

CIRCULAR DATED 14 MARCH 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of BRC Asia Limited represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the contents of this Circular, including the accuracy of any statements made, opinions expressed or reports contained in this Circular.



BRC ASIA LIMITED
(Registration No. 193800054G)
(Incorporated in Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**PROPOSED ACQUISITION
OF LEE METAL GROUP LTD**

Financial Adviser to the Company in relation to the VGO (as defined herein)



UNITED OVERSEAS BANK LIMITED
(Registration No. 193500026Z)
(Incorporated in Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form : 26 March 2018 at 10.00 a.m.
Date and time of Extraordinary General Meeting : 29 March 2018 at 10.00 a.m.
Place of Extraordinary General Meeting : 5 Sixth Lok Yang Road, Singapore 628103

TABLE OF CONTENTS

	Page
CORPORATE INFORMATION	03
DEFINITIONS	04
LETTER TO SHAREHOLDERS	06
1. INTRODUCTION.....	06
2. INFORMATION ON LEE METAL.....	07
3. DETAILS OF THE VGO	08
4. RATIONALE	12
5. FINANCIAL EFFECTS	12
6. INTENTIONS IN RELATION TO LEE METAL.....	14
7. ESTEEL UNDERTAKING.....	14
8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS.....	14
9. SERVICE CONTRACT.....	14
10. DIRECTORS' RECOMMENDATION.....	15
11. EXTRAORDINARY GENERAL MEETING	15
12. ACTION TO BE TAKEN BY SHAREHOLDERS.....	15
13. DIRECTORS' RESPONSIBILITY STATEMENT.....	15
14. FINANCIAL ADVISER.....	16
15. DOCUMENTS AVAILABLE FOR INSPECTION.....	16
NOTICE OF EXTRAORDINARY GENERAL MEETING	17
PROXY FORM	19

CORPORATE INFORMATION

Board of Directors	:	Teo Ser Luck (Independent Non-executive Chairman) Seah Kiin Peng (Executive Director) Xu Jiguo (Executive Director) Zhang Xingwang (Executive Director) Ooi Seng Soon (Lead Independent Director) Tan Lee Meng (Independent Director)
Company Secretaries	:	Lee Chun Fun / Low Mei Wan
Registered Office	:	350 Jalan Boon Lay Singapore 619530
Share Registrar	:	Tricor Barbinder Share Registration Services 80 Robinson Road #11-02 Singapore 068898
Legal Adviser to the Company	:	Rajah & Tann Singapore LLP 9 Battery Road #25-01 Singapore 049910
Financial Adviser to the Company	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires:

“Act”	: The Companies Act, Chapter 50 of Singapore for the time being
“Announcement”	: The pre-conditional voluntary cash offer announcement made by UOB, for and on behalf of the Company, on 21 February 2018
“Board”	: The board of Directors of the Company
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders
“Code”	: The Singapore Code on Take-overs and Mergers
“Company”	: BRC Asia Limited
“Directors”	: The directors of the Company for the time being
“EGM”	: The extraordinary general meeting of Shareholders, which notice is set out on pages 17 and 18 of this Circular
“EPS”	: Earnings per share
“Esteeel”	: Esteeel Enterprise Pte. Ltd., being the controlling Shareholder of the Company
“FY”	: The financial year ended, or as the case may be, ending 30 September
“Group”	: The Company and its subsidiaries
“Latest Practicable Date”	: 6 March 2018, being the latest practicable date prior to the printing of this Circular
“Lee Metal”	: Lee Metal Group Ltd, a company incorporated in Singapore and which shares are listed on the Mainboard of the SGX-ST
“Lee Metal FY”	: The financial year of Lee Metal ended, or as the case may be, ending 31 December
“Lee Metal Group”	: Lee Metal and its subsidiaries
“Lee Metal Offer Shares”	: Issued and paid-up ordinary shares in the capital of Lee Metal, other than those already owned, controlled or agreed to be acquired by the Company
“Lee Metal Shareholders”	: Shareholders of Lee Metal
“Lee Metal Shares”	: The ordinary shares of Lee Metal
“Listing Manual”	: The listing manual of the SGX-ST for the time being
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“Notice of EGM”	: The notice of EGM set out on pages 17 and 18 of this Circular
“NTA”	: Net tangible assets
“Offer Document”	: The formal offer document to be issued by UOB, for and on behalf of the Company, in relation to the VGO
“Offer Price”	: The consideration of S\$0.42 in cash for each Lee Metal Offer Share
“Pre-Conditions”	: The pre-conditions to the VGO, as set out and defined in Section 1 of this Circular
“Proxy Form”	: The proxy form in respect of the EGM
“SGXNET”	: The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
“SGX-ST”	: The Singapore Exchange Securities Trading Limited
“Shareholders”	: The registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with those Shares

DEFINITIONS

“Shares”	: The ordinary shares of the Company
“S\$” and “cents”	: Singapore dollars and cents respectively, being the lawful currency of Singapore
“Undertakings”	: Irrevocable undertakings received by the Company from certain Lee Metal Shareholders, as set out and defined in Section 3.2 of this Circular
“UOB”	: United Overseas Bank Limited, acting as financial adviser to the Company, in relation to the VGO
“VGO”	: The voluntary conditional cash offer to be made by the Company for all the Lee Metal Offer Shares in accordance with Rule 15 of the Code
“VGO Announcement”	: The formal offer announcement to be made by UOB, for and on behalf of the Company, of its firm intention to undertake the VGO, upon satisfaction or waiver of the Pre-Conditions
“VGO Closing Date”	: The closing date of the VGO to be announced by UOB, for and on behalf of the Company
“VWAP”	: Volume weighted average price
“%” or “per cent.”	: Percentage or per centum

The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore, as may be amended, modified or supplemented from time to time.

The terms “**subsidiaries**”, “**substantial shareholders**” and “**related corporations**” shall have the meanings ascribed to them respectively in the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any discrepancies in this Circular between the listed amounts (including percentages) and the totals thereof are due to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures that precede them.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date unless otherwise stated.

Unless otherwise stated, references in this Circular to the total number of issued Shares and Lee Metal Shares are based on 230,035,089 Shares and 474,551,093 Lee Metal Shares respectively as at the Latest Practicable Date (based on searches conducted with the Accounting and Corporate Regulating Authority of Singapore on such date).

LETTER TO SHAREHOLDERS

BRC ASIA LIMITED

(Registration No. 193800054G)

(Incorporated in Singapore)

Directors:

Teo Ser Luck (Independent Non-executive Chairman)
Seah Kiin Peng (Executive Director)
Xu Jiguo (Executive Director)
Zhang Xingwang (Executive Director)
Ooi Seng Soon (Lead Independent Director)
Tan Lee Meng (Independent Director)

Registered Office:

350 Jalan Boon Lay
Singapore 619530

14 March 2018

To: Shareholders of the Company

Dear Sir / Madam

PROPOSED ACQUISITION OF LEE METAL GROUP LTD

1. INTRODUCTION

Pursuant to announcements dated 21 February 2018 and 26 February 2018 made by UOB, for and behalf of the Company, the Company will make a voluntary conditional cash offer for all the Lee Metal Offer Shares in accordance with Rule 15 of the Code (“**VGO**”) at the Offer Price of S\$0.42 in cash per Lee Metal Offer Share, subject to the fulfilment (or waiver by the Company, if applicable) of the following conditions within six calendar months of the Announcement (collectively “**Pre-Conditions**”):

- (a) the Competition Commission of Singapore having made a favourable decision that the VGO will not, if validly accepted and/or carried into effect, infringe the prohibition under Section 54 of the Competition Act, Chapter 50B of Singapore; and
- (b) the approval of the SGX-ST for the despatch of the circular to shareholders of the Offeror convening a general meeting of the Offeror to approve the Offeror undertaking the acquisition of all the Lee Metal Offer Shares pursuant to the VGO in accordance with the listing rules of the SGX-ST.

Upon fulfilment (or waiver by the Company, as applicable) of the Pre-Conditions in paragraphs (a) and (b) above, the Company will promptly announce its firm intention to undertake the VGO.

In respect of the Pre-Condition in paragraph (a) above, the Company has made an application to the Competition Commission of Singapore for its decision. As at the Latest Practicable Date, the Pre-Condition in paragraph (a) above remains to be fulfilled (or waived by the Company, as applicable). The Pre-Condition in paragraph (b) above has been satisfied with the SGX-ST stating its non-objection to the issue of this Circular, as announced on 6 March 2018.

The SGX-ST’s non-objection to the issue of this Circular is not to be taken as an indication of the merits of the VGO, the Company and/or its subsidiaries.

LETTER TO SHAREHOLDERS

Based on the Offer Price, the aggregate consideration payable by the Company is S\$199,311,459, assuming full acceptance by Lee Metal Shareholders under the VGO.

The purpose of this Circular is to provide Shareholders with relevant information relating to the VGO, and to seek Shareholders' approval at the EGM for the VGO.

2. INFORMATION ON LEE METAL

(Information relating to Lee Metal has been extracted from publicly available sources.)

Lee Metal was incorporated in December 1982 and is an established distributor and fabricator of steel products as well as a recognised international trader of steel and steel related products in the region. It employs over 500 employees and has a presence in Singapore, Malaysia, and Hong Kong. In Singapore, its primary business activity is fabrication of reinforcement steel products for the construction and building industry. Its reinforcement steel products, including stock lengths, cut-and-bend fabricated bars and steel welded mesh, are used in the domestic construction industry in both public and private sectors, including HDB and SMRT projects.

Additional information on Lee Metal can be found at its website at <http://www.leemetalgroup.com>.

Key financial information

The summary financial performance and financial position of the Lee Metal Group set out below are extracted from its audited consolidated financial statements for Lee Metal FY2015 and Lee Metal FY2016 and unaudited consolidated financial statements for Lee Metal FY2017:

Summary Income Statement

(In S\$ millions)	Lee Metal FY2015	Lee Metal FY2016	Lee Metal FY2017
Turnover	445.4	318.6	339.0
Profit before income tax	18.4	14.8	7.1
Profit for the year attributable to owners of Lee Metal	15.6	13.3	7.5

Summary Balance Sheet

(In S\$ millions)	Lee Metal FY2015	Lee Metal FY2016	Lee Metal FY2017
Current assets	269.8	250.1	330.6
Non-current assets	66.1	58.4	55.6
Current liabilities	132.1	118.9	199.7
Non-current liabilities	23.0	4.8	3.9
Equity attributable to owners of Lee Metal	180.7	184.9	182.6

Based on the unaudited consolidated financial statements for Lee Metal FY2017, the Lee Metal Group has a book value and NTA of S\$182,614,000.

LETTER TO SHAREHOLDERS

Shareholders should note that Lee Metal, being a company listed on the SGX-ST, has released and will release information through SGXNET. Accordingly, Shareholders who wish to obtain fuller details of Lee Metal or be kept updated on developments of Lee Metal should access the information of Lee Metal on SGXNET.

In particular, the Lee Metal Group's audited consolidated financial statements for Lee Metal FY2015 and Lee Metal FY2016 and unaudited consolidated financial statements for Lee Metal FY2017 are available at <http://www.sgx.com>.

3. DETAILS OF THE VGO

3.1 Pre-Conditions

The making of the VGO is subject to the fulfilment (or waiver by the Company, as applicable) of the Pre-Conditions as set out in Section 1 of this Circular within six calendar months of the Announcement.

3.2 Salient Terms of the VGO

Subject to and contingent upon the fulfillment or waiver of the Pre-Conditions, the Company will make the VGO for all the Lee Metal Offer Shares on the following terms and conditions:

Lee Metal Offer Shares

The VGO will be made for all the Lee Metal Offer Shares in accordance with Rule 15 of the Code and subject to the terms and conditions to be set out in the Offer Document.

Offer Price

The consideration for each Lee Metal Offer Share is S\$0.42 in cash ("**Offer Price**").

No Encumbrances

The Lee Metal Offer Shares will be acquired:

- (a) properly and validly issued and fully paid-up;
- (b) free from all mortgages, assignments, debentures, liens, hypothecation, charges, pledges, adverse claims, rent-charge, title retention, claims, equity, options, pre-emption rights, rights to acquire, security agreement and security interest or other rights of whatever nature; and
- (c) together with all rights, benefits and entitlements attached as at the date of the VGO Announcement.

As such, if the books closure date for determination of entitlements to any dividend, right or other distribution or return of capital (collectively "**Distributions**") by Lee Metal ("**Books Closure Date**") falls on or after the date of the VGO Announcement, the Company reserves the right to reduce the Offer Price payable to such accepting Lee Metal Shareholder by an amount equivalent to such dividend, right, other distribution or return of capital, as follows:

LETTER TO SHAREHOLDERS

- (i) if the settlement date for acceptance of the VGO falls on or before the Books Closure Date, no adjustment to the Offer Price will be made, as the Company will receive the Distribution (and not the accepting Lee Metal Shareholder); and
- (ii) if the settlement date for acceptance of the VGO falls after the Books Closure Date, the Offer Price will be reduced by an amount equivalent to the Distribution, as the Distribution will be received by the accepting Lee Metal Shareholder (and not the Company).

Minimum Acceptance Condition

The VGO (if and when made) will be conditional upon the Company receiving, valid acceptances in respect of such number of Lee Metal Offer Shares which, when taken together with the Lee Metal Shares owned, controlled or agreed to be acquired by the Company and parties acting in concert with it (either before or during the VGO and pursuant to the VGO or otherwise), would result in the Company holding such number of Lee Metal Shares carrying more than 50% of the voting rights attributable to the issued Lee Metal Shares (excluding any Lee Metal treasury shares), by the VGO Closing Date.

Undertakings

The Company has received irrevocable undertakings from the following Lee Metal Shareholders to accept the VGO (if and when made) in respect of an aggregate 228,052,952 Lee Metal Offer Shares (comprising 48.06% of the entire issued Lee Metal Shares) (collectively “**Undertakings**”):

- (a) Lee Lin Poey, in respect of 83,888,608 Lee Metal Offer Shares (comprising 17.68% of the entire issued Lee Metal Shares);
- (b) Lee Hock Seng, in respect of 49,060,453 Lee Metal Offer Shares (comprising 10.34% of the entire issued Lee Metal Shares);
- (c) Lee Heng Thiam, in respect of 46,597,471 Lee Metal Offer Shares (comprising 9.82% of the entire issued Lee Metal Shares);
- (d) Lee Siew Khim, in respect of 24,592,310 Lee Metal Offer Shares (comprising 5.18% of the entire issued Lee Metal Shares); and
- (e) Lee Siew Choo, in respect of 23,914,110 Lee Metal Offer Shares (comprising 5.04% of the entire issued Lee Metal Shares),

which Undertakings are valid for the period until the earlier of lapse or close of the VGO.

The Lee Metal Offer Shares comprised in the Undertakings will be counted towards the VGO minimum acceptance condition.

LETTER TO SHAREHOLDERS

Financial Evaluation

The Offer Price of S\$0.42 represents the following premia over the historical transacted prices of the Lee Metal Shares on the SGX-ST:

Period	Benchmark Price⁽¹⁾⁽²⁾ (S\$)	Premium over Benchmark Price⁽³⁾ (%)
Last traded price of the Lee Metal Shares on the SGX-ST on 20 February 2018 prior to the trading halt on the Lee Metal Shares, preceding the Announcement Date	0.410	2.4
Last traded price of the Lee Metal Shares on 10 November 2017, being the last full Market Day prior to the announcement by Lee Metal on notification by certain Lee Metal Shareholders of an unsolicited approach in relation to their Lee Metal Shares (“ Last Undisturbed Trading Day ”)	0.385	9.1
VWAP per Lee Metal Share for the one month period up to and including the Last Undisturbed Trading Day	0.368	14.1
VWAP per Lee Metal Share for the three month period up to and including the Last Undisturbed Trading Day	0.346	21.4
VWAP per Lee Metal Share for the six month period up to and including the Last Undisturbed Trading Day	0.332	26.5
VWAP per Lee Metal Share for the 12 month period up to and including the Last Undisturbed Trading Day	0.316	32.9

Notes:

- (1) Based on data extracted from Bloomberg L.P..
- (2) Figures rounded to the nearest three (3) decimal places.
- (3) Percentage figures are rounded to the nearest one (1) decimal place.

3.3 Source of Funds for the VGO

Based on the Offer Price, the aggregate consideration payable to the Lee Metal Shareholders by the Company is S\$199,311,459 in cash, assuming full acceptance under the VGO. The aggregate consideration will be fully funded through a shareholder’s loan of S\$23,100,000 from Esteel, bank borrowings of S\$129,311,459 and internal cash resources of S\$46,900,000.

The shareholder’s loan from Esteel bears interest at 4.5% per annum (amounting to around S\$1,040,000), which is approximately 0.62% of the Group’s latest audited NTA of S\$168,177,000, and therefore constitutes a non-disclosable interested person transaction under Chapter 9 of the Listing Manual.

The Offer Price was determined after taking into consideration, amongst other things, the rationale for the VGO as described in Section 4 of this Circular and the financial performance of Lee Metal and its historical trading prices.

LETTER TO SHAREHOLDERS

3.4 Relative Figures under Chapter 10 of the Listing Manual

Based on the Group's latest announced consolidated financial results for the first quarter ended 31 December 2017, the relative figures of the VGO under Listing Rule 1006 are set out below.

Rule 1006	Bases	Relative Figures (%)
(a)	<i>Net asset value of the assets to be disposed of, compared with the Group's net asset value</i>	Not applicable, as the VGO is not a disposal.
(b)	<i>Net profits⁽¹⁾ attributable to the assets acquired, compared with the Group's net profits⁽¹⁾</i>	10.57% The net profits of the Lee Metal Group based on its latest announced unaudited consolidated financial results for the three months ended 31 December 2017 is S\$316,000. The net profits of the Group based on its latest announced unaudited consolidated financial results for the three months ended 31 December 2017 is S\$2,989,000.
(c)	<i>Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares</i>	62.15% Based on the Offer Price, the aggregate consideration payable by the Company is S\$199,311,459, assuming full acceptance by Lee Metal Shareholders under the VGO. The market capitalisation of the Company as at the date of the Announcement is S\$320,668,914, determined by multiplying the total issued Shares of 230,035,089 Shares by the VWAP of S\$1.394 per Share, for trades done on 20 February 2018, being the Market Day preceding the date of the Announcement.
(d)	<i>Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue</i>	Not applicable, as no equity securities will be issued by the Company in the transaction.
(e)	<i>The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets</i>	Not applicable, as the Group is not a mineral, oil or gas company.

Note:

- (1) Pursuant to Rule 1002(3)(b) of the Listing Manual, "net profits" means profit before income tax, minority interests and extraordinary items.

The VGO constitutes a major transaction under Rule 1014 of the Listing Manual, and requires the approval of Shareholders at the EGM.

4. RATIONALE

The Directors believe that the VGO would be in the best interests of Shareholders for the following reasons:

(a) Capitalise on Lee Metal's well-established trading platform

Lee Metal actively trades internationally in intermediate products such as reinforcement steel products, with customers comprising mainly of steel mills in the region. The Company believes that post successful completion of the VGO (if and when made), it will be well-positioned to capitalise on Lee Metal's trading platform to expand its service / product offerings.

(b) Combination of complementary business and expertise to realise potential synergies

The Company is of the view that Lee Metal's and its business are complementary and there are potential synergies that can be created, including cross-selling to an enlarged customer base, economies of scale, improvement of productivity and cost efficiency, as well as the sharing of domain knowledge such as know-hows and best practices.

5. FINANCIAL EFFECTS

The financial effects of the VGO on the Group as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the VGO. The financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2017 and the latest unaudited consolidated financial statements of the Lee Metal Group for Lee Metal FY2017, and on the following key assumptions:

- (a) there is full acceptance of the VGO by all Lee Metal Shareholders at the Offer Price;
- (b) the effect of the transaction on the EPS of the Group is based on the assumption that the VGO had been effected at the commencement of FY2017;
- (c) the effect of the transaction on the NTA per Share of the Group is based on the assumption that the VGO had been effected at the end of FY2017;
- (d) the VGO is funded by way of shareholders' loan from Esteel, bank borrowings and internal cash resources;
- (e) the financial effects computation below has taken into account estimated transaction costs of approximately S\$3,700,000 and borrowing costs of approximately S\$4,850,000;
- (f) the assets and liabilities of the Lee Metal Group are based on their respective book values and no fair valuation exercise has been undertaken in respect of such assets and liabilities; and
- (g) there is no impact on the profit and loss and NTA of the Group as a result of any goodwill or intangibles arising from the VGO.

LETTER TO SHAREHOLDERS

Share Capital

The VGO has no impact on the share capital of the Company.

EPS

EPS	Before completion of the VGO	After completion of the VGO
Profit for the year attributable to owners of the Company (S\$'000)	2,118	1,073
Weighted average number of ordinary Shares (excluding treasury shares) ('000)	186,356	186,356
EPS (cents)	1.14	0.58

Note(s):

EPS is calculated based on profit attributable to owners of the Company and weighted average number of ordinary shares (excluding treasury shares) as at 30 September 2017.

NTA

NTA	Before completion of the VGO	After completion of the VGO
Consolidated NTA (S\$'000)	167,755	164,055
Number of issued Shares (excluding treasury shares)('000)	186,335	186,335
NTA (cents)	90.03	88.04

Note(s):

NTA is calculated based on the net tangible assets attributable to owners of the Company and the number of issued shares (excluding treasury shares) as at 30 September 2017.

Gearing

Gearing	Before completion of the VGO	After completion of the VGO
Net borrowings (S\$'000)	39,159	318,955
Total equity (S\$'000)	168,177	164,477
Gearing (time)	0.23	1.94

Note(s):

Gearing represents the ratio of total net borrowings to total equity.

6. INTENTIONS IN RELATION TO LEE METAL

Upon completion of the VGO (if and when made), the Company may undertake a strategic and operational review of Lee Metal and its subsidiaries with a view to realising synergies, scale, cost efficiencies and growth potential.

The Company presently has no intention to introduce any major changes to the business of Lee Metal, or to discontinue the employment of any of the existing employees of the Lee Metal Group or re-deploy any of the fixed assets of Lee Metal, other than in the ordinary course of business. The Company however retains the flexibility at any time to consider options or opportunities which may present themselves.

Subject to achieving the requisite acceptances, the Company will consider delisting Lee Metal from the SGX-ST in the event it achieves the requisite acceptances for such delisting, in order to facilitate management and operational control and leverage over Lee Metal and its subsequent developments. Consistent therewith, the Company, when entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to take steps for any trading suspension of the Lee Metal Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the total number of Lee Metal Shares (excluding any Lee Metal Shares held by Lee Metal as treasury shares) are held in public hands. In addition, the Company further reserves the right to seek a voluntary delisting of Lee Metal from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

7. ESTEEL UNDERTAKING

Esteeel, being the major controlling shareholder of the Company holding 167,795,536 Shares (comprising 72.94% of the entire issued Shares), has irrevocably undertaken to vote in favour of the VGO at the EGM.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Esteeel, being the controlling Shareholder of the Company, as well as the shareholders of Esteeel, are providing certain guarantees and undertakings to the financing bank in connection with financing provided to the Company for the VGO.

Save as disclosed, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the VGO, other than through their respective shareholding interests in the Company.

9. SERVICE CONTRACT

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

10. DIRECTORS' RECOMMENDATION

The Directors, having considered and reviewed, the terms of the VGO, the rationale for, and the financial effects of the VGO set out in this Circular, are collectively of the opinion that the VGO is in the best interest of the Company and the Group, and accordingly recommend that the Shareholders vote in favour of the VGO at the EGM.

11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 17 and 18 of this Circular, is being convened at 5 Sixth Lok Yang Road, Singapore 628103 on 29 March 2018 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, with or without any modifications, the resolution set out therein.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular the Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinsons Road, #11-02, Singapore 068898 not less than 72 hours before the time fixed for the EGM. The completion and lodgment of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the EGM.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (other than the information relating to Lee Metal) and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the VGO, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular 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 the Circular in its proper form and context.

14. FINANCIAL ADVISER

14.1 Consent

UOB, as the financial adviser to the Company in relation to the VGO, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to itself in the form and context in which they appear in this Circular.

14.2 Responsibility Statement of the Financial Adviser

To the best of UOB's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the VGO and the Company and its subsidiaries, and it is not aware of any facts the omission of which would make any statement in this Circular misleading.

15. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Announcement, the Undertakings and the undertaking by Esteel will be made available for inspection by the Shareholders at the registered office of the Company at 350 Jalan Boon Lay, Singapore 619530, during normal business hours from the date of this Circular up to and including the date of the EGM.

BY ORDER OF THE BOARD

Teo Ser Luck
Independent Non-executive Chairman
14 March 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

BRC ASIA LIMITED

(Registration No. 193800054G)

(Incorporated in Singapore)

NOTICE IS HEREBY GIVEN THAT an EGM of BRC Asia Limited (“**Company**”) will be held at 5 Sixth Lok Yang Road, Singapore 628103 on 29 March 2018 at 10.00 a.m., for the purpose of considering, and if thought fit, passing with or without modification(s), the resolution as set out below.

All capitalised terms used in this notice which are not defined herein shall have the meanings ascribed to them in the Company’s circular dated 14 March 2018.

ORDINARY RESOLUTION

PROPOSED ACQUISITION OF LEE METAL GROUP LTD

THAT:

- (a) approval be and is hereby given to the Company to undertake the VGO; and
- (b) the Directors and any of them be and is hereby authorised to do all acts and things, and sign and execute all documents and instruments as they or he may consider necessary, desirable or expedient to give effect to the VGO and the Company’s intentions in relation to Lee Metal as set out in the Circular (including undertaking on-market and off-market purchases of Lee Metal Shares at such consideration not exceeding the Offer Price).

BY ORDER OF THE BOARD

Teo Ser Luck
Independent Non-executive Chairman
14 March 2018

Notes:

- (1) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM in his stead.
- (2) Pursuant to Section 181 of the Act, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the EGM. “Relevant intermediary” has the meaning ascribed to it in Section 181 of the Act.
- (3) A proxy need not be a member of the Company.
- (4) The instrument appointing a proxy must be deposited at the office of the Company’s Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898, not less than 72 hours before the time appointed for holding the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

General:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing proxy or proxies, and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company:

- (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy(ies) and/or representative(s) appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure of such individual's personal data for the Purposes; and
- (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

BRC ASIA LIMITED

(Registration No. 193800054G)

(Incorporated in Singapore)

PROXY FORM

EXTRAORDINARY GENERAL MEETING

Important:

1. For investors who have used their CPF monies to buy BRC ASIA LIMITED shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and this shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

Personal Data Privacy

By submitting an instrument appointing proxy or proxies and/or representative(s), a member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 14 March 2018.

I/We _____ (Name) *NRIC/Passport/Co. Reg. No. _____

of _____ (Address)

being a member/members of **BRC ASIA LIMITED** ("Company") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)	
			No. of Shares	%

and/or

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)	
			No. of Shares	%

or failing him/her, the Chairman of the EGM, as *my/our proxy/ proxies to vote for *me/us on *my/our behalf, at the EGM to be held at 5 Sixth Lok Yang Road, Singapore 628103 on 29 March 2018 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against the ordinary resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any matter arising at the EGM.

Voting at the EGM shall be by way of poll.

ORDINARY RESOLUTION	No. of votes for**	No. of votes against**
To approve the proposed acquisition of Lee Metal Group Ltd		

* Delete accordingly

** Please indicate the number of votes as appropriate

Dated this _____ day of _____ 2018.

Total Number of Shares held in:	
CDP Register	
Register of Members	

*Signature(s) of member(s) or common seal of corporate shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Notes:

1. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM in his stead.
2. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the EGM. Relevant intermediary is either:
 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and holds shares in that capacity; or
 - (c) the Central Provident Fund (“CPF”) Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased on behalf of CPF investors.
3. A proxy need not be a member of the Company.
4. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent. (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
5. The instrument appointing a proxy or proxies must be deposited at the office of the Company’s Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02, Singapore 068898, not less than 72 hours before the time set for the EGM.
6. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under this instrument of proxy to the EGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
8. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) must be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
9. A corporation which is a member may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the general meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
10. All capitalised terms used herein which are not defined shall have the meanings ascribed to them in the Company’s circular dated 14 March 2018.

General:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.