

OFFER DOCUMENT DATED 10 MAY 2018

THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about the Offer, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Financial Adviser is acting for and on behalf of the Offeror and does not purport to advise any Shareholder and/or any other person. In preparing its letter to Shareholders on behalf of the Offeror, the Financial Adviser has not had regard to the general or specific investment objectives, tax position, risk profiles, financial situation or particular needs and constraints of any Shareholder.

If you have sold or transferred all your Shares held through CDP, you need not forward this Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee. If you have sold or transferred all your Shares not held through CDP, you should immediately hand this Offer Document and the accompanying FAT to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The views of the directors of the Company who are considered to be independent for the purposes of the Offer and their Independent Financial Adviser on the Offer will be made available to you in due course. You may wish to consider their views before taking any action in relation to the Offer.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offer Document.

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

ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 7 JUNE 2018, OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

The procedures for acceptance of the Offer are set out in **Appendix 2** and in the Relevant Acceptance Forms.

HIGHLIGHTS OF THE OFFER FOR LEE METAL GROUP LTD¹

1 **A cash offer of S\$0.42 per Offer Share.**

The Offeror is making a voluntary conditional cash offer to buy all of your Offer Shares at the price of S\$0.42 in cash for each Offer Share.

Shareholders who accept the Offer **before** the Offer becomes or is declared unconditional in all respects will be paid within seven (7) Business Days after the Offer becomes or is declared unconditional in all respects.

Shareholders who accept the Offer **after** the Offer becomes or is declared unconditional in all respects, but before the Offer closes, will be paid within seven (7) Business Days after the receipt of valid acceptances.

2 **The Offer allows you to realise your investment in the Shares at premia** of 14.1%, 21.4%, 26.5% and 32.9% over the one (1)-month, three (3)-month, six (6)-month and 12-month VWAP, respectively, of the Shares traded on the SGX-ST up to and including the Last Undisturbed Trading Day.

By accepting the Offer, you will receive the entire proceeds in cash and will NOT incur any brokerage and other trading costs arising from a sale in the open market.

3 **The Offer will be declared unconditional in all respects upon** the Offeror having received, by the Closing Date, 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 its Concert Group (either before or during the Offer and pursuant to the Offer or otherwise) would result in the Offeror and its Concert Group holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding treasury shares).

As at the Latest Practicable Date, a) the Offeror has received irrevocable undertakings from certain Shareholders to accept the Offer in respect of an aggregate 228,052,952 Offer Shares (comprising 48.06% of the issued Shares); and b) the Concert Group holds 5,175,400 Shares (comprising 1.09% of the issued Shares).

4 **The Offeror will consider delisting the Company from the SGX-ST in the event it achieves the requisite acceptances for such delisting.**

The Offeror intends to exercise rights of compulsory acquisition that it may have in connection with the Offer, if entitled to do so. It 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 treasury shares) are held in public hands.

¹ All capitalised terms shall bear the same meanings as ascribed to them in this Offer Document.

HOW TO ACCEPT THE OFFER

1 Locate the Relevant Acceptance Form:

- FAA for Offer Shares which are deposited with CDP; and/or
- FAT for Offer Shares which are not deposited with CDP (issued upon request).


CPFIS Investors and SRS Investors who wish to accept the Offer should contact their CPF Agent Banks and SRS Agent Banks, respectively.

Overseas Shareholders should read **Section 16** of this Offer Document.

2 For Shareholders whose Offer Shares are deposited with CDP, please fill in your details and sign the FAA¹.

- Under **PART A**, fill in the number of Offer Shares in the “Free Balance” of your CDP Securities Account that you wish to tender in acceptance of the Offer.

I/We hereby irrevocably authorise CDP to effect the transfer from my/our Securities Account with CDP of the following number of Offer Shares to the Securities Account maintained with CDP of the Offeror or the Transferee:

		Please indicate the number of Offer Shares you wish to tender in acceptance of the Offer
Part A	Number of Offer Shares now standing to the credit of the “Free Balance” of my/our Securities Account in respect of which the Offer is accepted	 [Insert number here]

NOTE: Please refer to paragraphs 2 and 3 of page 2 of this FAA for instructions on inserting the number of Offer Shares above.

- Please fill in the applicable date and proceed to sign off on the bottom right-hand corner of the FAA.

 [Insert date here]
Date

 [Sign here]
Signature(s)/Thumbprint(s) of Depositor(s)/Joint Depositors.
For corporations, please sign as per your signing mandate and where appropriate, the Common Seal to be affixed in accordance with your Constitution or relevant constitutive documents.

3 For Shareholders whose Offer Shares are deposited with CDP, please use the enclosed pre-addressed envelope to return the signed FAA so as to arrive at the offices of CDP not later than 5.30 p.m. (Singapore time) on 7 June 2018 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

¹ Further instructions on the procedures for acceptance of the Offer are set out in the FAA and **Appendix 2** to this Offer Document.

IMPORTANT DATES

Despatch of Offer Document	10 May 2018
Last date for despatch of the Company's circular to its Shareholders in relation to the Offer	24 May 2018
Closing Date	7 June 2018 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror)

Need Help?

Please call the UOB helpline at (65) 6539 7066 during office hours if you have any queries in connection with the Offer or if you need help to complete the Relevant Acceptance Forms.

IMPORTANT NOTICE

The information in this section is a summary of the Offer and is qualified by, and should be read in conjunction with, the full information contained in the rest of this Offer Document. In the event of any inconsistency or conflict between the terms of this summary and the Offer Document, the terms set out in the Offer Document shall prevail.

Nothing in this section is intended to be, or shall be taken as, advice, recommendation or solicitation to the Shareholders or any other party. UOB is acting for and on behalf of the Offeror and does not purport to advise Shareholders.

Shareholders should read the Company's circular in relation to the Offer after it is despatched and carefully consider the information and advice contained in that circular.

TABLE OF CONTENTS

DEFINITIONS	1
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS	7
LETTER TO SHAREHOLDERS	8
1. INTRODUCTION	8
2. TERMS OF THE OFFER	8
3. WARRANTY	9
4. DURATION OF THE OFFER	9
5. DETAILS OF THE OFFER	10
6. PROCEDURES FOR ACCEPTANCE	10
7. INFORMATION ON THE OFFEROR	10
8. INFORMATION ON THE COMPANY	11
9. IRREVOCABLE UNDERTAKINGS	12
10. RATIONALE FOR THE OFFER	12
11. OFFEROR'S INTENTION FOR THE COMPANY	13
12. LISTING STATUS AND COMPULSORY ACQUISITION	14
13. FINANCIAL ASPECTS OF THE OFFER	15
14. DISCLOSURES	15
15. CONFIRMATION OF FINANCIAL RESOURCES	16
16. OVERSEAS SHAREHOLDERS	16
17. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS	18
18. GENERAL	18
19. RESPONSIBILITY STATEMENT	19
APPENDIX 1 – DETAILS OF THE OFFER	20
APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER	22
APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR	28
APPENDIX 4 – ADDITIONAL INFORMATION ON THE COMPANY	31
APPENDIX 5 – HOLDINGS AND DEALINGS	32
APPENDIX 6 – GENERAL INFORMATION	33
APPENDIX 7 – STATEMENTS OF FINANCIAL POSITION OF THE OFFEROR GROUP	36
APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP	38

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Offer Document, the FAA and the FAT:

“ 1Q2018 ”	:	Three months ended 31 December 2017
“ Accepting Shareholder ”	:	A Shareholder who validly accepts the Offer
“ ACRA ”	:	The Accounting and Corporate Regulatory Authority of Singapore
“ ADTV ”	:	Shall have the meaning ascribed to it in Section 10(d)
“ AVIL ”	:	Advance Venture Investments Limited
“ Books Closure Date ”	:	Shall have the meaning ascribed to it in Section 2.3
“ Business Day ”	:	A day (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks are open for business in Singapore
“ CDP ”	:	The Central Depository (Pte) Limited
“ Closing Date ”	:	5.30 p.m. (Singapore time) on 7 June 2018 , or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer
“ Code ”	:	The Singapore Code on Take-overs and Mergers
“ Companies Act ”	:	Companies Act, Chapter 50 of Singapore
“ Company ”	:	Lee Metal Group Ltd
“ Company Securities ”	:	(a) Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) or derivatives in respect of any Shares or securities which carry voting rights in the Company
“ Concert Group ”	:	The parties acting or deemed to be acting in concert with the Offeror
“ CPF ”	:	Central Provident Fund
“ CPF Agent Banks ”	:	Agent banks included under the CPFIS
“ CPFIS ”	:	Central Provident Fund Investment Scheme

DEFINITIONS

“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“Date of Receipt”	:	The date of receipt of the Relevant Acceptance Form by CDP or the Registrar (as the case may be)
“Despatch Date”	:	10 May 2018, being the date of despatch of this Offer Document
“Directors”	:	The directors of the Offeror as at the Latest Practicable Date, being the persons as set out in Paragraph 1 of Appendix 3
“Dissenting Shareholders”	:	Shall have the meaning ascribed to it in Section 12.2
“Distributions”	:	Shall have the meaning ascribed to it in Section 2.3
“Encumbrances”	:	Shall have the meaning ascribed to it in Section 2.3(b)
“Esteel”	:	Esteel Enterprise Pte. Ltd.
“FAA”	:	Form of Acceptance and Authorisation for Offer Shares in respect of the Offer which forms part of this Offer Document and which is issued to Shareholders whose Shares are deposited with CDP
“FAT”	:	Form of Acceptance and Transfer for Offer Shares in respect of the Offer which forms part of this Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP
“Financial Adviser” or “UOB”	:	United Overseas Bank Limited
“Formal Offer Announcement”	:	The formal offer announcement made by the Financial Adviser, for and on behalf of the Offeror, of its firm intention to undertake the Offer
“Formal Offer Announcement Date”	:	26 April 2018, being the date of the Formal Offer Announcement
“FY”	:	In the case of the Offeror, financial year ended 30 September. In the case of the Company, financial year ended 31 December
“Group”	:	The Company and its subsidiaries

DEFINITIONS

“Independent Financial Adviser”	:	Independent financial adviser to the directors of the Company who are considered independent for the purposes of the Offer
“Irrevocable Undertakings”	:	Shall have the meaning ascribed to it in Section 9
“Last Trading Day”	:	20 February 2018, being the last full trading day of the Shares prior to the Pre-Conditional Offer Announcement Date
“Last Undisturbed Trading Day”	:	10 November 2017, being the last full Market Day prior to the announcement by the Company on notification by certain Shareholders of an unsolicited approach in relation to their Shares
“Latest Practicable Date”	:	4 May 2018, being the latest practicable date prior to the printing of this Offer Document
“Listing Manual”	:	The Listing Manual of the SGX-ST
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Minimum Acceptance Condition”	:	Shall have the meaning ascribed to it in Section 2.4
“Offer”	:	The voluntary conditional cash offer made by the Financial Adviser, for and on behalf of the Offeror, on the Formal Offer Announcement Date
“Offer Document”	:	This document dated 10 May 2018, including the FAA and FAT, and any supplemental documents as may be issued by or on behalf of the Offeror from time to time
“Offer Period”	:	The period commencing from the Pre-Conditional Offer Announcement Date and expiring on the Closing Date
“Offer Price”	:	S\$0.42 in cash for each Offer Share
“Offer Shares”	:	Issued and paid-up ordinary shares in the capital of the Company, other than those already owned, controlled or agreed to be acquired by the Offeror
“Offeror”	:	BRC Asia Limited
“Offeror Group”	:	The Offeror and its subsidiaries
“Overseas Shareholder”	:	Shall have the meaning ascribed to it in Section 16.1

DEFINITIONS

“Pre-Conditional Offer Announcement”	:	The announcement made by the Financial Adviser for and on behalf of the Offeror in connection with the pre-conditional voluntary offer for the Company
“Pre-Conditional Offer Announcement Date”	:	21 February 2018, being the date of the Pre-Conditional Offer Announcement
“Register”	:	The register of holders of Shares as maintained by the Registrar
“Registrar”	:	KCK CorpServe Pte. Ltd. located at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721
“Relevant Acceptance Forms”	:	The FAA and/or the FAT (as the case may be)
“Relevant Day”	:	Shall have the meaning ascribed to it in Paragraph 3.1 of Appendix 1
“Relevant Period”	:	The period commencing on 21 November 2017, being the date falling three (3) months prior to the Pre-Conditional Offer Announcement Date, and ending on the Latest Practicable Date
“Relevant Persons”	:	Shall have the meaning ascribed to it in Paragraph 3.9 of Appendix 2
“S\$” and “cents”	:	Singapore dollars and Singapore cents, respectively
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“Shut-Off Notice”	:	Shall have the meaning ascribed to it in Section 4.3
“SIC”	:	Securities Industry Council
“SRS”	:	Supplementary Retirement Scheme

DEFINITIONS

“SRS Agent Banks”	:	Agent banks included under the SRS
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“THPL”	:	Toptip Holding Pte. Ltd.
“VWAP”	:	Volume-weighted average price
“%” or “per cent”	:	Percentage or per centum

Acting in Concert and Associates. The expressions “acting in concert” and “associates” shall have the meanings ascribed to them respectively in the Code.

Announcement, Notice, etc. References to the making of an announcement or the giving of notice by the Offeror shall include the release of an announcement to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

Depositor, Depository Agent and Depository Register. The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Genders, etc. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Headings. The headings in this Offer Document are inserted for convenience only and shall be ignored in construing this Offer Document.

Shares. References in this Offer Document to the total number of Shares is a reference to a total of 474,551,093 Shares in issue as at the Latest Practicable Date based on a search conducted at the ACRA on such date, unless the context otherwise requires.

Rounding. Any discrepancies in the tables in this Offer Document between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

Shareholders. References to “you”, “your” and “yours” in this Offer Document are, as the context so determines, to Shareholders.

Statutes. Any reference in this Offer Document to any enactment or statutory provision is a reference to that enactment or statutory provision as for the time being amended, modified or re-enacted. Any word defined under the Companies Act, the Code, the Listing Manual, the SFA or any modification thereof and used in this Offer Document shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code, the Listing Manual, the SFA or that modification, as the case may be, unless the context otherwise requires.

DEFINITIONS

Subsidiary and Related Corporations. The expressions “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Time and Date. Any reference to a time of day and date in this Offer Document shall be a reference to Singapore time and date, unless otherwise specified.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Offer Document 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.

LETTER TO SHAREHOLDERS



UNITED OVERSEAS BANK LIMITED

(Registration No. 193500026Z)
(Incorporated in Singapore)

10 May 2018

Dear Shareholder

VOLUNTARY CONDITIONAL CASH OFFER BY UOB, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

Reference is made to the Formal Offer Announcement.

A copy of the Formal Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

This Offer Document contains the formal offer by the Financial Adviser, for and on behalf of the Offeror, to acquire all the Offer Shares. Shareholders are urged to read this Offer Document carefully.

2. TERMS OF THE OFFER

2.1 **Terms.** The Offer will be made for all the Offer Shares, subject to the terms and conditions set out in this Offer Document.

2.2 **Offer Price.** The Offer Price for each Offer Share will be as follows:

For each Offer Share: S\$0.42 in cash.

2.3 **Rights and 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 any other rights of whatever nature ("**Encumbrances**"); and
- (c) together with all rights, benefits and entitlements attached as at the Formal Offer Announcement Date.

LETTER TO SHAREHOLDERS

As such, if the books closure date for determination of entitlements to any dividend, right or other distribution or return of capital (collectively “**Distributions**”) by the Company (“**Books Closure Date**”) falls on or after the Formal Offer 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 Offer 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 Offer 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).

2.4 **Minimum Acceptance Condition.** The Offer 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 its Concert Group, would result in the Offeror and its Concert Group holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding any treasury shares), by the Closing Date (“**Minimum Acceptance Condition**”).

3. WARRANTY

A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent and warrant that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid-up; (b) free from all Encumbrances; and (c) together with all rights, benefits and entitlements attached to them as at the Formal Offer Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions declared, paid or made by the Company in respect of the Offer Shares on or after the Formal Offer Announcement Date.

4. DURATION OF THE OFFER

4.1 **First Closing Date.** The Offer is open for acceptance by Shareholders for at least 28 days after the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

The Offer will close at 5.30 p.m. (Singapore time) on 7 June 2018, being the Closing Date, or such later date(s) as may be announced from time to time by or on behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer.

4.2 **Subsequent Closing Date(s).** If the Offer is extended, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days’ prior notice in writing before it may close the Offer.

LETTER TO SHAREHOLDERS

- 4.3 **Offer to Remain Open for 14 Days After Being Declared Unconditional as to Acceptances.** Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for acceptances for a period of not less than 14 days after the date on which the Offer would otherwise have closed, unless the Offeror has given Shareholders at least 14 days' notice in writing ("**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:
- (a) the Offeror may not give a Shut-Off Notice in a competitive situation; and
 - (b) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

For these purposes, a "**competitive situation**" shall be regarded to have arisen if (i) a competing offer has been announced; or (ii) the SIC determines that a competitive situation has arisen.

- 4.4 **Revision.** Pursuant to Rule 20.1 of the Code, the terms of the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each Shareholder, including those who had previously accepted the Offer.

5. DETAILS OF THE OFFER

Appendix 1 to this Offer Document sets out further details on:

- (a) the settlement of the consideration for the Offer;
- (b) the requirements relating to the announcement of the level of acceptances of the Offer; and
- (c) the right of withdrawal of acceptances of the Offer.

6. PROCEDURES FOR ACCEPTANCE

The procedures for acceptance of the Offer are set out in **Appendix 2** and the accompanying FAA and/or FAT (as the case may be).

7. INFORMATION ON THE OFFEROR

- 7.1 **Introduction.** The Offeror is an established pioneer in prefabricated steel reinforcement, which has been listed on the SGX-ST Mainboard since 2000 with its registered address at 350 Jalan Boon Lay Singapore 619530. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$121,701,221 divided into 231,661,689 ordinary shares (including 1,626,600 treasury shares). As at the Latest Practicable Date, the directors of the Offeror are set out in **Paragraph 1 of Appendix 3**.

Appendix 3 to this Offer Document sets out additional information on the Offeror.

LETTER TO SHAREHOLDERS

- 7.2 **Shareholders of the Offeror.** The Offeror is listed on the SGX-ST Mainboard, and it is not practicable to set out all the shareholders of the Offeror. Esteel is the major controlling shareholder of the Offeror which holds 167,795,536 shares (comprising 72.94% of the issued shares excluding treasury shares) in the Offeror.

Based on publicly available information, as at the Latest Practicable Date, the shareholders of Esteel are AVIL (80.1%) and THPL (19.9%).

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 Vistra Corporate Services Centre, 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.

8. INFORMATION ON THE COMPANY

- 8.1 **Introduction.** Based on publicly available information, the Company was incorporated in Singapore on 27 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.

- 8.2 **Directors of the Company.** As at the Latest Practicable Date, the directors of the Company are Lee Lin Poey (Executive Chairman), Lee Heng Thiam (Managing Director), Foo Meng Kee (Non-Executive Independent Director), Lee Kim Lian Juliana (Non-Executive Independent Director) and Kewee Kho (Non-Executive Independent Director).
- 8.3 **Share Capital of the Company.** As at the Latest Practicable Date, the Company has only one class of shares in issue, being ordinary shares in the Company, and there are 474,551,093 Shares.

Appendix 4 to this Offer Document sets out additional information on the Company.

LETTER TO SHAREHOLDERS

9. IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, the Offeror has received irrevocable undertakings from the following Shareholders to accept the Offer in respect of an aggregate 228,052,952 Offer Shares (comprising 48.06% of the issued Shares) (collectively “**Irrevocable Undertakings**”):

- (a) Lee Lin Poey, in respect of 83,888,608 Offer Shares (comprising 17.68% of the entire issued Shares);
- (b) Lee Hock Seng, in respect of 49,060,453 Offer Shares (comprising 10.34% of the entire issued Shares);
- (c) Lee Heng Thiam, in respect of 46,597,471 Offer Shares (comprising 9.82% of the entire issued Shares);
- (d) Lee Siew Khim, in respect of 24,592,310 Offer Shares (comprising 5.18% of the entire issued Shares); and
- (e) Lee Siew Choo, in respect of 23,914,110 Offer Shares (comprising 5.04% of the entire issued Shares),

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

The Offer Shares comprised in the Irrevocable Undertakings will be counted towards the Minimum Acceptance Condition of the Offer.

10. RATIONALE FOR THE OFFER

(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 steel mills in the region. The Offeror believes that post successful completion of the Offer, 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 over the last 12-month period prior to the Pre-Conditional Offer Announcement Date. The

LETTER TO SHAREHOLDERS

Offer Price represents an approximately 14.1%, 21.4%, 26.5% and 32.9% premium above the VWAP per Share for the one (1)-month, three (3)-month, six (6)-month and 12-month period prior to and including the Last Undisturbed Trading Day, respectively.

Shareholders who tender their Offer Shares pursuant to the Offer 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 (“ADTV”) of the Shares over the last one (1)-month, three (3)-month, six (6)-month and 12-month periods up to and including the Last Trading Day are detailed in the table below:

Period	ADTV⁽¹⁾ (No. of Shares)	ADTV as a percentage of total number of Shares⁽²⁾⁽³⁾ (%)
One (1)-month period up to and including the Last Trading Day	702,729	0.148
Three (3)-month period up to and including the Last Trading Day	681,333	0.144
Six (6)-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 ADTV divided by the total number of issued Shares.
- (3) Rounded to the nearest three (3) decimal places.

11. OFFEROR’S INTENTION FOR THE COMPANY

Upon completion of the Offer, the Offeror may undertake a strategic and operational review of the Group 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 Group or re-deploy any of the fixed assets of the Company, other than in the ordinary

LETTER TO SHAREHOLDERS

course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

12. LISTING STATUS AND COMPULSORY ACQUISITION

- 12.1 **Listing Status.** Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its Concert Group 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.

- 12.2 **Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer 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 Offer 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 Shareholders who have not accepted the Offer ("**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 Offer, 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.** 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.

LETTER TO SHAREHOLDERS

12.3 **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.

13. FINANCIAL ASPECTS OF THE OFFER

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

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 (1)-month period up to and including the Last Undisturbed Trading Day	0.368	14.1
VWAP per Share for the three (3)-month period up to and including the Last Undisturbed Trading Day	0.346	21.4
VWAP per Share for the six (6)-month period up to and including the Last Undisturbed Trading Day	0.332	26.5
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) Percentages rounded to the nearest one (1) decimal place.

14. DISCLOSURES

14.1 **Offeror and its Concert Group.** As at the Latest Practicable Date, save as disclosed in **Appendix 5**, none of the Offeror and its Concert Group:

- (a) owns, controls or has agreed (other than pursuant to the Irrevocable Undertakings) to acquire any Company Securities; or
- (b) has dealt for value in any Company Securities during the Relevant Period.

LETTER TO SHAREHOLDERS

14.2 **No other Arrangements.** As at the Latest Practicable Date, none of the Offeror and its Concert Group 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 in respect of any Company Securities in favour of any other 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 any person,

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

15. CONFIRMATION OF FINANCIAL RESOURCES

The Financial Adviser has confirmed that sufficient financial resources are available to the Offeror to satisfy in full, all acceptances of the Offer on the basis of the Offer Price.

16. OVERSEAS SHAREHOLDERS

16.1 **Overseas Shareholders.** This Offer Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being proposed in any jurisdiction in which the introduction or implementation of the Offer would not be in compliance with the laws of such jurisdiction. Where there are potential restrictions on sending this Offer Document and the Relevant Acceptance Forms to any overseas jurisdictions, the Offeror and the Financial Adviser reserve the right not to send this Offer Document and the Relevant Acceptance Forms to such overseas jurisdictions. The availability of the Offer to Shareholders whose addresses are outside Singapore, as shown on the Register or, as the case may be, in the records of CDP (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions. For the avoidance of doubt, the Offer is made to all Shareholders including those to whom this Offer Document and the Relevant Acceptance Forms have not been, or will not be, sent.

LETTER TO SHAREHOLDERS

- 16.2 **Copies of the Offer Document.** Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) obtain copies of this Offer Document, the Relevant Acceptance Forms and any related documents, during normal business hours and up to 5.30 p.m. on the Closing Date from KCK CorpServe Pte. Ltd. (if he is a scrip holder) at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 or The Central Depository (Pte) Limited (if he is a Depositor) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, Shareholders (including Overseas Shareholders) may (subject to compliance with applicable laws) write to the Offeror at KCK CorpServe Pte. Ltd. (if he is a scrip holder) at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 or The Central Depository (Pte) Limited (if he is a Depositor) at Robinson Road Post Office P.O. Box 1984, Singapore 903934, to request for this Offer Document, the Relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Closing Date.
- 16.3 **Compliance with Applicable Laws.** It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the Relevant Acceptance Forms and/or any related documents; and/or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements, or the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall also be liable for any taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including the Financial Adviser, CDP and the Registrar) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments that may be required to be paid and the Offeror shall be entitled to set-off any such amounts against any sum payable to the Overseas Shareholder pursuant to the Offer and/or any acquisition of Shares pursuant to Section 215(1) or 215(3) of the Companies Act. In (i) requesting for this Offer Document, the Relevant Acceptance Forms and/or any related documents; and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror, the Financial Adviser, CDP and the Registrar that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. All Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.
- 16.4 **Notice.** The Offeror and the Financial Adviser each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published and circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement.

LETTER TO SHAREHOLDERS

17. INFORMATION RELATING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their CPF Agent Banks and SRS Agent Banks respectively. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Offer will receive the payment for their Offer Shares in their respective CPF investment accounts and SRS investment accounts.

18. GENERAL

- 18.1 **Governing Law and Jurisdiction.** The Offer, this Offer Document, the Relevant Acceptance Forms, and all acceptances of the Offer and all contracts made pursuant thereto and actions taken or made or deemed to be taken or made thereunder shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Offeror and each Accepting Shareholder submit to the non-exclusive jurisdiction of the Singapore courts.
- 18.2 **No Third Party Rights.** Unless expressly provided to the contrary in this Offer Document and the Relevant Acceptance Forms, a person who is not a party to any contracts made pursuant to the Offer, this Offer Document and the Relevant Acceptance Forms has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.
- 18.3 **Accidental Omission.** Accidental omission to despatch this Offer Document, the Relevant Acceptance Forms or any notice or announcement required to be given under the terms of the Offer or any failure to receive the same by any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way.
- 18.4 **Independent Advice.** The Financial Adviser is acting for and on behalf of the Offeror and does not purport to advise the Shareholders and/or any other person. In preparing this Letter to Shareholders on behalf of the Offeror, the Financial Adviser has not had regard to the general or specific investment objectives, tax positions, risk profiles, financial situation or particular needs and constraints of any Shareholder. The views of the directors of the Company who are considered to be independent for the purposes of the Offer and their Independent Financial Adviser on the Offer will be made available to Shareholders in due course and in any event, they are required under the Code to despatch their views within 14 days after the posting of this Offer Document. Shareholders may wish to consider their views before taking any action in relation to the Offer.

LETTER TO SHAREHOLDERS

18.5 **General Information. Appendix 6** to this Offer Document sets out additional general information relating to the Offer.

19. RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this Offer Document) have taken all reasonable care to ensure that the facts stated and all opinions expressed herein are fair and accurate and where appropriate, no material facts have been omitted from this Offer Document, the omission of which would make any statement in this Offer Document misleading and they hereby jointly and severally accept full responsibility.

Where any information in this Offer Document 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 such sources and/or reproduced in this Offer Document in its proper form and context.

Yours faithfully,

UNITED OVERSEAS BANK LIMITED

For and on behalf of

BRC ASIA LIMITED

APPENDIX 1 – DETAILS OF THE OFFER

1. DURATION OF THE OFFER

The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 7 June 2018, or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

2. SETTLEMENT OF THE OFFER

Subject to the Offer becoming or being declared unconditional in all respects and to the receipt by the Offeror from Accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with the instructions given in this Offer Document and in the Relevant Acceptance Forms, and in the case of a Depositor, the receipt by the Offeror of a confirmation satisfactory to it that the Shares are standing to the credit of the “Free Balance” of the Depositor’s Securities Account at the relevant time, remittances in the form of Singapore Dollar cheques drawn on a bank in Singapore for the appropriate amounts will be despatched (or by such other manner as the Accepting Shareholders may have agreed with CDP for the payment of any cash distributions), pursuant to Rule 30 of the Code, to the Accepting Shareholders (or in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by ordinary post, at the risk of the Accepting Shareholders as soon as practicable and in any case:

- (a) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared unconditional in all respects, within seven (7) Business Days after the Offer becomes or is declared unconditional in all respects; or
- (b) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer becomes or is declared unconditional in all respects, but before the Offer closes, within seven (7) Business Days of the date of such receipt.

3. ANNOUNCEMENTS

3.1 **Timing and Contents.** Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the dealing day (“**Relevant Day**”) immediately after the day on which the Offer is due to expire, becomes or is declared unconditional as to acceptances, revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (excluding treasury shares) (as nearly as practicable):

- (a) for which valid acceptances of the Offer have been received;
- (b) held by the Offeror and its Concert Group before the Offer Period; and
- (c) acquired or agreed to be acquired by the Offeror and its Concert Group during the Offer Period,

and will specify the percentages of the total number of Shares represented by such numbers.

APPENDIX 1 – DETAILS OF THE OFFER

- 3.2 **Suspension.** Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with any of the requirements in **Paragraph 3.1** of this **Appendix 1**, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares and, where appropriate, the Offeror's shares until the relevant information is given.
- 3.3 **Valid Acceptances for Offer Shares.** Under Rule 28.1 of the Code, subject to **Paragraph 4** of this **Appendix 1**, in computing the number of Offer Shares represented by acceptances received by the Offeror, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects.

4. RIGHT OF WITHDRAWAL

- 4.1 Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.
- 4.2 If the Offer has become or been declared unconditional as to acceptances, but the Offeror fails to comply with any of the requirements of Rule 28.1 of the Code by 3.30 p.m. (Singapore time) on the Relevant Day, then immediately thereafter:
- (a) Shareholders holding Offer Shares which are deposited with CDP and who have accepted the Offer will be entitled to withdraw their acceptance by written notice to BRC Asia Limited, c/o The Central Depository (Pte) Limited, 11 North Buona Vista Drive, #06-07, The Metropolis Tower 2, Singapore 138589; and
 - (b) Shareholders holding Offer Shares which are not deposited with CDP and who have accepted the Offer will be entitled to withdraw their acceptance by written notice to BRC Asia Limited, c/o KCK CorpServe Pte. Ltd., 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721.

Such notice of withdrawal shall be effective only if signed by the Accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror.

- 4.3 Subject to Rule 22.9 of the Code, this right of withdrawal may be terminated not less than eight (8) days after the Relevant Day by the Offeror confirming (if that be the case) that the Offer is still unconditional and complying with Rule 28.1 of the Code.
- 4.4 A Shareholder who accepts the Offer will be entitled to withdraw his acceptance after 14 days from the first Closing Date, if the Offer has not by then become unconditional as to acceptances. Such entitlement to withdraw will be exercisable until the Offer becomes or is declared unconditional as to acceptances.

APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

1. DEPOSITORS

- 1.1 **Depositors whose Securities Accounts are credited with Offer Shares.** If you have Offer Shares standing to the credit of your Securities Account, you should receive this Offer Document together with the FAA.

If you wish to accept the Offer, you should:

- (a) complete the FAA in accordance with the provisions of this Offer Document and the instructions printed on the FAA. Please note that you must insert the number of Offer Shares in respect of which you wish to accept the Offer. If you:
- (i) do not specify such number; or
 - (ii) specify a number which exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date (provided always that the Date of Receipt must fall on or before the Closing Date),

you shall be deemed to have accepted the Offer in respect of all the Offer Shares already standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. (Singapore time) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 5.30 p.m. (Singapore time) on the Closing Date.

- (b) sign the FAA in accordance with the provisions of this Offer Document and the instructions printed on the FAA; and
- (c) deliver the duly completed and signed original FAA in its entirety (no part may be detached or otherwise mutilated):
- (i) **by hand**, to BRC Asia Limited, c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588; or
 - (ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to BRC Asia Limited, c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

so as in either case your acceptance arrives not later than 5.30 p.m. (Singapore time) on the Closing Date. If the duly completed and signed original FAA is delivered by post to the Offeror, please note that the enclosed pre-addressed envelope is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting from outside of Singapore.

If you have sold or transferred all your Offer Shares through CDP, you need not forward the Offer Document and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee.

APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

- 1.2 **Depositors whose Securities Accounts will be credited with Offer Shares.** If you have purchased Offer Shares on the SGX-ST and such Offer Shares are in the process of being credited to the “Free Balance” of your Securities Account, you should also receive this Offer Document together with the FAA. If you do not receive the FAA, you may obtain a copy of such FAA, upon production of satisfactory evidence that you are a Shareholder, from CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

If you wish to accept the Offer in respect of such Offer Shares, you should, after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares purchased:

- (a) complete and sign the FAA in accordance with the provisions of this Offer Document and the instructions printed on the FAA; and
- (b) deliver the duly completed and signed original FAA in its entirety (no part may be detached or otherwise mutilated):
 - (i) **by hand**, to BRC Asia Limited c/o The Central Depository (Pte) Limited, 9 North Buona Vista Drive, #01-19/20, The Metropolis, Singapore 138588; or
 - (ii) **by post**, in the enclosed pre-addressed envelope at your own risk, to BRC Asia Limited c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934,

so as in either case your acceptance arrives not later than 5.30 p.m. (Singapore time) on the Closing Date. If the duly completed and signed original FAA is delivered by post to the Offeror, please note that the enclosed pre-addressed envelope is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting from outside of Singapore.

- 1.3 **Rejection.** If upon receipt by CDP, for and on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been or will not be credited to the “Free Balance” of your Securities Account (for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected. None of the Offeror, the Financial Adviser or CDP accepts any responsibility or liability in relation for such a rejection, including the consequences of such a rejection.

If you purchase Offer Shares on the SGX-ST, your acceptance in respect of such Offer Shares will be rejected if the “Free Balance” of your Securities Account is not credited with such Offer Shares by 5.00 p.m. (Singapore time) on the Date of Receipt or 5.30 p.m. (Singapore time) on the Closing Date (if the FAA is received by CDP on the Closing Date). None of the Offeror, the Financial Adviser and CDP accepts any responsibility or liability in relation for such a rejection, including the consequences of such a rejection.

APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

- 1.4 **Depositors whose Securities Accounts are and will be credited with Offer Shares.** If you have Offer Shares credited to your Securities Account, and have purchased additional Offer Shares on the SGX-ST which are in the process of being credited to your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the “Free Balance” of your Securities Account and may accept the Offer in respect of the additional Offer Shares purchased which are in the process of being credited to your Securities Account only after the “Free Balance” of your Securities Account has been credited with such number of Offer Shares.
- 1.5 **Acceptance via SGX-SSH service.** Depository Agents may accept the Offer via the SGX-SSH service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents. CDP has been authorised by the Offeror to receive acceptances on its behalf. Such acceptances will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Offer Document as if the FAA had been completed and delivered to CDP.
- 1.6 **General.** No acknowledgement will be given by CDP for submissions of the FAA made by hand or by post or deposited into boxes located at CDP’s premises. All communications, notices, documents and payments will be sent by ordinary post at your own risk to your mailing address appearing in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares in your Securities Account. You can verify the number of Offer Shares in your Securities Account through: (a) CDP Online if you have registered for the CDP Internet Access Service; or (b) CDP Phone Service if you have a T-PIN.
- 1.7 **Suspense Account.** Upon receipt by CDP, for and on behalf of the Offeror, of the FAA which is complete and valid in all respects, CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the “Free Balance” of your Securities Account to a “Suspense Account”. Such Offer Shares will be held in the “Suspense Account” until the consideration for such Offer Shares has been despatched to you.
- 1.8 **Return of Offer Shares.** In the event the Offer does not become or is not declared unconditional in all respects in accordance with its terms, the relevant Offer Shares in respect of which you have accepted the Offer will be returned to the “Free Balance” of your Securities Account as soon as possible but in any event not later than 14 days from the lapse of the Offer.
- 1.9 **Notification.** In the event the Offer becomes or is declared unconditional in all respects in accordance with its terms, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the Offer Price by way of a Singapore Dollar cheque drawn on a bank in Singapore for the appropriate amount and sent by ordinary post to your mailing address as recorded with CDP, or in such other manner as you may have agreed with CDP for the payment of any cash distributions, at your own risk.
- 1.10 **No Securities Account.** If you do not have any existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.

APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

2. SCRIP HOLDERS

- 2.1 **Shareholders whose Offer Shares are not deposited with CDP.** If you hold Offer Shares which are not deposited with CDP (“in scrip form”), you should receive this Offer Document together with the FAT.

If you wish to accept the Offer, you should:

- (a) complete and sign the FAT in accordance with the provisions of this Offer Document and the instructions printed on the FAT. Please note that you must insert the number of Offer Shares in respect of which you wish to accept the Offer. If you:
 - (i) do not specify such number in the FAT; or
 - (ii) specify a number which exceeds the number of Offer Shares represented by the attached share certificate(s) accompanying the FAT,you shall be deemed to have accepted the Offer in respect of all the Shares represented by the share certificate(s) accompanying the FAT.
- (b) sign the FAT in accordance with this Offer Document and the instructions printed on the FAT; and
- (c) deliver:
 - (i) the duly completed and signed original FAT in its entirety (no part may be detached or otherwise mutilated);
 - (ii) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Registrar relating to the Offer Shares in respect of which you wish to accept the Offer. If you are recorded in the Register as holding Offer Shares but do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure the Company to issue such share certificate(s) in accordance with the constitution of the Company and then deliver such share certificate(s) in accordance with the procedures set out in this **Appendix 2** and the FAT; and
 - (iii) where such Offer Shares are not registered in your name, at your own risk, the relevant share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Registrar relating to the Offer Shares in respect of which you wish to accept the Offer, accompanied with a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror or a person authorised by it),

either **by hand or by post**, in the enclosed pre-addressed envelope at your own risk, to BRC Asia Limited, c/o KCK CorpServe Pte. Ltd., 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721, **so as in either case your acceptance arrives not later than 5.30 p.m. (Singapore time) on the Closing Date.** If the duly completed and signed original FAT is delivered by post to the Offeror, please use the enclosed pre-addressed envelope. It is your responsibility to affix adequate postage on the said envelope.

APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

If your share certificate(s), transfer form(s) and/or any other relevant document(s) required by the Offeror, is/are not readily available or is/are lost, please contact KCK CorpServe Pte. Ltd. at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721.

- 2.2 **Receipt.** No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) or any other accompanying document(s) will be given by the Offeror, the Financial Adviser or the Registrar.
- 2.3 **Payment.** In the event that the Offer becomes or is declared unconditional in all respects in accordance with its terms, payment will be sent to you (or your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first named in the Register) by ordinary post to your mailing address appearing in the Register at your own risk (or to such different name and address as may be specified by you in the FAT and at your own risk), by way of a Singapore Dollar cheque drawn on a bank in Singapore for the appropriate amount.
- 2.4 **Return of Offer Shares.** In the event the Offer does not become or is not declared unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and/or any other accompanying document(s) will be returned to you as soon as possible but in any event not later than 14 days from the lapse of the Offer.

3. GENERAL

- 3.1 **Disclaimer and Discretion.** The Offeror, the Financial Adviser, the Registrar and CDP will be authorised and entitled, in their sole and absolute discretion, to reject any acceptance of the Offer which is not entirely in order or which does not comply with the terms of this Offer Document and the Relevant Acceptance Forms or which is otherwise incomplete, incorrect, unsigned or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the FAA and/or the FAT, as the case may be, is/are properly completed in all respects, originally signed and all required documents, where applicable, are provided. Any decision to reject the FAA and/or the FAT on the grounds that it has been invalidly, incorrectly or incompletely signed, completed or submitted will be final and binding and none of the Offeror, the Financial Adviser, the Registrar and/or CDP (or, for the avoidance of doubt, any of the Offeror's related corporations) accepts any responsibility or liability for such a decision (including the consequences thereof). The Offeror and UOB each reserves the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated herein or in the FAA and/or the FAT, as the case may be, or if made otherwise than in accordance with the provisions herein and instructions printed on the FAA and/or the FAT, as the case may be. CDP takes no responsibility for any decision made by the Offeror or UOB.
- 3.2 **Scrip and Scripless Offer Shares.** If you hold some Offer Shares in scrip form and others with CDP, you should complete a FAT for the former and a FAA for the latter in accordance with the respective procedures set out in this **Appendix 2** and the Relevant Acceptance Forms if you wish to accept the Offer in respect of such Offer Shares.
- 3.3 **Deposit Time.** If you hold Offer Shares in scrip form, you should not deposit the share certificate(s) through CDP on or after the Despatch Date as the Offer Shares may not be credited into your Securities Account with CDP in time for you to accept the Offer. If you wish to accept the Offer in respect of such Offer Shares, you should complete a FAT and follow the procedures set out in **Paragraph 2** of this **Appendix 2**.

APPENDIX 2 – PROCEDURES FOR ACCEPTANCE OF THE OFFER

- 3.4 **Acceptances received on Saturday, Sunday and public holidays.** Acceptances in the form of the FAA and/or the FAT, as the case may be, to CDP and/or the Registrar on a Saturday, Sunday or public holiday will only be processed and validated on the next Business Day.
- 3.5 **Correspondences.** All communications, certificates, notices, documents and remittances to be delivered or sent to you (or in the case of scrip holders, your designated agent or, in the case of joint Accepting Shareholders who have not designated any agent, to the one first named in the records of CDP or the Register, as the case may be) will be sent by ordinary post to your mailing addresses appearing in the records of CDP or the Register, as the case may be, at the risk of the person entitled thereto (or for the purposes of remittances only, to such different name and addresses as may be specified by you in the FAT at your own risk).
- 3.6 **Evidence of Title.** Delivery of the duly completed and signed original FAA and/or FAT, together with the relevant share certificate(s) and/or other documents of title (where applicable) and/or other relevant document(s) required by the Offeror, CDP and/or the Registrar, to the Offeror, CDP and/or the Registrar, as the case may be, shall be conclusive evidence in favour of the Offeror, CDP and/or the Registrar, as the case may be, of the right and title of the person(s) signing it to deal with the same and with the Offer Shares to which it relates.
- 3.7 **Loss in Transmission.** The Offeror, the Financial Adviser, the Registrar and/or CDP, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.
- 3.8 **Acceptance Irrevocable.** Except as expressly provided in this Offer Document and the Code, acceptances of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable.
- 3.9 **Personal Data Privacy.** By completing and delivering a Relevant Acceptance Form, each person (a) consents to the collection, use and disclosure of his personal data by CDP, the Registrar, the Offeror, the Financial Adviser and the Company (“**Relevant Persons**”) for the purpose of facilitating his acceptance of the Offer, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines; (b) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable laws, listing rules, regulations and/or guidelines; and (c) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.

APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below.

Name	Address	Description
Teo Ser Luck	c/o 350 Jalan Boon Lay, Singapore 619530	Chairman and Independent Director
Seah Kiin Peng	c/o 350 Jalan Boon Lay, Singapore 619530	Executive Director
Xu Jiguo	c/o 350 Jalan Boon Lay, Singapore 619530	Executive Director
Zhang Xingwang	c/o 350 Jalan Boon Lay, Singapore 619530	Executive Director
Joel Leong Kum Hoe	c/o 350 Jalan Boon Lay, Singapore 619530	Independent Director
He Jun	c/o 350 Jalan Boon Lay, Singapore 619530	Independent Director

2. PRINCIPAL ACTIVITIES AND SHARE CAPITAL

The Offeror is an established pioneer in prefabricated steel reinforcement, which has been listed on the SGX-ST Mainboard since 2000 with its registered office at 350 Jalan Boon Lay Singapore 619530. As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$121,701,221 divided into 231,661,689 ordinary shares (including 1,626,600 treasury shares). Esteel is the major controlling shareholder of the Offeror which holds 167,795,536 shares (comprising 72.94% of the issued shares excluding treasury shares) in the Offeror.

Since its incorporation in 1938, the Offeror 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.

APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR

3. SUMMARY OF FINANCIAL PERFORMANCE

Certain financial information extracted from the audited consolidated statements of comprehensive income of the Offeror Group for FY2015, FY2016 and FY2017 as well as the unaudited consolidated statements of comprehensive income of the Offeror Group for 1Q2018 is set out in the table below. The financial information should be read in conjunction with, the audited consolidated financial statements of the Offeror Group for FY2015, FY2016 and FY2017 and the unaudited consolidated financial statements of the Offeror Group for 1Q2018 (copies of which are available for inspection as mentioned in **Paragraph 5** of **Appendix 6** to this Offer Document).

	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	1Q2018 (S\$'000)
Revenue	384,927	346,752	311,626	100,895
Exceptional items	–	–	–	–
Profit before tax	18,486	10,143	3,625	3,235
Profit after tax, attributable to				
– Owners of the Offeror	15,461	8,343	2,118	2,587
– Non-controlling interests	(58)	(2)	355	246
	15,403	8,341	2,473	2,833
Earnings per share (cents)				
– Basic	8.27	4.47	1.14	1.39
– Diluted	8.06	4.46	1.14	1.39

A summary of the net dividend per share of the Offeror declared for each of FY2015, FY2016, FY2017 and 1Q2018 is set out below:

	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	1Q2018 (S\$'000)
Net dividend per share ⁽¹⁾ (cents)	4.5	2.4	–	–

Note:

(1) On 21 August 2015, the Offeror completed a share consolidation of every five existing issued ordinary shares of the Offeror into one ordinary share. Where applicable, the net dividend per share has been adjusted for the effects of the share consolidation.

4. SUMMARY OF FINANCIAL POSITION

A summary of the audited consolidated statement of financial position of the Offeror Group as at 30 September 2017 and the unaudited consolidated statement of financial position of the Offeror Group as at 31 December 2017 is set out in the table below. The summary is extracted from, and should be read in conjunction with, the audited consolidated financial statements of the Offeror Group for FY2017 and the unaudited consolidated financial statements of the Offeror Group for 1Q2018 (copies of which are available for inspection as mentioned in **Paragraph 5** of **Appendix 6** to this Offer Document).

APPENDIX 3 – ADDITIONAL INFORMATION ON THE OFFEROR

	FY2017 (S\$'000)	1Q2018 (S\$'000)
Non-current assets	110,614	115,497
Current assets	212,215	249,279
Total assets	322,829	364,776
Non-current liabilities	17,965	14,303
Current liabilities	136,687	174,946
Total Liabilities	154,652	189,249
Net assets	168,177	175,527
Share Capital	68,011	71,511
Treasury shares	(1,105)	(1,105)
Other reserves	(1,879)	(2,599)
Retained earnings	102,728	106,200
Non-controlling interests	422	1,520
Total equity	168,177	175,527

5. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save for the financing of the Offer and as disclosed in this Offer Document and save for information on the Offeror Group, which is publicly available (including without limitation, the announcements released by the Offeror on the SGX-ST and the unaudited consolidated financial statements of the Offeror Group for 1Q2018) and as may be announced by the Offeror from time to time, there have not been, to the best knowledge of the Offeror, any material changes in the financial position of the Offeror since 30 September 2017, being the date of the last audited consolidated financial statements of the Offeror.

6. SIGNIFICANT ACCOUNTING POLICIES

The audited consolidated financial statements of the Offeror Group for FY2017 have been prepared in accordance with the Companies Act and the Singapore Financial Reporting Standards. The significant accounting policies of the Offeror are set out in Note 2 to the audited consolidated financial statements of the Offeror for FY2017 (a copy of which is enclosed in **Appendix 8** to this Offer Document).

7. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, there has been no change in the accounting policies of the Offeror which will cause the figures set out in **Paragraphs 3 and 4** of this **Appendix 3** to be not comparable to a material extent.

8. REGISTERED OFFICE

The registered office of the Offeror is at 350 Jalan Boon Lay, Singapore 619530.

APPENDIX 4 – ADDITIONAL INFORMATION ON THE COMPANY

1. DIRECTORS

The names, addresses and descriptions of the directors of the Company as at the Latest Practicable Date are set out below.

Name	Address	Description
Lee Lin Poey	c/o No. 7 Tuas Avenue 16 Singapore 638934	Executive Chairman
Lee Heng Thiam	c/o No. 7 Tuas Avenue 16 Singapore 638934	Managing Director
Foo Meng Kee	c/o No. 7 Tuas Avenue 16 Singapore 638934	Non-Executive Independent Director
Lee Kim Lian Juliana	c/o No. 7 Tuas Avenue 16 Singapore 638934	Non-Executive Independent Director
Kewee Kho	c/o No. 7 Tuas Avenue 16 Singapore 638934	Non-Executive Independent Director

2. SHARE CAPITAL

As at the Latest Practicable Date, based on a search conducted at the ACRA on such date, the Company has an issued and paid-up share capital of S\$46,957,472.30 comprising 474,551,093 Shares (excluding treasury shares).

3. MATERIAL CHANGES IN FINANCIAL POSITION

As at the Latest Practicable Date, save as disclosed in this Offer Document and save for information on the Group, which is publicly available (including without limitation, the announcements released by the Company on the SGX-ST) and as may be announced by the Company from time to time, there have not been, within the knowledge of the Offeror, any material changes in the financial position or prospects of the Company since 31 December 2017, being the date of the last audited consolidated financial statements of the Company laid before the Shareholders in general meeting.

The FY2017 results of the Company and the annual report for the financial year ended 31 December 2017 are available on the website of the SGX-ST at www.sgx.com.

4. REGISTERED OFFICE

The registered office of the Company is at No. 7 Tuas Avenue 16, Singapore 638934.

APPENDIX 5 – HOLDINGS AND DEALINGS

1. HOLDINGS IN COMPANY SECURITIES

Save as disclosed below, as at the Latest Practicable Date, the Offeror and its Concert Group do not own or control any Company Securities:

Name	Direct Interests		Deemed Interests		Total Interests	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
RGL Holdings Co., Ltd.	5,175,400	1.09	–	–	5,175,400	1.09
RGL International Co., Limited ⁽¹⁾	–	–	5,175,400	1.09	5,175,400	1.09
RGL Group Co., Ltd. ⁽²⁾	–	–	5,175,400	1.09	5,175,400	1.09
Shanghai Huaxi Industrial Co., Ltd. ⁽³⁾	–	–	5,175,400	1.09	5,175,400	1.09
You Zhenwu ⁽⁴⁾	–	–	5,175,400	1.09	5,175,400	1.09

Notes:

- (1) RGL Holdings Co., Ltd is a wholly-owned subsidiary of RGL International Co., Limited. Accordingly, RGL International Co., Limited is deemed to be interested in the Shares owned by RGL Holdings Co., Ltd. by virtue of Section 4 of the SFA.
- (2) RGL International Co., Limited is a wholly-owned subsidiary of RGL Group Co., Ltd.. Accordingly, RGL Group Co., Ltd. is deemed to be interested in the Shares owned by RGL Holdings Co., Ltd. by virtue of Section 4 of the SFA.
- (3) RGL Group Co., Ltd. is a subsidiary of Shanghai Huaxi Industrial Co., Ltd.. Accordingly, Shanghai Huaxi Industrial Co., Ltd. is deemed to be interested in the Shares owned by RGL Holdings Co., Ltd. by virtue of Section 4 of the SFA.
- (4) You Zhenwu, who is the sibling of You Zhenhua (a controlling shareholder of the Offeror), is a majority shareholder of Shanghai Huaxi Industrial Co., Ltd. and a substantial shareholder of RGL Group Co., Ltd.. Accordingly, You Zhenwu is deemed to be interested in the Shares owned by RGL Holdings Co., Ltd. by virtue of Section 4 of the SFA.

2. DEALINGS IN COMPANY SECURITIES

As at the Latest Practicable Date, the Offeror and its Concert Group have not dealt for value in the Company Securities during the Relevant Period.

APPENDIX 6 – GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS

- 1.1 **No Indemnity Arrangements.** To the best knowledge of the Directors as at the Latest Practicable Date, save for the Irrevocable Undertakings as disclosed in this Offer Document, none of the Offeror and its Concert Group has entered into any arrangement with any person of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities which may be an inducement to deal or refrain from dealing in the Company Securities.
- 1.2 **No Agreement having any Connection with or Dependence upon the Offer.** As at the Latest Practicable Date, save for the Irrevocable Undertakings as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror or its Concert Group; and (b) any of the current or recent directors of the Company or any of the current or recent Shareholders having any connection with or dependence upon the Offer.
- 1.3 **Transfer of Offer Shares.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any Offer Shares acquired pursuant to the Offer will be transferred to any other person. The Offeror, however, reserves the right to transfer any of the Offer Shares to any of its related corporations (as defined in the Companies Act) or for the purpose of granting security in favour of financial institutions which have extended or shall extend credit facilities to it.
- 1.4 **No Payment or Benefit to Directors of the Company.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of the Company or any of its related corporations (as defined in the Companies Act) as compensation for loss of office or otherwise in connection with the Offer.
- 1.5 **No Agreement Conditional upon Outcome of the Offer.** As at the Latest Practicable Date, save for the Irrevocable Undertakings as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror; and (b) any of the directors of the Company or any other person in connection with or conditional upon the outcome of the Offer or is otherwise connected with the Offer.
- 1.6 **Transfer Restrictions.** The constitution of the Company does not contain any restrictions on the right to transfer the Offer Shares, which has the effect of requiring Shareholders, before transferring them, to first offer them for purchase to other Shareholders or any other person.

2. NO MATERIAL CHANGE IN INFORMATION

Save as disclosed in this Offer Document, as far as the Offeror is aware, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date.

APPENDIX 6 – GENERAL INFORMATION

3. GENERAL

- 3.1 **Costs and Expenses.** All costs and expenses of or incidental to the preparation and circulation of this Offer Document and the Relevant Acceptance Forms (other than professional fees and other costs incurred or to be incurred by the Company relating to the Offer) and stamp duty and transfer fees resulting from acceptances of the Offer will be paid by the Offeror.
- 3.2 **Consent.** The Financial Adviser and the Registrar have each given and have not withdrawn their written consent to the issue of this Offer Document with the inclusion of their names and all references to their names in the form and context in which it appears in this Offer Document.

4. MARKET QUOTATIONS

- 4.1 **Closing Prices.** The closing price of the Shares on SGX-ST (as reported by Bloomberg L.P.) on the Latest Practicable Date was S\$0.420 and on the Last Trading Day was S\$0.410.

The following table sets out the closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) on the last Market Day for each of the six (6) calendar months preceding the Pre-Conditional Offer Announcement Date, and the corresponding premia based on the Offer Price of S\$0.42:

Month	Closing Price for Share (S\$) ⁽¹⁾	Premium of Offer Price over Closing Price ⁽²⁾
January 2018	S\$0.400	5.0%
December 2017	S\$0.395	6.3%
November 2017	S\$0.380	10.5%
October 2017	S\$0.370	13.5%
September 2017	S\$0.315	33.3%
August 2017	S\$0.290	44.8%

Notes:

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

(2) Percentages rounded to the nearest one (1) decimal place.

APPENDIX 6 – GENERAL INFORMATION

- 4.2 **Highest and Lowest Closing Prices.** The highest and lowest closing prices of the Shares on the SGX-ST (as reported by Bloomberg L.P.) during the period between the start of the six (6) months preceding the Pre-Conditional Offer Announcement Date and ending on the Latest Practicable Date and the corresponding premia based on the Offer Price are as follows:

	Closing Price for Share (S\$)⁽¹⁾	Date(s) Transacted⁽¹⁾	Premium of Offer Price over Closing Price⁽²⁾
Highest Closing Price	S\$0.420	13, 17 and 18 April 2018; and 4 May 2018	0.0%
Lowest Closing Price	S\$0.290	21, 23, 29 and 30 August 2017; and 4, 6 and 8 September 2017	44.8%

Notes:

- (1) The figures set out in the table above are based on data extracted from Bloomberg L.P..
(2) Percentages rounded to the nearest one (1) decimal place.

5. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Offeror at 350 Jalan Boon Lay, Singapore 619530 during normal business hours on any Business Day while the Offer remains open for acceptance.

- (a) the constitution of the Offeror;
- (b) the letters of consent of the Financial Adviser and the Registrar;
- (c) the Formal Offer Announcement;
- (d) the Irrevocable Undertakings;
- (e) the audited consolidated financial statements of the Offeror Group for FY2015, FY2016 and FY2017; and
- (f) the unaudited consolidated financial statements of the Offeror Group for 1Q2018.

APPENDIX 7 – STATEMENTS OF FINANCIAL POSITION OF THE OFFEROR GROUP

Part 1

The consolidated statement of financial position of the Offeror Group as at 30 September 2017 has been extracted from the audited consolidated financial statements of the Offeror for FY2017 and is set out below.

	2017 \$'000
Non-current assets	
Property, plant and equipment	89,136
Investment in subsidiaries	–
Interest in joint venture	11,650
Interest in associate	6,714
Available-for-sale financial assets	1,614
Loan to investee company	1,500
	110,614
Current assets	
Inventories	111,433
Trade and other receivables	75,516
Prepayments	1,022
Derivative financial instruments	–
Deposits	255
Cash and cash equivalents	23,989
	212,215
Total assets	322,829
Current liabilities	
Trade and other payables	69,049
Advances received	443
Loans and borrowings	52,376
Provisions	11,667
Derivative financial instruments	344
Current income tax liabilities	2,808
	136,687
Net current assets	75,528
Non-current liabilities	
Provisions	408
Loan and borrowings	10,772
Deferred tax liabilities	6,785
	17,965
Total liabilities	154,652
Net assets	168,177
Equity attributable to owners of the Company	
Share capital	68,011
Treasury shares	(1,105)
Other reserves	(1,879)
Retained earnings	102,728
	167,755
Equity attributable to owners of the Company	167,755
Non-controlling interests	422
	168,177
Total equity	168,177
Total equity and liabilities	322,829

APPENDIX 7 – STATEMENTS OF FINANCIAL POSITION OF THE OFFEROR GROUP

Part 2

The consolidated statement of financial position of the Offeror Group as at 31 December 2017 has been extracted from the unaudited consolidated financial statements of the Offeror for 1Q2018 and is set out below.

	December 2017 \$'000
Non-current assets	
Property, plant and equipment	91,595
Investment in subsidiaries	-
Interest in joint venture	11,930
Interest in associate	8,858
Available-for-sale financial assets	1,614
Loan to investee company	1,500
	115,497
Current assets	
Inventories	120,823
Trade and other receivables	85,723
Amount due from subsidiaries	-
Prepayments	1,093
Deposits	264
Cash and cash equivalents	41,376
	249,279
Total assets	364,776
Current liabilities	
Trade and other payables	57,003
Amount due to a subsidiary	-
Advances received	617
Loans and borrowings	105,132
Provisions	8,120
Derivative financial instruments	847
Current income tax liabilities	3,227
	174,946
Non-current liabilities	
Provisions	246
Loans and borrowings	7,272
Deferred tax liabilities	6,785
	14,303
Total liabilities	189,249
Net assets	175,527
Equity attributable to owners of the Company	
Share capital	71,511
Treasury shares	(1,105)
Capital reserve	597
Fair value adjustment reserve	(46)
Share option reserve	-
Foreign currency translation reserve	(3,150)
Retained earnings	106,200
	174,007
Equity attributable to owners of the Company	174,007
Non-controlling interests	1,520
Total equity	175,527
Total equity and liabilities	364,776

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

The significant accounting policies of the Offeror have been extracted from the Offeror’s audited financial statements for FY2017 and are set out below.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$’000), except when otherwise indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 October 2018.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 October 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to FRS 115 <i>Clarifications to FRS 115 Revenue from Contracts with Customers</i>	1 January 2018
Improvements to FRSs (December 2016)	
(a) Amendments to FRS 28 <i>Investments in Associate and Joint Venture</i>	1 January 2018
(b) INT FRS 122 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 28: Long-term interests in Associates and Joint Ventures	1 January 2019
Amendments to FRS 110 & FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company's. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of reporting period and the profit or loss are translated at the weighted average exchange rates for the financial year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, all property, plant and equipment except for freehold land and a leasehold building are measured at cost less accumulated depreciation and accumulated impairment losses. The leasehold building was initially stated at cost and subsequently measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation.

The valuation of the leasehold building was carried out in 1993 based on the appraisals received from an independent firm of professional valuers and the revaluation surplus was taken to asset revaluation reserve. The Group does not have a policy of periodically revaluing its leasehold buildings as allowed under FRS 16 for one-off revaluation performed between 1 January 1984 and 31 December 1996.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.7 Property, plant and equipment (cont'd)

Depreciation is computed on a straight line basis over the estimated useful life of the asset as follows:

Leasehold buildings	–	Over the lease term of between 11 to 36 years
Plant and machinery	–	4 to 15 years
Motor vehicles	–	7 years
Furniture and equipment	–	3 to 5 years
Formwork	–	10 years

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.10 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for interest in joint venture is set out in Note 2.11.

2.11 Joint venture and associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its interest in associate and joint venture using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the interest, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the interest is acquired.

Under the equity method, the interest in associate or joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture. The profit or loss reflects the share of results of the operations of the associate or joint venture. Distributions received from associate or joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's interest in associate or joint venture. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate and joint venture is prepared as at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received, and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.12 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss.

2.13 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying value of the financial asset.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.13 Impairment of financial assets (cont'd)

(a) *Financial assets carried at amortised cost (cont'd)*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Available-for-sale financial assets*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include: (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress, and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other cost that an entity incurs in connection with the borrowing of funds.

2.18 Convertible bonds

Convertible bonds are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption in accordance with the accounting policy set out in Note 2.12(b).

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

No conversion option (equity component) was recognised by the Group and Company as the difference in the fair value of the liability component and the proceeds from the bonds was not significant.

2.19 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income".

2.20 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company makes contributions to the Central Provident Fund in Singapore, a defined contribution pension scheme. Similar defined contributions are made in accordance to other schemes in the jurisdiction that the Group operates in. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.20 Employee benefits (cont'd)

(b) *Retirement benefits*

Retirement benefits are granted to employees who commenced employment with the Company prior to 1 January 1983. The retirement benefits are calculated based on one (1) week's pay for each full year of service at the employee's last-drawn salary at date of retirement.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated annually. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality government bonds that are denominated in the currency in which the benefits will be paid; and it has tenures approximating that of the related benefit obligations.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

(c) *Employee share option scheme*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share option.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.20 Employee benefits (cont'd)

(d) *Employee leave entitlements*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

2.21 Leases

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(b).

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.22 Revenue (cont'd)

(c) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

(d) *Interest income*

Interest income is recognised using the effective interest method.

2.23 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.23 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity; and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

APPENDIX 8 – SIGNIFICANT ACCOUNTING POLICIES OF THE OFFEROR GROUP

2. Summary of significant accounting policies (cont'd)

2.27 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

