

BRC Asia Limited

Incorporated in the Republic of Singapore
Company Registration No. 193800054G
(the "**Company**")

MANDATORY CONDITIONAL CASH OFFER BY ABN AMRO BANK N.V. (SINGAPORE BRANCH), FOR AND ON BEHALF OF ESTEEL ENTERPRISE PTE. LTD.

1. INTRODUCTION

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") that on 8 September 2017, ABN AMRO N.V. (Singapore Branch) ("**ABN AMRO**"), for and on behalf of Esteel Enterprise Pte. Ltd. (the "**Offeror**") announced the Offeror's firm intention to make a mandatory general offer (the "**Offer**") to acquire all the issued ordinary shares in the capital of the Company (the "**Shares**") other than those already owned by the Offeror and parties acting in concert with it, in accordance with Section 139 of the Securities and Futures Act (Cap. 289) of Singapore and Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**").

A copy of the announcement by ABN AMRO (the "**Offer Announcement**") is attached to this announcement and is also available on the website of the Singapore Exchange Securities Trading Limited at www.sgx.com. Shareholders are advised to review, in conjunction with this announcement, the Offer Announcement in its entirety.

2. DESPATCH OF THE OFFER DOCUMENT

According to the Offer Announcement, the formal offer document (the "**Offer Document**") setting out the terms and conditions of the Offer and enclosing the appropriate forms of acceptance of the Offer, will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the date of the Offer Announcement.

3. INDEPENDENT FINANCIAL ADVISER

The Board will appoint an independent financial adviser ("**IFA**") to advise the directors of the Company (the "**Directors**") who are regarded as independent for the purposes of the Offer under the Code (the "**Independent Directors**") and such appointment will be announced in due course.

A circular (the "**Offeree Circular**") containing, amongst other things, the advice of the IFA and the recommendation of the Independent Directors on the Offer will be despatched by the Company to Shareholders within 14 days from the date of despatch of the Offer Document to be issued by the Offeror.

In the meantime, Shareholders are advised to exercise caution when dealing in their Shares and to refrain from taking any action in relation to their Shares which may be prejudicial to their interests, until they or their professional advisers have carefully considered (a) the formal recommendation of the Independent Directors to Shareholders

in relation to the Offer, (b) the advice of the IFA and (c) the intentions of the Offeror, all of which will be set out in the Offeree Circular. Shareholders who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

4. RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement (other than those relating to the Offeror and the Offer) are fair and accurate and that no material facts have been omitted from this announcement which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including without limitation, the Offer Announcement), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

By Order of the Board of
BRC ASIA LIMITED

LIM SIAK MENG
Group Managing Director
8 September 2017

MANDATORY CONDITIONAL CASH OFFER

By



ABN AMRO BANK N.V., SINGAPORE BRANCH

(Registration No. T09FC0110H)
(Incorporated in the Netherlands, with a branch office in Singapore)
("Financial Adviser")

for and on behalf of

ESTEEL ENTERPRISE PTE. LTD.

(Company Registration No. 201723571G)
(Incorporated in Singapore)
("Offeror")

to acquire all the issued ordinary shares (each a "Share") in the capital of

BRC ASIA LIMITED

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

other than those already owned by the Offeror and parties acting in concert with it
(collectively "Concert Group")

OFFER ANNOUNCEMENT

1. INTRODUCTION

1.1 Acquisition of Shares

The Offeror has on 8 September 2017 acquired an aggregate 81,552,151 Shares from Lingco Marine Pte. Ltd., Lingco Holdings Pte. Ltd., Mr. Seah Kiin Peng, Sin Teck Guan (Pte) Ltd. and Mr. Lim Siak Meng at S\$0.925 per Share ("Acquisition"), representing 43.77% of the total number of issued Shares.

1.2 Mandatory Offer

Accordingly, the Offeror is, in accordance with Section 139 of the Securities and Futures Act (Cap 289) and Rule 14 of the Singapore Code on Take-overs and Mergers ("Code"), making a mandatory general offer for all other Shares ("Offer").

2. OFFER

2.1 Terms

Subject to the terms of the formal Offer document ("Offer Document"), the Offeror will make the Offer on the following basis:

(a) Offer Price

The offer price for each Offer Share: **S\$0.925** in cash ("**Offer Price**").

The Offeror does not intend to revise the Offer Price, except that the Offeror reserves the right to do so in a competitive situation.

(b) Offer Shares

The Offer, when made, will be extended to:

- (i) all Shares (other than those held in treasury and those already owned by the Concert Group);
- (ii) all new Shares issued pursuant to the valid exercise of options ("**Options**") granted under the BRC Share Option Scheme 2011 ("**ESOS**"); and
- (iii) all new Shares issued pursuant to the valid conversion of convertible bonds issued by the Company on 16 May 2014 ("**Convertible Bonds**")

(collectively "**Offer Shares**").

(c) Rights and Encumbrances

The Offer Shares will be acquired (i) fully paid-up, (ii) free from all claims, charges, pledges, mortgages, encumbrances, liens, options, equity, power of sale, declarations of trust, hypothecation, retention of title, rights of pre-emption, rights of first refusal, moratoriums or other third party rights or interests of any nature whatsoever, and (iii) together with all rights, benefits and entitlements attached thereto as at the date of this Announcement ("**Offer Announcement Date**") and hereafter attaching thereto, including but not limited to all voting rights and the right to receive and retain all dividends, rights, distributions, returns of capital and/or other entitlements (if any) which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date.

If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such dividend, right, other distribution or return of capital.

(d) Acceptance Condition

The Offer will be subject to the Offeror having received such Offer Shares by the closing date of the Offer ("Closing Date**"), together with Shares held by the Concert Group, as will result in the Concert Group holding more than 50% of the voting rights attributable to all Shares in issue as at the Closing Date.**

The Offer will therefore only become unconditional in the course of the Offer if the Offeror has received valid acceptances, which together with Shares owned by the Offeror, amount to more than 50% of the maximum potential issued Shares of the Company (taking into account the Shares which may be issued under the ESOS and Convertible Bonds).

3. OPTIONS PROPOSAL

There are currently outstanding Options to subscribe for an aggregate 5,050,600 Shares, which Option exercise prices vary between S\$0.81 to S\$0.90 per Share. The Options are not transferable by the holders.

Pursuant to Rule 19 of the Code, the Offeror will make a proposal ("**Options Proposal**") to the holders of the Options ("**Option Holders**") to pay to them a cash amount ("**See-Through Option Price**") in consideration of them agreeing (a) not to exercise any Options into new Shares and (b) not to exercise any of their rights as Options Holders. The See-Through Option Price is computed on a *see-through* basis, such that the See-Through Option Price is the amount (if positive) of the Offer Price less the exercise price of the Option. If the exercise price of an Option is equal to or more than the Offer Price, the See-Through Option Price will be a nominal amount of S\$0.0000001. For the avoidance of doubt, the Offer and the Options Proposal are separate and mutually exclusive.

Details of the Options Proposal will be despatched to Option Holders in due course.

4. CONVERTIBLE BONDS OFFER

The Company currently has outstanding S\$10,000,000 principal amount of redeemable Convertible Bonds which are convertible into 10,000,000 Shares at S\$1.00 per Share. The Convertible Bonds bear interest at a fixed rate of 5% per annum.

Pursuant to Rule 19 of the Code, the Offeror will make an offer to the Bondholders to acquire the Convertible Bonds ("**CB Offer**"). The offer price for the Convertible Bonds ("**See-Through CB Price**") will be computed on a *see-through* basis, such that the See-Through CB Price is equal to the Offer Price multiplied by the number of new Shares (rounded down to the nearest whole number) into which such principal amount of Convertible Bonds may be converted. The Convertible Bonds are to be acquired (a) fully paid and free from all Encumbrances and (b) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and hereafter attaching thereto, including but not limited to the right to receive and retain all interest, payments, rights and other distributions declared, paid or made by the Company on or after the Offer Announcement Date (save for interest payable on the principal amount falling before the relevant settlement date for the CB Offer). For the avoidance of doubt, the Offer and the CB Offer are separate and mutually exclusive.

Further details of the CB Offer will be despatched to the Bondholders in due course.

5. INFORMATION ON THE OFFEROR

The Offeror is a private company limited by shares incorporated in Singapore for investment holding on 18 August 2017 with its registered address at 10 Anson Road #33-07/08 International Plaza, Singapore 079903. The Offeror has been incorporated specifically for the Acquisition and Offer, and has an issued and paid-up share capital of S\$10,000,000 divided into 10,000,000 ordinary shares. Its directors are Jiang Hairong, Liu Bin and You Zhenhua, and its shareholders are Advance Venture Investments Limited (80.1%) ("**AVIL**") and Toptip Holding Pte. Ltd. (19.9%) ("**THPL**").

AVIL is a private company limited by shares incorporated in the British Virgin Islands for investment holding on 2 January 2015 with its registered address at Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. It has an issued and paid-up share capital of US\$1.00 divided into 1 ordinary share. The sole director and shareholder of AVIL is You Zhenhua.

THPL is an exempt private company limited by shares incorporated in Singapore for activities including *inter alia*, ship chartering and general wholesale trade on 25 March 2008 with its registered address at 8 Temasek Boulevard #28-02 Suntec Tower Three Singapore 038988. It has an issued and paid-up share capital of US\$5,000,000 divided into 10,000,000 ordinary shares. The sole director and shareholder of THPL is Liu Bin.

6. INFORMATION ON THE COMPANY

The Company was incorporated in Singapore on 14 December 1938 and listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 24 July 2000. It is in the business of building construction as well as the manufacture of basic iron and steel. The Company currently has an issued and paid-up share capital of S\$68,011,000¹ comprising 186,335,089 Shares¹ (excluding treasury shares).

The directors of the Company are Lim Siak Meng (Group Managing Director), Sia Ling Sing (Non-Executive Chairman), Seah Kiin Peng (Executive Director), Lau Eng Tiong (Non-Executive Director), Foo Sey Liang (Non-Executive Director), Ooi Seng Soon (Independent Director) and Tan Lee Meng (Independent Director).

7. RATIONALE FOR THE OFFER

The Offer is made by the Offeror to comply with Rule 14.1 of the Code.

8. OFFEROR'S INTENTIONS FOR THE COMPANY

The Offeror has no current intention to (a) make material changes to the existing business of the Company and its subsidiaries (collectively "**Group**"), (b) re-deploy the Group's fixed assets, or (c) discontinue the employment of the employees of the Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

9. LISTING STATUS AND COMPULSORY ACQUISITION

9.1 Listing Status

Under Rule 1105 of the SGX-ST Listing Manual, upon the announcement by the Offeror that valid acceptances have been received pursuant to the Offer that bring the holdings of the Shares owned by the Concert Group to above 90% of the total number of issued Shares (excluding any treasury Shares), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of issued Shares (excluding treasury Shares) are held by at least 500 Shareholders who are members of the public.

Under Rule 1303(1) of the SGX-ST Listing Manual, where the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury Shares), thus causing the percentage of the total number of issued Shares (excluding treasury Shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares at the close of the Offer.

Shareholders are advised to note that Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of issued Shares (excluding treasury Shares) is at all times held by the public. In addition, under Rule 724(1) of the Listing Manual, if the percentage of

¹ Based on the Company's 'Unaudited 9 Months and Third Quarter Financial Statement and Related Announcement for the period ended 30 June 2017' dated 14 August 2017.

the total number of issued Shares (excluding treasury Shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual further states that the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be delisted.

The Offeror currently intends to preserve the listing status of the Company on the SGX-ST Main Board, but maintains the flexibility to assess its options in the event the public float falls below 10%.

9.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act (Cap. 50) ("**Companies Act**"), if the Offeror receives valid acceptances of the Offer or acquires or agrees to acquire such number of Offer Shares during the Offer period otherwise than through valid acceptances of the Offer in respect of not less than 90% of the total number of issued Shares (excluding treasury Shares), other than those already held by the Offeror, its related corporations or their respective nominees as at the Offer Announcement Date, the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer ("**Dissenting Shareholders**") on the same terms as those offered under the Offer.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with treasury Shares and the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares as at the Closing Date. Dissenting Shareholders who wish to exercise such right are advised to seek their own independent legal advice. Unlike Section 215(1) of the Companies Act, the 90% threshold under Section 215(3) of the Companies Act does not exclude treasury Shares or Shares held by the Offeror, its related corporations or their respective nominees as at the date of the Offer.

As stated above, the Offeror currently intends to preserve the listing status of the Company on the SGX-ST Main Board, but maintains the flexibility to assess its options in the event the public float falls below 10%.

10. FINANCIAL ASPECTS OF THE OFFER

The Offer Price represents the following premia over the historical market prices of the Shares over various periods:

	Benchmark Price⁽¹⁾⁽²⁾	Premium of Offer Price over Benchmark Price⁽³⁾
Last traded price per Share as quoted on the SGX-ST on 8 September 2017, being the last trading day prior to this announcement (" Trading Day ")	S\$0.860	7.56%
Volume weighted average price (" VWAP ") of the Shares as quoted on the SGX-ST for the one month period up to and including the	S\$0.843	9.76%

	Benchmark Price⁽¹⁾⁽²⁾	Premium of Offer Price over Benchmark Price⁽³⁾
Trading Day		
VWAP of the Shares as quoted on the SGX-ST for the three months' period up to and including the Trading Day	S0.841	9.95%
VWAP of the Shares as quoted on the SGX-ST for the six months' period up to and including the Trading Day	S\$0.837	10.58%

Notes:

(1) The figures set out in the table above are based on data extracted from Bloomberg L.P..

(2) Computed based on the Share prices rounded to the nearest three decimal places.

(3) Percentages rounded to the nearest two decimal places.

11. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

11.1 Shareholdings and Dealings

Save for the Acquisition, based on the latest information available to the Offeror, as at the Offer Announcement Date, none of (i) the Offeror and its directors, (ii) AVIL and its directors, (iii) THPL and its directors, and (iv) the Financial Adviser and its directors:

- (a) owns, controls or has agreed to acquire any convertible securities, warrants, options or derivatives in respect of the Offer Shares or securities which carry voting rights in the Company (collectively "**Relevant Securities**");
- (b) has dealt for value in any Relevant Securities during the period commencing six months prior to the date of this announcement;
- (c) has received any irrevocable undertaking from any party to accept the Offer; and
- (d) has, in relation to the Relevant Securities:
 - (i) granted any security interest to another person, whether through a charge, pledge or otherwise;
 - (ii) borrowed from another person (excluding borrowed Relevant Securities which have been on-lent or sold); or
 - (iii) lent to any person.

11.2 Confidentiality

In the interests of confidentiality, the Offeror and the Financial Adviser have not made enquiries in respect of certain other parties who are or may be presumed to be acting in concert with them in connection with the Offer. Further enquiries will be made of such persons after the Offer Announcement Date and the relevant disclosures will be made in due course and in the Offer Document.

12. CONFIRMATION OF FINANCIAL RESOURCES

The Financial Adviser has confirmed that sufficient financial resources are available to the Offeror to satisfy in full all acceptances under the Offer, Options Proposal and CB Offer.

13. DESPATCH OF THE OFFER DOCUMENT

Further information on the Offer will be set out in the Offer Document. The Offer Document, which will contain the terms and conditions of the Offer, and enclose the appropriate forms of acceptance, will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the date of the Offer Announcement Date. The Offer will remain open for acceptances by Shareholders for a period of at least 28 days from the date of posting of the Offer Document.

14. OVERSEAS SHAREHOLDERS

This Announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law. The Offer will be made solely by the Offer Document and the relevant forms of acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how the Offer may be accepted.

The release, publication or distribution of this Announcement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Announcement is released, published or distributed should inform themselves about and observe such restrictions.

Copies of this Announcement and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction ("**Restricted Jurisdiction**") and the Offer will not be made to, nor will the Offer be capable of acceptance by, any person within any Restricted Jurisdiction if the offer to and/or acceptance by such person will violate the laws of the Restricted Jurisdiction. Persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of the shareholders of the Company who are not resident in Singapore to accept the Offer may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are not resident in Singapore should inform themselves of and observe any applicable requirements.

15. RESPONSIBILITY STATEMENT

The directors of the Offeror, AVIL and THPL (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated

and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or publicly available sources (including, without limitation, in relation to the Company), the sole responsibility of the directors of the Offeror, AVIL and THPL has been to ensure, through reasonable enquiries, that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

Issued by
ABN AMRO BANK N.V., SINGAPORE BRANCH

For and on behalf of
ESTEEL ENTERPRISE PTE. LTD.

8 September 2017

Any inquiries relating to this Announcement or the Offer should be directed during office hours to the Financial Adviser at telephone number +65 6597 0853.

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future and conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Offeror's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results, performance, events and/or circumstances may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements. Neither the Offeror nor Financial Adviser guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.