ANNUAL REPORT 2020
BUILDING BETTER

CONTENTS

CHAIRMAN'S MESSAGE

Dear Shareholders,

I am pleased to present to you BRC Asia Limited's ("**BRC Asia**", or the "**Group**") Annual Report for the financial year ended 30 September 2020 ("**FY2020**"). The year 2020 is destined to be remembered, as humankind battled with one of the most severe pandemics in history. BRC Asia, like many other businesses battered by the Covid-19 related disruptions, experienced one of the most challenging times since its establishment. Nonetheless, our management and all our employees demonstrated great perseverance and resilience in the face of one difficult situation after another. We wrapped up the financial year with encouraging results and set the stage for the Group to push forward as the economic situation gradually stabilises. I am proud of their dedication and achievements in such adversities.

WEATHERING THROUGH DIFFICULT TIMES

Since the implementation of the "circuit breaker" ("**CB**") measures in Singapore from 7 April 2020, the economic activities in many industries slowed to a near standstill, with local construction being one of the hardest-hit sectors. Due to the widespread outbreak of Covid-19 in the foreign worker dormitories islandwide, construction activities grounded to a halt as the country battled to contain community spread, and it was only in August that work started to meaningfully resume. At the same time, the Group had to suspend all its non-exempted operations at its manufacturing facilities in Singapore, which had a direct adverse impact on its financial performance.

In fact, at the onset of the Covid-19 outbreak in January, management had already started the contingency planning in preparation for the worst-case scenario in Singapore. This preparedness contributed to our relative calmness and orderly response when the CB kicked in. Each one of our worker dormitory went into self-imposed isolation to minimise the risk of contracting and spreading the infection. Members of the management team were also not allowed to physically enter the dormitories. With construction projects paused during this period, we made use of the downtime to focus on improving our processes and products, so that we would emerge in a stronger position with better products and services as the economy adjusts to a new normal post Covid-19.

Since early July 2020, most of our workers were already cleared to start work, when activities in the construction sector were showing nascent signs of picking up. We were ready to support our customers' projects as they progressively restarted their respective works and, by the second half of August 2020, our manufacturing activities had recovered to economically-viable levels, proving how quick we were to bounce back from the disruptions.

FINANCIAL PERFORMANCE

BRC Asia has grown to a substantially stronger entity since its acquisition of Lee Metal back in 2018, and our resilience can be attributed to the successful integration and highly streamlined operations we have established. For the first half of our financial year 2020 ended 31 March 2020 ("**1HFY2020**"), the Group reported a 96.8% year-on-year increase in earnings to S$22.7 million.

The stellar financial performance in 1HFY2020 provided some cushion for the scorecard for the full year. However, as the Group's business is largely concentrated in Singapore, and with most of our clients being in the construction sector, these Covid-19 disruptions still weighed on the sales revenue for FY2020, which declined 32.9% year-on-year, to S$612.4 million.

With lower costs from bulk raw material purchases, gross profit margin improved to 10.8% in FY2020 from 8.4% in FY2019. As a result, gross profit declined at a slower rate compared to revenue, by just 13.6% year-on-year, to S$66.2 million for FY2020.

With stringent cost control, the Group's operating profit margin increased from 4.2% for FY2019 to 4.4% for FY2020. Excluding the share of losses of associates amounting to S$14.4 million, which arose solely from a 17% equity interest in an airport, hotel and resort in the Maldives, the Group has achieved core earnings of S$34.8 million for FY2020, a 3.3% increase from FY2019, despite the Covid-19 related disruptions in the second half of FY2020.

OUTLOOK

While construction work has been allowed to resume currently, progress has been much slower than expected, under the government's prudent stance to ensure a safe restart in a sector that accounted for the majority of the Covid-19 cases. We foresee that it will take some time for market conditions to recover and for the construction sector to revert to its normal level of activities. This is also in line with the official forecast for the construction sector. On 17 September 2020, the Building and Construction Authority ("**BCA**") revised its projected construction demand for 2020 from the earlier forecast of S$28 billion - S$33 billion released in January 2020 to S$18 billion - S$23 billion.

> To thank our shareholders for their continued trust and support, the Group proposed final and special dividends of **6 SINGAPORE CENTS** per ordinary share in total, representing a pay-out of **68.8%**.

According to BCA, construction demand is expected to recover to some extent from 2021, which will be supported by public residential developments and upgrading works, the developments at the Jurong Lake District, the construction of new healthcare facilities and various infrastructure projects such as the construction of the Cross Island MRT Line. The recent launch of Build-to-Order (BTO) projects numbering approximately 7,800 new flats in 8 estates will also bolster construction demand. However, the weakness in new projects will largely remain, as the construction of mega projects, such as Changi Airport Terminal Five, has been delayed. At the same time, while there is an improvement in the level of activities, construction is still operating at a substantially lower rate and pace compared to pre-Covid times, and is expected to remain so for the time being.

We will need to adapt to a "new normal" as the Singapore government guides the economy to gradually re-open in Phase III. Work productivity could decline significantly in the immediate term, which will require us to manage prudently, practically and proactively. On a positive note, we are in a strong financial position and possess a sizable order book, and we are led by a committed team of experienced professionals. These fundamental strengths will allow us to navigate safely through the uncertain times that are still ahead of us and overcome the challenges.

REWARDING SHAREHOLDERS

To thank our shareholders for their continued trust and support, the Group proposed final and special dividends of 6 Singapore cents per ordinary share in total, representing a pay-out of 68.8%.

APPRECIATION

I would like to express my deepest appreciation to my fellow Board directors, our management team and our staff for their dedication and commitment towards our business in these trying times. I would also like to thank all our shareholders, investors, customers and business partners for their loyalty and faith in us.

To quote Martin Luther King Jr., "Our very survival depends on our ability to stay awake, to adjust to new ideas, to remain vigilant and to face the challenge of change." As we progress into 2021 with many uncertainties ahead of us, we look forward to your continuous support as we continue tackling the challenges with determination and strength, and creating long-term value for all stakeholders.

Mr. Teo Ser Luck

CHAIRMAN AND INDEPENDENT DIRECTOR

主席致辞

尊敬的各位股东，

我很高兴向您呈现BRC亚洲有限公司（"**BRC亚洲**" 或 "**集团**"）截至2020年9月30日财政年度（"**2020财年**"）的年度报告。2020年，人类经历了有史以来最严重最广泛的流行病的严峻考验，这段艰辛的经历必将被载入史册。BRC亚洲与其他众多受新冠疫情影响的企业一样，经历了重重挑战。尽管如此，面对一个又一个难题，我们的管理层和全体员工表现出了极大的毅力和韧性，集团2020财年仍然取得了良好业绩，为在经济形势逐步趋稳的大环境下继续前进奠定了基础。我为他们在逆境中的表现出的奉献、坚持以及取得的成就感到自豪。

艰苦卓绝的一年

自2020年4月7日新加坡实施"断路器"（"**CB**"）措施以来，许多行业的经济活动减缓，甚至接近停滞，而本地建筑业更是受疫情影响最严重的行业之一。由于新冠病例在全岛外籍工人宿舍中大面积爆发，政府为遏制病毒在社区的蔓延，要求建筑活动暂停，直到8月才开始大面积恢复。同时，集团不得不暂停了其在新加坡工厂的所有非必需业务，而这对其财务表现也产生了直接的不利影响。

实际上，在1月疫情爆发时，管理层已经开始制定相应的应急计划，为新加坡可能发生的最坏情况做准备。这些准备使我们能够在断路器实施时不慌不乱，保持镇定，有序响应。每个工人宿舍都实行自我隔离，以最大程度地减少感染和病毒传播的风险，而管理团队成员不允许进入宿舍。在建筑活动暂停期间，我们利用了这段时间专注对流程和产品进行改进，以便在后疫情时期为市场提供更好的产品和服务。

自2020年7月初以来，当整个建筑行业的生产活动刚刚开始复苏时，我们大多数的工人已被准许开始工作了。随着客户逐渐恢复其建筑活动，我们也恢复了为客户提供的产品和服务。截至2020年8月下半月，我们的生产活动已恢复到了有经济效益的水平。这也证明了我们的韧性和从谷底快速反弹的能力。

财务表现

自2018年收购 Lee Metal 以来，BRC亚洲的实力继续发展壮大，而我们今天强劲的复原力很大程度上归功于我们自收购以来的成功整合和建立的高效的运营体系。在截至2020年3月31日的2020财政年度上半年再次取得了同比96.8%的利润增长，上半年利润达2270万新元。

集团2020财年上半年的出色表现为全年业绩提供了一定的缓冲。然而，由于集团的业务主要集中于新加坡，而我们的大多数客户都为建筑业公司，因此疫情仍然导致2020财年全年的销售收入与2019财年相比下降了32.9%，至6.12亿新加坡元。

由于原材料的规模化采购，进一步降低了成本，毛利率从2019财年的8.4%提高到2020财年的10.8%。因此，集团全年毛利与收入相比下降幅度较小，比2020财年仅下降13.6%至6620万新元。

在严格的成本控制下，集团的运营利润率从2019财年的4.2%增加到2020财年的4.4%。若不计应占联营公司亏损1440万新元（马尔代夫的机场、酒店和度假村的17%股权的相关亏损），集团2020财年的核心收益为3480万新元，即使经历了2020财年下半年疫情影响的生产中断，核心收益与2019财年相比仍增长了3.3%。

市场展望

尽管目前允许恢复施工，但政府继续保持审慎态度，以确保受疫情影响最严重的建筑业及相关行业安全复工。因此，复工的进展比预期的要慢得多。我们预计市场环境的回暖以及建筑业恢复正常施工状态将还会需要一些时间。这种判断也符合官方对建筑行业的预测。新加坡建设局（"**BCA**"）2020年1月发布的2020年建筑需求预测为280亿新元至330亿新元，而2020年9月17日，其将预测下调为180亿新元至230亿新元。

新加坡建设局预测，建筑需求在2021年将有所回升，重点建筑项目包括公共住宅开发和升级工程、裕廊湖区的开发、新医疗设施的建设以及各种基础设施项目，如跨岛捷运线的修建。最近推出的八个按单建造（BTO）的7800个新公寓单位项目也将刺激建筑需求。但是，樟宜机场五号航站楼等大型项目的建设已被推迟，新项目的数量在一段时期内仍将保持低迷。同时，虽然施工逐渐恢复，但与疫情之前的情况相比，建筑工程的运行速度和进展要慢得多，并且在可预见的未来仍会保持这种状态。

随着新加坡政府引导经济在第三阶段逐渐重新开放，我们不得不适应"新常态"。短期内我们的生产效率可能会下降，这将要求我们更加谨慎、务实并积极地进行管理。值得宽慰的是，集团财务状况良好，拥有可观的订单和经验丰富的专业团队。这些优势将有助于我们克服挑战，安全度过当前的不确定时期。

> 为了感谢股东的持续信任和支持，集团提议派发每股普通股总计**6新加坡分**的末期股息和特别股息，派息率为**68.8%**。

回馈股东

为了感谢股东的持续信任和支持，集团提议派发每股普通股总计6新加坡分的末期股息和特别股息，派息率为68.8%。

致谢

在此，我要对董事会的其他董事、我们的管理团队和全体员工表示最深切的谢意，感谢他们在艰难时期里的敬业和奉献。同时，感谢所有股东、投资者、客户和业务合作伙伴对我们的支持和信任。

马丁·路德·金说，"我们的生存，取决于我们时刻保持清醒、适应新思想、保持警惕以及应对变革带来的挑战的能力。"值此迈入2021年之际，我们仍面临着许多不确定因素。我们期待在您的持续支持下，以坚定的决心和毅力应对挑战，并为所有利益相关者创造长期价值。

张思乐

主席及独立董事

OPERATIONS & FINANCIAL REVIEW

OPERATIONAL REVIEW

2020 has been a tough year for all of us at BRC Asia, as the Covid-19 pandemic consumed almost the entire year and presented many challenges to the economic environment that we operate in. While Singapore's economy showed signs of recovery after the 56-day Circuit Breaker that ended on 1 June 2020, it continued to contract in the third quarter of 2020, by 5.8% year-on-year ("**yoy**"), extending the yoy decline of 13.3% for the second quarter of 2020.[1]

Construction has been one of the hardest-hit sectors during this period, shrinking 59.9% and 46.6% yoy in the second and third quarters of 2020 respectively. Even after the end of the Circuit Breaker, only about 5% of workers living in dormitories in Singapore were cleared to start work by the end of June 2020.[2] It was only in early August 2020 that all workers[3] living in dormitories had either recovered or been tested to be free from the virus, and were eligible to resume work.[4]

We faced these adversities with agility, and demonstrated the resilience of our business in a volatile and uncertain environment. When foreign worker dormitories went into lockdown in April, we imposed a similar (but stricter) set of safe management rules within our own dormitories to minimise the risk of incidence of Covid-19 within and beyond our premises and people. During this period, while complying with the government's guidance, we made use of the downtime to focus on improving our processes and products, to get ready for the eventual recovery. From early July 2020, a few weeks after Phase II reopening, we resumed production activities gradually to support our customers' projects as they progressively restarted their respective works. By the second half of August 2020, our manufacturing activities had recovered to economically-viable levels.

REVENUE AND PROFITABILITY

The Group's revenue decreased by 32.9% yoy in FY2020 to S$612.4 million. This was mainly due to the significant drop in sales revenue following the compulsory curtailment of manufacturing operations, as the Circuit Breaker measures started in early April 2020 to deal with the pandemic. Gross profit decreased by 13.6% yoy to S$66.2 million in FY2020. Gross profit margin was 10.8% for FY2020, an improvement from the 8.4% for FY2019. The higher gross margin was attributed to the lower costs from bulk raw material purchases.

Operating expenses decreased by 12.6% yoy to S$35.1 million in FY2020. These included distribution and administrative expenses, which decreased by 17.4% yoy to S$15.6 million in FY2020, due to the reduction of sales and manufacturing activities at the Group. Finance costs also dereased by 29.3% yoy to S$6.8 million in FY2020. This was mainly attributable to the falling interest rates as well as lower levels of borrowings. Operating profit margin increased from 4.2% for FY2019 to 4.4% for FY2020.

Overall, the Group reported net earnings of S$20.4 million for FY2020, a 35.5% decrease from FY2019. Earnings per share was 8.72 Singapore cents for FY2020, compared to 13.53 Singapore cents for FY2019.

The Group has a 17% equity interest in an associate that operates and manages an airport, hotel and resort in the Maldives. Due to the higher losses associated with the drop in the hotel and resort occupancy rates following the travel restrictions amid the Covid-19 pandemic, and an impairment loss of S$6.8 million, the Group recognised share of losses of associates of S$14.4 million in FY2020, compared to S$2.1 million in FY2019.

Excluding the share of losses of associates of S$14.4 million, the Group's core earnings for FY2020 were S$34.8 million, a 3.3% increase from FY2019.

FINANCIAL POSITION

As at 30 September 2020, the Group's balance sheet remained strong with net assets of S$264.5 million and net asset value per ordinary share of 113.38 Singapore cents, compared with S$262.9 million and 112.68 Singapore cents respectively as at 30 September 2019.

The Group's property, plant and equipment increased by S$20.6 million as at 30 September 2019 to S$154.8 million as at 30 September 2020, due to the recognition of S$36.0 million right-of-use assets with the adoption of SFRS(I) 16.

In FY2020, trade and other receivables decreased by S$101.1 million to S$94.2 million due to the significantly lower sales over the year. Asset held for sale increased by S$3.8 million to S$33.9 million due to the development costs incurred for a detached house along Nassim Road, Singapore. Trade and other payables decreased by S$39.2 million to S$27.9 million, mainly due to a reduction in goods-in-transit. Provisions decreased by S$5.3 million to S$4.4 million, mainly due to the reversal of provision for onerous contracts, partially offset by provision for restoration costs.

The Group's loans and borrowings decreased by S$47.2 million to S$259.3 million, mainly due to the repayment of bills payable, partially offset by proceeds from bank loans. Loans from immediate holding company decreased by S$3.1 million to S$20.0 million due to partial repayment in 2Q2020.

> **WE REMAIN COMMITTED** to these long-term growth strategies and, once the uncertainties surrounding Covid-19 clear up, we will resume the relevant activities to grow our business internationally.

LOOKING AHEAD

Moving forward, construction demand is expected to recover to some extent from 2021 as public residential developments and various infrastructure projects, such as the construction of the Cross Island MRT line, will support demand[5]. As at 30 September 2020, the Group's sales order book stood at approximately S$1 billion. The duration of projects in our sales order book range up to 5 years. This could be subject to further changes, as uncertainties loom over the construction sector.

With international travel largely suspended due to the continuing waves of Covid-19 outbreaks in many countries, our plans to expand our footprint in China and other countries are currently put on hold. Nonetheless, we remain committed to these long-term growth strategies and, once the uncertainties surrounding Covid-19 clear up, we will resume the relevant activities to grow our business internationally.

In the meantime, we are focusing on accelerating our digitalisation and automation initiatives, a number of which were already in progress before Covid-19. Our immediate steps to digitalisation include enhancing our self-service systems and automation of several work processes in our manufacturing operations.

We remain cautious about the outlook for the industry as the new year unfolds, as general economic activities could remain subdued until a permanent solution for the pandemic is found. We need to stay vigilant and diligent to deal with several potential complexities, such as limited labour resources and credit risk. The prevention of a resurgence of Covid-19 cases will remain a primary concern in all economic activities. For the Singapore construction sector, this means regular swab tests for foreign workers residing in dormitories and worksite personnel, and safe working measures such as limiting concurrent work by different trades and segregation of work teams by zones and times, which generally results in lower productivity and efficiency, and higher costs. Nonetheless, I remain confident that, supported by strong financial position and a sizable order book, and led by a committed team of experienced professionals, BRC will navigate safely through the uncertain times that are still ahead of us.

In closing, I would like to express my heartfelt gratitude to our customers, business partners and associates for their continued support in these trying times. I would also like to extend my appreciation to our management team and staff for their dedication and hard work over the past year despite the challenging environment. Last but not least, I would like to thank our shareholders for their unwavering loyalty and trust in us.

Mr. Seah Kiin Peng
CHIEF EXECUTIVE OFFICER

[1] https://www.mti.gov.sg/-/media/MTI/Resources/Economic-Survey-of-Singapore/2020/Economic-Survey-of-Singapore-Third-Quarter-2020/PR_3Q20.pdf
[2] https://www.straitstimes.com/singapore/136b-package-rolled-out-to-help-construction-firms-resume-work-safely
[3] Excluding 22,500 workers under quarantine in Centralised Government Quarantine Facilities and 17 standalone blocks in 6 Purpose-Built Dormitories.
[4] https://www.gov.sg/article/all-dormitories-cleared-of-covid-19-mom
[5] S'pore's projected construction demand for 2020 slashed by $10 billion; some pickup expected from 2021: BCA, The Business Times, 17 September 2020

运营及财务回顾

运营回顾

2020年对BRC亚洲的全体员工而言非常不易。新冠病毒肆虐将近一年，并给我们所处的经济环境带来了诸多挑战。虽然新加坡为期56天的断路器措施于2020年6月1日结束后，经济出现复苏迹象，但2020年第三季度经济继续收缩，同比下滑5.8%，延续了2020年第二季度13.3%的同比下降。

在此期间，建筑业是受疫情冲击最严重的行业之一，2020年第二季度和第三季度同比分别萎缩59.9%和46.6%。即使在断路器措施结束后，至2020年6月底，居住在新加坡宿舍的工人中只有约5%获准复工。这种情况持续至2020年8月初居住在宿舍的所有工人已经康复或经检测无病毒后，才获准复工。

我们面对这些困难，果断决策，灵活处理，展示了我们的业务在动荡和不确定的环境中的应变能力。今年4月，外籍员工宿舍关闭时，我们在自己的宿舍内实施了一套类似（但更严格）的安全管理规范，以最大限度地降低在客工宿舍内外感染新冠病毒的风险。在此期间，在遵守政府要求的同时，我们利用停工时间集中精力改进我们的流程和产品，为恢复运营时做好准备。2020年7月初开始，即第二阶段重新开放几周后，我们客户的项目重新开启，我们也逐步恢复生产活动以支持客户的需求。到了2020年8月下旬，我们的生产量已恢复到了有经济效益的水平。

收入和盈利能力

与2019财年相比，集团2020财年的收入同比下降32.9%，至6.12亿新元。销售收入大幅下降的主要原因是2020年4月初启动的应对疫情的断路器措施导致制造活动停滞。2020财年毛利润同比下降13.6%，至6620万新元。2020财年毛利率为10.8%，较2019财年的8.4%有所改善，毛利润的提升主要因原材料批量采购的成本较低。

与2019财年相比，2020财年的运营费用同比下降12.6%，至3510万新元。其中，2020财年分销和行政费用因集团销售和制造活动的减少，同比下降17.4%，至1560万新元。财务成本同比下降29.3%，至680万新元，主要由于利率下降以及集团贷款和借款的减少。营业利润率从2019财年的4.2%增至2020财年的4.4%。

集团2020财年净收益为2035万新元，较2019财年同比下降35.5%。2020财年每股收益为8.72分新币，而2019财年为13.53分新币。

集团在一家经营和管理马尔代夫的机场、酒店和度假村的合资企业中拥有17%的股权，新冠病毒期间，旅行限制导致酒店和度假村入住率下降，损失增加，产生减值损失680万新元。因此，集团在2020财年计入联营公司的损失1440万新元，而2019财年为210万新元。

若不计联营公司1440万新元损失，集团2020财年的核心收益为3480万新元，较2019财年增长3.3%。

财务状况

集团资产负债表继续保持稳健，截至2020年9月30日，拥有净资产2.65亿新元，每股净资产为1.13新元，2019年同期，集团净资产为2.63亿新元，每股净资产为1.13新元。

集团的物业、厂房和设备价值增加了2060万元，达到2020年9月30日的1.55亿新元，因采用SFRS（I）16会计准则后，确认并计入了使用权资产3600万新元。

2020财年，因销售额大幅下降，贸易和其他应收款减少了1.01亿新元，至9420万新元。持有的待售资产价值增加了380万新元，达3390万新元，主要来自新加坡纳西姆路 (Nassim Road) 一处独立式住宅的开发成本。贸易和其他应付款减少了3920万新元，至2790万新元，主要原因是在途货物减少。集团拨备减少530万新元，至440万新元，主要是因为亏损合同的回拨，以及部分被重置成本的拨备抵销。

集团贷款和借款减少了4720万新元至2.59亿新元，主要原因是偿还了应付票据，同时部分被银行贷款抵消。直接控股公司的贷款减少了310万新元，降至2000万新元，主要原因是在2020财年第二季度部分还款。

“**我们仍然致力**于实现这些长期增长战略，一旦疫情带来的不确定性消除，我们将积极发展集团在国际市场上的业务。”

展望未来

2021年，公共住宅发展和各种基础设施项目（如跨岛地铁线路的建设）将支持建筑需求，建筑行业有望在一定程度上恢复。截至2020年9月30日，集团的销售订单约为10亿新元，最长订单配送期为5年左右。但由于建筑行业的不确定性仍然存在，项目期或许会有进一步变化。

疫情在许多国家持续不断，国际旅行基本暂停，集团在中国和其他国家发展业务的计划目前被搁置。尽管如此，我们仍然致力于实现这些长期增长战略，一旦疫情带来的不确定性消除，我们将积极发展集团在国际市场上的业务。

与此同时，我们正致力于加快数字化进程和推动自动化，其中一些计划在疫情爆发之前就已经在推进。我们下一步将推进的数字化项目包括加强我们的自助服务系统以及制造业务中几个工作流程的自动化。

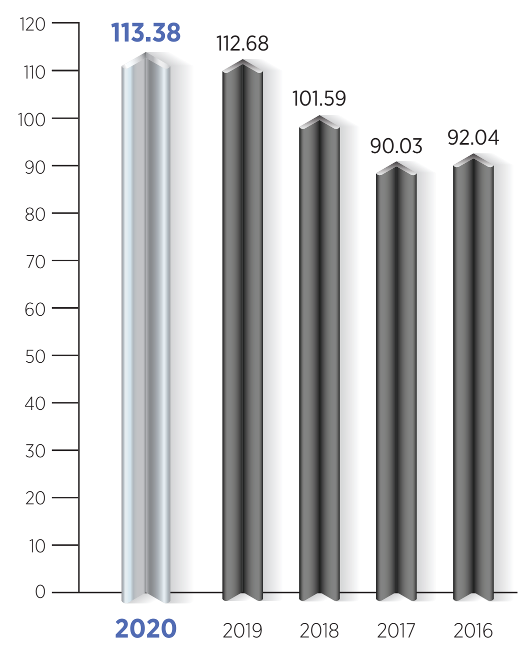
我们对今年的行业前景仍持谨慎态度，在找到疫情的永久解决方案之前，总体经济活动可能仍然低迷。我们必须保持警惕，继续努力，为处理可能发生的各种复杂问题做好准备，如劳动力资源短缺和潜在信贷风险等。防止新冠病毒传播将是经济活动中的首要问题。对新加坡建筑业而言，这意味着对居住在宿舍的外籍工人和工地人员进行定期的拭子测试，采取安全措施，例如限制不同工种的同时工作，以及按区域和时间划分工作团队，这些都将导致生产效率降低，成本增加。尽管如此，我仍然相信，有稳健的财务状况和可观的现有订单的支撑，以及经验丰富的团队，BRC亚洲将安全度过这段充满变动和挑战的时期。

我谨向在困难时期给予我们持续支持的客户、供应商和业务伙伴表示衷心的感谢。我也感谢我们的管理团队和员工在过去的一年里，尽管面临着严峻的环境，仍然保持着奉献精神，辛勤工作。最后，感谢股东对我们坚定不移的忠诚和信任。

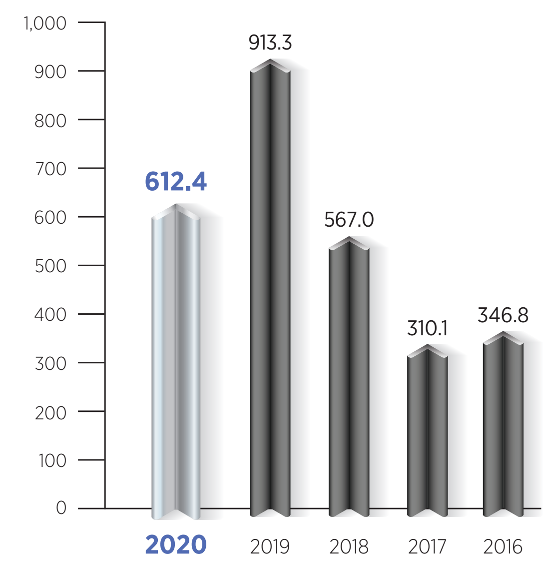
谢敬平
首席执行官

FINANCIAL HIGHLIGHTS

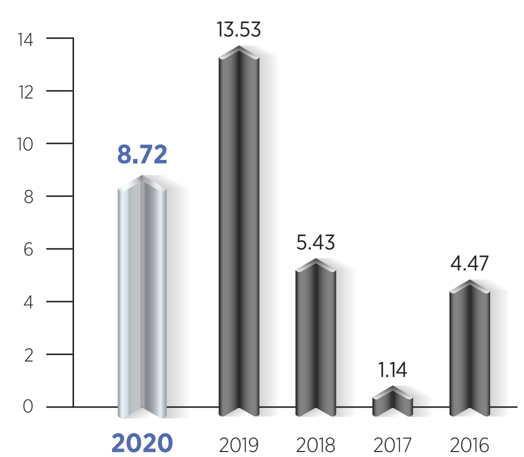
Net asset per share attributable to owners (cents)



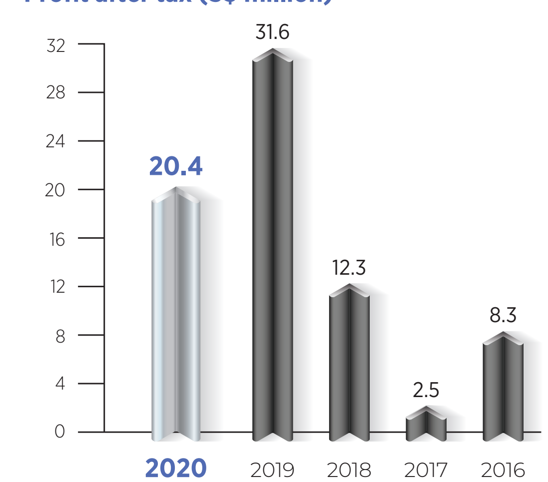
Revenue from continuing operations (S$'million)



Basic earnings per share (cents)



Profit after tax (S$'million)



Group Financial Results	2020*	2019*	2018*	2017	2016
Revenue from continuing operations (S$'000)	612,378	913,287	567,009	310,148	346,752
Profit before tax (S$'000)	26,990	38,435	15,650	3,024	10,143
Profit after tax (S$'000)	20,352	31,562	12,296	2,473	8,341
Net asset attributable to owners (S$'000)	264,547	262,928	237,036	167,755	171,607
Per Share Data					
Basic earnings per share (cents)	8.72	13.53	5.43	1.14	4.47
Net asset per share attributable to owners (cents)	113.38	112.68	101.59	90.03	92.04

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

BOARD OF DIRECTORS

G F E A B D H C

A MR. TEO SER LUCK
Chairman and Independent Director

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

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

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

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

B MR. SEAH KIIN PENG
Executive Director and Chief Executive Officer

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

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

C MR. JOEL LEONG KUM HOE
Independent Director

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

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

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

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

D MS. CHANG PUI YOOK
Independent Director

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

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

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

E MR. HE JUN
Independent Director

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

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

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

F MR. XU JIGUO
Executive Director and Chief Procurement Officer

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

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

G MR. ZHANG XINGWANG
Executive Director and Chief Operating Officer

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

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

H MR. DARRELL LIM CHEE LEK
Executive Director

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

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

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

KEY EXECUTIVE OFFICERS

MS. LEE CHUN FUN

Chief Financial Officer and Company Secretary

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

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

MR. TAN LAU MING

Deputy Chief Operating Officer

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

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

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

MR. ONG LIAN TECK

Chief Commercial Officer

Mr. Ong oversees the Sales and Marketing Department and is responsible for formulating marketing plans and strategies as well as the delivery of engineering support services to customers. He also assists the Chief Executive Officer in business development efforts and the Chief Procurement Officer in steel inventory management. He has over 18 years of experience in the industry.

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

CORPORATE GOVERNANCE REPORT

INTRODUCTION

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

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

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

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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

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

Composition of the Board of Directors

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

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

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

Primary Functions of the Board

The primary functions of the Board are to:

- supervise and approve strategic direction of the Group;
- decide on policies covering corporate governance and business matters;
- review the business practices and risk management of the Group;
- review the management performance of the Group;
- review and approve interested person transactions;
- approve matters beyond the authority of the Key Executive Officers;
- ensure that there are policies and safeguards in the system of internal controls to preserve the integrity of assets;
- ensure compliance with legal and regulatory requirements;
- approve all communications with Shareholders;
- approve recommendations made by the Audit, Nominating and Remuneration Committees; and
- consider sustainability issues such as environmental and social factors as part of its strategic plans.

Disclosure of Interest

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

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

CORPORATE GOVERNANCE REPORT

Delegation by the Board

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

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

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

Board's Conduct of Affairs

During the financial year ended 30 September 2020, four Board meetings were held. In addition, the Board members have in numerous occasions exchange views outside the formal environment of Board meetings. Additional Board meetings will be convened when they are deemed necessary to address any significant issues that may arise in-between the scheduled meetings. Ad-hoc matters which require the Board's approval are dealt with through circular resolutions, when necessary.

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

The attendance of the Directors at the Board and Committee meetings for the financial year ended 30 September 2020 is as follows:

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

Principle 2: Board Composition and Guidance

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

Composition and Balance

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

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

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

Principle 3: Chairman and Chief Executive Officer

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

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

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

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

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

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

Principle 4: Board Membership

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

Nominating Committee

The Nominating Committee consists of:

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

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

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

- recommend to the Board on relevant matters relating to (a) review of board succession plans for Directors (including Independent Directors), in particular, the Chairman, Chief Executive Officer and Executive Directors, taking into consideration, contribution and performance of each Director; (b) the development of a process for evaluation of the performance of the Board, the Board Committees and individual Directors; (c) the review of training and professional development programmes for the Board; and (d) making evaluations, assessments and recommendations with respect to the selection and appointment and re-appointment of Directors (including alternate Directors, if applicable);
- review whether the size of the Board is appropriate;
- review annually the composition of the Board to ensure that the Board has an appropriate balance of expertise, skills, attributes and abilities;
- review and determine annually, and as and when circumstances require, if a Director is independent;
- review where a Director has multiple Board representations, whether the Director is able to and has been adequately carrying out his/her duties as Director, taking into consideration the number of listed Company Board representations of the Directors and other principal commitments;
- recommend Directors who are retiring by rotation to be put forward for re-election. The Constitution of the Company requires at least one-third of the Directors (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation every year and each Director to retire from the office at least once every three years;

CORPORATE GOVERNANCE REPORT

- review and approve any new employment of related persons and the proposed terms of their employment;
- recommend to the Directors candidates for Key Executive Officer positions and candidates for directorship (including executive directorships);
- review succession plans for Key Executive Officers and recommend them to the Board for approval; and
- review that no individual member of the Board dominates the Board's decision-making process.

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

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

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

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

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

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

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

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

When considering the re-nomination of Director for re-election, the Nominating Committee would take into account the time commitment by the Board members with multiple board representation. The Nominating Committee resolved that each Executive Director of the Company shall have no more than three directorships in other listed companies and non-governmental organisation. For Independent Directors, the Nominating Committee is satisfied that they are able to carry out and have been carrying out their duties as a Director of the Company and sufficient time and attention have been given to the affairs of the Company. Therefore, it has decided not to fix a numerical limit on the number of directorships an Independent Director can hold. During the financial year under review, the Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance of the meeting dates. Every year, the Nominating Committee reviews the composition of the Board and the number of listed Company Board representations each Director holds. Where a Director holds a significant number of directorships and principal commitments, the Nominating Committee will assess his/her ability to diligently discharge his/her duties.

CORPORATE GOVERNANCE REPORT

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

Name of Director	Position in the Company	Directorships in Other Listed Companies and Other Principal Commitments
Mr. Teo Ser Luck	Independent Director and Non-Executive Chairman	• China Aviation Oil Corporation Ltd. (Non-Executive and Independent Director) • Serial System Ltd. (Non-Executive Independent Deputy Chairman) • Straco Corporation Ltd. (Non-Executive and Independent Director) • Yanlord Land Group Limited (Non-Executive and Independent Director) • Vicduo Food Tech Pte. Ltd. (Director) • Nufin Data Pte. Ltd. (Chairman) • Nufund Pte. Ltd. (Director) • Mindchamps Preschool Limited (Non-Executive and Independent Director)
Mr. Seah Kiin Peng	Executive Director and Chief Executive Officer	-
Mr. Xu Jiguo	Executive Director and Chief Procurement Officer	-
Mr. Zhang Xingwang	Executive Director and Chief Operating Officer	-
Mr. Darrell Lim Chee Lek	Executive Director	• New Silkroutes Group Limited (Non-Executive and Independent Director) • Bright Point Capital Pte. Ltd. (Director) • XM Studios Pte. Ltd. (Director) • Prometheus (S) Pte. Ltd. (Director)
Ms. Chang Pui Yook	Independent Director	-
Mr. He Jun	Independent Director	• WongPartnership LLP (Partner) • Raffles Education Corporation Limited (Non-Executive and Non-Independent Director)
Mr. Joel Leong Kum Hoe	Independent Director	-

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

Mr. Seah Kiin Peng, Mr. He Jun and Mr. Joel Leong Kum Hoe are Directors seeking re-election at the forthcoming annual general meeting.

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

	Seah Kiin Peng	He Jun	Joel Leong Kum Hoe
Date of Appointment	1 March 2010	2 April 2018	2 April 2018
Date of last re-appointment	30 January 2019	30 January 2019	30 January 2019
Age	44	58	50
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance, preparedness, participation and suitability of Mr. Seah for re-election as Director of the Company and concluded that Mr. Seah possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance, preparedness, participation and suitability of Mr. He for re-election as Director of the Company and concluded that Mr. He possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution, performance, attendance, preparedness, participation and suitability of Mr. Leong for re-election as Director of the Company and concluded that Mr. Leong possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.

CORPORATE GOVERNANCE REPORT

	Seah Kiin Peng	**He Jun**	**Joel Leong Kum Hoe**
Whether appointment is executive, and if so, the area of responsibility	Executive Director Mr. Seah oversees the business of the BRC Group, and is responsible for its management and performance.	Independent Director	Independent Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer	Independent Director Nominating Committee Chairman Audit Committee Member Remuneration Committee Member	Independent Director Audit Committee Chairman Nominating Committee Member Remuneration Committee Member
Professional qualifications	Bachelor and Masters of Science in Management, London School of Economics and Political Science	Master's Degree in Law, McGeorge School of Law, University of the Pacific in the United States of America Master's Degree in Law, China University of Political Science and Law Bachelor's Degree in Arts, Yunnan University	Bachelor's Degree in Accountancy, Nanyang Technological University, Singapore
Any relationship (including immediate family relationships) with any existing Director, existing executive Officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of Interest (including any competing business)	No	No	No
Working experience and occupation(s) during the past 10 years	Executive Director of BRC Asia Limited and subsidiaries	Advocate and Solicitor at WongPartnership LLP	Executive Director and Chief Financial Officer of Changjiang Fertilizer Holdings Pte Ltd (2008-2011) General Manager of North East Community Development Council (2011-2014) Chief Executive Officer of Foodnet Consultants Pte. Ltd. (2014-2015) Chief Financial Officer of Revez Corporation Ltd. (2018-2019) Business Owner and Management Consultant (2014 to present)
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 704(7)) or Appendix 7H (Catalist Rule 704(6))	Yes	Yes	Yes

CORPORATE GOVERNANCE REPORT

	Seah Kiin Peng	He Jun	Joel Leong Kum Hoe
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Nil
Other Principal Commitments* Including Directorships#			
Notes: * "Principal Commitments" has the same meaning as defined in the Code # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704 (9) or Catalist Rule 704 (8).			
Past (for the last 5 years)	Nil	• Herbs Biotech Medical Pte. Ltd. • Jing Run (Singapore) Cornestone Investments Pte. Ltd. • Modern Group (Singapore) Co., Pte. Ltd., Singapore • Oriental University City Holdings (H.K.) Limited • Rainbow Minerals Pte. Ltd. • Rambo International Investment Holdings Pte. Ltd. • Rui Meng (Shanghai) Minerals Investment Co. Ltd. • Run Meng (Singapore) Minerals Investments Pte. Ltd. • Tian Jiu Resources Pte. Ltd.	• Aarts Pte. Ltd. • BM Mobility Ltd. • Hengxin Holdings Pte. Ltd. • Libra Group Limited • Revez Corporation Ltd.
Present	• Anhui BRC & Ma Steel Weldmesh Co. Ltd. • BRC Asia (Australia) Pty. Ltd. • BRC International Pte. Ltd. • BRC Prefab Holdings Sdn. Bhd. • BRC Prefab Sdn. Bhd. • BRC Projects Pte. Ltd. • East Oceanic Shipyard Sdn. Bhd. • Lee Metal Group Pte. Ltd. • Lee Welded Mesh Singapore Pte. Ltd. • Lingco Marine Services Pte. Ltd. • LMG Realty Pte. Ltd. • Maxlee Development Pte. Ltd. • Pristine Islands Investment Pte. Ltd.	• Ansense International Pte. Ltd. • Cherish Eagle Investment Limited (BVI) • China Jingye Construction Engineering (S) Pte. Ltd. • Dawn Beauty Holdings (HK) Limited • Dawn Beauty Holdings Limited (BVI) • FDH PE Investment Fund Management Co., Ltd. • Hot Land Holdings Limited (BVI) • Kytoland Water Investment Pte. Ltd. • Leading Land Holdings Limited (BVI) • MCC Land (Singapore) Pte. Ltd. • Paclantic Pte. Ltd. • Raffles Education Corporation Limited • Rime Venture (HK) Limited • Rime Venture Limited (BVI) • Sincere Capital (Pte.) Ltd. • Singapore Guize Investment Pte. Ltd. • Vital Dragon Technologies Ltd. (BVI) • WongPartnership LLP • Zhongxin Education Investment Co., Ltd.	• Ally Global Pte. Ltd. • Ingenieux Advisory Pte. Ltd. • Trifam Pte. Ltd.

Disclose the following matters concerning an appointment of Director, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Manager or other Officer of equivalent rank. If the answer to any question is "yes", full details must be given.

CORPORATE GOVERNANCE REPORT

	Seah Kiin Peng	He Jun	Joel Leong Kum Hoe
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a Director or an equivalent person or a key executive, at the time when he was a Director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a Director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a Director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

CORPORATE GOVERNANCE REPORT

	Seah Kiin Peng	He Jun	Joel Leong Kum Hoe
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
iv any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a Director of a listed company?	N.A.	N.A.	N.A.
If yes, please provide details of prior experience.	N.A.	N.A.	N.A.
If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a Director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the Director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.

The Board had accepted the Nominating Committee's recommendation to seek approval from the Shareholders at the forthcoming Annual General Meeting to re-elect Mr. Seah Kiin Peng, Mr. He Jun and Mr. Joel Leong Kum Hoe, who will be retiring according to Regulation 104 of the Constitution of the Company, as Directors of the Company.

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

Principle 5: Board Performance

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

The Company has in place a system to assess the Board's performance as a whole. With the recommendation of the Nominating Committee, the Board uses objective performance criteria to evaluate the Board's performance. To-date, no external facilitator has been engaged for the purposes of Board assessment.

The Nominating Committee has determined that given the background, expertise, level of participation and contribution made by respective Directors, it would not be necessary for Directors to perform self-evaluation assessments.

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

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

CORPORATE GOVERNANCE REPORT

The Nominating Committee met in November 2020 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 committee members present at the meeting participated in the discussion. No significant issues were identified from the evaluation of the Board's performance for the financial year under review.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

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

Principle 7: Level of Mix of Remuneration

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

Remuneration Committee

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

The Remuneration Committee consists of:

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

The principal functions of the Remuneration Committee are to:

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

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

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

During the year, the Remuneration Committee met once, discussing various remuneration matters and recording its decision by way of minutes. The committee members present at the meeting were involved in the deliberations. No Director was involved in the fixing of his/her own remuneration.

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

CORPORATE GOVERNANCE REPORT

Principle 8: Disclosure on Remuneration

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

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

Basic Salary

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

Bonus

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

Benefits-in-kind

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

Employee Share Option Scheme

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

Remuneration of Directors and Chief Executive Officer

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

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

Name of Director	Salary %	Bonus %	Fees[1] %	Benefits-in-kind[2] %	Total %
S$500,000 to S$749,999					
Mr. Seah Kiin Peng	53	37	-	10	100
S$250,000 to S$499,999					
Mr. Xu Jiguo	46	44	-	10	100
Mr. Zhang Xingwang	53	38	-	9	100
Mr. Darrell Lim Chee Lek	66	23	-	11	100
Up to S$249,999					
Mr. Teo Ser Luck	-	-	100	-	100
Ms. Chang Pui Yook	-	-	100	-	100
Mr. He Jun	-	-	100	-	100
Mr. Joel Leong Kum Hoe	-	-	100	-	100

The annual aggregate remuneration of Directors for financial year ended 30 September 2020 is within the band of S$1,750,000 to S$1,999,999.

Notes:
[1] The fees have been approved by Shareholders at the last Annual General Meeting held on 30 January 2020.
[2] Includes transport allowances, contributions to Central Provident Fund and other benefits-in-kind.

CORPORATE GOVERNANCE REPORT

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

Remuneration of Top 3 Key Executive Officers

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

The Company had only three Key Executive Officers for the financial year ended 30 September 2020. The Board is of the view that in order to maintain confidentiality of remuneration matters, discussing the remuneration of the top 3 Key Executive Officers in bands of S$250,000 provides a sufficient overview of the remuneration of the Key Executive Officers. The remuneration of each Key Executive Officer falls within the band of S$250,000 and S$499,999.

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 2020.

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

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

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

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

Principle 9: Risk Management and Internal Controls

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

Internal Controls

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

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

The Board has reviewed the adequacy of the Group's internal controls framework in relation to financial, operational, compliance and information technology controls as well as risk management systems of the Group. The Board, with the concurrence of the Audit Committee, is of the view that the Group's internal controls addressing financial, operational, compliance and information technology risk as well as the Group's risk management systems are effective and adequate as at 30 September 2020. The Board and Audit Committee did not identify any major concern on the Group's internal controls or risk management systems for the financial year under review.

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

CORPORATE GOVERNANCE REPORT

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

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the financial records as at 30 September 2020 have been properly maintained and the financial statements for the financial year under review give a true and fair view of the Group's operations and finances. The Board has also received assurance from the Chief Executive Officer and Key Executive Officers that the Company's risk management and internal control systems are adequate and effective.

Internal Audit

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

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

The Audit Committee will, at least annually, review the adequacy, effectiveness and independence of the internal audit function. During the financial year under review, two internal audit reviews were conducted. The internal audit engagement team comprises two Directors, a Manager, an Assistant Manager and supported by two Associates. Each of the two Directors has more than 20 years of relevant experience whilst the Manager has approximately 14 years of relevant experience.

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

Principle 10: Audit Committee

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

Audit Committee

The Audit Committee consists of:

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

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

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

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

- review with the Company's external auditor their audit plan, their evaluation of the system of internal accounting controls in the course of the external audit, their letter to the Management and the Management's response and results of the Company's audit conducted by internal and external auditors;
- review the reports of the Company's external auditor as well as the independence and objectivity of the external auditor;
- review the co-operation given by the Company's Officers to the external auditor;
- review and discuss with the external auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations which has or is likely to have a material adverse impact on the Group's operating results or financial position and the Management's response;
- make recommendations to the Board on the proposal to the Shareholders on the appointment, re-appointment and removal of external auditor and approving the remuneration and terms of engagement of the external auditor;

CORPORATE GOVERNANCE REPORT

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

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

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

The Company has put in place a whistle-blowing policy and the Audit Committee has the authority to conduct independent investigations into any complaints. The Audit Committee oversees the administration of whistle-blowing policy. Periodic reports will be submitted to the Audit Committee stating the number of and details of complaints received, the results of the investigations and follow-up actions. There were no reported incidents under the whistle-blowing policy for the financial year under review.

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

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

During the year, the Audit Committee has met with the external auditor and internal auditor without the presence of Management. The Audit Committee has also reviewed all non-audit services provided by the external auditor to ensure that the provision of these services did not affect the independence of the external auditor. The amount of fees paid to the external auditor in respect of the audit and non-audit services for the year under review can be found on page 62 of the Annual Report. The Audit Committee has reviewed the non-audit services provided by the external auditor and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditor and accordingly, has recommended the re-appointment of the external auditor at the forthcoming annual general meeting.

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

CORPORATE GOVERNANCE REPORT

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

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

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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

Principle 12: Engagement with Shareholders

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

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

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

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

The Company encourages Shareholders' participation at the Company's annual general meetings. The annual general meeting is the principal forum for dialogue with Shareholders. In view of the Covid-19 situation, the Company's forthcoming annual general meeting for the financial year ended 30 September 2020 ("AGM") and extraordinary general meeting ("EGM") will be held through electronic means. Although Shareholders will not be able to ask questions during the live webcast at the meetings, the Company encourages Shareholders to register and submit their questions in advance of the meetings. Shareholders may raise questions or share their views regarding the proposed resolutions as well as the Company's businesses and affairs with the Company. The Chairman of the Board and Chairman of the respective Audit, Nominating and Remuneration Committees as well as the Company's auditor, will provide answers to Shareholders' queries received by the Company.

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

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

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

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

The Company ensures that sufficient explanations of all resolutions are included in the notice of the annual general meeting. 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.

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

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

Dividends

The Company has adopted a dividend policy that aims to provide Shareholders of the Company with a target annual dividend payout of not less than 30% of net profit attributable to Shareholders, excluding non-recurring, one-off and exceptional items, for the financial years ended 30 September 2019 and 30 September 2020.

The dividend policy is subject to the Board's continuing determination that the policy shall be in the best interest of the Group and its Shareholders, and are in compliance with all applicable laws and regulations. The Board will continually review the dividend policy and impact of Covid-19 pandemic and reserves the rights in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy at any time.

Investors should note that the Company's dividend policy is a statement of the Board's present intention and does not constitute a legal binding obligation of the Group to declare a dividend at any time or from time to time.

On 28 November 2020, the Board has recommended a final tax exempt (one-tier) dividend of 2 Singapore cents per ordinary share and a special tax exempt (one-tier) dividend of 4 Singapore cents per ordinary share for the financial year ended 30 September 2020, for Shareholders' approval at the forthcoming AGM.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

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

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

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

Interested Person Transactions

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

CORPORATE GOVERNANCE REPORT

Disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for the financial year ended 30 September 2020 is stated in the table below:

Name of interested person and nature of transaction	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (S$'000)
Esteel Enterprise Pte Ltd - Loan facility interest	Controlling shareholder of the Company	958	Nil
Shanghai Emetal Hong Energy Co., Ltd - Steel hedging contractual price differential receivable	Associate of Mr. You Zhenhua, the controlling shareholder of the Company	748	Nil

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

It has set out the procedures for review and approval of the Group's interested person transactions.

Risk Management

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

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

Material Contracts

There were no material contracts of the Group involving the interests of any Director or controlling Shareholders subsisting at the end of the financial year ended 30 September 2020 or if not then subsisting, entered into since the previous financial year.

Utilisation of Proceeds

There have been no proceeds raised in the financial year under review and no outstanding proceeds from previous fund raising.

Dealing in the Company's Securities

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

Sustainability Report

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

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

The Company will publish its standalone sustainability report for the financial year ended 30 September 2020 within 5 months of the end of the financial year and the same will be uploaded on the Company's website and SGXNET.

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

Contents

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of BRC Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 September 2020.

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 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

Directors

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

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

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

No director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year and 21 October 2020.

Share options

(a) Options to take up unissued shares

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

(b) Options exercised

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

(c) Unissued shares under options

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

DIRECTORS' STATEMENT

Audit Committee

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

Auditor

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

On behalf of the Board of Directors,

Seah Kiin Peng
Director

Xu Jiguo
Director

Singapore
13 January 2021

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 September 2020
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 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

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

Key audit matters

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

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

Impairment of trade receivables

Trade receivable balances are significant to the Group as they represent 18% of the Group's current assets and trade receivables carried at amortised cost are subject to expected credit loss assessment. The expected credit loss assessment requires significant management estimation over the correlation between historical observed default rates and forward-looking factors, including consideration of Covid-19 impact. Consequently, we determined that this is a key audit matter.

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

Provision for onerous contracts

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 September 2020
Independent auditor's report to the members of BRC Asia Limited

Key audit matters (cont'd)

Provision for onerous contracts (cont'd)

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

Impairment assessment of investment in subsidiaries and interest in associate

As at 30 September 2020, the Company's investment in subsidiaries and interest in associate amounted to $229.4 million and $3.9 million, respectively. The Group's interest in associates amounted to $4.4 million as at 30 September 2020. As at 30 September 2020, management assessed that there were indicators of impairment and determined their recoverable amounts using a value in use ("VIU") model. This resulted in the Group and Company recognising an impairment loss of $6.8 million and $20.0 million respectively, on interest in associate for the year ended 30 September 2020.

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

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

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

Other information

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 September 2020
Independent auditor's report to the members of BRC Asia Limited

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
13 January 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2020

	Note	2020 $'000	2019 $'000
Revenue	4	**612,378**	913,287
Cost of sales		**(546,227)**	(836,717)
Gross profit		**66,151**	76,570
Other income	5	**10,006**	2,842
Expenses			
Distribution expenses		**(5,545)**	(5,934)
Administrative expenses		**(10,075)**	(12,967)
Finance costs	6	**(6,768)**	(9,575)
Other operating expenses		**(13,777)**	(9,114)
Reversal/(provision) of impairment loss on trade receivables	18	**1,090**	(2,538)
Share of results of joint venture	14	**354**	1,282
Share of results of associates	15	**(14,446)**	(2,131)
Profit before tax	7	**26,990**	38,435
Income tax expense	9	**(6,638)**	(6,873)
Profit for the year		**20,352**	31,562
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net fair value loss on equity instruments at fair value through other comprehensive income		**–**	(25)
Items that may be reclassified subsequently to profit or loss			
Net exchange (loss)/gain on net investment in foreign operations		**(375)**	250
Foreign currency translation:			
Exchange differences on translation of foreign operations		**309**	(161)
Other comprehensive income for the year, net of tax		**(66)**	64
Total comprehensive income for the year		**20,286**	31,626
Basic and diluted earnings per share (cents)	10	**8.72**	13.53

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

BALANCE SHEETS

As at 30 September 2020

	Note	Group		Company	
		2020	**2019**	**2020**	**2019**
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	11	**154,755**	134,110	**58,186**	52,793
Investment properties	12	**2,333**	2,402	**–**	–
Investment in subsidiaries	13	**–**	–	**229,359**	229,359
Interest in joint venture	14	**7,870**	7,220	**6,076**	6,076
Interest in associates	15	**4,389**	18,951	**3,934**	24,200
Investment securities	16	**84**	84	**84**	84
Other receivables	18	**4,396**	–	**4,396**	–
		173,827	162,767	**302,035**	312,512
Current assets					
Inventories	17	**237,185**	231,891	**235,211**	127,132
Trade and other receivables	18	**89,824**	195,315	**73,869**	126,798
Prepayments		**7,037**	7,902	**6,531**	7,397
Deposits		**290**	228	**240**	133
Derivatives	20	**–**	656	**–**	505
Asset held for sale	19	**33,893**	30,049	**–**	–
Cash and bank balances	21	**77,892**	65,778	**67,204**	24,656
		446,121	531,819	**383,055**	286,621
Total assets		**619,948**	694,586	**685,090**	599,133
Current liabilities					
Trade and other payables	22	**27,918**	67,164	**110,143**	58,576
Contract liabilities	4(c)	**21,410**	4,023	**15,079**	534
Loans and borrowings	23	**160,338**	245,839	**141,039**	134,190
Loan from immediate holding company	24	**20,000**	23,100	**20,000**	23,100
Provisions	26	**3,006**	8,668	**2,530**	5,092
Derivatives	20	**192**	–	**192**	–
Current income tax liabilities		**10,339**	9,064	**8,829**	5,292
		243,203	357,858	**297,812**	226,784
Net current assets		**202,918**	173,961	**85,243**	59,837
Non-current liabilities					
Loans and borrowings	23	**98,926**	60,658	**80,803**	60,113
Provisions	26	**1,390**	1,003	**261**	254
Deferred tax liabilities	27	**11,882**	12,139	**5,998**	6,358
		112,198	73,800	**87,062**	66,725
Total liabilities		**355,401**	431,658	**384,874**	293,509
Net assets		**264,547**	262,928	**300,216**	305,624

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

BALANCE SHEETS

As at 30 September 2020

		Group		Company	
	Note	**2020**	**2019**	**2020**	**2019**
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital	28	**125,001**	125,001	**125,001**	125,001
Treasury shares	28	**(1,105)**	(1,105)	**(1,105)**	(1,105)
Other reserves	29	**(2,220)**	(2,154)	**521**	521
Retained earnings		**142,871**	141,186	**175,799**	181,207
Total equity		**264,547**	262,928	**300,216**	305,624
Total equity and liabilities		**619,948**	694,586	**685,090**	599,133

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 2020

Group	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 October 2018		125,001	(1,105)	(2,218)	115,358	237,036
Effect of adoption of SFRS(I)		–	–	–	(3,401)	(3,401)
Balance at 1 October 2018 – SFRS(I) framework		125,001	(1,105)	(2,218)	111,957	233,635
Profit for the year		–	–	–	31,562	31,562
Other comprehensive income for the year		–	–	64	–	64
Total comprehensive income for the year		–	–	64	31,562	31,626
Cash dividends on ordinary shares	30	–	–	–	(2,333)	(2,333)
Total contributions by and distributions to owners		–	–	–	(2,333)	(2,333)
Balance at 30 September 2019 and 1 October 2019		**125,001**	**(1,105)**	**(2,154)**	**141,186**	**262,928**
Profit for the year		**–**	**–**	**–**	**20,352**	**20,352**
Other comprehensive income for the year		**–**	**–**	**(66)**	**–**	**(66)**
Total comprehensive income for the year		**–**	**–**	**(66)**	**20,352**	**20,286**
Cash dividends on ordinary shares	30	**–**	**–**	**–**	**(18,667)**	**(18,667)**
Total contributions by and distributions to owners		**–**	**–**	**–**	**(18,667)**	**(18,667)**
Balance at 30 September 2020		**125,001**	**(1,105)**	**(2,220)**	**142,871**	**264,547**

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 2020

Company	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 October 2018		125,001	(1,105)	546	123,928	248,370
Effect of adoption of SFRS(I)		–	–	–	(1,455)	(1,455)
Balance at 1 October 2018 – SFRS(I) framework		125,001	(1,105)	546	122,473	246,915
Profit for the year		–	–	–	61,067	61,067
Other comprehensive income for the year		–	–	(25)	–	(25)
Total comprehensive income for the year		–	–	(25)	61,067	61,042
Cash dividends on ordinary shares	30	–	–	–	(2,333)	(2,333)
Total contributions by and distributions to owners		–	–	–	(2,333)	(2,333)
Balance at 30 September 2019 and 1 October 2019		**125,001**	**(1,105)**	**521**	**181,207**	**305,624**
Profit for the year		**–**	**–**	**–**	**13,259**	**13,259**
Total comprehensive income for the year		**–**	**–**	**–**	**13,259**	**13,259**
Cash dividends on ordinary shares	30	**–**	**–**	**–**	**(18,667)**	**(18,667)**
Total contributions by and distributions to owners		**–**	**–**	**–**	**(18,667)**	**(18,667)**
Balance at 30 September 2020		**125,001**	**(1,105)**	**521**	**175,799**	**300,216**

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 2020

	Note	2020 $'000	2019 $'000
Operating activities			
Profit before tax		**26,990**	38,435
Adjustments for:			
Share of results of joint venture	14	**(354)**	(1,282)
Share of results of associates	15	**14,446**	2,131
Depreciation of investment properties	12	**69**	69
Depreciation of property, plant and equipment	11	**18,964**	15,938
Write-off of property, plant and equipment	7	**2**	304
Impairment loss on property, plant and equipment	11	**–**	1,816
(Reversal of)/allowance for inventory obsolescence	17	**(329)**	567
(Reversal of)/provision of impairment loss on trade recievables	18	**(1,090)**	2,538
Finance cost on discounting of dividend receivable from joint venture	18	**629**	–
Fair value changes on trade receivables subjected to provisional pricing	7	**7,389**	1,349
Fair value changes on derivatives, net	20	**848**	(981)
(Gain)/loss on disposal of property, plant and equipment	7	**(201)**	280
Bad debts recovered	7	**–**	(40)
Reversal of provision for onerous contracts	7	**(6,442)**	(12,849)
Provision for retirement benefits	8	**7**	10
Unrealised exchange differences		**223**	106
Interest expense		**6,768**	9,575
Interest income	5	**(1,391)**	(1,040)
Dividend income from investment securities	5	**(2)**	(2)
Operating cash flow before working capital changes		**66,526**	56,924
Changes in working capital:			
Trade and other receivables		**95,229**	(15,710)
Inventories		**(4,965)**	37,791
Prepayments and deposits		**803**	(3,304)
Development costs for asset held for sale		**(3,844)**	(3,338)
Trade and other payables and contract liabilities		**(22,573)**	9,634
Increase in restricted cash	21	**(3,454)**	–
Cash flows generated from operations		**127,722**	81,997
Income taxes paid		**(5,620)**	(2,704)
Net cash flows generated from operating activities		**122,102**	79,293

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 2020

	Note	2020 $'000	2019 $'000
Investing activities			
Purchase of property, plant and equipment	11	**(2,540)**	(2,298)
Proceeds from disposal of property, plant and equipment		**804**	160
Interest received		**329**	198
Dividend income from investment securities		**2**	2
Dividend income from an associate	15	**–**	1,050
Long term loan to an associate company		**–**	(10,425)
Net cash flows used in investing activities		**(1,405)**	(11,313)
Financing activities			
Repayment of principal obligations under lease liabilities	23	**(5,346)**	–
Repayment of other borrowings	23	**(1,398)**	(3,093)
Repayment of bills payable, net	23	**(127,859)**	(15,057)
Proceeds from bank loans	23	**61,873**	67,290
Repayment of bank loans	23	**(11,277)**	(80,746)
Repayment of loan from immediate holding company	23	**(3,100)**	–
Dividends paid on ordinary shares	30	**(18,667)**	(2,333)
Interest paid		**(6,054)**	(9,410)
Net cash flows used in financing activities		**(111,828)**	(43,349)
Net increase in cash and cash equivalents		**8,869**	24,631
Cash and cash equivalents at beginning of year		**65,778**	41,080
Effects of exchange rate changes on cash and cash equivalents		**(209)**	67
Cash and cash equivalents at end of year	21	**74,438**	65,778

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 2020

1. Corporate information

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

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

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

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

2.2 *Adoption of new and amended standards and interpretations*

On 1 October 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The accounting policies adopted are consistent with those of the previous financial year, except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 October 2019. Except for the impact arising from the adoption of SFRS(I) 16 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application on 1 October 2019. Accordingly, the comparative information presented for 2019 is not restated.

Prior to the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as either a finance or an operating lease. The accounting policy prior to 1 October 2019 is disclosed in Note 2.22.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases previously classified as operating leases except for short-term leases and leases of low-value assets. The accounting policy beginning on 1 October 2019 is disclosed in Note 2.22.

<u>Leases previously accounted for as operating leases</u>

The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid or accrued lease payments and estimate of restoration costs previously recognised in the balance sheet immediately before the date of initial application (i.e. 1 October 2019). Lease liabilities were recognised based on the present value of the remaining lease payments as at 1 October 2019, discounted using the incremental borrowing rate at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

2.2 ***Adoption of new and amended standards and interpretations (cont'd)***

SFRS(I) 16 *Leases (cont'd)*

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

- for all contracts entered before 1 October 2019 and that were previously identified as leases under SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease,* the Group has not reassessed if such contracts contain leases under SFRS(I) 16;
- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessments on whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded initial direct costs in the measurement of the right-of-use assets at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the above, as at 1 October 2019:

- right-of-use assets of $36,037,000 were recognised and presented within property, plant and equipment; and
- additional lease liabilities of $36,037,000 (included in loans and borrowings) were recognised; and
- the related restoration costs and accumulated depreciation of $1,452,000 (included in property, plant and equipment) were presented under the right-of-use assets (Note 25).

The lease liabilities as at 1 October 2019 can be reconciled to the operating lease commitments as of 30 September 2019, as follows:

	$'000
Operating lease commitments as at 30 September 2019 (Note 32(b))	45,118
Less: Commitments relating to short-term leases	(1,105)
	44,013
Weighted average incremental borrowing rate as at 1 October 2019	3.07%
Discounted operating lease commitments as at 1 October 2019	36,037
Lease liabilities recognised as at 1 October 2019	36,037

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

2.3 ***Standards issued but not yet effective***

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

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendment to SFRS(I) 16 *Covid-19-Related Rent Concessions*	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16 *Interest Rate Benchmark Reform - Phase 2*	1 January 2021
Amendments to SFRS(I) 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to SFRS(I) 1-1 *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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

2.4 ***Basis of consolidation and business combinations***

(a) ***Basis of consolidation***

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

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

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

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

(b) ***Business combinations and goodwill***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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)***

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

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

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

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

2.5 ***Foreign currency***

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

(a) ***Transactions and balances***

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

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

(b) ***Consolidated financial statements***

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

2.6 ***Property, plant and equipment***

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

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

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

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

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

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

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

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

2.7 ***Investment properties***

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

2.8 ***Impairment of non-financial assets***

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

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

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

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

2.9 ***Subsidiaries***

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

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

2.10 ***Joint arrangements***

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

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

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

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

2.11 ***Joint venture and associates***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

2.11 *Joint venture and associates (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 associates or joint venture. The Group determines at each balance sheet date whether there is any objective evidence that the interest in the associates or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount within "share of results of associates or joint venture" in profit or loss.

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

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

2.12 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

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

Subsequent measurement

<u>Investments in debt instruments</u>

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

(i) Amortised cost

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

(ii) Fair value through profit or loss

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

2.12 ***Financial instruments (cont'd)***

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

Subsequent measurement (cont'd)

Investments in equity instruments

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

Derivatives

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

De-recognition

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

(b) ***Financial liabilities***

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

2.13 ***Impairment of financial assets***

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

2.13 ***Impairment of financial assets (cont'd)***

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

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

2.14 ***Cash and cash equivalents***

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

2.15 ***Asset held for sale***

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

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

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

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

2.16 ***Inventories***

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

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

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

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

2.17 ***Provisions***

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

2.18 ***Financial guarantee***

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

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

2.19 ***Borrowing costs***

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

2.20 ***Government grants***

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

2.21 ***Employee benefits***

(a) ***Defined contribution plans***

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

(b) ***Retirement benefits***

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

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

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

Defined benefit costs comprise the following:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

2.21 ***Employee benefits (cont'd)***

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

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 leave entitlements***

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

2.22 ***Leases***

Policy applicable beginning 1 October 2019 – SFRS(I) 16

As lessee

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

Right-of-use assets

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

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

Lease liabilities

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

2.22 ***Leases (cont'd)***

Policy applicable beginning 1 October 2019 – SFRS(I) 16 (cont'd)

As lessee (cont'd)

Short-term leases and leases of low-value assets

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

As lessor

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

Policy applicable prior to 1 October 2019 – SFRS(I) 1-17

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

The accounting policy applicable to the Group as a lessor in the comparative period was the same under SFRS(I) 16.

2.23 ***Revenue***

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

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

(a) ***Sale of goods***

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

2.23 ***Revenue (cont'd)***

(a) ***Sale of goods (cont'd)***

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

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

(b) ***Rental income***

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

(c) ***Dividend income***

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

(d) ***Interest income***

Interest income is recognised using the effective interest method.

2.24 ***Taxes***

(a) ***Current income tax***

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

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

(b) ***Deferred tax***

Deferred tax is provided using the liability method on 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 2020

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

2.24 ***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.

2.25 ***Share capital and share issuance expenses***

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

2.26 ***Treasury shares***

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

2.27 ***Contingencies***

A contingent liability is:

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

3. Significant accounting judgements and estimates

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

3.1 *Judgements made in applying accounting policies*

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

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) ***Impairment of trade receivables***

The Group uses a provision matrix to calculate ECLs for trade receivables carried at amortised cost. The provision rates are based on days past due for grouping of various customers that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables carried at amortised cost is disclosed in Note 35(a).

(b) ***Provision for onerous contracts***

Provision for onerous contracts is recorded in respect of outstanding order books vis-à-vis inventory on hand and committed purchases whereby the costs to meet the obligations are expected to exceed the economic benefits to be received. Management assessed and estimated the unavoidable costs required to fulfil its contractual obligation based on the value of inventory on hand, plus estimated costs of inventory purchases and conversion costs required.

The carrying amount of the Group's provision for onerous contracts as at 30 September 2020 was $774,000 (2019: $7,216,000).

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

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

Management prepared discounted cash flow analysis to determine the recoverable amounts of the subsidiaries and associate using the VIU model, based on assumptions such as forecasted revenue, profit margin, terminal growth rate and discount rate. These involve management judgement and estimation. Refer to details in Notes 13 and 15.

The carrying amounts of the Company's investment in subsidiaries and the Group's interest in associates as at 30 September 2020 were $229,359,000 (2019: $229,359,000) and $4,389,000 (2019: $18,951,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

4. Revenue

(a) ***Disaggregation of revenue***

	Group	
	2020	**2019**
	$'000	$'000
Primary geographical markets		
China	**16,727**	1,560
Hong Kong	**13,605**	2,467
Malaysia	**46,128**	29,796
Singapore	**517,360**	845,928
Thailand	**8,177**	22,682
Others	**10,381**	10,854
	612,378	913,287
Timing of transfer of goods		
At a point in time	**612,378**	913,287

(b) ***Estimating variable consideration***

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

(c) ***Contract balances***

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

		Group	
	Note	**2020**	**2019**
		$'000	$'000
Receivables from contracts with customers	18	**81,394**	185,315
Contract liabilities		**21,410**	4,023

The Group has recognised a reversal of impairment losses on receivables from contracts with customers amounting to $1,090,000 (2019: Impairment losses of $2,538,000).

Contract liabilities primarily relate to the Group's obligation to transfer goods to customers for which the Group has received advances from customers. These are recognised as revenue as the Group performs under the contract. The increase in contract liabilities is due to more contracts being awarded near the year-end.

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

	Group	
	2020	**2019**
	$'000	$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**3,245**	3,178

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

5. Other income

	Group	
	2020	**2019**
	$'000	$'000
Interest income from debt instruments at amortised cost	**1,391**	1,040
Dividend income from investment securities	**2**	2
Bad debts recovered	**–**	40
Government grants	**5,306**	199
Rental income	**152**	172
Sundry income	**298**	199
Sales commission	**231**	209
Gain on disposal of property, plant and equipment	**201**	–
Gain from fair value changes on derivatives, net	**–**	981
Foreign exchange gain, net	**1,694**	–
Credit insurance claims for bad debts	**731**	–
	10,006	2,842

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

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

JSS provides wage support to employers, to help retain local employees during this period of economic uncertainty. Under the JSS, the Government co-funds 25% to 75% of the first $4,600 of gross monthly wages paid to each local employee in a 10-month period (up to August 2020) and 10% to 50% of the same in the subsequent 7-month period (September 2020 to March 2021). The Group recognised the related grant receivables (Note 18) when there is reasonable assurance that the grant conditions are satisfied. Grant received in advance (Note 22) is recognised as government grant income in the profit or loss on a systematic basis over the months in which the related salary costs are recognised as expenses.

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

SEC was introduced to support employers as well as to raise the employability of older low-wage Singaporeans. It was announced in the 2016 Budget that the SEC will be extended from 2017 to 2019, providing a wage offset to employers hiring Singaporean workers aged 55 and above, and earning up to $4,000 per month. In the 2019 Budget, the extension of SEC for one more year until the end of 2020 was announced.

The WCS was introduced to help businesses with rising wage costs. It was announced in the 2018 Budget that the WCS would be extended for three more years to 2020 to support businesses embarking on transformation efforts and encourage sharing of productivity gains with workers. Government co-funding will be maintained at 20% in 2018, and will subsequently be stepped down to 15% in 2019 and 10% in 2020. However in the 2020 Budget, it was announced that the Government co-funding ratios for wage increases in 2019 and 2020 will be raised from 15% and 10%, to 20% and 15% respectively. The qualifying gross wage ceiling will also be raised to $5,000 per month for both years, up from $4,000 per month.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

6. Finance costs

	Group 2020 $'000	Group 2019 $'000
Interest expense on:		
- bills payable to banks	**3,220**	6,337
- lease liabilities	**1,021**	–
- other borrowings	**46**	108
- bank loans	**1,523**	1,607
- loans from immediate holding company	**958**	1,523
	6,768	9,575

7. Profit before tax

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

	Note	Group 2020 $'000	Group 2019 $'000
Audit fees paid/payable to			
- Auditors of the company		**388**	381
- Other auditors		**28**	31
Non-audit fees paid/payable to			
- Auditors of the company		**76**	42
(Reversal)/provision of impairment loss on trade receivables	18	**(1,090)**	2,538
Finance cost on discounting of dividend receivable from joint venture	18	**629**	–
Depreciation of property, plant and equipment	11	**18,964**	15,938
Depreciation of investment properties	12	**69**	69
Operating lease expense		**–**	11,408
Expenses relating to short-term leases		**1,957**	–
Expenses relating to low-value assets		**19**	–
Foreign exchange (gain)/loss, net		**(1,694)**	316
Loss/(gain) from fair value changes on derivatives, net		**848**	(981)
Reversal of provision for onerous contracts	26	**(6,442)**	(12,849)
Fair value changes on trade receivables subject to provisional pricing		**7,389**	1,349
Bad debts recovered		**–**	(40)
(Reversal of)/allowance for inventory obsolescence	17	**(329)**	567
(Gain)/loss on disposal of property, plant and equipment		**(201)**	280
Write-off of property, plant and equipment		**2**	304
Impairment loss on property, plant and equipment	11	**–**	1,816
Employee compensation	8	**25,388**	32,890
Utilities		**3,062**	4,440
Repair and maintenance		**6,447**	8,531
Transportation expenses		**4,676**	8,685
Legal and other professional fees		**1,443**	1,311

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

8. Employee compensation

		Group	
	Note	2020	2019
		$'000	$'000
Wages and salaries		**23,430**	30,760
Employer's contribution to Central Provident Fund		**1,951**	2,120
Retirement benefits	26	**7**	10
		25,388	32,890

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 30 September 2020 and 2019 are:

	Group	
	2020	2019
	$'000	$'000
Current income tax		
- Current financial year	**7,188**	7,516
- Over provision in respect of previous financial years	**(293)**	(863)
	6,895	6,653
Deferred income tax		
- Current financial year arising from origination and reversal of temporary differences	**(188)**	5
- (Over)/under provision in respect of previous financial years	**(69)**	215
	(257)	220
Income tax expense recognised in profit or loss	**6,638**	6,873

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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 2020 and 2019 is as follows:

	Group	
	2020	**2019**
	$'000	$'000
Profit before tax	**26,990**	38,435
Tax calculated at domestic rates applicable to profits in the countries where the Group operates	**4,615**	6,643
Adjustments:		
Income not subject to taxation	**(494)**	(12)
Expenses not deductible for tax purposes	**2,911**	1,257
Effect of partial tax exemption and tax relief	**(102)**	(101)
Benefits from previously unrecognised capital allowances	**(84)**	(62)
Over provision in respect of previous financial years	**(362)**	(648)
Others	**154**	(204)
Income tax expense recognised in profit or loss	**6,638**	6,873

As at 30 September 2020, a subsidiary of the Group has unutilised tax losses and unabsorbed capital allowances amounting to $2,945,000 (2019: $2,962,000) and $4,321,000 (2019: $4,757,000) 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.

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 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

10. Earnings per share

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

There were no dilutive potential ordinary shares for the financial years ended 30 September 2020 and 30 September 2019.

The earnings per share is calculated as follows:

	Group	
	2020	**2019**
	$'000	$'000
Profit for the year attributable to owners of the Company	**20,352**	31,562

	Weighted average no. of ordinary shares	
	2020	**2019**
	'000	'000
Weighted average number of ordinary shares (excluding treasury shares) for basic and diluted earnings per share computation	**233,335**	233,335

	Group	
	2020	**2019**
Basic and diluted earnings per share (cents)	**8.72**	13.53

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

11. Property, plant and equipment

Group	Leasehold land and buildings $'000	Freehold land $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and equipment $'000	Construction in progress $'000	Total $'000
Cost or valuation							
At 1 October 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
Additions	1,452	–	109	108	525	1,556	3,750
Reclassification	901	–	4,602	19	–	(5,522)	–
Disposal	–	–	(1,939)	(506)	(90)	–	(2,535)
Written-off	–	–	(4,822)	–	(93)	–	(4,915)
Exchange differences	(39)	(18)	(92)	–	(8)	–	(157)
At 30 September 2019 and 1 October 2019	**72,294**	**2,220**	**135,190**	**6,655**	**7,522**	**311**	**224,192**
Represented by:							
Cost	**65,994**	**2,220**	**135,190**	**6,655**	**7,522**	**311**	**217,892**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**–**	**6,300**
Effect of adoption of SFRS(I) 16	**36,037**	**–**	**–**	**–**	**–**	**–**	**36,037**
Additions	**1,681**	**–**	**909**	**121**	**467**	**1,043**	**4,221**
Disposal	**–**	**–**	**(3,415)**	**(186)**	**(41)**	**–**	**(3,642)**
Written-off	**–**	**–**	**(9)**	**–**	**(91)**	**–**	**(100)**
Exchange differences	**(18)**	**(8)**	**(36)**	**–**	**(3)**	**1**	**(64)**
At 30 September 2020	**109,994**	**2,212**	**132,639**	**6,590**	**7,854**	**1,355**	**260,644**
Represented by:							
Cost	**103,694**	**2,212**	**132,639**	**6,590**	**7,854**	**1,355**	**254,344**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**–**	**6,300**
Accumulated depreciation							
At 1 October 2018	16,226	–	55,535	1,568	5,742	–	79,071
Disposal	–	–	(1,681)	(329)	(85)	–	(2,095)
Written-off	–	–	(4,521)	–	(90)	–	(4,611)
Impairment loss	–	–	1,816	–	–	–	1,816
Exchange differences	(6)	–	(25)	–	(6)	–	(37)
Depreciation charge	5,416	–	8,698	1,018	806	–	15,938
At 30 September 2019 and 1 October 2019	**21,636**	**–**	**59,822**	**2,257**	**6,367**	**–**	**90,082**
Disposal	**–**	**–**	**(2,846)**	**(154)**	**(39)**	**–**	**(3,039)**
Written-off	**–**	**–**	**(8)**	**–**	**(90)**	**–**	**(98)**
Exchange differences	**(3)**	**–**	**(13)**	**–**	**(4)**	**–**	**(20)**
Depreciation charge	**9,266**	**–**	**8,273**	**837**	**588**	**–**	**18,964**
At 30 September 2020	**30,899**	**–**	**65,228**	**2,940**	**6,822**	**–**	**105,889**
Net carrying amount							
At 30 September 2019	50,658	2,220	75,368	4,398	1,155	311	134,110
At 30 September 2020	**79,095**	**2,212**	**67,411**	**3,650**	**1,032**	**1,355**	**154,755**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

Company	Leasehold land and buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and equipment $'000	Construction in progress $'000	Total $'000
Cost or valuation						
At 1 October 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
Additions	1,452	28	42	439	–	1,961
Reclassification	–	4	19	–	(23)	–
Disposal	–	(1,514)	–	(83)	–	(1,597)
Written-off	–	(1,372)	–	(92)	–	(1,464)
At 30 September 2019 and 1 October 2019	**27,731**	**83,065**	**2,087**	**5,311**	**–**	**118,194**
Represented by:						
Cost	**21,431**	**83,065**	**2,087**	**5,311**	**–**	**111,894**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**6,300**
Effect of adoption of SFRS(I) 16	**13,166**	**–**	**–**	**–**	**–**	**13,166**
Additions	**1,377**	**669**	**72**	**364**	**230**	**2,712**
Disposal	**–**	**(3,062)**	**–**	**(26)**	**–**	**(3,088)**
Written-off	**–**	**(7)**	**–**	**(89)**	**–**	**(96)**
At 30 September 2020	**42,274**	**80,665**	**2,159**	**5,560**	**230**	**130,888**
Represented by:						
Cost	**35,974**	**80,665**	**2,159**	**5,560**	**230**	**124,588**
Valuation	**6,300**	**–**	**–**	**–**	**–**	**6,300**
Accumulated depreciation						
At 1 October 2018	14,348	38,845	1,274	4,785	–	59,252
Disposal	–	(1,163)	–	(78)	–	(1,241)
Written-off	–	(1,356)	–	(89)	–	(1,445)
Impairment loss	–	1,116	–	–	–	1,116
Depreciation charge	2,336	4,977	212	194	–	7,719
At 30 September 2019 and 1 October 2019	**16,684**	**42,419**	**1,486**	**4,812**	**–**	**65,401**
Disposal	**–**	**(2,519)**	**–**	**(26)**	**–**	**(2,545)**
Written-off	**–**	**(6)**	**–**	**(89)**	**–**	**(95)**
Depreciation charge	**4,852**	**4,649**	**191**	**249**	**–**	**9,941**
At 30 September 2020	**21,536**	**44,543**	**1,677**	**4,946**	**–**	**72,702**
Net carrying amount						
At 30 September 2019	11,047	40,646	601	499	–	52,793
At 30 September 2020	**20,738**	**36,122**	**482**	**614**	**230**	**58,186**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

Assets under construction

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

Revaluation of leasehold building

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

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

If the leasehold building stated at valuation had been included in the financial statements at cost less accumulated depreciation, the net book value would have been $Nil (2019: $Nil).

Assets held under other borrowings

As at 30 September 2019, the carrying amount of motor vehicle and plant and machinery held under other borrowings were $2,229,000 and $848,000 respectively. These assets are pledged as security for the related borrowings (Note 23).

Assets pledged as security

In addition to assets held under other borrowings, the Group's leasehold buildings with a carrying amount of $36,616,000 (2019: $26,525,000) and asset held for sale (Note 19) are mortgaged to secure the Group's bank loans (Note 23).

Provision for restoration costs and lease modifications

During the financial year, the Group provided for restoration costs amounting to $1,160,000 (2019: $1,452,000) and made adjustments of $521,000 (2019: $Nil) to the right-of-use asset as a result of lease modifications. The cash outflow on acquisition of property, plant and equipment amounted to $2,540,000 (2019: $2,298,000).

Impairment of assets

During the financial year ended 30 September 2019, the Group carried out a review of the recoverable amount of a class of machinery in view of management's continuous efforts to streamline production. An impairment loss of $1,816,000 representing the write-down of certain machinery to their recoverable amounts was recognised in the "Other operating expenses" line item of the statement of comprehensive income for the financial year ended 30 September 2019. The recoverable amount was estimated based on fair value less cost of disposal.

Right-of-use assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

12. Investment properties

	Group
	$'000
Balance sheet:	
Cost:	
At 1 October 2018, 30 September 2019, 1 October 2019 and 30 September 2020	**2,494**
Accumulated depreciation:	
At 1 October 2018	23
Depreciation charge	69
At 30 September 2019 and 1 October 2019	**92**
Depreciation charge	**69**
At 30 September 2020	**161**
Net carrying amount:	
At 30 September 2019	2,402
At 30 September 2020	**2,333**

	Group	
	2020	**2019**
	$'000	$'000
Statement of comprehensive income:		
Rental income from investment properties:		
- Minimum lease payments	**152**	172
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	**(97)**	(95)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

12. Investment properties (cont'd)

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

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

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

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

Management has assessed that the fair values have not changed significantly as at 30 September 2020.

13. Investment in subsidiaries

	Company	
	2020	**2019**
	$'000	$'000
Shares, at cost	**217,414**	217,414
Impairment loss	**(57)**	(57)
	217,357	217,357
Intercompany indebtedness:		
Non-trade amount due from a subsidiary	**12,002**	12,002
Total investment in subsidiaries	**229,359**	229,359

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 1.11% to 2.51% per annum (2019: 2.38% to 2.97% per annum), have no fixed repayment terms and are repayable only when the cash flows of the subsidiary permit.

Impairment assessment of investment in subsidiaries

In performing the impairment assessment of the subsidiaries, the Company determines the recoverable amounts of the subsidiaries based on value in use calculations which requires certain assumptions. The key assumptions include forecasted revenue growth rate (3.0% to 19.4%), terminal growth rate (2.0% to 2.7%) and discount rate (9.3% to 11.0%). Based on the assessment, no impairment on the investment in subsidiaries is required for the financial year ended 30 September 2020. Management has also considered possible reasonable changes in the respective key assumptions and concluded that it does not result in significant changes to the carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

13. Investment in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation/ business	Proportion of ownership interest (%) 2020	2019
Held by the Company				
Lee Metal Group Pte. Ltd.[1]	Prefabrication, trading and manufacturing and sale of steel products	Singapore	**100**	100
BRC Prefab Holdings Sdn. Bhd.[2]	Prefabrication, trading and manufacturing and sale of steel products	Malaysia	**100**	100
BRC Asia (Australia) Pty. Ltd.[3]	Trading and distribution of steel products	Australia	**100**	–
BRC Prefab Sdn. Bhd.[4]	Inactive	Malaysia	**100**	100
BRC Projects Pte. Ltd.	Dormant	Singapore	**100**	100
Held through Lee Metal Group Pte. Ltd.				
Lee Welded Mesh Singapore Pte. Ltd.[1]	Manufacture of reinforcing mesh and any other manufactured mesh and the processing of fabricated reinforcing bars	Singapore	**100**	100
BRC International Pte. Ltd.[1]	Inactive	Singapore	**100**	100
LMG Realty Pte. Ltd.[1]	Property development and investment	Singapore	**100**	100
Steel Park Malaysia Sdn. Bhd.[2]	Inactive	Malaysia	**100**	100

[1] Audited by Ernst & Young LLP, Singapore
[2] Audited by a member firm of EY Global in the respective country
[3] Incorporated on 28 January 2020 with paid up capital of AUD 2 and will commence operations in the next financial year
[4] Audited by Roger Yue & Associates

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

14. Interest in joint venture

The Company has a 50% (2019: 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	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Unquoted shares, at cost	**6,076**	6,076	**6,076**	6,076
Share of post-acquisition reserves	**8,242**	7,888	**–**	–
Less: Accumulated dividends received	**(224)**	(224)	**–**	–
Less: Dividend receivable from joint venture	**(5,983)**	(5,983)	**–**	–
Effects of exchange rates	**(241)**	(537)	**–**	–
	7,870	7,220	**6,076**	6,076

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

	2020	**2019**
	$'000	$'000
Summarised balance sheet		
Cash and cash equivalents	**5,873**	4,123
Other current assets	**42,249**	32,117
Current assets	**48,122**	36,240
Non-current assets	**3,165**	3,117
Total assets	**51,287**	39,357
Current liabilities	**20,472**	14,848
Non-current liabilities	**15,075**	10,069
Total liabilities	**35,547**	24,917
Net assets	**15,740**	14,440
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets/carrying amount of the interest	**7,870**	7,220

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

14. Interest in joint venture (cont'd)

	2020	2019
	$'000	$'000
Summarised statement of comprehensive income:		
Revenue	**76,379**	76,828
Depreciation	**(60)**	(58)
Interest expense	**(927)**	(450)
Operating expenses	**(74,384)**	(73,582)
Profit before tax	**1,008**	2,738
Tax	**(300)**	(174)
Profit after tax representing total comprehensive income	**708**	2,564
50% share of results of joint venture	**354**	1,282

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

15. Interest in associates

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

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Unquoted shares, at cost	**3,853**	3,853	**2,155**	2,155
Shareholder loans	**21,811**	22,045	**21,811**	22,045
Share of post-acquisition reserve	**(13,714)**	(6,025)	**–**	–
Dividend received	**(1,050)**	(1,050)	**–**	–
Impairment loss	**(6,757)**	–	**(20,032)**	–
Effects of exchange difference	**246**	128	**–**	–
	4,389	18,951	**3,934**	24,200

<u>Impairment of interest in associate</u>

During the financial year, indicators of impairment was noted for one of the Group's associate, Pristine Islands Investment Pte. Ltd. due to the Covid-19 impact on the associate's underlying investment, which operates in the hospitality and tourism industry. The Group and Company carried out a review of the recoverable amount of this investment. The recoverable amount was estimated based on the value-in-use model.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

15. Interest in associates (cont'd)

Impairment of interest in associate (cont'd)

The key assumptions underlying the Group's impairment assessment of its interest in an associate and the associate's assessment of its underlying investee's operations are:
- Cash flow projections covering a 5-year period;
- Cash flows beyond the 5-year period were extrapolated using an estimated long-term growth rate which did not exceed the long-term average growth rate of the country in which the associate's investments are located.

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

	2020
	%
Average revenue growth rate	**23**
Terminal growth rate	**2.0**
Discount rate	**18.3**

Arising from the impairment assessment, an impairment charge of $6,757,000 was recognised in the "share of results of associates" line item at of the consolidated statement of comprehensive income at Group level for the financial year ended 30 September 2020. At Company level, the impairment of the interest in associate amounted to $20,032,000.

Details of the associates are as follows:

Name of associate	**Principal activities**	**Country of incorporation/ business**	**Proportion (%) of ownership interest**	
			2020	**2019**
Held by the Company				
Pristine Islands Investment Pte. Ltd.[1]	Investment holding	Singapore	**17**	17
Held through LMG Realty Pte. Ltd.				
MaxLee Development Pte. Ltd.[2]	Property development	Singapore	**35**	35

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

(2) Audited by Ernst & Young LLP, Singapore

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

15. Interest in associates (cont'd)

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

	2020	2019
	$'000	$'000
Summarised balance sheet		
Current assets	**17,264**	24,150
Non-current assets	**187,322**	183,844
Total assets	**204,586**	207,994
Current liabilities	**43,911**	33,698
Non-current liabilities	**226,142**	195,204
Total liabilities	**270,053**	228,902
Net liabilities	**(65,467)**	(20,908)
Less: Non-controlling interest	**58**	20
Net liabilities attributable to owners of the associate	**(65,409)**	(20,888)
Net liabilities excluding goodwill	**(65,409)**	(20,888)
Proportion of the Group's ownership	**17%**	17%
Group's share of net liabilities	**(11,120)**	(3,551)
Shareholder loans	**21,811**	22,046
Less: Impairment loss	**(6,757)**	–
Carrying amount of the interest	**3,934**	18,495

	2020	2019
	$'000	$'000
Summarised statement of comprehensive income		
Revenue	**13,922**	12,456
Loss after tax	**(45,224)**	(12,097)
Total comprehensive income	**(45,224)**	(12,097)

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 2020

15. Interest in associates (cont'd)

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

	2020	2019
	$'000	$'000
Summarised balance sheet		
Current assets	**1,300**	1,312
Total assets	**1,300**	1,312
Current liabilities	**–**	8
Total liabilities	**–**	8
Net assets	**1,300**	1,304
Net assets excluding goodwill	**1,300**	1,304
Proportion of the Group's ownership	**35%**	35%
Group's share of net assets/carrying amount of the interest	**455**	456

	2020	2019
	$'000	$'000
Summarised statement of comprehensive income		
Revenue	**–**	–
Loss after tax	**(4)**	(213)
Total comprehensive income	**(4)**	(213)

16. Investment securities

		Group and Company	
	Note	2020	2019
		$'000	$'000
At fair value through other comprehensive income			
- Equity securities (quoted)		**84**	84
At beginning of the financial year		**84**	109
Fair value changes recognised in other comprehensive income	29(a)	**–**	(25)
At end of the financial year		**84**	84

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

The Group recognised a dividend of $2,000 (2019: $2,000) from its investment securities during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

17. Inventories

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Balance Sheet:				
Raw materials	**236,311**	203,464	**234,505**	98,876
Finished goods	**1,876**	1,477	**1,708**	1,319
Goods in transit	**24**	28,305	**24**	28,292
	238,211	233,246	**236,237**	128,487
Allowance for inventory obsolescence	**(1,026)**	(1,355)	**(1,026)**	(1,355)
	237,185	231,891	**235,211**	127,132

The cost of inventories recognised as expense and included in "Cost of sales" in the consolidated statement of comprehensive income amounted to $484,237,000 (2019: $785,215,000).

The reversal of inventory obsolescence recognised as income and included in "Cost of sales" in the consolidated statement of comprehensive income amounted to $329,000 (2019: allowance for inventory obsolescence of $567,000).

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

18. Trade and other receivables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Trade receivables (current)				
Trade receivables, net:				
- Third parties	**81,394**	185,315	**60,078**	113,059
- Due from subsidiaries	**–**	–	**7,494**	6,209
	81,394	185,315	**67,572**	119,268
Other receivables (current)				
- Third parties	**4,661**	2,490	**2,470**	3
- Due from holding company	**17**	–	**17**	–
- Due from an associate	**2,734**	1,685	**2,734**	1,685
- Due from subsidiaries	**–**	–	**58**	17
- Due from a joint venture	**13**	16	**13**	16
- Dividend receivable from a joint venture	**1,005**	5,809	**1,005**	5,809
	8,430	10,000	**6,297**	7,530
Total trade and other receivables (current)	**89,824**	195,315	**73,869**	126,798

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

18. Trade and other receivables (cont'd)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Other receivables (non-current)				
- Dividend receivable from a joint venture	**4,396**	–	**4,396**	–
Total trade and other receivables (current and non-current)	**94,220**	195,315	**78,265**	126,798
Add:				
Deposits	**290**	228	**240**	133
Cash and bank balances (Note 21)	**77,892**	65,778	**67,204**	24,656
Less:				
Trade receivables subject to provisional pricing	**(25,048)**	(90,145)	**(17,661)**	(40,613)
Grant receivables (Note 5)	**(1,734)**	–	**(1,175)**	–
Total financial assets carried at amortised cost	**145,620**	171,176	**126,873**	110,974
Trade receivables subject to provisional pricing	**25,048**	90,145	**17,661**	40,613
Add:				
Currency forward contracts (Note 20)	**(192)**	656	**(192)**	505
Total financial assets at fair value through profit or loss	**24,856**	90,801	**17,469**	41,118

Trade receivables

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

Trade receivables subject to provisional pricing amounting to $25,048,000 (2019: $90,145,000) relate to sale of goods with price fluctuation clause which allow for price adjustments based on the market price.

Receivables denominated in foreign currencies are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Australian Dollar	**261**	–	**261**	–
United States Dollar	**10,877**	16,651	**10,877**	16,651

Related party balances

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

18. Trade and other receivables (cont'd)

Related party balances (cont'd)

Dividend receivable from a joint venture was classified as current receivable in prior year as it was expected to be received within 12 months from 30 September 2019. During the year, the joint venture restructured the payment of the dividend declared into 5 unsecured equal instalments to be received over the next 5 years. The portion of dividend receivable expected to be received after 12 months from the balance sheet date has been classified as non-current other receivable and discounted at the rate of 4.58% per annum which resulted in charge to the profit or loss of $629,000, representing receivable measured at amortised cost.

Expected credit losses

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

	Group	
	2020	**2019**
	$'000	$'000
Movements in allowance accounts:		
At 1 October 2019	**9,595**	7,373
(Reversal)/charge for the financial year	**(1,090)**	2,538
Written off	**(49)**	(316)
At 30 September 2020	**8,456**	9,595

19. Asset held for sale

	Group	
	2020	**2019**
	$'000	$'000
At beginning of the financial year	**30,049**	26,711
Additional development costs capitalised	**3,844**	3,338
At end of the financial year	**33,893**	30,049
Represented by:		
Land	**25,523**	25,523
Development costs	**8,370**	4,526
	33,893	30,049

Details of development property

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

The property is expected to be sold in the next financial year. Deposit of $3,454,000 from the purchaser has been received at year end and is held in escrow by the appointed solicitor (Note 21).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

20. Derivatives

Derivatives comprise currency forward contracts that are used to hedge foreign currency payables and contracted purchase commitments of inventories denominated in US Dollar which exist at the balance sheet date and extending to March 2021 (2019: March 2020).

	2020			2019		
	Contract/ Notional Amount	Assets	Liabilities	Contract/ Notional Amount	Assets	Liabilities
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Currency forward contracts	**38,517**	**–**	**(192)**	159,978	656	–
Company						
Currency forward contracts	**38,517**	**–**	**(192)**	132,693	505	–

21. Cash and bank balances

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Cash at banks and on hand	**77,892**	65,778	**67,204**	24,656

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

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

	Group		Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Australian Dollar	**281**	8	**273**	–
Malaysia Ringgit	**133**	65	**133**	33
United States Dollar	**18,160**	1,490	**18,116**	1,334

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

21. Cash and bank balances (cont'd)

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

	Group	
	2020	**2019**
	$'000	$'000
Cash and bank balances	**77,892**	65,778
Less: Restricted cash	**(3,454)**	–
Cash and cash equivalents	**74,438**	65,778

Restricted cash relates to the deposit received in respect of sale of a detached house, held in escrow by the appointed solicitor. The sale is expected to be completed in February 2021 (Note 19).

22. Trade and other payables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Trade payables:				
- Third parties	**14,634**	47,924	**11,293**	44,928
- Due to subsidiaries	**–**	–	**89,023**	903
	14,634	47,924	**100,316**	45,831
Other payables:				
- Due to a subsidiary	**–**	–	**51**	62
- Due to a related party	**2,781**	3,138	**2,781**	3,138
- Sales tax payables, net	**33**	1,829	**3**	847
- Accrued employee compensation	**4,170**	7,597	**3,284**	5,507
- Accrued operating expenses	**6,300**	6,676	**3,708**	3,191
	13,284	19,240	**9,827**	12,745
Total trade and other payables	**27,918**	67,164	**110,143**	58,576
Add:				
Loans and borrowings (Note 23)	**259,264**	306,497	**221,842**	194,303
Loan from immediate holding company (Note 24)	**20,000**	23,100	**20,000**	23,100
Less:				
Provision for unutilised leave	**(417)**	(880)	**(389)**	(726)
Sales tax payables, net	**(33)**	(1,829)	**(3)**	(847)
Grant received in advance (Note 5)	**(1,028)**	–	**(671)**	–
Lease liabilities (Note 23)	**(31,212)**	–	**(10,719)**	–
Total financial liabilities carried at amortised cost	**274,492**	394,052	**340,203**	274,406

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

22. Trade and other payables (cont'd)

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

The non-trade amounts due to a subsidiary are unsecured, bear interest at Nil (2019: Nil), are repayable upon demand and are expected to be settled in cash. Other payables due to a related party relates to steel hedging costs payable to a company related to the shareholder and is unsecured, non-interest bearing and expected to be settled in cash.

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Euro	**35**	52	**35**	50
Malaysia Ringgit	**72**	45	**72**	45
United States Dollar	**6,057**	12,298	**6,057**	12,255

23. Loans and borrowings

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Current				
Bills payable to banks (unsecured)	**110,845**	238,704	**94,456**	127,777
Other borrowings (secured)	**540**	1,393	**–**	671
Lease liabilities (unsecured)	**3,683**	–	**1,313**	–
Bank loans (secured)	**6,682**	5,742	**6,682**	5,742
Bank loans (unsecured)	**38,588**	–	**38,588**	–
	160,338	245,839	**141,039**	134,190
Non-current				
Other borrowings (secured)	**–**	545	**–**	–
Lease liabilities (unsecured)	**27,529**	–	**9,406**	–
Bank loans (secured)	**66,696**	60,113	**66,696**	60,113
Bank loans (unsecured)	**4,701**	–	**4,701**	–
	98,926	60,658	**80,803**	60,113
Total loans and borrowings (current and non-current)	**259,264**	306,497	**221,842**	194,303

Bills payable to banks

Bills payable bears interest at 0.66% to 2.64% per annum (2019: 1.35% to 2.81% per annum) and is repayable within 5 months (2019: 5 months) after the financial year end.

Other borrowings (secured)

Other borrowings are secured by a charge over certain assets (Note 11). The discount rates implicit in the borrowings are 2.51% to 2.91% (2019: 2.51% to 2.91%) per annum.

Bank loans (secured)

As at 30 September 2020, the bank loans bear interest ranging from 1.88% to 2.38% (2019: 1.88% to 2.38%) per annum for the first and second year and commercial financing rate in the subsequent years. These are secured by certain leasehold buildings (Note 11) and asset held for sale (Note 19) and are repayable in equal quarterly instalments over the next 6 to 19 years (2019: 7 to 20 years).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

23. Loans and borrowings (cont'd)

Bank loans (unsecured)

This comprise a short-term bridging loan amounting to USD 28,000,000, fully repayable in March 2021 which bears interest of 2.22% per annum guaranteed by a related party and another loan of $5,000,000 which is repayable in 48 equal monthly instalments from July 2021 which bears interest of 2.25% per annum.

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

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

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

			Non-cash changes		
	1.10.2018	**Cash flows**	**Accretion of interest**	**Other***	**30.9.2019**
	$'000	$'000	$'000	$'000	$'000
Bills payable and bank loans					
- Current	253,761	(15,057)	–	5,742	244,446
- Non-current	79,311	(13,456)	–	(5,742)	60,113
Other borrowings					
- Current	2,077	(3,201)	108	2,409	1,393
- Non-current	2,954	–	–	(2,409)	545
	338,103	(31,714)	108	–	306,497
Loan from immediate holding company	23,100	–	–	–	23,100
	361,203	(31,714)	108	–	329,597

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

24. Loan from immediate holding company

The loan bears interest at a fixed rate of 4.5% per annum. During the year, the repayment date of this loan has been deferred from June 2020 to June 2021.

25. Leases

Group as a lessee

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

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

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

Group	**Leasehold land** $'000
Cost	
1 October 2019	**1,452**
Effect of adoption of SFRS(I) 16	**36,037**
Additions	**1,681**
As at 30 September 2020	**39,170**
Accumulated depreciation	
1 October 2019	**1,452**
Depreciation charge	**6,575**
As at 30 September 2020	**8,027**
Net carrying amount	
As at 30 September 2020	**31,143**

Company	
Cost	
1 October 2019	**1,452**
Effect of adoption of SFRS(I) 16	**13,166**
Additions	**1,377**
As at 30 September 2020	**15,995**
Accumulated depreciation	
At 1 October 2019	**1,452**
Depreciation charge for the year	**3,969**
As at 30 September 2020	**5,421**
Net carrying amount	
As at 30 September 2020	**10,574**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

25. Leases (cont'd)

Group as a lessee (cont'd)

(b) **Lease liabilities**

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

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

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

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

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

Group as a lessor

The Group has entered into operating lease on its investment property. This lease has a remaining term of 4 years (2019: 5 years). Future minimum receivables under non-cancellable operating leases as at 30 September 2020 are as follows:

	Group	
	2020	2019
	$'000	$'000
Within one year	**141**	170
After one year but not more than five years	**340**	481
	481	651

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

26. Provisions

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Current				
Provision for onerous contracts	**774**	7,216	**298**	3,640
Provision for restoration costs	**2,232**	1,452	**2,232**	1,452
	3,006	8,668	**2,530**	5,092
Non-current				
Provision for retirement benefits	**261**	254	**261**	254
Provision for restoration costs	**1,129**	749	**–**	–
	1,390	1,003	**261**	254

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	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
At beginning of the financial year	**7,216**	20,066	**3,640**	4,998
Reversal for the year, net	**(6,442)**	(12,849)	**(3,342)**	(1,358)
Exchange differences	**–**	(1)	**–**	–
At end of the financial year	**774**	7,216	**298**	3,640

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 2020, there are no plan assets (2019: 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	
	2020	**2019**
	$'000	$'000
At beginning of the financial year	**254**	244
Charged to statement of comprehensive income (Note 8)	**7**	10
Service cost	**6**	8
Interest cost	**1**	2
At end of the financial year	**261**	254

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

26. Provisions (cont'd)

Provision for retirement benefits (cont'd)

Of the total charged, amounts of $1,000 (2019: $2,000) and $6,000 (2019: $8,000) were included in "Cost of Sales" and "Administrative expenses" respectively.

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

	Group and Company	
	2020	**2019**
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:

	2020	**2019**	**2018**	**2017**	**2016**
	$'000	$'000	$'000	$'000	$'000
Defined benefit obligation	**261**	254	244	408	427

27. Deferred tax liabilities

Deferred tax as at 30 September 2020 and 2019 relates to the following:

	Group				Company	
	Consolidated Balance Sheet		Consolidated Income Statement		Balance Sheet	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets:						
Provisions	**1,580**	3,480	**1,900**	851	**830**	1,051
Unutilised tax losses and capital allowances	**2,134**	570	**(1,564)**	644	**–**	–
Leases	**67**	–	**(67)**	–	**25**	–
Deferred tax liabilities:						
Differences in depreciation for tax purposes	**(10,783)**	(11,187)	**(404)**	(1,085)	**(6,356)**	(7,116)
Fair value adjustments on acquisition of subsidiaries	**(4,383)**	(4,709)	**(326)**	(483)	**–**	–
Undistributed earnings	**(497)**	(293)	**204**	293	**(497)**	(293)
Deferred tax liabilities, net	**(11,882)**	(12,139)			**(5,998)**	(6,358)
Deferred tax expense			**(257)**	220		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

28. Share capital and treasury shares

	No. of ordinary shares		Amount	
	Issued share capital	**Treasury shares**	**Share capital**	**Treasury shares**
Group and Company	'000	'000	$'000	$'000
Balance as at 1 October 2018, 30 September 2019, 1 October 2019 and 30 September 2020	**234,962**	**1,627**	**125,001**	**(1,105)**

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

Treasury shares relate to ordinary shares of the Company that are held by the Company. There were no purchase of treasury shares during the year (2019: nil) and there have been no reissuance of treasury shares since their acquisitions.

29. Other reserves

		Group		Company	
	Note	**2020**	**2019**	**2020**	**2019**
		$'000	$'000	$'000	$'000
Fair value reserve	(a)	**(76)**	(76)	**(76)**	(76)
Foreign currency translation reserve	(b)	**(2,741)**	(2,675)	**–**	–
Asset revaluation reserve	(c)	**597**	597	**597**	597
		(2,220)	(2,154)	**521**	521

(a) ***Fair value reserve***

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

	Group and Company	
	2020	**2019**
	$'000	$'000
At beginning of the financial year	**(76)**	(51)
- Net loss on fair value changes during the financial year	**–**	(25)
At end of the financial year	**(76)**	(76)

(b) ***Foreign currency translation reserve***

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

	Group	
	2020	**2019**
	$'000	$'000
At beginning of the financial year	**(2,675)**	(2,764)
Net effect of exchange differences arising from the translation of financial statements of foreign operations	**309**	(161)
Net effect of exchange differences arising from the shareholder loans due from an associate and a subsidiary	**(375)**	250
At end of the financial year	**(2,741)**	(2,675)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

29. Other reserves (cont'd)

(c) ***Asset revaluation reserve***

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

30. Dividends

	Group and Company	
	2020	**2019**
	$'000	$'000
Declared and paid during the financial year:		
Cash dividends on ordinary shares:		
- Final exempt (one-tier) dividend of 5 cents (2019: 1 cent) per share in respect of the previous financial year	**11,667**	2,333
- Special exempt (one-tier) dividend of 3 cents (2019: Nil) per share in respect of the previous financial year	**7,000**	–
	18,667	2,333

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	
	2020	**2019**
	$'000	$'000
- Final exempt (one-tier) dividend for 2020: 2 cents (2019: 5 cents) per share	**4,667**	11,667
- Special exempt (one-tier) dividend for 2020: 4 cents (2019: 3 cents) per share	**9,333**	7,000
	14,000	18,667

31. Related party transactions

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

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

	Group	
	2020	**2019**
	$'000	$'000
Interest income from associate	**1,062**	842
Interest paid/payable to immediate holding company	**(958)**	(1,523)
Steel hedging paid/payable to company related to shareholder	**–**	(4,075)
Steel hedging received/receivable from company related to shareholder	**748**	1,177
Sales commission income from company related to shareholder	**–**	156

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

31. Related party transactions (cont'd)

(b) *Compensation of key management personnel*

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

	Group	
	2020	**2019**
	$'000	$'000
Wages and salaries	**2,427**	3,166
Employer's contribution to Central Provident Fund	**100**	98
Other short-term benefits	**229**	365
Directors' fees	**305**	305
	3,061	3,934

Included in the above is total compensation to directors (including directors' fees) of the Company amounting to $1,864,000 (2019: $2,311,000).

32. Commitments and contingencies

(a) *Capital commitments*

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
Capital commitment in respect of:				
Plant and machinery	**77**	–	**77**	–
Development costs for asset held for sale	**1,781**	5,445	**–**	–
	1,858	5,445	**77**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

32. 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.

As at 30 September 2019, the Group and the Company have future minimum lease payments under operating lease commitments for rental payable in subsequent periods as follows:

	2019		
	Group As restated	**Group As previously reported**	**Company**
	$'000	$'000	$'000
Within one financial year	7,469	6,790	4,500
After one financial year but within five financial years	15,955	14,151	4,079
After five financial years	21,694	11,946	8,312
	45,118	32,887	16,891

The commitments disclosure as previously reported has been restated to include shortfall of lease payments omitted for one of its subsidiary and inclusion of revised lease term for one leasehold land upon clarification with the lessor.

As discussed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 October 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheets as at 30 September 2020, except for short-term and low-value leases.

(c) ***Contingencies***

The Company has provided a corporate guarantee in respect of banking facilities provided by a consortium of banks to an associate up to the extent of the Company's 17% shareholding in the investee. As at 30 September 2020, the amount of facilities drawn down by the associate amounted to $57,735,000 (2019: $59,266,000).

33. Segment reporting

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

33. Segment reporting (cont'd)

Year ended 30 September 2020	Fabrication and manufacturing	Others	Adjustments and eliminations	Notes	Group
	$'000	$'000	$'000		$'000
Revenue:					
External customers	**612,378**	**–**	**–**		**612,378**
Inter-segment	**–**	**–**	**–**		**–**
Total revenue	**612,378**	**–**	**–**		**612,378**
Results:					
Interest income	**1,388**	**3**	**–**		**1,391**
Interest expense	**(6,768)**	**–**	**–**		**(6,768)**
Dividend income	**2**	**–**	**–**		**2**
Depreciation expense	**(17,813)**	**(1,220)**	**–**		**(19,033)**
Share of results of joint venture	**354**	**–**	**–**		**354**
Share of results of associates	**–**	**(14,446)**	**–**		**(14,446)**
Reversal of provision for onerous contracts	**6,442**	**–**	**–**		**6,442**
Fair value changes on trade receivables subject to provisional pricing	**(7,389)**	**–**	**–**		**(7,389)**
Other non-cash income	**788**	**–**	**–**		**788**
Income tax expense	**(6,395)**	**(243)**	**–**		**(6,638)**
Segment profit/(loss)	**33,469**	**(13,117)**	**–**		**20,352**
Assets:					
Segments assets	**558,262**	**61,718**	**(32)**	**A**	**619,948**
Additions to property, plant and equipment	**1,884**	**656**	**–**		**2,540**
Interest in joint venture	**7,870**	**–**	**–**		**7,870**
Interest in associates	**–**	**4,389**	**–**		**4,389**
Liabilities:					
Segment liabilities	**(344,989)**	**(10,444)**	**32**	**A**	**(355,401)**

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

33. Segment reporting (cont'd)

Year ended 30 September 2019	Fabrication and manufacturing	Others	Adjustments and eliminations	Notes	Group
	$'000	$'000	$'000		$'000
Revenue:					
External customers	913,287	–	–		913,287
Inter-segment	–	–	–		–
Total revenue	913,287	–	–		913,287
Results:					
Interest income	1,042	314	(316)		1,040
Interest expense	(9,891)	–	316		(9,575)
Dividend income	2	–	–		2
Depreciation expense	(14,979)	(1,028)	–		(16,007)
Share of results of joint venture	1,282	–	–		1,282
Share of results of associates	–	(2,131)	–		(2,131)
Reversal of provision for onerous contracts	12,849	–	–		12,849
Fair value changes on trade receivables subject to provisional pricing	(1,349)	–	–		(1,349)
Impairment loss on property, plant and equipment	(1,816)	–	–		(1,816)
Other non-cash expenses	(3,409)	–	–		(3,409)
Income tax expense	(6,856)	(17)	–		(6,873)
Segment profit/(loss)	32,130	(568)	–		31,562
Assets:					
Segments assets	604,073	90,545	(32)	A	694,586
Additions to property, plant and equipment	1,642	656	–		2,298
Interest in joint venture	7,220	–	–		7,220
Interest in associates	–	18,951	–		18,951
Liabilities:					
Segment liabilities	(426,013)	(5,677)	32	A	(431,658)

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 2020

33. Segment reporting (cont'd)

Geographical segments

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

	Revenue		Non-current assets	
	2020	**2019**	**2020**	**2019**
	$'000	$'000	$'000	$'000
China	**16,727**	1,560	**7,870**	7,220
Hong Kong	**13,605**	2,467	**–**	–
Malaysia	**46,128**	29,796	**13,646**	13,089
Singapore	**517,360**	845,928	**152,311**	142,458
Thailand	**8,177**	22,682	**–**	–
Others	**10,381**	10,854	**–**	–
	612,378	913,287	**173,827**	162,767

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

34. Fair value of assets and liabilities

(a) ***Fair value hierarchy***

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

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

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

Group	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
30 September 2020				
Assets measured at fair value				
Financial assets:				
Investment securities (Note 16)				
- Quoted equity securities at FVOCI	**84**	**–**	**–**	**84**
Debt instruments at FVPL (Note 18)				
- Trade receivables subject to provisional pricing	**–**	**–**	**25,048**	**25,048**
Financial assets as at 30 September 2020	**84**	**–**	**25,048**	**25,132**
Liabilities measured at fair value				
Financial liabilities:				
Derivatives (Note 20)				
- Currency forward contracts	**–**	**(192)**	**–**	**(192)**
Financial liabilities as at 30 September 2020	**–**	**(192)**	**–**	**(192)**
30 September 2019				
Assets measured at fair value				
Financial assets:				
Investment securities (Note 16)				
- Quoted equity securities at FVOCI	84	–	–	84
Debt instruments at FVPL (Note 18)				
- Trade receivables subject to provisional pricing	–	–	90,145	90,145
Derivatives (Note 20)				
- Currency forward contracts	–	656	–	656
Financial assets as at 30 September 2019	84	656	90,145	90,885

(c) ***Level 2 fair value measurements***

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

Derivatives (Note 20):

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

(d) ***Level 3 fair value measurements***

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

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

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

		Fair value measurements at the end of the reporting period using	
	Note	**Significant unobservable inputs (Level 3)**	**Carrying amount**
Group		$'000	$'000
30 September 2020			
Assets:			
Investment properties	12	**2,367**	**2,333**
30 September 2019			
Assets:			
Investment properties	12	2,343	2,402

<u>Determination of fair value</u>

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

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

Fair value information is not disclosed for the following financial instruments of the Group as at 30 September 2020 as the difference between the carrying amounts and their fair values are not significant.

	Group	
	2020	**2019**
	$'000	$'000
Financial liabilities:		
Other borrowings (non-current)	**–**	545
Bank loans (unsecured) (non-current)	**4,701**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

35. Financial risk management objective and policies

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

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

(a) ***Credit risk***

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

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

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

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

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

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the borrower.
- Significant increases in credit risk on other financial instruments of the same borrower.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

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

- There is significant difficulty of the issuer or the borrower.
- A breach of contract, such as a default or past due event.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- There is a disappearance of an active market for that financial asset because of financial difficulty.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

(a) ***Credit risk (cont'd)***

Trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The loss allowance provision as at 30 September 2020 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions.

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

	Current	**1 to 30 days past due**	**31 to 60 days past due**	**61 to 90 days past due**	**More than 90 days past due**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
2020						
Gross carrying amount	**45,653**	**9,508**	**1,115**	**446**	**8,080**	**64,802**
Loss allowance provision	**(1,517)**	**(321)**	**(18)**	**(4)**	**(6,596)**	**(8,456)**
	44,136	**9,187**	**1,097**	**442**	**1,484**	**56,346**
2019						
Gross carrying amount	51,830	33,483	8,750	2,368	8,334	104,765
Loss allowance provision	(1,234)	(854)	(267)	(165)	(7,075)	(9,595)
	50,596	32,629	8,483	2,203	1,259	95,170

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

During the financial year, the Group wrote off $49,000 (2019: $316,000) of trade receivables which were more than 90 days past due as the Group does not expect to receive future cash flows.

Financial guarantees

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

(a) ***Credit risk (cont'd)***

Credit risk concentration profile

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

	Group	
	2020	**2019**
	$'000	$'000
By geographical areas:		
- China	**7,434**	2,264
- Malaysia	**10,733**	7,055
- Singapore	**61,002**	173,732
- Thailand	**1,459**	2,156
- Others	**766**	108
	81,394	185,315
By industry sector:		
- Construction	**81,394**	185,315

At the end of the reporting period, approximately:
- 36% (2019: 47%) of the Group's and 27% (2019: 29%) of the Company's trade receivables were due from 10 (2019: 10) major customers who are in the construction industry in Singapore.
- 20% (2019: 11%) of the Company's trade and other receivables were due from related parties.

Amount due from subsidiaries and related parties

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

(b) ***Liquidity risk***

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

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

Analysis of financial instruments by remaining contractual maturities

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

Group	Within 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
At 30 September 2020				
Financial assets:				
Investment securities	**–**	**84**	**–**	**84**
Trade and other receivables	**88,090**	**4,020**	**1,005**	**93,115**
Cash and bank balances	**77,892**	**–**	**–**	**77,892**
Other current assets - deposits	**290**	**–**	**–**	**290**
Total undiscounted financial assets	**166,272**	**4,104**	**1,005**	**171,381**
Financial liabilities:				
Trade and other payables	**26,440**	**–**	**–**	**26,440**
Loans and borrowings (excluding lease liabilities)	**159,425**	**43,083**	**53,769**	**256,277**
Lease liabilities	**4,579**	**15,937**	**17,619**	**38,135**
Derivatives				
- Receipts	**(38,517)**	**–**	**–**	**(38,517)**
- Payments	**38,709**	**–**	**–**	**38,709**
Loan from immediate holding company	**20,651**	**–**	**–**	**20,651**
Total undiscounted financial liabilities	**211,287**	**59,020**	**71,388**	**341,695**
Total net undiscounted financial liabilities	**(45,015)**	**(54,916)**	**(70,383)**	**(170,314)**
At 30 September 2019				
Financial assets:				
Investment securities	–	84	–	84
Trade and other receivables	195,315	–	–	195,315
Cash and bank balances	65,778	–	–	65,778
Other current assets - deposits	228	–	–	228
Derivatives				
- Receipts	160,634	–	–	160,634
- Payments	(159,978)	–	–	(159,978)
Total undiscounted financial assets	261,977	84	–	262,061
Financial liabilities:				
Trade and other payables	64,445	–	–	64,445
Loans and borrowings	247,290	28,897	56,474	332,661
Loan from immediate holding company	23,880	–	–	23,880
Total undiscounted financial liabilities	335,615	28,897	56,474	420,986
Total net undiscounted financial liabilities	(73,638)	(28,813)	(56,474)	(158,925)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

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

Company	Within 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
At 30 September 2020				
Financial assets:				
Investment securities	**–**	**84**	**–**	**84**
Trade and other receivables	**72,694**	**4,020**	**1,005**	**77,719**
Cash and bank balances	**67,204**	**–**	**–**	**67,204**
Other current assets - deposits	**240**	**–**	**–**	**240**
Total undiscounted financial assets	**140,138**	**4,104**	**1,005**	**145,247**
Financial liabilities:				
Trade and other payables	**109,080**	**–**	**–**	**109,080**
Loans and borrowings (excluding lease liabilities)	**142,459**	**43,083**	**53,769**	**239,311**
Lease liabilities	**1,615**	**4,079**	**7,292**	**12,986**
Derivatives				
- Receipts	**(38,517)**	**–**	**–**	**(38,517)**
- Payments	**38,709**	**–**	**–**	**38,709**
Loan from immediate holding company	**20,651**	**–**	**–**	**20,651**
Total undiscounted financial liabilities	**273,997**	**47,162**	**61,061**	**382,220**
Total net undiscounted financial liabilities	**(133,859)**	**(43,058)**	**(60,056)**	**(236,973)**
At 30 September 2019				
Financial assets:				
Investment securities	–	84	–	84
Trade and other receivables	126,798	–	–	126,798
Cash and bank balances	24,656	–	–	24,656
Other current assets - deposits	133	–	–	133
Derivatives				
- Receipts	133,198	–	–	133,198
- Payments	(132,693)	–	–	(132,693)
Total undiscounted financial assets	152,092	84	–	152,176
Financial liabilities:				
Trade and other payables	57,003	–	–	57,003
Loans and borrowings	135,641	28,352	56,474	220,467
Loan from immediate holding company	23,880	–	–	23,880
Total undiscounted financial liabilities	216,524	28,352	56,474	301,350
Total net undiscounted financial liabilities	(64,432)	(28,268)	(56,474)	(149,174)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

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

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

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

Group and Company	2020 $'000	2019 $'000
Corporate guarantee – 1 year or less	**605**	–
Corporate guarantee – 1 to 5 years	**9,210**	10,075
	9,815	10,075

(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 (2019: 6 months) from the balance sheet date.

Sensitivity analysis for interest rate risk

At the end of reporting period, if SGD interest rates had been 50 basis points lower/higher with all other variables constant, the Group's profit before tax would have been $554,000 (2019: $1,194,000) higher/lower respectively as a result of lower/higher interest expense on floating rate loans and borrowings.

(d) ***Foreign currency risk***

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

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

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

Sensitivity analysis for foreign currency risk

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

	2020	2019
	Profit before tax	
	Increase/ (decrease)	**Increase/ (decrease)**
Group and Company	$'000	$'000
USD/SGD - strengthened 7% (2019: 7%)	**1,609**	409
- weakened 7% (2019: 7%)	**(1,609)**	(409)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

36. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 September 2020 and 2019.

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

	Group	
	2020	**2019**
	$'000	$'000
Loans and borrowings (Note 23)	**259,264**	306,497
Loan from immediate holding company (Note 24)	**20,000**	23,100
Less: Cash and bank balances	**(77,892)**	(65,778)
Net debt	**201,372**	263,819
Equity attributable to owners of the Company	**264,547**	262,928
Capital plus net debt	**465,919**	526,747
Gearing ratio	**43%**	50%

37. Impact of Covid-19

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

Set out below is the impact of Covid-19 on the Group's financial performance reflected in this set of financial statements for the year ended 30 September 2020:

- The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- Production stoppages and workplace closures have resulted in periods where the Group's operations (including disruption to the Group's customers' operations) were temporarily suspended to adhere to government's directives. This has negatively impacted the Group's production and sale volume in the current financial year.
- The Group received government grants and rebates and the effects of such are disclosed in Note 5.
- The Group has considered the market conditions (including the impact of Covid-19) as at the balance sheet date in making estimates and judgements on the recoverability of assets and investment in subsidiaries and interest in associate as at 30 September 2020. The significant estimates and judgements applied are disclosed in Note 3.

As the global Covid-19 situation remains fluid at the date these financial statements were authorised for issue, the Group cannot reasonably ascertain the full extent of the probably impact of the Covid-19 disruptions on its operating and financial performance for the next financial year.

38. Authorisation of financial statements for issue

The financial statements for the year ended 30 September 2020 were authorised for issue in accordance with a resolution of the Board of Directors dated on 13 January 2021.

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 10 set out in the notice of annual general meeting ("**Notice of AGM**") at pages 118 to 123 of the annual report of the Company dated 13 January 2021 ("**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 28 January 2021 ("**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 30 January 2020 ("**2020 AGM**"), shareholders of the Company ("**Shareholders**") had approved, *inter alia*, the renewal of the share purchase mandate approved on 30 January 2019 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 11 at the 2020 AGM and will expire on the date of the forthcoming AGM, scheduled to be held on 28 January 2021. 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 10 in the Notice of AGM.

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.

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

2.1 Background and Rationale (cont'd)

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

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 2020 AGM and, for the benefit of Shareholders, are summarised below:

2.2.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares which may be purchased is limited to that number of Shares representing not more than ten per cent (10%) of the issued Shares 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.

Purely for illustrative purposes, based on 233,335,089 issued Shares as at 15 December 2020, the latest practicable date prior to the printing of this Appendix I (the "**Latest Practicable Date**") (disregarding Treasury Shares (as defined in **paragraph 2.2.3(xi)** 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(xi)** below)) will result in the purchase or acquisition of 23,333,508 Shares.

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;

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

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

2.2.3 Manner of Purchases (cont'd)

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers are the same, except that there shall be disregarded:

(a) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;

(b) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

(c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, pursuant to Rule 885 of the Listing Rules and Section 76C of the Companies Act, in making an Off-Market Purchase in accordance with an equal access scheme, the Company must issue an offer document or notice to all Shareholders which must contain at least the following information:

(i) the terms and conditions of the offer;

(ii) the maximum number of Shares or the maximum percentage of ordinary shares authorised to be purchased or acquired;

(iii) the maximum price which may be paid for the Shares;

(iv) the date on which the Share Purchase Mandate is to expire, being a date that must not be later than the date on which the next 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:

2.4.1 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.

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

2.4 Treasury Shares (cont'd)

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

The Company shall notify ACRA within thirty (30) days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchase or acquisition including the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled and the number of Shares held as Treasury Shares, the Company's issued share capital before and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition, and such other information required by the Companies Act.

Rule 886 of the Listing Rules specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9 a.m.:

(i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

(ii) 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.

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

2.6 Source of Funds (cont'd)

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.

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 2020 (please refer to page 39 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 $1.487 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 $1.558 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 2020 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	264,547	229,850	264,547	228,193
Net assets attributable to owners	264,547	229,850	264,547	228,193
Current Assets	446,121	411,424	446,121	409,767
Current Liabilities	243,203	243,203	243,203	243,203
Total Borrowings	279,264	279,264	279,264	279,264
Cash and Bank Balances	77,892	43,195	77,892	41,538
No. of issued and paid-up Shares ('000) (excluding treasury shares)	233,335	210,002	233,335	210,002
Financial Ratios				
Net assets per Share attributable to owners (cents)(1a)	113.38	109.45	113.38	108.66
Gearing (times)(1b)	1.06	1.21	1.06	1.22
Basic Earnings per Share (cents)(1c)	8.72	9.69	8.72	9.69
Company				
Total Equity	300,216	265,519	300,216	263,862
Net Tangible Assets ("**NTA**")	300,216	265,519	300,216	263,862
Current Assets	383,055	348,358	383,055	346,701
Current Liabilities	297,812	297,812	297,812	297,812
Total Borrowings	241,842	241,842	241,842	241,842
Cash and Bank Balances	67,204	32,507	67,204	30,850
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)	128.66	126.44	128.66	125.65
Gearing (times)(1b)	0.81	0.91	0.81	0.92
Basic Earnings per Share (cents)(1c)	5.68	6.31	5.68	6.31

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

2.7 Financial Effects (cont'd)

2.7.1 Illustrative Financial Effects (cont'd)

Notes:

(1) For the purposes of the above calculations:

(a) "**Net assets per Share attributable to owners**" is calculated based on the net assets attributable to owners and the issued and paid-up Shares (excluding Treasury Shares) as at the Latest Practicable Date;

(b) "**Gearing**" represents the ratio of total borrowings to total equity;

(c) "**Basic 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.

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

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.

APPENDIX I

2. SHARE PURCHASE MANDATE (cont'd)

2.10 Listing Status (cont'd)

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.

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 period of six (6) months.

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code ("**Rule 14**").

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert:

(i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); 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 is aware of any Substantial Shareholders who may become obligated to make a take-over offer for the Company under Rule 14 as a result of the purchase by the Company of Shares under the Share Purchase Mandate.

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 2020 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), and (ii) there is no change in the number of Shares held by the Directors and Substantial Shareholders or which they are deemed interested in, as at the Latest Practicable Date, the interests of the Directors and Substantial Shareholders, direct or indirect, in the Shares are set out below:

APPENDIX I

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST (cont'd)

3.1 Interest 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' CONFIRMATION AND RECOMMENDATION

The terms of the proposed renewal of the Share Purchase Mandate as set out in this Appendix I do not contravene any laws and regulations governing the Company and the Constitution of the Company.

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 10 relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of AGM on pages 118 to 123 of the Annual Report.

5. ANNUAL GENERAL MEETING

The AGM, notice of which is set out on pages 118 to 123 of the Annual Report, will be held by electronic means on Thursday, 28 January 2021, at 10 a.m..

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 A Shareholder will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate in AGM by:

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

(ii) submitting questions in advance of the meetings; and/or

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

6.2 Deadline for Submission of Proxy Form of AGM

Shareholders who wish to vote on the resolutions at the AGM must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.

Shareholders must submit the completed and signed proxy form in the manner set out herein ("**Proxy Form**") by no later than 10 a.m. on 25 January 2021 (being not less than seventy-two (72) hours before the time appointed for holding the AGM).

APPENDIX I

6. ACTION TO BE TAKEN BY SHAREHOLDERS (cont'd)

6.3 Manner of Submission of Proxy Form

The completed and signed Proxy Form is to be submitted in the manner as follows:

(i) if in hard copy and sent personally or by post, the proxy form must be lodged at the Company's Share Registrar Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898;

(ii) if via email, the proxy form must be received at sg.is.proxy@sg.tricorglobal.com;

(iii) if via the website of the AGM at https://agm.conveneagm.com/brcasia/.

6.4 Additional Information

The Proxy Form must be executed under the hand of the appointer or his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of its representative or attorney duly authorised. If the Proxy Form is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be deposited together with the Proxy Form, failing which, the instrument may be treated as invalid.

The Company shall be entitled to reject a Proxy Form 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 Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the Shareholder, being the appointer, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the respective meetings, as certified by the Central Depository (Pte) Limited to the Company.

CPF or SRS investors who wish to appoint the Chairman as their proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days 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 Company's Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898 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 2020.

Yours faithfully

For and on behalf of the Board of Directors of BRC ASIA LIMITED,

Seah Kiin Peng
Executive Director

STATISTICS OF SHAREHOLDINGS

As at 15 December 2020

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	14	1.06	328	0.00
100 - 1,000	821	62.25	335,667	0.14
1,001 - 10,000	321	24.34	1,534,644	0.66
10,001 - 1,000,000	152	11.52	15,118,035	6.48
1,000,001 and above	11	0.83	216,346,415	92.72
TOTAL	**1,319**	**100.00**	**233,335,089**	**100.00**

* Excluding treasury shares as at 15 December 2020 which comprised 1,626,600 shares. As at 15 December 2020, the Company had no subsidiary holdings. "Subsidiary Holdings" is defined in the Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

TWENTY LARGEST SHAREHOLDERS AS AT 15 DECEMBER 2020

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	UOB KAY HIAN PTE LTD	184,428,436	79.04
2	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	5,428,811	2.33
3	D3 RESOURCES PTE. LTD.	5,000,000	2.14
4	PHILLIP SECURITIES PTE LTD	4,635,600	1.99
5	RAFFLES NOMINEES (PTE) LIMITED	4,579,480	1.96
6	JIANYOU INTERNATIONAL TRADE CO. LTD.	3,000,000	1.29
7	LUO JUN HUA	2,000,000	0.86
8	LUO BIN	1,977,400	0.85
9	SHANWOOD DEVELOPMENT PTE LTD	1,889,000	0.81
10	CITIBANK NOMINEES SINGAPORE PTE LTD	1,860,200	0.80
11	DBS NOMINEES PTE LTD	1,547,488	0.66
12	GOH TIOW GUAN	1,000,000	0.43
13	SEAH BOON HWA	1,000,000	0.43
14	ABN AMRO CLEARING BANK N.V.	961,200	0.41
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	789,815	0.34
16	SIA LING SING	652,700	0.28
17	LIM YIT WAH @NG YOE NIE	620,000	0.27
18	SHI YONG	574,100	0.25
19	MAYBANK KIM ENG SECURITIES PTE. LTD	547,840	0.23
20	NEO AIK CHENG	537,100	0.23
	TOTAL:	**223,029,170**	**95.60**

Note:
% Based on 233,335,089 shares (excluding treasury shares) as at 15 December 2020. Treasury shares as at 15 December 2020 was 1,626,600 shares.

STATISTICS OF SHAREHOLDINGS

As at 15 December 2020

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. ("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 treasury shares) as at 15 December 2020.

(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 ("**AGM**") of BRC Asia Limited ("**Company**") will be convened and held by electronic means on Thursday, 28 January 2021 at 10 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 September 2020 and the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt (one-tier) dividend of 2 Singapore cents per ordinary share for the financial year ended 30 September 2020. **(Resolution 2)**

3. To declare a special tax-exempt (one-tier) dividend of 4 Singapore cents per ordinary share for the financial year ended 30 September 2020. **(Resolution 3)**

4. To approve the Directors' fees of S$360,000 for the financial year ending 30 September 2021 (2020: S$360,000). **(Resolution 4)**

5. To re-elect Mr. Seah Kiin Peng, who is retiring pursuant to Regulation 104 of the Constitution of the Company, as director of the Company. *(See Explanatory Note 1)* **(Resolution 5)**

6. To re-elect Mr. He Jun, who is retiring pursuant to Regulation 104 of the Constitution of the Company, as director of the Company. *(See Explanatory Note 1)* **(Resolution 6)**

   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.

7. To re-elect Mr. Joel Leong Kum Hoe, who is retiring pursuant to Regulation 104 of the Constitution of the Company, as director of the Company. *(See Explanatory Note 1)* **(Resolution 7)**

   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.

8. To re-appoint Ernst & Young LLP, Certified Public Accountants, as Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS

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

9. Authority to Issue Shares **(Resolution 9)**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Act**") and the listing rules (the "**Listing Rules**") of the listing manual ("**Listing Manual**") of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of bonus, rights or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, options, debentures or other instruments convertible into Shares,

   (b) (notwithstanding the authority conferred by this resolution ("**Resolution**") may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

Provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not be more than fifty per cent (50%) of the total number of Shares (excluding treasury shares and subsidiary holdings), in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(ii) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to existing shareholders shall not be more than twenty per cent (20%) of the total number of Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the total number of Shares (excluding treasury shares and subsidiary holdings) shall be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date the general mandate is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or employee stock options or vesting of share awards which are outstanding or subsisting at the date the general mandate is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares; and

(iv) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force until the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier." *(See Explanatory Notes 2)*

10. Approval of the Renewal of the General Mandate for Share Purchase **(Resolution 10)**

"That:

(a) for the purposes of Sections 76C and 76E of the Act, the exercise by the directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Percentage (as hereinafter defined), at such price 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:

NOTICE OF ANNUAL GENERAL MEETING

(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 and subsidiary holdings as at that date); and

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) in the case of 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 3)*

11. To transact any other ordinary business which may be properly transacted at an annual general meeting.

NOTICE OF 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 15 March 2021 at 5 p.m. to determine the shareholders' entitlements to the proposed dividends.

Duly completed transfers of shares received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898, up to 5 p.m. on 15 March 2021 will be registered to determine shareholders' entitlements to the proposed dividends. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5 p.m. on 15 March 2021 will be entitled to the proposed dividends.

The proposed dividends, if approved by the members at the Annual General Meeting, will be paid on 26 March 2021.

BY ORDER OF THE BOARD

Lee Chun Fun
Low Mei Wan
Company Secretaries

13 January 2021

Explanatory Notes:

1. For ordinary resolutions 5, 6 and 7 above, detailed information on the three (3) directors can be found under "Board of Directors" and "Corporate Governance Statement" sections of the Annual Report 2020.

2. Resolution 9, if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and/or shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 9 in the Company up to an amount not exceeding in aggregate fifty per cent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of which the total number of shares and shares to be issued in pursuance of Instruments made or granted pursuant to Resolution 9 issued other than on a pro-rata basis to existing shareholders shall not exceed twenty per cent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

   For the purpose of Resolution 9, the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of Instruments or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

3. Resolution 10, if passed, will authorise the Directors to make purchases or otherwise acquire Shares from time to time subject to and in accordance with the guidelines set out in 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 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.

NOTICE OF ANNUAL GENERAL MEETING

Important Notes:

1. Registration to Attend the AGM remotely

Shareholders will be able to watch the proceedings of the AGM through live audio-visual webcast or listen the proceedings of the AGM through live audio-only stream. In order to do so, Shareholders must pre-register by the Registration Cut-Off Date of 10 a.m. on 25 January 2021, at https://agm.conveneagm.com/brcasia/. Shareholders will be required to provide their particulars for verification purposes.

Upon successful registration, authenticated attendees will receive an email confirmation by 27 January 2021 with a unique link to watch the live audio-visual webcast or listen to the live audio-only stream of the AGM proceedings. Shareholders who do not receive an email confirmation by 10 a.m. on 27 January 2021 but have registered by the pre-registration deadline as stated above should send an email to support@conveneagm.com.

PHYSICAL ATTENDANCE OF THE AGM WILL NOT BE PERMITTED.

2. Prior submission of questions

Shareholders who pre-register to watch the one-way live audio-visual webcast or listen to the live audio-only stream may also submit questions related to the resolutions as set out in the notice of AGM:

(a) All questions must be submitted by 10 a.m. on 25 January 2021:

(i) via the pre-registration website at https://agm.conveneagm.com/brcasia/; or

(ii) via hard copy and sent personally or by post to the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898.

When sending in the questions, please provide full name, identification/registration number and the manner in which the shares of the Company are held for verification purpose, failing which, the submission will be treated as invalid.

(b) The Company will endeavour to address substantial and relevant questions relating to the resolutions to be tabled for approval as received from Shareholders either before the AGM on SGXNET or during the AGM.

(c) The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET, and the minutes will include the responses to the questions referred to above.

Please note that Shareholders will not be able to ask questions at the AGM live during the webcast and the audio feed, and therefore it is important for Shareholders to pre-register their participation in order to be able to submit their questions in advance of the AGM.

3. Voting by Proxy

Shareholders (whether individual or corporate) who wish to exercise their votes must submit a proxy form to appoint the Chairman of the AGM to vote on their behalf:

(a) if in hard copy and sent personally or by post, the proxy form must be lodged at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898;

(b) if by email, the proxy form must be received at sg.is.proxy@sg.tricorglobal.com;

(c) via the website of the AGM at https://agm.conveneagm.com/brcasia/.

in either case, by **10 a.m. on 25 January 2021** (being 72 hours before the time fixed for the AGM).

CPF Investors and SRS Investors who wish to appoint the chairman of the AGM as their proxy should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM. CPF Investors and SRS Investors should not directly appoint the chairman as proxy to direct the vote.

NOTICE OF ANNUAL GENERAL MEETING

The Chairman of the AGM, as proxy, need not be a member of the Company.

The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act (Chapter 50) of Singapore or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors. Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy.

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy.

Personal data privacy:

By submitting an instrument appointing Chairman of the AGM to vote at the AGM of the Company and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines and (ii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:
1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting at the AGM are set out in the Annual Report.
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM. CPF Investors and/or SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to appointment of the chairman of the AGM as proxy for the AGM.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, ______________________________ (Name) *NRIC/Passport/Co. Reg. No. ____________________

of ____ (Address)

being a *member/members of BRC Asia Limited (the "**Company**"), hereby appoint the Chairman of the Meeting as *my/our *proxy to vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held by electronic means on Thursday, 28 January 2021 at 10 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy to vote for or against or to abstain from voting on the ordinary resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, this Proxy Form shall be disregarded and the proxy shall abstain from voting on any matter arising at the AGM and at any adjournment thereof.

No.	Ordinary Resolutions	No. of votes for**	No. of votes against**	No. of votes abstaining**
Ordinary Business				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 September 2020 and the Auditor's Report thereon.			
2.	To declare a final tax-exempt (one-tier) dividend of 2 Singapore cents per ordinary share for the financial year ended 30 September 2020.			
3.	To declare a special tax-exempt (one-tier) dividend of 4 Singapore cents per ordinary share for the financial year ended 30 September 2020.			
4.	To approve the Directors' fees of S$360,000 for the financial year ending 30 September 2021 (2020: S$360,000).			
5.	To re-elect Mr. Seah Kiin Peng as Director of the Company (Regulation 104).			
6.	To re-elect Mr. He Jun as Director of the Company (Regulation 104).			
7.	To re-elect Mr. Joel Leong Kum Hoe as Director of the Company (Regulation 104).			
8.	To re-appoint Ernst & Young LLP, Certified Public Accountants, as Auditor of the Company and to authorise the Directors to fix their remuneration.			
Special Business				
9.	To authorise Directors to issue shares.			
10.	To approve the renewal of the General Mandate for Share Purchase.			

** If you wish to exercise all your votes "For" or "Against" the Resolutions or if you wish to abstain from voting on the Resolutions in respect of all your votes, please indicate with a "√" within the box provided. Alternatively, if you wish to exercise some and not all of your votes both "For" and "Against" the Resolutions and/or if you wish to abstain from voting in respect of the Resolutions, please indicate the number of votes "For", the number of votes "Against" and/or the number of votes "Abstaining" in the boxes provided for the Resolutions.

Total No. of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

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

**Delete where inapplicable*

Dated this ____________ day ________ of 2021

IMPORTANT: PLEASE READ NOTES BELOW CAREFULLY BEFORE COMPLETING THIS FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. **A Shareholder will not be able to attend the AGM in person**. If a Shareholder (whether individual or corporate) wishes to exercise his/her/its votes, he/she/it must submit a proxy form to appoint the Chairman of the AGM to vote on his/her/its behalf.

3. The chairman of the AGM, as proxy, need not be a member of the Company.

4. The instrument appointing the chairman of the AGM as proxy must:

   (a) if in hard copy and sent personally or by post, the proxy form must be lodged at the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898;

   (b) if by email, the proxy form must be received at sg.is.proxy@sg.tricorglobal.com;

   (c) if via the website of the AGM, at https://agm.conveneagm.com/brcasia/.

   in either case, by 10 a.m. on 25 January 2021 (being 72 hours before the time fixed for the AGM).

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal, executed as a deed in accordance with the Companies Act (Chapter 50) of Singapore or under the hand of an attorney or an officer duly authorised, or in some other manner approved by the Directors.

6. Where an instrument appointing the Chairman of the AGM as proxy is signed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. Relevant Intermediaries shall also appoint the chairman of the AGM to act as proxy and direct the vote at the AGM. Together with the instrument appointing a proxy, the Relevant Intermediaries shall provide to the Company a list of attendees who would like to attend the AGM by way of a live webcast or a live audio feed with each attendee's full particulars for verification purposes. Upon successful registration, authenticated attendees will receive an email confirmation by 27 January 2021 with a unique link to watch the live audio-visual webcast or listen to the live audio-only stream of the AGM proceedings. Shareholders who do not receive an email confirmation by 10 a.m. on 27 January 2021, but have registered by the pre-registration deadline as stated above, should send an email to support@conveneagm.com.

8. A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 January 2021.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Teo Ser Luck
(Chairman and Independent Director)

Seah Kiin Peng
(Executive Director and Chief Executive Officer)

Xu Jiguo
(Executive Director and Chief Procurement Officer)

Zhang Xingwang
(Executive Director and Chief Operating Officer)

Darrell Lim Chee Lek
(Executive Director)

Chang Pui Yook
(Independent Director)

He Jun
(Independent Director)

Joel Leong Kum Hoe
(Independent Director)

KEY EXECUTIVE OFFICERS

Lee Chun Fun
(Chief Financial Officer and Company Secretary)

Tan Lau Ming
(Deputy Chief Operating Officer)

Ong Lian Teck
(Chief Commercial Officer)

REGISTERED OFFICE

350 Jalan Boon Lay
Jurong Industrial Estate
Singapore 619530
Tel: 6265 2333
Fax: 6264 3063
Website: www.brc.com.sg
Co. Reg. No. 193800054G

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge: Ho Shyan Yan
(since financial year ended 30 September 2018)

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898
Co. Reg. No. 53035217J

COMPANY SECRETARIES

Lee Chun Fun
Low Mei Wan

SOLICITORS

Allen & Gledhill LLP
Harry Elias Partnership LLP
Prolegis LLC
Rajah & Tann Singapore LLP

PRINCIPAL BANKERS

CIMB Bank Berhad
CTBC Bank Co., Ltd
DBS Bank Ltd
HL Bank
Malayan Banking Berhad
Shanghai Pudong Development Bank Co., Ltd. Singapore Branch
Standard Chartered Bank (Singapore) Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

BRC ASIA LIMITED
BUILDING BETTER

www.brc.com.sg