

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

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**PLACEMENT OF 37,000,000 NEW SHARES AT S\$1.27 EACH  
FOR AN AGGREGATE CONSIDERATION OF S\$46,990,000**

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**1. INTRODUCTION**

The board of directors ("**Directors**") of BRC Asia Limited ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce that the Company has today entered into a placement agreement ("**Agreement**") with 15 investors (collectively "**Placees**") pursuant to which the Placees have agreed to subscribe for, and the Company has agreed to issue and allot, an aggregate 37,000,000 new ordinary shares in the capital of the Company ("**Placement Shares**") at a placement price of S\$1.27 ("**Placement Price**") for each Placement Share ("**Placement**"). The aggregate consideration payable by the Placees for the Placement is S\$46,990,000.

The Company will be applying to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the dealing in, listing of and quotation for the Placement Shares on the SGX-ST Mainboard, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

The Placement Shares will be issued under Section 272B of the Securities and Futures Act (Cap. 289 of Singapore). As such, no prospectus or offer information statement will be issued by the Company in connection with the Placement.

**2. PLACEMENT**

**2.1 Placement Price**

The Placement Price of S\$1.27 per Placement Shares represents a discount of approximately 9.93% to the volume weighted average price ("**VWAP**") of S\$1.41 per ordinary share in the capital of the Company ("**Share**") for trades done on the SGX-ST on 5 January 2018, being the last full market day on which the Shares were traded prior to the date of the Agreement.

The Placement Price was based on arm's length negotiations between the Placees and the Company.

**2.2 Placement Shares**

The Placement Shares will be allotted and issued pursuant to the authority granted by shareholders of the Company ("**Shareholders**") by way of an ordinary resolution ("**General Mandate**") at the annual general meeting of the Company held on 23 January 2017 ("**2017 AGM**"). As at the date of the 2017 AGM, the Company had 186,335,089 Shares in issue (excluding treasury Shares).

As at the date of this announcement, the Company has not issued and allotted any new Shares under the General Mandate. Therefore, the maximum number of new Shares which may be issued other than on a pro-rata basis to existing Shareholders pursuant to the General Mandate is 37,267,017 new Shares. Accordingly, the proposed allotment and issue of the Placement Shares falls within the limit of the General Mandate.

The Placement Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank, *pari passu*, in all respects with the existing Shares save that the Placement

Shares will not rank for any dividends, rights, allotments or other distributions, the record date for which falls on or before the completion dated of the Placement (“**Completion Date**”).

### **2.3 Conditions Precedent**

- (a) Completion of the Placement shall be conditional upon the satisfaction or waiver of the following conditions on or before the Completion Date:
  - (i) approval being obtained from the SGX-ST for the listing of and quotation for the Placement Shares on the SGX-ST Mainboard and where such listing approval is subject to conditions, (1) such conditions being reasonably acceptable to the parties and (2) if such conditions are required to be fulfilled on or before completion, such conditions having been fulfilled on or before such date, and such listing approval remaining in full force and effect as of completion;
  - (ii) the Placement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to any party; and
  - (iii) the representations, warranties and undertakings by each party remaining true and correct in all material respects and each of them having performed all of its obligations hereunder to be performed on or before completion.
- (b) If any of these conditions is not satisfied on or before the expiry of two (2) calendar months from the date of the Agreement (or such later date as the parties may agree), the Agreement shall lapse, and no party shall have any claim whatsoever against any other party.

### **2.4 Completion**

The Completion Date is the date falling five (5) business days from the satisfaction of all the conditions, or such other date as the parties may agree in writing.

### 3. INFORMATION ON THE PLACEES

The details of the Placees, including the respective number of Placement Shares to be allotted and issued to each of the Placee, are as follows:

<b><u>No.</u></b>	<b><u>Placee</u></b>	<b><u>No. of Placement Shares</u></b>	<b><u>Placement Consideration</u></b>
1.	<b>XINSTEEL SINGAPORE PTE. LTD.</b> , a corporate investor which is engaged in the business of wholesale of metals and metal ores except general hardware (e.g. steel pipes), and is a wholly owned subsidiary of Xinyu Iron & Steel Co. Ltd., being a PRC state-owned enterprise.	5,000,000	S\$6,350,000
2.	<b>JIANYOU INTERNATIONAL TRADE CO. LTD.</b> , a corporate investor which is engaged in the business of wholesale of metals, and is a wholly owned subsidiary of Henan Yaxin Steel Group Co. Ltd. (in turn beneficially owned by 5 individuals, namely, Li Jingzhong, Lin Yiwu, Lin Yiqun, Lin Yitan and Lin Yiqin).	3,000,000	S\$3,810,000
3.	<b>CITOP INTERNATIONAL PTE. LTD.</b> , a corporate investor which is engaged in the business of wholesale of metals and metal ores except general hardware (e.g. steel pipes), and which sole shareholder is Wang Leisi	1,500,000	S\$1,905,000
4.	<b>NUOCHENG INTERNATIONAL DEVELOPMENT &amp; INVESTMENT PTE. LTD.</b> , a corporate investor which is engaged in the business of general wholesale trade, and whose sole shareholder is Yu Zengqiang	7,000,000	S\$8,890,000
5.	<b>D3 RESOURCES PTE. LTD.</b> , which is engaged in the business of chartering of ships, barges, and boats with crew (freight) and general wholesale trade, and whose sole shareholder is He Wenxia	5,000,000	S\$6,350,000

6.	<b>XIE RONG</b> , an individual investor who is engaged in the finance industry	1,500,000	S\$1,905,000
7.	<b>LEE LOI SING</b> , an individual investor who is engaged in the finance industry	800,000	S\$1,016,000
8.	<b>YANG DA ONE</b> , an individual professional investor	1,200,000	S\$1,524,000
9.	<b>LUO JUN HUA</b> , an individual investor who is engaged in commodity trading business	2,000,000	S\$2,540,000
10.	<b>LIU SONG</b> , an individual investor who is engaged in shipping business	500,000	S\$635,000
11.	<b>GAO FENG</b> , an individual investor who is engaged in commodity trading and investments	2,000,000	S\$2,540,000
12.	<b>CHEN HONGQI</b> , an individual professional investor	2,000,000	S\$2,540,000
13.	<b>WU AIPING</b> , an individual investor who is engaged in commodity trading	1,500,000	S\$1,905,000
14.	<b>LUO BIN</b> , an individual investor who is engaged in the finance industry	2,000,000	S\$2,540,000
15.	<b>LIU CANG HAI</b> , an individual investor who is engaged in the iron and steel industry	2,000,000	S\$2,540,000

No placement agent has been appointed for the Placement, and the Placement is not underwritten.

The Placees were introduced to the Company by its controlling shareholder, Esteel Enterprise Pte. Ltd. ("**Esteel**"), and business associates, and are making their investment in the Company based solely on their own assessment and evaluation of the Company (including its financials and prospects). No fees or commissions whatsoever are payable to Esteel for making the introduction.

The Placees are not connected with the Company, its directors and its substantial shareholders (save for the aforementioned introduction by Esteel). Further, the Placees do not fall within the restricted categories as specified under Rule 812(1) of the SGX-ST Listing Manual.

The Placement will also not result in any transfer of controlling interest in the Company.

#### 4. RATIONALE AND USE OF PROCEEDS

The estimated amount of proceeds from the Placement (net of estimated expenses of approximately S\$90,000 in connection with the Placement) is approximately S\$46,900,000 ("**Net Proceeds**").

The Group is currently exploring potential opportunities for strategic investments, acquisitions, alliances, joint ventures and/or expansion of businesses, and has undertaken the Placement to strengthen its financial position and build up its war chest to capitalize on, and intends to utilise the Net Proceeds to finance such opportunities as and when they arise.

The Placement will also help to increase the current free float of the Company, which is now approximately at 11.74% of the entire issued Shares (excluding treasury Shares). Post completion of the Placement, the free float will increase to approximately 26.14% on an enlarged share capital basis.

Pending the deployment of the Net Proceeds, the Net Proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the Net Proceeds in its annual report(s).

#### 5. DIRECTORS' CONFIRMATION

The Directors are of the opinion that after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements.

The Directors are also of the opinion that the Net Proceeds will further strengthen and supplement the Group's financial position and capital base, and position it to capitalise on industry opportunities.

#### 6. FINANCIAL EFFECTS OF THE PLACEMENT

6.1 The financial effects of the Placement are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual future financial situation of the Company and the Group after the completion of the Placement.

The financial effects of the Placement have been computed based on the unaudited consolidated financial statements of the Group for the financial year ended 30 September 2017. The financial effects are based on the following assumptions:

- (a) the financial effect on the consolidated net tangible asset ("**NTA**") per Share is computed based on the assumption that the Placement was completed, on 30 September 2017;
- (b) the financial effect on the earnings per Share ("**EPS**") is computed based on the assumption that the Placement was completed on 1 October 2016; and
- (c) the expenses incurred in connection with the Placement amount to approximately S\$90,000.

## 6.2 Share Capital

	<u>Before the Placement</u>	<u>After the Placement</u>
Issued and paid-up share capital (S\$'000)	71,511	118,411
Total number of issued Shares (including treasury shares) ('000)	191,462	228,462

The Placement Shares represent approximately 19.49% of the existing issued and paid-up share capital (excluding treasury Shares) of the Company as at the date of this announcement. Assuming the successful issuance and allotment of the Placement Shares, the Placement Shares will represent approximately 16.31% of the enlarged issued and paid-up share capital (excluding treasury Shares) of the Company following completion of the Placement.

## 6.3 NTA per Share

	<u>Before the Placement</u>	<u>After the Placement</u>
NTA (S\$'000) <sup>1</sup>	171,255	218,155
NTA per Share (S\$ cents)	90.21	96.17

### Notes:

1. NTA attributable to shareholders before the Placement has been adjusted taking into account the conversion of S\$3,500,000 of the principal amount of convertible bonds into 3,500,000 Shares on 28 December 2017 based on assumption that the conversion was completed on 30 September 2017; and
2. NTA per Share is calculated based on the adjusted NTA and the issued and paid-up Shares (excluding treasury Shares).

## 6.4 EPS

	<u>Before the Placement<sup>1</sup></u>	<u>After the Placement</u>
Profit attributable to the Shareholders (S\$'000)	2,263	2,263
Weighted average number of Shares ('000)	189,856	226,856
Earnings per Share (S\$ cents)	1.19	1.00

### Notes:

1. Profit attributable to the Shareholders and weighted average number of shares Before the Placement have been adjusted for the conversion of S\$3,500,000 of the principal amount of convertible bonds into 3,500,000 Shares on 28 December 2017 based on assumption that the conversion was completed on 1 October 2016; and
2. Earnings per Share is based on adjusted profit attributable to Shareholders and number of issued and

paid-up Shares (excluding treasury shares).

**7. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Placement, other than in their capacity as a Director or Shareholder.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 350 Jalan Boon Lay, Jurong Town, Singapore 619530 for three (3) months from the date of this announcement.

**9. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. 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.

**10. TRADING CAUTION**

**SHAREHOLDERS ARE ADVISED TO EXERCISE CAUTION IN TRADING THEIR SHARES. THE PLACEMENT IS SUBJECT TO CERTAIN CONDITIONS. THERE IS NO CERTAINTY OR ASSURANCE AS AT THE DATE OF THIS ANNOUNCEMENT THAT THE PLACEMENT WILL BE COMPLETED OR THAT NO CHANGES WILL BE MADE TO THE TERMS THEREOF. THE COMPANY WILL MAKE THE NECESSARY ANNOUNCEMENTS WHEN THERE ARE FURTHER DEVELOPMENTS. SHAREHOLDERS SHOULD CONSULT THEIR STOCK BROKERS, BANK MANAGERS, SOLICITORS OR OTHER PROFESSIONAL ADVISERS IF THEY HAVE ANY DOUBT ABOUT THE ACTIONS THEY SHOULD TAKE.**

**By Order of the Board**

Lee Chun Fun  
Company Secretary  
7 January 2018