Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: BRC Asia Limited

Stock code: BEC

Meeting details:
Date: 27 Jan 2025
Time: 10.00 a.m.
Venue: Chartroom, Level 2, Raffles Marina Ltd, 10 Tuas West Drive, Singapore 638404

Q1. As noted in the operations & financial review, the overall revenue decline was primarily attributed to lower steel prices, while delivery volumes in FY2024 "remained unchanged" compared to the previous year.

(i) **What is the group's current market share in Singapore, and how has the group consolidated its market position in recent years?**

(ii) **To what extent is the group a price taker versus a price setter in Singapore's steel market?**

The group reported a record net profit of $93.5 million despite segment profit from "Fabrication and manufacturing" decreasing from $78.7 million in FY2023 to $76.2 million in FY2024.

Year ended 30 September 2024	Fabrication and manufacturing $'000
Revenue:	
External customers	1,263,674
Inter-segment	–
Total revenue	1,263,674
Results:	
Interest income	3,703
Interest expense	(10,806)
Dividend income	4
Depreciation expense	(19,131)
Share of results of joint venture	364
Share of results of associate	–
Reversal of provision for onerous contracts	7,347
Reversal of expected credit losses on trade receivables	66
Fair value changes on trade receivables subject to provisional pricing	643
Other non-cash expense	(561)
Income tax expense	(17,108)
Segment profit	76,176
Assets:	
Segments assets	862,173
Additions to property, plant and equipment	4,306
Interest in joint venture	10,004
Liabilities:	
Segment liabilities	(387,244)

Year ended 30 September 2023	Fabrication and manufacturing $'000
Revenue:	
External customers	1,213,728
Inter-segment	–
Total revenue	1,213,728
Results:	
Interest income	3,737
Interest expense	(12,006)
Depreciation expense	(17,733)
Share of results of joint venture	830
Share of results of associate	–
Reversal of provision for onerous contracts	23,772
Allowance for expected credit losses on trade receivables, net	(1,739)
Fair value changes on trade receivables subject to provisional pricing	(3,731)
Other non-cash expense	6,791
Income tax expense	(14,786)
Segment profit/(loss)	78,654
Assets:	
Segments assets	898,574
Additions to property, plant and equipment	3,267
Interest in joint venture	9,989
Interest in associates	–
Liabilities:	
Segment liabilities	(501,695)

(Adapted from company annual report)

In FY2021, the group recognised a $(45.3) million charge in provision for onerous contracts, which has been largely reversed over the past three years, leaving just $2.12 million in provision remaining as at 30 September 2024.

(iii) **Given the significant impact of provisions for onerous contracts (and their reversals) on the group's P&L, has the board or management explored ways to better manage this risk, particularly in light of steel price volatility and long-term contracts?**

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Q2. Based on Note 31 (Segment report; page 123), 86% of the group's total revenue (amounting to $1.28 billion) was derived from customers based in Singapore. Customers in Malaysia collectively ranked second, contributing $116.9 million in 2024 (2023: Thailand customers with revenue totalling $190.5 million).

Management has stated that it is actively seeking overseas expansion opportunities to penetrate regional markets.

(i) **Can the board/management provide further details on the group's overseas expansion strategy, including targeted markets and key objectives? What are the financial and operational metrics being used to evaluate overseas expansion opportunities?**

(ii) **Are the group's success factors in Singapore transferable to other markets?**

(iii) **In identifying regional opportunities, has the group established a structured framework to evaluate potential acquisitions versus organic growth, considering market entry risks and synergies?**

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Q3. Resolution 4 in the notice of annual general meeting seeks shareholders' approval for directors' fees of $650,000 for the financial year ending 30 September 2025. This represents a significant 30% increase from the $500,000 directors' fees approved for FY2024.

The board currently comprises ten directors: four independent directors, three non-independent non-executive directors, and three executive directors, including the chief executive officer, the chief procurement officer and the chief operating officer.

(i) **Has the nominating committee benchmarked the board's size and composition against comparable listed companies, particularly in terms of governance best practices and board effectiveness?**

(ii) **For the benefit of shareholders, what factors drove the significant 30% increase in proposed directors' fees? Given that no external remuneration consultants were engaged, can the board elaborate on the methodology and framework used to determine the revised quantum?**

(iii) **To promote transparency and informed voting by shareholders, will the company provide a more granular disclosure of director remuneration, including fixed, variable, and committee-specific components, to enable shareholders to evaluate the appropriateness of the proposed fees?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Check out the latest questions on the annual reports of listed companies on [SIAS website]

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