

**ACQUISITION OF CONTROLLING STAKE IN SOUTHERN STEEL MESH SDN. BHD. –
ENTRY INTO CONDITIONAL SHARE PURCHASE AGREEMENT**

1. INTRODUCTION

- 1.1 The board of directors (the "**Board**" or "**Directors**") of BRC Asia Limited ("**Company**" and together with its subsidiaries, "**Group**") refers to the Company's announcement dated 28 February 2025 in relation to the Company's entry into a non-binding term sheet which initially contemplated an acquisition by the Company of existing and new ordinary shares in the share capital of Southern Steel Mesh Sdn. Bhd. ("**Target**"), such that the Company would hold a controlling stake of more than 50% of the total equity interest in the enlarged issued and paid-up share capital of the Target ("**Announcement on the Term Sheet**").
- 1.2 The Board wishes to announce that the Company has on 22 April 2025 entered into a conditional share purchase agreement ("**SPA**") with Southern Steel Berhad ("**Vendor**" and together with the Company, "**Parties**") pursuant to which the Company has agreed to purchase, and the Vendor has agreed to sell 12,883,562 ordinary shares in the Target ("**Sale Shares**"), representing approximately 55.0% of the existing share capital of the Target ("**Proposed Acquisition**").
- 1.3 Whilst the Proposed Acquisition constitutes a non-discloseable transaction under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"), it constitutes an interested person transaction as defined under Chapter 9 of the Listing Manual ("**IPT**") and it is currently subject to, *inter alia*, approval of the Shareholders at an extraordinary general meeting of the Company. In this regard, the Company has made certain submissions and is pending assessment by Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**").

2. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

2.1 Consideration

The Company has agreed to acquire the Sale Shares from the Vendor, subject to the conditions set out in the SPA, for a cash consideration ("**Consideration**") of RM61,050,000 (equivalent to approximately S\$18,189,673,¹ subject to adjustments in the event that the Target declares a dividend to its shareholder (the Vendor) before the completion of the Proposed Acquisition ("**Completion**"). In such an event, the Consideration will be accordingly reduced by the amount of dividend declared multiplied by 55%, being the shareholding proportion represented by the Sale Shares.

The Consideration was arrived at on a willing-buyer, willing-seller basis, taking into account, *inter alia*:

- (a) the book value and net tangible asset value ("**NTA**") of the Target (which was adjusted for the revaluation of the Target's properties) as well as the profitability of the Target;
- (b) future revenue and growth prospects of the Target; and
- (c) the Company's rationale for undertaking the Proposed Acquisition.

¹ Unless otherwise indicated, Ringgit ("**RM**") amounts in this announcement have been translated into Singapore dollars ("**S\$**") based on the closing exchange rate of S\$1:RM3.3563 as quoted by Bloomberg L.P. on the day immediately preceding the date of the SPA.

2.2 Conditions to Completion

Completion is subject to the following conditions under the SPA:

- (a) passing of an ordinary resolution of the shareholders of the Vendor at an extraordinary general meeting of the Vendor in respect of the Proposed Acquisition;
- (b) the non-occurrence of any material adverse change in relation to the operations, businesses, properties and/or financial condition (including liabilities, assets and results) of the Target, that has caused or is reasonably likely to cause the net tangible asset value of the Target to decrease by more than 20% from that set forth in the unaudited management accounts of the Target drawn up to 31 December 2024 occurring on or before Completion;
- (c) the Company having obtained either an assessment by SGX RegCo on the Company's views on the application of Rule 908(2) of the Listing Manual vis-à-vis disaggregating transactions with the Vendor and its subsidiaries with Green Esteel Pte. Ltd. (the controlling shareholder of the Company) and its associates as defined in the Listing Manual (collectively, "**Esteel Group**") or approval being obtained from the shareholders of the Company in a general meeting for the Proposed Acquisition; and
- (d) the Parties reaching agreement on the agreed form of the shareholders' agreement to be entered into between the Parties ("**Shareholders' Agreement**").

The SPA will automatically terminate if any of the conditions above are not fulfilled by the relevant responsible Party or waived by 31 July 2025.

3. INFORMATION ON THE PARTIES

3.1 Information on the Target and the Vendor

As disclosed in the Company in the Announcement on the Term Sheet, the Target is principally engaged in the business of manufacturing, sales and marketing of steel wire mesh, concrete wires, hard-drawn wires, cut and bend rebars and other related products, and has four (4) manufacturing plants located in the Central and Northern region of Malaysia. The Target is a wholly-owned subsidiary of the Vendor.

The Vendor is a steel mill group headquartered in Malaysia and is listed on the Main Market of Bursa Securities Malaysia Berhad. It is a subsidiary of Green Esteel Pte. Ltd. ("**Green Esteel**"), which acquired a majority stake in the Vendor on 14 January 2025 and is currently the controlling shareholder of the Company.

3.2 Financial information on the Target

Based on the audited financial statements of the Target for its financial year ended 30 June 2024 and the management accounts for the first quarter ended 30 September 2024:

- (a) both the book value and NTA of the Target were (i) RM108,912,179 (equivalent to approximately S\$32,450,073), as of 30 June 2024, and (ii) RM106,516,275 (equivalent to approximately S\$31,736,220), as of 30 September 2024; and
- (b) the net profits after tax of the Target were RM4,719,152 (equivalent to approximately S\$1,406,058) and RM649,617 (equivalent to approximately S\$193,552) for the financial year ended 30 June 2024 and for the first quarter ended 30 September 2024, respectively.

As at the date of this announcement, there is no available open market valuation of the Target.

4. INTERESTED PERSON TRANSACTION

4.1 Details on the Interested Persons

As mentioned in the Announcement on the Term Sheet, the Vendor is a direct subsidiary of Green EsteeL, the Company's controlling shareholder, and it is therefore an associate of Green EsteeL and regarded as an "interested person" under Chapter 9 of the Listing Manual.

4.2 Details of the Interested Person Transaction

The Proposed Acquisition will constitute an "interested person transaction" under Chapter 9 of the Listing Manual. For completeness, the establishment of a joint venture between the Parties pursuant to the Shareholders' Agreement (if entered into) will also constitute an "interested person transaction".

The aggregate value of all the IPTs (including the Proposed Acquisition) entered into by the Group with the EsteeL Group (which includes the Southern Steel Berhad group with effect from 14 January 2025) since 1 October 2024 until the date of this Announcement ("**Aggregate YTD-IPT Value**") is approximately S\$39,460,725, representing approximately 8.30% of the Group's latest audited NTA as of 30 September 2024. The Aggregate YTD-IPT Value exceeds 5% of the Group's audited NTA. As such, the Company will be required to seek shareholder approval for the Proposed Acquisition under Rule 906(1) of the Listing Manual.

4.3 Chapter 9 Application

As mentioned above, the Company has made certain submissions to SGX RegCo on the application of Rule 908(2) of the Listing Manual vis-à-vis disaggregating transactions with the Vendor group and the rest of the EsteeL Group ("**Chapter 9 Application**"). Further details on the aforementioned matter are also set out in the Company's announcement dated 11 April 2025 providing an update on the IPTs entered into by the Group. The Company will make further announcement(s) to update its shareholders as and when there are any material developments relating to or arising from the Chapter 9 Application.

5. RATIONALE FOR THE INTERESTED PERSON TRANSACTION, AND BENEFIT TO, THE COMPANY

As disclosed in the Announcement on the Term Sheet, the Proposed Acquisition aligns with the Company's strategy to tap into regional markets and further diversify its revenue streams. This strategic move offers an opportunity for the Company to leverage on the Vendor's established market presence in Malaysia. The Vendor will retain a minority stake in the Target, ensuring its continued participation in the Target's growth trajectory and profitability. This represents a strategic partnership with the Vendor, building on significant synergies between both parties to enhance operational efficiencies and strategic alignment and collaboration in the regional market. The Proposed Acquisition is positioned to drive sustainable growth and value creation for shareholders.

6. STATEMENT BY THE AUDIT COMMITTEE

Having reviewed the terms of and rationale for the Proposed Acquisition as well as the benefits thereon to the Group, the Audit and Risk Management Committee of the Company is of the view that they are carried out on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

In this regard, depending on SGX RegCo's assessment on the Chapter 9 Application, the Company will, where required, obtain the opinion of an independent financial adviser who is acceptable to SGX RegCo stating whether the Proposed Acquisition (and all other transactions which are subject of aggregation pursuant to Rule 906 of the Listing Manual is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

7. NON-DISCLOSEABLE TRANSACTION

None of the relative figures under Rule 1006 of the Listing Manual relating to the Proposed Transaction exceeds 5%, and accordingly, the Proposed Transaction is a non-discloseable transaction under Chapter 10 of the Listing Manual.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 8.1 Mr Seah Kiin Peng, an Executive Director and Chief Executive Officer of the Company, is currently the chairman and non-executive non-independent director of the Vendor.
- 8.2 Hong Leong Asia Ltd. ("HLA") is deemed interested in shares representing approximately 20.15% of the total number of issued shares (excluding shares held in treasury) in the Company and is considered a person connected with major shareholders of the Vendor. In this regard, Kwek Pei Xuan and Stephen Ho Kiam Kong, being nominee directors of HLA, have voluntarily abstained from any decision in the Proposed Acquisition, in view of HLA's interest in both the Company and the Vendor.
- 8.3 Save as disclosed in this Announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction, other than by reason only of their directorships and/or shareholdings in the Company.

9. DOCUMENT FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours at the registered office of the Company at 350 Jalan Boon Lay, Jurong Industrial Estate, Singapore 619530, for a period of three (3) months commencing from the date of this Announcement.

10. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Proposed Acquisition is subject to the fulfilment of conditions precedent under the SPA and pending the outcome of the Chapter 9 Application. There is no certainty or assurance that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully.

Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Lee Chun Fun
Company Secretary

22 April 2025