



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

**UPDATE IN RELATION TO THE JOINT VENTURE IN THE REPUBLIC OF KOREA
– PROPOSED ACQUISITION OF THE REMAINING SHARES
IN THE CAPITAL OF BIGL KOREA CO., LTD.**

1. INTRODUCTION

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

- (a) 11 November 2022, 2 December 2022, 28 April 2023, 28 May 2023, 1 July 2023, 14 July 2023 and 13 October 2023 in relation to the joint venture in the Republic of Korea; and
- (b) 12 May 2024 (such announcement, the “**Waiver Announcement**”), where it had announced that the Company had obtained a waiver (the “**Waiver**”) from the SGX-ST with regard to compliance with Rule 1014(2) of the Listing Manual for the requirement of shareholders’ approval for the proposed entry by BIGL Asia into a sale and purchase agreement with HSMJ pursuant to which BIGL Asia is to acquire the remaining shares in the capital of the JVCo from HSMJ, such shares representing 13.16% of the issued and paid-up share capital of the JVCo (such shares, the “**Sale Shares**”) for a proposed aggregate consideration of USD250,000 (equivalent to S\$337,000) (the “**Proposed Acquisition**”),

(the foregoing announcements, 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.

Further to the Announcements, the Board wishes to update the shareholders that BIGL Asia had on 28 May 2024 entered into a sale and purchase agreement with HSMJ (the “**SPA**”), pursuant to which BIGL Asia is to acquire the Sale Shares from HSMJ for an aggregate consideration of USD250,000 (equivalent to S\$337,000).

2. EXCHANGE RATE

All exchange rates used in this announcement are based on the illustrative exchange rate of S\$1.3497 to USD1 as at 27 May 2024, unless otherwise stated.

3. INFORMATION ON THE JVCO AND HSMJ

The JVCo is in the business of manufacturing and distributing precision diecasting and machining parts primarily for the telecommunications equipment, industrial applications and automotive industries, as well as precision process toolings.

HSMJ is a company incorporated in the Republic of Korea, with Company Registration Number: 134111-0621826, and having its registered address at Building A Room 206, 230 Simindaero, Dongangu, Anyang, Kyunggido, Republic of Korea. HSMJ is founded and wholly owned by Mr. Kim Myoung Hak (“**KMH**”) and its principal business activities are R&D, manufacture, export and

import of electronic products and telecommunication equipment, management consulting and other business supporting services. HSMJ is an independent third party and is not related to the Group, or any director, chief executive officer or controlling shareholder of the Company (as defined in the Listing Manual).

4. CONSIDERATION

The total consideration for the Sale Shares is USD250,000 (equivalent to S\$337,000) (the “**Consideration**”), which will be satisfied in full in cash.

The Consideration was negotiated on an arm’s length basis and was arrived at on a willing-buyer willing-seller basis based on 50% of HSMJ’s total capital contributions to the JVCo as at the date of the SPA.

5. SALIENT TERMS OF THE SPA

On or prior to the date of completion of the sale and purchase of the Sale Shares pursuant to the SPA (such date, the “**Sale Completion Date**”), HSMJ shall deliver (or procure the delivery to BIGL Asia):

- (a) the deed of termination to terminate the shareholders’ agreement entered into between BIGL Asia and HSMJ on 11 November 2022 (such agreement, the “**SHA**”); and
- (b) the written resignation of KMH from his directorship on the board of the JVCo and the VietSub respectively, with effect on and from the Sale Completion Date with acknowledgments signed by KMH in form and substance satisfactory to BIGL Asia and to the effect that he has no claim against the JVCo or BIGL Asia for compensation for loss of office, redundancy or unfair dismissal or otherwise howsoever,

among other documents.

6. RATIONALE FOR THE PROPOSED ACQUISITION

The Board refers to the Company’s announcement dated 1 July 2023, where among others, the Company had announced that HSMJ has not contributed the full amount of the Phase 1C Subscription Price on or before 26 May 2023, and is therefore in material breach of the SHA (the “**Material Breach**”).

The Proposed Acquisition represents an amicable resolution of the Material Breach of the SHA by HSMJ, in relation to which moving forward, the Group will not need to incur further costs to seek legal advice and the attention and resources of the Group and its management can be deployed to manage the business of the JVCo and the VietSub as wholly-owned subsidiaries of the Company, instead of 86.84% subsidiaries.

7. NET PROFITS ATTRIBUTABLE TO THE SALE SHARES

Based on the audited financial statements of the Group for the financial year ended 31 December 2023 (“**FY2023**”) as announced by the Company on 5 April 2024, the net profits attributable to the assets acquired (i.e. the Sale Shares), compared with the Group’s net profits, is a negative 27.96%, mainly due to the start-up costs and capacity building costs for the new business.

8. ILLUSTRATIVE FINANCIAL EFFECTS

8.1 Illustrative Nature of Financial Effects

The financial effects of the Proposed Acquisition 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 FY2023. 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 Acquisition.

8.2 NTA

Assuming that the Proposed Acquisition had been effected on 31 December 2023 (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 Acquisition	After the Proposed Acquisition
NTA (S\$'000)	88,760	88,527
Number of ordinary shares	454,656,461	454,656,461
NTA per ordinary share (cents)	19.52	19.47

8.3 EPS

Assuming that the Proposed Acquisition had been effected on 1 January 2023 (being the beginning of the most recently completed financial year of the Group), the effects of the Proposed Acquisition on the EPS of the Company would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to shareholders (S\$'000)	3,085	2,717
Weighted average no. of ordinary shares – Basic	454,656,461	454,656,461
EPS (cents) – Basic	0.68	0.60

9. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Acquisition, computed on the bases set out in Rule 1006 of the Listing Manual are based on the Group's latest announced consolidated financial statements, being the audited financial statements for FY2023 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	Not applicable ⁽²⁾
(b)	Net losses attributable to the assets acquired (i.e. the Sale Shares), compared with the Group's net profits	-27.96% ⁽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	0.5%
(d)	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 ⁽⁶⁾
(e)	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 two (2) decimal places.
- (2) Not applicable, as the Group is not disposing of any assets.
- (3) Calculated based on the net losses attributable to the Sale Shares of S\$565,000 compared with the Group's net profits of S\$2,021,000.
- (4) The consideration in respect of the Proposed Acquisition is USD250,000 (equivalent to S\$337,000).
- (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\$0.161 per share as at 27 May 2024, 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.

While none of the relative figures as computed on the bases set out in Rule 1006 exceeds 20%, at least one of the relative figures involves a negative figure. In addition, the Proposed Acquisition did not fall within all the situations in paragraphs 4.3 and 4.4 of Practice Note 10.1 of the Listing Manual.

As the SGX-ST has granted the Waiver, the Company will not be convening an extraordinary general meeting to seek shareholders' approval in relation to the Proposed Acquisition and accordingly, will not be despatching a circular to the shareholders in relation thereto.

10. CONFIRMATIONS FROM THE COMPANY

The Company had on 28 May 2024 submitted a letter to the SGX-ST confirming that, as at the date of the letter:

- (a) it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company; and
- (b) the Waiver is/will not be in contravention of any laws and regulations governing the Company and its constitution.

Following the disclosures in this announcement, (i) the Company has complied with conditions (b), (d) and (e) of the Waiver conditions as set out in paragraph 2 of the Waiver Announcement; and (ii) the Waiver conditions have all been met.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Proposed Acquisition, otherwise than through their respective shareholdings (if any) in the Company.

12. DIRECTORS' SERVICE CONTRACTS

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

13. FURTHER ANNOUNCEMENTS

The Company will make further announcements as appropriate when there are material developments to the Proposed Acquisition.

14. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in dealing or trading in the shares of the Company as there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed.

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubts about the actions they should take.

By Order of the Board

Broadway Industrial Group Limited

28 May 2024