

BRC ASIA LIMITED

(Company Registration No. 193800054G)
(Incorporated in Singapore)

PRE-CONDITIONAL VOLUNTARY CASH OFFER FOR ALL THE SHARES OF LEE METAL GROUP LTD

1. INTRODUCTION

The Board of Directors ("**Board**") of BRC Asia Limited ("**BRC**", together with its subsidiaries, "**BRC Group**") refers to the pre-conditional voluntary cash offer ("**Pre-Conditional VGO**") announcement made today by United Overseas Bank Limited, for and on behalf of BRC, for all the issued and paid-up ordinary shares of Lee Metal Group Ltd ("**Lee Metal**", together with its subsidiaries, "**Lee Metal Group**") other than those already owned, controlled or agreed to be acquired by BRC.

Shareholders may refer to the aforesaid announcement for more information regarding, amongst others, Lee Metal Group, the pre-conditions required to be fulfilled before a voluntary conditional cash offer is made ("**VGO**"), the offer price, financial evaluation of the VGO, rationale and BRC's intentions for Lee Metal.

This announcement is made in compliance with Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"), and should be read in conjunction with the Pre-Conditional VGO announcement.

2. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the BRC Group's latest announced consolidated financial results for the first quarter ended 31 December 2017, the relative figures of the VGO under Listing Rule 1006 are set out below.

<u>Rule 1006</u>	<u>Bases</u>	<u>Relative Figures (%)</u>
(a)	<i>Net asset value of the assets to be disposed of, compared with the BRC Group's net asset value</i>	Not applicable, as the transaction is not a disposal.
(b)	<i>Net profits⁽¹⁾ attributable to the assets acquired, compared with the BRC Group's net profits⁽¹⁾</i>	10.57% The net profits of the Lee Metal Group based on its latest announced unaudited consolidated financial results for the three months ended 31 December 2017 is S\$316,000. The net profits of the BRC Group based on its latest announced unaudited consolidated financial results for the

Rule 1006

Bases

Relative Figures (%)

three months ended 31 December 2017 is S\$2,989,000.

- | | | |
|-----|--|---|
| (c) | <i>Aggregate value of the consideration given or received, compared with BRC's market capitalisation based on the total number of issued shares excluding treasury shares</i> | 62.15%

Based on the offer price of S\$0.42 per Lee Metal share, the aggregate consideration payable by BRC is S\$199,311,459, assuming full acceptance by Lee Metal shareholders under the VGO.

The market capitalization of BRC Asia as at the date of this announcement is S\$320,668,914, determined by multiplying the total issued BRC shares of 230,035,089 shares by the volume weighted average price of BRC shares of S\$1.394 per share, for trades done on 20 February 2018, being the market day preceding the date of the Pre-Conditional VGO announcement. |
| (d) | <i>Number of equity securities issued by BRC as consideration for an acquisition, compared with the number of equity securities previously in issue</i> | Not applicable, as no equity securities will be issued by BRC in the transaction. |
| (e) | <i>The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the BRC Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets</i> | Not applicable, as BRC Group is not a mineral, oil or gas company. |

Note:

- (1) Pursuant to Rule 1002(3)(b) of the Listing Manual, "net profits" means profit before income tax, minority interests and extraordinary items.

3. SHAREHOLDERS' APPROVAL

The VGO constitutes a major transaction under Rule 1014 of the Listing Manual, and requires the approval of BRC shareholders at an extraordinary general meeting to be convened ("**EGM**").

4. CIRCULAR

A circular to BRC shareholders setting out more information on the transaction and convening the EGM will be despatched in due course.

5. UNDERTAKING FROM MAJOR CONTROLLING SHAREHOLDER

Esteele Enterprise Pte. Ltd. ("**Esteele**"), being the major controlling shareholder of BRC holding 167,795,536 BRC shares (comprising approximately 72.94% of the entire issued BRC shares), has irrevocably undertaken to vote in favour of the VGO at the EGM.

6. FINANCIAL EFFECTS

The financial effects of the VGO on BRC Group as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the BRC Group after the VGO. The financial effects set out below have been prepared based on the latest audited consolidated financial statements of BRC Group for the financial year ended 30 September 2017 ("**FY2017**") and latest unaudited consolidated financial statements of Lee Metal Group for the financial year ended 31 December 2017, and on the following key assumptions:

- (a) there is full acceptance of the VGO by all Lee Metal shareholders at the offer price of S\$0.42 per Lee Metal share;
- (b) the effect of the transaction on the earnings per share ("**EPS**") of the BRC Group is based on the assumption that the VGO had been effected at the commencement of FY2017;
- (c) the effect of the transaction on the net tangible assets ("**NTA**") per share of the BRC Group is based on the assumption that the VGO had been effected at the end of FY2017;
- (d) the VGO is funded by way of shareholder's loan from Esteele, bank borrowings and internal cash resources;
- (e) the financial effects computation below have taken into account estimated transaction costs of S\$3,700,000 and borrowing costs of approximately S\$4,850,000;
- (f) the assets and liabilities of Lee Metal Group are based on their respective book values and no fair valuation exercise has been undertaken in respect of such assets and liabilities; and
- (g) there is no impact on the profit and loss of BRC Group as a result of any goodwill or intangibles arising from the VGO.

6.1 Share Capital

The VGO has no impact on the share capital of BRC.

6.2 EPS

EPS	Before completion of the VGO	After completion of the VGO
Profit for the year attributable to owners of the Company (S\$'000)	2,118	1,073
Weighted average number of ordinary shares (excluding treasury shares) ('000)	186,356	186,356
EPS (cents)	1.14	0.58

Note(s):

EPS is calculated based on profit attributable to owners of the Company and weighted average number of ordinary shares (excluding treasury shares) as at 30 September 2017

6.3 NTA

NTA	Before completion of the VGO	After completion of the VGO
Consolidated NTA (S\$'000)	167,755	164,055
Number of issued shares (excluding treasury shares) ('000)	186,335	186,335
NTA (S\$ cents)	90.03	88.04

Note(s):

NTA is calculated based on the net tangible assets attributable to owners of the Company and the number of issued shares (excluding treasury shares) as at 30 September 2017.

6.4 Gearing

Gearing	Before completion of the VGO	After completion of the VGO
Total net borrowings (S\$'000)	39,159	318,955
Total equity (S\$'000)	168,177	164,477
Gearing (time)	0.23	1.94

Note(s):

Gearing represents the ratio of total net borrowing to total equity

7. SERVICE CONTRACT

No person is proposed to be appointed as a director of BRC in connection with the VGO. Accordingly, no service contract is proposed to be entered into between BRC and any such person.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Esteel, being the controlling shareholder of BRC, as well as the shareholders of Esteel, are providing certain guarantees and undertakings to the financing bank in connection with financing provided to BRC for the VGO.

Save as disclosed, none of the directors or substantial shareholders of BRC has an interest, direct or indirect, in the VGO, other than through their respective shareholding interests, in BRC.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at BRC's registered office at 350 Jalan Boon Lay, Jurong Industrial Estate, Singapore 619530 for a period of three (3) months commencing from the date of this Announcement:

- (a) the Pre-Conditional VGO announcement dated 21 February 2018; and
- (b) the letter of undertaking from Esteel referred to in Section 5.

10. CAUTIONARY STATEMENT

SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN TRADING IN BRC SHARES, AND WHERE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR FINANCIAL, TAX OR OTHER ADVISORS.

11. RESPONSIBILITY STATEMENT BY THE DIRECTORS

The Directors of BRC (including those who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure the facts stated and all opinions expressed herein are fair and accurate, and where appropriate, no material facts have been omitted and they hereby collectively and individually accept full responsibility.

Where information in this announcement 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 announcement in its proper form and context.

FOR AND ON BEHALF OF THE BOARD

Seah Kiin Peng
Director
21 February 2018