



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

SETTLEMENT AGREEMENT

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 announcement dated 23 February 2020 which stated, among other things, that it had been served with two writs of summons and statements of claim (the “**Suits**”) in relation to 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 (the “**Disposed Businesses**”), alleging that the Company had 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. The aggregate minimum amount of claims under the Suits is approximately S\$9.3 million, comprising at least RMB28.2 million (or approximately S\$5.6 million) plus S\$3.7 million.¹

The Board wishes to announce that the Company and the plaintiffs in the Suits (namely, Broadway Holding III Limited, Compart Systems Pte. Ltd., and Compart Precision (Shenzhen) Co., Ltd.) have on 30 December 2020 entered into a settlement agreement (the “**Settlement Agreement**”) and have come to a full and final settlement of all claims and disputes arising out of, in relation to and/or in connection with the Suits. Pursuant to the Settlement Agreement, without any admission of liability and purely with a view to resolving the Suits amicably, the Company has agreed to pay the following sums to Broadway Holding III Limited:

- (a) SGD0.5 million by 30 December 2020; and
- (b) SGD1.0 million by 31 March 2021

(together, the “**Settlement Sum**”).

Pursuant to the aforesaid settlement, Broadway Holding III Limited, Compart Systems Pte. Ltd., and Compart Precision (Shenzhen) Co., Ltd. shall discontinue the Suits, and the Company shall discontinue any counterclaims in the Suits, within two business days from 30 December 2020.

As disclosed in the Company’s annual report for the financial year ended 31 December 2019, the Group has recorded accruals for certain claims in relation to the Disposed Businesses based on management’s assessment of the risk of loss to the Company and/or the Group in its financial statements for the financial year ended 31 December 2019 (the “**Accruals**”). In this regard, as the Accruals exceed the Settlement Sum, the impact arising from the payment of the Settlement Sum is expected to be offset by the write back of a portion of the Accruals. Accordingly, the Company expects that the entry into the Settlement Agreement will have a positive impact to the income statement in the financial statements of the Group for the financial year ending 31 December 2020.

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



The Board is of the view that the entry into the Settlement Agreement is in the best interests of the Group. Further announcements will be made by the Company as and when appropriate.

By Order of the Board

Broadway Industrial Group Limited

30 December 2020