

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

**EXERCISE OF PUT OPTION**

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**1. Introduction**

The board of directors (the “**Board**”) of Broadway Industrial Group Limited (the “**Company**”, together with its subsidiaries and associated companies, the “**Group**”) refers to the Company’s announcements dated 22 August 2016, 15 September 2016, 14 December 2016, 22 December 2016, 30 December 2016 and 6 February 2018 and the circular to shareholders of the Company dated 29 November 2016 (“**Circular**”) in relation to, among others, the disposal by the Company of the Foam Plastics Solutions and Flow Control Device Businesses of the Group. All capitalised terms used and not defined herein shall have the same meaning ascribed to them in the Circular.

As disclosed in Paragraph 2.3.1 of the Circular, the aggregate consideration for the sale of the Disposed Businesses and Disposed Assets included the deferred consideration of the Cash Amount of S\$14 million (by way of and subject to the completion of the Agreed CHSZ Transaction and excluding any Termination Costs, which are to be borne by the Company).

Pursuant to the Agreed CHSZ Transaction, the Company entered into the Option Agreement with Compart Systems Pte. Ltd. (“**CSSG**”) on 30 December 2016, pursuant to which CSSG has an option (“**Put Option**”) to require the Company to purchase all of the issued and paid-up share capital of CHSZ Holdings Pte. Ltd. (“**CHSZH**”) (“**Option Shares**”), which in turn holds 100% of the equity interest in the registered capital of Compart Hi-Precision Technologies (Shenzhen) Co. Ltd. (“**CHSZ**”) as its only asset.

**2. Exercise of Put Option**

2.1 The Board wishes to announce that:

(a) The Company and CSSG (collectively, the “**Parties**”) have entered into a supplemental agreement on 14 June 2018 (“**Supplemental Agreement**”) to vary and supplement certain terms of the Option Agreement. Pursuant to the Supplemental Agreement, the Parties have agreed, among others, as follows:

- (i) CHSZ will, as at the completion of the Acquisition (“**Completion**”), have a minimum amount of approximately US\$2,343,067.04 and an RMB equivalent of US\$10,156,996.80 – RMB500,862 (based on the then prevailing exchange rate) (the “**Cash Amount**”) in cash in its bank account; and
- (ii) The consideration for the purchase of the Option Shares (the “**Consideration**”) pursuant to the exercise of the Put Option shall be S\$1.00.

The Board notes that the revised Cash Amount of an aggregate of approximately S\$16,592,960<sup>1</sup> is higher than the S\$14 million which was previously agreed between CSSG and the Company and provided in the Option Agreement.

(b) CSSG has on 14 June 2018 served a Put Option notice (“**Put Option Notice**”) on the Company. Consequently, the Company is bound under the Option Agreement (as supplemented, varied and amended by the Supplemental Agreement) to complete the purchase of the Option Shares (the “**Acquisition**”).

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<sup>1</sup> Based on the exchange rates of US\$1: S\$1.3358 and RMB1: S\$0.20889 as extracted from <http://www.xe.com/> on 14 June 2018.

**BROADWAY INDUSTRIAL GROUP LIMITED**

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

- 2.2 The Consideration was pre-agreed between CSSG and the Company in the Option Agreement, but was adjusted pursuant to the Supplemental Agreement, taking into account, among others, the deferred consideration under the Agreement, the Cash Amount, the Termination Costs, the payables incurred, the receivables accumulated by CHSZ and the negative net tangible asset value attributable to the Option Shares of approximately US\$6,449,138. The Consideration will be paid in cheque on Completion in accordance with the terms of the Option Agreement (as supplemented, varied and amended by the Supplemental Agreement).
- 2.3 Completion of the Acquisition is expected to take place by 22 June 2018. Following the Acquisition, CHSZH and CHSZ will be subsidiaries of the Company.
- 2.4 A copy of the Supplemental Agreement is 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.
- 2.5 None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition.
- 2.6 The Acquisition is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the financial year ending 31 December 2018.

**3. Deed of Settlement**

The Board refers to the Company's announcement dated 6 February 2018 in relation to, among others, certain claims for breach of warranties and the indemnities provided under the Agreement ("**Claims**"). The Board wishes to announce that in consideration of the execution of the Supplemental Agreement, the Company and the Purchaser have on 14 June 2018 entered into a deed of settlement pursuant to which the parties agreed that the execution and performance by the Company of the Supplemental Agreement constitutes full and final settlement of certain of the Claims. The other Claims are still the subject of discussions between the Company and the Purchaser, and the Company will make announcements to update on the status as and when there are material developments.

By order of the Board

**BROADWAY INDUSTRIAL GROUP LIMITED**

14 June 2018