

BROADWAY INDUSTRIAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 199405266K)

**DISPOSAL OF THE FOAM PLASTICS SOLUTIONS
AND FLOW CONTROL DEVICE BUSINESSES OF THE GROUP**

DEED OF PAYMENT AND GROUP PERFORMANCE GUIDANCE

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Broadway Industrial Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements dated 22 August 2016, 14 September 2016, 22 December 2016 and 30 December 2016 and to the Circular to Shareholders dated 29 November 2016 relating to the disposal (the “**Disposal**”) by the Company of the foam plastics solutions and flow control device businesses of the Group to Broadway Holding III Limited (the “**Purchaser**”) pursuant to the sale and purchase agreement dated 22 August 2016 (the “**Sale and Purchase Agreement**”).
- 1.2 Completion of the Disposal took place on 30 December 2016.

2. DEED OF PAYMENT

- 2.1 The Board wishes to announce that the Company has today entered into a deed of payment (“**Deed of Payment**”) with the Purchaser in relation to the Disposal. Pursuant to the Deed of Payment, the Company will pay to the Purchaser:
- (a) approximately S\$14,471,339 (“**1st Tranche Vendor Payment Amount**”); and
 - (b) the losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses arising from or in connection with a suit brought against Suzhou Broadway Plastic Packaging Co. Ltd (“**SZBW**”) (“**2nd Tranche Vendor Payment Amount**”).
- 2.2 The 1st Tranche Vendor Payment Amount and 2nd Tranche Vendor Payment Amount are being paid pursuant to a deed of undertaking and indemnity (“**Deed of Undertaking**”) which was entered into between the Company and the Purchaser on 2 June 2017 in connection with the Disposal, in order to record the parties’ agreement on the adjustment to the consideration amount for the Disposal and certain indemnities from the Company in favour of the Purchaser.
- 2.3 (a) The 1st Tranche Vendor Payment Amount comprises the aggregate of:
- (i) the difference between the amount of receivables which was represented as owing to Shanghai Broadway Packaging & Insulation Materials Co. Ltd (“**SHBW**”) by certain customers as at 30 December 2016 (“**Receivables**”) and the actual amount of such Receivables which was paid to SHBW from 31 December 2016 to 31 December 2017; and

BROADWAY INDUSTRIAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 199405266K)

- (ii) the losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses arising from or in connection with certain suits brought against and certain actions taken by some of the companies which were sold to the Purchaser as part of the Disposal,

less the initial adjustment amount payable by the Purchaser as calculated pursuant to the Sale and Purchase Agreement.

In relation to (i) above, Receivables owing to SHBW as at 30 December 2016 and which are still outstanding after 31 December 2017 will be assigned by SHBW in favour of the Company. SHBW was sold to the Purchaser as part of the Disposal.

- (b) The 2nd Tranche Vendor Payment Amount comprises the aggregate amount of the losses, costs, damages, claims, demands, actions, proceedings, liabilities and expenses arising from or in connection with the suit brought against SZBW. In the first trial judgement, SZBW had been ordered to pay a total of RMB 15,010 (approximately S\$3,074), and the case is currently under appeal. SZBW was sold to the Purchaser as part of the Disposal.

2.4 Subject to the terms and conditions of the Deed of Payment, payment of the 1st Tranche Vendor Payment Amount and the 2nd Tranche Vendor Payment Amount will constitute full and final settlement of the Company's obligations pursuant to the Deed of Undertaking.

2.5 Under the Sale and Purchase Agreement, the aggregate consideration for the Disposal was S\$150,000,000, subject to adjustment in accordance with the terms and conditions of the Sale and Purchase Agreement. Following the payments to be made by the Company pursuant to the Deed of Payment, the consideration received by the Company for the Disposal will be reduced by the aggregate of the 1st Tranche Vendor Payment Amount and the 2nd Tranche Vendor Payment Amount.

3. CLAIMS FOR BREACH OF WARRANTIES AND INDEMNITIES

The Company has also received notices from the Purchaser in relation to certain claims for breach of warranties and the indemnities provided under the Sale and Purchase Agreement. These are currently the subject of discussions between the parties, and the Company will make announcements to update on the status as and when there are material developments.

4. GROUP PERFORMANCE GUIDANCE

As a result of the Deed of Payment, the Group is expected to report a net loss for the quarter ended 31 December 2017 ("**4Q2017**") and for the full year ended 31 December 2017 ("**FY2017**").

BROADWAY INDUSTRIAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 199405266K)

Details of the Group's performance will be disclosed when it announces its unaudited financial results for 4Q2017 and FY2017 on or before 1 March 2018. In the meantime, shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board

BROADWAY INDUSTRIAL GROUP LIMITED

6 February 2018