



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

**RESPONSE TO THE SGX-ST'S QUERIES REGARDING
THE COMPANY'S ANNOUNCEMENT DATED 12 APRIL 2020**

The Board of Directors (the "Board") of Broadway Industrial Group Limited (the "Company" and, together with its subsidiaries, the "Group") wishes to announce the information set out below in response to the questions from the Singapore Exchange Securities Trading Limited received on 15 April 2020 in relation to the Company's announcement dated 12 April 2020 on the material uncertainty related to going concern raised by its independent auditors, in relation to its financial statements for the financial year ended 31 December 2019.

SGX QUERY:

- (a) Please provide the Board's assessment on the Company's ability to continue as a going concern and the basis for its assessment;

COMPANY'S RESPONSE:

In preparing the financial statements, the Board of Directors has considered the operations of the Group as a going concern notwithstanding that the Group incurred loss from continuing operations, net of tax of \$15,044,000 during the reporting year ended 31 December 2019 and, as of that date, the Group recorded a negative working capital (current liabilities exceeded the current assets) of \$26,207,000 as compared to a positive working capital of \$6,581,000 as at 31 December 2018.

Although the above conditions may cast doubts on the Group's abilities to continue as going concern, the Board of Directors believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2019 is still appropriate after taking into consideration the following financial and assumptions:

- (i) The negative working capital was mainly due to the reclassification of asset held-for-sale of \$19,423,000 from current asset to non-current property, plant and equipment and higher utilisation of trade receivables financing as at 31 December 2019.
- (ii) The Group generated \$18,002,000 net cash flows from operating activities even though it incurred loss from continuing operations, net of tax of \$15,044,000 in 2019.
- (iii) The Group has \$9,817,000 undrawn credit facilities (as stated in Note 34E to 2019 financial statements). This together with available trade receivable facilities will provide the Group adequate liquidity resources to meet its ongoing obligations.



- (iv) As the Group has strong long term relationship with its banks, the Board and management are of the view that the banks will not request for immediate payment of the outstanding loans and continue to provide financial support to the Group as and when required.
- (v) The Board, having reviewed the Group's ability to generate positive cash flows from its operating activities to support operating expenses and capital expenditure for the following 12 months from 31 December 2019, the unused credit facilities available to the Group and the existing cash and cash equivalents, is of the opinion that the Group has adequate resources to meet its obligations as and when they fall due and operate as a going concern.

SGX QUERY:

- (b) Please provide the Board's opinion as to whether trading in the shares of the Company should be suspended pursuant to Listing Rule 1303(3); and

COMPANY'S RESPONSE:

Based on (1) above, the Board is of the view that the Group will be able to continue as a going concern, and therefore trading in the Company's shares should not be suspended.

SGX QUERY:

- (c) Please provide the Board's confirmation that the Company has made all material disclosures to ensure that its shares can continue to be traded in an orderly manner, and the basis for its assessment.

COMPANY'S RESPONSE:

To the best of its knowledge and belief, the Board is of the opinion that material disclosures have been disclosed for trading of the Company's shares to continue in an orderly manner.

The Board wishes to advise Shareholders and potential investors to exercise caution when dealing in the shares of the Company, In the event of any doubt, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Broadway Industrial Group Limited

17 April 2020