

PROPOSED ISSUE OF CONVERTIBLE BONDS

1. INTRODUCTION

The Board of Directors (the **Board** or the **Directors**) of BRC Asia Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 23 April 2014 entered into a convertible bond subscription agreement (the "**Convertible Bond Subscription Agreement**") with the investors whose names are set out in paragraph 5 below (each a **Subscriber** and collectively, the "**Subscribers**").

2. SALIENT TERMS OF THE CONVERTIBLE BOND SUBSCRIPTION AGREEMENT

2.1 Issue of the Bonds

Under the terms of the Convertible Bond Subscription Agreement, subject to the conditions precedent set out in paragraph 2.2 below (**Conditions Precedent**) being fulfilled (or waived as the case may be), the Company shall issue up to S\$10,000,000 in aggregate principal amount equity-linked redeemable convertible bonds (the **Bonds**, and each a **Bond**), which will bear interest at five per cent (5%) per annum of the principal amount outstanding, to the Subscribers, in accordance with the terms and subject to the conditions of the Convertible Bond Subscription Agreement (**Proposed Issue**). The Bonds will be unlisted.

2.2 Conditions Precedent

The obligations of the Subscribers to subscribe for the Bonds are conditional upon the following conditions having been fulfilled (or in the case of the condition stated in paragraph (a) below waived by the Subscribers or the Company as the case may be):

- (a) the Company not being in breach of any of its obligations under the Convertible Bond Subscription Agreement as at the Completion Date (as defined under the Convertible Bond Subscription Agreement);
- (b) all approvals and consents (including without limitation any governmental, regulatory and/or corporate approvals and consents) for the transactions contemplated under the Convertible Bond Subscription Agreement (including but not limited to (i) the issue and allotment of new ordinary shares in the capital of the Company (**Shares**) issuable or, as the case may be, (ii) treasury shares to be delivered and transferred upon, the conversion of the Bonds (**Conversion Shares**) being obtained and not withdrawn or amended, and if any such approvals and consents are given subject to conditions, such conditions are acceptable to the Subscribers;
- (c) approval in-principle having been obtained for the listing of the Conversion Shares on the Singapore Exchange Securities Trading Limited (**SGX-ST**) on terms reasonably satisfactory to the Company and the Company having complied to the satisfaction of the SGX-ST with all conditions imposed by the SGX-ST in such grant of approval in-principle (except for those conditions waived by the SGX-ST); and

- (d) the issue of the Bonds by the Company and the subscription by the Subscribers for the Bonds shall not be prohibited by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority in Singapore.

The Convertible Bond Subscription Agreement shall cease and determine and the Subscribers and the Company shall be released from their obligations thereunder and none of the parties shall have any claim against the others if any of the conditions stated above are not fulfilled or in the case of the condition in paragraph 2.2(a) only waived, by the date falling six weeks after the date of the Convertible Bond Subscription Agreement.

3. SALIENT TERMS OF THE BONDS

The Bonds will be in registered form in the denomination of S\$100,000 each or integral multiples thereof, and will not be listed. The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company.

3.1 Interest

The Bonds shall bear interest from the date of issue of the Bonds at the rate of five per cent (5%) per annum (the ~~%Fixed Interest+~~) of the principal amount outstanding of the Bonds, payable in arrears on a half-yearly basis on 30 June and 31 December each year in respect of such year.

In the event the Bonds are converted or redeemed, the Fixed Interest (accrued up to and including the date on which the Bonds are converted (~~%Conversion Date+~~) or redeemed) shall be paid to the holder of the Bond (the ~~%Bondholder+~~) on the Conversion Date or date of redemption (as the case may be) in respect of the portion of the Bonds being converted or redeemed, as the case may be.

3.2 Conversion

(a) Conversion Period

All or any part of the Bonds shall be convertible, at the sole discretion of a Bondholder, into Conversion Shares (the ~~%Conversion Right+~~). A Bondholder's right of conversion may be exercised at any time and from time to time after the date of issue of the Bonds (~~%Issue Date+~~) and up to the date the Bonds are redeemed.

Notwithstanding the foregoing, if the Conversion Date in respect of a Bond would otherwise fall during a period in which the register of members of the Company is closed generally or for the purpose of establishing entitlement to any dividend or other rights attaching to the Shares, such Conversion Date shall be postponed to the first trading day thereafter.

(b) Issue of New Shares and Conversion Price

The Conversion Shares shall be issued and credited as fully paid upon the conversion of the Bonds in accordance with the terms and conditions of the Bonds (~~%Conditions+~~), such Conversion Shares to rank *pari passu* in all respects with all other then existing Shares. The Conversion Shares shall on issue be free whatsoever from all and any mortgage, pledge, lien, option, charge, assignment, hypothecation, or other agreement or arrangement which has the same or a similar effect to the granting of security or a security interest.

The conversion price will be S\$0.20 per share (the **Conversion Price**). The Conversion Price shall be subject to appropriate adjustments by the Company, such adjustments to be as determined by the Board, in the event of rights, bonus or other capitalisation issues.

The number of Shares to be delivered on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted by the Conversion Price.

Based on the Conversion Price of S\$0.20 per Share and assuming all the Bonds are converted, an aggregate of 50,000,000 Shares representing 5.33% of the issued Shares of the Company as at the date hereof (not including treasury shares) will be issued on conversion of the Bonds.

The Conversion Price represents a discount of 1.96% over the volume weighted average share price of the Shares of the Company on 22 April 2014 being the last full market day up to the date of signing of the Convertible Bond Subscription Agreement. The Bonds and the Conversion Shares are being issued pursuant to the general mandate to issue shares approved by Shareholders at the Annual General Meeting of the Company held on 23 January 2014.

3.3 Redemption

Unless previously redeemed or converted in accordance with the Conditions, without prejudice to the Company's option to redeem, the Company will redeem each Bond on the date falling five (5) years from the Issue Date at an amount equal to the aggregate of the entire principal amount then outstanding of the Bonds to be redeemed (**Redemption Amount**) plus all outstanding unpaid interest or other payments to which the Bondholder is entitled in respect of the Bonds to be redeemed.

On or at any time after the date falling three (3) years after the Issue Date, the Company may, on giving not less than 30 days irrevocable notice (**Optional Redemption Notice**) to the Bondholders to redeem all or some of the Bonds on the date (**Optional Redemption Date**) specified in the Optional Redemption Notice at an amount equal to the Redemption Amount plus a sum equivalent to three (3) months interest at the rate of five per cent (5%) per annum on the principal amount of the Bonds being redeemed and accrued and unpaid interest, if any, on the principal amount of the Bonds to be redeemed accrued up to but excluding the Optional Redemption Date.

The Bonds may not be redeemed, in whole or in part, prior to that date other than in accordance with the Conditions.

Following the occurrence of an Event of Default (as defined in the Conditions), Bondholders may by Extraordinary Resolution or by written notice to the Company from Bondholders holding more than 50 per cent (50%) of the principal amount of the Bonds then issued and outstanding direct that the principal amount of all Bonds, all unpaid accrued interest and any other sum then payable on such Bonds shall become due and payable immediately.

3.4 Governing law

The Conditions shall be governed by and construed in all respects in accordance with the laws of Singapore.

4. LISTING OF THE CONVERSION SHARES

The Company will be making an application to the SGX-ST for the listing and quotation of the Conversion Shares on the Mainboard of the SGX-ST in due course.

The Company will make the necessary announcements once the listing and quotation notice for the listing and quotation of the Conversion Shares has been obtained from the SGX-ST.

5. THE SUBSCRIBERS

The Subscribers and the principal amount of the Bonds to be subscribed for by each of them is as follows :-

Name of Subscriber	Background of Subscriber	Aggregate Principal Amount of Bonds to be Subscribed
Chua Kian Lin	Mr. Chua is in the business of importing, exporting and trading in heavy equipment and vehicles. He is the sole proprietor of Yew Guan Auto Co.	S\$500,000.00
Goh Tiow Guan	Mr. Goh is a director of Yuan Resources Pte Ltd., a steel trading company.	S\$1,000,000.00
Hang Pek Yoon	Ms. Hang is a private investor.	S\$1,000,000.00
Leo Ting Ping Ronald	Mr. Leo is the chairman and chief executive officer of Keong Hong Holdings Limited, a construction and property development company listed on the Catalist of SGX-ST.	S\$500,000.00
Lim Kok Tong	Mr. Lim is a private investor.	S\$2,000,000.00
Neo Aik Cheng	Mr. Neo is the executive chairman of Mee Sek Enterprises Pte Ltd, a building materials company.	S\$1,000,000.00
Ong Ee Har	Ms. Ong is a private investor.	S\$1,000,000.00
Seah Boon Hwa	Mr. Seah is the chief executive officer of Seah Hock Huat Holding Pte Ltd, an investment holding company that invests in property and equities.	S\$1,000,000.00

Name of Subscriber	Background of Subscriber	Aggregate Principal Amount of Bonds to be Subscribed
Teou Kem Eng @ Teou Kim Eng	Mr. Teou is a private investor and an advisor to Keong Hong Holdings Limited.	S\$500,000.00
Wong Soo Hah	Mr. Wong is a director in Hyber Engineering Services and Trading LLP.	S\$500,000.00
Yeo Lai Huat	Mr. Yeo is a director of AG Auto Pte Ltd.	S\$1,000,000.00

From time to time, the directors and management of the Company receive indications of interest to invest in the Company. The Subscribers are private individuals who had previously expressed an interest in the Company and who were identified by the Board as potential investors in the Company. The Subscribers were independently approached by the Board and as the Board understands, have entered into the Convertible Bond Subscription Agreement for financial investment purposes.

No placement agent has been appointed in relation to the Proposed Issue and no commission or finder's fee is payable by the Company to any person in relation thereto.

6. RATIONALE AND USE OF PROCEEDS

The Company intends to utilise the net proceeds from the Proposed Issue for working capital and other general corporate purposes of the Company and its subsidiaries. Pending the deployment of the proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Group.

The Company will make announcements on the use of the net proceeds from the Proposed Issue and whether such use is in accordance with the stated use, as and when such net proceeds are materially disbursed. Where there is any material deviation from the stated use of the net proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of such net proceeds in the Company's annual report.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Issue save for their interests arising by way of their shareholdings in the Company.

In particular, the Proposed Issue will not be placed to any of the following persons:

- (a) the Company's directors and substantial shareholders;
- (b) immediate family members of the directors and substantial shareholders;
- (c) substantial shareholders, related companies (as defined in Section 6 of the Companies Act, Chapter 50), associated companies and sister companies of the Company's substantial shareholders; and
- (d) corporations in whose shares the Company's directors and substantial shareholders have an aggregate interest of at least 10%.

On behalf of the Board

LIM SIAK MENG
Group Managing Director

23rd April 2014