

BRC ASIA LIMITED

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

DISCLOSEABLE TRANSACTION - JOINT VENTURE AND SHAREHOLDERS' AGREEMENT WITH KEONG HONG CONSTRUCTION PTE. LTD., SANSUI HOLDING PTE. LTD., L3 DEVELOPMENT PTE. LTD., HOTELS & RESORT CONSTRUCTION PVT. LTD. AND PRISTINE ISLAND INVESTMENT PTE. LTD.

Introduction

The Board of Directors of BRC Asia Limited (the “**Company**” or “**Group**”) wishes to announce that the Company has on 17 July 2014 entered into a shareholders' agreement (the “**Shareholders' Agreement**”) with Keong Hong Construction Pte. Ltd. (“**KHC**”), Sansui Holding Pte. Ltd., L3 Development Pte. Ltd., Hotels & Resort Construction Pvt. Ltd. (“**HRC**”) and Pristine Island Investment Pte. Ltd. (“**PII**”) relating to subscription of 10,000,000 ordinary shares at US\$1 each in the capital of PII, a joint venture company set up to undertake the following projects:

- (a) Lease of a domestic airport in Kooddoo in Gaafu Alifu Atoll, Republic of Maldives, for the expansion, development and operation of the airport;
- (b) Lease of a plot of land in Kooddoo in Gaafu Alifu Atoll, Republic of Maldives, for the development and operation of a tourist hotel; and
- (c) Lease of the island of Maamutaa in Gaafu Alifu Atoll, Republic of Maldives for the development and operation of a tourist resort

(collectively, the “**Projects**”).

The aggregate monies for the subscription of shares in PII by the Company and the total development cost for the Projects attributable to the Company constitutes a 'Discloseable Transaction' under Rule 1010 of the Listing Manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Listing Manual**”).

Please see below for the relative figures of the total investment computed on the bases set out in Rule 1006 of the Listing Manual.

Information on Pristine Island Investment Pte. Ltd.

PII, a wholly-owned subsidiary of Keong Hong Holdings Limited (“**KHHL**”), was incorporated in Singapore on 4 September 2013 with an initial issued and paid-up share capital of S\$1 comprising 1 ordinary share. The principal business of PII is to undertake the Projects.

KHHL was incorporated in Singapore on 15 April 2008 and listed and quoted on the SGX-ST on 7 December 2011. KHHL is a provider of a broad range of building construction services to both private and public sectors for residential, commercial, industrial and institutional projects. In addition to conventional contracts including additional and alteration works, KHHL Group also provides construction services for design and build projects.

Pursuant to the Shareholders' Agreement, the issued and paid-up share capital of PII shall increase from 1 ordinary share to 10,000,001 ordinary shares by way of issue and allotment of 10,000,000 new ordinary shares of US\$1 each to the following parties, in the following proportion:

<u>Name</u>	<u>Shareholding</u>		
	<u>%</u>	<u>No. of Shares</u>	<u>Paid-up Capital</u>
Keong Hong Construction Pte. Ltd.	45	4,500,000	US\$4,500,000
Sansui Holding Pte. Ltd.	15	1,500,000	US\$1,500,000
BRC Asia Limited	15	1,500,000	US\$1,500,000
L3 Development Pte. Ltd.	15	1,500,000	US\$1,500,000
Hotels & Resort Construction Pvt. Ltd.	10	1,000,000	US\$1,000,000
	100	10,000,000	US\$10,000,000

(collectively, the “**Joint Venture Partners**”)

Subsequent to the aforesaid subscription, KHC shall hold a total of 4,500,001 ordinary shares in the share capital of PII, representing a 45% of the issued share capital of PII.

Within seven (7) business day from the date of execution of the Shareholders' Agreement, the Joint Venture Partners will subscribe for, and pay for in full, the aforesaid shareholding in PII in accordance with the Shareholders' Agreement.

Information on the Joint-Venture Partners

(A) Keong Hong Construction Pte. Ltd.

KHC (Company Registration No.: 200807303W), a wholly-owned subsidiary of KHHL, is a company incorporated in Singapore and having its registered office at Block 151, Bukit Batok Street 11, #03-250 Singapore 650151 and is principally engaged in building constructions.

(B) Sansui Holding Pte. Ltd.

Sansui Holding Pte. Ltd. (Company Registration No.: 201108303N), a company incorporated in Singapore and having its registered office at 20 Maxwell Road, #07-11 Maxwell House, Singapore 069113, is an investment holding company.

(C) L3 Development Pte. Ltd.

L3 Development Pte. Ltd. (Company Registration No.: 201117707W), a company incorporated in Singapore and having its registered office at 20 Ang Mo Kio Industrial Park 2A, #03-21 AMK Tech Link, Singapore 567761, is an investment holding company.

(D) Hotels & Resort Construction Pvt. Ltd.

HRC, a company incorporated in the Republic of Maldives and having its registered office at HRC Building 1st Floor H. Sea Side 44 Boduthakurufaanu Magu Male 20009 Republic of Maldives, is principally engaged in construction of exquisite island resorts.

The Shareholders' Agreement

The salient terms of the Shareholders' Agreement are set out below:

- Date* : 17 July 2014
- Parties* : Joint Venture Partners and PII
- Purpose* : The Joint Venture Partners agreed to subscribe for the new shares in PII and enter into the Shareholders' Agreement to give effect to their intentions and to record and regulate the affairs of PII and their respective rights as shareholders of PII (the "**Joint Venture**").
- Salient terms* :
- (a) Projects: PII was set up to undertake the Projects.
 - (b) Option granted by KHC in favour of HRC: KHC is granting an option in favour of HRC for HRC to purchase such number of shares of PII from KHC, such that KHC and HRC shall hold 30% and 25% of PII respectively, subject to the conditions stated in the Shareholders' Agreement are fulfilled. The aforesaid option shall be exercised within two (2) years from the date of the Shareholders' Agreement.
 - (c) Construction costs and Management Fee: The Joint Venture Parties agreed that PII shall engage KHC or its subsidiary to be the main contractors for the construction of the Projects at construction costs to be mutually agreed by the Company and KHC (or its subsidiary, as the case may be). The construction costs shall constitute part of the Total Development Costs (as defined below). The Joint Venture Partners further agreed that the Company shall pay KHC (or its nominees) a management fee for the management of the Projects.
 - (d) Total Development Costs: Capped at US\$120 million, beyond which is subject to further approval by the Joint Venture Partners.

Rationale for the Transaction

The Joint Venture represents a unique opportunity for the Company to participate in the development and operation of mid-to-high end holiday resorts, which could also open up an area of diversification for the Company in future.

Rule 1010 of the Listing Manual of the Singapore Exchange Securities Trading Limited

Based on the latest announced consolidated accounts of the Company released on 9 May 2014, the relative figures computed on the bases set out in Rule 1006 are set out below:

<u>Rule</u>	<u>Bases</u>	<u>Percentage ratio</u>
1006(a)	<i>The net asset value of the assets to be disposed of compared with the net asset value of the Group</i>	<i>Not applicable</i>
1006(b)	<i>The net profits attributable to the assets acquired compared with the net profits of the Group</i>	<i>0.00%</i>
1006(c)	<i>The 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) and the last traded share price of S\$0.197 per share prior to this announcement</i>	<i>12.11%</i>
1006(d)	<i>The number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in used</i>	<i>Not applicable</i>

As the relative figures computed above exceed 5% but are less than 20%, the Shareholders' Agreement is a discloseable transaction as defined under Rule 1010 of the Listing Manual and is not subject to shareholders' approval.

Service Contracts

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

Mr Seah Kiin Peng, a director of the Company, has been appointed as a director of PII.

Financial Effects

The subscription monies will be funded through the Group's internal resources and the Group's share of the Total Development Costs in the Shareholders' Agreement will be substantially funded by bank borrowings. The Joint Venture is not expected to have any material impact on the consolidated earnings per share and the consolidated net tangible assets per share of the Group for the financial year ending 30 September 2014.

Directors or Controlling Shareholders' Interests

As of the date hereof, the following directors of the Company have disclosed their respective interests in the Joint Venture:

- (1) Mr Lim Siak Meng, the Group Managing Director of the Company, holds a direct interest in 3,916,500 ordinary shares in KHHL, representing 1.68% of the share capital of KHHL;
- (2) Mr Lau Eng Tiong, a Non-executive Director and substantial shareholder of the Company, holds a direct interest in 5,166,000 ordinary shares and an indirect interest in 1,185,000

ordinary shares held by Sin Teck Guan (Pte) Ltd in KHHL, representing 2.21% and 0.51% of the share capital of KHHL respectively; and

- (3) Mr Tan Lee Meng, an Independent Director of the Company, holds a direct interest in 5,200,500 ordinary shares in KHHL, representing 2.23% of the share capital of KHHL.

Save as disclosed in this announcement:

- (i) none of the Directors of the Company has any interest, direct and indirect, in the Shareholders' Agreement, other than through their respective shareholding interests in the Company (if any); and
- (ii) to the best of the knowledge of the Directors, none of the controlling shareholders of the Company has any interest, direct and indirect, in the Shareholders' Agreement, other than through their respective shareholding interests in the Company.

By Order of the Board

Lee Chun Fun
Company Secretary

17 July 2014