

BRC ASIA LIMITED

*Incorporated in Singapore
Company Registration No. 193800054G*

DISPOSAL OF INTERESTS IN NUFORM SYSTEM ASIA PTE. LTD. AND NUFORMSYSTEM (M) SDN. BHD.

1. INTRODUCTION

The board of directors ("**Board**") of BRC Asia Limited ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce that on 10 July 2018, the Company and its wholly-owned subsidiary, BRC Prefab Holdings Sdn. Bhd., have entered into a conditional sale and purchase agreement ("**SPA**") with Nuform System Asia Pte. Ltd. ("**Nuform Singapore**") and Nuformsystem (M) Sdn. Bhd. ("**Nuform Malaysia**") to dispose of its 10% interest in Nuform Singapore for S\$1,500,000 ("**Nuform Singapore Disposal**") and 51% interest in Nuform Malaysia for RM3,060,000 (approximately S\$1,034,000) ("**Nuform Malaysia Disposal**").

The Nuform Singapore Disposal will be effected by way of a selective share buyback. The Nuform Malaysia Disposal will be effected by way of transfer of the Company's equity interest in Nuform Malaysia to Nuform Singapore.

The purchase consideration was determined at arm's length based on willing-buyer-willing-seller basis, and took into account the financial performance and position, as well as prospects, of Nuform Singapore and Nuform Malaysia. No independent valuation was conducted.

On satisfaction of conditions precedent under the SPA and completion of the Nuform Singapore Disposal and Nuform Malaysia Disposal (collectively, "**Disposals**"), the Company will cease to have any interest in Nuform Singapore and Nuform Malaysia, and Nuform Malaysia will cease to be a subsidiary of the Company. As part of the Disposals, all outstanding loans extended by the Company to Nuform Singapore and Nuform Malaysia (including the interests accrued thereon) and past payments made by BRC Prefab Holdings Sdn. Bhd. on behalf of Nuform Malaysia will also be repaid.

2. INFORMATION ON NUFORM SINGAPORE AND NUFORM MALAYSIA

Nuform Singapore is a private company incorporated in Singapore on 18 October 2010, and is principally engaged in the provision of formwork systems and solutions to the construction industry in Singapore. As at the date hereof, it has an issued and paid-up share capital of S\$12,000,000 comprising 11,666,667 ordinary shares, of which 10% is owned by the Company and the remaining 90% is owned by independent third parties.

Nuform Malaysia is a company incorporated in Malaysia on 10 May 2016, and is principally engaged in sales and leasing of construction and civil engineering machinery and equipment. As at the date hereof, it has an issued and paid-up share capital of RM6,000,000 comprising 6,000,000 ordinary shares of RM1.00 each, of which 51% is owned by the Company and 49% is owned by Nuform Singapore.

Based on the latest audited accounts of Nuform Singapore for the financial year ended 31 December 2016, Nuform Singapore made a net profit after tax ("**NPAT**") of S\$1,329,000 and had a net tangible asset value ("**NTA**") of S\$18,787,000 as at 31 December 2016. Based on the unaudited management accounts of Nuform Malaysia for the financial period commencing from the date of incorporation of Nuform Malaysia until 30 September 2017, Nuform Malaysia made a NPAT of RM1,517,000 (approximately S\$513,000) and had an NTA of RM\$2,317,000 (approximately S\$783,000) as at 30 September 2017.

3. RATIONALE AND USE OF PROCEEDS

Nuform Singapore and Nuform Malaysia's businesses will not be the Company's focus moving forward. The Disposals are part of the Group's strategy to strengthen its core businesses as well as consolidation of resources, in order to facilitate more focused and prudent use of resources. This will place the Group in a better position for growth and improved financial performance.

The net sale proceeds from the Disposals, after deducting all costs and expenses, is estimated to be approximately S\$2,534,000, and will be applied as working capital to fund the operations of the Group's core businesses.

4. FINANCIAL EFFECTS

The proforma financial effects of the Group after completion of the Disposals ("**Completion**") as set out below are for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the Group following Completion, nor a projection of the future financial performance or position of the Group after Completion.

Unless otherwise stated below, the proforma financial effects of Completion are based on the Group's audited consolidated financial statements for the financial year ended 30 September 2017 ("**FY2017**") and the following key assumptions:

- (a) Completion had taken place on 30 September 2017 for purposes of the financial effects on the NTA per share, and no adjustments were made to take into account the subscription by the Company of additional ordinary shares in the capital of Nuform Malaysia for a consideration of RM2,652,000 (approximately S\$896,000) subsequent to 30 September 2017;
- (b) Completion had taken place on 1 October 2016 for purposes of the financial effects on the earnings per share, and no adjustments were made to take into account the subscriptions by the Company of two tranches of additional ordinary shares in the capital of Nuform Malaysia for a consideration of RM204,000 (approximately S\$69,000) and RM2,652,000 (approximately S\$896,000) subsequent to 1 October 2016; and
- (c) the NTA per share is computed based on the 186,335,089 Shares in issue (excluding treasury shares) as at 30 September 2017, and the earnings per share of the Group is computed based on the weighted average number of 186,356,024 Shares in issue for the financial year ended 30 September 2017.

NTA per share

	<u>Before Completion</u>	<u>After Completion</u>
NTA ⁽¹⁾ attributable to shareholders of the Company (\$'000)	167,755	168,390 ⁽²⁾
Number of issued shares (excluding treasury shares) ('000)	186,335	186,335
NTA per share (Singapore cents)	90.03	90.37

Notes:

- (1) NTA means total assets less the sum of total liabilities, non-controlling interests and intangible assets.
- (2) The disposal of Nuform Malaysia would result in a gain of S\$635,000, which is arrived at after deducting the NTA of Nuform Malaysia attributable to shareholders of the Company of S\$399,000 as at 30 September 2017 from the sale proceeds of S\$1,034,000. The disposal of Nuform Singapore would not have an impact on the NTA of the Group as the sale consideration was equivalent to the cost of investment in Nuform Singapore as accounted for in the Group's FY2017 financial statements.

Earnings per share

	<u>Before Completion</u>	<u>After Completion</u>
Earnings attributable to shareholders of the Company (\$'000)	2,118	2,821 ⁽¹⁾
Weighted average number of ordinary shares (excluding treasury shares) ('000)	186,356	186,356
Earnings per share (Singapore cents)	1.137	1.514

Note:

- (1) This takes into account: (a) gain of S\$965,000 if Nuform Malaysia had been disposed of on 1 October 2016, after taking into account, sale proceeds of \$1,034,000 and NTA of Nuform Malaysia attributable to shareholders of the Company of S\$69,000 as at 1 October 2016, and (b) the Company's share of earnings of S\$262,000 contributed by Nuform Malaysia in the Group's FY2017 financial statements. The disposal of Nuform Singapore would not have an impact on the earnings per share of the Group as the sale consideration was equivalent to the cost of investment in Nuform Singapore as accounted for in the Group's FY2017 financial statements and Nuform Singapore did not contribute to the earnings of the Group under the Group's FY2017 financial statements.

Loss on Disposals

The deficit from the net sale proceeds of \$2,534,000 over the aggregate book value of S\$3,441,000, attributable to shareholders of the Company as at 31 March 2018, is approximately S\$907,000.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("LISTING MANUAL")

The relative figures for the Disposals computed on the bases set out in Rule 1006 of the Listing Manual and based on the Group's unaudited financial results for 1HY2018 are as follows:

Rule 1006	Bases	Relative Figure
(a)	Net asset value of the assets to be disposed of as at 31 March 2018 as accounted for in the Group's 1HY2018 (S\$5,305,000), compared with the Group's net asset value as at 31 March 2018 (S\$227,541,000).	2.3%
(b)	The net profits ⁽¹⁾ of S\$578,000 ⁽²⁾ attributable to the assets to be disposed of as accounted for in the Group's 1HY2018 financial statements, compared with the Group's net profits ⁽¹⁾ of S\$3,569,000 for 1HY2018.	16.2%
(c)	The aggregate value of the consideration received from the Disposals, compared with the market capitalisation of the Company based on the total number of issued shares excluding treasury shares and the weighted average price of S\$1.29 per share on 9 July 2018 (being the last market day preceding the date of the SPA).	0.8%

Notes:

(1) "Net profits" means profit before income tax, minority interests and extraordinary items.

(2) For the six (6) months' financial period ended 31 March 2018.

Based on the above, as the relative figure computed on the bases set out in Rule 1006 exceeds 5% but does not exceed 20%, the Disposals constitute discloseable transactions under Rule 1010 of the Listing Manual.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposals other than by reason only of being a Director of the Company or a holder of shares in the capital of the Company.

7. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Disposals. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8. DOCUMENT FOR INSPECTION

A copy of the SPA is available for inspection at the registered office of the Company at 350 Jalan Boon Lay, Singapore 619530 for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Lee Chun Fun
Company Secretary
11 July 2018