

## **BRC ASIA LIMITED**

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

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### **PROPOSED DISPOSAL OF PROPERTY**

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The Board of Directors (the “**Board**”) of BRC Asia Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company’s indirect wholly-owned subsidiary – LMG Realty Pte. Ltd. (“**LMG**”) – has on 31 August 2020 entered into an option to purchase (the “**Option**”) with an independent third party purchaser (the “**Purchaser**”), whereby LMG granted an option to the Purchaser to purchase LMG’s Property (as further described below) for an aggregate consideration of S\$ 38,380,000 (the “**Consideration**”) (the “**Proposed Disposal**”).

Under terms set out in the Option, both parties agreed that the Option shall expire at 4 p.m. on 14 September 2020 and the sale and purchase of the Property shall be completed on or before 26 February 2021.

#### **1. THE PROPOSED DISPOSAL**

##### **1.1 Information of the Property**

LMG, a wholly-owned subsidiary of the Company held through Lee Metal Group Pte. Ltd, is in the business of property development and investment. Lee Metal Group Pte. Ltd., together with its subsidiaries, was acquired by the Company in July 2018.

The aforesaid property, located at 32G Nassim Road, Singapore 258414 (the “**Property**”), has a land size of approximately 1,235 square metres. It is currently under development for a 2-storey detached house with a basement and a swimming pool. The Temporary Occupation Permit of the Property is expected to be obtained by the end of December 2020.

##### **1.2 Consideration of the Proposed Disposal**

Pursuant to the Option, the Consideration of S\$ 38,380,000 is to be satisfied fully in cash.

The Consideration was arrived at on a “*willing buyer, willing seller*” basis, taking into consideration prevailing market conditions and the market value of the Property. Based on a desktop valuation report dated 21 May 2020 issued by a professional valuer, the indicative market value on an ‘as-is’ basis and the gross development value were S\$ 37,000,000 and S\$ 39,000,000 respectively. The valuation was commissioned by a local bank for financing purpose.

##### **1.3 Salient terms of the Proposed Disposal**

The Consideration shall be payable by the Purchaser to LMG in the following manner:

- (a) an initial deposit of S\$ 383,800, equivalent to 1% of the Consideration, which had been paid by the Purchaser to LMG upon the signing of the Option;
- (b) a further deposit of S\$ 3,454,200, equivalent to 9% of the Consideration, which is to be paid by the Purchaser to LMG upon the exercise of the Option; and
- (c) the balance of S\$ 34,542,000, equivalent to 90% of the Consideration, shall be payable by the Purchaser to LMG on the date of completion of the Proposed Disposal.

## 2. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING RULES

Subject to the completion of the Proposed Disposal, the Proposed Disposal constitutes a discloseable transaction under Rule 1010 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “SGX-ST”) (the “Listing Rules”).

The relative figures of the Proposed Disposal computed on the bases as set out in Rule 1006 of the Listing Rules using the Group’s latest announced unaudited consolidated financial statements for the financial period for the nine months and third quarter ended on 30 June 2020 are set out as follows:

Rule 1006	Bases of calculation	Relative figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the group’s net asset value.	12.58% <sup>(1)</sup>
(b)	The net profit attributable to the assets acquired or disposed of compared with the group’s net profits.	N.A. <sup>(2)</sup>
(c)	The aggregate value of the consideration received, compared with the issuer’s market capitalisation based on the total number of issued shares excluding treasury shares.	14.39% <sup>(3)</sup>
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A. <sup>(4)</sup>
(e)	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.	N.A. <sup>(5)</sup>

### Notes:

- (1) The unaudited net asset value of the Property (under development) and the Group as at 30 June 2020 were approximately S\$ 33,271,000 and S\$ 264,558,000 respectively.
- (2) The Property is still under development and the additional costs to completion is not finalised as of the date of this announcement. Please also see Paragraph 3.
- (3) The Percentage was calculated using gross sales proceeds and Company’s market capitalisation of approximately S\$ 266,725,000, computed by multiplying 233,335,089 ordinary shares of the Company (excluding 1,626,600 treasury shares) by the volume-weighted average price per Share of S\$1.1431 as at 28 August 2020 (being the last trading day for the shares of the Company preceding the date of the Option).
- (4) Not applicable, as no equity securities will be issued by the Company as consideration in respect of the Proposed Disposal.
- (5) Not applicable, as the Proposed Disposal is not a disposal of mineral, oil and gas assets.

### **3. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

Based on the unaudited consolidated financial statements of the Group as at 30 June 2020, the net asset or book value of the Property amounted to approximately S\$ 33,271,000. As the Property is currently under development, the additional development costs to completion is yet to be finalized. The Company will make further announcement(s) on the excess of sales price over book value and financial effects in connection with the Proposed Disposal upon completion of the sale and purchase agreement and as and when there are material developments.

### **4. RATIONALE FOR THE PROPOSED DISPOSAL**

The Company is of the view that the Proposed Disposal will be in the best interests of the Company. The Proposed Disposal will provide additional working capital for the Group's operations and will also enable the Group to focus on its core business.

### **5. USE OF PROCEEDS**

The net cash proceeds (after deducting expenses) of approximately S\$ 37,790,000 from the Proposed Disposal will be used for full repayment of the term loan which is secured by the Property and working capital purposes. As of 30 June 2020, the outstanding balance of the said term loan was S\$ 22,657,500.

### **6. DIRECTORS OR CONTROLLING SHAREHOLDERS' INTERESTS**

None of the Directors or controlling shareholders of the Company has any interest, directly and indirectly, in the Proposed Disposal.

### **7. SERVICE CONTRACTS**

No service contracts will be entered into in connection with the Proposed Disposal.

### **8. FURTHER INFORMATION**

The Company will update Shareholders on any material developments in relation to the Proposed Disposal and will make announcements as and when appropriate. The agreement(s) in connection to the Proposed Disposal will be made available at the registered office of the Company upon signing of the sale and purchase agreement.

By Order of the Board

Seah Kiin Peng  
Executive Director and Chief Executive Officer  
31 August 2020