

PROPOSED DISPOSAL OF BIGL BEIJING

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**”) of Broadway Industrial Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated:
- (a) 19 January 2020 in relation to the incorporation of a wholly owned subsidiary in Beijing, the People’s Republic of China, being BIGL Enterprise Management (Beijing) Co., Ltd. (“**BIGL Beijing**”); and
 - (b) 21 January 2020, 14 February 2020, 4 May 2020 and 4 March 2021 in relation to, among others, the proposed acquisition of a 55% equity stake in Beijing Ant Brothers Technology Co., Ltd. (“**BAB**”) by BIGL Beijing (the foregoing announcements, collectively the “**Announcements**”).
- 1.2 Unless defined otherwise, all capitalised terms used but not defined in this announcement shall have the meanings ascribed to them in the Announcements.
- 1.3 The Board wishes to announce that its wholly owned subsidiary, being BIGL Enterprises (Singapore) Pte. Ltd. (“**BESG**”), and which is in turn the immediate holding company of BIGL Beijing, has on 19 December 2023 entered into a share purchase agreement (the “**SPA**”) with Beijing PiLuoYu Medical Technology Co., Ltd. (“**PLY**”), pursuant to which, among others, BESG has agreed to sell, and PLY has agreed to purchase, the entire issued share capital of BIGL Beijing (the “**Shares**”) (the foregoing proposed transaction, the “**Proposed Disposal**”).

2. INFORMATION ON BIGL BEIJING, BAB AND PLY

- 2.1 BIGL Beijing is a limited liability company established in the People’s Republic of China (the “**PRC**”) and a wholly owned subsidiary of BESG. The main business of BIGL Beijing is enterprise and business management.
- 2.2 BAB is a limited liability company established in the PRC and principally involved in the business of providing technical services, technology transfer, technology development, technology promotion, technical consultation and sales of computer software and accessory devices. In particular, BAB has developed a robotic cleaning machine targeted at the building façade cleaning market.
- 2.3 PLY is incorporated in the PRC and is wholly owned by Mr Kenny Chan, who is the legal representative, general manager, director and one of the founding shareholders of BAB (through Beijing Ant Home Information Consulting Center (Limited Partnership)). The main business of PLY is technology development and software services. PLY is an independent third-party which is unrelated to the Company, its directors and controlling shareholders, or their respective associates.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 Conditions Precedent

Completion of the Proposed Disposal is conditional upon the following conditions having been satisfied by BESG or PLY (as the case may be) or waived in writing by the relevant party:

- (i) PLY has obtained all corporate approvals, in the agreed form, necessary for PLY to enter into the SPA and purchase the Shares from BESG;
- (ii) BESG has obtained all corporate approvals, in the agreed form, necessary for BESG to enter into the SPA and sell the Shares to PLY;
- (iii) BESG and PLY have obtained, in form and substance reasonably satisfactory to PLY, all registrations and approvals, consent or clearances which (a) are required by any relevant government authority for closing; (b) are required to be obtained from third parties in advance of closing under any contract which is binding on BESG or BIGL Beijing; or (c) are otherwise necessary or desirable for closing;
- (iv) There has been no material breach of the SPA by BESG entitling PLY to terminate the SPA; and
- (v) From the date of the SPA, no event, condition or circumstance shall have occurred or arisen which individually or in the aggregate, with or without the passage of time, has had or could reasonably be expected to result in a material adverse effect.

3.2 Consideration

Pursuant to the SPA, the consideration for the Proposed Disposal is S\$100,000 (the "**Purchase Consideration**"). The Purchase Consideration (a) was arrived at on a willing-buyer, willing-seller basis, after taking into account prevailing market conditions and the value of BIGL Beijing as disclosed in paragraph 5.4 below and (b) will be satisfied wholly in cash which is payable over five instalments as follows:

- (i) 20% of the Purchase Consideration upon signing of the SPA;
- (ii) 20% of the Purchase Consideration by 31 March 2024;
- (iii) 20% of the Purchase Consideration by 30 June 2024;
- (iv) 20% of the Purchase Consideration by 30 September 2024; and
- (v) 20% of the Purchase Consideration by 31 December 2024.

3.3 Completion

Subject to the terms and conditions of the SPA, the transfer of BIGL Beijing pursuant to the Proposed Disposal is expected to complete by 31 January 2024 and upon such completion, (a) the Company will no longer hold any interest in BIGL Beijing; and (b) each of BAB and BIGL Beijing will cease to be a subsidiary of the Company.

3.4 Equity Purchase Agreement

BESG and PLY have, on 19 December 2023, entered into an equity pledge agreement ("**EPA**") pursuant to which, among others, PLY shall pledge the entire issued share capital of BIGL Beijing to BESG and shall not transfer or create any security on the said shares. The EPA will expire upon BESG's receipt of the Purchase Consideration in full.

3.5 Other terms of the SPA

The SPA contains customary provisions relating to the Proposed Disposal, including representations and warranties, indemnities and pre-completion covenants regarding the operation of the business, limitations of the BESG's liabilities and other commercial terms.

4. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

4.1 Rationale

Soon after the Company's investment in January 2020, the robotics business was faced with severe impacts caused by the unprecedented COVID-19 pandemic and the worsening of the global economy market conditions. As a result of the evolved market environment, execution could not materialise according to the business plans despite significant efforts to accelerate the growth strategy.

The Board is of the view that the Proposed Disposal is in the best interest of the Company and its shareholders. The Proposed Disposal is part of the Group's strategy to focus on its core capability in machining and the newly set up precision engineering ("PE") business. As the new PE business and the hard disk drive (HDD) business have greater synergy, it is expected that they will create more value for shareholders.

4.2 Use of Proceeds

It is intended that the proceeds from the Proposed Disposal will be deployed for general working capital and general corporate purposes of the Group.

5. ILLUSTRATIVE FINANCIAL EFFECTS

5.1 Illustrative Nature of Financial Effects

The financial effects of the Proposed Disposal on the net tangible assets ("NTA") per share and earnings per share ("EPS") of the Company have been prepared based on the Group's audited financial statements for the financial year ended 31 December 2022. The financial effects below are purely for illustrative purposes and are not intended to reflect the actual future financial performance or position of the Group after completion of the Proposed Disposal.

5.2 NTA

Assuming that the Proposed Disposal had been effected on 31 December 2022 (being the end of the most recently completed financial year of the Group), the effects on the NTA per share of the Company would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	87,175	87,082
Number of ordinary shares	454,656,461	454,656,461
NTA per ordinary share (cents)	19.17	19.15

5.3 EPS

Assuming that the Proposed Disposal had been effected on 1 January 2022 (being the beginning of the most recently completed financial year of the Group), the effects of the Proposed Disposal on the EPS of the Company would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Profit attributable to shareholders (S\$'000)	6,278	6,889
Weighted average no. of ordinary shares – Basic	455,357,000	455,357,000

EPS (cents) – Basic	1.38	1.51
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5.4 Loss on the Proposed Disposal

Based on the Group's unaudited condensed interim financial statements for the six months ended 30 June 2023, the net asset value of BIGL Beijing is S\$193,000.

The Purchase Consideration constitutes a loss of approximately S\$93,000 over the book value of BIGL Beijing as at 30 June 2023.

The Proposed Disposal will result in a loss on disposal of approximately S\$93,000, which constitutes approximately 6.2% of the consolidated net loss of the Group.

The Proposed Disposal has no material financial impact to the Company for the financial year ending 31 December 2023.

6. RELATIVE FIGURES

6.1 The relative figures for the Proposed Disposal, computed on the bases set out in Rule 1006 of the Listing Manual and based on the Group's latest announced consolidated financial statements, being the unaudited condensed interim financial statements for the six months ended 30 June 2023 are set out below:

Rule 1006	Bases	Relative Figures ⁽¹⁾
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	0.2% ⁽²⁾
(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	9.7% ⁽³⁾
(c)	Aggregate value of the consideration ⁽⁴⁾ given compared with the Company's market capitalisation ⁽⁵⁾ based on the total number of issued shares in the Company, excluding treasury shares	0.3%
(d)	Number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities previously in issue	Not applicable ⁽⁶⁾
(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 ⁽⁷⁾

Notes:

- (1) Percentage figures are rounded to the nearest one (1) decimal place.
- (2) Based on the net asset value of BIGL Beijing being S\$193,000, compared with the Group's net asset value of S\$87,032,000.
- (3) Based on the net loss attributable to BIGL Beijing being S\$143,000, compared with the Group's net loss of S\$1,483,000.
- (4) The Purchase Consideration is S\$100,000.
- (5) "market capitalisation" is calculated by the number of ordinary shares in the capital of the Company (excluding treasury shares) multiplied by the weighted average market price of S\$0.086 per share as at 18 December 2023, being the market day immediately preceding the date of the SPA.
- (6) Not applicable, as the Company is not issuing any equity securities as consideration.
- (7) Not applicable, as the Company is not a mineral, oil and gas company.

6.2 Under Rule 1007(1) of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1.

6.3 As the Proposed Disposal relates to a disposal of a loss-making asset by the Company where:

- (a) the absolute relative figure computed on the basis of each of Rule 1006(a) and Rule 1006(c) of the Listing Manual does not exceed 20%; and
- (b) the loss on disposal exceeds 5% but does not exceed 10% of the consolidated net loss of the Group (taking into account only the absolute values),

the Company must, in relation to the Proposed Disposal, immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013, where applicable.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors has and as far as the Directors are aware, none of the controlling shareholders of the Company has, any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

8. SERVICE CONTRACTS

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA is available for inspection at the registered office of the Company at 202 Kallang Bahru #07-01 Spaze Singapore 339339, during normal business hours on any weekday for three (3) months from the date of this announcement.

Shareholders should provide their name, contact number, proposed date and time of inspection to the receptionist at 6236 0088 at least three (3) working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the SPA.

10. CAUTIONARY STATEMENT

Shareholders should note that there is no certainty or assurance that the Proposed Disposal will be completed. Accordingly, shareholders are advised to exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board

Broadway Industrial Group Limited

19 December 2023