



BROADWAY INDUSTRIAL GROUP LIMITED
(Company Registration Number: 199405266K)
(Incorporated in Singapore)

UPDATE ON ARBITRATION PROCEEDINGS

1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of Broadway Industrial Group Limited ("**Company**", together with its subsidiaries, the "**Group**") refers to its announcements dated:

- (a) 28 May 2020, 22 November 2020, 24 November 2020, 31 December 2020 and 16 June 2021, in relation to the proposed disposal of the HDD Business of the Group (the "**Proposed Disposal**");
- (b) 1 July 2021 and 12 July 2021, in relation to the termination of the Asset and Share Purchase Agreement relating to the Proposed Disposal dated 31 December 2020 (the "**SPA**") entered into between (i) the Company and its wholly-owned subsidiaries, BIGL Asia Pte. Ltd. ("**BIGL Asia**"), and BIGL Technologies (Shenzhen) Co., Ltd. ("**BIGL Shenzhen**") (BIGL Asia and BIGL Shenzhen, collectively, the "**Sellers**"); and (ii) Suzhou Gefan Hardware And Plastic Industrial Co., Ltd. (the "**Purchaser**") and Seksun Technology (Suzhou) Co., Ltd ("**Seksun**"), in accordance with the terms of the SPA (the "**Termination**"); and
- (c) 12 October 2021, in relation to the receipt of a notice of arbitration dated 8 October 2021 (the "**Notice of Arbitration**") from the China International Economic and Trade Arbitration Commission ("**CIETAC**") in respect of an arbitration brought by the Purchaser and Seksun (collectively, the "**Claimants**") against the Sellers and the Company (collectively, the "**Respondents**") (the Claimants and Respondents together, the "**Parties**") (the "**Arbitration**"),

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

Unless defined otherwise, all capitalised terms used but not defined in this announcement shall have the meanings ascribed to them in the Announcements.

2. UPDATE ON ARBITRATION PROCEEDINGS

The Board wishes to update Shareholders on the following:

- (a) the Respondents, through their Chinese legal counsel, submitted their defence and counterclaim in relation to the Arbitration to CIETAC on 29 November 2021, which provided among others, that:
 - (i) the Claimants' request for Arbitration has no factual, contractual, or legal basis and should not be supported by the arbitral tribunal; and

- (ii) the Respondents seek an order for the Claimants to (A) compensate the Respondents for all the expenses incurred and, all expenses to be incurred, in defending the Arbitration (the “**1st Counterclaim**”); and (B) bear all Arbitration costs (the “**2nd Counterclaim**” and collectively with the 1st Counterclaim, the “**Counterclaims**”);
- (b) CIETAC requested the Respondents to provide a specific quantum for the Counterclaims on 6 December 2021; and
- (c) the Respondents, had clarified with CIETAC on 10 December 2021 that the final amount of the 1st Counterclaim could not be determined at the time being, given that the expenses for the Arbitration are still in the midst of being incurred, and for the convenience of calculating the arbitration fees only, the quantum of the 1st Counterclaim is provisionally estimated to be around CNY 2,000,000.00 (approximately SGD 423,200¹).

3. FREEZING ORDER

- 3.1. The Board wishes to inform Shareholders that BIGL Asia had through its Chinese legal counsel, on 14 January 2022, received a notice from the Jiangsu Wuxi Intermediate People’s Court (the “**Wuxi Court**”) that, BIGL Asia’s shareholdings in BIGL Technologies (Wuxi) Co., Ltd. (“**BIGL Wuxi**”) have been frozen (the “**Frozen Shares**”) for the period between 27 October 2021 and 26 October 2024 (the “**Freezing Order**”), as result of an application made by the Purchaser to the Wuxi Court against BIGL Asia in connection with the Arbitration on 28 September 2021 (the “**Freezing Application**”).
- 3.2. Based on the Company’s audited financial statements for the financial year ended 31 December 2020, the Frozen Shares have a value of approximately US\$4 million (approximately SGD 5.4 million²). The total value of the Frozen Shares represents approximately 7.2% of the Group’s consolidated net asset value, and approximately 38.1% of the Group’s earnings for the financial year ended 31 December 2020.
- 3.3. The Company understands from its Chinese legal counsel that the commencement of a freezing application is a procedural right of claimants for disputes in the People’s Republic of China (the “**PRC**”), to ensure that the respondents’ assets are preserved until the conclusion of the arbitration, so as to secure sufficient assets to cover the value of the claims. By commencing the Freezing Application, the Claimants have exercised their procedural right. However, the Freezing Application and the Freezing Order have no bearing at all on the merits of the Parties’ claims and defences in the Arbitration.
- 3.4. The Board is of the view that:
 - (a) the Company’s position that the Claimants’ claims have no factual, contractual, or legal basis and should not be supported by the arbitral tribunal, remains unchanged;
 - (b) the Freezing Order is purely procedural (as mentioned in paragraph 3.3 above) and does not expose the Company to a greater risk than what has already been disclosed in its previous Announcements; and

¹ Based on an exchange rate of CNY 1 : SGD 0.2116 as extracted from the website of the Monetary Authority of Singapore (“**MAS**”) on 14 January 2022.

² Based on an exchange rate of USD 1 : SGD 1.3455 as extracted from the website of MAS on 14 January 2022.



- (c) the Freezing Order has no impact to the Company's operations and existing banking facilities in the PRC. In this regard, the foreseeable impact of the Freezing Order is that the Company would not be able to transfer its shareholdings in BIGL Wuxi, which it has no intention to do so.

The Company maintains its view, as expressed in the announcement dated 12 October 2021, that the Allegations have no merit, and intends to continue to defend the Allegations and pursue its Counterclaims vigorously.

4. GENERAL

The Company will make further announcements to update Shareholders when there are material updates in respect of the matter. Shareholders are advised to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Broadway Industrial Group Limited

17 January 2022