

BRC ASIA LIMITED

Incorporated in the Republic of Singapore
(Company Registration Number: 193800054G)

ENTRY INTO NON-BINDING TERM SHEET IN RELATION TO ACQUIRING A CONTROLLING STAKE IN SOUTHERN STEEL MESH SDN. BHD.

1. **Introduction.** The board of directors ("**Board**" or "**Directors**") of BRC Asia Limited ("**Company**") wishes to announce that the Company has on 28 February 2025 entered into a non-binding term sheet ("**Term Sheet**") with Southern Steel Berhad ("**Vendor**") and Southern Steel Mesh Sdn. Bhd. ("**Target**"), pursuant to which the parties are contemplating the Vendor selling to the Company a number of ordinary shares in the Company and the Target issuing an equal number of ordinary shares to the Company (collectively, "**Proposed Transaction**"), with the aim that the Proposed Transaction will result in the Company holding a controlling stake of more than 50% of the total equity interest in the enlarged issued and paid-up share capital of the Target.
2. **Information on the Target and the Vendor.** The Target is principally engaged in the business of manufacturing, sales and marketing of steel wire mesh, concrete wires, hard-drawn wires, cut and bend rebars and other related products, and has four (4) manufacturing plants located in the Central and Northern region of Malaysia. The Target is a wholly-owned subsidiary of the Vendor.

The Vendor is a steel mill group headquartered in Malaysia and is listed on the Main Market of Bursa Securities Malaysia Berhad. It is a subsidiary of Green Esteel Pte. Ltd. ("**Green Esteel**"), the controlling shareholder of the Company. For completeness, Mr Seah Kiin Peng, an Executive Director and Chief Executive Officer of the Company, is also a non-executive non-independent director of the Vendor.

3. **Consideration.** The parties will negotiate to reach a mutual agreement on the price payable for the Proposed Transaction ("**Consideration**").
4. **Conditions and other salient terms.** Under the Term Sheet, the Proposed Transaction is subject to conditions to be specified in a definitive share purchase and subscription agreement ("**SPSA**") to be entered into between parties, including without limitation, passing of an ordinary resolution of the shareholders of the Vendor to approve the Proposed Transaction.

Under the Term Sheet, the parties have agreed to negotiate and to enter into the SPSA within three (3) months from the date of the Term Sheet (or such other date as agreed between the parties).

5. **Rationale for the Proposed Transaction.** The Proposed Transaction (if entered into) aligns with the Company's strategy to tap into regional markets and further diversify its revenue streams. This strategic move offers an opportunity for the Company to leverage on the Vendor's established market presence in Malaysia. It represents a strategic partnership with the Vendor, building on significant synergies between both parties to enhance operational efficiencies and strategic alignment and collaboration in the regional market. The Proposed Transaction is positioned to drive sustainable growth and value creation for shareholders.
6. **Listing Rules.** The Vendor and the Target (being subsidiaries of Green Esteel) are associates of a controlling shareholder of the Company and are regarded as "interested persons" under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"). Accordingly, the Proposed Transaction (if entered into) will constitute an "interested person transaction" under Chapter 9 of the Listing Manual.

The Company will disclose further details on the Proposed Transaction in compliance with the Listing Manual (including Chapter 9 and 10) at the appropriate juncture.

7. **Interests of Directors and Controlling Shareholders.** Save as disclosed in this Announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction, other than by reason only of their directorships and/or shareholdings in the Company.
8. **Document for inspection.** A copy of the Term Sheet will be available for inspection during normal business hours at the registered office of the Company at 350 Jalan Boon Lay, Jurong Industrial Estate, Singapore 619530, for a period of three (3) months commencing from the date of this Announcement.
9. **Cautionary Statement.** The Proposed Transaction remains subject to due diligence by the Company and the entry into the definitive agreements (including the SPSA). There is no certainty or assurance that such definitive agreements will be entered into at this juncture, and if entered into, whether the transactions contemplated therein can or will proceed. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should seek their own professional advice and consult with their own stockbrokers.

BY ORDER OF THE BOARD

Lee Chun Fun
Company Secretary

28 February 2025