

**BROADWAY INDUSTRIAL GROUP LIMITED**  
(Company Registration No. 19940566K)  
(Incorporated in Singapore)

---

**DISPOSAL OF PROPERTY**

---

**1. INTRODUCTION**

The Board of Directors (the “Board”) of Broadway Industrial Group Limited (the “Company”, together with its subsidiaries, the “Group”) wishes to announce that its wholly owned subsidiary Compart Engineering, Incorporated (“CE, Inc.”), has sold a property located at 1730 East Philadelphia Street, Ontario, San Bernardino, California, United States of America (the “Property”) (the “Disposal”) under a sale and purchase agreement (the “SPA”) dated 8 October 2017 between CE, Inc. and Cavelletto Purchase Group and/or its assignee (the “Purchaser”). The Disposal was completed on 4 December 2017.

For the purpose of foreign exchange translation from US\$ to S\$ in this Announcement, the exchange rate used is US\$1.00 : S\$1.3623.

**2. DESCRIPTION OF THE PROPERTY**

The Property owned by CE, Inc. is a 24,760 sq. ft. free standing industrial building situated on a lot consisting of 1.3 acres and located at 1730 East Philadelphia Street, Ontario, San Bernardino, California, United States of America.

The Property was leased to Compart Engineering, LLC (“CE, LLC”), a 48% subsidiary of CE, Inc., for its business operations. The Property will continue to be leased to CE, LLC after the completion of the Disposal.

**3. INFORMATION ON THE PURCHASER**

The Purchaser is a multi-faceted real estate investment company located in California and has acquired all types of properties including commercial, industrial, multi-family and agricultural land across the West Coast of the United States of America.

**4. CONSIDERATION FOR THE DISPOSAL**

The consideration for the Disposal was US\$3,685,000 and was arrived at on a willing-buyer willing-seller basis, after taking into account the estimated market valuation of the Property made by Colliers International on 2 June 2017 in its proposal (the “Proposal”), which valued the Property at US\$3,169,280.

## 5. FINANCIAL EFFECTS

The financial effects of the Disposal set out below are for illustrative purposes only and should not be taken as an indication of the actual financial performance or position of the Group following the Disposal nor a projection of the future financial performance or position of the Group after the completion of the Disposal. The financial effects set out below are based on the Company's audited financial statements for the financial year ended 31 December 2016.

### (i) Net tangible assets ("NTA") per share

Assuming the Disposal had been effected on 31 December 2016, the NTA per share of the Group as at 31 December 2016 would be as follows:

	Before the Disposal	After the Disposal
NTA (S\$'000)	145,132	147,371
Number of issued shares	470,884,461	470,884,461
NTA per share (Singapore cents)	30.82	31.30

### (ii) Earnings per share ("EPS")

Assuming the Disposal had been effected on 1 January 2016, the EPS per share of the Group for FY2016 would be as follows:

	Before the Disposal	After the Disposal
Net profit/(loss) after tax (S\$'000)	(12,104)	(9,865)
Weighted average number of issued shares	470,732,605	470,732,605
EPS (Singapore cents)	(2.57)	(2.10)

## 6. RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") are as follows:

Rule	Bases of computation	Relative figure
<b>1006(a)</b>	Net asset value of assets being disposed of, compared with the Group's net asset value	4% <sup>(1)</sup>
<b>1006(b)</b>	Net profits attributable to the assets disposed of, compared with the Group's net profits	7% <sup>(2)</sup>
<b>1006(c)</b>	Aggregate value of consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	9% <sup>(3)</sup>
<b>1006(d)</b>	The 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 <sup>(4)</sup>
<b>1006(e)</b>	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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.	Not applicable <sup>(5)</sup>

Notes:

- (1) Based on the Property's market value of S\$4,318,000 and the Group's net asset value of S\$100,446,000 as at 30 September 2017.
- (2) Under Rule 1002(3)(b) of the Listing Manual, "net profits" is defined as profit or loss before income tax, minority interest and extraordinary items.

Based on the net profits attributable to the Property of S\$109,000 for the nine-month period ended 30 September 2017 ("9M2017") and the Group's net profit of S\$ 1,508,000 for the nine-month period ended 30 September 2017.

- (3) Based on the aggregate value of the consideration of S\$5,020,000 and the market capitalisation of the Company of S\$58,891,000 (determined by multiplying the existing number of shares, excluding treasury shares, in issue by S\$0.125, being the weighted average price of the Company's shares transacted on 7 October 2017, the market day preceding the date of SPA).
- (4) Rule 1006(d) of the Listing Manual is applicable to equity securities issued as consideration for an acquisition.
- (5) Rule 1006(e) of the Listing Manual is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of assets.

Based on the relative figures computed in Rule 1006(b) and Rule 1006(c) exceed 5% but do not exceed 20%, the Disposal constitutes a "discloseable transaction" for the purposes of Rule 10 of the Listing Manual.

**7. RATIONALE FOR THE DISPOSAL**

The disposal of the Property is a good opportunity for the Company to dispose of an underperforming asset for valuable consideration and is part of the Company's plan to strengthen its balance sheet.

**8. USE OF NET PROCEEDS**

Based on the latest announced consolidated financial statements of the Group for 9M2017, the proceeds from the Disposal will represent an excess of approximately S\$2,239,000 over the book value of the Property and expenses to be incurred for the Disposal.

The Company intends to use the net proceeds from the Disposal to strengthen the Company's financial position as well as to provide working capital for the Group.

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

None of the directors or controlling shareholders of the Company has an interest, direct or indirect, in the Disposal, other than through their respective directorships and shareholding interests, if any, in the Company.

**10. DIRECTORS' SERVICE CONTRACTS**

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

**11. DOCUMENTS FOR INSPECTION**

Copies of the SPA and the Proposal are 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.

**BY ORDER OF THE BOARD**

6 December 2017