BIGL

BROADWAY INDUSTRIAL GROUP LIMITED

MOVING FORWARD

OVERCOMING CHALLENGES

ANNUAL REPORT 2018

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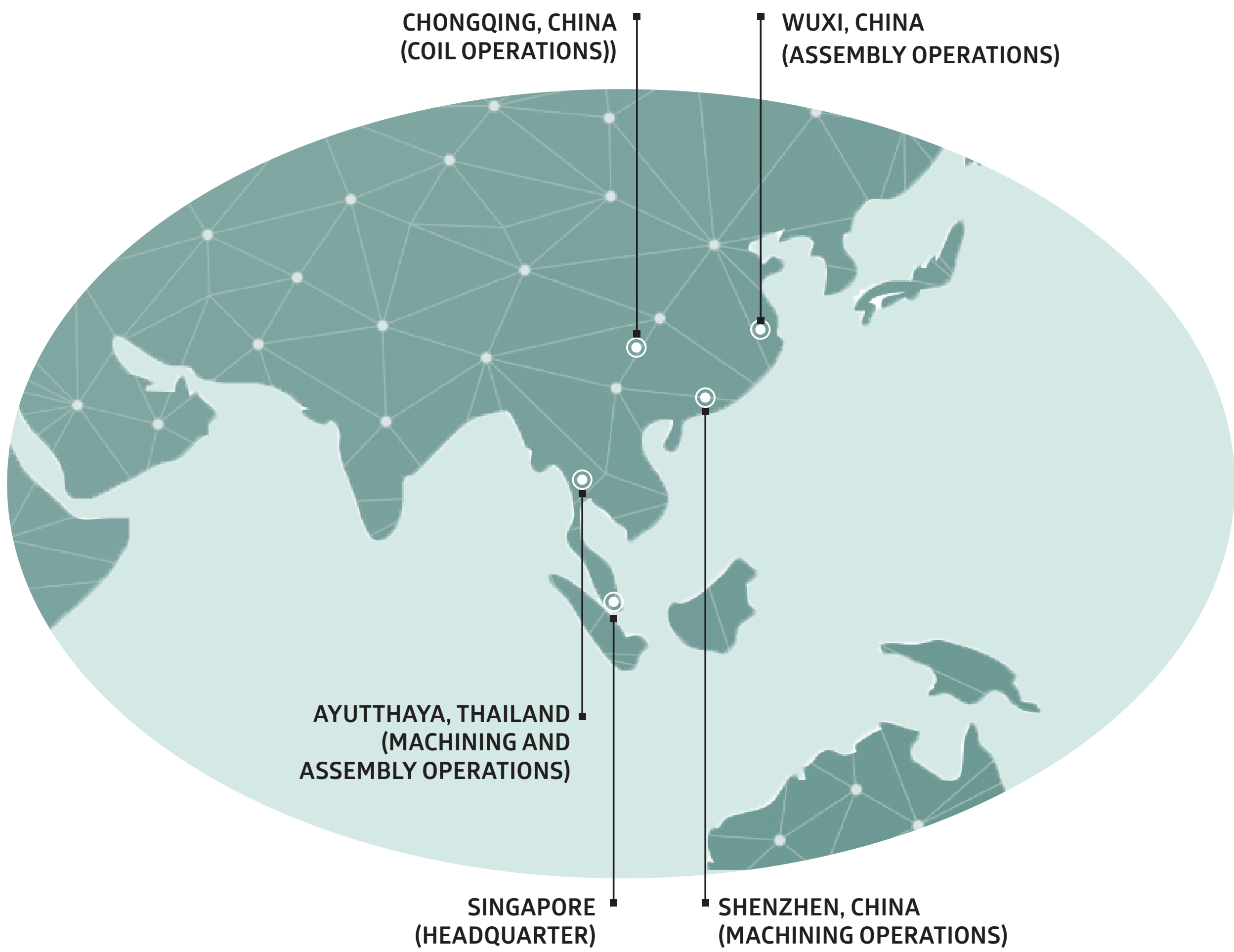
CORPORATE PROFILE

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 one of the leaders 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 mainly for the global hard disk drive ("HDD") industry. BIGL is a trusted partner and has 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 has 4 manufacturing facilities in China and Thailand and employs about 3,900 people.



CHAIRMAN'S STATEMENT AND EXECUTIVE REVIEW

"The Group will continue to improve the utilization of all its assets, divest assets that are not critical to our operations and outsource non-core operations and/or processes that will help us to be more profitable."

DEAR SHAREHOLDERS,

GENERAL REVIEW

The financial year ended 31 December 2018 ("FY2018") was another difficult year for the Hard Disk Drive ("HDD") industry. As reported by Trendfocus, the total HDD shipment volume for full year 2018 fell by 6.8% from 403 million units in 2017 to 376 million units. However, shipment volumes of nearline HDD products performed well overall, growing by 22% in 2018 as compared to the previous year. To meet the challenges of the gradually declining volumes, the Group had continued with its restructuring and consolidation of the HDD operations. As part of the Group's process streamlining strategy, additional CNC machines were relocated from China to Thailand during the year, to better meet the needs of our major customer and to better manage costs. Manpower headcount was reduced by about 20% to about 3,900 employees across all 4 plant locations by the end of 2018.

Despite the difficult year, the Group's revenue for the continuing operations increased marginally by 0.6% from S$384.7 million in FY2017 to S$386.9 million in FY2018. Gross margin, however, declined 1.7 percentage points from 7.0% in FY2017 (restated) to 5.3% in FY2018 mainly because of keen competition and product mix in FY2018. Net profit improved 88.9% from S$0.7 million in FY2017 (restated) to S$1.4 million in FY2018.

The earnings before interest, tax, depreciation and amortisation ("EBITDA") for the HDD business came in at S$21.7 million compared to S$23.5 million in the previous year. Core EBITDA came in at S$23.7 million compared to S$31.1 million in FY2017.

In terms of cash flows, the Group recorded net cash used in operating activities of S$15.7 million in FY2018, compared to net cash from operating activities of S$14.7 million in FY2017, mainly due to changes in working capital. Net cash used in investing activities decreased to S$2.5 million in FY2018 compared to S$4.1 million in FY2017. In FY2018, the Group received the deferred consideration of S$14 million from the disposal of the Foam Plastics Solutions and Flow Control Device businesses in FY2016. However, this was offset against the full year capital expenditure of S$17.1 million. Net cash from financing activities was S$24.8 million in FY2018 compared to net cash used in financing activities of S$126.2 million in FY2017 as a result of net repayment of loans and dividend payment.

The Balance Sheet of the Group remains healthy. The increase in the Group's loans and borrowings from S$12.0 million as at 31 December 2017 to S$39.4 million as at 31 December 2018 was mainly due to the change in financing arrangement from account receivables financing to short term bank loans which carried lower interest rates. The Net Asset Value ("NAV") per share of the Group was 17.87 cents as at 31 December 2018, a slight increase from 17.22 cents as at 31 December 2017 (restated). These figures were computed with our property assets carried at net book value.

In response to requests from shareholders at the last Annual General Meeting, we have decided to disclose the updated market value of the major asset held-for-sale in this annual report so that shareholders have a better insight into this asset held by the Group. The market valuation of this asset by two reputable property valuers were S$48.8 million and S$55.6 million. These valuations have not taken into consideration transaction costs and taxes that may be payable if the asset is sold. The basis for these valuations have been explained in greater detail in Note 19 of the financial statements.

OUTLOOK AND FUTURE PROSPECTS

As we enter FY2019, geopolitical uncertainties remain. In the USA, growth is expected to slow modestly, although the economy should remain healthy, making this economic expansion the longest in modern USA history. The US Federal Reserve Bank is expected to slow the pace of interest rate hikes as growth slows. The USA-China trade tensions may ease, depending on the outcome of the ongoing discussions. The downside risks remain, especially if the US Federal Reserve Bank tightens monetary policy due to an inflation surge and the tensions between USA and China escalates to a full trade war.

"The management will continue to focus on cost optimization and right-sizing across all sites, refining its processes to improve productivity and efficiency, work more closely with customers and suppliers to improve the efficiency of the supply chain and optimize working capital."

CHAIRMAN'S STATEMENT AND EXECUTIVE REVIEW

In China, growth is expected to slow down gradually to about 6.2% in FY2019. As a result, China may ease monetary and fiscal policies further as it attempts to revive infrastructure development. The greatest potential downside risk for China is in the further escalation of the trade conflict between China and the USA. Hence, we can expect the Chinese government to shift the economic drivers away from investment and exports towards more domestic consumption.

In Thailand, the economy is expected to remain healthy, with GDP projected to grow at a slightly slower pace of 3.9% for FY2019, compared to 4.3% in FY2018.

As for the outlook for the HDD industry, according to Trendfocus, the long term downward trend is expected to continue at a compounded annual growth rate of negative 6.5%. The projected total unit shipments in 2019 is around 321 million as the PC market for both mobile (notebook) and desktop is expected to weaken. However, Trendfocus believes that the market situation could potentially change slightly positive for HDDs in early 2020 when Microsoft's support for Windows 7 is scheduled to expire prompting a potential PC sales rebound in late 2019 or early 2020. A silver lining in the dark clouds is that of nearline HDD products, which is expected to experience increased demand in the second half of 2019. Overall, with this outlook and forecast, we expect the HDD business to remain challenging.

CHALLENGES FOR THE GROUP

The gradually declining HDD market demand outlook, competitive price pressures from our customers and rising operating costs in the markets we operate in, especially in China, remain key challenges for the Group. The management will continue to focus on cost optimization and right-sizing across all sites, refining its processes to improve productivity and efficiency, work more closely with customers and suppliers to improve the efficiency of the supply chain and optimize working capital. The Group will continue to improve the utilization of all its assets, divest assets that are not critical to our operations and outsource non-core operations and/or processes that will help us to be more profitable.

The Group will continue to explore new businesses and develop new customers with new products in line with the Group's strategy to diversify and expand our business. We will continue to seek new opportunities to unlock shareholders' value.

APPRECIATION

Our survival and success during these difficult times are due to the support of our customers, suppliers and other business partners. We take this opportunity to also thank our management staff and workers in all our plants in both Thailand and China for their hard work and dedication. Our sincere appreciation also goes to our fellow Board members for their wise counsel and unstinting support and guidance. Finally, we also thank our bankers and shareholders for staying with us through these challenging times.

LEW SYN PAU
Chairman

NG AH HOY
Executive Director

"The Group will continue to explore new businesses and develop new customers with new products in line with the Group's strategy to diversify and expand our business. We will continue to seek new opportunities to unlock shareholders' value."

BOARD OF DIRECTORS

MR LEW SYN PAU

Non-Independent Board Chairman and Non-Executive Director, 65

Mr Lew was appointed as an Independent Director on 2 November 2011 and was last re-elected on 30 April 2017. With the introduction of the 2018 Code of Corporate Governance, Mr Lew was re-designated as a Non-Executive Director and Non-Independent Board Chairman on 1 January 2019. He is also the Non-Executive Chairman of SUTL Enterprise Limited and sits on the boards of listed companies – Food Empire Holdings Limited, Golden Agri- Resources Limited, Golden Energy and Resources Ltd and Sinarmas Land Limited. 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

Lead Independent Director, 79

Mr Lee joined the Board on 24 October 1994 and was appointed as Lead Independent Director with effect from 1 January 2019. 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 served as a Justice of the Peace from 2003 to 2018 and was awarded PBM in 1998 and BBM in 2006. He was last re-elected on 30 April 2016.

MR EU YEE MING RICHARD

Independent Director, 71

Mr Eu joined the Board on 15 September 2005 and was last re-elected on 27 April 2018. 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 and Thye Hwa Kuan Moral Charities. He graduated with a Bachelor Degree in Law from the University of London.

MS WONG YI JIA

Non-Executive Director, 35

Ms Wong Yi Jia was appointed as a Non-Executive Director on 30 March 2015 and was last re-elected on 27 April 2018. 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.

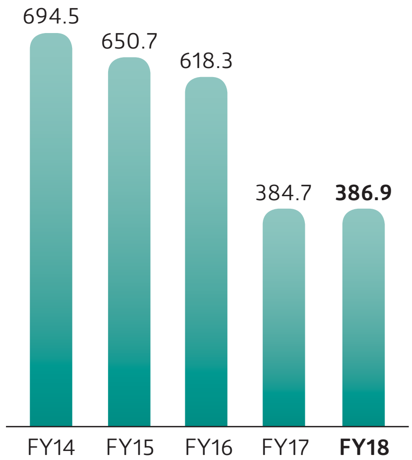
MR NG AH HOY

Executive Director, 68

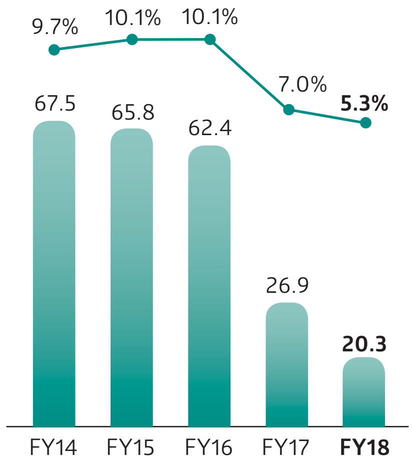
Mr Ng has more than 30 years of management experience in the electronics and manufacturing industry. He relinquished his duties as Senior Managing Director of the Group's Foam Plastics Solutions operations in 2015 and is currently appointed as Executive Director of the Company responsible for planning 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.

FINANCIAL HIGHLIGHTS

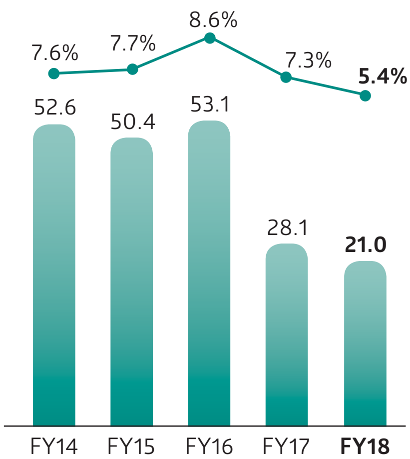
TURNOVER (S$' MIL)



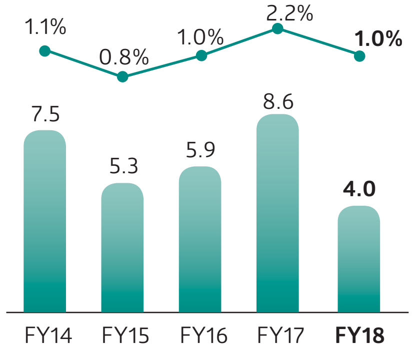
GROSS PROFIT (S$' MIL)



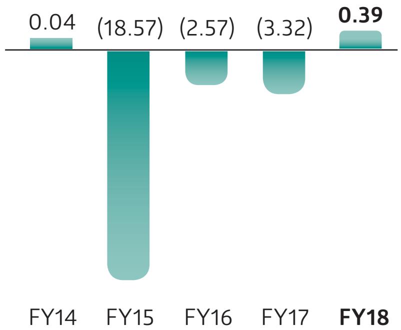
CORE EBITDA (S$' MIL) EXCLUDING NET FOREX GAIN/LOSSES AND ALL EXCEPTIONAL ITEMS



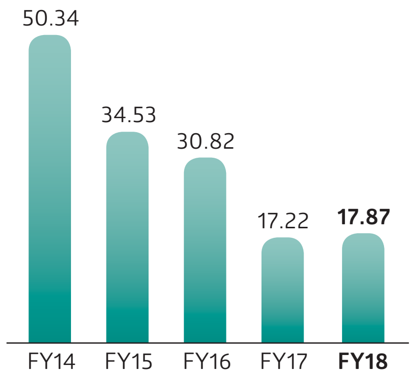
CORE PATMI (S$' MIL) EXCLUDING NET FOREX GAIN/LOSSES AND ALL EXCEPTIONAL ITEMS



EPS (S CENTS)



GROUP'S NAV PER SHARE (S CENTS)



CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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Fax: (65) 6226 6119

COMPANY SECRETARY
Chang Ai Ling

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Singapore 228095
Tel: (65) 6533 7600

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

FINANCIAL CONTENTS

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.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (the "2018 Code") and accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and will apply to Annual Reports covering financial years commencing from 1 January 2019. The Group will review and set out the corporate governance practices in place to comply with the 2018 Code, where appropriate, in the next Annual Report.

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 implemented 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.

The Board is responsible in identifying key stakeholder groups such as shareholders, lenders, suppliers, customers and management team and recognise that their perceptions affect the Group's reputation.

All Directors objectively discharge their duties and responsibilities as fiduciaries and act honestly, with due care and diligence, and in the best 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 business 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 any 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 such training if any Director elects to attend any of these seminars.

CORPORATE GOVERNANCE REPORT

During the year, the Board attended training sessions on audit, risk and governance to update and refresh themselves on matters that may affect and/or enhance their performance as Directors.

Matters which are specifically referred to the Board for approval are those involving material acquisitions and disposals of assets, banking facilities, provision of securities, significant capital expenditures, 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.

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 and Board Committee meetings held in the financial year ended 31 December 2018 ("FY2018") and the attendance of Directors at these meetings are as follows:

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Lew Syn Pau	5	4	1	1
Lee Chow Soon	5	4	1	1
Eu Yee Ming Richard	5	4	1	1
Wong Yi Jia	5	N.A.	1	1
Ng Ah Hoy	5	N.A.	N.A.	N.A.
Chuah Aik Loon(1)	5	N.A.	N.A.	N.A.
Total number of meetings held in FY2018	**5**	**4**	**1**	**1**

Note:
(1) Mr Chuah Aik Loon resigned as an Executive Director on 18 January 2019.

PRINCIPLES 2, 3 & 4

Board Composition, Balance and Membership

PRINCIPLE 2

Board Composition

The Board currently comprises five Directors, of whom two are Independent Directors, two are Non-Executive and Non-Independent Directors and one is an Executive Director. The Chairman, Mr Lew Syn Pau, is an Independent Non-Executive Director for FY2018 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.

With the introduction of the 2018 Code, Mr Lew was not deemed independent under the Provision 2.1 of the 2018 Code and he was re-designated as Non-Executive Director and Non-Independent Board Chairman on 1 January 2019. Following the re-designation, the number of Independent Directors on the Board does not make up a majority of the Board. The NC is in the process of reviewing the composition of the Board to ensure continued compliance with the 2018 Code.

CORPORATE GOVERNANCE REPORT

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

Name of Director	Role in Board	Board	Audit Committee	Remuneration Committee	Nomination Committee
Lew Syn Pau	Non-Executive Director	Chairman	Member	Member	Member
Lee Chow Soon	Lead 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	–	–	–

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 current composition of the Board provides an appropriate balance and diversity of skills, gender, age, experience, talent and knowledge relevant to the Group. The NC examines the composition of the Board annually to ensure that the Board has the appropriate mix of expertise and experience.

The Board recognises that Independent Directors may over time develop significant insights in the Group's businesses and operations and can continue to provides noteworthy and valuable contributions objectively to the Board as a whole. The independence of the Independent Directors must be based on the substance of their professionalism, integrity and objectivity and not merely based on form such as the number of years which they have served on the Board.

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. Both 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 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 Lee and Mr Eu continue to be independent. The NC considers Mr Lee (first appointed on 24 October 1994) and Mr Eu (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 FY2018 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 FY2018, the non-executive Directors had periodically met without the presence of the Executive Director and Management of the Group.

CORPORATE GOVERNANCE REPORT

PRINCIPLE 3

Chairman and Chief Executive Officer ("CEO")

Mr Lew Syn Pau is the Non-Executive Chairman of the Board. No CEO has been appointed and in FY2018, the executive functions of the CEO was 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 headed 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 in FY2018. Following the re-designation of Mr Lew Syn Pau as Non-Executive Director and Non-Independent Board Chairman on 1 January 2019, the Board concurrently appointed Mr Lee Chow Soon as the Lead Independent Director to co-ordinate and lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. Mr Lee is available to shareholders when they have any concerns relating to matters when contact through the normal channels to the Chairman has failed to resolve, or where such contact is inappropriate. The Lead Independent Director also meets with the other Independent Director to discuss on matters concerning the Group where necessary, and would provide feedback to the Chairman or Management.

PRINCIPLES 4 & 5

Board Membership and Board Performance

Nomination Committee

In FY2018, the NC comprised 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 performance and effectiveness of the Board, Board Committees and individual Directors; and

(e) to oversee succession planning for the Directors, CEO and Chairman.

CORPORATE GOVERNANCE REPORT

Board Membership

As disclosed in Principle 2 above, the NC has reviewed the independence of the Directors for FY2018 in accordance with the Code, including Guidelines 2.3 and 2.4 of the Code and is of the view that 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 FY2018.

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 Lee Chow Soon (last re-elected to the Board on 30 April 2016) and Mr Lew Syn Pau (last re-elected to the Board on 30 April 2017) 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. Details of such directorships and other principal commitments of the Directors may be found on page 5.

The Company currently does not have any alternate directors.

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. The assessment allows each Director to express his/her personal and confidential evaluation of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities. It provides insights into the functioning of the Board, whilst identifying areas that might need strengthening and development.

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. The NC will evaluate the responses and provide its comments and recommendations to the Board on any changes that should be made to help the Board discharge its duties more effectively. No external facilitator was engaged for the Board performance evaluation for FY2018.

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.

CORPORATE GOVERNANCE REPORT

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.

Following Ms Gwendolin Lee Soo Fern's resignation as Company Secretary on 31 January 2019, Ms Chang Ai Ling was appointed as the Company Secretary in her stead.

The Board has separate and independent access to the Management and the Company Secretary at all times. The appointment and removal of the Company Secretary is subject to the approval of the Board.

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.

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. In FY2018, the RC comprised 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.

CORPORATE GOVERNANCE REPORT

The Company's Share Option Scheme 2001 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 the 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.

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

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 for staff and key management personnel, due to 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] %
S$0 to S$249,999					
Lew Syn Pau	–	–	100	–	–
Lee Chow Soon	–	–	100	–	–
Eu Yee Ming Richard	–	–	100	–	–
Wong Yi Jia	–	–	100	–	–
S$250,000 to S$499,999					
Ng Ah Hoy	91	7	–	–	2
Chuah Aik Loon[2]	83	15	–	1	1

Notes:
(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.
(2) Mr Chuah Aik Loon resigned as an Executive Director on 18 January 2019.

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 FY2018, the aggregate total remuneration paid to the top five key executives (who are not Directors) amounted to S$1,328,000 (2017: S$1,338,000).

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 FY2018, the aggregate total remuneration paid to Mr Wong Yi Chun was within the band of S$50,000 to S$100,000.

Ms Wong Yi Ning, the sister of Ms Wong Yi Jia, a Non-Executive Director of the Company and the daughter of Madam Lau Leok Yee, a substantial shareholder of the Company, is employed by the Group as Planning & Analysis Manager. For FY2018, the aggregate total remuneration paid to Ms Wong Yi Ning 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

Accountability

The Board is responsible for presenting a balanced and comprehensive assessment of the Group's performance, position and prospects, including interim and other price sensitive public reports. To assist the Board in this regard, the Management provides timely, complete and adequate information to the Board through the most expedient means, including electronic mailing.

Audit Committee

As at the date of this report, the AC comprised two Independent Directors and one Non-Executive and Non-Independent Director, 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, Chapter 50, which prescribes that a majority of the AC Members must not be Executive Directors of the Company or any of its related corporations. With majority 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 FY2018 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;

CORPORATE GOVERNANCE REPORT

(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;

(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 Board is of the view that the members of the AC are suitably qualified with finance and manufacturing backgrounds to assist the Board in the areas of internal controls, financial and accounting matters, compliance and risk management, including overseeing the Management in the design, implementation and monitoring of risk management and internal control systems.

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.

In appointing the external auditors for the Group, the Board is satisfied that the Group has complied with Rules 712, 715 and 716 of the Listing Manual of the SGX-ST. The Board has assessed the performance of the external auditors based on factors such as the performance and quality of their audit and their independence. The AC recommended to the Board that Messrs RSM Chio Lim LLP be nominated for re-appointment as the external auditors for the financial year ending 31 December 2019 at the forthcoming AGM.

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 some sustainability related issues that are important to the success of the Group's business. Over the last year, the Group has 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 has published its first sustainability report on the website of SGX-ST on 12 November 2018, which is in compliance with Rules 711A and 711B of the Listing Manual of the SGX-ST.

Currently, the Group is in the process of preparing its second sustainability report and compiling the relevant ESG factors, with the support of an external consultant. Within this report, the Group will disclose the 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 the website of SGX-ST in any event no later than 31 May 2019.

AC's Commentary on Key Audit Matters for FY2018

In its review of the financial statements of the Group for FY2018, the AC had discussed with 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 FY2018:

CORPORATE GOVERNANCE REPORT

Key Audit Matters	How these issues were addressed by AC
Impairment assessment of the Group's property, plant and equipment and the Company's cost of investment in a subsidiary	Management presented to the AC the revenue growth rate, gross profit margin, EBITDA margin, future capital expenditure and assumptions used in preparing the discounted cash flow forecast. 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. The AC was satisfied with the disclosures in the financial statements for the impairment assessment of the Group's property, plant and equipment and the Company's cost of investment in the subsidiary.
Contigent liabilities	The AC reviewed and discussed the details of the claims from the purchaser of Disposed Businesses for FY2017 and FY2018 in relation to the amounts of accruals for claims and potential tax liabilities with Management. The AC considered the findings of the external auditors, including the appropriateness of the methodologies adopted by the Management in determining the claim amounts and potential tax liabilities. The AC was satisfied with the disclosure in the financial statements in relation to the amounts of accruals for claims and tax liabilities.

The Group's external auditors have included these items as key audit matters in the Independent Auditors' Report for FY2018, as set out on pages 28 to 31 of this Annual Report.

Internal Controls

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy, effectiveness and integrity of those systems on an annual basis. The internal control and risk management functions are performed by the key executives and are reported to the AC for review.

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 auditors perform tests over operating effectiveness of certain accounting controls that are relevant to the audit and the auditors intend to rely on. Any material internal control matters noted by the external auditors in the course of their statutory audit have been discussed with the Directors and AC.

CORPORATE GOVERNANCE REPORT

For FY2018, the Board has received assurance from the Executive Director and Financial Controller:

(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 FY2018. 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.

Internal Audit

The Group appointed BDO LLP ("BDO") as its internal auditors to conduct internal audits on the Group in FY2018. 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 reviews and approves the annual internal audit plan and reviews the internal audit reports and activities on an on-going basis. The AC is of the view that the internal auditors have adequate resources to perform its functions and have to the best of its ability, maintained its independence. The AC also reviews the results of internal audits and the Management's action in resolving any audit issues reported.

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.

CORPORATE GOVERNANCE REPORT

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.

For the financial year under review, both the Board and the AC have not identified any material weakness in the internal controls and risk management systems of the Group. The Board notes that the risk management and internal control framework provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives.

Fees Paid to External Auditors

The aggregate amount of fees paid to the external auditors of the Group for FY2018 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.

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.

CORPORATE GOVERNANCE REPORT

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 FY2018, 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 Management's cautious view on the Group's prospects for the ensuing year, no final dividend has been recommended or declared in respect of FY2018.

29 March 2019

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 2018.

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 2018 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; and

(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

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:

	Direct interests			Deemed interests		
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**At 21 January 2019**	**At beginning of the reporting year**	**At end of the reporting year**	**At 21 January 2019**
The company	**Number of ordinary shares of no par value**					
Lew Syn Pau	–	44,572,639	44,572,639	44,572,639	–	–
Lee Chow Soon	453,333	453,333	453,333	–	–	–
Eu Yee Ming Richard	147,333	147,333	147,333	–	–	–
Ng Ah Hoy	1,254,500	1,287,000	1,287,000	68,000	68,000	68,000
Chuah Aik Loon*	5,565,500	5,598,000	–	–	–	–

* Resigned on 18 January 2019

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	At end of the reporting year	At 21 January 2019
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	150,000
The company	**Share awards to be delivered from**		
Ng Ah Hoy			
– 2016 to 2018(1)	0 to 12,500	–	–
– 2017 to 2019(2)	0 to 30,000	0 to 20,000	0 to 20,000
– 2018 to 2020(3)	0 to 40,000	0 to 30,000	0 to 30,000
– 2019 to 2021(4)	0 to 40,000	0 to 40,000	0 to 40,000
– 2020 to 2022(5)	–	0 to 40,000	0 to 40,000
Chuah Aik Loon*			
– 2016 to 2018(1)	0 to 12,500	–	–
– 2017 to 2019(2)	0 to 30,000	0 to 20,000	–
– 2018 to 2020(3)	0 to 40,000	0 to 30,000	–
– 2019 to 2021(4)	0 to 40,000	0 to 40,000	–
– 2020 to 2022(5)	–	0 to 40,000	–

* Resigned on 18 January 2019.
(1) The number of shares to be delivered will depend on the achievement of set targets from 2015 to 2018.
(2) The number of shares to be delivered will depend on the achievement of set targets from 2016 to 2019.
(3) The number of shares to be delivered will depend on the achievement of set targets from 2017 to 2020.
(4) The number of shares to be delivered will depend on the achievement of set targets from 2018 to 2021.
(5) The number of shares to be delivered will depend on the achievement of set targets from 2019 to 2022.

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" in 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	Exercise price per share $	Options outstanding as at 1 January 2018	Options forfeited in 2018	Options outstanding as at 31 December 2018	Number of option holders as at 31 December 2018	Exercise period
6 March 2009	0.070	16,000	–	16,000	1	06/03/2010 to 06/03/2019
3 March 2010	0.450	380,000	20,000	360,000	7	03/03/2011 to 03/03/2020
		396,000	20,000	376,000		

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 2018	Aggregate options exercised since commencement of Scheme to 31 December 2018	Aggregate options forfeited since commencement of Scheme to 31 December 2018	Aggregate options outstanding as at 31 December 2018
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:

Date of grant	Share awards not released as at 1 January 2018	Share awards granted in 2018	Share awards vested in 2018	Share awards forfeited in 2018	Share awards not released as at 31 December 2018
4 May 2014	37,500	–	(37,500)	–	–
4 June 2014	52,500	–	(52,500)	–	–
4 April 2015	60,000	–	(20,000)	–	40,000
4 May 2015	60,000	–	(20,000)	–	40,000
4 June 2015	75,000	–	(25,000)	–	50,000
4 April 2016	120,000	–	(30,000)	(15,000)	75,000
4 May 2016	150,000	–	(37,500)	–	112,500
4 June 2016	40,000	–	(10,000)	(15,000)	15,000
4 June 2017	280,000	–	–	(60,000)	220,000
4 June 2018	–	260,000	–	(20,000)	240,000
	875,000	260,000	(232,500)	(110,000)	792,500

STATEMENT BY DIRECTORS

6. SHARE PLAN (CONTINUED)

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

Name of director	Share awards granted in 2018	Aggregate share awards granted since commencement of scheme to 31 December 2018	Aggregate share awards vested since commencement of scheme to 31 December 2018	Aggregate share awards granted and not released as at 31 December 2018
Chuah Aik Loon*	40,000	328,000	(198,000)	130,000
Ng Ah Hoy	40,000	375,000	(245,000)	130,000

* Resigned on 18 January 2019. Following his resignation, these share awards have lapsed.

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 2018.

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, Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance. Among other functions, the Audit Committee performed the following:

- Reviewed with the internal auditor, the scope of the internal audit plan and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management);

- Reviewed with the company's independent auditor, the audit plan, the results of the external audit procedures conducted, and internal control recommendations, if any, arising from the statutory audit;

STATEMENT BY DIRECTORS

7. AUDIT COMMITTEE (CONTINUED)

- Reviewed the assistance provided by the company's officers to the internal and external auditors;
- Reviewed the financial information and annual financial statements of the group and the company prior to their submission to the Board of Directors of the company for adoption; and
- Reviewed interested person transactions (as defined in Chapter 9 of the SGX-ST 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 auditor and has recommended to the Board of Directors that the external auditor, RSM Chio Lim LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the company.

In appointing the external auditor for the company and its subsidiaries, 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 2019, 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 Board of Directors

Lee Chow Soon	Lew Syn Pau
Director	Director

29 March 2019

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 2018, 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 a summary of 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 Singapore Financial Reporting Standards International ("SFRS(I)") 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 2018 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 the group's property, plant and equipment and the company's cost of investment in a subsidiary

The group's continuing operations relate solely to the Component CGU (see Note 36 for definition of Component CGU). Although the Component CGU recorded a profit, net of tax of $1,358,000 in 2018, it had previously incurred losses. Additionally, the group's net assets as at 31 December 2018 amounting to $82,236,000 exceeded its market capitalisation of approximately $37,516,000 by $44,720,000. These are indications of possible impairment on the group's property, plant and equipment ("PPE") and the company's cost of investment in a subsidiary.

As at 31 December 2018, the group's property, plant and equipment ("PPE") amounted to $78,840,000 representing approximately 38% of the group's total assets. Please refer to Note 14 to the financial statements.

The company has a 100% interest in a direct subsidiary, BIGL Asia Pte. Ltd. ("BIGL Asia"). The operations of BIGL Asia and its subsidiaries relate to the Component CGU. As at 31 December 2018, the net carrying amount of the company's cost of investment in BIGL Asia Pte. Ltd. was $100,000,000. Please refer to Note 15 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

Key audit matters (Continued)

(1) Impairment assessment of the group's property, plant and equipment and the company's cost of investment in a subsidiary (Continued)

Management has applied the value-in-use method to determine the recoverable amount of the Component CGU. The value-in-use of the PPE is based on management's discounted cash flows of the Component CGU. In estimating the value-in-use, management exercised significant judgement in projecting the Component CGU's revenue growth rate, gross profit margin, EBITDA margin, future capital expenditure, discount rate and terminal value. There are also estimation uncertainties. Management's judgement and the key assumptions and significant unobservable inputs used in the value-in-use calculations are disclosed in Notes 2C and 15C respectively.

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

With the assistance of our in-house valuation specialists, we assessed the appropriateness of the valuation methodology and evaluated the reasonableness of the Component CGU's revenue growth, gross profit margin, EBITDA margin, 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.

Based on the audit procedures performed, we found management's assessment to be consistent with the results of our procedures.

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

(2) Contingent liabilities

The group has recorded accruals for claims in relation to the Disposed Businesses (see Note 11 for definition of Disposed Businesses) and related tax liabilities. Please refer to Note 32 to the financial statements.

Significant management's judgement and estimate, as disclosed in Notes 2C and 32, 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 2018. In determining the amounts to be recorded, management considered the impact of uncertain tax positions and the possible outcomes and 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 as well as the documents accompanying the claims to ascertain the basis of the accrual. We discussed with management, the basis of their assessment of accruals for claims required at the reporting year end.

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.

Based on the audit procedures performed, we found management's assessment to be reasonable.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

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 the financial reporting standards, 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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

Auditor's responsibilities for the audit of the financial statements (Continued)

(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.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

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 2019

CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REPORTING YEAR ENDED 31 DECEMBER 2018

	Notes	2018 $'000	2017 $'000 (Restated)
Revenue	4	**386,931**	384,655
Cost of sales		**(366,591)**	(357,726)
Gross profit		**20,340**	26,929
Other income	5	**3,058**	4,866
Distribution expenses		**(3,172)**	(3,757)
Administrative expenses		**(12,738)**	(13,229)
Sales and marketing expenses		**(767)**	(626)
Other expenses	5	**(2,969)**	(10,361)
Finance income	6	**656**	584
Finance costs	7	**(1,902)**	(1,661)
Profit before income tax from continuing operations	8	**2,506**	2,745
Income tax expense	10	**(1,148)**	(2,026)
Profit from continuing operations, net of tax		**1,358**	719
Profit/(loss) from discontinued operations, net of tax	11	**293**	(16,501)
Profit/(loss) for the year		**1,651**	(15,782)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**1,120**	(5,999)
Total comprehensive income/(loss)		**2,771**	(21,781)
Profit/(loss) for the year attributable to:			
Owners of the parent		**1,810**	(15,649)
Non-controlling interests		**(159)**	(133)
		1,651	(15,782)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**2,960**	(21,754)
Non-controlling interests		**(189)**	(27)
		2,771	(21,781)

		2018 cents	2017 cents (Restated)
Earnings/(loss) per share			
Basic	12		
Continuing operations		**0.32**	0.18
Discontinued operations		**0.07**	(3.50)
Total		**0.39**	(3.32)
Diluted	12		
Continuing operations		**0.32**	0.18
Discontinued operations		**0.06**	(3.50)
Total		**0.38**	(3.32)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	Group 31.12.2018 $'000	31.12.2017 $'000 (Restated)	01.01.2017 $'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	14	**78,840**	77,112	109,865
Other receivables	16	**–**	–	12,882
Other assets, non-current	17	**–**	–	2,251
Other investments	18	**101**	–	114
Total non-current assets		**78,941**	77,112	125,112
Current assets				
Assets held-for-sale	19	**19,423**	19,413	–
Financial derivatives	20	**–**	2	575
Inventories	21	**21,354**	27,121	31,510
Trade and other receivables	22	**72,771**	70,114	54,059
Other assets, current	17	**1,005**	2,651	2,124
Cash and cash equivalents	23	**11,527**	18,059	145,235
Total current assets		**126,080**	137,360	233,503
Total assets		**205,021**	214,472	358,615
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	24	**113,155**	113,147	113,139
(Accumulated losses)/retained earnings	25	**(15,708)**	(17,518)	38,156
Other reserves	26	**(13,639)**	(14,686)	(8,467)
Equity, attributable to owners of the parent		**83,808**	80,943	142,828
Non-controlling interests		**(1,572)**	(1,383)	(1,356)
Total equity		**82,236**	79,560	141,472
Non-current liabilities				
Provisions		**–**	–	4,250
Other payables, non-current	28	**2,311**	2,992	–
Other liabilities	29	**975**	870	795
Loans and borrowings	30	**–**	7,180	13,974
Total non-current liabilities		**3,286**	11,042	19,019
Current liabilities				
Income tax payable		**4,035**	3,512	3,692
Trade and other payables	31	**75,822**	115,501	105,347
Financial derivatives	20	**235**	–	1,975
Loans and borrowings	30	**39,407**	4,857	87,110
Total current liabilities		**119,499**	123,870	198,124
Total liabilities		**122,785**	134,912	217,143
Total equity and liabilities		**205,021**	214,472	358,615

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	31.12.2018 $'000	Company 31.12.2017 $'000	01.01.2017 $'000
ASSETS				
Non-current assets				
Property, plant and equipment	14	**3**	9	24
Investments in subsidiaries	15	**100,000**	100,000	100,000
Other investments	18	**47**	–	47
Total non-current assets		**100,050**	100,009	100,071
Current assets				
Assets held-for-sale	19	**–**	47	–
Other receivables	22	**23,818**	24,560	2,868
Other assets	17	**17**	34	46
Cash and cash equivalents	23	**1,120**	2,931	91,559
Total current assets		**24,955**	27,572	94,473
Total assets		**125,005**	127,581	194,544
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	24	**113,155**	113,147	113,139
Retained earnings	25	**10,258**	12,683	50,563
Other reserves	26	**88**	191	305
Total equity		**123,501**	126,021	164,007
Non-current liability				
Provision		**–**	–	4,250
Current liabilities				
Income tax payable		**5**	5	5
Trade and other payables	31	**1,499**	1,555	24,282
Loans and borrowings	30	**–**	–	2,000
Total current liabilities		**1,504**	1,560	26,287
Total liabilities		**1,504**	1,560	30,537
Total equity and liabilities		**125,005**	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 2018

Group	Total equity $'000	Attributable to parent sub-total $'000	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Share-based payment reserve $'000	Translation reserve $'000	(Accumulated losses)/ retained earnings $'000	Non-controlling interests $'000
Current year:									
Opening balance at 1 January 2018	**79,560**	**80,943**	**113,147**	**(299)**	**2,924**	**490**	**(17,801)**	**(17,518)**	**(1,383)**
Total comprehensive loss for the year	**2,771**	**2,958**	–	–	–	–	**1,150**	**1,810**	**(189)**
Purchase of treasury shares (Note 26A)	**(127)**	**(127)**	–	**(127)**	–	–	–	–	–
Share-based payment (Note 26C)	**32**	**32**	**8**	**40**	–	**(16)**	–	–	–
Closing balance at 31 December 2018	**82,236**	**83,806**	**113,155**	**(386)**	**2,924**	**474**	**(16,651)**	**(15,708)**	**(1,572)**
Previous year:									
Opening balance at 1 January 2017	143,776	145,132	113,139	(237)	2,924	542	(11,696)	40,460	(1,356)
Adjustments to opening balance (Note 37)	(2,304)	(2,304)	–	–	–	–	–	(2,304)	–
Restated opening balance at 1 January 2017	141,472	142,828	113,139	(237)	2,924	542	(11,696)	38,156	(1,356)
Total comprehensive loss for the year	(21,781)	(21,754)	–	–	–	–	(6,105)	(15,649)	(27)
Purchase of treasury shares (Note 26A)	(117)	(117)	–	(117)	–	–	–	–	–
Share-based payment (Note 26C)	11	11	8	55	–	(52)	–	–	–
Dividends paid (Note 13)	(40,025)	(40,025)	–	–	–	–	–	(40,025)	–
Closing balance at 31 December 2017	79,560	80,943	113,147	(299)	2,924	490	(17,801)	(17,518)	(1,383)

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

STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 DECEMBER 2018

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 2018	**126,021**	**113,147**	**(299)**	**490**	**12,683**
Total comprehensive loss for the year	**(2,425)**	**–**	**–**	**–**	**(2,425)**
Purchase of treasury shares (Note 26A)	**(127)**	**–**	**(127)**	**–**	**–**
Share-based payment (Note 26C)	**32**	**8**	**40**	**(16)**	**–**
Closing balance at 31 December 2018	**123,501**	**113,155**	**(386)**	**474**	**10,258**
Previous 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 26A)	(117)	–	(117)	–	–
Share-based payment (Note 26C)	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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

REPORTING YEAR ENDED 31 DECEMBER 2018

	2018 $'000	2017 $'000 (Restated)
Continuing operations		
Cash flows from operating activities		
Profit before income tax	**2,506**	2,745
Depreciation of property, plant and equipment	**14,787**	16,479
(Gain)/loss on disposal of property, plant and equipment	**(81)**	52
Equity-settled share-based payment transactions	**32**	10
Fair value losses/(gains) on financial derivatives, net	**233**	(1,333)
Loss/(gain) on disposal of asset held-for-sale	**118**	(2,402)
Interest expense	**1,902**	1,661
Interest income	**(656)**	(584)
Operating cash flows before changes in working capital	**18,841**	16,628
Inventories	**6,239**	2,065
Trade and other receivables	**(15,871)**	(6,953)
Other assets	**1,646**	(527)
Trade and other payables	**(25,964)**	5,356
Other liabilities	**105**	75
Net cash flows from operations	**(15,004)**	16,644
Income tax paid	**(700)**	(1,924)
Net cash flows (used in)/from operating activities	**(15,704)**	14,720
Cash flows from investing activities		
Purchase of property, plant and equipment	**(17,069)**	(9,275)
Proceeds from disposal of property, plant and equipment	**216**	291
Proceeds from disposal of asset held-for-sale	**314**	4,854
Deferred consideration received	**14,000**	–
Interest income received	**89**	28
Net cash flows used in investing activities	**(2,450)**	(4,102)
Cash flows from financing activities		
Dividends paid to equity owners	**–**	(40,025)
Proceeds from bank borrowings	**55,348**	20,436
Repayment of bank borrowings	**(28,196)**	(104,561)
Payment of finance lease liabilities	**(328)**	(256)
Repurchase of own shares	**(127)**	(117)
Interest expense paid	**(1,902)**	(1,661)
Net cash flows from/(used in) financing activities	**24,795**	(126,184)
Net increase/(decrease) in cash and cash equivalents	**6,641**	(115,566)
Discontinuing operations		
Net cash flows used in operating activities	**(12,961)**	(8,132)
Net decrease in cash and cash equivalents	**(6,320)**	(123,698)
Cash and cash equivalents, beginning balance	**18,054**	145,230
Effect of exchange rate fluctuations on cash held	**(212)**	(3,478)
Cash and cash equivalents, ending balance (Note 23)	**11,522**	18,054

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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 Dollar ("$") and they cover the company and the subsidiaries (collectively, the "group"). All financial information in these financial statements are rounded to the nearest thousand ("$'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 disclosed in Note 15 below.

The registered office of the company is located at 3 Fusionopolis Way, #13-26/27, Symbiosis, Singapore 138633. The principal place of business is in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Singapore Companies Act, Chapter 50 and with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where an SFRS(I) requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

1. GENERAL (CONTINUED)

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 (collectively, the parent and its subsidiaries) 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.

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 the financial reporting standard on financial instruments.

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 financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Revenue from the sale of goods is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Other income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

2A. Significant accounting policies (Continued)

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

2A. Significant accounting policies (Continued)

Share-based compensation (Continued)

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. 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 borrowings and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest method.

Foreign currency transactions

The functional currency of the company is the Singapore Dollar 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 loss are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

2A. Significant accounting policies (Continued)

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 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.

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 entity 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.

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

2A. Significant accounting policies (Continued)

Property, plant and equipment (Continued)

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.

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

Freehold land has an unlimited useful life and therefore not depreciated.

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.

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.

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 2018

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

2A. Significant accounting policies (Continued)

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.

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

2A. Significant accounting policies (Continued)

Financial instruments

Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets

#1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

#2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

#3. Financial asset that is an equity investment classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

#4. Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

2A. Significant accounting policies (Continued)

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.

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity'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.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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.

Segment reporting

The reporting entity 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 the financial reporting standard on non-current assets held for sale and discontinued operations 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 remeasurement.

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 entity 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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.

Impairment of property, plant and equipment:

The group assesses at each statement of financial position date, whether there is any objective evidence that the group's property, plant and equipment are impaired. Where there is objective evidence of impairment, management will determine the recoverable amount of the property, plant and equipment based on the discounted cash flows of the Component CGU. This measurement, which takes into account the operating performance of the subsidiaries within the Component CGU, changes in the technological, market, economic or legal environment in which the subsidiaries operate as well as changes to the market interest rates, requires significant judgement. An estimate is made of the future profitability of these subsidiaries, and the financial health of and near-term business outlook for these 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 $2,262,000 higher or $2,329,000 lower. If the gross profit margin was to differ by 5% from management's estimates, the recoverable amount would be an estimated $3,868,000 higher or $3,671,000 lower. The carrying amount of the group's property, plant and equipment at the end of the reporting year is disclosed in Note 14 below and the quantitative information and key assumptions used in the value-in-use method are disclosed in Note 15.

Impairment of cost of investment in subsidiary:

The company assesses at each statement of financial position date whether there is any objective evidence that the company's investment in subsidiary are impaired. Where there is objective evidence of impairment, management will determine the recoverable amount of the investment in subsidiary based on the discounted cash flows of the Component CGU similar to the group's property, plant and equipment above. The carrying amount of the subsidiary at the end of the reporting year and the quantitative information and key assumptions used in the value-in-use method are 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 determining the quantum of the accruals to be recorded, management takes into account their knowledge of the operations of the Disposed Businesses as well as the current industrial and regulatory legal environment in which these Disposed Businesses operate. As the purchaser has up to three years and six years after the date of completion (i.e. 30 December 2016) to submit its non-tax related claims and tax related claims respectively, the group is not able to reliably estimate the probable obligations under the Sale and Purchase Agreement. The contingent liabilities at the end of the reporting year are included in Note 32.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

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

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

Contingent liabilities: (Continued)

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. Management is of the view that certain tax positions may not be fully substantiated upon review by the tax authorities, despite their belief that the group's tax return positions are supportable. Accordingly, management has recognised tax liabilities taking into account their knowledge of regulatory environment the group is operating in.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity 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 transfer of resources, services or obligations 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.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Group	
	2018	2017
	$'000	$'000
Fees payable to a firm of which a director is a member	**49**	25

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3B. Key management compensation

	2018 $'000	2017 $'000
Directors' fees	**380**	411
Salaries and other short-term employee benefits	**1,190**	991
Post-employment benefits (including contributions to defined contribution plans)	**33**	43
Share-based payments	**11**	13
	1,614	1,458

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

	2018 $'000	2017 $'000
Directors' fees	**380**	411
Remuneration of directors of the company	**799**	808

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 27 for details).

Further information about the remuneration of individual directors is provided in the Corporate Governance Report.

4. REVENUE

	Group	
	2018 $'000	2017 $'000
Sale of goods	**386,931**	384,655

The customers are mainly manufacturers in the hard disk drive industry. The revenue from the sales of goods are recognised at a point in time and all the contracts are less than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

5. OTHER INCOME AND (OTHER EXPENSES)

	Group 2018 $'000	Group 2017 $'000
Foreign currency exchange gains/(losses), net	**699**	(5,446)
Government grant income	**732**	685
Gain/(loss) on disposal of property, plant & equipment	**81**	(52)
(Loss)/gain on disposal of an asset held-for-sale	**(118)**	2,402
Lease prepayment written-off	**–**	(2,111)
Redundancy costs	**(2,847)**	(3,937)
Scrap income	**1,668**	787
Unrealised fair value (losses)/gains on financial derivatives, net	**(233)**	1,333
Others	**107**	844
	89	(5,495)
Presented in profit and loss as follows:		
Other income	**3,058**	4,866
Other expense	**(2,969)**	(10,361)
	89	(5,495)

6. FINANCE INCOME

	Group 2018 $'000	Group 2017 $'000
Interest income on fixed deposits	**84**	28
Interest accretion on deferred consideration	**567**	556
Others	**5**	–
	656	584

7. FINANCE COSTS

	Group 2018 $'000	Group 2017 $'000
Factoring charges	**979**	366
Interest expense on bank loans	**908**	1,295
Others	**15**	–
	1,902	1,661

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

8. ITEMS IN PROFIT OR LOSS

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

	Group	
	2018	**2017**
	$'000	**$'000**
Audit fees to:		
– independent auditor of the company	**108**	105
– other auditors	**116**	298

9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2018	**2017**
	$'000	**$'000**
Salaries, bonuses and other costs	**54,766**	55,782
Contributions to defined contribution plans	**6,645**	6,244
Equity-settled share-based payment transactions	**33**	11
	61,444	62,037
Included in profit and loss as follows:		
Cost of sales	**55,119**	55,407
Distribution expenses	**11**	12
Administrative expenses	**5,721**	6,224
Sales and marketing expenses	**593**	394
	61,444	62,037

10. INCOME TAX

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

	Group	
	2018	**2017**
	$'000	**$'000**
Continuing operations		
Current tax expense	**584**	785
Under adjustment to current tax in respect of prior years	**564**	1,241
Total income tax expense	**1,148**	2,026

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% (2017: 17%) to profit or loss before income tax as a result of the following differences:

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

10. INCOME TAX (CONTINUED)

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

	Group	
	2018 $'000	2017 $'000 (Restated)
Profit before income tax	**2,506**	2,745
Income tax expense at the above rate	**426**	467
Effect of different tax rates in different countries	**738**	1,265
Expenses not deductible for tax purposes	**1,065**	1,398
Income not subject to tax	**(433)**	(2,191)
Income taxed at preferential tax rate outside Singapore	**(193)**	(134)
Deferred tax assets not recognised	**43**	756
Utilisation of previously unrecognised tax losses	**(1,062)**	(776)
Under adjustments to current tax in respect of prior years	**564**	1,241
Total income tax expense	**1,148**	2,026

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

Tax sparing credits are available to a subsidiary incorporated in the Republic of Mauritius, BIGL Asia Pacific Ltd, whereby the subsidiary is entitled to a tax credit equivalent to the higher of the actual foreign tax paid and a deemed credit of 80% of the tax on its foreign source income, thus reducing its effective tax rate to 3% (2017: 3%).

BIGL Technologies (Thailand) Co., Ltd, a subsidiary in Thailand, is under tax holiday in accordance with the provisions of Thailand's 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 the following tax losses of certain subsidiaries:

	Group	
	2018 $'000	2017 $'000
Expiring within:		
Within one year	**67**	–
Between one and three years	**38,196**	23,448
Between three and five years	**6,902**	23,336
More than five years	**19,931**	19,331
	65,096	66,115

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 $1,410,000 (2017: $1,256,000) has not been recognised for taxes that would be payable on the undistributed earnings of the group's foreign subsidiaries as the group is able to control the timing of the reversal of the taxable temporary difference and has determined that these undistributed earnings will not be distributed in the foreseeable future.

11. PROFIT/(LOSS) 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 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	
	2018	**2017**
	$'000	**$'000**
Revenue	**–**	–
Cost of sales	**–**	–
Gross profit	**–**	–
Other income/(expenses)	**293**	(16,501)
Profit/(loss) before income tax	**293**	(16,501)
Income tax expense	**–**	–
Profit/(loss) from discontinued operations	**293**	(16,501)

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. The Deed of Undertaking resulted in a loss of $16,501,000 to the group in 2017.

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 receivable from the purchaser amounting to $1,998,000 (Note 22), 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 of an entity within the Disposed Businesses had remained outstanding after 31 December 2017. These receivables were assigned to the company under the Deed of Payment. During the reporting year, the group received $293,000 from the purchaser of the Disposed Businesses as payment for these assigned receivables.

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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	
	2018	2017
	$'000	$'000 (Restated)
Numerators:		
Profit/(loss) attributable to owners –		
– Continuing operations	**1,517**	852
– Discontinued operations	**293**	(16,501)
	1,810	(15,649)

	No. of shares	
	'000	'000
Denominators:		
Weighted average number of equity shares (basic)	**469,987**	470,910
Dilutive share options effect	**5**	21
Unreleased share awards effect	**828**	1,016
Weighted average number of equity shares (diluted)	**470,820**	471,947

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 27A) and share awards (Note 27B). 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			
	2018	2017	2018	2017
	Cents	Cents	$'000	$'000
Group and Company				
Interim tax exempt (1-tier) dividend paid	–	8.50	–	40,025

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14. PROPERTY, PLANT AND EQUIPMENT

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
Cost:									
At 1 January 2017	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
Additions	–	–	–	85	5,051	102	101	9,763	15,102
Disposal	–	–	–	–	(4,025)	(341)	(175)	–	(4,541)
Reclassifications	–	–	–	5,740	(3,246)	80	–	(2,574)	–
Foreign exchange adjustments	35	–	74	555	4,153	69	11	217	5,114
At 31 December 2018	**1,742**	**–**	**3,787**	**30,791**	**209,750**	**4,442**	**488**	**14,181**	**265,181**

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
Accumulated depreciation and impairment losses:									
At 1 January 2017	–	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
Depreciation for the year	–	–	187	1,227	13,145	192	36	–	14,787
Disposals	–	–	–	–	(3,894)	(337)	(175)	–	(4,406)
Foreign exchange adjustments	–	–	49	211	3,218	79	9	–	3,566
At 31 December 2018	**–**	**–**	**2,584**	**11,255**	**168,005**	**4,128**	**369**	**–**	**186,341**
Carrying value:									
At 1 January 2017	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
At 31 December 2018	**1,742**	**–**	**1,203**	**19,536**	**41,745**	**314**	**119**	**14,181**	**78,840**

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14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Plant and machinery $'000	Office equipment and furniture $'000	Total $'000
Cost:			
At 1 January 2017	49	243	292
Additions	–	2	2
Disposals	–	(20)	(20)
At 31 December 2017	49	225	274
Additions	–	2	2
At 31 December 2018	**49**	**227**	**276**
Accumulated depreciation:			
At 1 January 2017	49	219	268
Depreciation	–	17	17
Disposals	–	(20)	(20)
At 31 December 2017	49	216	265
Depreciation	–	8	8
At 31 December 2018	**49**	**224**	**273**
Carrying value:			
At 1 January 2017	–	24	24
At 31 December 2017	–	9	9
At 31 December 2018	**–**	**3**	**3**

Allocation of the depreciation expense:

	Group 2018 $'000	Group 2017 $'000
Cost of sales	**14,555**	16,178
Distribution expenses	**12**	–
Administrative expenses	**220**	301
	14,787	16,479

Impairment assessment

The group's property, plant and equipment are fully attributable to the Component CGU (see Note 36). Although the Component CGU recorded profits, net of tax in 2018, it had previously incurred losses. The group assesses at each end of the reporting year whether there is any objective evidence that the carrying values of its property, plant and equipment are impaired.

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment assessment (Continued)

Management has applied the value-in-use method (i.e. management's discounted cash flows of the Component CGU) to determine the recoverable amount of the group's property, plant and equipment. The quantitative information and key assumptions used in the value-in-use method is disclosed in Note 15.

As at 31 December 2018, the recoverable amount of the group's property, plant and equipment was higher than its carrying value as at 31 December 2018. Consequently, there was no impairment loss recognised in 2018 (2017: Nil).

Security

The carrying values of the group's property, plant and equipment that have been pledged as securities for financing activities (Note 30) are as follows:

		Group	
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Leasehold land and buildings	**–**	–	2,623
Plant and machinery	**33**	55	–
	33	55	2,623

15. INVESTMENT IN SUBSIDIARIES

		Company	
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Unquoted equity shares at cost	**125,456**	125,456	125,956
Less: Allowance for impairment	**(25,456)**	(25,456)	(25,956)
Net carrying value	**100,000**	100,000	100,000
<u>Movements in cost:</u>			
Balance at beginning of the year	**125,456**	125,956	155,001
Disposals	**–**	–	(29,045)
Written-off	**–**	(500)	–
Balance at end of the year	**125,456**	125,456	125,956
<u>Movements in allowance for impairment:</u>			
Balance at beginning of the year	**25,456**	25,956	500
Allowance	**–**	–	25,456
Written-off	**–**	(500)	–
Balance at end of the year	**25,456**	25,456	25,956

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

15A. Significant subsidiaries of the group

Name of subsidiary and principal activities	Country of incorporation	Principal place of business	Cost of investment 31.12.2018 $'000	Cost of investment 31.12.2017 $'000	Cost of investment 01.01.2017 $'000	Effective equity held 31.12.2018 %	Effective equity held 31.12.2017 %	Effective equity held 01.01.2017 %
Held by the company								
BIGL Asia Pte. Ltd.[a] Investment holding	Singapore	Singapore	**125,456**	125,456	125,456	**100**	100	100

Name of subsidiary and principal activities	Country of incorporation	Principal place of business	Effective equity held 31.12.2018 %	Effective equity held 31.12.2017 %	Effective equity held 01.01.2017 %
Held through BIGL Asia Pte. Ltd.					
BIGL Asia Pacific Ltd[b] Distribution of precision machined components	Republic of Mauritius	People's Republic of China	**100**	100	100
BIGL Technologies (Thailand) Co., Ltd.[b] Manufacturer of precision machined components and the sub-assembly of actuator arms	Thailand	Thailand	**99.99**	99.99	99.99
BIGL Technologies (Shenzhen) Co., Ltd[c] [formerly known as Compart Technologies (Shenzhen) Co., Ltd] Manufacturer of precision machined components	People's Republic of China	People's Republic of China	**100**	100	100
BIGL Technologies (Wuxi) Co., Ltd[c] [formerly known as Compart Precision Components Manufacturing (Wuxi) Co., Ltd] Manufacturer of precision machined components and the sub-assembly of actuator arms	People's Republic of China	People's Republic of China	**100**	100	100
BIGL Technologies (Chongqing) Co., Ltd[c] [formerly known as Compart Technologies (Chongqing) Co., Ltd] Manufacturer of precision components	People's Republic of China	People's Republic of China	**100**	100	100
Compart Technologies (Huizhou) Co., Ltd[@] Manufacturer of precision machined components	People's Republic of China	People's Republic of China	–	100	100

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

15A. Significant subsidiaries of the group (Continued)

Name of subsidiary and principal activities	Country of incorporation	Principal place of business	Effective equity held 31.12.2018 %	31.12.2017 %	01.01.2017 %
Held through BIGL Asia Pte. Ltd. (Continued)					
BIGL Technologies (Suzhou) Co., Ltd[d]* [formerly known as Compart Hi-Precision Technologies (Suzhou) Co., Ltd] Manufacturer of precision machined components	People's Republic of China	People's Republic of China	**100**	100	100
Compart Engineering, Inc.[d] Investment holding	United States of America	United States of America	**100**	100	100
Held through BIGL Asia Pacific Ltd					
BIGL Holdings Pte. Ltd.[a] [formerly known as CHSZ Holdings Pte. Ltd] Investment holding	Singapore	Singapore	**100**	–	–
Held through BIGL Holdings Pte. Ltd.					
BIGL Management Consultancy (Shenzhen) Co., Ltd[d] [formerly known as Compart Hi-Precision Technologies (Shenzhen) Co., Ltd] Business and management consultancy services	People's Republic of China	People's Republic of China	**100**	–	–
Held through Compart Engineering, Inc.					
ComTech Manufacturing Solutions LLC[d]^ [formerly known as Compart Engineering, LLC.] Manufacturer of precision machined components	United States of America	United States of America	**48**	48	48

* Owns 40% (2017: 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.

@ Deregistered during the reporting year.

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

(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.

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

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

15B. Acquisitions of subsidiaries in 2018

In 2016, as part of the disposal of the Disposed Businesses (Note 11), the group entered into a call and put option agreement with the purchaser of the Disposed Businesses to re-acquire BIGL Management Consultancy (Shenzhen) Co., Ltd within two years from the option agreement dated 30 December 2016 at a consideration of $1. Under the option agreement, the purchaser undertakes to the group that, as at exercise of the option, BIGL Management Consultancy (Shenzhen) Co., Ltd, Ltd will have a minimum amount cash in Chinese Renminbi equivalent to $14 million in its bank account with no other assets and liabilities. Accordingly, the group continued to account for BIGL Management Consultancy (Shenzhen) Co., Ltd as a subsidiary as it has an option to re-acquire this entity.

On 14 June 2018, the company and the purchaser entered into a supplemental agreement whereby it was agreed that, upon the exercise of the option agreement:

(a) The group will acquire both BIGL Holdings Pte. Ltd. and BIGL Management Consultancy (Shenzhen) Co., Ltd for cash consideration of $1; and

(b) BIGL Management Consultancy (Shenzhen) Co., Ltd will, as at date of acquisition, have a minimum amount of approximately US$2,343,000 and Chinese Renminbi equivalent of US$10,167,000 less RMB501,000, totalling $16,593,000, in cash in its bank accounts, and some receivables and payables.

On 14 June 2018, the purchaser exercised the put option. On 22 June 2018, the group acquired BIGL Holdings Pte. Ltd., incorporated in Singapore and owned 100% equity interest in and BIGL Management Consultancy (Shenzhen) Co., Ltd.

As at date of acquisition, the group received $16,593,000, which represents the initial deferred consideration agreed of $14,000,000 and an additional amount of $2,593,000 for the payment of other payables and the compensation for termination of employees of BIGL Management Consultancy (Shenzhen) Co., Ltd as at date of acquisition.

15C. Impairment assessment

The operations of BIGL Asia Pte. Ltd. and its subsidiaries relate to the Component CGU (see Note 36). Although the Component CGU recorded profits, net of tax in 2018, it had previously incurred losses. 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.

Management has applied the value-in-use method (i.e. management’s discounted cash flows of the Component CGU) to determine the recoverable amount of the company’s investment in BIGL Asia Pte. Ltd.. The value-in-use method is a recurring fair value measurement (Level 3). Cash flow projections used in the value-in-use calculations were based on financial budgets approved by the Board of Directors covering a five-year period, and cover 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.

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15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

15C. Impairment assessment (Continued)

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

	Group		
	31.12.2018	**31.12.2017**	**01.01.2017**
Valuation technique:	Discounted cash flow method		
Revenue growth rate (unobservable inputs):			
– Within the next reporting year	-2%	-13%	-19%
– From the 2nd to the 5th reporting years	-2%	-7%	-4% to -8%
Gross profit margin:	5% – 6%	7%	2%
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin:	6%	8%	2% to 3%
Terminal value:	Net assets value of Component CGU at the end of the 5th year	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%	11.89%	15.85%

Based on management's assessment, the recoverable amount of the company's investment in BIGL Asia Pte. Ltd. as at 31 December 2018 approximates its net carrying value.

16. OTHER RECEIVABLES, NON-CURRENT

	Group		
	31.12.2018	**31.12.2017**	**01.01.2017**
	$'000	**$'000**	**$'000**
Deferred consideration (Note 15B)	–	–	12,882

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17. OTHER ASSETS

	Group		
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Lease prepayments	**–**	–	2,251
Prepayments	**1,005**	2,651	2,124
	1,005	2,651	4,375
Presented in statement of financial position as follows:			
Other assets, current	**1,005**	2,651	2,124
Other assets, non-current	**–**	–	2,251
	1,005	2,651	4,375

	Company		
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Prepayments	**17**	34	46

18. OTHER INVESTMENTS

	Group		
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Transferable club memberships	**101**	–	114

	Company		
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Transferable club memberships	**47**	–	47

Transferable club memberships were presented as held-for-sale (see Note 19) as at 31 December 2017 following the decision of management in 2017 to sell these assets. These are now presented as non-current investments, pursuant to management's decision to continue to hold these assets.

19. ASSETS HELD-FOR-SALE

	Group		
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Land use rights and factory building	**19,423**	19,312	–
Transferable club memberships	**–**	101	–
	19,423	19,413	–

	Company		
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Transferable club memberships	**–**	47	–

19. ASSETS HELD-FOR-SALE (CONTINUED)

Land use rights and factory building

Management had presented the group's land use rights and a factory building in Shenzhen, People's Republic of China (the "Shenzhen Property") as held-for-sale following their decision made in 2017 to sell these assets as part of the groups' efforts to reduce its operating overheads.

At the reporting year end, the details of the group's Shenzhen Property are as follows:

Location	Area (sq m)	Description	Tenure
No 5 North Luyin Road Pingshan District Shenzhen, People's Republic of China	19,991	Land use rights (for industrial use)	50 years expiring 13 September 2055
	36,509	Building with structure	

One of the valuers engaged by management has estimated the market value of the group's Shenzhen Property at RMB246 million or approximately S$48.8 million (excluding associated taxes on disposal), as at 31 December 2018. This market value is based on market approach, which values the property by referencing to comparable market transactions, adjusted for differences in key attributes such as property sizes. The significant unobservable input into this valuation approach is the selling price per square metre. This market approach is categorized as Level 3 of the fair value hierarchy.

The other valuer has estimated the market value of the group's Shenzhen Property at US$40.7 million or approximately S$55.6 million (excluding associated taxes on disposal), as at 31 December 2018 (2017: S$41.1 million (excluding associated taxes on disposal) as at 30 November 2017). This market value is based on depreciated replacement cost method, which estimates the market value for the existing use of the land, plus the costs to reproduce or replace in a new condition the buildings and structures, such costs being valued in accordance with the current construction costs for similar properties in the locality, with allowance for depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The significant unobservable input into this valuation approach is the selling price per square metre of land. This depreciated replacement cost method is categorised as Level 3 of the fair value hierarchy.

Transferable club memberships

Transferable club memberships are presented as non-current assets as at 31 December 2018, pursuant to management's decision to continue to hold these memberships (see Note 18).

20. FINANCIAL DERIVATIVES

	Group		
	31.12.2018 $'000	**31.12.2017 $'000**	**01.01.2017 $'000**
Foreign currency exchange contracts:			
Assets – contracts with positive fair values	**–**	2	575
Liabilities – contracts with negative fair values	**(235)**	–	(1,975)
	(235)	2	(1,400)

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20. FINANCIAL DERIVATIVES (CONTINUED)

The foreign currency exchange are not traded in an active market. As a result, their fair values are based on valuation techniques using market observable inputs (Level 2) such as broker quotes for similar transactions, foreign exchange spot and forward rates.

The estimated fair values of the foreign currency exchange contracts at the end of the reporting year are as follows:

	Maturity	Principal $'000	Net fair value (loss)/gain $'000
31.12.2018			
– Buy Chinese Renminbi and sell United States Dollar	August 2019	**4,047**	**(152)**
– Buy Chinese Renminbi and sell United States Dollar	August 2019	**4,047**	**(83)**
			(235)
31.12.2017			
– Buy Chinese Renminbi and sell United States Dollar	January 2018	48	–
– Buy Chinese Renminbi and sell United States Dollar	January 2018	45	2
			2
01.01.2017			
– Buy Chinese Renminbi and sell United States Dollar	February 2017	4,340	575
– Buy Chinese Renminbi and sell United States Dollar	February 2017	8,680	(1,975)
			(1,400)

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.

21. INVENTORIES

		Group	
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Raw materials	**10,252**	10,084	11,107
Work-in-progress	**3,835**	4,794	6,274
Finished goods	**6,527**	11,181	12,208
Spare parts and others	**740**	1,062	1,921
	21,354	27,121	31,510

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21. INVENTORIES (CONTINUED)

	Group 31.12.2018 $'000	31.12.2017 $'000
Inventories are stated after allowance as follows:		
Balance at beginning of the year	**570**	1,023
Reversed to profit or loss included in cost of sales	**(561)**	(386)
Foreign exchange adjustments	**5**	(67)
Balance at end of the year	**14**	570
Included in cost of sales:		
Write-down of inventories	**62**	520
Changes in inventories	**6,323**	4,389
Purchases of inventories	**256,172**	251,173

There are no inventories pledged as security for liabilities.

22. TRADE AND OTHER RECEIVABLES

	31.12.2018 $'000	Group 31.12.2017 $'000	01.01.2017 $'000
Trade receivables:			
Outside parties	**69,392**	52,750	48,891
Less: Allowance for impairment	**(13)**	(13)	(14)
Subtotal	**69,379**	52,737	48,877
Other receivables:			
Outside parties	**2,843**	3,258	4,561
Deferred consideration (Note 15B)	**–**	13,441	–
Deposits	**549**	678	621
Subtotal	**3,392**	17,377	5,182
Total trade and other receivables	**72,771**	70,114	54,059

	31.12.2018 $'000	Company 31.12.2017 $'000	01.01.2017 $'000
Other receivables:			
Outside parties	**–**	1,998	2,834
Subsidiary	**23,794**	22,538	–
Deposits	**24**	24	34
Total other receivables	**23,818**	24,560	2,868

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22. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		
	31.12.2018	**31.12.2017**	**01.01.2017**
	$'000	**$'000**	**$'000**
Movements in allowance for impairment:			
Balance at beginning of year	**13**	14	2,539
Disposal of subsidiaries	**–**	–	(899)
Write-off	**–**	–	(1,626)
Translation adjustment	**–**	(1)	–
Balance at end of year	**13**	13	14

Included in the group's and the company's other receivables from outside parties as at 31 December 2017 was an amount of $1,998,000 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 had been repaid in February 2018 (see Note 11).

As at the end of the reporting year, trade receivables totalled $10,988,000 (2017: $44,934,000) were sold to banks. These trade receivables have been derecognised as they were sold without recourse.

22A. Impairment assessment

Trade receivables

The group has only a few customers which can be graded as low credit risk individually. These trade receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. At the end of the reporting year, a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. A loss allowance balance of $13,000 (2017: $13,000) is recognised.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk. There is no increase in loss allowance based on the lifetime expected credit losses on the amount as there is no significant increase in credit risk.

Other receivables

The other receivables at amortised cost are considered to have low credit risk individually. The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. At the end of the first reporting period, a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk. There was no identified impairment loss.

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22. TRADE AND OTHER RECEIVABLES (CONTINUED)

22B. Credit risk

Trade receivables

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 (2017: 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		
	31.12.2018 **$'000**	**31.12.2017** **$'000**	**01.01.2017** **$'000**
Less than 31 days	**169**	437	359
Past due 31 – 120 days	**143**	374	50
Past due over 120 days	**853**	140	63
	1,165	951	472

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

	Group		
	31.12.2018 **$'000**	**31.12.2017** **$'000**	**01.01.2017** **$'000**
Past due over 120 days	**13**	13	14

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling $13,000 (2017: $13,000) that are determined to be impaired at the end of reporting year.

There are no collateral held as security and other credit enhancements for the trade receivables.

The top 2 customers of the group represented more than 70% (2017: 70%) of the group's trade receivables as at the reporting year end.

Other receivables

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

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23. CASH AND CASH EQUIVALENTS

	Group		
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Not restricted in use	**11,522**	18,054	145,230
Fixed deposits pledged as security	**5**	5	5
	11,527	18,059	145,235

	Company		
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Not restricted in use	**1,120**	2,931	91,559

The interest earning balances are not significant.

23A. Cash and cash equivalents in the consolidated statement of cash flows

	Group		
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Amount as shown above	**11,527**	18,059	145,235
Cash pledged for bank facilities	**(5)**	(5)	(5)
	11,522	18,054	145,230

23B. Reconciliation of liabilities arising from financing activities

	Group				
	At beginning of the year $'000	Cash flows $'000	Non-cash changes $'000	Note	At end of the year $'000
31.12.2018:					
Borrowings	**11,702**	**27,152**	**543**	(a)	**39,397**
Finance lease liabilities	**335**	**(328)**	**3**	(a)	**10**
	12,037	**26,824**	**546**		**39,407**
31.12.2017:					
Borrowings	101,084	(84,125)	(5,257)	(a)	11,702
Finance lease liabilities	–	(256)	591	(b)	335
	101,084	(84,381)	(4,666)		12,037
01.01.2017:					
Borrowings	121,612	(21,880)	1,352	(a)	101,084

Notes:

(a) Foreign exchange movements

(b) Acquisitions of property, plant and equipment

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24. SHARE CAPITAL

	Group and company	
	Number of shares issued '000	Share capital $'000
Ordinary shares of no par value:		
Balance at 1 January 2017	**471,914**	113,139
Shares issued under BIGL Share Plan (Notes 27A and 27B)	**–**	8
Balance at 31 December 2017	**471,914**	113,147
Shares issued under BIGL Share Plan (Notes 27A and 27B)	**–**	8
Balance at 31 December 2018	**471,914**	113,155

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	
	31.12.2018 $'000	31.12.2017 $'000 (Restated)
Profit before income tax from continuing operation	**2,506**	2,745
Finance income	**(656)**	(584)
Finance costs	**1,902**	1,661
Net operating income	**3,752**	3,822
Equity attributable to owners of the parent	**83,808**	80,943

	31.12.2018 %	31.12.2017 %
Average return on capital	**5**	5

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.

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24. SHARE CAPITAL (CONTINUED)

Capital management: (Continued)

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.

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 reporting year.

25. 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 of $3,377,000 (2017: $3,156,000) and $431,000 (2017: $431,000) respectively. The statutory reserve and legal reserve are not available for cash dividends.

According to the relevant People's Republic of China ("PRC") regulations, the subsidiaries in the PRC are required to transfer 10% of profit, net of tax, as determined under Generally Accepted Accounting Principles of the PRC, to the statutory surplus reserve until the reserve balance reaches 50% of the subsidiary' 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. This reserve is not available for dividend distribution.

26. OTHER RESERVES

		Group	
	31.12.2018	**31.12.2017**	**01.01.2017**
	$'000	**$'000**	**$'000**
Treasury shares (Note 26A)	**(386)**	(299)	(237)
Capital reserve (Note 26B)	**2,924**	2,924	2,924
Share-based payment reserve (Note 26C)	**474**	490	542
Foreign currency translation reserve (Note 26D)	**(16,651)**	(17,801)	(11,696)
	(13,639)	(14,686)	(8,467)

26. OTHER RESERVES (CONTINUED)

	Company		
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Treasury shares (Note 26A)	**(386)**	(299)	(237)
Share-based payment reserve (Note 26C)	**474**	490	542
	88	191	305

Other reserves are not available for cash dividends unless realised.

26A. Treasury shares

	Group and Company	
	Number of shares '000	Reserve $'000
Balance at 1 January 2017	(1,030)	(237)
Shares acquired	(945)	(117)
Shares issued to under BIGL Share Plan (Notes 24 and 27B)	240	55
Balance at 31 December 2017	(1,735)	(299)
Shares acquired	(1,456)	(127)
Shares issued to under BIGL Share Plan (Notes 24 and 27B)	233	40
Balance at 31 December 2018	(2,958)	(386)

Treasury shares were acquired by the company to serve the share option and/or share plan programme as shares awards to employees (Note 27). The reserve for the company's own shares comprises the cost of the company's shares held by the group.

26B. Capital reserve

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

26C. Share-based payment reserve

	Group and Company	
	31.12.2018 $'000	31.12.2017 $'000
Balance at beginning of the year	**490**	542
Exercised during the year	**(48)**	(63)
Expense recognised in profit or loss, net	**32**	11
Balance at end of the year	**474**	490

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26. OTHER RESERVES (CONTINUED)

26C. Share-based payment reserve (Continued)

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.

26D. Foreign currency translation reserve

	Group	
	31.12.2018	**31.12.2017**
	$'000	**$'000**
Balance at beginning of the year	**(17,801)**	(11,696)
Exchange differences on translating foreign operations, net	**1,150**	(6,105)
Balance at end of the year	**(16,651)**	(17,801)

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.

27. SHARE-BASED PAYMENT

27A. 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. 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	31.12.2018	31.12.2017	1.1.2017	Vesting conditions	Contractual life of options
6 March 2009	16,000	16,000	16,000	1 year's service	10 years
2 June 2009	–	–	200,000	2 years' service	10 years
3 March 2010	360,000	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
	376,000	396,000	1,336,000		

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27. SHARE-BASED PAYMENT (CONTINUED)

27A. 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	
	2018	2017	2018	2017
	$	$		
Outstanding at 1 January	**0.43**	0.43	**396,000**	1,336,000
Forfeited during the year	**0.45**	0.42	**(20,000)**	(940,000)
Outstanding at 31 December	**0.43**	0.43	**376,000**	396,000
Exercisable at 31 December	**0.43**	0.43	**376,000**	396,000

The options outstanding at 31 December 2018 have exercise prices in the range of $0.07 to $0.45 (2017: $0.07 to $0.45) and a weighted average remaining contractual life of 1.17 years (2017: 2.17 years).

No options were exercised in 2018 and 2017.

27B. 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.

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27. SHARE-BASED PAYMENT (CONTINUED)

27B. Share Plan (equity-settled) (Continued)

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 beginning of year	Granted during the year	Vested during the year	Forfeited during the year	Granted and not released at end of the year
2018:						
4 May 2014	**0.270**	**37,500**	**–**	**(37,500)**	**–**	**–**
4 June 2014	**0.275**	**52,500**	**–**	**(52,500)**	**–**	**–**
4 April 2015	**0.178**	**60,000**	**–**	**(20,000)**	**–**	**40,000**
4 May 2015	**0.205**	**60,000**	**–**	**(20,000)**	**–**	**40,000**
4 June 2015	**0.225**	**75,000**	**–**	**(25,000)**	**–**	**50,000**
4 April 2016	**0.138**	**120,000**	**–**	**(30,000)**	**(15,000)**	**75,000**
4 May 2016	**0.136**	**150,000**	**–**	**(37,500)**	**–**	**112,500**
4 June 2016	**0.132**	**40,000**	**–**	**(10,000)**	**(15,000)**	**15,000**
4 June 2017	**0.139**	**280,000**	**–**	**–**	**(60,000)**	**220,000**
4 June 2018	**0.109**	**–**	**260,000**	**–**	**(20,000)**	**240,000**
		875,000	**260,000**	**(232,500)**	**(110,000)**	**792,500**

Date of grant	Fair value at grant date	Granted and not released at beginning of year	Granted during the year	Vested during the year	Forfeited during the year	Granted and not released at end of the year
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

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 2018 was $0.140 (2017: $0.179).

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).

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28. OTHER PAYABLES, NON-CURRENT

	Group		
	31.12.2018	**31.12.2017**	**01.01.2017**
	$'000	**$'000**	**$'000**
Outside parties for purchase of plant and machinery	**2,311**	2,992	–

29. OTHER LIABILITIES, NON-CURRENT

	Group		
	31.12.2018	**31.12.2017**	**01.01.2017**
	$'000	**$'000**	**$'000**
Provision for employee benefit costs	**975**	870	795

The group operates a defined benefit plan for qualifying employees of its subsidiaries in Thailand, in accordance with Thailand labour laws. Amounts are determined based on years of service and salaries of the employees at the time of the pension.

The cost of providing post-employment benefits was calculated based on actuarial valuations performed by an independent actuary.

The principal actuarial assumptions used for the purpose of the actuarial valuation at 31 December 2018 and 31 December 2017 are as follows:

	Group					
	31 December 2018		**31 December 2017**		**1 January 2017**	
	Monthly staff	**Daily staff**	**Monthly staff**	**Daily staff**	**Monthly staff**	**Daily staff**
Discount rate	**3%**	**3%**	3%	3%	3%	3%
Salary increase rate	**7.5%**	**3%**	7.5%	3%	7.5%	3%
Turnover rate	**0 – 20%**	**0 – 32%**	0 – 20%	0 – 32%	0 – 20%	0 – 32%

Movements of the defined post-employment provision recognised in the statement of financial position are as follows:

	Group	
	31.12.2018	**31.12.2017**
	$'000	**$'000**
Balance at beginning of the year	**870**	795
Net benefit expense recognised in profit or loss	**338**	273
Payments for the year	**(242)**	(206)
Exchange differences on translating foreign operation, net	**9**	8
Balance at end of the year	**975**	870

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30. LOANS AND BORROWINGS

	Group		
	31.12.2018 $'000	**31.12.2017 $'000**	**01.01.2017 $'000**
Non-current liabilities			
Secured bank loans	**–**	7,154	13,974
Finance lease liabilities	**–**	26	–
Subtotal	**–**	7,180	13,974
Current liabilities			
Secured bank loans	**39,397**	4,548	85,110
Unsecured bank loans	**–**	–	2,000
Finance lease liabilities	**10**	309	–
Subtotal	**39,407**	4,857	87,110
Total loans and borrowings	**39,407**	12,037	101,084

	Company		
	31.12.2018 $'000	**31.12.2017 $'000**	**01.01.2017 $'000**
Current liabilities			
Unsecured bank loans	**–**	–	2,000

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

	Nominal interest rate	Year of maturity	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Group					
Secured bank loans (USD)	5.34% – 5.44%	2020	**7,297**	11,702	44,896
Secured bank loans (THB)	2.45% – 3.63%	2019	**32,100**	–	54,188
Unsecured bank loan (SGD)	4.30%	2017	**–**	–	2,000
Finance lease liability (USD)	4.47%	2019	**10**	42	–
Others	–	2019	**–**	293	–
			39,407	12,037	101,084
Company					
Unsecured bank loan (SGD)	4.30%	2017	**–**	–	2,000

Secured bank loans and finance lease liability of the group amounting to $39,407,000 (2017: $11,744,000) are secured by legal charges over the group's property, plant and equipment with a carrying amount of $24,000 (2017: $55,000) (Note 14) and guarantees issued by certain subsidiaries.

As at 31 December 2018, a subsidiary did not comply with one of the bank loan covenants. The required debt-to-equity ratio for the loan was not maintained. Consequently, the entire loan amount of US$7,297,000 is presented as a current liability in accordance with financial reporting standards. The bank did not make a demand for accelerated repayment and agreed after the end of the reporting year to waive the requirement.

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31. TRADE AND OTHER PAYABLES

	Group 31.12.2018 $'000	Group 31.12.2017 $'000 (Restated)	Group 01.01.2017 $'000 (Restated)
Trade payables			
Outside parties and accrued liabilities	**70,843**	90,712	98,340
Other payables			
Outside parties	**4,979**	24,789	7,007
Total trade and other payables	**75,822**	115,501	105,347

	Company 31.12.2018 $'000	Company 31.12.2017 $'000	Company 01.01.2017 $'000
Trade payables			
Outside parties and accrued liabilities	**1,478**	1,512	10,475
Other payables			
Outside parties	**21**	43	85
Subsidiary	**–**	–	13,722
Subtotal	**21**	43	13,807
Total trade and other payables	**1,499**	1,555	24,282

Included in the group's other payables to outside parties as at 31 December 2017 is an amount of $16,469,000 which is payable to the purchaser of the Disposed Businesses (Note 11). The amount has been paid in 2018.

32. CONTINGENT LIABILITIES

In 2017 and 2018, the company 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.

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32. CONTINGENT LIABILITIES (CONTINUED)

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.

33. CAPITAL COMMITMENTS

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

	Group	
	2018 $'000	2017 $'000
Commitment to purchase property, plant and equipment	**1,287**	1,672

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

34. 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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Not later than one year	**1,607**	2,068	**197**	237
Later than one year and not later than five years	**923**	1,771	**–**	187
	2,530	3,839	**197**	424
Rental expense for the year	**2,321**	2,317	**237**	237

The group and the company lease factories, warehouses 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.

35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

35A. Categories of financial assets and liabilities

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

		Group	
	31.12.2018 $'000	31.12.2017 $'000 (Restated)	01.01.2017 $'000 (Restated)
Financial assets:			
Financial assets at amortised costs	**84,298**	88,173	212,176
Financial assets at fair value through profit or loss	**–**	2	575
	84,298	88,175	212,751
Financial liabilities:			
Financial liabilities at amortised costs	**118,515**	131,400	207,226
Financial liabilities at fair value through profit or loss	**235**	–	1,975
	118,750	131,400	209,201

		Company	
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000
Financial assets:			
Financial assets at amortised costs	**24,938**	27,491	94,427
Financial liabilities:			
Financial liabilities at amortised costs	**1,499**	1,555	26,282

Further quantitative disclosures are included throughout these financial statements.

35B. 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.

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

35B. Financial risk management (Continued)

(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.

35C. 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.

35D. 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. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach, the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day one loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents disclosed in Note 23 are amounts with less than 90 days maturity. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

35E. 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 (2017: 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.

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

35E. Liquidity risk – financial liabilities maturity analysis (Continued)

The following table analyses the 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			
31.12.2018:			
Gross borrowings commitments	**39,938**	**–**	**39,938**
Trade and other payables	**75,822**	**2,311**	**78,133**
	115,760	**2,311**	**118,071**
31.12.2017:			
Gross borrowings commitments	5,306	7,460	12,766
Trade and other payables (Restated)	115,501	2,992	118,493
	120,807	10,452	131,259
01.01.2017:			
Gross borrowings commitments	87,887	14,410	102,297
Trade and other payables (Restated)	105,347	–	105,347
	193,234	14,410	207,644

	Less than 1 year $'000	1 – 5 years $'000	Total $'000
Company			
31.12.2018:			
Trade and other payables	**1,499**	**–**	**1,499**
31.12.2017:			
Trade and other payables	1,555	–	1,555
01.01.2017:			
Gross borrowings commitments	2,010	–	2,010
Trade and other payables	24,282	–	24,282
	26,292	–	26,292

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

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.

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

35F. 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	
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'000	01.01.2017 $'000
Financial liabilities:				
Fixed rates	**10**	335	**72,320**	2,000
Floating rates	**39,397**	11,702	**28,764**	–
	39,407	12,037	**101,084**	2,000

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 30.

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

35G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

The following is an analysis of amounts of financial assets and financial liabilities denominated in non-functional currencies at the end of the reporting year:

Group	United States Dollar $'000	China Renminbi $'000	Thai Baht $'000	Total $'000
31.12.2018				
Financial assets:				
Cash and cash equivalents	**668**	**7,103**	**315**	**8,086**
Loans and receivables	**–**	**3,478**	**754**	**4,232**
Total financial assets	**668**	**10,581**	**1,069**	**12,318**
Financial liabilities:				
Trade and other payables	**–**	**(17,339)**	**(27,857)**	**(45,196)**
Loans and borrowings	**–**	**–**	**(32,100)**	**(32,100)**
Derivative financial instruments	**–**	**(235)**	**–**	**(235)**
Total financial liabilities	**–**	**(17,574)**	**(59,957)**	**(77,531)**
Net financial assets/(liabilities)	**668**	**(6,993)**	**(58,888)**	**(65,213)**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

35G. Foreign currency risk

Group	United States Dollar $'000	China Renminbi $'000	Thai Baht $'000	Total $'000
31.12.2017				
Financial assets:				
Cash and cash equivalents	349	1,009	344	1,702
Loans and receivables	–	2,284	636	2,920
Derivative financial instruments	–	2	–	2
Total financial assets	349	3,295	980	4,624
Financial liabilities:				
Trade and other payables	–	(22,075)	(41,167)	(63,242)
Net financial assets/(liabilities)	349	(18,780)	(40,187)	(58,618)
01.01.2017				
Financial assets:				
Cash and cash equivalents	356	1,758	9,972	12,086
Loans and receivables	–	4,692	3,715	8,407
Total financial assets	356	6,450	13,687	20,493
Financial liabilities:				
Trade and other payables	–	(29,534)	(34,104)	(63,638)
Loans and borrowings	–	–	(36,612)	(36,612)
Derivative financial instruments	–	(1,400)	–	(1,400)
Total financial liabilities	–	(30,934)	(70,716)	(101,650)
Net financial assets/(liabilities)	356	(24,484)	(57,029)	(81,157)

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

Sensitivity analysis:

	Group		
	31.12.2018 $'000	31.12.2017 $'000	01.01.2017 $'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 profit before income tax of	**699**	1,878	2,448
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 profit before income tax of	**5,889**	4,019	5,703

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

35G. Foreign currency risk (Continued)

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.

36. OPERATING SEGMENTS

The group's business relates primarily to the manufacturing and distribution of actuator arms and related assembly for the hard disk industry, which is reported under one segment (the "Component CGU"). The Board reviews the internal management reports of this segment 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. The company's subsidiaries in the reportable segment are located in the People's Republic of China, Thailand, United States of America and Singapore.

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

	Group	
	2018	2017
	$'000	$'000
Revenue		
Thailand	**229,330**	207,453
People's Republic of China	**154,407**	174,097
United States of America	**2,937**	1,988
Singapore	**215**	218
Other countries	**42**	899
	386,931	384,655
Non-current assets		
Thailand	**54,842**	42,211
People's Republic of China	**23,905**	33,998
United States of America	**45**	76
Singapore	**107**	9
Other countries	**42**	818
	78,941	77,112

NOTES TO THE FINANCIAL STATEMENTS

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37. RESTATEMENTS OF COMPARATIVE FIGURES

During the reporting year, management discovered an accounting error in trade and other payables that relate to prior accounting periods. The cumulative amounts have been adjusted in the earliest period presented as follows:

	After restatements $'000	Before restatements $'000	Difference $'000
Statement of Financial Position as at 31 December 2017:			
Trade and other payables	115,501	112,538	2,963
Accumulated losses	(17,518)	(14,555)	(2,963)
Statement of Profit or Loss and other comprehensive income for the reporting year ended 31 December 2017:			
Costs of sales	(357,726)	(357,067)	(659)
Statement of Financial Position as at 1 January 2017:			
Trade and other payables	105,347	103,043	2,304
Retained earnings	38,156	40,460	(2,304)

As is required by the financial reporting standard on the presentation of financial statements, the statement of financial position at the end of the current reporting year and the beginning and end of the preceding reporting year is presented. However related notes relating to the above balances only (that were restated/reclassified in the statement of financial position) are presented. Apart from these disclosures, other balances and notes are not impacted by the restatements/reclassifications.

38. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the group are listed below:

SFRS(I) No.	Title
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)
SFRS(I) 2	Amendments to, Classification and Measurement of Share-based Payment Transactions
SFRS(I) 9	Financial Instruments
SFRS(I) 15	Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration

Adoption of the applicable new or revised standards did not require any significant modification of the measurement methods or presentation in the financial statements.

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

For the future reporting years, certain new or revised financial reporting standards 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:

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 9	Amendments: Prepayment Features with Negative Compensation	1 January 2019
SFRS(I) 16	Leases (and Leases – Illustrative Examples & Amendments to Guidance on Other Standards)	1 January 2019
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 January 2019
SFRS(I) 1-12	Improvements (2017) – Amendments: Income Taxes	1 January 2019

Adoption of the applicable new or revised standards are expected to result in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement. Those that are expected to have a material impact are described below.

SFRS(I) 16, Leases

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. 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 the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements. For the lessee, 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 group's and the company's non-cancellable operating lease commitments as at 31 December 2018 shown in Note 34, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. Thus, the group and the company 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) of approximately $2.3 million and $0.2 million respectively as at date of adoption of the standard.

STATISTICS OF SHAREHOLDINGS
AS AT 20 MARCH 2019

Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Share
Number of Issued Shares	:	471,914,611
Number and percentage of Treasury Shares	:	2,958,550 (0.63%)
Number of Issued Shares (less Treasury Shares)	:	468,956,061
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	0.57	284	0.00
100 – 1,000	36	1.59	22,966	0.01
1,001 – 10,000	798	35.17	4,332,764	0.92
10,001 – 1,000,000	1,383	60.95	104,860,097	22.36
1,000,001 AND ABOVE	39	1.72	359,739,950	76.71
TOTAL	**2,269**	**100.00**	**468,956,061**	**100.00**

SUBSTANTIAL SHAREHOLDERS (As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest	%(1)	Deemed Interest	%(1)	Total Interest	%(1)
Lau Leok Yee(2)	59,851,142	12.76	90,317,468	19.26	150,168,610	32.02
Lew Syn Pau	44,572,639	9.50	–	–	44,572,639	9.50

Notes:

(1) Percentage is calculated based on total issued shares of the Company less treasury shares and subsidiary holdings (i.e. 468,956,061).

(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 20 MARCH 2019

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	94,729,374	20.20
2	LAU LEOK YEE	59,851,142	12.76
3	LEW SYN PAU	44,572,639	9.50
4	CHUA KENG LOY	15,300,000	3.26
5	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	15,195,822	3.24
6	DB NOMINEES (SINGAPORE) PTE LTD	13,921,000	2.97
7	MAYBANK KIM ENG SECURITIES PTE. LTD.	11,833,374	2.52
8	DBS NOMINEES (PRIVATE) LIMITED	10,510,309	2.24
9	BON SIAN HWANG	10,172,000	2.17
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	6,652,426	1.42
13	CHUAH AIK LOON	5,598,000	1.19
14	PHILLIP SECURITIES PTE LTD	4,291,791	0.92
15	LOW BOON CHYE	4,000,000	0.85
16	UOB KAY HIAN PRIVATE LIMITED	3,559,833	0.76
17	ANG KIAN HENG	3,138,700	0.67
18	LIM SEOW CHIANG	2,915,200	0.62
19	LIU MEIHONG	2,654,200	0.57
20	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,440,257	0.52
	TOTAL	**331,005,767**	**70.57**

PUBLIC SHAREHOLDING

Based on the information available to the Company as at 20 March 2019, approximately 57.9% 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 Seminar Room 6-7, Level 5, 3 Fusionopolis Way, Symbiosis, Singapore 138633 on Friday, 26 April 2019 at 3.00 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 2018 together with the Independent 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 Lee Chow Soon [Retiring under Article 109] **(Resolution 2)**
   Mr Lew Syn Pau [Retiring under Article 109] **(Resolution 3)**

   Mr Lee Chow Soon will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees, and will be considered independent.

   Mr Lew Syn Pau will, upon re-election as a Director of the Company, remain as a member of the Audit, Nomination and Remuneration Committees, and will be considered non-independent.

   In relation to Resolutions 2 and 3, please refer to the "Board of Directors" section in the Company's Annual Report 2018 for more information on the Directors seeking re-election at the Annual General Meeting.

3. To approve the payment of Directors' fees of S$380,000 for the year ended 31 December 2018 (2017: S$392,500). **(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,

NOTICE OF ANNUAL GENERAL MEETING

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

(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 cent. (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 cent. (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 cent. (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)**

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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 cent. (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)**

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;

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ANNUAL GENERAL MEETING

(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;

(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;

"**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 cent. (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% limit;

"**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 cent. (5%) above the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, twenty per cent. (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

Chang Ai Ling
Company Secretary

Singapore

11 April 2019

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 cent. (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 cent. (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 cent. (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 cent. (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 cent. (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.

Based on the total number of issued Shares as at 6 March 2019 (the "**Latest Practicable Date**"), the purchase by the Company of ten per cent. (10%) of its issued Shares (excluding the shares held in treasury and subsidiary holdings) will result in the purchase or acquisition of 46,895,606 Shares.

Assuming that the Company purchases or acquires 46,895,606 Shares at the Maximum Price, the maximum amount of funds required is approximately:

(a) in the case of On-Market Purchases of Shares, S$2.4 million based on S$0.052 for each Share (being the price equivalent to five per cent. (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$2.8 million based on S$0.060 for each Share (being the price equivalent to twenty per cent. (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 2018, 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 2018 to shareholders of the Company dated 11 April 2019.

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

NOTICE OF
ANNUAL GENERAL MEETING

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 3 Fusionopolis Way, #13-26/27 Symbiosis, Singapore 138633 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

BIGL

(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 Seminar Room 6-7, Level 5, 3 Fusionopolis Way, Symbiosis, Singapore 138633 on Friday, 26 April 2019 at 3.00 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 2018		
2	Re-election of Mr Lee Chow Soon as a Director		
3	Re-election of Mr Lew Syn Pau as a Director		
4	Approval of payment of Directors' fees for FY2018 amounting to S$380,000		
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 [√] 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 2019

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 (Chapter 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 (Chapter 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 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 3 Fusionopolis Way, #13-26/27 Symbiosis, Singapore 138633 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.

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 Meeting 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 Meeting to act as their proxy, in which case, the CPF/SRS Investor shall be precluded from attending the Meeting.

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 2019.

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.

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BROADWAY INDUSTRIAL GROUP LIMITED
Company Registration No.: 199405266K

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