



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

**RESPONSES TO QUESTIONS FROM SHAREHOLDER
AND THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)**

The Board of Directors (the "**Board**") of Broadway Industrial Group Limited (the "**Company**") would like to thank the shareholder for submitting his question in advance of the Company's Annual General Meeting ("**AGM**") to be held on 27 April 2022 at 10.00 a.m. by way of electronic means in accordance with the Notice of AGM dated 11 April 2022.

Please refer to our response to the question received from the shareholder as set out in [Appendix A](#).

The Company has also received questions from the Securities Investors Association (Singapore) ("**SIAS**") ahead of the AGM.

Please refer to our responses to the questions received from the SIAS as set out in [Appendix B](#).

By Order of the Board

Broadway Industrial Group Limited

21 April 2022



Appendix A

Question from Shareholder

Question

In Note 17 of the Notes to the Financial Statements for the year ended 31 December 2019 in relation to ASSETS HELD-FOR-SALE, it was stated that "... It is the intention of the group to sell these assets. However, due to the delays in the restructuring of the group's operations, management has in 2019 decided to continue to hold the assets for the group's operations. Accordingly, the group's land use rights and the Shenzhen Property are reclassified and presented as property, plant and equipment as at 31 December 2019...".

Please give an update as to whether such restructuring exercise is still on-going and/or the intention of management in dealing with these assets.

As disclosed on page 2 of our Annual Report 2021, following a successful turnaround in the past two years, the Company has completed its major restructuring exercise. However, in view of the global developments encompassing the COVID-19 pandemic and the Russia-Ukraine war, the Company will continue to review its business plans and carry out any further restructuring exercise as and when appropriate.

It is further stated on page 4 of our Annual Report 2021 that the Company will continue to explore options to create and unlock value for our shareholders, including the Group's property in Shenzhen which has been revalued by an international property consultant at SGD 55 million. The Company will make the appropriate announcements as and when there are any material updates.



Appendix B

Questions from the Securities Investors Association (Singapore)

Question 1

- (i) Can management help shareholders understand the current situation on the ground as a new wave of COVID-19 spreads through China?

Based on the communications from the local governments, the Company believes that the current situation in Chongqing, Shenzhen and Wuxi in the People's Republic of China is under control.

The Group's manufacturing operations in China have not been affected by the new wave of COVID-19 in China and remain fully operational. There have been no further lockdowns announced by the local governments to shut down the Group's operations in China due to the COVID-19 situation.

- (ii) Similarly, what is the situation in Ayutthaya, Thailand?

Similarly, the Group's manufacturing operations in Thailand remain fully operational and there has been no lockdown announced by the local government to shut down the Group's operations in Thailand due to the COVID-19 situation.

- (iii) What are the safeguards put in place to ensure the safety of its employees?

As disclosed in the Company's announcement dated 16 March 2022,¹ since the outbreak of the COVID-19 pandemic in early 2020, the Management of the Company has put in place a COVID-19 response and contingency plan across all its manufacturing operations, including holding additional raw materials and finished goods inventory, implementing stringent preventive measures and actively communicating with key stakeholders including the local governments, customers, suppliers and employees. The Management also regularly reviews the plan to ensure its effectiveness.

The stringent preventive measures include conducting body temperature checks before allowing entries to the factories (including all visitors), submitting health and travel declarations by employees and deploying the Group's disinfection robots in the factories.

In addition, the Management actively communicates with the Group's employees about the COVID-19 situation and encourages them to practise safe management measures at all times, especially during the festive seasons.

As at the date of this announcement, about 98% of the Group's employees have received at least 2 doses of the COVID-19 vaccine and about 84% of the Group's employees have received the booster shot.

¹ <https://links.sgx.com/1.0.0/corporate-announcements/HTJZTMSZR3FHXX38/4de741e8ae434cee8152f7968e1842812f10f0f916eb5143ab6162107abb29d7>

- (iv) How have the group's operations and workflow been improved/changed in the past 2 years?

As set out on slide 9 of our results presentation announced on 12 August 2021,² the Group's operations and workflow have improved/changed in the past 2 years in our 4-pronged strategy as follows:

1. Management Restructuring
2. Operational Improvements
3. Improved Factory Footprint
4. Supply Chain Optimisation

- (v) What is the board/management's view of the demand moving forward? Is it sustainable? Separately, how much lead time is needed/given by the key customer on its orders?

As stated on page 3 of our Annual Report 2021, the Board and the Management are of the view that the demand for high performance enterprise HDD is expected to remain strong, fuelled by the demand for increased storage and a growth in nearline or enterprise HDD used in cloud expansion and data centres. The Group will continue to participate in these HDD segments and ride on the momentum to establish a sustainable future. Barring any significant macro disruption and unforeseen negative impact from the COVID-19 pandemic, the Board and the Management are confident that with the execution of our business strategies, the Group's prospects will remain stable.

Owing to sensitive commercial reasons, the Company is unable to disclose the lead time needed or given by the key customer on its orders. However, the Management would like to assure that it works closely with the key customer and the Company has a working rolling order from the key customer.

- (vi) When considering future capital expenditure/investments in the HDD segment, what are the criteria used by the board in its approval process?

The key criteria used by the Board in its approval process include the target business's potential and returns, synergy with existing businesses, the Group's budget and cashflow.

Question 2

- (i) Was the board/management in discussion with the purchasers prior to the notice of arbitration?

As disclosed in the Company's announcement dated 1 July 2021,³ prior to the notice of arbitration, the Company had been engaging with the purchaser to discuss on the next steps to take, including a potential extension of the long-stop date on mutually acceptable terms. However, the Company and the purchaser had not been able to agree on the extension of the long-stop date on mutually acceptable terms.

- (ii) How much time is management/board spending on the arbitration?

The Board and the Management are spending whatever time required on the arbitration and working together with the Company's legal counsel in China and Singapore on the arbitration.

² <https://links.sgx.com/1.0.0/corporate-announcements/MM98QVFJQQFZZ25O/c9c46b4b15e9584ba84dce598ed385ae90b8538e2822e87d73a0f8eadcfbeb09>

³ <https://links.sgx.com/1.0.0/corporate-announcements/5T0ETF6LOTS4AHXT/d5d5c543e9c05352940c01b0fd97c951a073d7bc7f82e1fab7f189f731247a33>

- (iii) Have the group's operations or the group's reputation in China been affected?

The Group's operations and reputation in China have not been affected by the arbitration.

- (iv) In addition, has the proposed (but terminated) sale of the HDD business by the group affected the business dealings and relationship with the major customer?

The termination of the proposed disposal of the Group's HDD business has not affected the business dealings and relationship with the key customer.

- (v) Would the board consider it timing to review the group's tax matters, internal controls and systems and deal structuring?

The Company has recently engaged a professional firm to review the Group's tax matters. The engagement is ongoing. Internal controls are ongoing matters which are under the purview of the Audit Committee and the Board.

Question 3

- (i) What was the search and nomination process that led to the appointments of Mr Teo Ho Pin and Mr Jen Kwong Hwa?

As disclosed on page 15 of our Annual Report 2021, Dr Teo and Mr Jen were recommended through contacts and recommendations and interviewed by the Nomination Committee and the Board.

It was further disclosed on page 14 that Dr Teo and Mr Jen were assessed to be able to provide other aspects of diversity, having due regard to the key considerations and skills matrix in the Company's Board Diversity Policy and the overall balance and effectiveness of the Board. Dr Teo and Mr Jen each bring, *inter alia*, industry-specific knowledge in manufacturing, building management and start-up companies to the Group.

- (ii) Can the NC help shareholders understand if the non-executive directors have the appropriate balance and mix of skills, knowledge, experience, especially in HDD, manufacturing, doing business in China to engage in effective and constructive debate with the management team?

The Non-Executive Directors are Mr Lew Syn Pau and Ms Wong Yi Jia. Mr Lew has been a Director of the Company since 2 November 2011. Ms Wong has been a Non-Executive Director since 30 March 2015. She was also the Corporate Legal Counsel and the Joint Company Secretary of the Group from July 2012 to March 2015.

The Non-Executive Directors have over time developed significant insights in the Group's businesses and operations. They continue to provide noteworthy and valuable contributions to the Board as a whole and guidance to the Management.

The Nomination Committee and the Board believe that the Non-Executive Directors, including the Independent Directors, have the appropriate balance and mix of skills, knowledge, experience, especially in HDD manufacturing, and doing business in China to engage in effective and constructive debate with the Management. As disclosed on page 12 of our Annual Report 2021, the Board challenges the Management on its proposals and assumptions, raises issues and seeks clarification as and when necessary.