



HOLDINGS (S) LTD

Registration No.: 199304349M

PROPOSED ACQUISITION OF THE REMAINING SHAREHOLDING INTERESTS IN BBR CONSTRUCTION SYSTEMS (M) SDN BHD

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or the “**Directors**”) of BBR Holdings (S) Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 17 April 2017 entered into a conditional sale and purchase agreement (the “**SPA**”) with Voon Yok Lin (the “**Vendor**”) to acquire the remaining 602,500 ordinary shares in the capital of BBR Construction Systems (M) Sdn Bhd (“**BBRM**”), a subsidiary of the Company (the “**Sale Shares**”), representing 20% of total number of issued shares in BBRM, for a consideration of S\$5,115,000 (the “**Consideration**”), upon the terms and subject to the conditions of the SPA (the “**Proposed Acquisition**”).
- 1.2 Upon completion of the Proposed Acquisition (“**Completion**”), BBRM will become a wholly-owned subsidiary of the Company.

2. INFORMATION ON BBRM AND THE VENDOR

- 2.1 BBRM is a private limited company incorporated in Malaysia and is in the business of structural engineering and design and build services and investment holding. BBRM has an issued and paid-up share capital of RM3,012,500.00 comprising 3,012,500 issued and fully paid-up ordinary shares (the “**BBRM Shares**”). The Company currently holds 2,410,000 BBRM Shares, representing 80% of the total number of BBRM Shares.
- 2.2 Based on the financial statements of BBRM as at 31 December 2016, the book value and net tangible asset value of the Sale Shares is approximately S\$3,856,000. The net profit attributable to the Sale Shares amounts to approximately S\$1,152,000 for the financial year ended 31 December 2016 (“**FY2016**”).
- 2.3 The Vendor is a Malaysian citizen and is the legal and beneficial owner of 602,500 BBRM Shares, representing 20% of the total number of BBRM Shares. The Vendor is also an executive director of BBRM.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 The Sale Shares

- 3.1.1 The Sale Shares will be acquired by the Company free from all encumbrances and with the benefit of all rights, advantages, benefits and entitlements attaching thereto as at the date of the SPA and thereafter attaching thereto (including the right to any dividends or other distributions declared and payable thereon on or after the date of the SPA).

3.1.2 Under the SPA, the Company and the Vendor agree that BBRM may, prior to Completion, declare, make and pay a final dividend of an amount not exceeding RM28,000,000 to its shareholders in respect of FY2016.

3.2 Consideration

3.2.1 The Consideration for the sale and purchase of the Sale Shares shall be S\$5,115,000 (equivalent to approximately S\$8.50 per Sale Share), which shall be satisfied in full by the allotment and issuance of 16,500,000 new issued and fully paid-up ordinary shares in the capital of the Company (the “**BBRH Shares**”), representing approximately 5.36% of the total number of issued BBRH Shares (excluding treasury shares) as at the date of this Announcement (the “**Consideration Shares**”), by the Company to the Vendor, at the issue price of S\$0.31 per Consideration Share (the “**Issue Price**”).

3.2.2 The Consideration Shares represent approximately 5.08% of the enlarged total number of issued BBRH Shares upon Completion based on the enlarged total number of 324,499,418 issued BBRH Shares (after taking into account the issuance of the Consideration Shares).

3.2.3 The Consideration was arrived at on a willing buyer-willing-seller basis and taking into consideration, amongst others, the operating track record of BBRM.

3.3 Consideration Shares

3.3.1 The Consideration Shares, when allotted and issued, will be credited as fully-paid BBRH Shares free from any and all encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to the BBRH Shares in issue as at the date of Completion (the “**Completion Date**”), except that they will not rank for any dividend, right, allotment or other distributions that may be declared or paid, the record date for which falls on or before the date of issue of the Consideration Shares. The Issue Price was determined based on the average of (a) the volume-weighted average price of 19.5 cents per BBRH Share for the 6-month period prior to and including 13 April 2017, being the last market date immediately preceding the date of the SPA on which BBRH Shares were traded on the SGX-ST; and (b) the consolidated net asset value per BBRH Share of 42.48 cents as at 31 December 2016.

3.3.2 The Vendor will be subject to a moratorium in respect of 8,250,000 Consideration Shares, constituting 50% of the Consideration Shares (the “**Moratorium Shares**”), whereby the Vendor shall not, without the prior written consent of the Company, amongst others, directly or indirectly offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of the Moratorium Shares, for a period of six (6) months after the Completion Date.

3.4 Conditions Precedent

3.4.1 Completion is conditional upon the following conditions being satisfied or waived (the “**Conditions Precedent**”):

- (a) the approval of the shareholders of the Company (the “**Shareholders**”) for a new share issue mandate to authorise the Directors of the Company to allot and issue new BBRH Shares pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), and the Listing Rules of the SGX-ST on the terms of such mandate (the “**Share Issue Mandate**”) to be obtained at the annual general meeting of BBRH (the “**2017 AGM**”) to be held on 21 April 2017 (the “**BBRH Shareholders’ Resolution**”);
- (b) (i) the approval-in-principle by the SGX-ST for the listing and quotation of the BBRH Shares on the SGX-ST (“**SGX-ST Approval**”), and (ii) the fulfillment of all of the conditions attached to the SGX-ST Approval prior to the date of Completion, and if such SGX-ST Approval is subject to any conditions and where such conditions affect the Company, such conditions being reasonably acceptable to the Company, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled

before Completion and the SGX-ST Approval remaining in full force and effect and not being revoked, withdrawn or modified; and

- (c) all other necessary consents, approvals, licences, permits, waivers and exemptions being granted for the Proposed Acquisition and any transactions contemplated under the SPA being granted by all relevant authorities in Singapore and Malaysia and third parties to the Company or BBRM.

3.4.2 In the event that any of the Conditions Precedent is not fulfilled or waived in accordance with the SPA on or before the date falling two (2) months from the date of the SPA or such other date as the Company and the Vendor may mutually agree in writing, the provisions of the SPA shall cease and determine (save for certain surviving provisions relating to, *inter alia*, confidentiality and announcements, costs, governing law and arbitration).

3.5 Nomination and Appointment of Directors

3.5.1 Pursuant to the terms of the SPA, subject to (a) the review and recommendation by the nominating committee of the Company in accordance with the Code of Corporate Governance 2012 (the “**Code of Corporate Governance**”), (b) if necessary, the approval of any regulatory authority in Singapore, and (c) compliance with all applicable requirements of the Listing Manual of the SGX-ST (the “**Listing Manual**”), the Code of Corporate Governance, and the Companies Act, the Vendor will be appointed as an executive director of the Company and Mr. Jackie Voon, as his alternate (the “**Appointments**”). Subject to the foregoing, the Company shall announce such Appointments in accordance with the Listing Manual upon Completion taking place.

3.5.2 The Company will be entering into a service contract with the Vendor on such terms and conditions as may be determined by the Board.

4. AUTHORITY TO ALLOT AND ISSUE THE CONSIDERATION SHARES

Subject to the BBRH Shareholders’ Resolution being passed at the 2017 AGM to approve the Share Issue Mandate, the Consideration Shares will be allotted and issued by the Company to the Vendor under the Share Issue Mandate.

5. RATIONALE FOR THE PROPOSED ACQUISITION

5.1 The Directors are of the view that the Proposed Acquisition is in the interests of the Company for the following reasons:

- (a) The outlook for the construction industry in Malaysia has improved with the government’s strong emphasis on infrastructure projects to stimulate the economy. With BBRM’s good track record of executing past and ongoing infrastructure projects, the Company believes that BBRM will remain a preferred contractor to carry out such projects in the long term.
- (b) BBRM has contributed positively to the Group’s profit in the past three financial years. Assuming that BBRM will continue to report profits in view of its strength and positive outlook of the industry, the Company expects that the profit attributable to the equity holders of the Company will be increased after the acquisition of the remaining 20% shareholding interest in BBRM.
- (c) As the Consideration for the Proposed Acquisition will be entirely satisfied by way of the issuance of new BBRH Shares, the Company’s equity base and market capitalisation is expected to be strengthened after the Proposed Acquisition. In addition, such issuance would allow the Company to conserve cash for its working capital purposes.

6. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

6.1 The relative figures of the Proposed Acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual based on the Group's audited consolidated financial statements for FY2016, being the latest announced consolidated accounts of the Group, are as follows:

Rule 1006	Bases of Calculation	Relative Figure
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits ⁽¹⁾ .	35.2% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued BBRH excluding treasury shares.	8.3% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	5.36% ⁽⁴⁾

Notes:

- (1) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) Based on the net profit of approximately S\$1,152,000 attributable to the Sale Shares to be acquired as a percentage of the Group's net profit attributable to Shareholders of S\$3,270,000 as at 31 December 2016. Under Rule 1014(2) of the Listing Manual for major transactions, this rule does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b).
- (3) Based on the aggregate Consideration of S\$5,115,000 as a percentage of the Company's market capitalisation, computed by multiplying 307,999,418 BBRH Shares in issue (excluding treasury shares) by the volume weighted average price of the BBRH Shares of S\$0.20 on 13 April 2017, being the last market day immediately preceding the date of the SPA.
- (4) Based on the 16,500,000 BBRH Shares issued as a percentage of the total number of BBRH Shares of 307,999,418 as at the date of this Announcement.

6.2 As the relative figures under Rules 1006(c) and Rule 1006(d) of the Listing Manual exceed 5% but do not exceed 20%, the Proposed Acquisition would constitute a discloseable transaction under Rule 1010 of the Listing Manual. Accordingly, the Company is not required under Chapter 10 of the Listing Manual to obtain Shareholders' approval for the Proposed Acquisition.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

7.1 The pro forma financial effects of the Proposed Acquisition as set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Company following Completion.

7.2 The pro forma financial effects of the Proposed Acquisition have been prepared based on the audited consolidated financial statements of the Company and BBRM for FY2016 and subject to the following assumptions:

- (a) the Proposed Acquisition had been completed on 31 December 2016 for the purposes of illustrating the financial effects on net tangible assets ("**NTA**"); and
- (b) the Proposed Acquisition had been completed on 1 January 2016 for the purposes of illustrating the financial effects on earnings per BBRH Share ("**EPS**").

7.3 Financial effects on the Group

7.3.1 NTA

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)		
- Group	130,405	134,236
- Company	62,709	67,824
Number of BBRH Shares	307,999,418	324,499,418
NTA per BBRH Share (cents)		
- Group	42.34	41.37
- Company	20.36	20.90

7.3.2 EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Consolidated net profit attributable to Shareholders (S\$'000)	1,129	1,996
Weighted average number of BBRH Shares	307,999,418	324,499,418
Consolidated EPS (cents)	0.37	0.62

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 8.1 None of the Directors has any interest, direct or indirect, in the Proposed Acquisition other than their respective shareholdings in the Company.
- 8.2 To the best information, belief and knowledge of the Company and its Directors, no controlling shareholder of the Company has any interest, direct or indirect, in the Proposed Acquisition.

9. DOCUMENT FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the Company's registered office at 50 Changi South Street 1, BBR Building, Singapore 486126 for three (3) months from the date of this Announcement.

10. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their BBRH Shares as the Proposed Acquisition is subject to Conditions Precedent and there is no certainty or assurance as at the date of this Announcement that all of the Conditions Precedent will be satisfied (or waived, as the case may be) or that the Proposed Acquisition will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board
BBR HOLDINGS (S) LTD

Andrew Tan
Chief Executive Officer

18 April 2017