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

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

APPROVAL FOR (1) THE PROPOSED DELISTING OF THE COMPANY; (2) WAIVER FROM COMPLIANCE WITH RULE 1307 OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST"); (3) CONFIRMATION OF NON-APPLICABILITY OF RULE 1309 OF THE LISTING MANUAL; AND (4) WAIVER FROM COMPLIANCE WITH RULE 705(2) OF THE LISTING MANUAL

1. INTRODUCTION

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

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

(b) the announcement dated 26 April 2018 made by UOB, for and on behalf of the Offeror, that, *inter alia*, all Pre-Conditions had been satisfied and the Offeror thereby made the Offer pursuant to Rule 15 of the Code;

(c) the announcement dated 10 May 2018 made by UOB, for and on behalf of the Offeror, that, *inter alia*, the offer document containing, *inter alia*, the terms and conditions of the Offer (the "**Offer Document**"), was despatched to the Company's shareholders ("**Shareholders**") on 10 May 2018;

(d) the announcement dated 14 May 2018 made by UOB, for and on behalf of the Offeror, that, *inter alia*:

  (i) as at 14 May 2018, the Offeror had received valid acceptances in respect of 270,122,856 Offer Shares which when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties, resulted in the Offeror and its Concert Parties holding such number of Shares carrying more than 50% of the voting rights attributable to the issued Shares (excluding any treasury shares);

  (ii) accordingly, the Minimum Acceptance Condition of the Offer had been satisfied and the Offer had therefore become and was thereby declared unconditional in all respects; and

  (iii) pursuant to Rule 22.6 of the Code, the closing date of the Offer was extended from 5.30 p.m. (Singapore time) on 7 June 2018 to 5.30 p.m. (Singapore time)

on 21 June 2018 (or such later date(s) as may be announced from time to time by or on behalf of the Offeror);

(e) the announcement dated 24 May 2018 made by the Company that the circular dated 24 May 2018 containing, *inter alia*, the advice of the independent financial adviser, SAC Capital Private Limited to the Recommending Directors and the recommendation of the Recommending Directors to Shareholders in relation to the Offer, had been despatched to Shareholders on 24 May 2018 (the "**Offeree Circular**");

(f) the announcement dated 5 June 2018 made by UOB, for and on behalf of the Offeror, that:

(i) as at 5.00 p.m. (Singapore time) on 5 June 2018, an aggregate of 429,236,249 Shares, representing 90.45% of the total number of Shares in issue (excluding treasury shares), were owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (including valid acceptances of the Offer); and

(ii) the Offer would not be open for acceptance beyond 5.30 p.m. (Singapore time) on 21 June 2018 (the "**Final Closing Date**");

(g) the announcement dated 6 June 2018 made by the Company in relation to the loss of public float of the Company;

(h) the announcement dated 14 June 2018 ("**Compulsory Acquisition Announcement**") made by UOB, for and on behalf of the Offeror, that the Offeror was entitled to, and intended to, exercise its right of compulsory acquisition under Section 215(1) of the Companies Act (Chapter 50 of Singapore) ("**Companies Act**");

(i) the announcement dated 21 June 2018 ("**Close of Offer Announcement**") made by UOB, for and on behalf of the Offeror, that the Offer had closed; and

(j) the announcement dated 22 June 2018 made by UOB, for and on behalf of the Offeror, in relation to the relevant notices in the form prescribed under the Companies Act in respect of Sections 215(1) and 215(3) of the Companies Act.

All capitalised terms used and not defined herein shall have the same meanings ascribed to them in the Offer Document, Offeree Circular, the Compulsory Acquisition Announcement or the Close of Offer Announcement (as the case may be).

2. BACKGROUND TO AND GROUNDS FOR THE SGX APPLICATION

Further to the Close of Offer Announcement, the Company had submitted an application to the SGX-ST (the "**SGX Application**") to seek approval for:

(a) the delisting of the Company from the SGX-ST ("**Delisting**");

(b) a waiver of the requirement under Rule 1307 of the Listing Manual that the Delisting be approved by Shareholders in a general meeting ("**Rule 1307 Waiver**");

(c) a confirmation that Rule 1309 of the Listing Manual is not applicable ("**Rule 1309 Confirmation**"); and

(d) a waiver of the requirement under Rule 705(2) of the Listing Manual that the Company announces its financial statements for the second quarter of its financial year ending 30 June 2018 ("**Q2 Results**") not later than 45 days after the quarter end ("**Rule 705(2) Waiver**").

2.1 The application for Delisting, the Rule 1307 Waiver and Rule 1309 Confirmation

(a) Listing Manual requirements

Pursuant to Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by an issuer to delist from the SGX-ST if:

(1) the issuer convenes a general meeting to obtain shareholder approval for the delisting ("**Delisting EGM**");

(2) the resolution to delist the issuer has been approved by a majority of at least 75% of the total number of issued shares excluding treasury shares and subsidiary holdings held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting (the issuer's directors and controlling shareholder need not abstain from voting on the resolution); and

(3) the resolution has not been voted against by 10% or more of the total number of issued shares excluding treasury shares and subsidiary holdings held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting.

Pursuant to Rule 1309 of the Listing Manual, if an issuer is seeking to delist from the SGX-ST:

(1) a reasonable exit alternative, which should normally be in cash, should be offered to (a) the issuer's shareholders and (b) holders of any other classes of listed securities to be delisted; and

(2) the issuer should normally appoint an independent financial adviser to advise on the exit offer.

(b) Grounds for application

The Rule 1307 Waiver is sought based on the following grounds:

(1) As at the close of the Offer at 5.30 p.m. (Singapore time) on the Final Closing Date, the number of Shares owned, controlled, or acquired or agreed to be acquired by the Offeror and its Concert Parties, together with valid acceptances of the Offer, constitute approximately 96.34% of the Shares in the Company.

(2) If the delisting of the Company were to be put to a vote by the Shareholders ("**Delisting Resolution**"), the Offeror and its Concert Parties will vote all their Shares in favour of the Delisting Resolution, in line with the public disclosures previously made by the Offeror concerning its intentions regarding the listing status of the Company, including but not limited to the Offer Document and the Compulsory Acquisition Announcement. Accordingly, the Offeror will be able to unilaterally determine the outcome of the Delisting Resolution proposed to be passed at the Delisting EGM, if such meeting is convened pursuant to Rule 1307 of the Listing Manual.

(3) In addition, after the compulsory acquisition is completed, the Offeror would become the sole shareholder of the Company.

(4) In view of the above, it is a foregone conclusion that any Delisting Resolution will be approved, and the Company considers that it would be neither meaningful nor justifiable to incur the unnecessary expenditure of time and costs if the Company were to be required to call a Delisting EGM for the purpose of approving the Delisting Resolution.

The Rule 1309 Confirmation is sought based on the following grounds:

(1) The Offeror's intention to delist the Company following compulsory acquisition is set out clearly in, *inter alia*, the Offer Document and the Compulsory Acquisition Announcement.

(2) As the Offeror had received valid acceptances pursuant to the Offer (or otherwise acquired Shares during the period when the Offer is open for acceptance) in respect of not less than 90.0% 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 was entitled to, and intended to, exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders at the offer price of S$0.42 for each Share ("**Offer Price**") (the "**Section 215(1) Compulsory Acquisition**"), as announced in the Compulsory Acquisition Announcement.

(3) In addition to the foregoing, the Dissenting Shareholders also have a right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares on the terms of the Offer (the "**Section 215(3) Compulsory Acquisition**"). However, as the Offeror intended to compulsorily acquire the Shares of the Dissenting Shareholders pursuant to its rights under Section 215(1) of the Companies Act, the Dissenting Shareholders need not take any action in relation to their rights under Section 215(3) of the Companies Act.

(4) The Company had appointed SAC Capital Private Limited as the independent financial adviser (the "**IFA**") to the directors of the Company who are considered independent for the purposes of the Offer (the "**Recommending Directors**") for advising the Recommending Directors in respect of the Offer. In the letter from the IFA to the Recommending Directors dated 24 May 2018 (a copy of which was appended as Appendix A to the circular by the Company to Shareholders dated 24 May 2018 in relation to the Offer), the IFA had opined that, on balance, the financial terms of the Offer were fair and reasonable.

(5) In view of the above, the Dissenting Shareholders will have a reasonable exit alternative by requiring the Offeror to acquire their Shares under the Section 215(3) Compulsory Acquisition. In addition, the IFA has opined that, on balance, the financial terms of the Offer were fair and reasonable.

2.2 The application for the Rule 705(2) Waiver

(a) Listing Manual requirements

An issuer must announce the financial statements for each of the first three quarters of its financial year (as set out in Appendix 7.2 of the Listing Manual) immediately after the figures are available, but in any event not later than 45 days after the quarter end if:

(1) its market capitalization exceeded S$75 million as at 31 March 2003;

(2) it was listed after 31 March 2003 and its market capitalization exceeded S$75 million at the time of listing (based on the IPO issue price); or

(3) its market capitalization is S$75 million or higher on the last trading day of each calendar year commencing from 31 December 2006. An issuer whose obligation falls within sub-section (c) of Rule 705(2) of the Listing Manual will have a grace period of a year to prepare for quarterly reporting. As an illustration, an issuer whose market capitalization is S$75 million or higher as at the end of the calendar year 31 December 2006 must announce its quarterly financial statements for any quarter of its financial year commencing in 2008. Notwithstanding the grace period, all issuers whose obligation falls under sub-section (c) of Rule 705(2) of the Listing Manual are strongly encouraged to adopt quarterly reporting as soon as possible.

Based on the requirements of Rule 705(2) of the Listing Manual, the Company is required to announce the Q2 Results by 14 August 2018.

(b) Grounds for application

The waiver of the requirement to announce the Q2 Results is sought based on the following grounds:

(1) **Trading suspension pending Delisting.** In the announcement dated 5 June 2018, UOB, for and on behalf of the Offeror, announced that the final closing date of the Offer would be 5.30 p.m. (Singapore time) on 21 June 2018. In the Compulsory Acquisition Announcement, UOB, for and on behalf of the Offeror, announced that the Offeror intended to exercise its rights under the Section 215(1) Compulsory Acquisition and subsequent to such compulsory acquisition, the Offeror would proceed to delist the Company from the SGX-ST. The Company has suspended trading in the Shares on the SGX-ST with effect from 9.00 a.m. on 22 June 2018, following the close of the Offer on 21 June 2018 and pending the delisting of the Shares Based on the Offeror's stated intentions in the Offer Document and the Compulsory Acquisition Announcement, the listing status of the Company will not be preserved and no steps will be taken to lift the trading suspension in the Shares. Accordingly, Shareholders and investors are not able to deal in the Shares on the SGX-ST with effect from 9.00 a.m. on 22 June 2018.

(2) **Compulsory acquisition of Dissenting Shareholders.** In the Compulsory Acquisition Announcement, UOB, for and on behalf of the Offeror, notified the Dissenting Shareholders of the Offeror's right and intention to compulsorily acquire all the Shares from the Dissenting Shareholders at the Offer Price. The Offeror reiterated its intention to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act in the Close of Offer Announcement.

(3) **Offeror will become sole Shareholder.** After the compulsory acquisition is completed, the Offeror would become the sole shareholder of the Company. As such, it would not be meaningful to announce the Q2 Results.

Based on the reasons above, Shareholders and investors are unlikely to be prejudiced by the non-release of the Q2 Results. Accordingly, it will serve little purpose to require the Company to release the Q2 Results before the anticipated delisting and will incur additional compliance costs in connection with the preparation and the release of the Q2 Results.

3. CONFIRMATION FROM THE SGX-ST

The Board wishes to announce that the SGX-ST had on 16 July 2018, informed the Company that based on the Company's submission and representations to the SGX-ST, the SGX-ST:

(a) has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to an announcement via SGXNET of the SGX-ST's no objection to the Company's Delisting; and

(b) is of the view that Rule 1309 of the Listing Manual has been complied with as the Company has provided a cash exit alternative and appointed an independent financial adviser to opine on the Offer.

The SGX-ST also indicated that it has no objection to the Company's application for the Rule 1307 Waiver and the Rule 705(2) Waiver ("**Waivers**"), subject to the Company announcing the Waivers granted, the reasons for seeking the Waivers, the conditions as required under Rule 107 of the Listing Manual, and if the Waivers' conditions have been satisfied ("**Condition for Waiver**"). If the Condition for Waiver has not been met on the date of the announcement, the Company must make an update announcement when the same has been met.

Further, the SGX-ST has also informed the Company that:

(A) the Waivers will not be effective if any of the conditions for the Waivers have not been fulfilled; and

(B) the Company is required to make an immediate disclosure via SGXNET if it is/will be in contravention of any laws and regulations governing the Company and the constitution of the Company (or the equivalent in the Company's country of incorporation) arising from the Waivers.

Following this announcement dated 16 July 2018, the Company wishes to announce that the Condition for Waiver has been satisfied.

The SGX-ST's decision is not an indication of the merits of the Delisting.

The date and time of the Delisting will be announced in due course, following the completion of the compulsory acquisition.

By Order of the Board

Foo Soon Soo
Company Secretary
16 July 2018