



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

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

The Board of Directors (the “**Board**”) of Broadway Industrial Group Limited (the “**Company**”) would like to thank the Securities Investors Association (Singapore) (“**SIAS**”) for submitting their questions in advance of the Company’s Annual General Meeting (“**AGM**”) to be held at Holiday Inn Singapore Atrium, 317 Outram Road, Singapore 169075 on Thursday, 24 April 2025 at 10.30 a.m. (Singapore time) in accordance with the Notice of AGM dated 7 April 2025.

Please refer to the Company’s responses to the questions received from the SIAS as set out in Appendix A.

The Company did not receive any questions from Shareholders of the Company.

By Order of the Board

Broadway Industrial Group Limited

17 April 2025

Appendix A

Questions from the Securities Investors Association (Singapore)

Question 1

As disclosed in the chairman and CEO's message, following a share purchase agreement and a mandatory cash offer, Taiwan-listed Patec Group acquired 93.05% of the issued shares of the company at the close of the offer on 24 December 2024.

As at 21 March 2025 (latest practicable date), the new controlling shareholders had further increased its stake to 95.69% (437,397,212 shares). Accordingly, only 4.31% of shares are now held by public shareholders, and the company no longer meets the SGX's free float requirement for trading.

- (i) What is the ongoing level of engagement between the independent directors and the offeror, given that the company is suspended from trading and the free float is below the 10% threshold required under SGX Rule?**

There is no ongoing level of engagement between the independent directors and the offeror, except through the engagement within the Board of Directors of the Company (the "**Board**").

It is noted that the independent financial adviser (IFA) opined that the offer was not fair but reasonable. Despite this, the independent directors concurred with the IFA and recommended shareholders to accept the offer, one which was deemed "not fair".

- (ii) What was the basis of the independent directors' recommendation? What independent analysis, if any, was undertaken beyond the IFA's opinion to safeguard minority shareholders' interests?**

The independent directors reviewed the IFA's report and concurred with the IFA's opinion.

The selection process of IFA was independently conducted by the independent directors, and the appointment of the IFA was unanimously approved by the Board.

- (iii) What is the role of the independent directors in ensuring timely compliance with Rule 724(2), and what specific actions have they proposed?**

The Board, including the independent directors, agreed for the Company to make an application to the SGX-ST for an extension of time to comply with Rule 724(2).

- (iv) Given the new controlling shareholder's stated intention to make the company a wholly owned subsidiary, how are the independent directors safeguarding the rights and interests of the 660+ minority shareholders who continue to believe in the company's prospects?**

The role of the independent directors remains unchanged. The independent directors act in the best interest of the Company at all times, regardless of the shareholdings of our shareholders.



Appendix A

Questions from the Securities Investors Association (Singapore)

Question 2

For the financial year ended 31 December 2024, the group achieved strong revenue growth of 36.2%, rising from \$258.7 million to \$352.2 million. Management has attributed this to robust demand in the enterprise HDD segment. The strong underlying demand in traditional services, advertising, e-commerce and emerging GenAI-related applications fuelled this growth.

Net profit after tax increased from \$2.9 million in FY2023 to \$11.8 million in FY2024. The top customer in the HDD segment accounted for 93% of the group's total revenue (2023: 92%).

- (i) What was the average utilisation rate of the group's manufacturing facilities across China, Thailand and Vietnam in FY2024?**

The average utilisation rate of the Group's HDD manufacturing facilities in China and Thailand is between 50% and 70%. The Group does not have any HDD manufacturing facility in Vietnam.

- (ii) To what extent does the group have forward visibility into the ordering patterns or volume commitments from its key customer in the HDD segment? Is there a formal supply agreement or indicative forecasts provided?**

The Company has a formal supply agreement with its key HDD customer. The indicative forecasts provided are typically for 3 to 6 months.

- (iii) With operations spanning China, Thailand, and Vietnam, how does the board assess the group's exposure to geopolitical risks such as rising tariffs, US-China tech tensions, or localisation pressures?**

The Board and the Management are working closely with customers to assess the impact of the Group's exposure to such risks and will continue to monitor developments.

The precision engineering segment commenced mass production and shipment in FY2024 after securing several major customer qualifications.

- (iv) Is the segment now strongly positioned for exponential growth, and does it have the potential to deliver superior margins compared to the HDD segment?**

The current business environment and the anticipated economy slowdown arising from the recent announcement of US tariffs will have an impact on the growth rate of the PE business. These are challenges that the Group will have to manage.

Appendix A

Questions from the Securities Investors Association (Singapore)

Question 3

The sale of the Shenzhen property has been discussed by management as a way to unlock value for shareholders.

- (i) **Has the board or management taken any concrete steps in recent months to monetise the Shenzhen property? What specific actions are being pursued to ensure that all shareholders, including minorities, are able to realise this value—especially given the controlling shareholder's stated intention to acquire all remaining shares and delist the company?**

The Company has been reviewing and exploring options to optimise the use of the Shenzhen property, including monetising it in order to unlock value for shareholders.

Separately, the company did not declare a final dividend for FY2024, citing the need to conserve cash for ongoing operations and future growth. It is noted that the group generated operating healthy cash flows, while increasing secured bank loans from \$3.9 million to \$10.5 million as at 31 December 2024. Cash and cash equivalents rose marginally to \$34.1 million.

- (ii) **What were the board's deliberations in deciding not to declare a final dividend for FY2024? Given the company's dividend policy of distributing approximately 30% of annual net attributable profit—subject to funding requirements for M&A and capex—how does the board justify the deviation?**

The Board declared an interim dividend of 0.5 Singapore cents per share for FY2024. No final dividend has been recommended for FY2024 as the Group intends to conserve its cash for ongoing business operations as well as for expansion and growth.

- (iii) **Given the group's strong financial position, would the non-declaration of the FY2024 final dividend be perceived as an attempt to frustrate shareholders who chose not to accept the offer by Patec?**

The non-declaration of any FY2024 final dividend is not an attempt to frustrate shareholders who chose not to accept the offer by Patec. The reason has been explained in the response to Question 3(ii) above.

- (iv) **What are the group's major capital expenditure plans over the next 18 to 24 months? Has the board considered how the company can balance returning capital to shareholders through dividends while funding strategic growth initiatives?**

Except for annual capital expenditure for maintenance and replacement of equipment, there are no immediate plans for any major capital expenditure. The stated 30% dividend policy is to balance returning capital to shareholders while funding strategic growth initiatives. The response to Question 3(ii) above explains the dividend payout for FY2024.