2.2.2 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 such time that:

(i) the next annual general meeting 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, whichever is the earliest.

2.2.3 Manner of Purchases

Purchases or acquisitions of Shares may be made on the SGX-ST ("**Market Purchases**"); and/or otherwise than on the SGX-ST, effected pursuant to an equal access scheme ("**Off-Market Purchases**").

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.

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 rules ("**Listing Rules**") 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

2. SHARE PURCHASE MANDATE (cont'd)

2.2 Details of the Share Purchase Mandate (cont'd)

2.2.3 Manner of Purchases (cont'd)

(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 Rules and Section 76C 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 annual general meeting 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 Singapore Code on Take-overs and Mergers ("**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 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 (as defined in the Companies Act) ("**Treasury Shares**").

APPENDIX I

2. **SHARE PURCHASE MANDATE (cont'd)**

2.2 **Details of the Share Purchase Mandate (cont'd)**

2.2.4 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 a 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 (the "**Maximum Price**").

"**Average Closing Price**" means the average of the closing market prices of a Share for the five (5) 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 Rules, 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 de-listed 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.

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:

2. SHARE PURCHASE MANDATE (cont'd)

2.4 Treasury Shares (cont'd)

2.4.1 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.

2.4.2 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.

2.4.3 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 Rules, 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 acquisitions of Shares by the Company, the Company shall lodge a copy of such resolution with the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**").

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

2.5 Reporting Requirements (cont'd)

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 purchases or acquisitions including the date of the purchases or acquisitions, 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 purchases and acquisitions of Shares, the amount of consideration paid by the Company for the purchases or acquisitions, and such other information required by the Companies Act.

Rule 886 of the Listing Rules 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 a Market Purchase, on the Market Day following the day on which the 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:

(i) the Company is able to pay its debts in full at the time it purchases the Shares and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of purchase; and

(ii) 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.

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

2.6 Source of Funds (cont'd)

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.

2.7.1 Illustrative Financial Effects

For illustrative purposes only, based on the audited financial statements of the Company and the Group for the financial year ended 30 September 2018 (please refer to page 41 of the Annual Report), and based on the assumptions set out below:

(i) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 23,333,508 Shares, representing ten per cent. (10%) of its issued share capital as at the Latest Practicable Date (excluding Treasury Shares) and the Shares are purchased at $1.283 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

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

2.7 Financial Effects (cont'd)

2.7.1 Illustrative Financial Effects (cont'd)

(ii) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 23,333,508 Shares, representing ten per cent. (10%) of its issued share capital as at the Latest Practicable Date (excluding Treasury Shares) and the Shares are purchased at $1.344 per Share, being a price representing one hundred and ten per cent. (110%) of the Average Closing Price as at the Latest Practicable Date,

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 the financial year ended 30 September 2018 would be as set out below.

	Market Share Purchase ($'000)		Off-Market Share Purchase ($'000)	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Group				
Total Equity	237,036	207,099	237,036	205,676
Net asset attributable to owners	237,036	207,099	237,036	205,676
Current Assets	523,591	493,654	523,591	492,231
Current Liabilities	343,481	343,481	343,481	343,481
Total Borrowings	361,203	361,203	361,203	361,203
Cash and Cash Equivalents	41,080	11,143	41,080	9,720
No. of issued and paid-up Shares ('000) (excluding treasury shares)	233,335	210,002	233,335	210,002
Financial Ratios				
Net asset per Share attributable to owners (cents) (1a)	101.59	98.62	101.59	97.94
Gearing (times) (1b)	1.52	1.74	1.52	1.76
Basic Earnings per Share (cents) (1c)	5.04	5.60	5.04	5.60

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

2.7 Financial Effects (cont'd)

2.7.1 Illustrative Financial Effects (cont'd)

	Market Share Purchase ($'000)		Off-Market Share Purchase ($'000)	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
Company				
Total Equity	248,370	218,433	248,370	217,010
Net Tangible Assets ("NTA")	248,370	218,433	248,370	217,010
Current Assets	266,050	250,459	266,050	250,459
Current Liabilities	212,421	226,767	212,421	228,190
Total Borrowings	243,739	258,085	243,739	259,508
Cash and Cash Equivalents	15,591	-	15,591	-
No. of issued and paid-up Shares ('000) (excluding treasury shares)	233,335	210,002	233,335	210,002
Financial Ratios				
NTA per Share (cents) (1d)	106.44	104.01	106.44	103.34
Gearing (times) (1b)	0.98	1.18	0.98	1.20
Basic Earnings per Share (cents) (1c)	7.79	8.65	7.79	8.65

Notes:

(1) For the purposes of the above calculations:

(a) "**Net asset per Share attributable to owners**" is calculated based on the net asset 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 Earnings per Share**" 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.

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.

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

2.8 Tax Implications (cont'd)

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 Rules

Under Rule 884 of the Listing Rules, a listed company may purchase shares by way of 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.

The Maximum Price for a Share in relation to Market Purchases by the Company conforms to this restriction.

While the Listing Rules do 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. Rule 1207(19) of the Listing Rules provides, *inter alia*, that a listed issuer and its officers should not deal in the listed issuer's securities during the period commencing two (2) weeks before the announcement of each of the issuer's results for the first three (3) quarters, and one (1) month before the announcement of the issuer's annual (full year) results, as the case may be, and ending on the date of the announcement of the relevant results. In line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's full year results and the period of two (2) weeks immediately preceding the announcement of the Company's results for the first three (3) quarters.

2.10 Listing Status

The Company is required under Rule 723 of the Listing Rules 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 Rules, 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 I, 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 Rules.

As at the Latest Practicable Date, there are 65,539,553 Shares in the hands of the public (as defined above), representing 28.09% of the issued Shares (excluding Treasury Shares). Assuming that the Company purchases its Shares through Market Purchases up to the full ten per cent. (10%) limit pursuant to the Share Purchase Mandate and all such Shares purchased are held by the public, the number of Shares in the hands of the public would be reduced to 42,206,045 Shares, representing 20.10% of the reduced issued share capital (excluding Treasury Shares) of the Company. 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.

APPENDIX I

2. **SHARE PURCHASE MANDATE (cont'd)**

2.10 Listing Status (cont'd)

It should further be noted that in undertaking any purchases of its Shares through 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:

(i) adversely affect the listing status of the Shares on the SGX-ST;

(ii) cause market illiquidity; or

(iii) 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:

(i) he acquires thirty per cent. (30%) or more of the voting rights of the company; or

(ii) 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 six (6) month period.

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); and

(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.

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 under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

2.11 Obligations to Make a Take-over Offer (cont'd)

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:

(i) increase to thirty per cent. (30%) or more; or

(ii) 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 3** 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):

(i) none of the Directors (together with persons acting in concert with them, if any) will be 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; and

(ii) none of the Directors are 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.

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 Twelve (12) Months

In the last twelve (12) months immediately preceding the Latest Practicable Date, the Company has not purchased any Shares by way of Market Purchases pursuant to the Share Purchase Mandate approved by Shareholders at the 2018 AGM.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

Based on the Register of Directors' Shareholding and the Register of Substantial Shareholders respectively as at the Latest Practicable Date, and assuming (i) the Company purchases the maximum limit of ten per cent. (10%) of its issued Shares (excluding Treasury Shares), (ii) there is no change in the number of Shares held by the Directors and Substantial Shareholders or which they are deemed interested in, and (iii) none of the outstanding Share Options are exercised and none of the Convertible Bonds are converted, as at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders, direct or indirect, in the Shares are set out below:

3.1 Interests in Shares

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%(1)	Number of Shares	%(1)	Number of Shares	%(1)
Shareholders						
Esteel Enterprise Pte. Ltd. ("Esteel")	167,795,536	71.912	-	-	167,795,536	71.912
Advance Venture Investments Limited ("AVIL")(2)	-	-	167,795,536	71.912	167,795,536	71.912
You Zhenhua(3)	-	-	167,795,536	71.912	167,795,536	71.912

Notes:

(1) Based on the total issued Shares (excluding Treasury Shares and subsidiary holdings in each class), comprising 233,335,089 Shares as at the Latest Practicable Date.

(2) AVIL has a 80.1% 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) You Zhenhua has a 100% interest in AVIL. Accordingly, You Zhenhua is deemed to have an interest in the Shares held by AVIL pursuant to Section 7 of the Companies Act.

4. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. The Directors recommend that Shareholders vote in favour of Ordinary Resolution 11 relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM on pages 135 to 139 of the Annual Report.

5. ANNUAL GENERAL MEETING

The AGM, notice of which is set out on pages 135 to 139 of the Annual Report, will be held on Wednesday, 30 January 2019, at 10.00 a.m. at 5, Sixth Lok Yang Road, Singapore 628103.

APPENDIX I

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of Proxies

Shareholders who are unable to attend the AGM and who wish to appoint a proxy to attend and vote on their behalf are requested to complete, sign and return the proxy form in the Annual Report ("**Proxy Form**") in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company's Share Registrar office by 10.00 a.m. on 27 January 2019, not later than seventy-two (72) hours before the time set for the AGM. The completion and lodgement of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes. In such event, the relevant Proxy Forms will be deemed to be revoked.

A Shareholder having a share capital who is a relevant intermediary may appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Shareholder (which number and class of Shares shall be specified).

6.2 When Depositor Regarded as Shareholder

A Depositor (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore ("**Securities and Futures Act**") shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act) at least seventy-two (72) hours before the AGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix I and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix I constitutes full and true disclosure of all material facts about the renewal of the Share Purchase 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 I misleading.

Where information in this Appendix I 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 I in its proper form and context.

8. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 350 Jalan Boon Lay, Jurong Industrial Estate, Singapore 619530 during normal business hours from the date of this Appendix I up to (and including) the date of the AGM:

(i) the Constitution of the Company; and

(ii) the Annual Report of the Company for the financial year ended 30 September 2018.

Yours faithfully
For and on behalf of the Board of Directors of BRC ASIA LIMITED

Seah Kiin Peng
Executive Director

STATISTICS OF SHAREHOLDING

As at 20 December 2018

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

No. of Shares : 234,961,689
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) : 0.70%

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES*	%
1 - 99	13	1.15	313	0.00
100 - 1,000	830	73.19	321,615	0.14
1,001 - 10,000	198	17.46	899,304	0.39
10,001 - 1,000,000	80	7.05	10,694,741	4.58
1,000,001 and above	13	1.15	221,419,116	94.89
TOTAL	**1,134**	**100.00**	**233,335,089**	**100.00**

*Excluding Treasury Shares as at 20 December 2018 which comprised 1,626,600 shares.

TWENTY LARGEST SHAREHOLDERS AS AT 20 DECEMBER 2018

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	UOB KAY HIAN PTE LTD	178,760,136	76.61
2	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	8,539,711	3.66
3	CITIBANK NOMINEES SINGAPORE PTE LTD	5,494,100	2.35
4	D3 RESOURCES PTE. LTD.	5,000,000	2.14
5	XINSTEEL SINGAPORE PTE. LTD.	5,000,000	2.14
6	PHILLIP SECURITIES PTE LTD	4,761,100	2.04
7	JIANYOU INTERNATIONAL TRADE CO.LTD.	3,000,000	1.29
8	LUO BIN	2,000,000	0.86
9	LUO JUN HUA	2,000,000	0.86
10	SHANWOOD DEVELOPMENT PTE LTD	1,889,000	0.81
11	SHI YONG	1,863,400	0.80
12	OCBC SECURITIES PRIVATE LTD	1,611,669	0.69
13	CITOP INTERNATIONAL PTE.LTD.	1,500,000	0.64
14	GOH TIOW GUAN	1,000,000	0.43
15	SEAH BOON HWA	1,000,000	0.43
16	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	741,900	0.32
17	ABN AMRO CLEARING BANK N.V.	704,000	0.30
18	LIM YIT WAH @NG YOE NIE	620,000	0.27
19	SIA LING SING	600,000	0.26
20	NEO AIK CHENG	537,100	0.23
	TOTAL:	**226,622,116**	**97.13**

Note:
% Percentage is calculated based on 233,335,089 shares (excluding shares held as treasury shares) as at 20 December 2018. Treasury Shares as at 20 December 2018 was 1,626,600 shares.

STATISTICS OF SHAREHOLDING

As at 20 December 2018

SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the substantial shareholders in the issued share capital of the Company as recorded in the register of substantial shareholders as at the latest practicable date are set out below.

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%[1]	No. of Shares	%[1]	No. of Shares	%[1]
Substantial Shareholders						
Esteel Enterprise Pte. Ltd.[2] ("Esteel")	167,795,536	71.912	–	–	167,795,536	71.912
Advance Venture Investments Limited ("AVIL")[2]	–	–	167,795,536	71.912	167,795,536	71.912
You Zhenhua[3]	–	–	167,795,536	71.912	167,795,536	71.912

Notes:

(1) Percentage is calculated based on 233,335,089 shares (excluding shares held as treasury shares) as at 20 December 2018.

(2) AVIL has a 80.1% 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) You Zhenhua has a 100% interest in AVIL. Accordingly, You Zhenhua is deemed to have an interest in the Shares held by AVIL pursuant to Section 7 of the Companies Act.

PUBLIC SHAREHOLDING

Based on information available to the Company, approximately 28.09% of the Company's shares are held in the hands of the public and therefore, the Company has complied with 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 of BRC Asia Limited (the "Company") will be held at 5 Sixth Lok Yang Road, Singapore 628103 on Wednesday, 30 January 2019 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 September 2018 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt (one-tier) dividend of 1 Singapore cent per ordinary share for the financial year ended 30 September 2018. **(Resolution 2)**

3. To approve the Directors' fees of S$360,000 for the financial year ending 30 September 2019. (2018: S$307,500) **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Regulation 104 of the Company's Constitution:

   (i) Mr. Seah Kiin Peng **(Resolution 4)**

   (ii) Mr. Xu Jiguo **(Resolution 5)**

5. To re-elect the following Directors retiring pursuant to Regulation 108 of the Company's Constitution:

   (i) Mr. He Jun **(Resolution 6)**

   (ii) Mr. Joel Leong Kum Hoe **(Resolution 7)**

   (iii) Ms. Chang Pui Yook **(Resolution 8)**

   Mr. He Jun, if re-elected as Director of the Company, will remain as Chairman of the Nominating Committee and 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.

   Mr. Joel Leong Kum Hoe, if re-elected as Director of the Company, will remain as Chairman of the Audit Committee and Member of the Nominating 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.

   Ms. Chang Pui Yook, if re-elected as Director of the Company, will remain as Member of the Remuneration 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-appoint Ernst & Young LLP, Certified Public Accountants, as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as ordinary resolutions with or without modifications:

7. AUTHORITY TO ISSUE SHARES

"That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Act**") and the listing rules ("**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 50% of the total number of Shares (excluding treasury shares), 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) 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) shall be calculated based on the total number of issued shares (excluding treasury shares) 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 Note 1)

(Resolution 10)

NOTICE OF ANNUAL GENERAL MEETING

8. APPROVAL OF THE RENEWAL OF THE GENERAL MANDATE FOR SHARE PURCHASE

"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 or prices 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 may be made on the SGX-ST ("**Market Purchases**") transacted through the SGX-ST's trading system through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) otherwise than on the SGX-ST, in accordance with an equal access scheme ("**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) unless otherwise varied or revoked by the Company in a general meeting, 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) share purchases have been carried out to the full extent mandated; or

(iii) the authority contained in the Share Purchase Mandate is varied or revoked;

(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 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 the purchase or acquisition of Shares from holders of Shares, 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 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 as at that date); and

NOTICE OF ANNUAL GENERAL MEETING

"**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 a 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 2) **(Resolution 11)**

9. 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 19 February 2019 at 5 p.m. to determine the shareholders' entitlements to the proposed dividend.

Duly completed transfers of shares received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02 Singapore 068898, up to 5 p.m. on 19 February 2019 will be registered to determine shareholders' entitlements to the proposed dividend.

The proposed dividend, if approved by the members at the Annual General Meeting, will be paid on 28 February 2019.

BY ORDER OF THE BOARD

LEE CHUN FUN (MS)
LOW MEI WAN (MS)
Company Secretaries
15 January 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Resolution 10, 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 10 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) of which the total number of shares and shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 10 issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) 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 10, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) 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.

2. Resolution 11, if passed, will authorise the Directors to make purchases of otherwise acquire Shares from time to time subject to and in accordance with the guidelines set out in Appendix I, the Listing Manual and such other laws as may for the time being be applicable. This authority will continue in force until the next annual general meeting of the Company, unless previously revoked or varied at a general meeting or when such purchases or acquisitions are carried out to the full extent mandated.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

2. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the Company's Share Registrar's office at 80 Robinson Road #11-02, Singapore 068898, not later than 72 hours before the time appointed for the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting 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 (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) 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.

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BRC ASIA LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 193800054G)

Proxy Form
for Annual General Meeting

IMPORTANT:
1. Relevant intermediaries as defined in Section 181 of the Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy BRC Asia Limited's shares, this Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF Investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 January 2019.

*I/We, ______________________________ NRIC/Passport No. ______________

of ____

being a member/members of BRC ASIA LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing *him/her/them, the Chairman of the Annual General Meeting or such other person the Chairman may designate, as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company, to be held at 5 Sixth Lok Yang Road, Singapore 628103 on Wednesday, 30 January 2019 at 10.00 a.m. and at any adjournment thereof.

The Chairman intends to cast undirected proxy votes in favour of each of the proposed resolutions. Where the Chairman is appointed as *my/our proxy/proxies, *I/we acknowledge that the Chairman may exercise *my/our proxy/ proxies even if he has an interest in the outcome of the resolution.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the Meeting.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 September 2018 and Auditors' Report thereon.		
2.	To declare a final tax-exempt (one-tier) dividend of 1 Singapore cent per ordinary share for the financial year ended 30 September 2018.		
3.	To approve the Directors' fees of S$360,000 for the financial year ending 30 September 2019 (2018: S$307,500).		
4.	To re-elect Mr. Seah Kiin Peng (Regulation 104).		
5.	To re-elect Mr. Xu Jiguo (Regulation 104).		
6.	To re-elect Mr. He Jun (Regulation 108).		
7.	To re-elect Mr. Joel Leong Kum Hoe (Regulation 108).		
8.	To re-elect Ms. Chang Pui Yook (Regulation 108).		
9.	To re-appoint Ernst & Young LLP, Certified Public Accountants, as Auditors of the Company and to authorise the Directors to fix their remuneration.		
10.	To authorise Directors to allot and issue shares.		
11.	To approve the renewal of the General Mandate for Share Purchase.		

(Please indicate with a tick (√) within the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this ______________ day __________ of 2019

Total No. of Shares in	No. of Shares Held
CDP Register	
Register of Members	

____
Signature(s) of member(s) or Common Seal

*Delete as appropriate

IMPORTANT: Please read notes overleaf before completing this Proxy 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 Future Act, Cap. 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number of shares is inserted, this proxy form will be deemed to relate to all the shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's proxy form appoints more than one proxy shall specify the percentage of shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent one hundred (100) per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar's office at 80 Robinson Road #11-02, Singapore 068898, not less than 72 hours before the time set for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its representative or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the Member, 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 Meeting, as certified by CDP to the Company.

9. Please refer to the notes set out in the Notice of Annual General Meeting dated 15 January 2019.

AFFIX
STAMP

BRC Asia Limited
c/o Tricor Barbinder Share Registration Services
80 Robinson Road
#11-02, Singapore 068898

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CORPORATE INFORMATION

AUDITORS

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)

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)
Joel Leong Kum Hoe (Independent Director)
He Jun (Independent Director)
Chang Pui Yook (Independent Director)

KEY EXECUTIVE OFFICERS

Lee Chun Fun (Chief Financial Officer and Company Secretary)
Ong Lian Teck (Chief Commercial Officer)
Tan Lau Ming (Deputy Chief Operating 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

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
Harry Elias Partnership LLP
OC Queen Street LLC
Rajah & Tann Singapore LLP

PRINCIPAL BANKERS

CIMB Bank Berhad

DBS Bank Limited

Malayan Banking Berhad

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

FOR THOSE WHO ASPIRE TO BUILD

BETTER
FASTER
CHEAPER