



BROADWAY INDUSTRIAL GROUP LIMITED

**PROGRESSING
TOWARDS INNOVATIVE
SOLUTIONS**

ANNUAL REPORT 2017

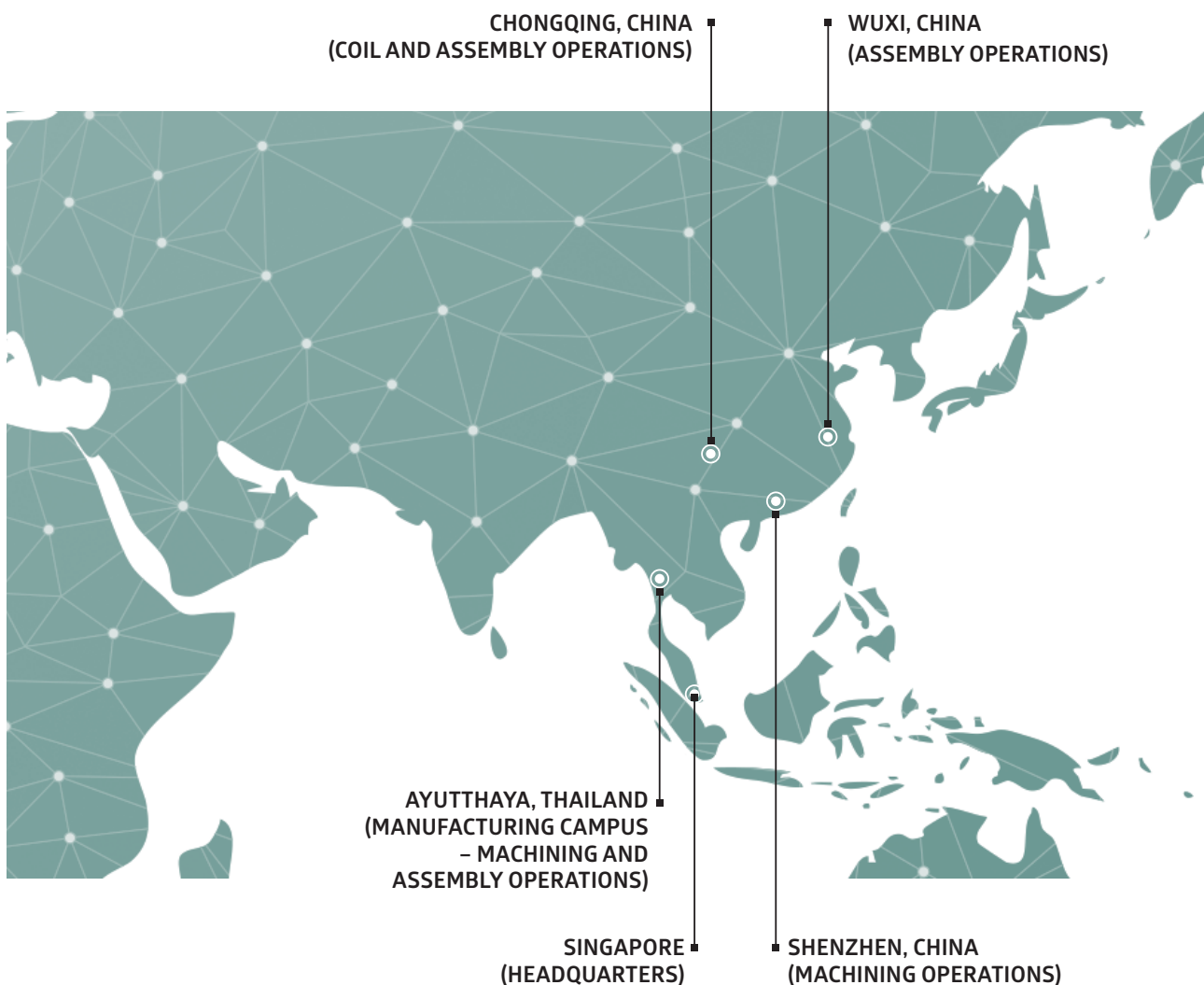


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CORPORATE PROFILE

Broadway Industrial Group Limited is a manufacturer of precision-machined components offering an excellent mix of cost-efficient manufacturing facilities, state-of-the-art technologies, experienced management teams and innovative solutions to a global customer base.



Listed on the Singapore Exchange Main Board in 1994, Broadway Industrial Group Limited (“Broadway” or the “Company”) is a leader in the manufacture of precision components and assemblies. Through its wholly-owned subsidiary BIGL Asia Pte Ltd (formerly known as Compart Asia Pte Ltd) and its subsidiaries (the “Group” or “BIGL”), the Group is a key provider of actuator arms, assemblies and other related parts for the global hard disk drive (“HDD”) industry. BIGL has been a trusted partner and grown with our customers, who are recognised leaders in the HDD industry, for the past 2 decades.

With the rapid adoption of cloud computing and the exponential expansion of the world data storage market, the Group is leveraging on its expertise in the field of high precision machining, sub-assembly processes in cleanroom environment, automation, lean manufacturing and Six Sigma to continue supporting the development and provision of reliable and cost-efficient high capacity HDDs to the global enterprise and consumer markets.

BIGL is also expanding into the manufacture of precision components for electronics and other industries. Headquartered in Singapore, the Group comprises of 4 manufacturing facilities in China and Thailand, employing more than 4,000 people.

CHAIRMAN'S STATEMENT AND EXECUTIVE REVIEW

... the HDD operations further elevated its efforts in cost optimization – strengthening its operation control, lean manufacturing systems, supply chain management and strategic sourcing initiatives.

DEAR SHAREHOLDERS,

GENERAL REVIEW

Following the disposal of the Foam Plastics Solutions ("FPS") and Flow Control Devices ("FCD") businesses in the financial year ended 31 December 2016 ("FY2016"), the Group had continued the restructuring and consolidation of its remaining significant Hard Disk Drive (HDD) business in the financial year ended 31 December 2017 ("FY2017").

In line with the Group's process streamlining strategy, part of its machining operations was relocated from China to Thailand and the coil bonding process in Chongqing was integrated into the Wuxi operations in FY2017. To counteract the challenges of the gradually declining global HDD shipment volume trend, the HDD operations further elevated its efforts in cost optimization – strengthening its operation control, lean manufacturing systems, supply chain management and strategic sourcing initiatives. The HDD operations has reduced its overall operation headcount by about 45% in the last 4 years from more than 8,600 at the beginning of the year 2014 to 4,800 at the end of FY2017.

The Group's revenue for the continuing operations had increased 2.9% year on year ("yoy") to S\$384.7 million in FY2017 as compared to S\$373.7 million in the preceding year. Gross margin improved tenfold to 7.2% in FY2017 from the 0.7% in FY2016. Correspondingly, the Group's operations had turned around from a net loss of S\$49.6 million in FY2016 to a net profit of S\$1.4 million in FY2017. The earnings before interest, tax, depreciation and amortisation ("EBITDA") for the HDD business came in at S\$24.1 million in FY2017, a 81.2% improvement from S\$13.3 million in FY2016, whilst core EBITDA increased 20.5% from S\$26.4 million in FY2016 to S\$31.8 million in FY2017.

In line with the Group's intended use of the proceeds from the disposal of the FPS and FCD businesses, net cash used in financing activities was S\$126.2 million in FY2017, an increase of S\$119.4 million

from S\$6.8 million in FY2016, mainly for the repayment of loans and payment of dividend during the year. The Group's total loans and borrowings were reduced by 88.1% from S\$101.1 million to S\$12.0 million at the end of FY2016 and FY2017 respectively.

The Group further realized a net gain of S\$2.4 million on the disposal of the property in Ontario, California in FY2017. However, in relation to the disposal of the FPS and FCD businesses in FY2016, the Company entered into a Deed of Payment and made a payout of S\$14.5 million in February 2018 resulting in a net loss of S\$15.0 million for FY2017 for the Group.

RSM Chio Lim LLP was appointed in FY2017 to replace KPMG LLP as auditors of the Group as part of the Group's ongoing efforts to enhance corporate governance and manage its overall business costs and expenses.

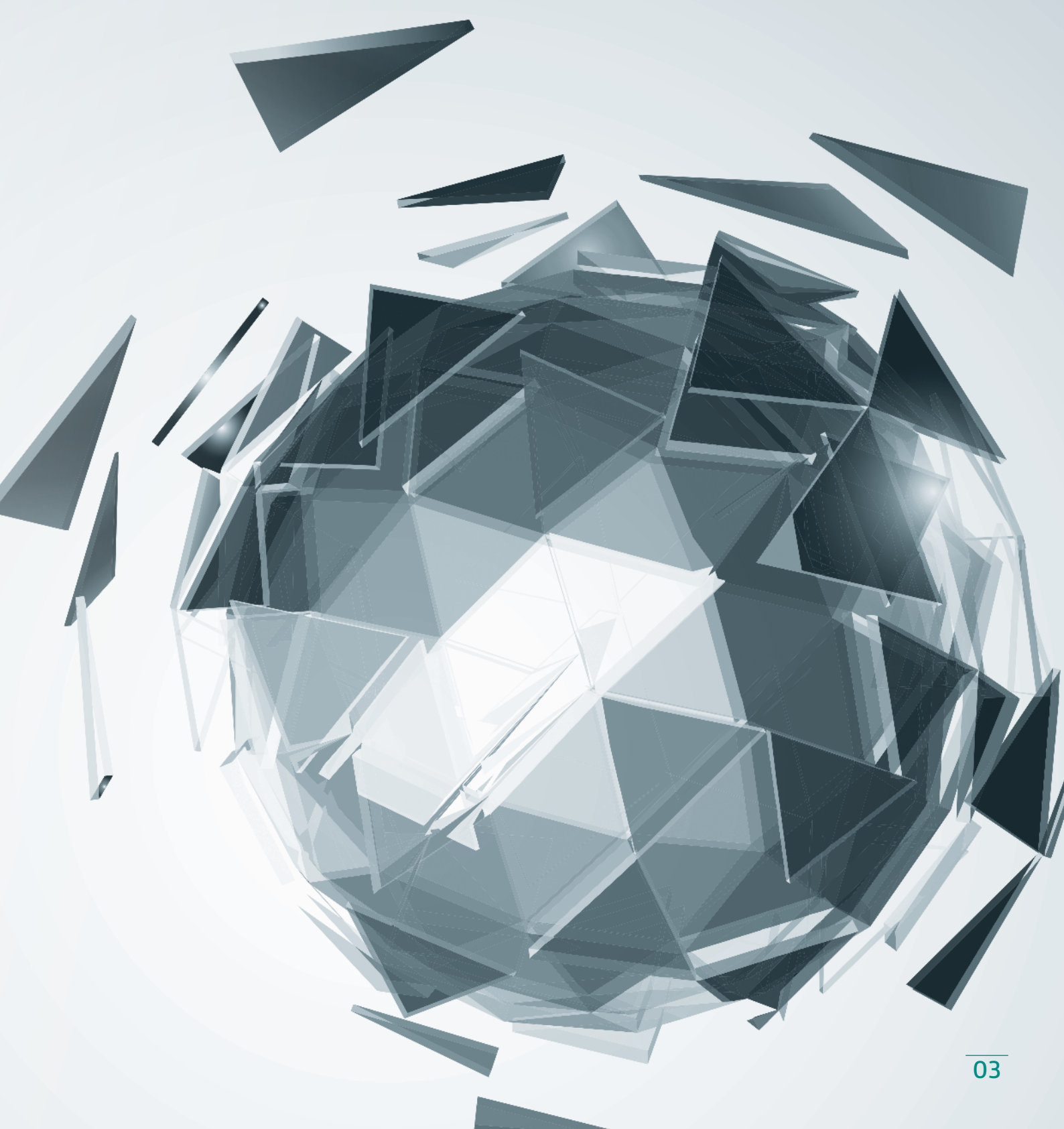
In FY2017, the Group had also adopted a new logo and is the midst of an exercise to change and streamline the names of its subsidiaries.

OUTLOOK AND FUTURE PROSPECTS

Globally, the world economic outlook continues to strengthen. In the USA, wages increased the strongest since 2009, triggering a broad reappraisal of inflation expectations. As a result, the US Federal Reserve Bank is likely to raise interest rates 4 times this year. These higher inflation and interest rates sentiments are expected to spread to the Asian markets as well, although stronger demand here in Asia should lead to more gradual hikes in rates by the regional Central Banks. Unfortunately, American protectionist action recently is of concern and may lead to a trade war, which is not going to benefit anyone. Recent tax cuts and aggressive fiscal spending in the USA has resulted in budget deficits and is expected to undermine the strength of the US dollar despite the increase in the interest rates.



In FY2017, the Group had also adopted a new logo and is the midst of an exercise to change and streamline the names of its subsidiaries.



CHAIRMAN'S STATEMENT AND EXECUTIVE REVIEW

As for the demand in the HDD market, Trendfocus had reported that the shipment volume for 2017 amounted to 403.7 million units, a 4.8% decrease compared to 2016. Going forward, Trendfocus forecasted that the rate of decline for the HDD total addressable market ("TAM") has stabilized and the total shipment volume for 2018 is estimated at 384.9 million units, a decline of approximately 4.7%. The longer-term forecast for the next five years to 2022 is a decline of an average of 4.6% per annum. With this outlook and forecast, the HDD sector is expected to remain challenging going forward.

CHALLENGES FOR THE GROUP

The gradually declining HDD market demand outlook continues to pose challenges to the Group's HDD operations and profitability. The management will continue its focus on operations excellence, process improvement, cost optimisation and right-sizing in all units and processes to further improve productivity, efficiency and profitability.

BIGL will continue its close partnership with the customers to improve on delivery allocation and time-to-market to maintain leadership and competitiveness in this challenging and demanding environment.

The Group will also consider divesting and/or outsourcing non-core operations or processes in its efforts to streamline the Group's businesses for more synergistic gains. In the same vein, with the turnaround of the HDD operations, the Group is poised to explore new viable businesses, investments and acquisitions to develop new revenue streams that will complement our existing businesses. The Group is constantly on the lookout for new opportunities to further unlock shareholder's value.

APPRECIATION

We would like to thank fellow members of the Board for their continued support and guidance during the year. We are also grateful to the operation and management staff of the Group for their commitment, loyalty and dedication, especially during this difficult transition period after the disposal of the FPS and FCD businesses. Last but not least, our sincere appreciation to each of our business partners, shareholders and bankers for the continued support during these challenging times.

LEW SYN PAU

Chairman and Independent Director

NG AH HOY

Executive Director

CHUAH AIK LOON

Executive Director

29 March 2018

BIGL will continue its close partnership with the customers to improve on delivery allocation and time-to-market to maintain leadership and competitiveness ...

BOARD OF DIRECTORS

MR LEW SYN PAU

Chairman and Independent Director, 64

Mr Lew was appointed as an Independent Director on 2 November 2011 and was last re-elected on 30 April 2017. He is currently the Non-Executive Chairman of SUTL Enterprise Limited and also sits on the boards of listed companies – Food Empire Holdings Limited, Golden Agri-Resources Limited and Golden Energy and Resources Ltd. His prior work experience included being General Manager and Senior Country Officer of Banque Indosuez, Singapore Branch, Executive Director of NTUC Fairprice Co-operative Limited, Managing Director of NTUC Comfort Co-operative Limited and Assistant Secretary-General of NTUC. A Singapore Government Scholar, Mr Lew began his career with the Singapore Government Administrative Service. He holds a Masters in Engineering from Cambridge University, UK, and a Masters in Business Administration from Stanford University, USA. He was a Member of Parliament from 1988 to 2001.

MR LEE CHOW SOON

Independent Director, 78

Mr Lee joined the Board on 24 October 1994 and was last re-elected on 30 April 2016. Mr Lee has been practicing as an Advocate and Solicitor and is currently a senior partner of Messrs Tan Lee & Partners, a firm of advocates and solicitors. He holds a Degree in Law from the University of London and an Honours Degree in Law from the University of Singapore. Mr Lee is a Justice of the Peace. He was awarded PBM in 1998 and BBM in 2006.

MR EU YEE MING RICHARD

Independent Director, 70

Mr Eu joined the Board on 15 September 2005 and was last re-elected on 30 April 2016. He is currently the Chairman of Eu Yan Sang International Ltd. Mr Eu sits on the boards of private sector companies as well as non-profit organizations such as the Singapore University of Social Sciences, Thye Hwa Kuan Moral Charities and the Conservation Appeal Panel. He graduated with a Bachelor Degree in Law from London University, UK.

MS WONG YI JIA

Non-Executive Director, 34

Ms Wong Yi Jia was appointed as a Non-Executive Director on 30 March 2015 and was last re-elected on 29 April 2015. Ms Wong was the Corporate Legal Counsel of the Group from July 2012 to March 2015, and was also the Joint Company Secretary of the Company. She is currently a partner at Allen & Gledhill LLP. Ms Wong graduated from King's College London with a Bachelor of Laws degree and holds a Master of Laws degree from University College London.

MR NG AH HOY

Executive Director, 67

Mr Ng has more than 30 years of management experience in the electronics and manufacturing industry. He relinquished his duties as Senior Managing Director of the Group's Foam Plastics Solutions division in 2015 and is currently redesignated as Executive Director of the Company, responsible for planning and administration of the Group's strategic direction and activities. Prior to joining the Group in 1990, Mr Ng headed the manufacturing operations of several multi-national corporations. Mr Ng graduated from the University of Singapore with a Bachelor of Engineering Degree in Mechanical Engineering. Mr Ng was appointed as an Executive Director since 24 October 1994 and was last re-elected on 30 April 2017.

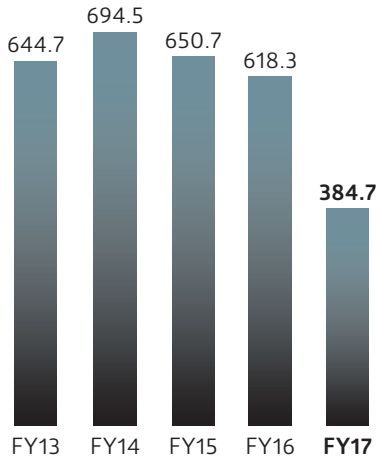
MR CHUAH AIK LOON

Executive Director, 48

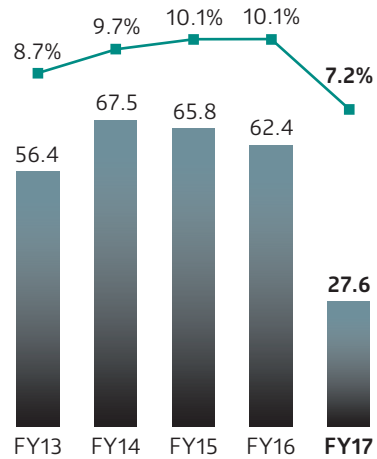
Mr Chuah joined the Group in 2002 as Director of the Group's Hard Disk Drive ("HDD") assembly operations in Thailand. He subsequently expanded the assembly operations to Wuxi, China and also undertook overall management of the Group's HDD machining operations. Since 2014, as the Executive Vice President, he is overall responsible for all the Group's HDD businesses and operations in China and Thailand. He graduated from University of Science, Malaysia with an Honours Degree in Science/Arts and subsequently a Masters Degree in Science (Statistics). Mr Chuah was appointed as an Executive Director of the Board on 18 January 2017 and was last re-elected on 30 April 2017.

FINANCIAL HIGHLIGHTS

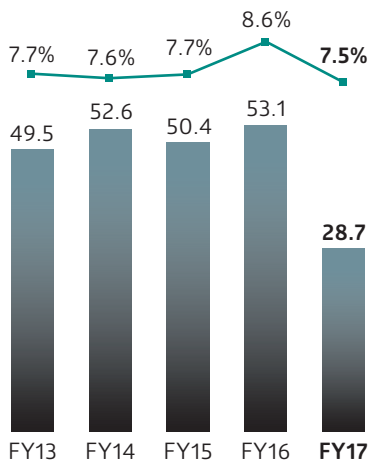
TURNOVER (S\$' MIL)



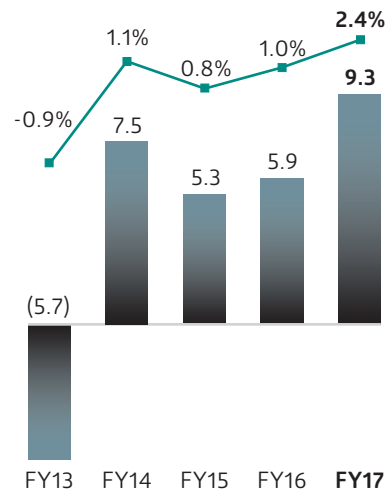
GROSS PROFIT (S\$' MIL)



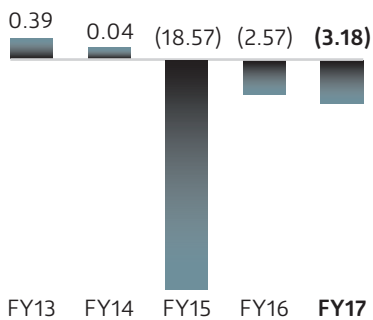
CORE EBITDA (S\$' MIL) EXCLUDING NET FOREX GAIN/LOSSES AND ALL EXCEPTIONAL ITEMS



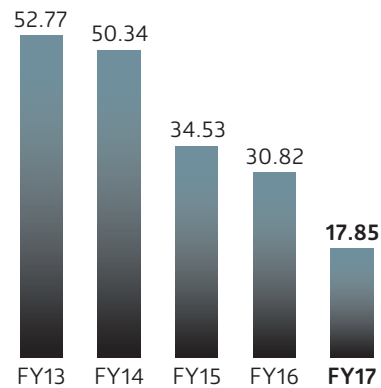
CORE PATMI (S\$' MIL) EXCLUDING NET FOREX GAIN/LOSSES AND ALL EXCEPTIONAL ITEMS



EPS (S CENTS)



GROUP'S NAV PER SHARE (S CENTS)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Lew Syn Pau	Chairman and Independent Director
Lee Chow Soon	Independent Director
Eu Yee Ming Richard	Independent Director
Wong Yi Jia	Non-Executive Director
Ng Ah Hoy	Executive Director
Chuah Aik Loon	Executive Director

AUDIT COMMITTEE

Lee Chow Soon, Chairman
Lew Syn Pau
Eu Yee Ming Richard

REMUNERATION COMMITTEE

Eu Yee Ming Richard, Chairman
Lew Syn Pau
Lee Chow Soon
Wong Yi Jia

NOMINATION COMMITTEE

Eu Yee Ming Richard, Chairman
Lew Syn Pau
Lee Chow Soon
Wong Yi Jia

COMPANY SECRETARY

Gwendolin Lee Soo Fern

AUDITORS

RSM Chio Lim LLP
8 Wilkie Road
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Tel: (65) 6533 7600

Audit Partner-in-charge:
Chan Weng Keen
(appointed in FY2017)

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CORPORATE GOVERNANCE REPORT

Broadway Industrial Group Limited (the “Company”) continues to uphold an acceptable standard of corporate governance within the Group. In adherence with the Code of Corporate Governance 2012 (the “Code”), as annexed to the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Board of Directors of the Company (the “Board”) has established, as far as practicable, various self-regulating and monitoring mechanisms for the Company and its subsidiaries (the “Group”) to ensure that effective corporate governance is practised in line with the principles of the Code. This report outlines the Group’s corporate governance practices with specific references to the Code.

Other than the deviations explained below, the Group has complied with the principles and guidelines of the Code. There are other sections in the Group’s Annual Report that are relevant to the discussion of corporate governance, hence this report should be read together with those sections.

PRINCIPLE 1

Board’s Conduct of its Affairs

The Board supervises the management of the businesses and affairs of the Group. Key functions of the Board include the setting of the Group’s strategic plans and objectives, key operational initiatives, major investments and funding decisions. The Board also identifies principal risks of the Group’s businesses, ensures the implementation of appropriate internal controls and risk management systems to manage these risks and reviews the financial performance of the Group regularly.

During the year in review, the Board was in charge of overseeing the design and implementation of the Group’s sustainability policies and practices addressing material Environmental, Social and Governance (“ESG”) factors material to the Group’s businesses, including the review of the Group’s disclosures in its sustainability reporting.

All Directors objectively discharge their duties and responsibilities as fiduciaries and act in the interests of the Group at all times.

The Board is supported in its tasks by Board Committees that have been established to assist in the execution of its responsibilities, namely the Audit Committee (“AC”), Remuneration Committee (“RC”) and Nomination Committee (“NC”). The composition and terms of reference of each Committee are described in this report.

When new Directors are appointed to the Board, they will be provided with a formal letter setting out the Director’s duties, obligations and responsibilities. Newly appointed Directors attend orientation programmes where they are briefed on the Group’s businesses activities, strategic direction and regulatory environment in which the Group operates. In addition, newly appointed Directors are also introduced to the senior management team and invited to tour the Group’s manufacturing facilities.

On an ongoing basis, the Board is updated on new laws that may affect the Group’s businesses, and changes in regulatory requirements and financial reporting standards. Directors and senior executives are encouraged to undergo relevant training to enhance their skills and knowledge, particularly on new laws and regulations affecting the Group’s operations and governance practices. Details of seminars offered by third party institutions are regularly sent to the Board and the Company is responsible for arranging and funding of such training if any Director elects to attend such seminars.

Matters which are specifically referred to the Board for approval are those involving material acquisitions and disposals of assets, banking facilities and provision of security, significant capital expenditure, conflicts of interest, joint venture arrangements, share issuances, interim dividends, annual budget and financial results.

The Company’s Constitution permits Board meetings to be held by way of telephone or video conference or any other electronic means of communication by which all persons participating in the meeting are able, contemporaneously, to hear and be heard by all other participants.

CORPORATE GOVERNANCE REPORT

Directors' Attendances at Board and Board Committees Meetings

The Board meets at least four times a year. Ad hoc meetings are convened if there are matters requiring the Board's decision at the relevant times. The number of Board meetings and Board Committee meetings held in the financial year ended 31 December 2017 ("FY2017") and the attendance of Directors at these meetings are as follows:

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Lew Syn Pau	6	4	2	1
Lee Chow Soon	6	4	2	1
Eu Yee Ming Richard	6	4	2	1
Wong Yi Jia	6	N.A.	2	1
Ng Ah Hoy	6	N.A.	N.A.	N.A.
Chuah Aik Loon ⁽¹⁾	6	N.A.	N.A.	N.A.
Lee Po Lo @ Lee Khong Kee ⁽²⁾	2	2	N.A.	N.A.
Total number of meetings held in FY2017	6	4	2	1

Note:

(1) Chuah Aik Loon was appointed as an Executive Director on 18 January 2017.

(2) Lee Po Lo @ Lee Khong Kee resigned as a Non-Executive Director on 31 March 2017.

PRINCIPLES 2, 3 & 4

Board Composition, Balance and Membership

PRINCIPLE 2

Board Composition

The Board currently comprises six Directors, of whom three are Independent Directors, one is a Non-Executive and Non-Independent Director and two are Executive Directors. The Chairman is an Independent Non-Executive Director and the Company has therefore satisfied the requirement of the Code that more than one-third of the Board be made up of Independent Directors.

As at the date of this report, the composition of the Board and Board Committees are tabled as follows:

Name of Director and Role in Board	Board	Audit Committee	Remuneration Committee	Nomination Committee
Lew Syn Pau Independent Director	Non-Executive Chairman	Member	Member	Member
Lee Chow Soon Independent Director	Member	Chairman	Member	Member
Eu Yee Ming Richard Independent Director	Member	Member	Chairman	Chairman
Wong Yi Jia Non-Executive Director	Member	-	Member	Member
Ng Ah Hoy Executive Director	Member	-	-	-
Chuah Aik Loon ⁽¹⁾ Executive Director	Member	-	-	-

Note:

(1) Chuah Aik Loon was appointed as an Executive Director on 18 January 2017.

CORPORATE GOVERNANCE REPORT

As a group, the Directors bring with them a broad range of expertise and experience in areas such as accounting, finance, law, business management, strategic planning and customer service. The diversity of the Directors' experiences allows for the useful sharing of ideas and views. The profile of each Board member, including details of their academic and professional qualifications, date of first appointment and date of last election, are set out in the section entitled "Board of Directors" on page 5.

The Code recommends that the independence of the Independent Directors who have served on the Board for more than nine years should be subject to a particularly rigorous review. Each of Mr Lee Chow Soon and Mr Eu Yee Ming Richard have served on the Board for more than nine years. The NC had rigorously assessed the independence of each Independent Director, including the two Independent Directors whose tenure on the Board had exceeded nine years, reviewing the respective Directors' judgment and conduct in carrying out their duties for the year in review. The NC has determined that Mr Lew Syn Pau, Mr Lee Chow Soon and Mr Eu Yee Ming Richard continue to be independent. In particular, the NC considers Mr Lee Chow Soon (first appointed on 24 October 1994) and Mr Eu Yee Ming Richard (first appointed on 15 September 2005), to be independent, noting that they have demonstrated independent mindedness and conduct at Board and Board committee meetings. The NC is also of the view and opinion that Mr Lee and Mr Eu have at all times exercised independent judgment in the best interest of the Company in the discharge of their duties as Directors, despite their extended tenure in office.

Each member of the NC had abstained from deliberations in respect of the assessment on his own independence.

As with previous years, the results of the evaluations for FY2017 also clearly indicated that:

- (1) the Directors remain committed and stand ready to contribute to the Group; and
- (2) the Non-Executive Directors constructively challenge and help develop strategic proposals and plans, review the performance of management in meeting agreed goals and objectives and monitor the performance of the Group.

During FY2017, the Non-Executive Directors had periodically met without the presence of the Executive Directors and management of the Group.

PRINCIPLE 3

Chairman and Chief Executive Officer ("CEO")

Mr Lew Syn Pau is the Non-Executive Chairman of the Board. The previous CEO of the Company, Mr Lee Wai Leong (Jeremy), left the Company on 30 December 2016, following the completion of the disposal by the Company of its FPS and FCD businesses. No CEO has been appointed and the executive functions of the CEO have been carried out by the two Executive Directors, Mr Ng Ah Hoy and Mr Chuah Aik Loon. The roles of the Chairman and Executive Directors are held by separate individuals who are not related to one another.

There is an appropriate division of responsibilities between the Chairman and the Executive Directors, which ensures a balance of power and authority within the Company. The Chairman leads the Board and manages its workings and proceedings. He plays a crucial role in fostering constructive dialogue with shareholders at the Company's Annual General Meetings ("AGM") and/or Extraordinary General Meetings ("EGM"), as well as between the Board and management. The Executive Directors jointly head the management of the Group and oversee the execution of the Group's corporate and business strategies and policies, and the conduct of its businesses, as approved by the Board.

With the Chairman being an Independent Non-Executive Director, no lead independent director had been appointed.

CORPORATE GOVERNANCE REPORT

PRINCIPLES 4 & 5

Board Membership and Board Performance

Nomination Committee

The NC comprises the following members, the majority of whom (including the Chairman) are Independent Directors:

Eu Yee Ming Richard (Chairman)
Lew Syn Pau
Lee Chow Soon
Wong Yi Jia

The NC is regulated by a set of written terms of reference endorsed by the Board, setting out their duties and responsibilities. The principal functions of the NC are as follows:

- (a) to review the structure, size and composition of the Board;
- (b) to make recommendations to the Board on all Board appointments, re-appointments and re-nominations;
- (c) to assess the independence of the Directors;
- (d) to evaluate the effectiveness of the Board, Board Committees and individual directors; and
- (e) to oversee succession planning for the Directors and the CEO.

Board Membership

As disclosed in Principle 2 above, the NC has reviewed the independence of the Directors for FY2017 in accordance with the Code, including Guidelines 2.3 and 2.4 of the Code and is of the view that Mr Lew Syn Pau, Mr Lee Chow Soon and Mr Eu Yee Ming Richard are considered independent. The NC has conducted a formal assessment of the Board's performance as a whole and the contribution by each individual Director to the effectiveness of the Board for FY2017.

The Company's Constitution requires that in each year, one-third of the Directors will have to retire from office. Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals at least once every three years. Mr Eu Yee Ming Richard (last re-elected to the Board on 30 April 2016) and Ms Wong Yi Jia (last re-elected to the Board on 29 April 2015) are required to retire from office and subject themselves to re-election by the shareholders of the Company and the NC has recommended the re-election of both Directors to the Board at the upcoming AGM.

The NC and the Board note that each Director who holds multiple board representations in listed companies are assessed on an individual basis, taking into account various factors including their contributions and commitment to the Board and the extent of their external obligations. The NC and the Board have not set a maximum number of listed board representations but to assess each Director on a case by case basis. Notwithstanding that some of the Directors have multiple listed board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as a Director of the Company.

The Company currently does not have any alternate directors.

CORPORATE GOVERNANCE REPORT

The NC has established evaluation procedures and performance criteria for the assessment of the Board's performance as a whole and evaluates such performance on an annual basis. Each Director is required to complete a Board Evaluation Questionnaire to assess the overall effectiveness of the Board. The areas under evaluation include board composition, board information, board processes, internal controls and risk management, board accountability, CEO and key management and standards of conduct. No external facilitator was engaged for the Board performance evaluation for FY2017.

The NC currently does not carry out individual evaluation for each Director. The NC and the Board is cognizant of the recommendations as set out under Guideline 5.3 of the Code and would continue to review, on an on-going basis, and recommend appropriate changes if deemed appropriate.

New Directors

The search and nomination process for new Directors, if any, are through contacts, recommendations and executive search firms. The NC will review and assess candidates before making recommendations to the Board. In recommending new Directors to the Board, the NC takes into consideration the skills and experiences required to support the Group's business activities or strategies and the current composition and size of the Board, and strives to ensure that the Board has an appropriate balance of Independent Directors as well as Directors with the right profile of expertise, skills and attributes.

New Directors are appointed by the Board, after taking into consideration the recommendations of the NC. Such new Directors are required to submit themselves for re-election at the next AGM of the Company following their appointment.

PRINCIPLE 6

Access to Information

The Board is furnished with relevant information and analysis by management pertaining to matters for the Board's discussion and decision. Management also ensures that the Board receives regular reports on the Group's financial and operations performance. In addition to copies of disclosure documents, budgets, forecasts and internal financial statements, such reports also include board papers related material and background or explanatory information relating to matters to be brought before the Board. In respect of budgets, any material variances between the projections and actual results would also be disclosed and explained.

During the year, following the resignation of Ms Lynn Wan Tiew Leng on 9 May 2017, Ms Gwendolin Lee Soo Fern was appointed as Joint Company Secretary in her stead. Following Mr Terence Lin Yu Xuan's resignation as Joint Company Secretary on 31 July 2017, Ms Gwendolin Lee Soo Fern becomes the sole Company Secretary of the Company.

The Board has separate and independent access to the management and the Company Secretary at all times.

CORPORATE GOVERNANCE REPORT

The Company Secretary, together with the in-house corporate secretarial department, attends to all corporate secretariat and compliance matters and is responsible for ensuring that legal and regulatory requirements as well as Board procedures are complied with. The Company Secretary attends all Board meetings. The agenda for the meetings of the Board and its Committees, together with the appropriate supporting documents, are circulated to the Board prior to the meetings.

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

PRINCIPLES 7, 8 & 9

Remuneration Matters

Remuneration Committee

The RC performs critical roles in support of sound Corporate Governance principles in the areas of Board compensation and senior executive compensation and rewards management. As at the date of this report, the RC comprises the following members, a majority of whom (including the chairman) are Independent Directors:

Eu Yee Ming Richard (Chairman)
Lew Syn Pau
Lee Chow Soon
Wong Yi Jia

The RC has adopted written terms of reference endorsed by the Board, setting out their duties and responsibilities. The RC's function is in attracting, retaining and rewarding well-qualified persons to serve the Group by pegging remuneration and benefits at competitive market rates. Directors' fees and the remuneration of key staff are reviewed to ensure they are at sufficiently competitive levels. A compensation system is in place to reward staff based on their merits and performance through annual merit service increments. 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 Company's share option scheme for Directors, senior management and executives, which expired on 7 November 2011, had served as a long-term incentive plan. The Company currently has in place a share plan, which was approved by the shareholders of the Company at an EGM held on 28 July 2010, to reward, retain and motivate employees of the Group and/or associated companies who excel in their performance and encourages greater dedication, loyalty and higher standards of performance. The share option scheme and share plan are administered by the RC.

CORPORATE GOVERNANCE REPORT

The RC has the right to seek expert and independent professional advice in the field of executive compensation where required, at the Company's expense. No Director decides his own remuneration and Directors' fees are paid only after approval by shareholders at the Company's AGM.

Disclosure on Remuneration of Directors and CEO

A breakdown showing the level and mix of each individual Director's remuneration in percentage terms is set out below.

The RC and the Board are of the view that full disclosure on remuneration of the Directors will not benefit the Company, as remuneration matters are highly sensitive and confidential. This is especially so for remuneration amongst staff and key management personnel, including the competitive industry and human resource environment in which the Group operates in.

Remuneration band and Name of Directors	Salary %	Bonus %	Directors' fees %	Benefits- in-kind %	Share award ⁽¹⁾ %
<u>S\$0 to S\$249,999</u>					
Lew Syn Pau	-	-	100	-	-
Lee Chow Soon	-	-	100	-	-
Eu Yee Ming Richard	-	-	100	-	-
Wong Yi Jia	-	-	100	-	-
Lee Po Lo @ Lee Khong Kee	-	-	100	-	-
<u>S\$250,000 to S\$499,999</u>					
Ng Ah Hoy	84	15	-	-	1
Chuah Aik Loon	84	14	-	1	1

Note:

(1) Refers to share awards granted under the BIGL Share Plan to Executive Directors during the financial year. The fair value of share awards granted is based on the Company's share price at grant date. The details of the BIGL Share Plan are provided in the Statement By Directors.

Disclosure on remuneration of the top five key executives (who are not directors) and employees who are immediate family members of a director

For competitive reasons, the Board is of the view that disclosure on remuneration of key executives will not benefit the Company. For FY2017, the aggregate total remuneration paid to the top five key executives (who are not directors) amounted to S\$1,338,000 (2016: S\$1,866,000).

Mr Wong Yi Chun, the brother of Ms Wong Yi Jia, a Non-Executive Director of the Company and the son of Madam Lau Leok Yee, a substantial shareholder of the Company, is employed by the Group as Program Manager. For FY2017, the aggregate total remuneration paid to Mr Wong Yi Chun was within the band of S\$50,000 to S\$100,000.

CORPORATE GOVERNANCE REPORT

PRINCIPLES 10, 11, 12 & 13

Accountability, Risk Management and Internal Controls, Audit Committee & Internal Audit

Audit Committee

The AC comprised three Independent Non-Executive Directors, all of whom have the requisite qualifications and experience to discharge their responsibilities:

Lee Chow Soon (Chairman)
Lew Syn Pau
Eu Yee Ming Richard

The composition of the AC is in compliance with Section 201B of the Singapore Companies Act, which prescribes that a majority of the AC Members must not be Executive Directors of the Company or any of its related corporations. With all of the AC Members (including the chairman) being independent, the AC is able to perform its roles and functions independently.

The AC is authorised by the Board to investigate any activity within its terms of reference, having unrestricted access to information relating to the Group, both internal and external auditors and the management and staff. It has full discretion to invite any Director or Executive Officer to attend its meetings. It has adequate resources to enable it to discharge its functions properly. The AC, having reviewed any non-audit services provided by the external auditors to the Group, has confirmed that there were no such services provided during the year which would affect the independence of the external auditors.

The AC meets at least four times a year. Ad hoc meetings are also convened when circumstances require. The attendances at AC meetings during FY2017 are disclosed on page 10 of this report.

The AC performs the following key functions:

- (a) recommending the nomination or re-nomination of the external auditors and approving the remuneration and terms of engagement of the external auditors;
- (b) reviewing the audit plan, scope and findings of the internal and external auditors;
- (c) reviewing all non-audit services provided by the external auditors and confirming that these non-audit services would not affect the independence of the external auditors;
- (d) reviewing the quarterly, half-year and full year results announcements and financial statements of the Company and consolidated financial statements of the Group, monitoring their integrity and reviewing significant reporting issues and judgements contained therein, before submission to the Board for approval for the release of the results announcements to the SGX-ST;
- (e) evaluating the adequacy and effectiveness of internal control systems, including financial, operational, compliance and information technology controls of the Group;
- (f) meet with the internal and external auditors without the presence of management at least once annually;

CORPORATE GOVERNANCE REPORT

- (g) to review interested person transactions; and
- (h) to review arrangements by which staff of the Company may in confidence raise concerns about possible improprieties in matters of financial reporting or other matters. The Group has in place a whistle blowing policy which provides the mechanism for which staff of the Group may in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The AC is regularly updated and briefed by the management and external auditors on any changes to accounting standards and issues which have a direct impact on the financial statements of the Group.

Sustainability Reporting

As one of the leaders in the manufacture of precision-machined components and assemblies for the global hard disk drive (“HDD”) industry, there are number of sustainability related issues that are important to the success of the Group’s business. Over the last year, the Group have been formalising its approach to sustainability as well as assembling a team within the Group to support the Board of Directors in this area. The Group have embarked on the process of developing its first sustainability report, with support from an external consultant, which will be in compliance with SGX-ST Listing Rules 711A and 711B. Within this report the Group will disclose the Environmental, Social and Governance (ESG) factors that are most relevant, how these will be measured, monitored and managed and the targets for the forthcoming year. The Group look forward to sharing this report on its website later in the year.

AC’s Commentary on Key Audit Matters for FY2017

In its review of the financial statements of the Group for FY2017, the AC had discussed with the management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC reviewed, amongst other matters, the following significant matters identified by external auditors for the financial year ended 31 December 2017.

Key Audit Matters	How these issues were addressed by AC
Impairment assessment of property, plant and equipment	<p>The AC considered the findings of the external auditor, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of property, plant and equipment.</p> <p>The AC was satisfied with the valuation process, the methodologies used and the valuation for property, plant and equipment. The AC also concurred with the management’s conclusion that no impairment is required for the Group’s property, plant and equipment.</p>
Impairment assessment of investment in a subsidiary	<p>Management presented to the AC the discounted cash flow and assumptions applied in determining the recoverable amount of investment in the subsidiary.</p> <p>The AC considered the findings of the external auditors, including the evaluation of the reasonableness of the assumptions and discount rate applied by the management.</p> <p>The AC was satisfied with the disclosures in the financial statements for the impairment assessment of investment in the subsidiary.</p>

CORPORATE GOVERNANCE REPORT

Key Audit Matters	How these issues were addressed by AC
Contingent liabilities	<p>The AC reviewed and discussed the details of the claim amounts in relation to the Disposed Businesses and any potential tax liabilities with the management.</p> <p>The AC considered the findings of the external auditors, including the appropriateness of the methodologies adopted by the management in determining the claim amounts.</p> <p>The AC was satisfied with the disclosure in the financial statements in relation to the claim amounts.</p>

Internal Controls

The AC has reviewed the Group's system of internal controls, including financial, operational, compliance and information technology controls and risk management systems established by the management. This ensured that such controls are sound and adequate to provide reasonable assurance of the integrity, effectiveness and efficiency of the Group in safeguarding shareholders' interests and the Group's assets. Additionally, in performing the statutory audit of the financial statements of the Group, the external auditor perform tests over operating effectiveness of certain accounting controls that are relevant to the audit and the auditor intend to rely on. Any material internal control matters noted by the external auditor in the course of their statutory audit have been discussed with the Directors and AC.

For FY2017, the Board has received assurance from the Executive Directors:

- (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) regarding the effectiveness of the Group's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls including financial, operational, compliance, and information technology controls and risk management systems, are adequate and effective for the year ended 31 December 2017. The Board regularly reviews the effectiveness of the risk management and all internal controls, including operational controls of the Group.

The Board notes that no system of internal control could provide absolute assurance against material financial misstatements, poor judgment in decision-making, human error, losses, fraud or other irregularities. The system of internal control includes safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulations and best practices, and identification and containment of financial, business and compliance risks.

CORPORATE GOVERNANCE REPORT

Internal Audit

The Group appointed BDO LLP (“BDO”) as its internal auditor to conduct internal audits on the Group in FY2017. BDO is a professional firm which, reports directly to the Chairman of the AC on internal audit matters. The primary objective of the internal audit function is to provide reasonable, independent and objective assurance that the existing system of internal controls are adequate and operating effectively to safeguard shareholders’ investments and the Group’s assets. The AC is satisfied that the effectiveness of the internal auditor is adequate in meeting the needs of the Group.

Risk Management Policies and Processes

The main risks arising from the Group’s financial operations are liquidity risk, foreign currency risk, credit risk and interest rate risk. The Board reviews and agrees on policies for managing each of these risks.

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the Directors to finance the Group’s operations and mitigate the effects of fluctuations in cash flow. To ensure that the Group has adequate overall liquidity to finance its operations and investment requirements, the Group maintains an adequate amount of available banking facilities with several banks.

The Group’s main currency exposures are in Singapore Dollar, United States Dollar, Thailand Baht and Chinese Renminbi. The Group uses natural hedges of matching assets and liabilities as a hedging tool to manage its exposure to fluctuating foreign currency rates.

As for credit risk, the Group places its cash and cash equivalents with creditworthy institutions. The Group also performs ongoing credit evaluation of its customers’ financial conditions.

The Group manages its interest rate risk by maintaining a prudent mix of fixed and floating interest rate borrowings. In managing the interest rate profile, the Group takes into account the interest rate outlook and the expected cash flow generated from its business operations.

Various measures are implemented to manage Group’s operational risks. These include safety and security, internal control procedures and appropriate insurance coverage.

Fees Paid to External Auditors

The aggregate amount of fees paid to the external auditors of the Group for FY2017 is disclosed under Note 8 of the Financial Statements.

PRINCIPLES 14, 15 & 16

Shareholder Rights, Communication with Shareholders and Conduct of Shareholder Meetings

The Group believes in upholding a strong culture of continuous disclosure and transparent communication with all stakeholders and does not practice selective disclosure. All material and price-sensitive information relating to the Group is released in a timely manner and equally to the general public and shareholders by way of public releases or announcements through SGXNET.

The management ensures that all shareholders receive the Company’s annual reports, circulars and notices of shareholders’ meetings within the mandatory periods prescribed by applicable laws and regulations. Shareholders are encouraged to attend and participate at the Company’s AGM to ensure that they have a better understanding of the Group’s plans and developments for the future.

CORPORATE GOVERNANCE REPORT

The AGM and EGM, if applicable, are attended by all Directors, the external auditors, Company Secretary and management. The Group welcomes shareholders' feedback and encourages their participation in sharing ideas and asking questions during such sessions.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, responses from the Board and management, and makes these minutes available to shareholders upon their request.

To have greater transparency in the voting process, the Company has adopted the system of voting by poll at its AGM and EGM. Results of each resolution put to vote at the AGM are announced at the meeting. Separate resolutions at general meetings are on substantially separate issues. All the resolutions at the general meetings are single item resolution. Shareholders may also appoint up to two proxies to attend and vote in his/her stead.

Internal Code on Dealing with Securities

An internal code, which complies with Rule 1207(19) of the Listing Manual of the SGX-ST, with respect to dealings in securities of the Company, has been issued to Directors and officers of the Company. The Company's Directors and officers are not allowed to deal in the Company's securities within two weeks before the announcement of its financial result for each of the first three quarters of its financial year and one month before the announcement of its full year results.

Directors and officers are reminded not to deal in the Company's securities on consideration of a short-term nature. Directors and officers are required to observe insider trading provisions under the Securities and Futures Act at all times, even when dealing in the Company's securities within the permitted periods. Directors and officers of the Company are required to report all dealings in Company's securities to the Company.

Interested Person Transactions

During the financial year ended 31 December 2017, there were no interested person transactions ("IPT") entered with the Group that amounted to more than \$100,000. The Company has also put in place an internal procedure to track IPTs of the Group.

Material Contracts

There were no material contracts of the Company or its subsidiaries involving the interests of Directors or controlling shareholders.

Dividend

Given the financial position of the Group and the Board's and the management's cautious view on the Group's prospects for the ensuing year, no final dividend has been recommended or declared in respect of FY2017.

29 March 2018

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the group and changes in equity of the company for the reporting year ended on that date;
- (b) at the date of the statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. DIRECTORS

The directors of the company in office at the date of this statement are:

Lew Syn Pau
Lee Chow Soon
Eu Yee Ming Richard
Wong Yi Jia
Ng Ah Hoy
Chuah Aik Loon (Appointed on 18 January 2017)

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Singapore Companies Act, Chapter 50 (the "Act") except as follows:

Name of directors and companies in which interests are held	Direct interests		Deemed interests	
	At beginning of the reporting year or date of appointment, if later	At end of the reporting year	At beginning of the reporting year or date of appointment, if later	At end of the reporting year
The company	Number of ordinary shares of no par value			
Lew Syn Pau	-	-	44,572,639	44,572,639
Lee Chow Soon	453,333	453,333	-	-
Eu Yee Ming Richard	147,333	147,333	-	-
Ng Ah Hoy	116,250	1,254,500	1,165,000	68,000
Chuah Aik Loon	1,401,750	5,565,500	-	-

STATEMENT BY DIRECTORS

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Name of directors and companies in which interests are held	Direct interests	
	At beginning of the reporting year or date of appointment, if later	At end of the reporting year
The company	Options to subscribe for ordinary shares at \$0.45 per share between 3 March 2011 and 3 March 2020	
Ng Ah Hoy	150,000	150,000
The company	Share awards to be delivered from	
Ng Ah Hoy		
- 2015 to 2017 ⁽¹⁾	0 to 25,000	-
- 2016 to 2018 ⁽²⁾	0 to 18,750	0 to 12,500
- 2017 to 2019 ⁽³⁾	0 to 40,000	0 to 30,000
- 2018 to 2020 ⁽⁴⁾	0 to 40,000	0 to 40,000
- 2019 to 2021 ⁽⁵⁾	-	0 to 40,000
Chuah Aik Loon		
- 2015 to 2017 ⁽¹⁾	0 to 25,000	-
- 2016 to 2018 ⁽²⁾	0 to 18,750	0 to 12,500
- 2017 to 2019 ⁽³⁾	0 to 40,000	0 to 30,000
- 2018 to 2020 ⁽⁴⁾	0 to 40,000	0 to 40,000
- 2019 to 2021 ⁽⁵⁾	-	0 to 40,000

(1) The number of shares to be delivered will depend on the achievement of set targets from 2014 to 2017.

(2) The number of shares to be delivered will depend on the achievement of set targets from 2015 to 2018.

(3) The number of shares to be delivered will depend on the achievement of set targets from 2016 to 2019.

(4) The number of shares to be delivered will depend on the achievement of set targets from 2017 to 2020.

(5) The number of shares to be delivered will depend on the achievement of set targets from 2018 to 2021.

The directors' interests as at 21 January 2018 were the same as those at the end of the reporting year.

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate except as disclosed under the "Share Options" and "Share Plan" on this statement below.

STATEMENT BY DIRECTORS

5. SHARE OPTIONS

The Broadway Industrial Group Limited Share Option Scheme 2001 (the "Scheme") of the company was approved and adopted by its members at an Extraordinary General Meeting held on 8 November 2001. The Scheme expired on 7 November 2011.

Other information regarding the Scheme is set out below:

- The options can be exercised 1 year after the grant date for market price options and 2 years after the grant date for incentive options. A further vesting period for the exercise of the options may be set.
- The exercise price of the incentive options can be set at a discount to the market price not exceeding 20% of the market price in respect of options granted at the time of grant.
- All options are settled by physical delivery of shares.
- The options granted expire after 5 years for non-executive directors and 10 years for executive directors and employees.

At the end of the reporting year, details of the options granted under the Scheme on the unissued ordinary shares of the company are as follows:

Date of grant of options	Exercise price per share \$	Options outstanding as at	Options forfeited in	Options outstanding as at	Number of option holders as at	Exercise period
		1 January 2017	2017	31 December 2017	31 December 2017	
6 March 2009	0.070	16,000	-	16,000	1	06/03/2010 to 06/03/2019
2 June 2009	0.140	200,000 [^]	(200,000)	-	-	02/06/2011 to 02/06/2019
3 March 2010	0.450	720,000	(340,000)	380,000	8	03/03/2011 to 03/03/2020
11 May 2010	0.565	200,000	(200,000)	-	-	11/05/2011 to 11/05/2020
10 May 2011	0.510	200,000	(200,000)	-	-	10/05/2012 to 10/05/2021
		<u>1,336,000</u>	<u>(940,000)</u>	<u>396,000</u>		

[^] These options were granted at a discount of 20%.

Details of options granted to directors of the company under the Scheme are as follows:

Name of director	Aggregate options granted since commencement of Scheme to 31 December 2017	Aggregate options exercised since commencement of Scheme to 31 December 2017	Aggregate options forfeited since commencement of Scheme to 31 December 2017	Aggregate options outstanding as at 31 December 2017
Lee Chow Soon	500,000	(200,000)	(300,000)	-
Eu Yee Ming Richard	365,000	(65,000)	(300,000)	-
Ng Ah Hoy	1,010,000	(860,000)	-	150,000

STATEMENT BY DIRECTORS

5. SHARE OPTIONS (CONTINUED)

Since the commencement of the Scheme, except as disclosed above, no options have been granted to the controlling shareholders of the company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

The options granted by the company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

6. SHARE PLAN

The Broadway Industrial Group Limited Share Plan (the "Plan") of the company was approved and adopted by its members at an Extraordinary General Meeting held on 28 July 2010. The Plan is administered by the company's Remuneration Committee, comprising four directors, Eu Yee Ming Richard, Lee Chow Soon, Lew Syn Pau and Wong Yi Jia.

The Plan is intended to reward, retain and motivate employees to higher standards of performance and encourage greater dedication and loyalty by enabling the company to give recognition to outstanding employees of the group and/or associated companies.

Awards will be released to participants as fully paid shares upon expiry of the prescribed vesting periods or retention periods and subject to conditions prescribed in the Plan.

Employees of the group and/or associated companies shall be eligible to participate in the Plan subject to the absolute discretion of the Remuneration Committee. Non-executive directors of the group and/or associated companies, controlling shareholders and their associates will not be eligible to participate in the Plan.

The actual number of shares awarded will depend on the achievement of set targets over a four-year period. This will be determined by the Remuneration Committee at the end of the qualifying performance period and released to the recipient over a four-year vesting period in the ratio of 0%, 25%, 25% and 50% consecutively.

At the end of the reporting year, details of the awards granted under the Plan on the unissued ordinary shares of the company are as follows:

<u>Date of grant of share awards</u>	<u>Share awards not released at 1 January 2017</u>	<u>Share awards granted in 2017</u>	<u>Share awards vested in 2017</u>	<u>Share awards forfeited in 2017</u>	<u>Share awards not released as at 31 December 2017</u>
4 April 2013	57,500	-	(47,500)	(10,000)	-
4 June 2013	60,000	-	(47,500)	(12,500)	-
4 May 2014	78,750	-	(18,750)	(22,500)	37,500
4 June 2014	108,750	-	(31,250)	(25,000)	52,500
4 April 2015	220,000	-	(45,000)	(115,000)	60,000
4 May 2015	100,000	-	(20,000)	(20,000)	60,000
4 June 2015	120,000	-	(30,000)	(15,000)	75,000
4 April 2016	200,000	-	-	(80,000)	120,000
4 May 2016	210,000	-	-	(60,000)	150,000
4 June 2016	160,000	-	-	(120,000)	40,000
4 June 2017	-	280,000	-	-	280,000
	<u>1,315,000</u>	<u>280,000</u>	<u>(240,000)</u>	<u>(480,000)</u>	<u>875,000</u>

STATEMENT BY DIRECTORS

6. SHARE PLAN (CONTINUED)

Details of share awards granted to directors of the company under the Plan are as follows:

<u>Name of director</u>	<u>Share awards granted in 2017</u>	<u>Aggregate share awards granted since commencement of scheme to 31 December 2017</u>	<u>Aggregate share awards vested since commencement of scheme to 31 December 2017</u>	<u>Aggregate share awards granted and not released as at 31 December 2017</u>
Chuah Aik Loon	40,000	288,000	(165,500)	122,500
Ng Ah Hoy	40,000	335,000	(212,500)	122,500

Since the commencement of the Plan, except as disclosed above, no share awards have been granted to the controlling shareholders of the company or their associates and no participant under the Plan has been granted 5% or more of the total share awards available under the Plan.

The share awards granted by the company do not entitle the holders of the share awards, by virtue of such holding, to any rights to participate in any share issue of any other company.

The aggregate number of shares available under the Scheme, the Plan and any other applicable share-based schemes shall not exceed 15% of the company's total issued shares (excluding treasury shares).

Except for the Scheme and the Plan as disclosed above, there were no unissued shares of the company or its subsidiaries under options granted and shares awards granted by the company or its subsidiaries as at the reporting year ended 31 December 2017.

7. AUDIT COMMITTEE

The members of the Audit Committee at the date of this statement are as follows:

Lee Chow Soon (Chairman)	Non-executive director
Lew Syn Pau	Non-executive director
Eu Yee Ming Richard	Non-executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance. Among other functions, the Audit Committee performed the following:

- Reviewed with the company's external auditor their audit plan;
- Reviewed with the company's external auditor their evaluation of the company's internal accounting controls that are relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;

STATEMENT BY DIRECTORS

7. AUDIT COMMITTEE (CONTINUED)

- Reviewed the assistance provided by the company's officers to the internal and external auditors;
- Reviewed financial information and annual financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees. Other functions performed by the Audit Committee are described in the Corporate Governance Report included in the Annual Report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the external auditors, RSM Chio Lim LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the company.

In appointing the external auditors for the company, subsidiaries and significant associated companies, the Audit Committee has complied with Rules 712, 715 and 716 of the SGX Listing Manual.

8. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

9. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 1 March 2018, which would materially affect the group's and the company's operating and financial performance as of the date of this statement.

On behalf of the directors

Lee Chow Soon
Director

Lew Syn Pau
Director

29 March 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Broadway Industrial Group. Limited., (the "company") and its subsidiaries (collectively, the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity, consolidated cash flows of the group, and changes in equity of the company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Impairment assessment of property, plant and equipment

Please refer to Note 14 to the financial statements.

As at 31 December 2017, the group's property, plant and equipment ("PPE") amounted to \$77,112,000, representing approximately 36% of the group's total assets.

The group's continuing operations relate solely to the Components CGU (see Note 35 for definition of Components CGU). Although the Component CGU recorded profit, net of tax of \$1,378,000 in 2017, it previously incurred losses. Additionally, the group's net assets as at 31 December 2017 amounting to \$82,523,000 exceeded its market capitalisation of approximately \$59 million by approximately \$24 million. These are indications of possible impairment on the group's PPE.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

Key audit matters (Continued)

(1) Impairment assessment of property, plant and equipment (Continued)

Management has applied the fair value less cost of disposal method to determine the recoverable amount of the group's PPE. The fair value of the PPE is based on an independent valuation. In arriving at the fair value of the group's PPE, management exercised significant judgement in determining the valuation methodology and applying the appropriate assumptions. There are also estimation uncertainties.

We assessed management's processes for the selection of its appointed external valuation expert, including the determination of the scope of work to be performed by the expert and the review and acceptance of the expert's report. We have also evaluated the competency of the external valuation expert by considering the expert's qualifications and relevant work experience.

With the assistance of our in-house valuation specialists, we assessed the appropriateness of the valuation methodologies and assumptions applied by management by comparing to generally acceptable market practices. We also tested management's key inputs to the valuation by comparing them against available industry data.

We evaluated the adequacy of the disclosures included in the financial statements.

(2) Impairment assessment of investment in a subsidiary

Please refer to Note 15 to the financial statements.

The group has 100% interest in BIGL Asia Pte Ltd ("BIGL Asia"). As at 31 December 2017, the carrying amount of the company's cost of investment in BIGL Asia Pte Ltd was \$100,000,000.

BIGL Asia is under the Component CGU. Although the Component CGU recorded profit, net of tax of \$1,378,000 in 2017, it previously incurred losses. Additionally, the carrying amount of the company's cost of investment in BIGL Asia was higher than the Components CGU's net assets of \$56,502,000 by \$43,498,000 as at 31 December 2017. These are indications of possible impairment on the carrying amount of the company's investment in BIGL Asia.

Management has applied the value-in-use method using discounted cash flows to estimate the recoverable amount of the company's investment in BIGL Asia. In estimating the value-in-use, management exercised significant judgement in projecting the Components CGU's revenue growth rate, net profit margin growth rate, future capital expenditure, discount rate and terminal value. There are also estimation uncertainties.

We assessed management's processes for preparing the discounted cash flow of the Components CGU, including the development of the Components CGU's growth strategies, cost initiatives and discount rate.

With the assistance of our in-house valuation specialists, we evaluated the reasonableness of the Components CGU's revenue growth and net profit margin rates, cost initiatives and estimates used in preparing the discounted cash flow forecast, using our knowledge of the industry, the group's past historical performance and future plans. We also independently recomputed the discount rate applied, using available industry data and performed sensitivity analysis on the outcome of the impairment test.

We evaluated the adequacy of the disclosures included in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

Key audit matters (Continued)

(3) Contingent liabilities

Please refer to Note 31 to the financial statements.

The group has recorded accruals for claims in relation to the Disposed Businesses and related tax liabilities.

Significant management's judgement and estimate are required in determining whether an outflow of economic benefit is probable and the amounts of accruals for claims and tax liabilities to be recorded as at 31 December 2017. In determining the amounts to be recorded, management considered the impact of uncertain tax positions and the possible outcomes, their knowledge of the operations of the Disposed Businesses as well as the industrial and regulatory environment in which the Disposed Businesses are operating in. The carrying amounts of accruals for claims and tax liabilities may change within the next reporting year if there are changes in circumstances as well as tax and other regulations.

We reviewed the Sale and Purchase Agreement related to the Disposed Businesses and discussed with management, the basis of their assessment of accruals for claims required.

With the assistance of our in-house tax specialists, we assessed the appropriateness of the methodologies adopted by management in determining the amount of tax liabilities recorded.

We also assessed the adequacy of disclosures included in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT
AUDITOR'S REPORT**
TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by a subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Other matters

The financial statements for the reporting year ended 31 December 2016 were audited by other independent auditor (other than RSM Chio Lim LLP) whose report dated 12 April 2017 expressed an unmodified opinion on those financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Chan Weng Keen.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

29 March 2018

Engagement partner – effective from reporting year ended 31 December 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REPORTING YEAR ENDED 31 DECEMBER 2017

	Notes	2017 \$'000	2016 \$'000
Revenue	4	384,655	373,700
Cost of sales		(357,067)	(371,016)
Gross profit		27,588	2,684
Other income	5	4,866	3,598
Distribution expenses		(3,757)	(3,863)
Administrative expenses		(13,229)	(18,462)
Sales and marketing expenses		(626)	(1,898)
Other expenses		(10,361)	(22,723)
Finance income	6	584	19
Finance costs	7	(1,661)	(6,012)
Profit/(loss) before income tax from continuing operations	8	3,404	(46,657)
Income tax expense	10	(2,026)	(2,933)
Profit/(loss) from continuing operations, net of tax		1,378	(49,590)
(Loss)/profit from discontinued operations, net of tax	11	(16,501)	37,758
Loss for the year		(15,123)	(11,832)
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations, net of tax		(5,999)	(2,263)
Foreign currency translation differences on loss of control and significant influence reclassified to profit or loss, net of tax		-	(2,490)
Effective portion of changes in fair value of cash flow hedges, net of tax		-	79
Total other comprehensive loss, net of tax		(5,999)	(4,674)
Total comprehensive loss		(21,122)	(16,506)
Loss for the year attributable to:			
Owners of the parent		(14,990)	(12,104)
Non-controlling interests		(133)	272
		(15,123)	(11,832)
Total comprehensive loss attributable to:			
Owners of the parent		(21,095)	(16,532)
Non-controlling interests		(27)	26
		(21,122)	(16,506)
Earnings/(loss) per share			
<i>Basic</i>	12		
Continuing operations		0.32	(10.55)
Discontinued operations		(3.50)	7.97
Total		(3.18)	(2.58)
<i>Diluted</i>	12		
Continuing operations		0.32	(10.55)
Discontinued operations		(3.50)	7.95
Total		(3.18)	(2.60)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF
FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	Group		Company	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	77,112	109,865	9	24
Investments in subsidiaries	15	-	-	100,000	100,000
Other receivables	16	-	15,133	-	-
Other investments	17	-	114	-	47
Total non-current assets		77,112	125,112	100,009	100,071
Current assets					
Assets held-for-sale	18	19,413	-	47	-
Financial derivatives	19	2	575	-	-
Inventories	20	27,121	31,510	-	-
Trade and other receivables	21	72,765	56,183	24,594	2,914
Cash and cash equivalents	22	18,059	145,235	2,931	91,559
Total current assets		137,360	233,503	27,572	94,473
Total assets		214,472	358,615	127,581	194,544
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	23	113,147	113,139	113,147	113,139
(Accumulated losses)/retained earnings	24	(14,555)	40,460	12,683	50,563
Other reserves	25	(14,686)	(8,467)	191	305
Equity, attributable to owners of the parent		83,906	145,132	126,021	164,007
Non-controlling interests		(1,383)	(1,356)	-	-
Total equity		82,523	143,776	126,021	164,007
Non-current liabilities					
Provision	27	-	4,250	-	4,250
Other payables, non-current	28	2,992	-	-	-
Loans and borrowings	29	7,180	13,974	-	-
Total non-current liabilities		10,172	18,224	-	4,250
Current liabilities					
Income tax payable		3,512	3,692	5	5
Trade and other payables	30	113,408	103,838	1,555	24,282
Financial derivatives	19	-	1,975	-	-
Loans and borrowings	29	4,857	87,110	-	2,000
Total current liabilities		121,777	196,615	1,560	26,287
Total liabilities		131,949	214,839	1,560	30,537
Total equity and liabilities		214,472	358,615	127,581	194,544

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 DECEMBER 2017

Group	Total equity \$'000	Attributable to parent sub-total \$'000	Share capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Share-based payment reserve \$'000	Asset revaluation reserve \$'000	Translation reserve \$'000	Hedging reserve \$'000	(Accumulated losses)/retained earnings \$'000	Non-controlling interest \$'000
Current year:											
Opening balance at 1 January 2017	143,776	145,132	113,139	(237)	2,924	542	-	(11,696)	-	40,460	(1,356)
Total comprehensive loss for the year	(21,122)	(21,095)	-	-	-	-	-	(6,105)	-	(14,990)	(27)
Share-based payment (Note 25C)	11	11	8	55	-	(52)	-	-	-	-	-
Purchase of treasury shares (Note 25A)	(117)	(117)	-	(117)	-	-	-	-	-	-	-
Dividends paid (Note 13)	(40,025)	(40,025)	-	-	-	-	-	-	-	(40,025)	-
Closing balance at 31 December 2017	82,523	83,906	113,147	(299)	2,924	490	-	(17,801)	-	(14,555)	(1,383)
Previous year:											
Opening balance at 1 January 2016	163,874	162,473	113,091	(333)	2,924	625	870	(7,189)	(79)	52,564	1,401
Total comprehensive (loss)/income for the year	(16,506)	(16,532)	-	-	-	-	-	(4,507)	79	(12,104)	26
Share-based payment (Note 25C)	61	61	48	96	-	(83)	-	-	-	-	-
Disposal of subsidiaries with loss of control (Note 11)	(3,653)	(870)	-	-	-	-	(870)	-	-	-	(2,783)
Closing balance at 31 December 2016	143,776	145,132	113,139	(237)	2,924	542	-	(11,696)	-	40,460	(1,356)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 DECEMBER 2017

Company	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Share-based payment reserve \$'000	Retained earnings \$'000
Current year:					
Opening balance at 1 January 2017	164,007	113,139	(237)	542	50,563
Total comprehensive income for the year	2,145	-	-	-	2,145
Purchase of treasury shares (Note 25A)	(117)	-	(117)	-	-
Share-based payment (Note 25C)	11	8	55	(52)	-
Dividends paid (Note 13)	(40,025)	-	-	-	(40,025)
Closing balance at 31 December 2017	126,021	113,147	(299)	490	12,683
Previous year:					
Opening balance at 1 January 2016	147,226	113,091	(333)	625	33,843
Total comprehensive income for the year	16,720	-	-	-	16,720
Share-based payment (Note 25C)	61	48	96	(83)	-
Closing balance at 31 December 2016	164,007	113,139	(237)	542	50,563

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

REPORTING YEAR ENDED 31 DECEMBER 2017

	2017 \$'000	2016 \$'000
Continuing operations		
Cash flows from operating activities		
Profit/(loss) before income tax	3,404	(46,657)
Depreciation of property, plant and equipment	16,479	27,487
Loss/(gain) on disposal of property, plant and equipment	52	(693)
Property, plant and equipment written-off	-	9,903
Equity-settled share-based payment transactions	10	61
Fair value gain on financial derivatives	(1,333)	(7,085)
Gain on disposal of asset held-for-sale	(2,402)	-
Inventories written down	-	5,445
Fair value change in deferred consideration receivables	-	1,118
Impairment loss on available-for-sale equity securities	-	805
Interest expense	1,661	6,012
Interest income	(584)	(19)
Operating cash flows before changes in working capital	17,287	(3,623)
Inventories	2,065	21,996
Trade and other receivables	(7,480)	(32,712)
Trade and other payables	4,772	8,216
Provision	-	(4,241)
Net cash flows used in operations	16,644	(10,364)
Income tax paid	(1,924)	(183)
Net cash flows from/(used in) operating activities	14,720	(10,547)
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 22A)	(9,275)	(19,019)
Proceeds from disposal of property, plant and equipment	291	1,672
Proceeds from disposal of asset held-for-sale	4,854	-
Disposal of discontinued operations, net of cash disposed (Note 11)	-	120,787
Interest income received	28	19
Net cash flows (used in)/from investing activities	(4,102)	103,459
Cash flows from financing activities		
Dividends paid to equity owners	(40,025)	-
Proceeds from bank borrowings	20,436	107,326
Repayment of bank borrowings	(104,561)	(108,143)
Payment of finance lease liabilities	(256)	-
Repurchase of own shares	(117)	-
Interest expense paid	(1,661)	(6,012)
Net cash flows used in financing activities	(126,184)	(6,829)
Net (decrease)/increase in cash and cash equivalents	(115,566)	86,083
Discontinuing operations		
Net cash flows (used in)/from operating activities	(8,132)	38,319
Net cash flows used in investing activities	-	(5,705)
Net cash flows used in financing activities	-	(21,955)
Net (decrease)/increase in cash and cash equivalents	(8,132)	10,659
Net (decrease)/increase in cash and cash equivalents	(123,698)	96,742
Cash and cash equivalents, beginning balance	145,230	48,158
Effect of exchange rate fluctuations on cash held	(3,478)	330
Cash and cash equivalents, ending balance (Note 22)	18,054	145,230

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

1. GENERAL

Broadway Industrial Group Limited (the “company”) is incorporated in Singapore with limited liability. The company is listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The financial statements are presented in Singapore Dollars (“\$”) and they cover the company and the subsidiaries (collectively, the “group”). All financial information in these financial statements are rounded to the nearest thousand (“\$’000”) except when otherwise indicated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The company is an investment holding company.

The principal activities of the subsidiaries are described in Note 15 below.

The registered office of the company is located at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623. The principal place of business is in Singapore.

Accounting convention

The financial statements of the company as the reporting entity have been prepared in accordance with the Financial Reporting Standards in Singapore (“FRSs”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council and the Singapore Companies Act, Chapter 50 (the “Act”). The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit or loss, as required or permitted by FRS.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the company’s accounting policies. The areas requiring management’s critical judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2C below, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the group obtains control of the investee and cease when the group loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

1. GENERAL (CONTINUED)

Basis of presentation (Continued)

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Act, the company's separate statement of profit or loss and other comprehensive income and statement of cash flows are not presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the group and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from the rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Interest income or expense is recognised using the effective interest method.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The group's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the group in an independently administered fund. The group contributes an amount equal to a fixed percentage of the salary of each participating employee.

For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the group is contractually obliged or where there is constructive obligation based on past practice.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Share-based compensation

For the equity-settled share-based compensation transactions, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is measured by reference to the fair value of the options granted ignoring the effect of non-market conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The fair value is measured using a relevant option pricing model. The expected lives used in the model are adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

At each end of the reporting year, a revision is made of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit or loss with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The fair value of the employee services rendered is measured by reference to the fair value of the shares awarded or rights granted, excluding the impact of any non-market vesting conditions. These are fair valued based on the market price of the company's shares (or an estimated market price, if the company's shares are not publicly traded). This fair value amount is charged to profit or loss over the vesting period of the share-based payment scheme, with the corresponding increase in equity. The value of the charge is adjusted in profit or loss over the remainder of the vesting period to reflect expected and actual quantities vesting, with the corresponding adjustment made in equity.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore any amount unrecognised that would otherwise have been charged is recognised immediately in profit or loss.

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Foreign currency transactions

The functional currency of the company is the Singapore Dollars as it reflects the primary economic environment in which the company operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws by the end of the reporting year; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss, the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries and associates except where the company is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets as follows:

Leasehold land	-	26 to 50 years (period of lease)
Buildings	-	16 to 47 years
Leasehold improvements	-	1 to 5 years
Plant and machinery	-	2 to 10 years
Office equipment and furniture	-	3 to 5 years
Motor vehicles	-	5 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group and the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the group controls another entity.

In the company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the company as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the company. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Impairment of non-financial assets

The carrying amount of non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year, non-financial assets with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (first-in-first-out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the group becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the “substance over form” based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

- #1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the “fair value option” and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.
- #2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Financial assets (Continued)

- #3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.
- #4. Available-for-sale financial assets: As at the end of reporting year, there were no financial asset classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances and on demand deposits. For the consolidated statement of cash flows, the item includes cash and cash equivalents less cash subject to restriction.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the group becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following categories under FRS 39 is as follows:

- #1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
- #2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

Financial guarantees

Financial guarantees contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where, appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Derivatives

All derivatives are initially recognised and subsequently carried at fair value. Accounting for derivatives engaged in hedging relationships is described in the section below. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.

Hedging

Hedge accounting is used only when the following conditions at the inception of the hedge are satisfied: (a) The hedging instrument and the hedged item are clearly identified. (b) Formal designation and documentation of the hedging relationship is in place. Such hedge documentation includes the hedge strategy, the method used to assess the hedge's effectiveness. (c) The hedge relationship is expected to be highly effective throughout the life of the hedge. The above documentation is subsequently updated at each end of the reporting year in order to assess whether the hedge is still expected to be highly effective over the remaining life of the hedge. Hedge accounting can be used for (1) Fair value hedge; (2) Cash flow hedge; and (3) Hedge of a net investment in a foreign operation. If the hedge is terminated, no longer meets the criteria for hedge accounting or is revoked, the adjusted carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. The applicable derivatives and other hedging instruments used are described below in the notes to the financial statements.

Cash flow hedge: the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised (net of tax) directly in other comprehensive income and accumulated in other reserves, and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. No adjustment is made to the hedged item.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were accumulated in other reserves are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the group removes the associated gains and losses that were recognised in other comprehensive income and includes them in the initial cost or other carrying amount of the asset or liability (basis adjustment).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The group's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the group can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2B. Other explanatory information (Continued)

Segment reporting

The company discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as it is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Assets classified as held-for-sale

Identifiable assets and liabilities and any disposal groups are classified as held-for-sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by FRS 105 in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held-for-sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held-for-sale or included in a group of assets held-for-sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held-for-sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent re-measurement.

In addition, the results of discontinued operations are presented separately in profit or loss. A discontinued operation is a component of the business that represents a separate major line of business or geographical area of operations that has been sold, or classified as held-for-sale or has been abandoned. They are shown separately in profit or loss and comparative figures are restated to reclassify them from continuing to discontinued operations.

Treasury shares

Where the company reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the company's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's owners and no gain or loss is recognised in profit or loss.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2C. Critical judgements, assumptions and estimation uncertainties (Continued)

Impairment of property, plant and equipment

An assessment is made at the end of the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the property, plant and equipment at the end of the reporting year is disclosed in Note 14 below.

Impairment of cost of investment in subsidiaries

The company assesses at each balance sheet date whether there is any objective evidence that the company's investments in subsidiaries are impaired. This assessment, which takes into account the operating performance of the subsidiaries, changes in the technological, market, economic or legal environment in which the subsidiaries operate and changes to the market interest rates, requires significant judgement. An estimate is made of the future profitability of the subsidiaries, and the financial health of and near-term business outlook for the subsidiaries, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the subsidiaries. If the estimated discount rate was to differ by 5% from management's estimates, the recoverable amount would be an estimated \$2,443,000 higher or \$2,374,000 lower. If the gross profit margin was to differ by 5% from management's estimates, the recoverable amount would be an estimated \$3,903,000 higher or \$3,481,000 lower. The carrying amount of the investee at the end of the reporting year is disclosed in Note 15 below.

Contingent liabilities

The group has recorded accruals in relation to claim notices received from the purchaser of the Disposed Businesses (Note 11) in relation to certain claims for breach of warranties and the indemnities provided under the Sale and Purchase Agreement. In deciding the quantum of the accruals, management takes into account, their knowledge of the operations of the Disposed Businesses, changes in the technological, market, economic or legal environment in which these Disposed Businesses operate. As the purchaser has up to three years after the date of completion (i.e. 30 December 2016) to submit its claims, the group is not able to reliably estimate the probable obligations under the Sale and Purchase Agreement. The accruals at the end of the reporting year are included in Note 30.

The group derives a substantial amount of its profit from manufacturing and trading activities across several countries before the sale of final products to ultimate customers and is therefore subject to income taxes in several jurisdictions. Significant judgement is required in determining the taxable profit in each of the tax jurisdictions during the estimation of the provision for taxes. If the tax authorities disagree with the tax treatment and position adopted by the group on such intra-group transactions, the group may be imposed tax adjustments of up to 10 years of the operations under review. The group has recognised tax liabilities based on its assessment of whether it is probable, that additional taxes and interests will be due, as the group believes that certain positions may not be fully substantiated upon review by tax authorities, despite its belief that its tax return positions are supportable.

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2017

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 on related party disclosures requires the group to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Mdm Lau Leok Yee, the mother of Wong Yi Jia, who is a director of the company.

3A. Related party transactions

There are transactions and arrangements between the group and its related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and financial guarantees if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

Significant related party transactions

	Group	
	2017 \$'000	2016 \$'000
Fees payable to a firm of which a director is a member	25	-
Sale of goods to associates	-	4,245

3B. Key management compensation

	2017 \$'000	2016 \$'000
Directors' fees	411	455
Salaries and other short-term employee benefits	991	2,331
Post-employment benefits (including contributions to defined contribution plans)	43	20
Share-based payments	13	18
	1,458	2,824

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	2017 \$'000	2016 \$'000
Directors' fees	411	455
Remuneration of directors of the company	808	1,454

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly.

Certain directors also participate in the Broadway Industrial Group Limited Share Option Scheme 2001 and the Broadway Industrial Group Limited Share Plan (refer to Note 26 for details).

Further information about the remuneration of individual directors is provided in the report on corporate governance.

NOTES TO THE FINANCIAL STATEMENTS

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4. REVENUE

	Group	
	2017 \$'000	2016 \$'000
Sale of goods	<u>384,655</u>	<u>373,700</u>

5. OTHER INCOME

	Group	
	2017 \$'000	2016 \$'000
Gain on disposal of an asset held-for-sale	2,402	-
Scrap Income	685	1,071
Government grant income	787	1,296
Others	992	1,231
	<u>4,866</u>	<u>3,598</u>

6. FINANCE INCOME

	Group	
	2017 \$'000	2016 \$'000
Interest income on:		
- fixed deposits	28	43
- interest accretion	556	110
- others	-	(134)
	<u>584</u>	<u>19</u>

7. FINANCE COSTS

	Group	
	2017 \$'000	2016 \$'000
Interest expense on bank loans	1,295	4,340
Discounting charges to banks	366	661
Others	-	1,011
	<u>1,661</u>	<u>6,012</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

8. ITEMS IN PROFIT OR LOSS

The following items have been included in arriving at profit or loss for the reporting year:

	Group	
	2017 \$'000	2016 \$'000
Audit fees to:		
– auditors of the company	105	174
– other auditors	298	546
Loss/(gain) on disposal of property, plant and equipment	52	(693)
Property, plant and equipment written off	–	9,903
Impairment loss on available-for-sale equity securities	–	805
Inventories written down	520	5,445
Unrealised fair value gain on financial derivatives, net	(1,333)	(7,085)
Foreign currency exchange loss, net	5,446	9,233
Lease prepayment written off	2,111	–
Restructuring costs	–	4,757
Redundancy costs	3,937	4,085

9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2017 \$'000	2016 \$'000
Salaries, bonuses and other costs	55,782	76,143
Contributions to defined contribution plans	6,244	8,689
Equity-settled share-based payment transactions	11	61
	62,037	84,893

10. INCOME TAX

10A. Components of tax expense recognised in profit or loss

	Group	
	2017 \$'000	2016 \$'000
<i>Continuing operations</i>		
Current tax expense:		
Current year	785	1,089
Under provision in prior years	1,241	1,844
Total income tax expense	2,026	2,933

The above income tax expense for 2016 excludes the tax expense from discontinued operations and tax expense on the gain on disposal of discontinued operations of \$2,979,000 and \$6,609,000 (respectively).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

10. INCOME TAX (CONTINUED)

10A. Components of tax expense recognised in profit or loss (Continued)

The reconciliation of income taxes is determined below by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount determined by applying the Singapore corporate tax rate of 17% (2016: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2017 \$'000	2016 \$'000
Profit/(loss) before income tax	<u>3,404</u>	<u>(46,657)</u>
Income tax expense at the above rate	579	(7,932)
Effect of different tax rates in different countries	1,350	(4,440)
Expenses not deductible for tax purposes	1,398	5,994
Income not subject to tax	(2,191)	(1,298)
Income taxed at preferential tax rate outside Singapore	(331)	(2,243)
Under adjustments to tax in respect of prior years	1,241	1,844
Deferred tax assets not recognised	756	11,059
Tax effect on recognition of previously unrecognised tax losses	(776)	(24)
Other item less than 3% each	-	(27)
Total income tax expense	<u>2,026</u>	<u>2,933</u>

There are no income tax consequences of dividends to owners of the company.

Tax sparing credits are available to a subsidiary incorporated in Mauritius, BIGL Asia Pacific Ltd, whereby the subsidiary is entitled to a deemed credit of 80% of the tax on its foreign source income.

A subsidiary in Thailand, Compart Precision (Thailand) Co., Ltd is under tax holiday in accordance with the provisions of the Industrial Investment Promotion Act of B.E. 2520 that grants exemption from payment of corporate income tax for a period of seven years from the date on which the income is first derived from the promoted business. The exemption has been renewed in 2017 and the tax holiday expires in 2024.

10B. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses of certain subsidiaries amounting to approximately \$66,407,000 (2016: \$76,617,000), of which \$66,407,000 (2016: \$74,574,000) will expire between 2018 and 2037 (2016: 2017 and 2036), as follows:

	Group	
	2017 \$'000	2016 \$'000
Within one year	-	1,882
Between one and three years	23,448	9,754
Between three and five years	23,628	44,251
More than five years	19,331	18,687
	<u>66,407</u>	<u>74,574</u>

The remaining tax losses do not expire under current tax legislation.

These tax losses are subject to agreement by tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. Deferred tax assets have not been recognised in respect of the tax losses because it is not probable that future taxable profit will be available in the relevant entities against which the group can utilise the benefits therefrom.

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10. INCOME TAX (CONTINUED)

10C. Unrecognised deferred tax liabilities

A deferred tax liability of approximately \$1,256,000 (2016: \$1,075,000) has not been recognised for taxes that would be payable on the undistributed earnings of the Group's foreign subsidiaries as the Group has determined that these undistributed earnings will not be distributed in the foreseeable future.

11. (LOSS)/PROFIT FROM DISCONTINUED OPERATIONS, NET OF TAX

On 30 December 2016, management disposed the group's entire Foam Plastics Solutions and Flow Control Device businesses (the "Disposed Businesses") following a strategic decision to unlock value for the company's shareholders and to provide its continuing businesses an additional source of funds to repay existing bank loans and future working capital requirements. The Flow Control Device business was part of the Component – Precision Engineering Solutions segment.

The entire results of the Disposed Businesses have been presented separately on the statement of profit or loss and other comprehensive income as "discontinued operations", as follows:

	Group	
	2017 \$'000	2016 \$'000
Revenue	-	244,603
Cost of sales	-	(184,846)
Gross profit	-	59,757
Other income	-	2,767
Distribution expenses	-	(9,008)
Administrative expenses	-	(16,169)
Sales and marketing expenses	-	(8,526)
Other expenses	(16,501)	(4,745)
Finance income	-	1,672
Finance costs	-	(738)
Gain on disposal of discontinued operations, net of tax	-	14,602
Share of profit of associates, net of tax	-	1,125
(Loss)/profit before income tax	(16,501)	40,737
Income tax expense	-	(2,979)
(Loss)/profit from discontinued operations	(16,501)	37,758

The effects of the Disposed Businesses on the financial position of the group in 2016 were as follows:

	Group \$'000
Property, plant and equipment	46,630
Associates	4,200
Deferred tax assets	1,503
Inventories	21,610
Trade and other receivables	89,680
Assets held-for-sale	7,019
Cash and cash equivalents	15,213
Deferred tax liabilities	(180)
Trade and other payables	(49,590)
Current tax liabilities	(460)
Net assets before non-controlling interests	135,625
Non-controlling interests	(2,886)
Net assets after non-controlling interests	132,739
Realisation of reserves	(3,257)
Gain on disposal of discontinued operations	21,211
Transaction costs	2,091
Deferred consideration receivable (Note 16A)	(14,000)
Other receivables (Note 21)	(2,784)
Consideration received, satisfied in cash	136,000
Cash and cash equivalents disposed	(15,213)
Net cash inflow	120,787

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11. (LOSS)/PROFIT FROM DISCONTINUED OPERATIONS, NET OF TAX (CONTINUED)

The Disposed Businesses mainly comprised of the following:

- (a) 100% equity interest in Broadway Packaging (HK) Co., Ltd;
- (b) 96.47% equity interest in Shanghai Broadway Packaging & Insulation Materials Co., Ltd;
- (c) 100% equity interest in Suzhou Broadway Plastic Packaging Co., Ltd;
- (d) 100% equity interest in Compart Precision (Shenzhen) Co., Ltd;
- (e) 100% equity interest in Compart Hi-Precision Technologies (Shenzhen) Co., Ltd;
- (f) 96.47% equity interest in Wujiang Weltop Co., Ltd;
- (g) 96.47% equity interest in Chongqing Broadway Foam Applications & Total Packaging Co., Ltd;
- (h) 96.47% equity interest in Chengdu Broadway Foam Applications & Total Packaging Co., Ltd;
- (i) 100% equity interest in Shenzhen Broadway Total Packaging Co., Ltd;
- (j) 24.22% equity interest in Toho Foam (Thailand) Company Limited;
- (k) 47.27% equity interest in Kaefer Broadway Insulation Systems (Shanghai) Co., Ltd;
- (l) 47.27% equity interest in Wujiang Dairyu Broadway Plastic Packaging Co., Ltd;
- (m) Receivables, payables and inventories held by BIGL Asia Pacific Ltd in respect of the Flow Control Devices business; and
- (n) Certain contracts related to the Foam Plastics Solutions and Flow Control Devices businesses.

Under the Sale and Purchase Agreement entered between the company and the purchaser, the company provided certain warranties and the indemnities to the purchaser.

On 2 June 2017, the company and the purchaser entered into a Deed of Undertaking to record the parties' agreement on the adjustment to the consideration amount for the Disposed Businesses and certain indemnities from the company in favour of the purchaser.

On 6 February 2018, the company and the purchaser entered into a Deed of Payment in relation to the Deed of Undertaking for the Disposed Businesses.

On 7 February 2018, after setting off the receivables from the purchaser amounting to \$1,998,000 (Note 21), the company paid the purchaser a total sum of \$14,471,000 which constituted full and final settlement of the company's obligations pursuant to the Deed of Undertaking. Certain receivables owing to Shanghai Broadway Packaging & Insulation Materials Co. Ltd ("SHBW") as at 30 December 2016 and which are still outstanding after 31 December 2017 will be assigned by SHBW in favour of the company. SHBW is part of the Disposed Businesses.

The Deed of Undertaking and Deed of Payment resulted in the group recording a loss of \$16,501,000 in 2017.

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12. EARNINGS/(LOSS) PER SHARE

The numerators and denominators used to calculate basic and diluted earnings/(loss) per share of no par value are as follows:

	Group	
	2017 \$'000	2016 \$'000
Numerators:		
Profit/(loss) attributable to owners		
– Continuing operations	1,511	(49,644)
– Discontinued operations	(16,501)	37,540
	(14,990)	(12,104)
Denominators:		
Weighted average number of equity shares (basic)	470,910	470,733
Dilutive share options effect	21	32
Unreleased share awards effect	1,016	1,431
Weighted average number of equity shares (diluted)	471,947	472,196

Basic and diluted earnings/(loss) per share are calculated by dividing profit or loss, net of tax for the reporting year attributable to owners of the parent by the weighted average number of equity shares. The weighted average number of equity shares refers to shares in issue outstanding during the reporting year. It is after the neutralisation by the treasury shares.

The dilutive effect derives from transactions such as share options (Note 26A) and share awards (Note 26B). The diluted amount per share is based on the weighted average number of ordinary shares and dilutive ordinary share equivalents outstanding during each reporting year. The ordinary share equivalents included in these calculations are: (1) the average number of ordinary shares assumed to be outstanding during the reporting year and (2) shares of ordinary share issuable upon assumed exercise of share options which (if any) would have a dilutive effect.

13. DIVIDENDS ON EQUITY SHARES

	Rate per share			
	2017 Cents	2016 Cents	2017 \$'000	2016 \$'000
Group and Company				
Interim tax exempt (1-tier) dividend paid	8.50	–	40,025	–

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FINANCIAL STATEMENTS

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14. PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	Freehold land \$'000	Leasehold land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Office equipment and furniture \$'000	Motor vehicles \$'000	Construction- in-progress \$'000	Total \$'000
<u>Cost:</u>									
At 1 January 2016	2,069	6,967	55,449	72,978	380,861	15,212	2,242	6,264	542,042
Additions	-	-	12	2,871	14,338	483	2	10,499	28,205
Disposal	-	-	-	(11,247)	(15,963)	(847)	(313)	(144)	(28,514)
Write-off	-	-	-	(29,563)	(50,921)	(3,623)	(122)	-	(84,229)
Disposal of subsidiaries	-	(5,321)	(24,574)	(12,577)	(98,854)	(6,380)	(1,103)	(167)	(148,976)
Reclassifications	-	-	-	5,225	(1,620)	294	-	(3,899)	-
Transfer from other asset	-	-	-	-	-	-	-	102	102
Foreign exchange adjustments	48	(221)	(491)	(564)	589	(232)	(53)	432	(492)
At 31 December 2016	2,117	1,425	30,396	27,123	228,430	4,907	653	13,087	308,138
Additions	-	-	-	666	5,411	122	-	7,379	13,578
Disposal	-	-	-	(7)	(8,179)	(49)	(49)	-	(8,284)
Reclassifications	-	-	-	4,428	7,254	(101)	(5)	(12,825)	(1,249)
Transfer to asset held-for-sale	(257)	(1,354)	(25,067)	(5,765)	-	-	-	-	(32,443)
Foreign exchange adjustments	(153)	(71)	(1,616)	(2,034)	(25,099)	(347)	(48)	(866)	(30,234)
At 31 December 2017	1,707	-	3,713	24,411	207,817	4,532	551	6,775	249,506

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2017

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land \$'000	Leasehold land \$'000	Buildings \$'000	Leasehold improvements \$'000	Plant and machinery \$'000	Office equipment and furniture \$'000	Motor vehicles \$'000	Construction-in-progress \$'000	Total \$'000
<u>Accumulated depreciation and impairment losses:</u>									
At 1 January 2016	-	1,227	13,757	50,558	284,772	12,403	1,757	-	364,474
Depreciation for the year	-	208	2,101	6,850	26,617	1,106	130	-	37,012
Disposals	-	-	-	(9,263)	(15,810)	(821)	(264)	-	(26,158)
Write-off	-	-	-	(24,139)	(46,691)	(3,368)	(122)	-	(74,320)
Disposal of subsidiaries	-	(1,142)	(8,246)	(9,095)	(78,098)	(4,873)	(892)	-	(102,346)
Reclassifications	-	-	-	-	(61)	61	-	-	-
Foreign exchange adjustments	-	(41)	(169)	(577)	594	(159)	(37)	-	(389)
At 31 December 2016	-	252	7,443	14,334	171,323	4,349	572	-	198,273
Depreciation for the year	-	14	463	1,270	14,463	245	24	-	16,479
Disposals	-	-	-	(6)	(7,837)	(49)	(49)	-	(7,941)
Reclassifications	-	-	-	410	(1,619)	(34)	(6)	-	(1,249)
Transfer to asset held-for-sale	-	(254)	(5,124)	(5,205)	-	-	-	-	(10,583)
Foreign exchange adjustments	-	(12)	(434)	(986)	(20,794)	(317)	(42)	-	(22,585)
At 31 December 2017	-	-	2,348	9,817	155,536	4,194	499	-	172,394
<u>Carrying value:</u>									
At 1 January 2016	2,069	5,740	41,692	22,420	96,089	2,809	485	6,264	177,568
At 31 December 2016	2,117	1,173	22,953	12,789	57,107	558	81	13,087	109,865
At 31 December 2017	1,707	-	1,365	14,594	52,281	338	52	6,775	77,112

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Plant and machinery \$'000	Office equipment and furniture \$'000	Total \$'000
Company			
<u>Cost:</u>			
At 1 January 2016	49	251	300
Additions	-	2	2
Disposals	-	(10)	(10)
At 31 December 2016	49	243	292
Additions	-	2	2
Disposals	-	(20)	(20)
At 31 December 2017	49	225	274
<u>Accumulated depreciation:</u>			
At 1 January 2016	41	208	249
Depreciation	8	21	29
Disposals	-	(10)	(10)
At 31 December 2016	49	219	268
Depreciation	-	17	17
Disposals	-	(20)	(20)
At 31 December 2017	49	216	265
<u>Carrying value:</u>			
At 1 January 2016	8	43	51
At 31 December 2016	-	24	24
At 31 December 2017	-	9	9

Allocation of the depreciation expense:

	Group	
	2017 \$'000	2016 \$'000
Cost of sales	16,178	26,752
Distribution expenses	-	10
Administrative expenses	301	725
Total	16,479	27,487

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment assessment

The group assesses at each end of the reporting year whether there is any objective evidence that the carrying value of its property, plant and equipment are impaired. The group's property, plant and equipment are fully attributable to the Components CGU (see Note 35), which has been making losses historically.

As at 31 December 2017, the recoverable amount of the group's property, plant and equipment was based on its fair value less costs of disposal. The fair value of the property, plant and equipment was determined by an external and independent valuation firm, which has the appropriate recognised professional qualifications to perform the valuation, using direct market comparison method and depreciated replacement cost method (Level 3). Management has determined that the highest and best use of the assets is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The recoverable amount of the group's property, plant and equipment was higher than its carrying value as at 31 December 2017. Consequently, there was no impairment loss recognised in 2017.

Security

The carrying values of the group's property, plant and equipment that have been pledged as securities for bank loans (Note 29) are as follows:

	Group	
	2017 \$'000	2016 \$'000
Leasehold land and buildings	-	2,623
Plant and machinery	55	-
	<u>55</u>	<u>2,623</u>

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 \$'000	2016 \$'000
Unquoted equity shares at cost	125,456	125,956
Less: Allowance for impairment	(25,456)	(25,956)
Net carrying value	<u>100,000</u>	<u>100,000</u>
<u>Movements in cost:</u>		
At beginning of the year	125,956	155,001
Disposals	-	(29,045)
Written-off	(500)	-
At end of the year	<u>125,456</u>	<u>125,956</u>
<u>Movements in allowance for impairment:</u>		
At beginning of the year	25,956	500
Allowance	-	25,456
Written-off	(500)	-
At end of the year	<u>25,456</u>	<u>25,956</u>

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of significant subsidiaries are as follows:

Name of subsidiary and principal activities	Principal place of business	Country of incorporation	Cost of investment		Effective equity held	
			2017 \$'000	2016 \$'000	2017 %	2016 %

Held by the company:

BIGL Asia Pte. Ltd. ^(a) (formerly known as Compart Asia Pte Ltd) Investment holding	Singapore	Singapore	125,456	125,456	100	100
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Name of subsidiary and principal activities	Principal place of business	Country of incorporation	Effective equity held	
			2017 %	2016 %

Held through BIGL Asia Pte Ltd:

BIGL Asia Pacific Ltd ^(b) (formerly known as Compart Asia Pacific Ltd) Distribution of precision machined components	People's Republic of China	Republic of Mauritius	100	100
BIGL Technologies (Thailand) Co., Ltd. ^(b) (formerly known as Compart Precision (Thailand) Co., Ltd.) Manufacturer of precision machined components and the sub-assembly of actuator arms	Thailand	Thailand	99.99	99.99
Compart Technologies (Shenzhen) Co., Ltd ^(c) Manufacturer of precision machined components	People's Republic of China	People's Republic of China	100	100
Compart Precision Components Manufacturing (Wuxi) Co., Ltd ^(c) Manufacturer of precision machined components and the sub-assembly of actuator arms	People's Republic of China	People's Republic of China	100	100
Compart Technologies (Chongqing) Co., Ltd ^(c) Manufacturer of precision components	People's Republic of China	People's Republic of China	100	100
Compart Hi-Precision Technologies (Shenzhen) Co., Ltd ^{(d)#} Manufacturer of precision machined components	People's Republic of China	People's Republic of China	-	-

NOTES TO THE
FINANCIAL STATEMENTS
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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary and principal activities	Principal place of business	Country of incorporation	Effective equity held	
			2017 %	2016 %
<i>Held through BIGL Asia Pte Ltd (continued):</i>				
Compart Technologies (Huizhou) Co., Ltd ^{(d)@} Manufacturer of precision machined components	People's Republic of China	People's Republic of China	100	100
Compart Hi-Precision Technologies (Suzhou) Co., Ltd ^{(d)*} Manufacturer of precision machined components	People's Republic of China	People's Republic of China	100	100
Compart Engineering, Inc. ^(d) Investment holding	United States of America	United States of America	100	100
<i>Held through Compart Engineering, Inc.:</i>				
Compart Engineering, LLC ^{(d)^} Manufacturer of precision machined components	United States of America	United States of America	48	48

(a) Audited by RSM Chio Lim LLP, Singapore.

(b) Audited by member firms of RSM International of which RSM Chio Lim LLP is a member.

(c) Audited by SBA Stone Forest CPA Ltd, an alliance firm of RSM Chio Lim LLP, for consolidation purpose.

(d) Not audited as these subsidiaries are not material to the group.

Consolidated as the group has an option to reacquire this entity (see Note 16A).

* Owns 40% (2016: 40%) equity interests in Shanghai Kiddy Children's Products Co., Ltd, incorporated in People's Republic of China, which is not material to the group.

@ In the process of being deregistered.

^ Consolidated as the Group has power to govern the investee and use its power to affect its returns from the investee.

The Group does not have subsidiaries with material non controlling interests.

Impairment assessment

The company assesses at each end of the reporting year whether there is any objective evidence that the carrying value of the company's investments in subsidiaries are impaired. This assessment takes into account the operating performance of the subsidiaries, changes in the technological, market, economic or legal environment in which the subsidiaries operate and changes to the market interest rates. Due to continued losses incurred by BIGL Asia Pte Ltd ("BIGL Asia") and its subsidiaries, which are primarily in the hard disk drive component business, management performed an assessment to determine the recoverable amount of the investment in BIGL Asia Pte Ltd as at 31 December 2017.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal or its value in use. The recoverable amount of the company's investment in BIGL Asia Pte Ltd has been measured by the management based on the value in use method. The value in use is a recurring fair value measurement (Level 3).

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Impairment assessment (Continued)

The quantitative information and key assumptions about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed and is analysed as follows:

	Group	
	2017	2016
Valuation technique:	Discounted cash flow method	
Revenue growth rate (unobservable inputs):		
– Within the next reporting year	-13%	-19%
– From the 2nd to the 5th reporting years	-7%	-4% to -8%
Gross profit margin:	7%	2%
Earnings before interest, tax, depreciation and amortisation margin:	8%	2% to 3%
Terminal value:	Net assets value of Component CGU at the end of the 5th year	Present value of fair value of property, plant and equipment less costs to sell at the end of the 5th year
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the CGUs:	11.89%	15.85%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management:	5 years	5 years

Based on management's assessment, the recoverable amount of the company's investment in BIGL Asia Pte Ltd as at 31 December 2017 approximates its carrying value.

16. OTHER RECEIVABLES, NON-CURRENT

	Group	
	2017 \$'000	2016 \$'000
Deferred consideration (Note 16A)		
– Gross amount receivable	-	14,000
– Fair value change	-	(1,118)
Subtotal	-	12,882
Lease prepayment (Note 16B)	-	2,251
	-	15,133

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16. OTHER RECEIVABLES, NON-CURRENT (CONTINUED)

16A. Deferred consideration

This amount arises from the disposal of the group's businesses in 2016 (see Note 11).

As part of the disposal, the group entered into an option agreement with the purchaser of the Disposed Businesses to re-acquire Compart Hi-Precision Technologies (Shenzhen) Co., Ltd within two years from the option agreement at a nominal consideration of \$1. Under the option agreement, the purchaser undertakes to the group that, as at exercise of the option, Compart Hi-Precision Technologies (Shenzhen) Co., Ltd will have a minimum amount cash in Chinese Renminbi equivalent to \$14 million in its bank account with no other assets and liabilities.

Management has used the discounted cash flows valuation technique in measuring the fair value of this receivable (Level 2). The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate of 4.25%.

The deferred consideration receivable has been reclassified to current assets as at 31 December 2017 (see Note 21).

16B. Lease prepayment

In 2016, the group restructured an outstanding trade receivable from a customer and entered into a long-term operating lease of office and production premise in Korea with the customer. Consequently, the trade receivable was reclassified to lease prepayment in the reporting year ended 31 December 2016. The lease period expires in 2033. In 2017, management reassessed the performance of its Korean operations and wrote-off the lease prepayment as the outlook is not positive.

17. OTHER INVESTMENTS

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Transferable club memberships, at cost	-	114	-	47

During the reporting year ended 31 December 2017, the club memberships have been reclassified to asset held-for-sale (see Note 18).

18. ASSETS HELD-FOR-SALE

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Property, plant and equipment	19,312	-	-	-
Transferable club memberships	101	-	47	-
	19,413	-	47	-

Leasehold land, a factory building and certain club memberships are presented as held-for-sale following the decision of management on 8 August 2017 to sell these assets as part of the group's efforts to reduce its operating overheads. The sale is expected to be completed in 2018.

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19. FINANCIAL DERIVATIVES

	Group	
	2017 \$'000	2016 \$'000
Foreign currency exchange contracts:		
Assets – contracts with positive fair values	2	575
Liabilities – contracts with negative fair values	-	(1,975)
	<u>2</u>	<u>(1,400)</u>

All the derivatives contracts have maturity periods of less than 12 months.

19A. Foreign currency exchange contracts

The fair values of the foreign currency exchange contracts are estimated as follows based on market values of equivalent instruments at the end of the reporting year:

	Maturity	Principal \$'000	Net fair value gain/(loss) \$'000	Fair value hierarchy
<u>2017</u>				
- Buy Chinese Renminbi and sell United States Dollars	January 2018	48	-	Level 2
- Sell Chinese Renminbi and buy United States Dollars	January 2018	45	2	Level 2
<u>2016</u>				
- Buy Chinese Renminbi and sell United States Dollars	February 2017	4,340	575	Level 2
- Buy Chinese Renminbi and sell United States Dollars	February 2017	8,680	(1,975)	Level 2

The gross amount of all notional values for contracts that have not yet been settled or cancelled, is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

Foreign currency exchange contracts are valued using valuation techniques with market observable inputs (Level 2). The models incorporate various inputs including broker quotes for similar transactions, foreign exchange spot and forward rates.

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20. INVENTORIES

	Group	
	2017 \$'000	2016 \$'000
Raw materials	10,084	11,107
Work-in-progress	4,794	6,274
Finished goods	11,181	12,208
Spare parts and others	1,062	1,921
	27,121	31,510
Inventories are stated after allowance as follows:		
Balance at beginning of the year	1,023	3,003
Reversed to profit or loss included in cost of sales	(386)	(1,962)
Foreign exchange adjustments	(67)	(18)
Balance at end of the year	570	1,023
Included in cost of sales:		
Write-down of inventories	520	5,445
Changes in inventories	4,389	26,796
Purchases of inventories	251,448	202,625

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<u>Trade receivables:</u>				
Outside parties	52,750	48,891	-	-
Less: Allowance for impairment	(13)	(14)	-	-
Subtotal	52,737	48,877	-	-
<u>Other receivables:</u>				
Outside parties	3,258	4,561	1,998	2,834
Subsidiary	-	-	22,538	-
Deferred consideration (Note 16A)	13,441	-	-	-
Deposits	678	621	24	34
Subtotal	17,377	5,182	24,560	2,868
Total trade and other receivables	70,114	54,059	24,560	2,868
Prepayments	2,651	2,124	34	46
	72,765	56,183	24,594	2,914
<u>Movements in allowance for impairment:</u>				
Balance at beginning of year	14	2,539	-	-
Disposal of subsidiaries	-	(899)	-	-
Write-off	-	(1,626)	-	-
Translation adjustment	(1)	-	-	-
Balance at end of year	13	14	-	-

Included in the group's and the company's other receivables from outside parties is an amount of \$1,998,000 (2016: \$2,784,000) due from the purchaser of the group's Disposed Businesses for the adjustments on working capital, capital expenditure and net debts of the Disposed Businesses. The amount has been repaid in February 2018 (see Note 11).

NOTES TO THE FINANCIAL STATEMENTS

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21. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at the end of the reporting year, trade receivables totalled \$44,934,000 (2016: \$31,789,000) were sold to banks. These trade receivables have been derecognised as they were legally sold without recourse.

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Not restricted in use	18,054	145,230	2,931	91,559
Fixed deposits pledged as security	5	5	-	-
	18,059	145,235	2,931	91,559

The interest earning balances are not significant.

22A. Cash and cash equivalents in the consolidated statement of cash flows

	Group	
	2017 \$'000	2016 \$'000
Amount as shown above	18,059	145,235
Cash pledged for bank facilities	(5)	(5)
Cash and cash equivalents in the consolidated statement of cash flows	18,054	145,230

22B. Reconciliation of liabilities arising from financing activities

	At beginning of the year \$'000	Cash flows \$'000	Group		At end of the year \$'000
			Non-cash changes \$'000	Note	
<u>2017:</u>					
Borrowings	101,084	(84,125)	(5,257)	(a)	11,702
Finance lease liabilities	-	(256)	591	(b)	335
Total liabilities from financing activities	101,084	(84,381)	(4,666)		12,037
<u>2016:</u>					
Borrowings	121,612	(21,880)	1,352	(a)	101,084

Note:

- (a) Foreign exchange movements
- (b) Acquisitions of property, plant and equipment

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23. SHARE CAPITAL

	Group and company	
	Number of shares issued '000	Share capital \$'000
Ordinary shares of no par value:		
Balance at 1 January 2016	471,914	113,091
Shares issued under BIGL Share Plan (Note 25A)	-	48
Balance at 31 December 2016	471,914	113,139
Shares issued under BIGL Share Plan (Notes 25A and 26B)	-	8
Balance at 31 December 2017	471,914	113,147

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income.

Capital management:

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity, less amounts accumulated in equity related to cash flow hedges. The Board monitors the average return on capital, which the group defines as net operating income divided by total average shareholders' equity excluding non-controlling interests.

	Group	
	2017 \$'000	2016 \$'000
Profit before income tax from continuing operation	3,404	(46,657)
Finance income	(584)	(19)
Finance costs	1,661	6,012
Net operating income	4,481	(40,664)
Equity attributable to owners of the parent	83,906	145,132

	Group	
	2017 %	2016 %
Average return on capital	5	(28)

The Board also monitors the level of dividends to ordinary shareholders. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

In order to maintain its listing on the Singapore Exchange, the company has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

The company has a mandate to issue shares to employees of the group of up to 15% of the company's ordinary shares (excluding treasury shares held). At present, employees hold 1.5% of ordinary shares, or just under 1.7% assuming that all outstanding share options and share awards vest and/or are exercised.

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23. SHARE CAPITAL (CONTINUED)

From time to time, the group purchases its own shares on the market; the timing of these purchases depends on market prices. The Shares are primarily intended to be used for issuing shares under the group's share option and share award programmes.

There were no changes in the group's approach to capital management during the year.

24. (ACCUMULATED LOSSES)/RETAINED EARNINGS

As at the end of the reporting year, the group's retained earnings included amounts relating to statutory reserve and legal reserve in the company's subsidiaries in the People's Republic of China and Thailand amounting to \$3,156,000 (2016: \$2,938,000) and \$431,000 (2016: \$431,000) respectively.

According to the relevant People's Republic of China ("PRC") regulations, the subsidiaries in the PRC are required to transfer 10% of profit after taxation, as determined under Generally Accepted Accounting Principles of the PRC, to the statutory surplus reserve until the reserve balance reaches 50% of the entity's registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. The statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of equity owners.

According to Thailand's Civil and Commercial Code, the subsidiary in Thailand is required to allocate not less than 5% of its net profit to the legal reserve upon each dividend distribution, until the reserve balance reaches an amount not less than 10% of the subsidiary's registered share capital.

25. OTHER RESERVES

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Treasury shares (Note 25A)	(299)	(237)	(299)	(237)
Capital reserve (Note 25B)	2,924	2,924	-	-
Share-based payment reserve (Note 25C)	490	542	490	542
Foreign currency translation reserve (Note 25D)	(17,801)	(11,696)	-	-
	(14,686)	(8,467)	191	305

25A. Treasury shares

	Group and Company	
	Number of shares '000	Reserve \$'000
Balance at 1 January 2016	(1,445)	(333)
Shares issued under BIGL Share Plan (Note 23)	415	96
Balance at 31 December 2016	(1,030)	(237)
Shares acquired	(945)	(117)
Shares issued to under BIGL Share Plan (Notes 23 and 26B)	240	55
Balance at 31 December 2017	(1,735)	(299)

The reserve for the company's own shares comprises the cost of the company's shares held by the group.

25B. Capital reserve

Capital reserve mainly arises from the restructuring of BIGL Asia Pte Ltd and its subsidiaries in 2004.

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25. OTHER RESERVES (CONTINUED)

25C. Share-based payment reserve

	Group and Company	
	2017	2016
	\$'000	\$'000
At beginning of the year	542	625
Exercised during the year	(63)	(144)
Expense recognised in profit or loss, net	11	61
At end of the year	490	542

The share-based payment expense is included in administrative expenses.

The share-based payment reserve comprises the cumulative value of employee services received for the issue of share options and share awards. When share options are exercised and share awards vested, the cumulative amount in the share-based payment reserve which relates to the valuable consideration received in the form of employee services is transferred to share capital/reserve for own shares.

25D. Foreign currency translation reserve

	Group	
	2017	2016
	\$'000	\$'000
At beginning of the year	(11,696)	(7,189)
Exchange differences on translating foreign operations	(6,105)	(2,120)
Reclassified to profit or loss upon disposal	-	(2,387)
At end of the year	(17,801)	(11,696)

This reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the company.

26. SHARE-BASED PAYMENT

26A. Share option programme (equity-settled)

The Broadway Industrial Group Limited Share Option Scheme 2001 (the "Scheme") of the company was approved and adopted by its members at an Extraordinary General Meeting held on 8 November 2001. In accordance with the Scheme, market price options are exercisable at the average market price of the shares three days preceding the date of grant and incentive options are exercisable at a discount not exceeding 20% of the market price at the time of grant. The Scheme expired on 7 November 2011.

The key terms and conditions relating to the grants of the share option programme are as tabled below:

Grant date	2017	2016	Vesting conditions	Contractual life of options
6 March 2009	16,000	16,000	1 year's service	10 years
2 June 2009	-	200,000	2 years' service	10 years
3 March 2010	380,000	720,000	1 year's service	10 years
11 May 2010	-	200,000	1 year's service	10 years
10 May 2011	-	200,000	1 year's service	10 years
	396,000	1,336,000		

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26. SHARE-BASED PAYMENT (CONTINUED)

26A. Share option programme (equity-settled) (Continued)

All options are to be settled by physical delivery of shares.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price		Number of options	
	2017 \$	2016 \$	2017	2016
Outstanding at 1 January	0.43	0.43	1,336,000	1,536,000
Forfeited during the year	0.42	0.50	(940,000)	(200,000)
Outstanding at 31 December	0.43	0.43	396,000	1,336,000
Exercisable at 31 December	0.43	0.43	396,000	1,336,000

The options outstanding at 31 December 2017 have an exercise price in the range of \$0.07 to \$0.45 (2016: \$0.07 to \$0.565) and a weighted average remaining contractual life of 2.17 years (2016: 3.38 years).

No options were exercised in 2017 and 2016.

26B. Share Plan (equity-settled)

The Broadway Industrial Group Limited Share Plan (the "Plan") of the company was approved and adopted by its members at an Extraordinary General Meeting held on 28 July 2010.

Awards will be released to participants as fully paid shares upon expiry of the prescribed vesting periods or retention periods and subject to conditions prescribed in the Plan. The actual number of shares awarded will depend on the achievement of set targets over a four-year period. This will be determined by the Remuneration Committee at the end of the qualifying performance period and released to the recipient over a four-year vesting period in the ratio of 0%, 25%, 25% and 50% consecutively.

Employees of the group and/or associated companies shall be eligible to participate in the Plan subject to the absolute discretion of the Remuneration Committee. Non-executive directors of the group and associated companies, controlling shareholders and their associates will not be eligible to participate in the Plan.

The details of the awards granted under the Plan are as follows:

Date of grant	Fair value at grant date	Granted and not released at 1 January 2017	Granted in 2017	Vested in 2017	Forfeited in 2017	Granted and not released at 31 December 2017
4 April 2013	\$0.330	57,500	-	(47,500)	(10,000)	-
4 June 2013	\$0.305	60,000	-	(47,500)	(12,500)	-
4 May 2014	\$0.270	78,750	-	(18,750)	(22,500)	37,500
4 June 2014	\$0.275	108,750	-	(31,250)	(25,000)	52,500
4 April 2015	\$0.178	220,000	-	(45,000)	(115,000)	60,000
4 May 2015	\$0.205	100,000	-	(20,000)	(20,000)	60,000
4 June 2015	\$0.225	120,000	-	(30,000)	(15,000)	75,000
4 April 2016	\$0.138	200,000	-	-	(80,000)	120,000
4 May 2016	\$0.136	210,000	-	-	(60,000)	150,000
4 June 2016	\$0.132	160,000	-	-	(120,000)	40,000
4 June 2017	\$0.139	-	280,000	-	-	280,000
		1,315,000	280,000	(240,000)	(480,000)	875,000

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26. SHARE-BASED PAYMENT (CONTINUED)**26B. Share Plan (equity-settled) (Continued)**

The measurement of the fair values at grant date of the share plan is based on the company's share price at grant date. The weighted average fair value of share awards at 31 December 2017 was \$0.179 (2016: \$0.212).

The aggregate number of shares available under the Scheme, the Plan and any other applicable share-based schemes shall not exceed 15% of the company's total issued shares (excluding treasury shares).

27. PROVISION

In 2016, the group and the company set up a provision for guarantee amounting to \$4,250,000 for the warranties and the indemnities provided under the Sale and Purchase Agreement in relation to the Disposed Businesses (see Note 11). The provision was utilised in 2017.

28. OTHER PAYABLES, NON-CURRENT

	Group	
	2017	2016
	\$'000	\$'000
Outside parties for purchase of plant and machinery	<u>2,992</u>	<u>-</u>

29. LOANS AND BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<u>Non-current liabilities</u>				
Secured bank loans	7,154	13,974	-	-
Finance lease liabilities	26	-	-	-
Subtotal	<u>7,180</u>	<u>13,974</u>	<u>-</u>	<u>-</u>
<u>Current liabilities</u>				
Secured bank loans	4,548	85,110	-	-
Unsecured bank loans	-	2,000	-	2,000
Finance lease liabilities	309	-	-	-
Subtotal	<u>4,857</u>	<u>87,110</u>	<u>-</u>	<u>2,000</u>
Total loans and borrowings	<u>12,037</u>	<u>101,084</u>	<u>-</u>	<u>2,000</u>

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29. LOANS AND BORROWINGS (CONTINUED)

The terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	2017 \$'000	2016 \$'000
<u>Group</u>				
Secured bank loans (USD)	3.78% – 4.76%	2020	11,702	44,896
Secured bank loans (THB)	2.75% – 3.73%	2017	-	54,188
Unsecured bank loan (SGD)	4.30%	2017	-	2,000
Finance lease liability (USD)	4.47%	2019	42	-
Others	-	2019	293	-
			<u>12,037</u>	<u>101,084</u>
<u>Company</u>				
Unsecured bank loan (SGD)	4.30%	2017	-	2,000

Secured bank loans and finance lease liability of the group amounting to \$11,744,000 (2016: \$99,084,000) are secured by legal charges over the group's property, plant and equipment with a carrying amount of \$55,000 (2016: \$2,623,000) (Note 14) and guarantees issued by certain subsidiaries.

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<u>Trade payables</u>				
Outside parties and accrued liabilities	88,226	96,216	1,119	9,860
<u>Other payables</u>				
Outside parties	24,789	7,007	43	85
Subsidiary (Note 3)	-	-	-	13,722
Directors (Note 3)	393	615	393	615
Sub-total	<u>25,182</u>	<u>7,622</u>	<u>436</u>	<u>14,422</u>
Total trade and other payables	<u>113,408</u>	<u>103,838</u>	<u>1,555</u>	<u>24,282</u>

The group's accrued liabilities under trade payables as at 31 December 2016 included an amount of \$8,276,000 related to the transaction costs and capital gain tax arising from the Disposed Businesses (Note 11).

The group's other payables to outside parties as at 31 December 2017 included an amount of \$16,469,000 (2016: Nil) payable to the purchaser of the Disposed Businesses (Note 11).

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31. CONTINGENT LIABILITIES

The company has received notices from the Purchaser of the Disposed Businesses in relation to certain claims for breach of warranties and the indemnities provided under the Sale and Purchase Agreement. These are currently the subject of discussions between the parties. Although the group recorded certain accruals in relation to the notices, the outcome of the discussions between management and the purchaser may affect the final amount payable by the group. As the purchaser has up to three years after the date of completion (i.e. 30 December 2016) to submit its claims for non-tax related matters and up to 6 years for tax related matters, the group is not able to reliably estimate the probable obligations under the Sale and Purchase Agreement.

The group has tax positions from its various intra-group operations which may be challenged by the respective tax authorities. If the tax authorities disagree with the tax treatment and position taken by the group on such intra-group transactions, they may impose tax adjustments of up to 10 years back on the operations under review. The methodology used to derive the tax liability amounts is also subject to negotiation with the tax authorities. Due to the wide range of possible outcomes, premising on the different methodologies applied and the outcomes of the negotiations with the tax authorities, the group is not able to reliably estimate the probable exposures on the tax liabilities on its intra-group transactions.

32. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2017 \$'000	2016 \$'000
Commitment to purchase property, plant and equipment	<u>1,672</u>	<u>1,213</u>

These commitments are expected to be settled within the next 12 months.

33. OPERATING LEASE PAYMENT COMMITMENTS

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Not later than one year	<u>2,068</u>	1,396	<u>237</u>	237
Later than one year and not later than five years	<u>1,771</u>	1,215	<u>187</u>	424
	<u>3,839</u>	2,611	<u>424</u>	661
Rental expense for the year	<u>2,121</u>	3,821	<u>237</u>	372

The group and the company lease warehouses, factory facilities and offices under operating leases. The leases typically run for a period of one to five years, with an option to renew the lease after that date.

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

34A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<u>Financial assets:</u>				
Cash and cash equivalents	18,059	145,235	2,931	91,559
Loans and receivables	70,114	66,941	24,561	2,868
Financial derivatives at fair values	2	575	-	-
	88,175	212,751	27,492	94,427
<u>Financial liabilities:</u>				
At amortised costs				
- Trade and other payables	116,400	103,838	1,555	24,282
- Loans and borrowings	12,037	101,084	-	2,000
Financial derivatives at fair values	-	1,975	-	-
	128,437	206,897	1,555	26,282

Further quantitative disclosures are included throughout these financial statements.

34B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the group's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

- (i) Minimise interest rate, currency, credit and market risks for all kinds of transactions.
- (ii) Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
- (iii) All financial risk management activities are carried out and monitored by senior management staff.
- (iv) All financial risk management activities are carried out following acceptable market practices.
- (v) When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk, the objectives, policies and processes for managing the risk and the methods used to measure the risk.

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

34C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

34D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the group could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Cash and cash equivalents as disclosed in Note 22 are amounts with less than 90 days maturity.

The maximum exposure to credit risk from financial guarantee contracts at the reporting date were:

	Group and Company	
	2017	2016
	\$'000	\$'000
Financial guarantee provided to an external party	-	8,500

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 60 days (2016: 60 days). But some customers take a longer period to settle the amounts:

- (a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2017	2016
	\$'000	\$'000
<u>Trade receivables:</u>		
Less than 31 days	437	359
Past due 31 – 120 days	374	50
Past due over 120 days	140	63
	951	472

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

34D. Credit risk on financial assets (Continued)

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group	
	2017 \$'000	2016 \$'000
Trade receivables:		
Past due over 120 days	13	14

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling \$13,000 (2016: \$14,000) that are determined to be impaired at the end of reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

The top 2 customers of the group represented more than 70% (2016: 70%) of the group's trade receivables as at the reporting year end.

34E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 74 days (2016: 74 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the reporting year:

	Less than 1 year \$'000	1 – 5 years \$'000	Total \$'000
Group			
2017:			
Gross borrowings commitments	5,306	7,460	12,766
Trade and other payables	113,408	2,992	116,400
	<u>118,714</u>	<u>10,452</u>	<u>129,166</u>
2016:			
Gross borrowings commitments	87,887	14,410	102,297
Trade and other payables	103,838	-	103,838
	<u>191,725</u>	<u>14,410</u>	<u>206,135</u>
Company			
2017:			
Trade and other payables	1,555	-	1,555
2016:			
Gross borrowings commitments	2,010	-	2,010
Trade and other payables	24,282	-	24,282
	<u>26,292</u>	<u>-</u>	<u>26,292</u>

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

34E. Liquidity risk – financial liabilities maturity analysis (Continued)

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the reporting year:

	Less than 1 year	
	2017 \$'000	2016 \$'000
<u>Group</u>		
Derivative financial instruments	-	1,975

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year no claims on the financial guarantees are expected to be payable.

34F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments (excluding derivatives) by type of interest rate:

	Group		Company	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<u>Financial liabilities:</u>				
Fixed rates	(42)	(72,320)	-	(2,000)
Floating rates	(11,702)	(28,764)	-	-
	<u>(11,744)</u>	<u>(101,084)</u>	<u>-</u>	<u>(2,000)</u>

The floating rate debt obligations are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in Note 29.

Sensitivity analysis: The effect on profit before income tax is not significant.

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

34G. Foreign currency risk

Analysis of amounts of financial assets and financial liabilities denominated in non-functional currencies at the end of the reporting year:

<u>Group</u>	<u>United States Dollars \$'000</u>	<u>China Renminbi \$'000</u>	<u>Thai Baht \$'000</u>	<u>Total \$'000</u>
<u>2017</u>				
<u>Financial assets:</u>				
Cash and cash equivalents	349	1,009	344	1,702
Loans and receivables	-	3,968	850	4,818
Derivative financial instruments	-	2	-	2
Total financial assets	349	4,979	1,194	6,522
<u>Financial liabilities:</u>				
Trade and other payables	-	(22,075)	(39,074)	(61,149)
Net financial assets/(liabilities)	349	(17,096)	(37,880)	(54,627)
<u>2016</u>				
<u>Financial assets:</u>				
Cash and cash equivalents	356	1,758	9,972	12,086
Loans and receivables	-	6,079	3,814	9,893
Total financial assets	356	7,837	13,786	21,979
<u>Financial liabilities:</u>				
Trade and other payables	-	(29,534)	(32,596)	(62,130)
Loans and borrowings	-	-	(36,612)	(36,612)
Derivative financial instruments	-	(1,400)	-	(1,400)
Total financial liabilities	-	(30,934)	(69,208)	(100,142)
Net financial assets/(liabilities)	356	(23,097)	(55,422)	(78,163)
<u>Company</u>				
<u>2017</u>				
<u>Financial liabilities:</u>				
Trade and other payables	-	-	-	-
<u>2016</u>				
<u>Financial liabilities:</u>				
Trade and other payables	(7,410)	(6,609)	-	(14,019)

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34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

34G. Foreign currency risk (Continued)

There is exposure to foreign currency risk as part of the group's normal business.

Sensitivity analysis:

	Group	
	2017 \$'000	2016 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the China Renminbi with all other variables held constant would have a favourable/(adverse) effect on pre-tax profit of	1,710	2,310
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the Thai Baht with all other variables held constant would have a favourable/(adverse) effect on pre-tax profit of	<u>3,788</u>	<u>5,542</u>

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

35. OPERATING SEGMENTS

Following the completion of disposal of the Disposed Businesses on 30 December 2016, the remaining Components business ("Component CGU") is reportable under one segment. The existing Component CGU relates primarily to the manufacturing and distribution of actuator arms and related assembly for the hard disk industry. The comparative consolidated income statement has been re-presented. The Board reviews the internal management reports of the division on a monthly basis with the management team.

Information regarding the results of the reportable segment is included in the respective sections of the financial statements.

Geographical information

Singapore is the country of domicile of the company. The principal activity of the company is investment holding. Subsidiaries of the company in the reportable segment are located in People's Republic of China, Singapore, Thailand and United States of America.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

35. OPERATING SEGMENTS (CONTINUED)

Geographical information (Continued)

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Group	
	2017 \$'000	2016 \$'000
Revenue		
People's Republic of China	174,097	189,040
Singapore	218	2,474
Thailand	207,453	172,862
United States of America	1,988	2,880
Other countries	899	6,444
	384,655	373,700
Non-current assets		
People's Republic of China	33,998	67,312
Singapore	9	13,022
Thailand	42,211	41,378
United States of America	76	2,664
Other countries	818	736
	77,112	125,112

36. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year, new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the group are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendments to FRS 7: Disclosure Initiative
FRS 12	Amendments to FRS 12: Recognition Of Deferred Tax Assets For Unrealised Losses
FRS 112	Amendments to FRS 112: Disclosure of Interests in Other Entities

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

37. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years, new or revised Singapore Financial Reporting Standards (International) and the related Interpretations to SFRS(I)s (“SFRS(I) INT”) were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the group for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)	1 January 2018
SFRS(I) 2	Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers	1 January 2018
	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	
SFRS(I) 16	Leases	1 January 2019
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019

SFRS (I) 9 Financial Instruments

SFRS (I) 9 Financial Instruments will replace SFRS (I) 1-39 effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

SFRS (I) 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics. For financial liabilities, SFRS (I) 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, SFRS (I) 9 introduces an “expected credit loss” (“ECL”) model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment. For hedge accounting, SFRS (I) 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures. The recognition and derecognition provisions are carried over almost unchanged from SFRS (I) 1-39.

On the basis of the facts and circumstances that exist as at 31 December 2017 (see accounting policy in Note 2 and disclosures in Note 34) the group does not anticipate that the application of the new standard will have a material impact on the financial position and/or financial performance of the group, apart from providing more extensive disclosures on the group’s financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

37. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

SFRS (I) 15 Revenue from Contracts with Customers

SFRS (I) 15 Revenue from Contracts with Customers effective for annual periods beginning on or after 1 January 2018 replaces other standards on revenue and the related interpretations. It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g., the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc.). SFRS (I) 15 will be adopted in the financial statements when it becomes mandatory and the full retrospective method of transition to the new standard will be used.

On the basis of the current accounting treatment of the major sources of revenue (see accounting policy in Note 2 and disclosures in Note 4 on revenue) the management does not anticipate that the application of SFRS (I) 15 will have a material impact on the financial position and/or financial performance of the group, apart from providing more extensive disclosures on the revenue transactions.

SFRS (I) 16 Leases

SFRS (I) 16 Leases is effective for annual periods beginning on or after 1 January 2019 and it replaces SFRS (I) 1-17 and the related Interpretations. For the lessee, the biggest change introduced is that almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the lessor, the accounting remains largely unchanged and the distinction between operating and finance leases is retained. SFRS (I) 16 will be adopted in the financial statements when it becomes mandatory, with the following effects:

For the group's non-cancellable operating lease commitments of \$3,839,000 as at 31 December 2017 (Note 33), a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under SFRS (I) 16. Thus, the group will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases upon the application of SFRS (I) 16) which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of SFRS (I) 16 is not expected to have a material impact on the amounts recognised in the financial statements.

Convergence with International Financial Reporting Standards

Companies, listed on the Singapore Exchange ("SGX") currently reporting under FRSs are required to comply with new Singapore Financial Reporting Standards (International) (SFRS (I)s issued by the Singapore Accounting Standards Council) that would be equivalent to the International Financial Reporting Standards ("IFRS") (issued by the International Accounting Standards Board (IASB)) for reporting years beginning on after 1 January 2018. The new framework is referred to as SFRS(I)s. Non-listed companies may elect to voluntarily apply SFRS(I)s. SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) will be adopted in the financial statements when it becomes mandatory. Based on the current accounting treatment of the account balances management does not anticipate that the application of SFRS(I) 1 will have a material impact on the financial position and/or financial performance of the group.

38. COMPARATIVE FIGURES

The financial statements for the reporting year ended 31 December 2016 were audited by other independent auditor (other than RSM Chio Lim LLP) whose report dated 12 April 2017 expressed an unmodified opinion on those financial statements.

**STATISTICS OF
SHAREHOLDINGS**
AS AT 21 MARCH 2018

Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per Share
Number of Issued Shares	:	471,914,611
Number and percentage of Treasury Shares	:	1,734,650 (0.36%)
Number of Issued Shares (less Treasury Shares)	:	470,179,961
Number and percentage of Subsidiary Holdings*	:	Nil

* "Subsidiary Holdings" is defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") as shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act, Chapter 50.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 – 99	13	0.56	218	0.00
100 – 1,000	33	1.42	21,366	0.00
1,001 – 10,000	813	35.03	4,401,892	0.94
10,001 – 1,000,000	1,428	61.53	110,428,563	23.49
1,000,001 AND ABOVE	34	1.46	355,327,922	75.57
TOTAL	2,321	100.00	470,179,961	100.00

SUBSTANTIAL SHAREHOLDERS (As recorded in the Register of Substantial Shareholders) as at 21 March 2018

Name of Substantial Shareholder	Direct		Deemed		Total	
	Interest	% ⁽¹⁾	Interest	% ⁽¹⁾	Interest	% ⁽¹⁾
Lau Leok Yee ⁽²⁾	59,851,142	12.73	90,317,468	19.21	150,168,610	31.94
Lew Syn Pau	-	-	44,572,639	9.48	44,572,639	9.48

Notes:

- (1) Percentage is calculated based on total issued shares of the Company less treasury shares and subsidiary holdings (i.e. 470,179,961).
- (2) Madam Lau Leok Yee is the beneficial owner of the 90,317,468 ordinary shares held by Citibank Nominees Singapore Pte Ltd.

STATISTICS OF SHAREHOLDINGS

AS AT 21 MARCH 2018

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	94,270,774	20.05
2	LAU LEOK YEE	59,851,142	12.73
3	RAFFLES NOMINEES (PTE) LIMITED	46,438,429	9.88
4	CHUA KENG LOY	15,300,000	3.25
5	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	14,870,654	3.16
6	DB NOMINEES (SINGAPORE) PTE LTD	13,943,000	2.97
7	DBS NOMINEES (PRIVATE) LIMITED	12,935,809	2.75
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	12,695,507	2.70
9	BON SIAN HWANG	10,172,000	2.16
10	HSBC (SINGAPORE) NOMINEES PTE LTD	10,099,700	2.15
11	LAM SENG HANG LTD	9,570,000	2.04
12	OCBC SECURITIES PRIVATE LIMITED	6,919,626	1.47
13	UOB KAY HIAN PRIVATE LIMITED	5,944,833	1.26
14	CHUAH AIK LOON	5,565,500	1.18
15	PHILLIP SECURITIES PTE LTD	4,379,791	0.93
16	ANG KIAN HENG	3,000,000	0.64
17	LIM SEOW CHIANG	2,915,200	0.62
18	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,307,257	0.49
19	LIU MEIHONG	2,154,200	0.46
20	TANG PEIDI	1,875,000	0.40
	TOTAL	335,208,422	71.29

PUBLIC SHAREHOLDING

Based on the information available to the Company as at 21 March 2018, approximately 56.6% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Broadway Industrial Group Limited (the "Company") will be held at Raffles Marina, Level 2, Ballroom, 10 Tuas West Drive, Singapore 638404 on Friday, 27 April 2018 at 4.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Statement by Directors and the Audited Financial Statements of the Company for the year ended 31 December 2017 together with the Auditor's Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Article 109 of the Company's Constitution:

Mr Eu Yee Ming Richard	[Retiring under Article 109]	(Resolution 2)
Ms Wong Yi Jia	[Retiring under Article 109]	(Resolution 3)

Mr Eu Yee Ming Richard will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and Nomination Committee and as a member of the Audit Committee, and will be considered independent.
3. To approve the payment of Directors' fees of S\$392,500 for the year ended 31 December 2017 (2016: S\$590,000). **(Resolution 4)**
4. To re-appoint Messrs RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to Issue Shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**"), and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), approval be and is hereby given to the Directors, to:

- (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require Shares to be issued or other transferable rights to subscribe for or purchase Shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares; and
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues,

at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company's total number of issued Shares excluding treasury shares and subsidiary holdings, of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company, and for the purpose of this Resolution, the total number of issued Shares excluding treasury shares and subsidiary holdings shall be the Company's total number of issued Shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

- (i) new Shares arising from the conversion or exercise of convertible securities,
- (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST, and
- (iii) any subsequent bonus issue, consolidation or subdivision of the Company's Shares, and

such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (i)]

(Resolution 6)

7. **Authority to Issue Shares Under the BIGL Share Option Scheme 2001**

That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the SGX-ST, the Directors be authorised and empowered to issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the exercise of options granted by the Company under the BIGL Share Option Scheme 2001 (the "**Scheme**") before the expiry of the Scheme on 7 November 2011, provided always that the aggregate number of Shares to be issued pursuant to the Scheme, the BIGL Share Plan and any other applicable share based schemes which the Company may have in place, shall not exceed fifteen per centum (15%) of the total number of Shares, excluding treasury shares and subsidiary holdings, from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

(Resolution 7)

8. **Authority to Issue Shares Under the BIGL Share Plan**

That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the SGX-ST, the Directors be authorised and empowered to offer and grant awards under the BIGL Share Plan (the "**Plan**") and to issue from time to time such number of fully-paid Shares as may be required to be issued pursuant to the vesting of the awards under the Plan, provided always that the aggregate number of new Shares to be issued pursuant to the Plan, the BIGL Share Option Scheme 2001 and any other applicable share based schemes which the Company may have in place, shall not exceed fifteen per centum (15%) of the total number of Shares, excluding treasury shares and subsidiary holdings, from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

9. Renewal of the Share Buy-Back Mandate

That:

(a) for the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company:

(i) to purchase or otherwise acquire issued ordinary shares ("**Share Buy-Backs**") in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(aa) on-market Share Buy-Backs (each an "**On-Market Purchase**") on SGX-ST; and/or

(bb) off-market Share Buy-Backs (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable; and

(ii) to deal with the Shares acquired or purchased by the Company under the Share Buy-Backs in accordance with the Constitution of the Company (as amended or modified from time to time), whether to (aa) deem such Shares as cancelled upon acquisition or purchase; (bb) hold such Shares as treasury shares; and/or (cc) otherwise deal with such Shares in the manner provided and to the fullest extent permitted under the Companies Act,

be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(ii) the date on which the Share Buy-Backs pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Company in a general meeting;

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five days on which the SGX-ST is open for trading of securities (**“Market Days”**) on which the Shares were transacted on the SGX-ST, before the date of the On-Market Purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period; and

“date of the making of the offer” means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

“Maximum Limit” means that number of Shares representing ten per centum (10%) of the total number of Shares as at the date of the passing of this Resolution (excluding any treasury shares that may be held by the Company from time to time); unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued as altered after such capital reduction. Any Share which are held as treasury shares will be disregarded for the purposes of computing the 10.0% limit; and

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, applicable goods and services tax and other related expenses) to be paid for a Share, which shall not exceed:

- (i) in the case of an On-Market Purchase of a Share, five per centum (5%) above the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, twenty per centum (20%) above the Average Closing Price; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary or expedient to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (iv)]

(Resolution 9)

By Order of the Board

Gwendolin Lee Soo Fern
Company Secretary

Singapore

11 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolution 6 above, if passed, will authorise and empower the Directors from the date of the above Annual General Meeting until the next Annual General Meeting to issue Shares and convertible securities in the Company up to an amount not exceeding in aggregate fifty per centum (50%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company of which the total number of Shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed twenty per centum (20%) of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Listing Manual of the SGX-ST currently provides that the total number of issued shares excluding treasury shares and subsidiary holdings of the Company for this purpose shall be the total number of issued Shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed (after adjusting for new Shares arising from the conversion or exercise of convertible securities or share options in issue at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares). This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
- (ii) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares pursuant to the exercise of options granted under the Scheme, provided always that the aggregate number of new Shares to be issued pursuant to the Scheme, the BIGL Share Plan and any other applicable share based schemes, shall not exceed fifteen per centum (15%) of the total number of issued Shares, excluding treasury shares and subsidiary holdings, from time to time. Although the Scheme had expired on 7 November 2011, options previously granted will remain valid until the expiry, cancellation or exercise of the options.
- (iii) The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to offer and grant awards under the Plan in accordance with the provisions of the Plan and to issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of the awards under the Plan subject to the maximum number of shares prescribed under the terms and conditions of the Plan, provided always that the aggregate number of new Shares to be issued pursuant to the Scheme, the Plan and any other applicable share based schemes, shall not exceed fifteen per centum (15%) of the total number of issued Shares, excluding treasury shares and subsidiary holdings, from time to time. Resolution 8 is independent from Resolution 7 and the passing of Resolution 8 is not contingent on the passing of Resolution 7.
- (iv) The Ordinary Resolution 9 above if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier, to buy-back ordinary shares of the Company by way of on-market purchases and/or off-market purchases of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Appendix.

The Company intends to use its internal sources of funds and external borrowings to finance its purchase or acquisition of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, inter alia, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

NOTICE OF ANNUAL GENERAL MEETING

Based on the total number of issued Shares as at 28 February 2018 (the "Latest Practicable Date"), the purchase by the Company of ten per centum (10%) of its issued Shares (excluding the shares held in treasury and subsidiary holdings) will result in the purchase or acquisition of 47,017,996 Shares.

Assuming that the Company purchases or acquires 47,017,996 Shares at the Maximum Price, the maximum amount of funds required is approximately:

- (a) in the case of On-Market Purchases of Shares, S\$5.7 million based on S\$0.121 for each Share (being the price equivalent to five per centum (5%) above the Average Closing Price of the Shares traded on the SGX-ST over the last five Market Days preceding the Latest Practicable Date); and
- (b) in the case of Off-Market Purchases of Shares, S\$6.5 million based on S\$0.139 for each Share (being the price equivalent to twenty per centum (20%) above the Average Closing Price of the Shares traded on the SGX-ST over the last five Market Days preceding the Latest Practicable Date).

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Buy-Back Mandate on the audited financial statements of the Group for the financial year ended 31 December 2017, based on certain assumptions, are set out in Paragraph 2.7.3 of the Appendix to this Notice of Annual General Meeting for the financial year ended 31 December 2017 to shareholders of the Company dated 11 April 2018.

Please refer to the Appendix to this Notice of Annual General Meeting for details.

Notes:

1.
 - (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "**Meeting**").
 - (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM



(Company Registration No.: 199405266K)
(Incorporated in the Republic of Singapore)

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF/SRS monies to buy Broadway Industrial Group Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees or SRS Operators.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

I/We, (name of shareholder)

of (address of shareholder)

being a member/members of Broadway Industrial Group Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Raffles Marina, Level 2, Ballroom, 10 Tuas West Drive, Singapore 638404 on Friday, 27 April 2018 at 4.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	For**	Against**
1	Statement by Directors and Audited Financial Statements for the year ended 31 December 2017		
2	Re-election of Mr Eu Yee Ming Richard as a Director		
3	Re-election of Ms Wong Yi Jia as a Director		
4	Approval of payment of Directors' fees for FY2017 amounting to S\$392,500		
5	Re-appointment of Messrs RSM Chio Lim LLP as Auditors		
6	Authority to issue new shares		
7	Authority to issue shares under the BIGL Share Option Scheme 2001		
8	Authority to issue shares under the BIGL Share Plan		
9	Proposed Renewal of Share Buy-Back Mandate		

* Delete where inapplicable

** If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [v] within the relevant box provided. Alternatively, if you wish to exercise all your votes for both "For" or "Against" the relevant resolution, please indicate the number of votes as appropriate in the boxes provided.

Dated this day of April 2018

Total number of Shares Held	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 298), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for the Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
 9. Investors who have used their CPF/SRS monies ("CPF/SRS Investors") to buy shares in the Company may attend and cast their vote at the AGM in person. CPS/SRS Investors who are unable to attend the AGM but would like to vote, may inform CPF Approved Nominees and/or SRS Operators to appoint Chairman of the AGM to act as their proxy, in which case, the CPF/SRS Investor shall be precluded from attending the AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2018.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



BROADWAY INDUSTRIAL GROUP LIMITED

Company Registration No.: 199405266K

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