



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

LITIGATION

The Board of Directors (the “**Board**”) of Broadway Industrial Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to:

- (a) the Company’s announcement dated 6 February 2018 which stated, among other things, that the Company had received notices from Broadway Holding III Limited (an investment vehicle wholly-owned by US private equity firm Platinum Equity) (the “**Purchaser**”) in relation to certain claims for breach of warranties and the indemnities provided under the sale and purchase agreement dated 22 August 2016 (as amended by a supplemental agreement dated 22 December 2016) (the “**Sale and Purchase Agreement**”) relating to the disposal by the Company of the foam plastics solutions and flow control device businesses of the Group to the Purchaser (the “**Claims**”); and
- (b) the Company’s announcement dated 14 June 2018 which stated, among other things, that the Company and the Purchaser had entered into a deed of settlement in relation to the full and final settlement of certain of the Claims, and that the other Claims were subject to discussions between the Company and the Purchaser.

The Board wishes to announce that the Company had on 20 February 2020 been served with two writs of summons and statements of claim in relation to the Sale and Purchase Agreement. The first was served on the Company by the Purchaser while the other was served on the Company by two subsidiaries of the Purchaser, namely, Compart Precision (Shenzhen) Co., Ltd. (“**CPSZ**”) and its parent company, Compart Systems Pte. Ltd. (“**CSPL**”).

The plaintiffs had alleged that the Company breached certain warranties given by the Company in the Sale and Purchase Agreement and/or is liable under the terms of the Sale and Purchase Agreement to provide an indemnity for certain losses. In particular:

- (i) CPSZ and CSPL had claimed for an indemnity of approximately RMB2.5 million or damages to be assessed, which is premised on the Company’s alleged failure to ensure that certain Chinese companies sold to the Purchaser pursuant to the Sale and Purchase Agreement had fully paid their liability for social security insurance and housing fund contributions prior to the sale of such companies; and
- (ii) the Purchaser had claimed for breach of warranties and/or indemnities for losses arising out of the liabilities of certain Chinese companies sold to the Purchaser pursuant to the Sale and Purchase Agreement, to various Chinese government authorities. While such claim had not been quantified, the minimum claim is expected to be at least approximately RMB25.7 million plus approximately S\$3.7 million (based on the total amount of alleged losses accrued to date).

Accordingly, the aggregate minimum amount of claims is approximately S\$9.3 million, comprising at least RMB28.2 million (or approximately S\$5.6 million) plus S\$3.7 million.¹

¹ Based on an exchange rate of RMB1.00 : S\$0.20.

The Company is in consultation with its advisors including the auditors to assess the potential financial impact to the Group arising from such claims.

The Company intends to defend the claims vigorously and is taking legal advice.

Further announcements will be made by the Company as and when appropriate.

BY ORDER OF THE BOARD

BROADWAY INDUSTRIAL GROUP LIMITED

23 February 2020