

BRC ASIA LIMITED

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

PROPOSED PLACEMENT OF UP TO 10,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF BRC ASIA LIMITED AT THE ISSUE PRICE OF S\$1.42 FOR EACH NEW ORDINARY SHARE

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") of BRC Asia Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company had, on 18 January 2021, entered into a placement agreement (the "**Placement Agreement**") with CGS-CIMB Securities (Singapore) Pte. Ltd. as the placement agent (the "**Placement Agent**").

Pursuant to the Placement Agreement, the Company has agreed to offer, by way of placement, and the Placement Agent has agreed to procure subscriptions on a best efforts basis for, an aggregate of up to 10,000,000 new ordinary shares in the capital of the Company (the "**Placement Shares**") at an issue price of S\$1.42 ("**Placement Price**") for each Placement Share, amounting to an aggregate consideration of up to S\$14,200,000 (the "**Placement**").

The Placement is not underwritten and will be undertaken by way of an exempt offering in Singapore in accordance with Section 274 (institutional investors) and Section 275 (accredited investors and certain other persons) of the Securities and Futures Act, Chapter 289 of Singapore. Accordingly, no prospectus or offer information statement will be issued by the Company in connection with the Placement.

2. THE PLACEMENT

2.1 The Placement Price

The Placement Price represents a discount of approximately 9.44% to the volume weighted average price of S\$1.5680 per ordinary share in the capital of the Company ("**Share**") for trades done on the Shares on the SGX-ST for the full market day on 13 January 2021, being the last full market day preceding the date on which the Placement Agreement was signed¹.

The discount of 9.44% is within the 10% discount limit as stated in Rule 811(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

2.2 The Placement Shares

Assuming all the Placement Shares are placed out, the Company's issued share capital will increase from 233,335,089 Shares (excluding 1,626,600 treasury shares) as at the date of this announcement to 243,335,089 Shares (excluding 1,626,600 treasury shares). The Placement Shares represent approximately 4.29% of the existing issued share capital of the Company comprising 233,335,089 Shares (excluding 1,626,600 treasury shares) as at the date of this announcement and will represent 4.11% of the enlarged issued share capital of the Company of 243,335,089 Shares (excluding 1,626,600 treasury shares), assuming all the Placement Shares are placed out.

The Placement Shares, when issued and delivered, will be free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto and shall rank *pari passu* in all respects with the Shares existing as at the date of issue of the

¹ There was a trading halt for the Shares on 14 January 2021, shortly after which the Placement Agreement was entered into between the Company and the Placement Agent.

Placement Shares save for dividends, rights, allotments or other distributions, the record date of which falls on or before the date of allotment and issue of the Placement Shares.

The Placement Shares will not be placed to any person who is a Director or a substantial shareholder of the Company ("**Substantial Shareholder**"), an interested person as defined in Chapter 9 of the Listing Manual of the SGX-ST or any other person in the categories set out in Rule 812(1) of the Listing Manual of the SGX-ST, unless such subscription is otherwise agreed to by the SGX-ST.

The Placement will not result in any transfer of controlling interest of the Company. The number of Placement Shares to be placed to any end-pledgee is not expected to result in the end-pledgee becoming a Substantial Shareholder. In the event that any end-pledgee becomes a Substantial Shareholder as a result of the Placement, a further announcement will be released in accordance with applicable SGX-ST listing rules and guidelines.

2.3 Authority for the issuance of the Placement Shares

The Placement Shares will be allotted and issued pursuant to the general share issue mandate approved by shareholders of the Company ("**Shareholders**") by way of an ordinary resolution ("**General Mandate**") at the annual general meeting of the Company held on 30 January 2020 ("**2020 AGM**").

The General Mandate grants authority to the Directors to, *inter alia*, allot and issue new Shares not exceeding 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2020 AGM, of which the aggregate number of Shares to be issued other than on a pro rata basis to existing Shareholders shall not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2020 AGM.

As at the date of the 2020 AGM, the Company had 233,335,089 Shares in issue (excluding 1,626,600 treasury shares). As at the date of this announcement, the Company has not allotted and issued any new Shares under the General Mandate. Therefore, the maximum number of new Shares which may be issued other than on a pro-rata basis to existing Shareholders pursuant to the General Mandate is 46,667,017 new Shares. Accordingly, the proposed allotment and issue of the Placement Shares falls within the limit of the General Mandate.

2.4 Additional Listing Application

The Company will be applying to the SGX-ST for the dealing in, listing of and quotation for the Placement Shares on the SGX-ST Mainboard and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

3. SALIENT TERMS OF THE PLACEMENT AGREEMENT

3.1 Placement Commission

In consideration of the agreement of the Placement Agent to procure subscribers on a best efforts basis for the Placement Shares, the Company shall pay to the Placement Agent a placement commission equal to 2.80% of the Placement Price for each Placement Share (the "**Placement Commission**"), multiplied by the relevant number of Placement Shares allotted and issued by the Company under the Placement for which the Placement Agent has procured subscribers.

3.2 Placement Completion

Subject to the terms and conditions of the Placement Agreement, completion of the Placement (the "**Completion**") shall take place at 7.30 a.m. (the "**Completion Time**") on the date falling three business days after the receipt of the approval-in-principle from the SGX-ST for the listing and quotation of the Placement Shares on the Mainboard of the SGX-ST, or such other date as the parties hereto may agree but in any event being a date not later than 26 February 2021, or

such later date as the parties to the Placement Agreement may mutually agree (the "**Completion Date**").

3.3 Conditions Precedent

Completion of the Placement pursuant to the Placement Agreement is conditional upon, *inter alia*, the following conditions:

- (a) the representations and warranties of the Company contained in the Placement Agreement being true and correct on the Completion Date as though they had been given and made on such date with reference to the facts and circumstances then subsisting and the Company having performed all its obligations to be performed under the Placement Agreement on or before such date;
- (b) the receipt of the approval-in-principle from the SGX-ST for the listing and quotation of the Placement Shares on the Mainboard of the SGX-ST; there not having occurred any revocation, amendment or withdrawal of such approval and where such approval is subject to conditions, such conditions being acceptable to the Placement Agent, and to the extent that any conditions to such approval are required to be fulfilled on or before the Completion Date, they are so fulfilled to the satisfaction of the SGX-ST or waived by the SGX-ST;
- (c) as of the Completion Date, the trading of the Placement Shares on the SGX-ST not being suspended by the SGX-ST (other than a trading halt on a temporary basis requested by the Company) and the Placement Shares not being delisted from the SGX-ST;
- (d) the Placement Shares being issued in reliance on the share issue mandate obtained by the Company in its annual general meeting on 30 January 2020 and there being no further shareholders' approval required for and in connection with the Placement; and
- (e) since the date of the Placement Agreement, there having been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), business, prospects, results of operations, assets or properties of the Group that is material in the context of the Placement or the issue of the Placement Shares thereunder.

4. RATIONALE FOR THE PLACEMENT AND USE OF PROCEEDS

The estimated amount of proceeds from the Placement (net of estimated expenses of approximately S\$477,600 in connection with the Placement) will be approximately S\$13,722,400 ("**Net Proceeds**").

The Company has decided to undertake the Placement in order to increase resources available to the Company. The Directors are also of the opinion that the Net Proceeds will further strengthen and supplement the Group's financial position and capital base.

The Company intends to apply all of the Net Proceeds to the repayment of the Group's outstanding bank borrowings.

Pending the deployment of the Net Proceeds, the Net Proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit in the interests of the Company from time to time.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use. 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 the Net Proceeds in its annual report(s). Where the Net Proceeds have

been used for working capital purposes, the Company will provide a breakdown with specific details on how such proceeds have been applied in its announcement(s) and annual report(s).

5. FINANCIAL EFFECTS OF THE PLACEMENT

5.1 The financial effects of the Placement are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual future financial situation of the Company and the Group after the completion of the Placement.

The financial effects of the Placement have been computed based on the audited consolidated financial statements of the Group for the financial year ended 30 September 2020. The financial effects are based on the following assumptions:

- (a) the financial effect on the net asset value ("**NAV**") per Share is computed based on the assumption that the Placement was completed on 30 September 2020; and
- (b) the financial effect on the earnings per Share ("**EPS**") is computed based on the assumption that the Placement was completed on 1 October 2019.

5.2 Share Capital

Assuming all the Placement Shares are placed out, the Company's issued share capital will increase from 233,335,089 Shares (excluding 1,626,600 treasury shares) as at the date of this announcement to 243,335,089 Shares (excluding 1,626,600 treasury shares). The Placement Shares represent approximately 4.29% of the existing issued share capital of the Company comprising 233,335,089 Shares (excluding 1,626,600 treasury shares) as at the date of this announcement and will represent approximately 4.11% of the enlarged issued share capital of the Company of 243,335,089 Shares (excluding 1,626,600 treasury shares).

5.2 NAV per Share

	Before the Placement	After the Placement
NAV as at 30 September 2020 (S\$ '000)	264,547	278,269
Number of Shares (excluding treasury shares)	233,335,089	243,335,089
NAV per Share as at 30 September 2020 (Singapore cents)	113.38	114.36

5.3 Earnings per Share

	Before the Placement	After the Placement
Weighted average number of Shares	233,335,089	243,335,089
Earnings per Share as at 30 September 2020 (Singapore cents)	8.72	8.36

6. CONFIRMATION BY THE PLACEMENT AGENT

The Placement Agent has confirmed that:

- (a) in the course of the Placement Agent procuring end-placees for the Placement Shares, the Placement Agent will not offer any benefit to any of the end-placees other than by the placement of the Placement Shares to them;
- (b) the Placement Shares will not be placed to any person who is a Director or a Substantial Shareholder, an interested person as defined in Chapter 9 of the Listing Manual of the SGX-ST or any other person in the categories set out in Rule 812(1) of the Listing Manual of the SGX-ST; and
- (c) the Placement will not result in a transfer of controlling interest of the Company.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or Substantial Shareholders of the Company have any interest, direct or indirect, in the Placement (other than their direct or indirect shareholdings in the Company).

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

9. DOCUMENTS AVAILABLE FOR INSPECTION

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

10. FURTHER ANNOUNCEMENTS

The Company will continue to keep Shareholders updated and release announcements relating to the Placement (including any material developments and progress made) as may be appropriate from time to time.

11. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Placement is subject to the fulfilment of, inter alia, the conditions precedent set out above, and accordingly, should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Seah Kiin Peng
Executive Director and Chief Executive Officer
18 January 2021

Important Notice

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore: The Placement Shares are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 and "Excluded Investment Products" (as defined in MAS Notice SFA 04- N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).