



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

RESPONSES TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors (the “**Board**”) of Broadway Industrial Group Limited (the “**Company**”) would like to thank shareholders 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, 25 April 2024 at 10.30 a.m. (Singapore time) in accordance with the Notice of AGM dated 5 April 2024.

Please refer to the Company’s responses to the questions received from shareholders as set out in [Appendix A](#).

By Order of the Board

Broadway Industrial Group Limited

17 April 2024



Appendix A

Questions from Shareholders

Question 1

I bought the Company's shares at S\$1.17 and S\$1.01 that are now trading at only S\$0.12. I would like to know the Company's strategy to help shareholders recover their outlay.

To put this in perspective, the shareholder who bought the Company's shares at S\$1.17 and S\$1.01 would have gone through a share split of 1 into 2. Hence his cost would be half of that mentioned. He should also take into consideration the dividends which have been declared and distributed over the years, and in particular, the sale of the 2 other businesses in 2016 (the Foam Packaging and the Flow Control Devices) for S\$150M, after which we paid a dividend of S\$40M, which worked out to S\$0.08 per share. We used the balance of the sale consideration to pay down the syndicated loan of the HDD business of about S\$80M.

Going forward, the Company remains committed to managing and growing its business in the best interest of shareholders. This includes acting swiftly and adjusting strategy and plans by aligning the Group's build volume according to market conditions and managing working capital and operating and manpower costs prudently, so as to control costs and maximise returns for shareholders. As part of our diversification initiative, we have set up a new Precision Engineering (PE) business that supplements the Company's core competency in manufacturing, creating more value for shareholders. Despite the Company's strategy to create and grow more value for shareholders, share prices are affected by external factors that are beyond its control, including but not limited to unexpected business disruption, inflation and industry outlook. And as we all know, the valuations of the Singapore stock market have been low for a while, and this problem affects not just us, but also many manufacturing companies here.

Nonetheless, the Company strives to reward shareholders who have stayed with us throughout our transformation and growth journey. As stated in the Message from Chairman & CEO and Corporate Governance Report (pages 4 to 6 and 28 of the Company's Annual Report 2023 respectively), the Board had, in 2022, implemented a dividend policy where it aims to declare about 30% of the Group's annual net attributable profit as dividends, subject to cash requirements for investment and capital expenditure purposes.

Since 2022, the Board has:

- (i) declared an interim dividend of 0.5 Singapore cents per share for FY2021;
- (ii) proposed a final ordinary dividend of 0.5 Singapore cents per share and a special dividend of 0.5 Singapore cents per share for FY2021, as approved by the shareholders at the AGM on 27 April 2022; and
- (iii) proposed a final ordinary dividend of 0.5 Singapore cents per share for FY2023, subject to the shareholders' approval at the coming AGM on 25 April 2024.

The Board remains focused on rewarding shareholders for their support.

Question 2

What is the expected capital expenditure for the HDD and PE businesses for FY2024?

The expected capital expenditure for the HDD and PE businesses for FY2024 is S\$7M – 10M, subject to the Company's business growth strategies.



Appendix A

Questions from Shareholders

Question 3

Which industry (or customers) does the PE business currently serve?

The PE business currently serves a growing and diverse clientele in growth industries including the telecommunications equipment, industrial applications and automotive sectors across target markets such as South Korea, Vietnam, China, Europe and North America.

Question 4

The Annual Report mentioned that the Company is seeking to maximise the use of its Shenzhen property. Is the property currently serving as the Group's manufacturing facility? If not, what is the current use of this property?

The property is currently serving as one of the Group's manufacturing facilities, mainly engaged in machining of E-Blocks for the HDD business. The Group's manufacturing operations in Shenzhen occupy about half of the property. In addition, the Group leases a small area of the property to a tenant on a short-term basis. We will continue to maximise the use of the Shenzhen property, including sourcing for more tenants and exploring machining and other relevant opportunities to utilise capacity and space.

Question 5

The PE business generated S\$4.5M loss for FY2023. Could the Management share when it targets to achieve profitability for this business?

The Management targets to achieve profitability for the PE business within the next 2 years. However, as with every start-up, there is no risk-free way to enter a new market and set up new capabilities. We will continue to work on our strategy by focusing on customer acquisition, qualification and engagement activities to grow our customer base, drive sales and optimise our new PE business into a stable, scalable and high-growth revenue model.