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

EMPHASIS OF MATTER BY INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Board of Directors ("**Board**") of Broadway Industrial Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its independent auditors, RSM Chio Lim LLP (the "**Auditors**"), has included a section on 'Material uncertainty related to going concern' (the "**Emphasis of Matter**") in relation to the Group's financial statements for the financial year ended 31 December 2019 ("**FY2019**"). The audit opinion in the Independent Auditors' Report however remains unqualified.

Extracts of the Emphasis of Matter in the Independent Auditors' Report and Note 1 to the Group's financial statements for FY2019 in relation to basis of going concern are attached to this announcement as "APPENDIX 1".

By Order of the Board

Broadway Industrial Group Limited

12 April 2020

APPENDIX 1

EXTRACT OF THE EMPHASIS OF MATTER FROM THE INDEPENDENT AUDITORS REPORT

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates 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's current liabilities exceeded its current assets by $26,207,000. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Management is however of the view that the working capital available as at 31 December 2019 is sufficient for the Group's present cash flow requirements and for the 12 months subsequent to the reporting year end date for reasons discussed in Note 1. Consequently, management is of the opinion that the use of the going concern basis in the preparation of these financial statements is appropriate. Our opinion is not modified in respect of this matter.

EXTRACT OF NOTE 1 IN THE FINANCIAL STATEMENT IN RELATION TO BASIS FOR GOING CONCERN

Basis for going concern

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. 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 (Note 13) and higher utilisation of trade receivables financing instead of bank loans as at 31 December 2019.

Notwithstanding the negative working capital position, the management is of the view that the working capital available as at 31 December 2019 is sufficient for the Group's present cash flow requirements and for the following 12 months. In arriving at this conclusion, management took into account the Group's ability to generate sufficient cash flows from its operating activities to support its operating expenses and capital expenditure in the next 12 months, the credit facilities available to the Group, the existing cash and cash equivalents and the impact that COVID-19 (see Note 36(v)) may have on the group's operations based on current available information. Management is also of the view that the banks will not request for immediate payment of the outstanding loans mentioned above and continue to provide financial support to the group as and when required. Consequently, management is of the opinion that the use of the going concern basis in the preparation of these financial statements is appropriate.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group may need to reclassify non-current assets and may have to provide for further liabilities that may arise. No such adjustments have been made to these financial statements.