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

THE PROPOSED DISPOSAL OF THE FOAM PLASTICS SOLUTIONS AND FLOW CONTROL DEVICE BUSINESSES OF THE GROUP FOR S$150,000,000

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1. <u>INTRODUCTION</u>

1.1. The board of directors (the "**Board**" or "**Directors**") of Broadway Industrial Group Limited (the "**Company**" or "**Vendor**", together with its subsidiaries and associated companies, referred to as the "**Group**") wishes to announce that the Company and Broadway Holdings III Limited (Company Registration No. 313176) (the "**Purchaser**"), an investment vehicle wholly-owned by US private equity firm Platinum Equity, has on 22 August 2016 entered into a conditional sale and purchase agreement (the "**Agreement**") for, *inter alia*, the sale and disposal by the Company to the Purchaser of the foam plastics solutions ("**FPS Business**") and flow control device ("**FCD Business**") businesses of the Group (the "**Disposed Businesses**"), free from all encumbrances (except as expressly provided in the Agreement) as at the completion of the sale and purchase of the Disposed Businesses ("**Completion**"), further details of which are set out below (the "**Proposed Disposal**").

1.2. <u>Consideration</u>

The aggregate consideration for the **Proposed Disposal** shall be S$150,000,000 (the "**Consideration**"). Please refer to paragraph 3 of this Announcement below for futher details.

1.3. <u>The Disposed Businesses</u>

The Disposed Businesses comprise the assets set out in paragraph 1.3(a) but excludes the assets set out in paragraph 1.3(b) below:

(a) the Disposed Businesses comprise the following (collectively, the "**Disposed Assets**"):

(i) the equity interests of companies in the FPS Business (collectively, the "**FPS Equity Interests**"):

(A) 96.47% of the equity interest in the registered capital of Shanghai Broadway Packaging & Insulation Materials Co. Ltd ("**SHBW**"), which owns:

(1) 100% of the equity interest in the registered capital of Wujiang Weltop Co. Ltd. ("**WHTOP**"), which owns 49% of the equity interest in the registered capital of Wujiang Dairyu Broadway Plastic Packaging Co. Ltd. ("**WDBP**");

(2) 49% of the equity interest in the registered capital of Kaefer Broadway Insulation Systems (Shanghai) Co., Ltd. ("**KBIS**");

(3) 99% of the equity interest in the registered capital of Chengdu Broadway Foam Applications & Total Packaging Co. Ltd. ("**CDBW**");

(4) 100% of the equity interest in the registered capital of Chongqing Broadway Foam Applications & Total Packaging Co. Ltd. ("**CQBW**"), which owns 1% of the equity interest in the registered capital of CDBW;

(B) 100% of the equity interest in the registered capital of Suzhou Broadway Plastic Packaging Co. Ltd ("**SZBW**");

(C) 198,604 issued and paid-up shares in the share capital of Toho Foam (Thailand) Company Limited ("**TOHO**"); and

(D) 10,000 shares in the capital of Broadway Packaging (Hong Kong) Co., Ltd. ("**HKBW**"), representing 100% of the issued and paid-up share capital of HKBW, which owns 100% of the equity interest in the registered capital of Shenzhen Broadway Total Packaging Co., Ltd. ("**SZHBW**");

(ii) the equity interests of companies in the FCD Business (collectively, the "**FCD Equity Interests**"):

(A) 100% of the equity interest in the registered capital of Compart Precision (Shenzhen) Co., Ltd. ("**CPSZ**");

(B) 100% of the equity interest in the registered capital of Compart Hi-Precision Technologies (Shenzhen) Co. Ltd. ("**CHSZ**"); and

(C) the entire share capital of the subsidiary of Compart Asia Pte Ltd ("**CA**") established under the laws of South Korea for the purposes of the FCD Business only, and if not incorporated as at Completion, all rights and obligations of CA in relation to such purposes ("**Korean Subsidiary**"),

(the companies listed in sub-paragraphs (i) and (ii) above, shall be collectively referred to as the "**Disposed Companies**");

(iii) the benefit, subject to the burden, of certain contracts relating to the FCD Business and the FPS Business;

(iv) all rights, title and interest held by the Company, CA or any member of the Group in intellectual property rights used or enjoyed in connection with the Disposed Businesses, (the "**Disposed IP**");

(v) the lease of the premises at 2221 West Braker Lane, Austin, Texas 78758;

(vi) the receivables, payables and inventory as shown on the books of Compart Asia Pacific Ltd. ("**CAPL**") in respect of the FCD Business;

(vii) the goodwill, if any, of any member of the Group (other than the Disposed Companies) in connection with the Disposed Businesses;

(viii) the benefit of certain claims of the Vendor or its subsidiaries (other than the Disposed Companies) relating to the Disposed Assets; and

(ix) all other material property, rights and assets which are used, enjoyed or exercised or intended to be used, enjoyed or exercise exclusively or primarily in connection with the Disposed Businesses as at the completion date of the Agreement (the "**Completion Date**");

(b) the Disposed Businesses exclude the following (collectively, the "**Excluded Undertakings**"):

(i) the following companies:

(A) Shanghai Kiddy Children's Products Co. Ltd;

(B) Wuxi Broadway Plastic Packaging Materials Co. Ltd;

(C) Styro Stone Broadway Green Building System (Shanghai) Co. Ltd;

(D) Broadway Rompa (Hong Kong) Ltd; and

(E) such other entities owned by the Disposed Companies which are not set out in paragraphs 1.3(a)(i) and 1.3(a)(ii) above,

(collectively, the "**Excluded Companies**");

(ii) all property, rights, assets, liabilities and undertakings of CPSZ, other than all property, rights, licenses and assets used, enjoyed or exercised exclusively or primarily in connection with CPSZ's waste-water treatment ("**CPSZ Disposed Assets**") (collectively, the "**CPSZ Excluded Undertakings**"); and

(iii) any liability not specifically assumed by the Company under the Agreement.

1.4. <u>Agreed CHSZ Transaction</u>

(a) In connection with the Proposed Disposal and in accordance with the terms and conditions of the Agreement, the Purchaser and the Vendor shall on the Completion Date enter into an option agreement ("**Option Agreement**") relating to 100% of the issued and paid-up share capital of a special purpose vehicle ("**Option Shares**") holding 100% of the equity interest in the registered capital of CHSZ as its only asset pursuant to which:

(i) for a nominal consideration of S$1.00, the Vendor irrevocably grants to the Purchaser an option ("**Put Option**") to require the Vendor to purchase from the Purchaser all (and not some only) of the Option Shares; and

(ii) for a nominal consideration of S$1.00, the Purchaser irrevocably grants to the Vendor an option ("**Call Option**") to require the Purchaser to sell to the Vendor all (and not some only) of the Option Shares,

(the "**Agreed CHSZ Transaction**").

(b) Under the Option Agreement, the Purchaser represents, warrants and undertakes to the Vendor that, *inter alia*, CHSZ will as at the completion of the sale and purchase of the Option Shares pursuant to the exercise of the Call Option, or, as the case may be, the Put Option, have:

(i) a minimum amount in RMB equivalent to S$14,000,000 (based on the then prevailing exchange rate), being the balance of the Consideration less the Closing Amount (as defined in paragraph 3.1(a) below) (the "**Cash Amount**") (less any costs and expenses in relation to the termination of the employees of CHSZ in accordance with the terms and conditions of the Option Agreement) ("**Termination Costs**") in cash in its bank account (without any right to set-off this amount against any amounts owing by Vendor to the Purchaser or CHSZ);

(ii) no trade or other receivables;

(iii) no inventory;

(iv) no trade payables;

(v) no other payables (other than certain specified payables owing by CHSZ to the Vendor's subsidiaries); and

(vi) no liabilities (including contingent liabilities) that may have arisen during the Purchaser's period of ownership commencing on the date of the Option Agreement and ending on the completion of the Agreed CHSZ Transaction (other than any Termination Costs).

The consideration for the purchase of the Option Shares ("**Purchase Price**") pursuant to the exercise of the Put Option or, as the case may be, the Call Option, shall be the sum derived from the following formula:

S$1.00 plus the cash generated through the day-to-day operations by CHSZ attributable to the period beginning the date of the Option Agreement and ending on the date of exercise of the Put Option or, as the case may be, the Call Option ("**Exercise Date**"), which remains in the bank account(s) maintained by CHSZ as at the Exercise Date (and which shall be maintained up to the completion of the Agreed CHSZ Transaction and for the avoidance of doubt, shall exclude the Cash Amount less Termination Costs).

The Put Option and Call Option shall be exercisable at any time during the period commencing on the earlier of (A) the date of the written notice to be given by the Purchaser (at its discretion) to the Vendor notifying the Vendor of the completion of the transfer of the business and all other assets and liabilities of CHSZ to another subsidiary of the Purchaser; and (B) the second anniversary of the date of the Option Agreement, and ending on the date falling three (3) months thereafter.

The main rationale for the Agreed CHSZ Transaction is to facilitate the timely completion of the sale and disposal of the Disposed Businesses, as a significant amount of time is required to complete the restructuring of the business and assets at the CHSZ level which would have otherwise delayed the Completion under the Agreement. The Agreed CHSZ Transaction is intended to facilitate a smoother transition under the proposed CHSZ restructuring and to minimize the impact on business operations. Upon completion of the Agreed CHSZ Transaction, the Vendor will acquire CHSZ (by way of the acquisition of the Option Shares following the CHSZ restructuring) which will have a minimum cash amount of RMB equivalent to S$14,000,000, less Termination Costs.

1.5. Chapter 10 of the Listing Manual

The Proposed Disposal is a major transaction under Rule 1014 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") and the Group will comply with the relevant requirements of Chapter 10 of the Listing Manual, which requires approval of the shareholders of the Company ("**Shareholders**").

1.6. Rule 704(18)(c) of the Listing Manual

Upon completion of the Proposed Disposal, the following entities will cease to be subsidiaries or associated companies (as the case may be) of the Company:

Entity	**Place of Establishment**	**Relationship with Company**
Shanghai Broadway Packaging & Insulation Materials Co. Ltd (SHBW)	People's Republic of China ("**PRC**")	Subsidiary
Suzhou Broadway Plastic Packaging Co. Ltd (SZBW)	PRC	Subsidiary
Broadway Packaging (Hong Kong) Co., Ltd. (HKBW)	Hong Kong	Subsidiary
Compart Precision (Shenzhen) Co., Ltd. (CPSZ)	PRC	Subsidiary
Compart Hi-Precision Technologies (Shenzhen) Co. Ltd. (CHSZ)	PRC	Subsidiary
Shenzhen Broadway Total Packaging Co., Ltd. (SZHBW)	PRC	Subsidiary
Wujiang Weltop Co. Ltd. (WHTOP)	PRC	Subsidiary

Chongqing Broadway Foam Applications & Total Packaging Co. Ltd. (CQBW)	PRC	Subsidiary
Chengdu Broadway Foam Applications & Total Packaging Co. Ltd. (CDBW)	PRC	Subsidiary
Wujiang Dairyu Broadway Plastic Packaging Co. Ltd. (WDBP)	PRC	Associate
Toho Foam (Thailand) Company Limited (TOHO)	Thailand	Associate
Kaefer Broadway Insulation Systems (Shanghai) Co., Ltd. (KBIS)	PRC	Associate

1.7. Irrevocable Undertakings

In connection with the Proposed Disposal:

(a) Mr. Lew Syn Pau, the chairman and independent Director of the Company, has on the same date of the Agreement provided an irrevocable undertaking in favour of the Company to, *inter alia*, vote, or procure the voting of, 44,572,639 issued and paid-up ordinary shares in the capital of the Company ("**Shares**"), representing approximately 9.47% of the total issued Shares[1], in favour of the Proposed Disposal and any other matter necessary for such purpose at any meeting of the Shareholders. As at the date of this Announcement, Mr. Lew Syn Pau holds 44,572,639 Shares, representing approximately 9.47% of the total issued Shares; and

(b) Mdm, Lau Leok Yee has on the same date of the Agreement provided an irrevocable undertaking in favour of the Company to, *inter alia*, vote, or procure the voting of, 170,168,610 Shares, representing approximately 36.14% of the total issued Shares, in favour of the Proposed Disposal and any other matter necessary for such purpose at any meeting of the Shareholders. As at the date of this Announcement, Ms. Lau Leok Yee holds 170,168,610 Shares, representing approximately 36.14% of the total issued Shares,

(collectively, the "**Irrevocable Undertakings**").

1 In this Announcement, unless otherwise stated, all percentages calculated with reference to the aggregate number of Shares are computed based on the aggregate Shares in issue of 470,884,461 Shares (excluding treasury shares) as at the date of this Announcement and is rounded to the nearest two (2) decimal places.

2. INFORMATION ON THE FPS BUSINESS, FCD BUSINESS AND THE PURCHASER

2.1. Information on the FPS Business

Our FPS business is a leading supplier of protective packaging, insulation and component products to the consumer, IT, cold chain, LNG tanker insulation, automotive, lifestyle and other related markets.

2.2. Information on the FCD Business

Our FCD Business supplies high-precision mechanical parts and assemblies to the semiconductor wafer fabrication industries and other industrial markets.

2.3. Information on the Purchaser

The Purchaser is an investment vehicle wholly-owned by US private equity firm Platinum Equity.

Founded in 1995 by Tom Gores, Platinum Equity is a global investment firm with a portfolio of approximately 25 operating companies that serve customers around the world. Platinum Equity specializes in mergers and operations – a trademarked strategy it calls M&A&O® - acquiring and operating companies in a broad range of business markets, including manufacturing, distribution, transportation and logistics, equipment rental, metals services, media and entertainment, technology, telecommunications and other industries. Over the past 20 years, Platinum Equity has completed more than 175 acquisitions.

3. KEY TERMS OF THE AGREEMENT

3.1. Consideration

(a) The aggregate consideration for the sale of the Disposed Businesses and Disposed Assets shall be S$150,000,000, comprising the sum of S$136,000,000 (the "**Closing Amount**") and the deferred consideration of S$14,000,000 (being the Cash Amount and of which the present value is S$12,882,000[2], by way of and subject to the completion of the Agreed CHSZ Transaction). The Consideration shall be adjusted in accordance with the terms and conditions of the Agreement depending on the level of certain prescribed working capital, capital expenditures and net debt figures (including the shareholders' loan to be extended by the Vendor to SHBW between the date of this Agreement and Completion (the "**Shareholder's Loan**")).

(b) Within 60 days of Completion, the Purchaser shall prepare and deliver to the Company the pro forma consolidated profit and loss account and the consolidated balance sheet of the Disposed Businesses for a prescribed period ending on the Completion Date (the "**Completion Accounts**"), which shall contain calculations of the working capital and debt figures, based on the agreed formulation between the Company and the Purchaser. If the difference between the working capital and debt figures (the "**Adjustment Amount**") is:

(i) a positive number, the Purchaser shall pay to the Company the Adjustment

[2] Based on a discount rate of 4.25% per annum over two (2) years.

Amount ten business days after the Completion Accounts are agreed or determined (the "**Adjustment Payment Date**"); or

(ii) a negative number, the Company shall pay to the Purchaser an amount equal to the absolute value of the Adjustment Amount on the Adjustment Payment Date.

(c) The Purchaser shall also pay the principal amount of the Shareholder's Loan to the Vendor on the Adjustment Payment Date.

The Consideration was arrived at through arm's length, commercial negotiations between the Company and the Purchaser, on a "willing-buyer, willing-seller" basis after due diligence by the Purchaser including site visits and discussions with the management with regards to the business operations.

3.2. Terms of Payment

The Consideration shall be satisfied as follows:

(a) the initial Closing Amount of S$136,000,000 shall be satisfied on the Completion Date through the payment in cash by the Purchaser to the Vendor;

(b) Once the Completion Accounts prepared within 60 days of Completion have been agreed or determined, the Adjustment Amount shall be satisfied on the Adjustment Payment Date as defined above; and

(c) in respect of the balance amount of the Consideration, and no later than two (2) years after Completion, through the exercise of the Put Option or, as the case may be, the Call Option, and the completion of the Agreed CHSZ Transaction pursuant to which the Vendor shall acquire 100% of the equity interests in the registered capital in CHSZ (by way of the acquisition of the Option Shares) which will have the minimum amount of S$14,000,000 in cash in its bank account, equivalent to the balance of the Consideration less the Closing Amount.

3.3. Conditions Precedent

The completion of the sale and purchase of the Disposed Businesses and the Disposed Assets is conditional upon, *inter alia*, the following conditions having been fulfilled (or waived) by 31 March 2017 or such other date as the Company and the Purchaser may agree in writing:

(a) by the Company:

(i) the approval of the Shareholders in a general meeting for the disposal of all of the Disposed Businesses and the Disposed Assets and the transactions contemplated thereunder being obtained;

(ii) all regulatory licences, permits, consents and approvals required under all applicable laws essential to proceed to Completion being obtained; for the avoidance of doubt, such approvals will include approvals from local branches of the Ministry of Commerce of the PRC ("**MOFCOM**") for the equity transfer of each of CHSZ, CPSZ, SHBW and SZBW (each, a "**PRC Disposed Company**");

(iii) all relevant consents and waivers from the Joint Venture Partner (as defined in the Agreement) in relation to the transfer of the equity interest in SHBW from the Company to the Purchaser or its nominee;

(iv) a written waiver provided by the bank of the Company, as defined in the Agreement;

(v) amended articles of association and joint venture contracts (where applicable) of each PRC Disposed Companiy reflecting the sale and purchase of the relevant FCD Equity Interests or FPS Equity Interests (as the case may be) to the Purchaser or its nominee; and

(vi) the completion of the restructuring by the Company at the Company's own cost to (A) transfer the CPSZ Excluded Undertakings from CPSZ to such member of the Group (other than the Disposed Companies) so that immediately following Completion, CPSZ will only own the CPSZ Disposed Assets; (B) transfer the equity interests in the registered capital of the Excluded Companies from the Disposed Companies to a member of the Group (other than the Disposed Companies) at no less than book value or the winding-up of the Excluded Companies; and (C) assign the loan from HKBW to Kiddy GmbH of a principal amount of HKD6,077,167.34, to the Company (the "**Restructuring**");

(b) by the Purchaser: all regulatory licences, permits, consents and approvals required under all applicable laws essential to proceed to Completion being obtained; for the avoidance of doubt, such approvals will include the anti-trust filing being cleared without objection by MOFCOM.

3.4. Completion

Completion shall take place on the Completion Date, being the date falling five (5) business days after the date on which the last of the conditions set out in paragraph 3.3 above have been fulfilled or waived or such other date as the Company and the Purchaser may mutually agree in writing.

3.5. Termination

If any time prior to Completion, any of the following occurs (each a "**Termination Event**"):

(a) any of the representations and warranties made by the Company contained in the Agreement is untrue, incomplete or inaccurate and where that breach is capable of remedy, is not remedied within a reasonable period of time to the reasonable satisfaction of the Purchaser;

(b) the Company is in breach of any covenants or agreements required to be performed or caused to be performed by the Company under the Agreement and where that breach is capable of remedy, is not remedied within a reasonable period of time to the reasonable satisfaction of the Purchaser; or

(c) there shall be any legal action, proceeding, suit, litigation, prosecution, or investigation affecting Completion,

and any such Termination Event(s) results in:

(i) a diminution in the aggregate net asset value attributable to the Disposed Businesses (excluding KBIS, TOHO and WDBP) by not less than 10% of the aggregate net asset value attributable to the Disposed Businesses as at 31 March 2016; or

(ii) a reduction or loss of aggregate revenue attributable to the Disposed Businesses (excluding KBIS, TOHO and WDBP) for any consecutive 12 month period ending on a month-end date during the period between the date of the Agreement and Completion by not less than 10% of the aggregate revenue attributable to the Disposed Businesses for the last 12 months ended 31 March 2016; or

(iii) a decrease in the aggregate EBITDA attributable to the Disposed Businesses (excluding KBIS, TOHO and WDBP) for any consecutive 12 month period ending on a month-end date during the period between the date of the Agreement and Completion by not less than 10% of the aggregate EBITDA of the Disposed Companies for the last 12 months ended 31 March 2016,

in each case disregarding the financial effects of the Restructuring and based on the monthly unaudited management accounts in respect of the Disposed Businesses, the Purchaser may by written notice to the Company, elect to terminate the Agreement.

4. OTHER MATERIAL DOCUMENTS

4.1. In connection with the Agreement, the Company, the Purchaser, CAPL and CA will enter into a deed of transfer in respect of the transfer of the Disposed IP (the "**IP Deed of Transfer**").

4.2. In connection with the Agreement, and in order to provide for an orderly transition of ownership and operation of the Disposed Businesses, the Company and the Purchaser will, on Completion, enter into a transitional services agreement for the provision of certain transitional services between the Company and its subsidiaries on the one hand, to the Purchaser and the Disposed Companies on the other hand, and *vice versa* (the "**Transitional Services Agreement**"). The provision of the transitional services shall be for a period of (1) year from the Completion Date unless earlier terminated, and may be extended for an additional six (6) months at the option of the party receiving the benefit of the transitional service. Save for certain disbursements, the transitional services will be provided at no cost.

5. VALUE OF THE DISPOSED BUSINESSES

5.1. Book Value

Based on the latest announced unaudited consolidated financial statements of the Group for the six (6)-month period ended on 30 June 2016 (the "**Group's 1H2016 unaudited Financial Statements**"), the Book Value attributable to the Disposed Businesses as at 30 June 2016 is approximately S$110,103,000.

5.2. Net Tangible Asset ("NTA") Value

Based on the Group's 1H2016 unaudited Financial Statements, the NTA value of the Disposed Businesses as at 30 June 2016 is approximately S$110,103,000.

There are no intangible assets recorded on the balance sheets of the Disposed Businesses.

5.3. No Valuation

No valuation was conducted in respect of the Disposed Businesses for the purpose of the Proposed Disposal.

6. GAIN FROM THE PROPOSED DISPOSAL

6.1. Net Profits Attributable to the Disposed Businesses

Based on the Group's 1H2016 unaudited Financial Statements, the Net Profits Attributable to the Disposed Businesses for the six (6)-month period ended on 30 June 2016 is S$11,185,000.

6.2. Gain from the Proposed Disposal

Based on the Group's 1H2016 unaudited Financial Statements, the net gain attributable to the sale of the Disposed Businesses is S$14,433,000.

7. USE OF PROCEEDS FROM THE PROPOSED DISPOSAL

The Group expects to receive:

(a) at Completion, gross proceeds of approximately S$136,000,000 (before the Adjustment Amount as provided in paragraph 3.1(b) above and before any transaction and tax expenses) from the Proposed Disposal; and

(b) subject to the completion of the Agreed CHSZ Transaction, and through the exercise of the Put Option or, as the case may be, the Call Option, further net proceeds of approximately S$14,000,000 (being the Cash Amount, of which the present value is S$12,882,000)[3].

[3] Based on a discount rate of 4.25%per annum over 2 years.

The Group intends to utilise the net proceeds for the repayment of part of its banking facilities, the financing of working capital, as well as for the distribution of dividends to shareholders.

For the purpose of the analysis, the Consideration is based on S$148,882,000, being the sum of S$136,000,000 (being the Closing Amount) before transaction expenses and S$12,882,000 (being the present value of the Cash Amount) excluding any Termination Costs.

8. RATIONALE FOR THE PROPOSED DISPOSAL

The Board considers that the Proposed Disposal is in the interest of the Company, taking into consideration the financial position of the Group and business prospects of the Company's subsidiaries.

The Board has also considered the following factors in deciding to enter into the transaction with the Purchaser in relation to the Proposed Disposal:

(a) the Proposed Disposal will allow the Group to pay down its debts in order to improve the financial position of the Group;

(b) the Consideration, net of estimated Adjustment Amount[4], constitutes 2.1 times the market capitalization of the Company as at 19 August 2016[5];

(c) the Consideration, net of estimated Adjustment Amount, constitutes 2.5 times the market capitalization of the Company based on the volume weighted average price of the Company for the six (6)-month period ended on 19 August 2016[6];

(d) the Consideration, net of estimated Adjustment Amount, is 22% higher than the aggregate net asset value attributable to the FCD Business and the FPS Business as recorded in the audited financial statements of the Company as at 31 December 2015 of approximately S$108,960,000; and

(e) the Disposed Businesses require significant capital injection for growth and development, which the Group faces challenges raising in the current economic environment. The Proposed Disposal will give the Disposed Businesses access to a new source of funds.

Based on the above, the Board is of the view that the Proposed Disposal is an attractive opportunity for the Company to monetize its investment in the Disposed Businesses in light of the current and prevailing market conditions, and is being entered into by the Company as part of its strategy to unlock value for the Shareholders.

9. FINANCIAL EFFECTS

The financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or

4 Estimated Adjustment Amount based on 30 June 2016 unaudited figures
5 Based on stock price of S$ 0.135 closed as at 19 August 2016
6 Based on the volume weighted average price of S$ 0.114 for the six (6)-month period ended on 19 August 2016.

the Group after completion of the Proposed Disposal and completion of the Agreed CHSZ Transaction. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2015, being the end of the most recently completed financial year.

9.1. NTA per share

Had the Proposed Disposal been effected on 31 December 2015 (being the end of FY2015), the Proposed Disposal would have had the following financial effects on the Group's NTA per share as at 31 December 2015:

For FY2015	**Before Proposed Disposal**	**After Proposed Disposal**
Net tangible assets (S$'000)	162,473	179,198
Number of shares	470,469,461	470,469,461
Net tangible assets per Share (cents)	34.53	38.09

9.2. Earnings per share ("EPS")

Had the Proposed Disposal been effected on 1 January 2015 (being the beginning of FY2015), the Proposed Disposal would have had the following financial effects on the Group's EPS for FY2015:

For FY2015	**Before Proposed Disposal**	**After Proposed Disposal**
Group profit after tax (S$'000)	(87,365)	(82,961)
Weighted average number of shares	470,461,656	470,461,656
Earnings/(loss) per share (cents)	(18.57)	(17.63)

10. <u>RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL</u>

10.1. General

Under Chapter 10 of the Listing Manual, a transaction will be classified as a "major transaction" if any of the relative figures calculated on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, and if so, shareholders' approval must be obtained for the "major transaction".

10.2. Relative Figures under Rule 1006 of the Listing Manual

The relative figures[1] computed on the applicable bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on Group's 1H2016 unaudited Financial Statements are set out below.

(a)	Rule 1006(a) – The net asset value of the assets to be disposed of, compared with the Group's net asset value	72%[2]
(b)	Rule 1006(b) – The net profits attributable to the assets to be disposed of, compared with the Group's net profits	2370%[3]
(c)	Rule 1006(c) – The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	245%[4]
(d)	Rule 1006(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	Not applicable as the transaction is a disposal.
(e)	Rule 1006(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 as the Company is not a mineral, oil and gas company.

Notes:

1. Assuming that the Agreed CHSZ Transaction is completed in accordance with the terms and conditions of the Option Agreement.

2. Based on the net asset value ("**NAV**") of the Disposed Businesses and the Disposed Assets of S$110,103,000 as at 30 June 2016 and the NAV of the Group of S$153,693,000 as at 30 June 2016.

3. Based on the net profit attributable to the Disposed Businesses and the Disposed Assets of S$11,185,000 for 1H2016 and the net profit of the Group of S$472,000 for 1H2016.

4. Based on the aggregate value of the Consideration of S$148,882,000 to be received by the Group and the Company's market capitalisation of S$ 60,741,515 based on the total number of issued Shares excluding treasury shares multiplied by the volume weighted average price of S$0.129 transacted on the Mainboard of the Singapore Exchange Securities Trading Limited on 19 August 2016 (being the last market day preceding the date of the Agreement on which the Shares were traded).

   For illustrative purpose only, the aggregate value of the Consideration received, net of estimated Adjustment Amount, compared with the Company's market capitalisation referred to above, would be 218%.

10.3. Major Transaction

As the relative figures computed on the bases set out in Rules 1006(a)/1006(b)/1006(c) of the Listing Manual exceeds 20% as at the date of this Announcement, the Proposed

Disposal constitutes a “major transaction” under Chapter 10 of the Listing Manual and is conditional upon the approval of Shareholders at a general meeting.

11. SERVICE CONTRACTS

No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal. As such, no service contracts will be entered into with any new director of the Company in connection with the transaction.

12. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED DISPOSAL

12.1 Mr Lee Wai Leong (Jeremy), who is an Executive Director and Chief Executive Officer of the Vendor and a Shareholder, is anticipated to be employed by the Purchaser upon completion of the Proposed Disposal and shall abstain from making recommendations on the Proposed Disposal. Should he be employed by the Purchaser at Completion, he will resign from his functions as Chief Executive Officer of the Vendor.

12.2 Save as disclosed above, none of the Directors 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 shareholdings in the Company.

13. CIRCULAR TO SHAREHOLDERS

The Company will convene an extraordinary general meeting (“**EGM**”) to seek the approval of the Shareholders for the Proposed Disposal and a circular to Shareholders setting out further information on the Proposed Disposal, together with the notice of EGM to be convened, will be despatched to Shareholders in due course.

14. DOCUMENTS FOR INSPECTION

A copy of the Agreement 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.

By Order of the Board

BROADWAY INDUSTRIAL GROUP LIMITED

22 August 2016