

## **BRC ASIA LIMITED**

Incorporated in the Republic of Singapore

Company Registration No. 193800054G

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### **DISPOSAL OF SHAREHOLDING INTEREST IN AN ASSOCIATE**

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#### **1. INTRODUCTION**

The Board of Directors ("**Board**" or "**Directors**") of BRC Asia Limited ("**Company**", and together with its subsidiaries and its associates, "**Group**") wishes to announce that the Company had on 29 December 2023 issued an acceptance letter pursuant to a binding offer ("**Binding Offer**") made by E Street Capital Pte. Ltd. ("**Purchaser**") (such terms having in turn been agreed to by the Purchaser on 31 December 2023), in relation to, *inter alia*:

- (a) the disposal to the Purchaser of all 1,700,000 ordinary shares in the capital of Pristine Islands Investment Pte. Ltd. ("**Pristine**") held by the Company ("**Pristine Shares**") ("**Sale Shares**"); and
- (b) the assignment to the Purchaser of all shareholder's loans extended by the Company to Pristine (together with all accrued interest thereon) ("**Sale Loan**")

(collectively, "**Disposal**").

The Disposal constitutes a discloseable transaction and an interested person transaction under Chapters 10 and 9 of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), respectively.

#### **2. INFORMATION ON THE PARTIES**

##### **2.1 Information relating to the Purchaser**

The Purchaser was incorporated in Singapore in 2019 and is principally engaged in the business of management consultancy services. Its sole shareholder and director is Mr Darrell Lim Chee Lek ("**Mr Lim**"), who is also a non-executive and non-independent Director of the Company.

##### **2.2 Information relating to Pristine**

Pristine was incorporated in Singapore in 2013 and is principally engaged in the business of investment holding, and owns a subsidiary incorporated in the Republic of Maldives, which in turn undertakes hotel and resort operations and airport management in the Maldives. Pristine was incorporated for the purposes of undertaking the (a) expansion, development and operation of a domestic airport, (b) development and operation of a tourist hotel, and (c) development and operation of a tourist resort (collectively, "**Projects**").

As at the date of this announcement, the total paid-up capital of Pristine is USD10,000,001, comprising ordinary shares, of which 1,700,000 ordinary shares representing 17.0% of the total issued share capital in the Pristine are held by the Company. The remaining Pristine Shares are held by Keong Hong Construction Pte Ltd ("**KHC**"), Sansui Holding Pte. Ltd. and L3 Development Pte. Ltd., with shareholding interests of 49.0%, 17.0% and 17.0% in Pristine, respectively.

The aforementioned shareholders of Pristine had entered into a shareholders' agreement dated 17 July 2014 (as amended on 22 March 2016) with the Company ("**Shareholders' Agreement**").

Based on the unaudited consolidated financial statements of Pristine for the financial year ended 30 September 2023:

- (a) the book value and net tangible assets ("**NTA**") of Pristine was negative US\$72,800,074<sup>1</sup> (equivalent to approximately S\$96,117,938); and
- (b) the net loss attributable to Pristine was US\$10,846,786 (equivalent to approximately S\$14,321,012).

Based on a valuation report commissioned by the Company dated 21 December 2023 issued by Navi Corporate Advisory Pte. Ltd. (the "**Valuation Report**") , the Market Value<sup>(2)</sup> of the 100% equity interest in Pristine and its subsidiary is nil as at 30 September 2023, due to the Market Value of total assets of Pristine being less than the Market Value of total liabilities of Pristine.

### **2.3 Potential disputes involving Pristine**

Potential disputes have also arisen amongst the Pristine shareholders as well as its management in relation to, *inter alia*, parties' obligations under the Shareholders' Agreement, as well as construction and management of the Projects, for which the Company has been involved in extensive confidential negotiations and exchanges with the other Pristine shareholders. In the event these discussions do not result in the resolution of the potential disputes, the Company may have to consider formal legal proceedings to pursue its claims.

## **3. KEY TERMS OF THE DISPOSAL**

### **3.1 Binding Offer**

In November 2023, the Purchaser presented the Binding Offer to each of the Company, Sansui Holding Pte. Ltd. and L3 Development Pte. Ltd. to acquire all the Pristine Shares held by them for the same consideration per Pristine Share and to assign all the shareholders' loans (together with all accrued interests thereon) extended to Pristine at the same discount, comprising US\$0.793201 for every US\$1 in principal amount of such shareholders' loan. On 29 December 2023, the Company issued a letter of acceptance to the Binding Offer, and such terms were in turn agreed to by the Purchaser on 31 December 2023.

Pursuant to the terms of the Shareholders' Agreement, for any disposal of Pristine Shares, the shareholders of Pristine are subject to certain rights of first refusal and tag-along rights. The Binding Offer to the Company would extend to all remaining Pristine Shares and shareholders' loans (including accrued interests thereon) held by the Company subsequent to the application and exhaustion of such rights in accordance with the Shareholders' Agreement.

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(1) Unless otherwise indicated, all US\$ amounts in this announcement have been translated into S\$ amounts based on the closing exchange rate of US\$1.00 : S\$1.3203 as at 29 December 2023 as quoted by Bloomberg L.P..

(2) In this regard, the valuation has been undertaken on a Market Value basis in accordance with the International Valuation Standards (2022) which is defined as follows: "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

### 3.2 Consideration for the Disposal

Under the terms of the Binding Offer, the Purchaser will pay the Company:

- (a) the aggregate consideration of US\$1,348,441.93 (equivalent to approximately S\$1,780,347.88) for the Sale Shares (i.e. US\$0.793201 per Pristine Share); and
- (b) the aggregate consideration of US\$12,651,558.07 (equivalent to approximately S\$16,703,852.12) for the Sale Loan (i.e. US\$0.793201 for every US\$1 in principal amount of the shareholder's loan extended by the Company)

(collectively, the "**Consideration**").

The Consideration was arrived at arm's length and on a "*willing buyer, willing seller*" basis, taking into consideration prevailing economic conditions, the Valuation Report and the net asset value of the Sale Shares and Sale Loan.

### 3.3 Conditions to the Disposal

The Binding Offer to the Company is subject to, *inter alia*, the following conditions:

- (a) The Hongkong and Shanghai Banking Corporation Limited, Singapore branch (as security agent) irrevocably and unconditionally discharging the Company from all obligations under the corporate guarantee executed by the Company in connection with a facility extended to Pristine by various banks;
- (b) a settlement agreement being entered into between the Company and the relevant parties in relation to settlement of the potential disputes as outlined in paragraph 2.3 of this announcement;
- (c) the entry by the Company and the Purchaser into the transfer/assignment/novation instrument (in such format as the Purchaser shall agree) in respect of the Sale Loan in favour of the Purchaser;
- (d) application and exhaustion of the right of first refusal and the tag-along right under the Shareholders' Agreement;
- (e) completion of due diligence to the satisfaction of the Purchaser and its financier and the results thereof being satisfactory in sole opinion of the Purchaser and its financier; and
- (f) the refinancing by the Purchaser's financier of the loans extended to Pristine pursuant to the Facility Agreement on terms mutually acceptable to the Purchaser's financier and Pristine.

As an additional condition to the Binding Offer, the Company had required in its acceptance to the Binding Offer (which was in turn agreed to by the Purchaser) that Pristine and its subsidiary will also release and discharge, *inter alia*, the Company from all actions and claims which they may have against the Company.

All the conditions to the Binding Offer are to be fulfilled on or before 31 March 2024 (or such later date as agreed between the Company and the Purchaser).

#### 4. RATIONALE FOR THE DISPOSAL AND USE OF PROCEEDS

The Company is of the view that the Disposal will be in the best interests of the Company in view of Pristine's historical performance and financial position. Moreover, Pristine's business is unrelated to the Group's core business and, in any case, the Company has little to no control as a 17% shareholder. Finally, this will also allow the Company to exit its investment in connection with the settlement of the potential disputes as outlined in paragraph 2.3 of this announcement.

Following completion of the Disposal, the net cash proceeds (after deducting expenses) of approximately S\$18,484,200 from the Disposal will be used for working capital purposes.

#### 5. FINANCIAL EFFECTS OF THE DISPOSAL

##### 5.1 Bases and assumptions

The financial effects of the Disposal on the NTA per share and the earnings per Share ("**EPS**") of the Group are set out below. The financial effects for the Disposal have been prepared based on the unaudited consolidated financial statements of the Group and Pristine for the most recently completed financial year ended 30 September 2023 ("**FY2023**") and are purely for illustrative purposes only and should not be taken as an indication of the actual financial position of the Group nor a projection of the future financial performance or position of the Group after the completion of the Disposal.

The financial effects have also been prepared based on the following assumptions:

- (a) the Disposal had been effected on (i) 30 September 2023 for illustrating the financial effects on the NTA below; and (ii) 1 October 2022 for illustrating the financial effects on the EPS below;
- (b) estimated expenses for the Disposal are not material and have not been included in the financial effects;
- (c) at completion of the Disposal, the relevant parties did not exercise their rights of first refusal and the tag-along rights under the Shareholders' Agreement in connection with the Disposal and accordingly, there is no reduction to the number of Sale Shares being disposed and shareholders' loan (including interests accrued thereon) being assigned, and accordingly no change to the Consideration payable pursuant to the Binding Offer ("**Maximum Scenario**"); and
- (d) the NTA per share is computed based on 274,350,089 ordinary shares ("**Shares**") in the capital of the Company in issue (excluding 1,626,600 treasury shares) as at 30 September 2023 and the EPS of the Group is computed based on the weighted average number of 274,350,089 Shares in issue for FY2023.

For the avoidance of doubt, Shareholders should note that nothing in this announcement may be treated as a representation by the Company as to the trading price of the Shares prior to completion of the Disposal or for any other period of time.

## 5.2 NTA

	Before the Disposal	After the Disposal
NTA attributable to Shareholders (S\$ '000)	427,311	441,675
NTA per Share attributable to Shareholders (S\$ cents)	155.75	160.99

## 5.3 EPS

	Before the Disposal	After the Disposal
Net profit / (loss) attributable to Shareholders (S\$ '000)	75,748	90,112
Earnings per Share / (EPS) (S\$ cents)	27.61	32.85

## 5.4 Gain on Disposal

Based on the Consideration payable under the Maximum Scenario, the Disposal would result in a gain on disposal of approximately S\$14,364,200 over Pristine's aggregate book value as at 30 September 2023 of S\$4,120,000.

Description	S\$
Consideration	18,484,200
(Less): -	
Aggregate book value of interest in Pristine as at 30 September 2023	(4,120,000)
Gain on disposal of Pristine	14,364,200

## 6. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

Based on (i) the unaudited consolidated financial statements of the Group for FY2023, and (ii) the unaudited financial statements of Pristine for FY2023, the relative figures of the Disposal computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST are as follows:

Rule 1006	Bases	Relative Figure
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. <sup>(1)</sup> This basis is not applicable to an acquisition of assets.	0.96%
(b)	The net loss attributable to the assets acquired or disposed of, compared with the group's net profits. <sup>(2)</sup>	(8.56)%
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares. <sup>(3)</sup>	3.76%

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figure</b>
(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.	Not applicable to the Disposal.
(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.	Not applicable to the Disposal, as the Company is not a mineral, oil and gas company.

**Notes:**

- (1) The Group's net asset value was S\$427,311,000 based on the unaudited FY2023 financial results released on 21 November 2023. As at 30 September 2023, the Group's aggregate book value of its interest in Pristine is S\$4,120,000.
- (2) "Net profits" means profit or loss before income tax and non-controlling interests. Based on the unaudited FY2023 results released on 21 November 2023, net profits of the Group were S\$91,221,000 and the Company's share of losses in respect of Pristine was S\$7,809,000.
- (3) Based on the Consideration of US\$14,000,000 (equivalent to approximately S\$18,484,200) under the Maximum Scenario and Company's market capitalisation of approximately S\$491,086,659, computed by multiplying 274,350,089 ordinary shares of the Company (excluding 1,626,600 treasury shares) by the volume-weighted average price per Share of S\$1.79 as at 28 December 2023 (being the last trading day for the shares of the Company preceding the date on which the Company's acceptance of the Binding Offer).

The Disposal involves the disposal of a loss-making company. Notwithstanding this, the Disposal would result in a gain on disposal of S\$14,364,200. As the absolute relative figures computed involves a negative figure falling within the situation set out in Paragraph 4.4(e) of Practice Note 10.1 of the Listing Manual, that is (i) the absolute relative figures computed on the basis of Rule 1006 of the Listing Manual exceed 5% but do not exceed 20%; and (ii) the Disposal does not result in a loss on disposal, Rule 1014 of the Listing Manual would not apply to the Disposal and hence, the approval of shareholders of the Company is not required for the Disposal and the Company must immediately announce the Disposal pursuant to Paragraph 4.4 of Practice Note 10.1 of the Listing Manual.

## **7. DISPOSAL AS AN INTERESTED PERSON TRANSACTION**

For the purpose of Chapter 9 of the Listing Manual of the SGX-ST, as Mr Lim is a Director and sole shareholder of the Purchaser, the Purchaser is considered an "interested person", and the Disposal constitutes an "interested person transaction".

Under Chapter 9 of the Listing Manual, the Consideration in respect of the Disposal would constitute the "amount at risk" for the "interested person transaction".

Based on the latest audited financial statements of the Group for the financial year ended 30 September 2022 ("**FY2022**"), the NTA of the Group was approximately S\$398,786,000. The Consideration under the Maximum Scenario amount to US\$14,000,000 (equivalent to approximately S\$18,484,200), representing approximately 4.64% of the NTA of the Group, based on the audited consolidated accounts of the Group for FY2022.

As the Consideration does not exceed 5% of the NTA of the Group, the Company is not required to seek shareholders' approval in respect of the above.

The Audit and Risk Management Committee of the Company, having reviewed the rationale and terms of the Disposal, is of the view that the Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

There were no other "interested person transactions" entered into with Mr Lim and the Purchaser for the financial year ended 30 September 2023. As at the date of this announcement, there are no other "interested person transactions" entered into with Mr Lim and the Purchaser for the financial year ending 30 September 2024.

**8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed above, none of the Directors or the controlling shareholders of the Company or their respective associates has any other interest, direct or indirect, in the Disposal, other than through their respective directorships and/or shareholdings in the Company.

**9. DIRECTORS' SERVICE CONTRACTS**

No Director is proposed to be appointed to the Company in connection with the Disposal. Accordingly, there is no service contract proposed to be entered into between the Company and any such person.

**10. DOCUMENTS FOR INSPECTION**

Copies of the Binding Offer and the Company's acceptance thereon as well as the Valuation Report is available for inspection during normal business hours at the registered office of the Company at 350 Jalan Boon Lay, Jurong Industrial Estate, Singapore 619530, for a period of three (3) months commencing from the date of this announcement.

**By Order of the Board**

Seah Kiin Peng  
Executive Director and Chief Executive Officer  
2 January 2024