



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

THE PROPOSED DISPOSAL OF THE HDD BUSINESS OF THE GROUP

1. INTRODUCTION

- 1.1. The board of directors ("**Board**" or "**Directors**") of Broadway Industrial Group Limited ("**Company**", together with its subsidiaries, the "**Group**") refers to its announcements dated 28 May 2020, 22 November 2020 and 24 November 2020 in relation to the offer from Seksun Technology (Suzhou) Co., Ltd. ("**Seksun**") to acquire the Group's hard disk drive business.
- 1.2. The Board is pleased to announce that 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**") have entered into a conditional sale and purchase agreement (the "**Agreement**") with Suzhou Gefan Hardware And Plastic Industrial Co., Ltd. (the "**Purchaser**") and Seksun, pursuant to which the Sellers have agreed to sell, and the Purchaser has agreed to acquire, the Target Business (as defined below) through the Purchaser's acquisition of the Target Shares (as defined below) and the Target Assets (as defined below), for an aggregate cash consideration of US\$50,000,000 (the "**Purchase Price**"), upon the terms and subject to the conditions of the Agreement (the "**Proposed Disposal**").
- 1.3. The Proposed Disposal constitutes a major transaction under Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Listing Manual**"), which requires approval of the shareholders of the Company ("**Shareholders**"). Please refer to Section 7 of this announcement for more details.

2. INFORMATION ON THE TARGET BUSINESS

2.1. The Target Business

The Proposed Disposal is in relation to the Group's business of manufacturing actuator arms and related parts used in hard disk drive manufacturing (the "**HDD Business**" or "**Target Business**"), which is conducted through its wholly-owned subsidiary, BIGL Asia and its subsidiaries, namely (1) BIGL Shenzhen; (2) BIGL Technologies (Chongqing) Co., Ltd. ("**BIGL Chongqing**"); (3) BIGL Technologies (Thailand) Co., Ltd. ("**BIGL Thailand**"); and (4) BIGL Technologies (Wuxi) Co., Ltd. ("**BIGL Wuxi**").

Pursuant to the Agreement, the Purchaser will acquire:

- (a) all of the issued share capital or registered capital of each of BIGL Chongqing, BIGL Wuxi and BIGL Thailand (the "**Target Companies**"), comprising (i) US\$14,000,000 in registered capital issued by BIGL Chongqing; (ii) US\$5,000,000 registered capital issued by BIGL Wuxi; and (iii) 2,180,000 ordinary shares of par value THB100 each in the share capital of BIGL Thailand (collectively, the "**Target Shares**"); and



- (b) all of the assets of BIGL Shenzhen as set out in Agreement, as of the date of the Agreement (the “**Target Assets**”). The Target Assets shall not include (i) any accounts receivable arising from the conduct of business by BIGL Shenzhen on or prior to the Closing Date (as defined below), whether or not in the ordinary course of business; (ii) any cash owned by BIGL Shenzhen on or prior to the Closing Date, provided that such cash is not accrued from any sale or disposal of any Target Asset set out in the Agreement or any activity outside ordinary course of business not consistent with past practice; and (iii) the land and buildings situated at Pingshan Street, Longgang district, Shenzhen as described in Shenzhen Title Certificate No. 0227103 (粤(2018)深圳市不动产权第 0227103 号) (the “**Excluded Property**”).

The Proposed Disposal will result in the Company disposing its HDD Business in its entirety.

2.2. Value of the Target Business

Based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2019 (“**FY2019 Results**”), the aggregate book value of the Target Shares and Target Assets is approximately US\$32,953,000 (~S\$43,739,000)¹, and the aggregate net tangible asset value (“**NTA**”) attributable to the Target Shares and Target Assets is approximately US\$32,953,000 (~S\$43,739,000)¹. There is no open market value for the Target Shares as they are not publicly traded.

The Company has appointed Crowe Horwath First Trust Appraisal Pte. Ltd. as the independent valuer (“**Independent Valuer**”) to perform a valuation on the Target Shares and Target Assets. The Independent Valuer shall prepare a valuation report (“**Valuation Report**”), a summary of which will be disclosed in the Circular (as defined below) in due course. The outcome of the valuation by the Independent Valuer shall not affect the terms of the Agreement or the amount of Purchase Price in relation to the Proposed Disposal

The excess^{2,3} of the Purchase Price over the book value of the Target Shares and Target Assets as at 31 December 2019 was approximately US\$10,965,000 (~S\$14,553,000)¹.

2.3. Gain on Disposal

The net losses after tax attributable to the Target Shares and the Target Assets, based on the FY2019 Results, is approximately US\$8,638,000 (~S\$11,465,000)¹. Based on the Purchase Price and the book value of the Target Shares and Target Assets as at 31 December 2019, the estimated gain^{2,3} on the Proposed Disposal is approximately US\$10,965,000 (~S\$14,553,000)¹.

3. INFORMATION ON THE PURCHASER AND SEKSUN

The Purchaser (Unified Social Credit No. 913205077890848618) is a company incorporated in the People’s Republic of China, with its registered business address at

¹ For illustrative purposes, based on an SGD/USD foreign exchange rate of 1.3273 as of 29 December 2020.

² Net of all costs and expenses (including applicable employee severance costs).

³ The excess or gain on disposal of the Purchase Price over the book value of the Target Shares and Target Assets based on the Minimum NAV of US\$40,000,000 would be approximately US\$3,918,000 (~S\$5,200,000), net of all costs and expenses (including applicable employee severance costs).



Lingfeng Village, Beiqiao Street, Xiangcheng District, Suzhou. The Purchaser is principally engaged in the business of surface treatment products and is a wholly-owned subsidiary of Suzhou Anjie Technology Co., Ltd. (“**Anjie**”), a public company listed on the Shenzhen Stock Exchange (SZSE Code:002635).

Seksun is a company incorporated in the People’s Republic of China, with its registered office at No. 16 Tianling Road, Wuzhong Economic Development Zone, Suzhou, Jiangsu Province, China and is a wholly-owned subsidiary of Anjie. In connection with the Proposed Disposal, Seksun (the “**Purchaser Guarantor**”) shall guarantee that the Purchaser shall comply with its obligations under the Agreement.

4. SUMMARY OF THE PRINCIPAL TERMS OF THE AGREEMENT

4.1. Purchase Price

The Purchase Price payable in respect of the acquisition of the Target Shares and the Target Assets shall be an amount of US\$50,000,000, less any amounts of leakage, to be allocated between the sale and purchase of each Target Company and the Target Assets in accordance with a supplement to the Agreement, which shall be in form and substance agreed between the Parties and executed as a condition precedent to Closing (the “**Supplemental Allocation Agreement**”) and remitted to the Sellers in US Dollars and RMB (as applicable) based thereon.

The Purchase Price was arrived at after arm’s length negotiations between the parties, on a willing buyer-willing seller basis, taking into account the expected net asset value of the Target Companies and the Target Assets as at 31 December 2020.

4.2. Lock Box Arrangements

Other than certain permitted payments, each of the Sellers represents, warrants and covenants to the Purchaser that neither it nor any of its affiliates (excluding for such purposes the Target Companies) has received, will receive or has agreed or will agree to receive from any Target Company, and no Target Company has paid, entered into, or made, will pay, enter into or make, or has agreed or will pay, enter into or incur, any leakage (the “**No Leakage Undertakings**”) and undertakes that as from the earlier of (i) the date of execution of the Agreement or (ii) 31 December 2020 until the Closing Date:

- (a) no dividend, distribution or other return of capital (whether by reduction of capital, purchase of shares or otherwise) has been or will be declared, authorized, paid or made (whether actual or deemed) by any Target Company to or for the benefit of the Sellers or any of the nominee holders of shares of the Target Companies;
- (b) no payments, loans or financial benefits have been or will be made by or on behalf of a Target Company to or for the benefit of the Sellers or any other Group company or their respective affiliates;
- (c) no management, monitoring or other shareholder or directors’ fees or bonuses or any employee transaction or retention fees or bonuses, or payments of a similar nature have been paid or will be paid by or on behalf of a Target Company to or for the benefit of the Sellers or any other Group company or their respective affiliates;



- (d) no share or loan capital (or any interest therein) of a Target Company has been or will be redeemed by or repurchased from or repaid to or for the benefit of the Sellers or any other Group company or their respective affiliates;
- (e) no amounts, liabilities or obligations owed to or for the benefit of a Target Company by the Sellers or any other Group company or their respective affiliates have been or will be waived, released or forgiven;
- (f) no assets, rights or other interests have been or will be sold, disposed of, transferred or surrendered by a Target Company or BIGL Shenzhen to the Sellers or any other Group company or their respective affiliates;
- (g) no liabilities have been or will be assumed, discharged, incurred, guaranteed, indemnified, waived or released by a Target Company for the benefit of the Sellers or any other Group company or their respective affiliates;
- (h) no encumbrance has been or will be granted, created or allowed to arise by way of operation of law over any of the assets or rights of the Target Companies or the Target Assets in favour of or for the benefit of the Sellers or any other Group company or their respective affiliates;
- (i) no Target Company shall amend or will amend the terms of any of its indebtedness owed by it to the Sellers, any other Group company or their respective affiliates; and
- (j) none of the Sellers, any other Group company or their respective affiliates has agreed or committed to do, or will agree or commit to do, any of the things set out in paragraphs (a) to (i) inclusive,

in each case, unless pursuant to and in compliance with the Intercompany Settlement Plan (as defined below) and subject to the express written consent of the Purchaser.

In the event of any breach of any of the undertakings set out above, each of the Sellers jointly and severally undertakes to indemnify, and shall reimburse the Purchaser on demand, in each case on a dollar-for-dollar basis, for any liabilities, losses, damages, costs and expenses (including reasonable legal expenses) arising out of such breach.

4.3. **Pre-Closing Undertakings of the Parties**

The Agreement provides for certain pre-Closing undertakings of the Parties, including, amongst others, those relating to the obtaining of relevant regulatory approvals by the Parties, the conduct of business by the Sellers, employee matters and the termination of certain intercompany arrangements by the Sellers pursuant to an intercompany settlement plan (the “**Intercompany Settlement Plan**”) as set out in the forth in the Supplemental Allocation Agreement.

4.4. **Guarantees**

- (a) The Company shall guarantee the punctual performance by the Sellers of all of their respective obligations under the Agreement, and agrees to pay from time to time on demand any sum of money which the Sellers are liable to pay under the Agreement and which have become due and payable but have not been paid at the time such demand is made.



- (b) The Purchaser Guarantor shall guarantee the punctual performance by the Purchaser and the purchaser entity under the Agreement and agrees to pay from time to time on demand any sum of money which the Purchaser or the purchaser entity (as applicable) are liable to pay under the Agreement and which have become due and payable but have not been paid at the time such demand is made.

4.5. **Conditions Precedent to Closing**

The respective obligations of the Parties to consummate the transactions contemplated at Closing are subject to the satisfaction or waiver at or prior to 30 June 2021 after the date hereof or such later date as may be agreed in writing between the Parties (the “**Long-stop Date**”) of, amongst others, the following conditions:

- (a) There shall not be in effect on the date of the Closing, as a result of any changes of law after the date of the Agreement, any government orders or laws restraining, enjoining or otherwise prohibiting or making illegal the consummation of the Proposed Disposal or any of the transactions contemplated to be effected under the Agreement and the transaction documents.
- (b) All regulatory clearances, registrations and filings that are required to consummate the Proposed Disposal and the payment of the offshore Purchase Price in such outbound investment shall have been obtained or completed.
- (c) The Company shall have obtained the requisite approvals of its shareholders in an extraordinary general meeting of shareholders validly convened for the purposes of approving the Proposed Disposal in compliance with the requirements of the listing rules of the SGX-ST.
- (d) Each of the Parties shall have agreed on the allocation of the Purchase Price and executed and delivered the Supplemental Allocation Agreement, which shall be in full force and effect as of Closing.

The obligation of the Purchaser to proceed with the Closing shall be subject to the satisfaction or waiver at or prior to the Closing Date of the following conditions summarised below:

- (i) Each of the representations and warranties of the Sellers contained in the Agreement shall be true and correct in all material respects as of the date of execution of the Agreement and the Closing Date (except to the extent such representations and warranties are made as of a particular date, in which case such representations and warranties shall have been true and correct as of such date).
- (ii) The Sellers shall have performed, satisfied and complied in all material respects with all of its covenants and agreements set forth in the Agreement to be performed, satisfied and complied with prior to or at Closing.
- (iii) The Parties shall have agreed on the transactions constituting the Intercompany Settlement Plan to the satisfaction of the Purchaser and the Seller shall have effected all of the agreed transactions under the Intercompany Settlement Plan.



- (iv) All agreements between each of the Target Companies (on the one hand) and the Company, any Group company or their respective affiliates, directors, officers and employees (on the other hand) shall have been terminated without any outstanding obligation or liability.
- (v) All of the key customer and supplier contracts shall have been assigned, novated or otherwise transferred to the relevant Target Company or purchaser entity as set out in the Agreement and all consents, waivers and approvals of the relevant counterparties thereto required in respect of such assignment and transfer shall have been obtained and, in each case, shall be in full force and effect as of Closing.
- (vi) BIGL Thailand shall have obtained all foreign business certificates and licences required under the Foreign Business Act B.E. 2542 of Thailand and such foreign business licences shall be in full force and effect as of Closing.
- (vii) The Key Employees (as defined in the Agreement) shall have executed and delivered the relevant service agreements and such service agreements remain in full force and effect as of Closing.
- (viii) The net asset value of the Target Companies and the Target Assets as of 31 December 2020 based on the audited financial statements for BIGL Shenzhen, BIGL Mauritius and each of the Target Companies for the financial year ended 31 December 2020 on a pro forma basis shall not be less than US\$40,000,000 (the "**Minimum NAV**"), determined with reference to and in accordance with the Agreement.
- (ix) All third party consents required in respect of the transactions contemplated under the Agreement and any transaction document have been obtained and are in full force and effect.

The obligations of the Sellers to consummate the transactions contemplated with respect to the Closing shall be subject to the satisfaction or waiver at or prior to the applicable Closing Date of the following conditions summarised below:

- (1) Each of the representations and warranties of the Purchaser contained in the Agreement shall be true and correct in all material respects as of the date of execution of the Agreement and the Closing Date (except to the extent such representations and warranties are made as of a particular date, in which case such representations and warranties shall have been true and correct as of such date).
- (2) The Purchaser shall have performed, satisfied and complied with all of its covenants and agreements set forth in the Agreement to be performed, satisfied and complied with prior to or at the applicable Closing.

4.6. Closing

Closing of the equity transfers and the asset transfer under the Agreement ("**Closing**") shall take place on the seventh business day following notification of the satisfaction or waiver of all of the conditions precedent or such other date as the Parties may agree in writing ("**Closing Date**").



4.7. Lease of Excluded Property

For a period of at least two (2) years after Closing, BIGL Shenzhen shall be entitled to lease 20,750 square meters of the Excluded Property to the purchaser entity for a price of RMB20.00 per square meter per month under the Excluded Property lease agreement, which the Parties shall enter into as soon as practicable and in any event within six months after Closing.

4.8. Break Fees

Each Party agrees that, in the event:

- (a) the Sellers and the Company are unable to procure the Key Shareholders (as defined in Section 10 of this announcement) to vote in favor of the Proposed Disposal at the extraordinary general meeting in respect thereof, the Seller shall forthwith (and in any event, not later than seven business days after the date of such failed extraordinary general meeting), pay to the Purchaser a break fee in the amount of US\$2,500,000, representing 5 per cent. of the Purchase Price; and
- (b) the Purchaser is unable to obtain the requisite board approvals in respect of the Proposed Disposal in compliance with applicable laws and the listing rules and regulations of the Shenzhen stock exchange, the Purchaser shall forthwith (and in any event, not later than seven business days after the date of such failed board meeting), pay to the Seller a break fee in the amount of US\$2,500,000, representing 5 per cent. of the Purchase Price (the fees set out in this Section 4.8, the "**Break Fees**").

4.9. Non-Compete and Non-Solicitation

- (a) For the purposes of protecting the goodwill and knowhow of the Target Companies and the value of the Target Business, each of the Sellers undertakes to and covenants with the Purchaser that it will not, and will procure the Group Companies (for such purposes, including without limitation, BIGL Technologies (Suzhou) Co., Ltd. and BIGL Mauritius) not to, whether directly or indirectly during the period of 60 months immediately following the Closing:
 - (i) engage, be concerned or interested in, or associated within the PRC with any business carried out in direct or indirect material competition with the Target Business or which is engaged in the manufacture of hard disk actuator arms or related parts; or
 - (ii) solicit, interfere with or endeavour to entice away from any Target Company or the Purchaser and its affiliate to the detriment of the Target Business any person, firm or company that is now or has during the 12 months preceding Closing been a material customer or supplier of the Target Business or any Group company nor enter into a partnership or any association, whether directly or indirectly, with such person.
- (b) Each of the Sellers undertakes to the Purchaser for itself and for each other Group company (excluding for such purposes the Target Companies) that it will not, at any time on or prior to the second anniversary of the date of the Closing, directly or indirectly solicit, engage or employ any of the Key Employees (as defined in the Agreement) or any Person who may from time to time hold equivalent positions to that of the Key Employees or any similar position.



Notwithstanding the foregoing, this paragraph shall not prohibit any Seller or Group company (excluding for such purposes the Target Companies) from soliciting or hiring any person who responds to a general advertisement or solicitation, including but not limited to advertisements or solicitations through newspapers, trade publications, periodicals, radio or internet database.

4.10. Use of Trademarks

For a period of 12 months after the Closing, the Purchaser, the purchaser entity and the Target Companies shall have the right to continue using all trademarks, logos and designs of the Sellers that are used in the Target Business as is presently conducted.

4.11. Indemnification

(a) General Indemnification

Each of the Sellers jointly and severally agree to indemnify and hold harmless the Purchaser and its affiliates (each, a "**Purchaser Indemnified Person**") from and against all losses incurred or suffered by a Purchaser Indemnified Person arising from or in connection with (i) the breach of any of the representations or warranties made by the Sellers in the Agreement or (ii) the breach of any covenant or agreement made by the Sellers in the Agreement.

The Purchaser shall indemnify, defend and hold harmless the Seller, its affiliates, and their respective officers, directors, partners, members, employees, agents, representatives, successors and assigns (each a "**Seller Indemnified Person**") from and against all losses incurred or suffered by a Seller Indemnified Person arising from (i) the breach of any of the representations or warranties made by the Purchaser in the Agreement or (ii) the breach of any covenant or agreement made by the Purchaser in the Agreement.

(b) Special Indemnification

Subject to the limitations in the Agreement, each of the Sellers jointly and severally agree to indemnify and hold harmless all Purchaser Indemnified Person from and against all losses incurred or suffered by a Purchaser Indemnified Person arising from or in connection with the following matters, and such indemnification shall not be prejudiced by or be otherwise subject to any disclosure (in the disclosure letters or otherwise) and shall apply regardless of whether any Purchaser Indemnified Person has any knowledge, actual or constructive, with respect thereto:

- (i) any non-compliance with any environmental laws by any Group company in the conduct of the Target Business occurring prior to the Closing;
- (ii) any failure of any of the Target Companies, BIGL Shenzhen or any other Group company engaged in the Target Business to obtain the following approvals as required under applicable Laws: the approval of the National Development and Reform Commission, environmental impact assessment approval, sewage discharge permit, waste discharge permit, occupational disease hazard pre-assessment approval, construction certificate, certificate of building construction, modification or relocation, safety examination approval for the



establishment and filing of construction projects, the final completion acceptance of the design and construction of environmental protection facilities, occupational disease protection facilities and safety facilities, and the final completion acceptance of construction projects and the fire control, and all other requisite examinations, approvals, consent, authorizations and permits in connection with each construction project or technology transformation project used in the operations of the Target Business; and

- (iii) any non-compliance with applicable laws relating to labour and employment by any Group company, including without limitation, any underpayment of social insurance, public housing fund, overtime compensation or severance fees, absence of employment contracts, lack of approval for special working hour system, non-compliance with labour dispatchment requirement and non-compliance with occupational disease protection requirements,

in each case, where the underlying facts, issues, events, developments or circumstances, acts or omissions giving rise to such issue occurred or existed prior to the Closing Date.

(c) Tax Indemnity

As a separate and independent obligation and except for such taxes as are reflected and accrued in the accounts and enterprise income tax arising in the ordinary course of business for the financial year ended and as of 31 December 2020, the Sellers shall jointly and severally indemnify and hold harmless the Purchaser Indemnified Persons from and against any and all taxes imposed on the Target Companies relating to the matters specified in the Agreement.

(d) Limitation in Liability of the Sellers

The maximum aggregate liability of the Sellers to the Purchaser in respect of all Claims under the Agreement or any of the transaction documents shall not exceed 100 per cent. of the Purchase Price actually received by the Sellers, and, in the case of any claims made in respect of the Sellers' Warranties, shall be subject to the following further limitations and otherwise as follows:

- (i) in the case of any claims made for breach of certain specified Sellers' fundamental warranties, the aggregate amount of all such claims shall not exceed 100 per cent. of the Purchase Price;
- (ii) in the case of any claims made for breach of any Sellers' fundamental warranties or the Sellers' operational warranties other than as set out in sub-paragraph (i) above (in each case, except where such breach arises out of or is due to any fraud, gross negligence or wilful misconduct on the part of the Sellers and their respective directors, officers, representatives and employees), the aggregate amount of all such claims shall not exceed 20 per cent. of the Purchase Price.

Except for claims referred to in sub-paragraph (i) above with respect to the certain specified Sellers' fundamental warranties, no claims shall be brought under the indemnification provisions of the Agreement after the date falling five years after the Closing Date.



(e) No Double Recovery

Notwithstanding anything in the Agreement to the contrary, no Party will be entitled to indemnification or reimbursement under any provision of the Agreement for any amount to the extent such party or its Affiliates have been indemnified or reimbursed for such amount under any other provision of the Agreement. The Purchaser shall use reasonable efforts to mitigate any losses for which it seeks indemnification under the Agreement, to the extent required by applicable law.

4.12. Termination

The Agreement may be terminated at any time prior to Closing:

- (a) by mutual written agreement of the Parties;
- (b) by the applicable Party to whom Break Fees are payable upon the occurrence of any of the events referred thereto;
- (c) by either Party, if Closing has not occurred by the Long-stop Date;
- (d) by either the Sellers or the Purchaser, if there shall have been a material breach by the Purchaser or the Sellers respectively, of any of their respective representations, warranties, covenants or obligations contained herein, which breach would (i) result in the failure to satisfy any conditions precedents to Closing and in any such case, such breach shall be incapable of being cured or, if capable of being cured, shall not have been cured within 30 calendar days after written notice thereof shall have been received by the Party alleged to be in breach and (ii) in the case of any breach of the Sellers' warranties or the Purchaser's warranties (as applicable), would have a material adverse effect or would materially and adversely affect the ability of any Party to effect the transactions contemplated under the Agreement; or
- (e) by either Party, if a court of competent jurisdiction or governmental, regulatory or administrative agency or commission shall have issued a non-appealable final order, decree or ruling or taken any other action having the effect of permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by the Agreement.

4.13. Governing Law

The Agreement shall be governed by, and construed in accordance with, the laws of the People's Republic of China, without giving effect to principles of conflicts of law.

5. RATIONALE FOR THE PROPOSED DISPOSAL

The Board is of the view that the Purchase Price of US\$50,000,000 is fair and reasonable and the Proposed Disposal presents a good opportunity to unlock value for the Shareholders and is in the best interests of the Company and Shareholders after taking into consideration the longer term prospects of the HDD Business and the financial position of the Group.



Based on the Group's unaudited third quarter financial statements for the period ended 30 September 2020, the Proposed Disposal will result in a gain^{4, 5} of approximately US\$6.6 million (~S\$8.8 million)⁶ for the current financial year ending 31 December 2020 and the Company will receive net proceeds⁴ of approximately US\$43.9 million (~S\$58.3 million)⁶ after deducting all costs and expenses.

While the Proposed Disposal will result in the Company becoming a cash company, the Board is of the view that with a stronger balance sheet, the Company will be able to explore more fully the various options available to the Company and Shareholders.

6. USE OF PROCEEDS

The net proceeds⁴ from the Proposed Disposal, after deducting all costs and expenses of the Proposed Disposal (including applicable employee severance costs), is estimated to be approximately US\$43,900,000 (~S\$58,268,000)⁶ ("**Net Proceeds**").

The Net Proceeds may be used to acquire new assets or businesses to satisfy the listing requirements of the SGX-ST, subject to the restrictions under Rule 1018 of the Listing Manual. Please refer to Section 9 of this announcement for further details. The Board will announce the specific uses for the proceeds arising from the Proposed Disposal in greater detail as and when appropriate.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

Based on the Group's unaudited third quarter financial statements for the period ended 30 September 2020, being the latest announced consolidated financial statements of the Group, the relative figures of the Proposed Disposal computed on the bases set out in Rules 1006 of the Listing Manual are as follows:

Listing Rule	Relevant Bases	Relative Figures
Rule 1006(a)	The net asset value of the assets to be disposed of compared with the Group's net asset value	71%
Rule 1006(b)	The net profits ⁽ⁱ⁾ attributable to the assets disposed of compared, with the Group's net profits	117%
Rule 1006(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation ⁽ⁱⁱ⁾ of approximately S\$76,976,000 based on the total number of issued shares in the capital of the Company, excluding treasury shares	86%
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities of previously in issue	Not applicable ⁽ⁱⁱⁱ⁾
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 ^(iv)

⁴ Net of all costs and expenses (including applicable employee severance costs).

⁵ The Proposed Disposal will result in a gain of approximately US\$3.9 million (~S\$5.2 million), net of all costs and expenses (including applicable employee severance costs) based on the Minimum NAV of US\$40,000,000 for the Target Companies and Target Assets.

⁶ For illustrative purposes, based on an SGD/USD foreign exchange rate of 1.3273 as of 29 December 2020.



Notes:

- (i) “net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (ii) “market capitalisation” is calculated by the number of ordinary shares in the capital of the Company (excluding treasury shares) multiplied by the volume weighted average market price of S\$0.1644 per Share as at 30 December 2020, being the market day immediately preceding the date of the Agreement.
- (iii) Not applicable, as the Proposed Disposal does not relate to an acquisition by the Company and no equity securities are being issued by the Company as consideration.
- (iv) Not applicable, as the Proposed Disposal does not relate to the disposal of mineral, oil and gas assets.

As the relative figures computed on the applicable bases set out in Rule 1006 of the Listing Manual for the Proposed Disposal exceed 20%, the Proposed Disposal would constitute a major transaction under Chapter 10 of the Listing Manual. Accordingly, the approval of Shareholders is required in respect of the Proposed Disposal.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The pro forma financial effects of the Proposed Disposal on the Company presented below are for illustrative purposes only and do not reflect the actual financial effects or the future financial performance and condition of the Company and/or the Group after the Proposed Disposal.

The pro forma financial effects below were prepared on the basis of the audited financial statements of the Group for the financial year ended 31 December 2019 (“FY2019”).

(a) NTA per share

For illustrative purposes only, assuming that the Proposed Disposal was completed on 31 December 2019, the effects of the Proposed Disposal on the NTA per share of the Company for FY2019 are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	61,830	76,597 ⁷
Number of shares	468,146,561	468,146,561
NTA per share (S\$ cents)	13.21	16.36 ⁸

(b) Earnings per share (“EPS”)

For illustrative purposes only, assuming the Proposed Disposal was completed on 1 January 2019, the effect of the Proposed Disposal on the EPS of the Group for FY2019 are as follows:

⁷ For illustrative purposes, based on the Minimum NAV of US\$40,000,000 for the Target Companies and Target Assets, the NTA (S\$'000) before and after the Proposed Disposal are 61,830 and 67,107 respectively.

⁸ For illustrative purposes, based on the Minimum NAV of US\$40,000,000 for the Target Companies and Target Assets, the NTA per share (S\$ cents) before and after the Proposed Disposal are 13.21 and 14.33 respectively.



	Before the Proposed Disposal	After the Proposed Disposal
Net (loss)/profit attributable to owners of the Company (S\$'000)	(21,374)	5,347 ⁹
Weighted average number of shares (diluted)	469,053,540	469,053,540
Fully diluted EPS (S\$ cents)	(4.56)	1.14 ¹⁰

9. CASH COMPANY – COMPLIANCE WITH RULE 1018 OF THE LISTING RULE

Upon completion of the Proposed Disposal, the assets of the Company are anticipated to consist substantially of cash or short-dated securities and the Company will likely be deemed as a cash company under Rule 1018 of the Listing Manual. As a result, the Company will be required to comply with the restrictions under Rule 1018 of the Listing Manual and will continue to provide updates on the matter soon.

Shareholders are to note that under Rule 1018 of the Listing Manual, in addition to the compliance requirements stated therein, if the assets of an issuer consist wholly or substantially of cash or short-dated securities, its securities will normally be suspended. The suspension will remain in force until the issuer has a business which is able to satisfy the SGX-ST's requirements for a new listing, and all relevant information has been announced. The SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company, subject to any extension as may be approved by the SGX-ST.

10. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The Company's Non-Executive Director, Mr Lew Syn Pau, and Mdm Lau Leok Yee, a controlling shareholder of the Company, (collectively, the "**Key Shareholders**") has each provided an undertaking to vote in favour of the Proposed Disposal at the EGM (as defined below).

Save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

11. DIRECTORS' SERVICE CONTRACTS

There are no persons who are 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.

⁹ For illustrative purposes, based on the Minimum NAV of US\$40,000,000 for the Target Companies and Target Assets, the net loss attributable to owners of the Company (S\$'000) before and after the Proposed Disposal are 21,374 and 4,260 respectively.

¹⁰ For illustrative purposes, based on the Minimum NAV of US\$40,000,000 for the Target Companies and Target Assets, the fully diluted EPS (S\$ cents) before and after the Proposed Disposal are (4.56) and (0.91) respectively.



12. CIRCULAR AND EXTRAORDINARY GENERAL MEETING

The Company will be seeking shareholders' approval at an extraordinary general meeting ("**EGM**") to be held by electronic means in due course to approve the Proposed Disposal. A circular containing, *inter alia*, the notice of the EGM and details of the Proposed Disposal ("**Circular**") will be despatched to the Shareholders in due course.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given 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 the announcement in its proper form and context.

14. DOCUMENTS FOR INSPECTION

A copy of the Agreement will be available for inspection during normal business hours at the registered office of the Company at 3 Fusionopolis Way, #13-26 Symbiosis, Singapore 138633 for a period of three (3) months from the date of this announcement.

By Order of the Board

Broadway Industrial Group Limited

31 December 2020