

BRC ASIA LIMITED
(Company Registration No. 193800054G)
(Incorporated in the Republic of Singapore)

PROPOSED CONSOLIDATION OF EVERY FIVE (5) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (THE “PROPOSED SHARE CONSOLIDATION”)

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or the “**Directors**”) of BRC Asia Limited (the “**Company**”) wishes to announce that the Company is proposing to undertake a share consolidation exercise to consolidate every five (5) existing ordinary shares (“**Shares**”) in the capital of the Company (including treasury shares) into one (1) ordinary share (“**Consolidated Share**”).
- 1.2 As a result of the Proposed Share Consolidation, each shareholder of the Company (“**Shareholder**”) will receive one (1) Consolidated Share for every five (5) Shares held prior to the Proposed Share Consolidation as at the books closure date to be determined by the Directors in their absolute discretion as they deem fit (“**Books Closure Date**”), fractional entitlements to be disregarded.

2. RATIONALE OF THE PROPOSED SHARE CONSOLIDATION

- 2.1 The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Monetary Authority of Singapore had introduced, with effect from 2 March 2015, a minimum trading price of S\$0.20 for Mainboard-listed stocks as a continuing listing requirement (“**MTP Requirement**”).
- 2.2 Pursuant to the MTP Requirement, issuers who are unable to record a 6-Month volume weighted average share price (“**6-Month VWAP**”) of S\$0.20 or above at each of the quarterly review dates, which will first commence on 1 March 2016, will be placed on the watch-list. Affected issuers who fail to take remedial actions during the cure period of 36 months may be delisted from the Mainboard of the SGX-ST.
- 2.3 For the past six (6) months prior to the Latest Practicable Date, the Shares have been trading in a range of between S\$0.162 and S\$0.188, which is below the MTP Requirement.
- 2.4 The highest and lowest closing market prices for each month immediately preceding six months and the transacted volume of the Shares traded on the SGX-ST for each such month, up to the Latest Practicable Date, are as follows:

	Lowest (S\$)	Highest (S\$)	Volume of traded Shares ('000)
December 2014	0.170	0.175	1,409
January 2015	0.170	0.185	3,842
February 2015	0.169	0.174	2,793
March 2015	0.165	0.172	831
April 2015	0.165	0.171	1,141
May 2015	0.165	0.180	1,000
1 June 2015 up to the Latest Practicable Date	0.165	0.170	451

- 2.5 The Board believes that the Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares outstanding and the trading price per Consolidated Share should theoretically be higher than the trading price per Share prior to the Proposed Share Consolidation. As at the date of this announcement, the Company's 6-Month VWAP is S\$0.1738 and the theoretical adjusted 6-Month VWAP based on the Consolidated Shares will be S\$0.8691.
- 2.6 The Proposed Share Consolidation would facilitate the Company's ability to satisfy the MTP Requirement to be imposed by the SGX-ST.
- 2.7 The resultant increase in the trading price of the Consolidated Shares may also increase the profile of the Company amongst investors and the coverage of the Company by research houses. This may, in turn, increase market interest and activity in the Consolidated Shares, and generally make the Shares more attractive to investors. In addition, the overall reduction in the number of Shares may allow for more efficiency in administering corporate actions by the Company.
- 2.8 Shareholders, however, should note that there is no assurance that the Proposed Share Consolidation will achieve any of the desired results, nor is there any assurance that such results (if achieved) can be sustained in the longer term.

3. INFORMATION ON THE PROPOSED SHARE CONSOLIDATION

- 3.1 Under the Proposed Share Consolidation, every five (5) Shares registered in the name of each Shareholder as at the Books Closure Date will be consolidated to constitute one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Share will be traded in board lots of 100 Consolidated Shares.
- 3.2 As at the date of this announcement, the Company had an issued and paid-up share capital comprising 939,809,064 Shares¹ & ². Following the Proposed Share Consolidation, the Company will have an issued share capital comprising 187,961,812 Consolidated Shares. On the assumption that all the outstanding Convertible Securities² are converted and/or exercised and that all the new Shares that are required to be allotted and issued are allotted and issued on or before the Books Closure Date, following the implementation of the Proposed Share Consolidation, the Company will have a share capital of up to 203,508,412 Consolidated Shares.
- 3.3 In determining the consolidation ratio, the Board has given due regard to volatility in the price of the Shares. The Board is of the view that a sufficient buffer has been provided to cater to fluctuations in the price of the Shares such that the Company could meet the minimum trading price per share of S\$0.20 in the long term.
- 3.4 Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Share arising from the Proposed Share Consolidation shall be disregarded. Shareholders should note that affected Shareholders will not be reimbursed for the fractional shares cancelled and not

¹ Including 1,200,000 treasury shares held by the Company. The Company has an existing share option scheme known as the "BRC Share Option Scheme 2011". There are 27,733,000 unexercised Options.

² As at the date of this announcement, the Company has outstanding (a) S\$10,000,000 Convertible Bonds issuable into 50,000,000 new Shares; and (b) 27,733,000 Options. Accordingly, an aggregate of up to 77,733,000 new Shares may be allotted and issued upon conversion and/or exercise of the Options and Convertible Bonds before the Books Closure Date. Pursuant to the respective terms of the Options and Convertible Bonds, adjustments will be made to the number of Shares to be issued and allotted upon conversion of the Convertible Bonds and exercise of the Options respectively such that following the Proposed Share Consolidation, up to 15,546,600 Consolidated Shares may be allotted and issued to the holders of the Options and Convertible Bonds assuming no Convertible Bonds are converted and no Options exercised prior to the Books Closure Date. Further details on the Convertible Bonds and the Options will be available in the circular which will be despatched to Shareholders in due course.

issued. In order to avoid any fractions of a Share arising from the Proposed Share Consolidation, Shareholders may wish to trade in odd lots on the SGX-ST's unit share market such that their holdings of Existing Shares will be a multiple of five (5) as at the Books Closure Date.

- 3.5 The Proposed Share Consolidation will have no impact on the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the shareholders' funds of the Company and its subsidiaries. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding.
- 3.6 Shareholders who hold physical share certificates may wish to deposit the same with the Central Depository (Pte) Limited ("**CDP**") and have their Shares credited to their securities accounts with CDP before the announcement of the Books Closure Date, as CDP will only accept the deposit of share certificates for Consolidated Shares after the Books Closure Date.

4. APPROVALS AND CONDITIONS

The Proposed Share Consolidation is subject to, amongst other things:

- (a) The approval of the SGX-ST for the Proposed Share Consolidation and the dealing in, listing of and quotation for up to 203,508,412 Consolidated Shares on the SGX-ST; and
- (b) The approval of Shareholders by ordinary resolution at the general meeting.

An application will be made to the SGX-ST for the dealing in, listing of and quotation of the Consolidated Shares pursuant to the Proposed Share Consolidation on the Official List of the SGX-ST.

5. EFFECTS ON OPTIONS

As at the date of this announcement, there are 27,733,000 options granted under the BRC Share Option Scheme 2011 adopted by the Company on 25 January 2011 ("**Options**").

Pursuant to Rule 10.1 of the BRC Share Option Scheme 2011, if there is a variation in the issued share capital of the Company (including a share consolidation), the exercise price in respect of the Shares, class and/or number of Shares comprised in the Options shall be adjusted by the committee comprising directors of the Company appointed to administer the BRC Share Option Scheme 2011 ("**Committee**") at its sole and absolute discretion.

Rule 10.3 of the BRC Share Option Scheme 2011 however provides that, notwithstanding the above:

- (a) No adjustment shall be made if as a result, a participant of the BRC Share Option Scheme 2011 receives a benefit that a Shareholder does not receive; and
- (b) Any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must be confirmed in writing by the auditors (currently Ernst & Young LLP) (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

Subject to the Proposed Share Consolidation being effected and receipt of the abovementioned confirmation in writing by the auditors, the following adjustments shall be made to the Options:

- (a) The option price for each Option shall be increased by a multiple of five (5); and
- (b) The number of Shares to be issued on exercise of the Options will be reduced by a factor of five (5).

The adjustment to the exercise price in respect of the Shares and number of Shares comprised in the Options will take effect on the date the Proposed Share Consolidation becomes effective. The holders of the Options granted under the BRC Share Option Scheme 2011 will be notified separately on the adjustments.

6. EFFECTS ON CONVERTIBLE BONDS

Pursuant to Condition 8.5 of the terms and conditions of the S\$10,000,000 equity-linked redeemable convertible bonds due 2019 issued and allotted by the Company on 16 May 2014 that are convertible into Shares ("**Convertible Bonds**"), in accordance with the terms and conditions of the convertible bond subscription agreement dated 23 April 2014 ("**Convertible Bond Subscription Agreement**") (set out in Schedule 3 of the Convertible Bond Subscription Agreement), the alteration to the number of Shares as a result of the Proposed Share Consolidation will constitute an event giving rise to an adjustment to the price at which Shares will be delivered upon conversion of the Convertible Bonds.

Subject to the Proposed Share Consolidation being effected, the conversion price for the Convertible Bonds will be increased by a multiple of five (5).

The adjustment to the conversion price in respect of the Shares comprised in the Convertible Bonds will take effect on the date the Proposed Share Consolidation becomes effective. The holders of the Convertible Bonds will be notified separately on the adjustments.

7. DESPATCH OF CIRCULAR

Subject to the receipt of the approval in-principle from the SGX-ST, a circular containing, *inter alia*, further information on the Proposed Share Consolidation will be despatched to Shareholders in due course.

In the meantime, shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. If in doubt, shareholders and potential investors are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.

On behalf of the Board

SEAH KIIN PENG
Executive Director

22 June 2015