

BROADWAY INDUSTRIAL GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 199405266K)

OPTION FOR THE DISPOSAL OF PROPERTY

1. INTRODUCTION

The board of directors (the “**Directors**”) of Broadway Industrial Group Limited (the “**Company**”) and, together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 7 January 2014 entered into a conditional option agreement (the “**Option Agreement**”) with Chew Poh Guan and/or his nominee (the “**Purchaser**”), pursuant to which the Company granted the Purchaser an option (the “**Option**”) to purchase the property located at #15-97 The Central, 8 Eu Tong Sen Street, Singapore (the “**Property**”) for a consideration of S\$4,200,000 (the “**Proposed Disposal**”).

2. PRINCIPAL TERMS OF THE OPTION AGREEMENT

- 2.1 The sale and purchase of the Property is subject to the Purchaser’s solicitors receiving satisfactory Road and Drainage Interpretation plans and satisfactory replies to all legal requisitions sent to the various Government Departments and the Mass Rapid Transit Corporation.
- 2.2 Following the exercise of the Option, the option fees paid upon entering into the Option Agreement and the deposit to be paid upon the exercise of the Option, which represent 1% and 4% respectively of the consideration for the purchase of the Property, shall form part of the purchase price.
- 2.3 The period to exercise the Option shall expire on the date falling three weeks from 7 January 2014. The option fee in respect of the Option shall be forfeited in the event that the Option is not exercised before 4 p.m. on the date falling three weeks from 7 January 2014.

3. CONSIDERATION AND RATIONALE FOR THE PROPOSED DISPOSAL

- 3.1 The consideration for the sale of the Property was determined on a willing-seller, willing-buyer basis after arm’s length negotiations taking into account the market value of similar properties in the vicinity, the independent valuation of the Properties commissioned by the Company issued by Asian Appraisal company Pte Ltd on 17 July 2013 and prevailing market conditions.
- 3.2 The Board is of the view that it is in the interest of the Group to undertake the Proposed Disposal for the following reasons:
- (a) the Property is not being used by the Group for any business operations, and is not expected to have a significant effect on the operating performance of the Group. Save for the gain on disposal upon completion of the Proposed Disposal, the Proposed Disposal is also not expected to have a significant impact on the financial results of the Group; and

- (b) the resultant cash proceeds from the Proposed Disposal would enable the Group (i) to reduce borrowings and consequently reduce the Group's interest expenses, and (ii) be used as working capital for the Company, and this will enhance the Group's financial position. Please refer to paragraph 5 below for details of the use of proceeds arising from the Proposed Disposal.

4. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

- 4.1 The relative figures (based on the latest unaudited consolidated financial statements of the Company for the nine months ended 30 September 2013) for the Proposed Disposal computed on the bases of assessment pursuant to Rule 1006(a) to (d) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual") are set out below.

Rule 1006	Bases	Computation
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	1.0%
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	6.0%
(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation as at 6 January 2014, being the last market day immediately preceding the date of the Option Agreement	4.6%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

As the relative figure under Rule 1006(b) exceeds 5% but does not exceed 20%, the Proposed Disposal is discloseable under Rule 1010 of the Listing Manual.

5. USE OF NET PROCEEDS

- 5.1 Based on the latest announced consolidated financial statements of the group for the financial year ended 31 December 2012 (“FY2012”), the proceeds of the Proposed Disposal will represent an excess of approximately S\$1,914,000 over the book value of the Property.
- 5.2 The Company intends to use the proceeds from the Proposed Disposal (less the expenses) to reduce borrowings and as the Group’s working capital for its business and operations, and other business opportunities as and when they arise.

6. GAINS ON THE PROPOSED DISPOSALS

As at FY2012, the book value of the Property was approximately S\$2,219,000, which is the same as its carrying value. Accordingly, the net gain on the Proposed Disposal, after taking into account expenses, will be approximately S\$1,914,000.

7. FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Disposal below have been prepared solely for illustrative purposes only and do not purport to be an indication, a projection or an estimate of the financial results and financial positions of the Group immediately after completion of the Proposed Disposal.

The estimated pro forma financial effects of the Proposed Disposal are calculated based on the Group’s latest audited consolidated financial statements for FY2012 (in respect of the Group), being the period for which the most recent available audited financial statements are available.

7.1 Net Tangible Assets

Assuming that the Proposed Disposal had been effected on 31 December 2012, the effects of the Proposed Disposal on the consolidated net tangible assets (“NTA”) of the Group for FY2012 are as follows:

	As at 31 December 2012	
	Before the Proposed Disposal	(Pro forma) After the Proposed Disposal
NTA (S\$’000)	150,458	152,372
NTA per Share (Singapore cents)	36.21	36.67

7.2 Earnings

Assuming that the Proposed Disposal had been effected on 31 December 2012, the effects of the Proposed Disposal on the earnings per Share (“EPS”) of the Group for FY2012 are as follows:

	For the year ended 31 December 2012	
	Before the Proposed Disposal	(Pro forma) After the Proposed Disposal
Consolidated profit/(loss) after tax and non-controlling interests (S\$'000)	24,501	26,415
EPS (Singapore cents)	5.90	6.36

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this Announcement, none of the Directors or the controlling or substantial Shareholders has any interest, direct or indirect, in the Proposed Disposal, other than:

- (a) through their shareholdings in the Company (if any); and
- (b) through the appointment of Tan Lee & Partners as the legal counsel of the Company in respect of the Proposed Disposal. Mr Lee Chow Soon, an independent director of the Company, is a partner at Tan Lee & Partners.

9. NO SERVICE CONTRACTS

No person will be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract will be entered into between the Company and any such person.

10. DOCUMENTS FOR INSPECTION

The following documents will be made available for inspection during normal business hours at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 for a period of three (3) months from the date of this Announcement:

- (a) the Option Agreement; and
- (b) the valuation reports of the Properties carried out by Asian Appraisal Company Pte Ltd dated 12 January 2012 and 17 July 2013.

11. DIRECTORS' RESPONSIBILITY STATEMENT

This Announcement has been reviewed and approved by all the Directors (including those who may have delegated detailed supervision of this Announcement) and the Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading. Where information in this Announcement 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 this Announcement in its proper form and context.

By Order of the Board

Broadway Industrial Group Limited

7 January 2014