



BROADWAY INDUSTRIAL GROUP LIMITED
(Company Registration No. 199405266K)
(Incorporated in Singapore)

NON-BINDING INDICATIVE PROPOSAL

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 announcement dated 8 April 2020 ("**Announcement**") in relation to the Company's response to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on the unusual volumes of trading activity in the Company's shares. Unless otherwise defined, all capitalised terms shall bear the same meanings as ascribed to them in the Announcement.
- 1.2. As stated in the Announcement, the Company is still engaged in on-going discussions with its potential partners on the Strategic Review and as at the date of this announcement, no definitive agreements have been reached with its potential partners.
- 1.3. The Board is pleased to announce that on 28 May 2020, the Company entered into a Non-Binding Indicative Proposal ("**NBIP**") with a potential buyer ("**Buyer**") to dispose of the Group's hard disk drive business ("**HDD Business**") through the disposal of the Company's wholly-owned subsidiary, BIGL Asia Pte. Ltd. ("**BIGL Asia**") (the "**Proposed Disposal**"). The final transaction structure is subject to change based on further negotiations between the Company and the Buyer following the Due Diligence (as defined below).

2. NBIP

2.1. Consideration

The consideration for the Proposed Disposal is contemplated to be in cash on an equity value basis and the final determination of which will be subject to the results of a due diligence exercise to be conducted by the Buyer ("**Due Diligence**").

2.2. Management and Employees

The Buyer has indicated its intention to retain all key management and technical staff to operate the HDD Business after completion of the Proposed Disposal.

2.3. Due Diligence

It is envisaged that the Due Diligence shall be carried out by the Buyer in two stages with the first stage limited to such Due Diligence as may be agreed by the Company as necessary for the Buyer to make an unconditional offer to the Company. Further discussions on the Proposed Disposal shall be subject to the Due Diligence not making adverse findings, or discovering significant changes to the target Group's corporate structure (the "**Conditions**").

In consideration for the Company providing the Buyer access to confidential and/or proprietary information for the first stage of the Due Diligence, the Buyer has entered into a non-compete and non-solicitation agreement ("**Undertaking**") dated 28 May 2020 in favour of the Company.

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The Undertaking shall take effect from the date thereof until 18 months after the termination by written notice of discussions between the Company and the Buyer in relation to the Proposed Disposal.

2.4. Further Discussions

The Company and the Buyer shall negotiate in good faith the structure of the transaction for the Proposed Disposal upon satisfaction of the Conditions. Subject to unforeseeable circumstances and delays caused by restrictions imposed by regulatory authorities due to the COVID-19 pandemic, the Buyer intends to (i) execute a sale and purchase agreement with the Company to acquire the HDD Business on or before 15 November 2020; and (ii) complete the Proposed Disposal on or before 30 December 2020.

3. UPDATES

The Company will disclose any updates or further information on the Proposed Disposal, including entry into definitive agreements with the Buyer at the appropriate time.

4. CAUTIONARY STATEMENT

Shareholders and potential investors are advised that discussions on the Proposed Disposal are currently at preliminary stages and that the NBIP does not constitute and should not be construed in any regard as constituting a binding agreement in relation to the Proposed Disposal. Any final offer from the Buyer following completion of its Due Diligence may vary from the terms set out in the NBIP. Accordingly, there is no certainty or assurance that the NBIP will result in a transaction. Shareholders and potential investors are therefore advised to exercise caution when dealing in the shares of the Company and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

BROADWAY INDUSTRIAL GROUP LIMITED

28 May 2020