LEE METAL GROUP LTD
(Company Registration No. 198205439C)
(Incorporated in the Republic of Singapore)

VOLUNTARY CONDITIONAL CASH OFFER BY UNITED OVERSEAS BANK LIMITED, FOR AND ON BEHALF OF BRC ASIA LIMITED, FOR LEE METAL GROUP LTD

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1. INTRODUCTION

The board of Directors (the "**Board**" or "**Directors**") of Lee Metal Group Ltd (the "**Company**") refers to:

(i) the pre-conditional offer announcement dated 21 February 2018 (the "**Pre-Conditional Offer Announcement**") made by United Overseas Bank Limited ("**UOB**"), for and on behalf of BRC Asia Limited (the "**Offeror**"), that the Offeror will make a voluntary conditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares in the capital of the Company (the "**Shares**"), other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it, in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the "**Code**"), subject to and contingent upon the fulfilment or waiver of the Pre-Conditions (as defined in the Pre-Conditional Offer Announcement);

(ii) the update announcement dated 26 February 2018 made by UOB, for and on behalf of the Offeror, which stated that the Offeror wished to update that the Pre-Condition in Paragraph 2.1(c) of the Pre-Conditional Offer Announcement will no longer be a condition to the Offeror making the Offer; and

(iii) the further update announcement dated 6 March 2018 made by UOB, for and on behalf of the Offeror, which stated that the Pre-Condition in Paragraph 2.1(b) of the Pre-Conditional Offer Announcement had been satisfied as of 6 March 2018.

The Board wishes to inform its shareholders (the "**Shareholders**") that UOB, for and on behalf of the Offeror, has on 26 April 2018 announced (the "**Offer Announcement**") that, *inter alia*, (i) the Offeror has on 26 April 2018 received the decision from the Competition and Consumer Commission of Singapore (formerly known as Competition Commission of Singapore) that the Offer, if carried into effect, will not infringe the prohibition under Section 54 of the Competition Act (Cap. 50B of Singapore); and (ii) accordingly, all the Pre-Conditions have been satisfied and the Offeror thereby makes the Offer pursuant to Rule 15 of the Code.

A copy of the Offer Announcement is enclosed with this announcement and is also available on the website of the Singapore Exchange Securities Trading Limited at www.sgx.com. Shareholders are advised to refer to the full text of the Offer Announcement.

2. DESPATCH OF THE OFFER DOCUMENT

The offer document, which will contain the terms and conditions of the Offer and enclose the appropriate form(s) of acceptance (the "**Offer Document**"), will be despatched to Shareholders not earlier than 14 days and not later than 21 days from the date of the Offer Announcement.

3. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

SAC Capital Pte. Ltd. has been appointed as the independent financial adviser ("**IFA**") to advise the Directors who are considered independent for the purposes of the Offer (the "**Independent Directors**"). A circular containing, *inter alia*, the advice of the IFA and the recommendation of the Independent Directors (the "**Offeree Circular**") will be sent to Shareholders within 14 days from the date of despatch of the Offer Document to be issued by or on behalf of the Offeror.

In the meantime, Shareholders are advised to exercise caution when dealing with their Shares and to refrain from taking any action in respect of their Shares which may be prejudicial to their interests, until they or their advisers have considered the information and the recommendation of the Independent Directors as well as the advice of the IFA, which will be set out in the Offeree Circular.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated 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 otherwise publicly available sources (including, without limitation, the Pre-Conditional Offer Announcement and/or the Offer Announcement), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

Foo Soon Soo
Company Secretary
26 April 2018

VOLUNTARY CONDITIONAL CASH OFFER

By

UNITED OVERSEAS BANK LIMITED
(Registration No. 193500026Z)
(Incorporated in Singapore)

for and on behalf of

BRC ASIA LIMITED
(Registration No. 193800054G)
(Incorporated in Singapore)

to acquire all the issued and paid-up ordinary shares in the capital of

LEE METAL GROUP LTD
(Registration No. 198205439C)
(Incorporated in Singapore)

other than those already owned, controlled or agreed to be acquired by the Offeror

OFFER ANNOUNCEMENT

1. INTRODUCTION

Reference is made to the announcements by UOB for and on behalf of the Offeror dated 21 February 2018, 26 February 2018 and 6 March 2018. All capitalized terms used shall have the meanings ascribed therein, unless otherwise defined.

2. SATISFACTION OF ALL PRE-CONDITIONS

The Offeror has today received the decision from the Competition and Consumer Commission of Singapore (formerly known as Competition Commission of Singapore) that the VGO, if carried into effect, will not infringe the prohibition under Section 54 of the Competition Act (Cap. 50B of Singapore).

Accordingly, all the Pre-Conditions have been satisfied, and the Offeror hereby makes the VGO pursuant to Rule 15 of the Code.

3. INFORMATION ON THE OFFEROR AND THE COMPANY

(Information relating to the Company has been extracted from publicly available sources.)

3.1 Offeror

The Offeror is an established pioneer in prefabricated steel reinforcement, which has been listed on the SGX-ST Mainboard since 2000. Since its incorporation in 1938, it has developed its expertise to become a leading provider of Just-In-Time Total Reinforcing Steel Solutions to the Singapore construction sector. The Offeror currently operates in Singapore, Malaysia and the PRC with more than 700 employees. In Singapore, the Offeror operates out of three factories and a

storage area spanning a total land area of about 80,000 square metres. These facilities are equipped with state-of-the-art mesh welding machines as well as fully automated shear lines, benders and other ancillary equipment for the fabrication of a full range of steel reinforcement products designed to help builders construct Better, Faster, Cheaper. The Offeror is an ISO 9001:2015 certified and bizSAFE Level Star company.

Additional information on the Offeror can be found at its website at *www.brc.com.sg*.

3.2 Company

The Company was incorporated in December 1982 and is an established distributor and fabricator of steel products as well as a recognised international trader of steel and steel related products in the region. It employs over 520 employees and has a presence in Singapore and Malaysia. In Singapore, the Company's primary business activity is fabrication of reinforcement steel products for the construction and building industry. Its reinforcement steel products, including stock lengths, cut-and-bend fabricated bars and steel welded mesh, are used in the domestic construction industry in both public and private sectors, including HDB and SMRT projects.

Additional information on the Company can be found at its website at *www.leemetalgroup.com*.

4. OFFER TERMS

Subject to the terms and conditions of the VGO to be set out in the Offer Document, the VGO is made by the Offeror on the following basis:

4.1 Offer Price

The Offer Price for each Offer Share is S$0.42 in cash.

4.2 No Encumbrances

The Offer Shares will be acquired:

(a) properly and validly issued and fully paid-up;

(b) free from all mortgages, assignments, debentures, liens, hypothecation, charges, pledges, adverse claims, rent-charge, title retention, claims, equity, options, pre-emption rights, rights to acquire, security agreement and security interest or other rights of whatever nature; and

(c) together with all rights, benefits and entitlements attached thereto as at the date of this Announcement ("**VGO Announcement Date**").

As such, if the Books Closure Date for any Distributions falls on or after the VGO Announcement Date, the Offeror reserves the right to reduce the Offer Price payable to such accepting Shareholder by an amount equivalent to such dividend, right, other distribution or return of capital, as follows:

(i) if the settlement date for acceptance of the VGO falls on or before the Books Closure Date, no adjustment to the Offer Price will be made, as the Offeror will receive the Distribution (and not the accepting Shareholder); and

(ii) if the settlement date for acceptance of the VGO falls after the Books Closure Date, the Offer Price will be reduced by an amount equivalent to the Distribution, as the Distribution will be received by the accepting Shareholder (and not the Offeror).

4.3 Minimum Acceptance Condition

The VGO is conditional upon the Offeror receiving valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it (either before or during the VGO and pursuant to the VGO or otherwise), would result in the Offeror and parties acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding treasury shares), by the Closing Date.

4.4 Undertakings

The Offeror has received Undertakings from the following Shareholders to accept the VGO in respect of an aggregate 228,052,952 Shares (comprising 48.06% of the entire issued Shares):

(a) Lee Lin Poey, in respect of 83,888,608 Shares;

(b) Lee Hock Seng, in respect of 49,060,453 Shares;

(c) Lee Heng Thiam, in respect of 46,597,471 Shares;

(d) Lee Siew Khim, in respect of 24,592,310 Shares; and

(e) Lee Siew Choo, in respect of 23,914,110 Shares,

which Undertakings are valid for the period until the earlier of lapse or close of the VGO.

5. FINANCIAL EVALUATION

The Offer Price represents the following premium over the historical transacted prices of the Shares on the SGX-ST:

Period	**Benchmark Price[(1)(2)] (S$)**	**Premium over Benchmark Price[(3)] (%)**
Last traded price of the Shares on the SGX-ST on the Last Trading Day of 20 February 2018	0.410	2.4
Last traded price of the Shares on the Last Undisturbed Trading Day of 10 November 2017	0.385	9.1
VWAP per Share for the one month period up to and including the Last Undisturbed Trading Day	0.368	14.1
VWAP per Share for the three month period up to and including the Last Undisturbed Trading Day	0.346	21.4
VWAP per Share for the six month period up to and including the Last Undisturbed Trading Day	0.332	26.5

Period	Benchmark Price[(1)(2)] (S$)	Premium over Benchmark Price[(3)] (%)
VWAP per Share for the 12 month period up to and including the Last Undisturbed Trading Day	0.316	32.9

Notes:

(1) The figures set out in the table above are based on data extracted from Bloomberg L.P..
(2) Rounded to the nearest three (3) decimal places.
(3) Rounded to the nearest one (1) decimal place.

6. RATIONALE FOR THE VGO AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

6.1 Rationale

(a) ***Capitalise on the Company's well-established trading platform***

The Company actively trades internationally in intermediate products such as reinforcement steel products, with customers comprising mainly of steel mills in the region. The Offeror believes that post successful completion of the VGO, it will be well-positioned to capitalise on the Company's trading platform to expand its service / product offerings.

(b) ***Combination of complementary business and expertise to realise potential synergies***

The Offeror is of the view that the Company's and its business are complementary and there are potential synergies that can be created, including cross-selling to an enlarged customer base, economies of scale, improvement of productivity and cost efficiency, as well as the sharing of domain knowledge such as know-hows and best practices.

(c) ***Opportunity for minority shareholders to realise their investment in the Shares at a premium***

The Offer Price is at a premium above the historical market prices of the Shares of over the last 12 month period prior to the Announcement Date. The Offer Price represents an approximately 14.1%, 21.4%, 26.5% and 32.9% premium above the VWAP per Share for the one month, three month, six month and 12 month period prior to and including the Last Undisturbed Trading Day, respectively.

Shareholders who tender their Shares pursuant to the VGO will have an opportunity to realise their investment in the Company for a cash consideration at a premium above the historical market share prices, without incurring any brokerage and other trading costs.

(d) ***Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity***

The historical trading liquidity of the Shares on the SGX-ST has been low. The average daily trading volume of the Shares over the last one month, three month, six month and 12 month periods up to and including the Last Trading Day are detailed in the table below:

	Average Daily Trading Volume [(1)] (No. of Shares)	**Average Daily Trading Volume as a percentage of total number of issued shares[(2)(3)] (%)**
One month period up to and including the Last Trading Day	702,729	0.148
Three month period up to and including the Last Trading Day	681,333	0.144
Six month period up to and including the Last Trading Day	742,204	0.156
12 month period up to and including the Last Trading Day	654,805	0.138

Notes:

(1) The figures set out in the table above are based on data extracted from Bloomberg L.P.. The average daily trading volume is computed based on the total trading volume of the Shares divided by the number of market days with respect to the relevant period immediately prior to and including the Last Trading Day.

(2) Calculated using the average daily total volume of Shares traded divided by the total number of issued Shares.

(3) Rounded to the nearest three (3) decimal places.

6.2 Offeror's intentions in relation to the Company

Upon completion of the VGO, the Offeror may undertake a strategic and operational review of the Company and its subsidiaries with a view to realising synergies, economies of scale, cost efficiencies and growth potential. The Offeror will also consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over the Company and its subsequent developments.

The Offeror presently has no intention to introduce any major changes to the business of the Company, or to discontinue the employment of any of the existing employees of the Company (and its subsidiaries) or re-deploy any of the fixed assets of the Company, 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.

7. LISTING STATUS AND COMPULSORY ACQUISITION

7.1 Listing Status

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the VGO that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares

(excluding treasury shares), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets 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. Rule 1303(1) of the Listing Manual provides that if 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 only at the Closing Date.

In addition, under Rule 724(1) of the Listing Manual, if the percentage of 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 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 (excluding treasury shares) in public hands to at least 10%, failing which the Company may be removed from the official list of the SGX-ST.

7.2 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the VGO (or otherwise acquires Shares during the period when the VGO is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the VGO and excluding any Shares held by the Company as treasury shares), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of the Dissenting Shareholders at a price equal to the Offer Price.

In addition, 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 a price equal to the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the VGO, such number of Shares which, together with the 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. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.

7.3 Offeror's Intentions

As mentioned, above, subject to achieving the requisite acceptances, the Offeror will consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over the Company and its subsequent developments. Consistent therewith, the Offeror, when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take steps for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the total number of Shares (excluding any Shares held by the Company as treasury shares) are held in public hands. In addition, the Offeror further reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

8. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

8.1 Holdings of Company Securities

As at the VGO Announcement Date, and based on the latest information available to the Offeror, save for 5,175,400 Shares beneficially owned by Mr. You Zhenwu, who is the sibling of Mr. You Zhenhua (who is in turn the controlling shareholder of Esteel), none of the Offeror and parties

acting in concert with it (including the directors of the Offeror and Esteel, and UOB) (collectively "**VGO Relevant Persons**") owns, controls or has agreed (other than pursuant to the Undertakings) to acquire any Company Securities.

8.2 Dealings in Company Securities

None of the VGO Relevant Persons has dealt for value in any Company Securities during the three month period immediately preceding the Announcement Date and up to the VGO Announcement Date.

8.3 Irrevocable Undertakings

Save for the Undertakings, none of the VGO Relevant Persons has received any irrevocable undertaking from any party to accept or reject the VGO as at the VGO Announcement Date.

8.4 Other Arrangements

Save as disclosed in this Announcement, as at the VGO Announcement Date and based on the latest information available to the Offeror, none of the VGO Relevant Persons has:

(a) entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Company Securities which may be an inducement to deal or refrain from dealing;

(b) received any irrevocable undertaking from any party to accept the Offer in respect of any Company Securities;

(c) granted any security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise;

(d) borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold); or

(e) lent any Company Securities to another person,

save that the Offeror has entered into financing arrangements with UOB for the purpose of the VGO, pursuant to which the Shares to be held by the Offeror will be charged in favour of UOB as security.

9. CONFIRMATION OF FINANCIAL RESOURCES

UOB, as financial adviser to the Offeror, confirms that sufficient financial resources are available to the Offeror to satisfy in full, all acceptances of the VGO on the basis of the Offer Price.

10. OFFER DOCUMENT

Full details of the VGO will be contained in the Offer Document containing the terms and conditions of the VGO and enclosing the relevant forms of acceptance. The Offer Document will be despatched to the Shareholders not earlier than 14 days and not later than 21 days from the VGO Announcement Date.

11. 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 VGO will be made solely by the Offer Document and the relevant forms of acceptance accompanying the same, which will contain the full terms and conditions of the VGO, including details of how it may be accepted. For the avoidance of doubt, the VGO is open to all Shareholders holding Shares, including those to whom the Offer Document and relevant forms of acceptance may not be sent.

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 VGO are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and 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 VGO (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 VGO will not be capable of acceptance by any such use, means, instrumentality or facilities.

The ability of Shareholders who are not resident in Singapore to accept the VGO 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.

12. RESPONSIBILITY STATEMENT OF THE DIRECTORS

The Directors (including any who may have delegated 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 from this Announcement, the omission of which would make any statement in this Announcement misleading and they hereby jointly and severally accept full responsibility.

Where any 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.

Issued by
UNITED OVERSEAS BANK LIMITED

For and on behalf of
BRC ASIA LIMITED

26 April 2018

Any enquiries relating to this Announcement or the VGO should be directed during office hours to the UOB helpline at (65) 6539 7066.

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 "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "shall", "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 or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Offeror nor UOB undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.