



BROADWAY INDUSTRIAL GROUP LIMITED

(Company Registration No. 199405266K)

(Incorporated in Singapore)

**RESPONSE TO THE SGX'S QUERIES REGARDING
THE COMPANY'S ANNUAL REPORT FY2019**

The Board of Directors (the “**Board**”) of Broadway Industrial Group Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the queries from the Singapore Exchange Regulation Pte Ltd. (“**SGX**”) on 3 May 2020 regarding the Company’s Annual Report FY2019 (“**AR2019**”) and wishes to respond to the queries as follows:

Question (i) : With reference to the Company’s announcement dated 6 November 2019, please clarify whether the Company’s Vice President, Corporate Affairs also performs the role of the Company’s chief financial officer. We note on page 21 of the 2019 annual report that: “For FY2019, the Board has received assurance from the CEO and Vice President, Corporate Affairs: (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances, and (b) that the effectiveness of the Group’s risk management and internal control systems is adequate.” (emphasis added).

As mentioned in the Company’s announcement on 6 November 2019, the Vice President, Corporate Affairs is primarily responsible for the Group’s finance and treasury functions, and is also responsible for the Group’s HR, IT and Admin planning and management. He performs, in essence, the function of the Company’s Chief Financial Officer.

Question (ii) : Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

Provision 8.1 of the Code states that:

“The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:

- (a) each individual director and the CEO; and*
- (b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel.”*

We note the Company’s disclosure on remuneration at page 18 of the annual report for FY2019. Where the Company’s practices deviate from the provisions of the Code, please explicitly state the provision from which it has deviated from and explain how the practices it had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company’s remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

The Company had provided the names, amounts (in bands of S\$250,000) and breakdown of the remuneration paid to individual Directors and the CEO, as well as the aggregate total remuneration paid to the top five key executives (who are not Directors or the CEO) in FY2019, on page 17 of the AR2019.

The Company had also provided an explanation on its variation from Provision 8.1 of the Code on page 17 of the AR2019, namely that full disclosure of the remuneration information referred to in Provision 8.1 would not be in the interests of the Company in view of the sensitive and confidential nature of the information and the competitive industry and human resource environment that the



Group operates in. The Group operates primarily in the highly competitive high-tech precision component industry. The industry has been reduced to a handful of players due to the continued consolidation in recent years. In such a small and competitive industry, the disclosure of highly sensitive remuneration information of our key management personnel may lead to staff poaching by competitors. Any loss of key management personnel will have a detrimental effect to both our operations and our business.

The remuneration policies and practices of the Company are set out in pages 16 and 17 of the AR2019. As highlighted therein, the Company has put in place a compensation system to reward staff based on their merits and performance. The Company adopts a remuneration policy that comprises a base salary and benefits, along with a variable discretionary bonus and grant of shares under the Company's Share Plan.

The disclosures on pages 16 and 17 of the AR2019 are consistent with the intent of Principle 8 of the Code.

By Order of the Board

Broadway Industrial Group Limited

5 May 2020