



BROADWAY INDUSTRIAL GROUP LIMITED

POWERING
SUSTAINABLE GROWTH

ANNUAL REPORT 2021





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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 Mainboard of the Singapore Exchange Securities Trading Limited since 1994, Broadway Industrial Group Limited (the “**Company**”) is one of the leaders in the manufacture of precision components and assemblies.

Through its wholly-owned subsidiary, BIGL Asia Pte. Ltd., and its subsidiaries (together with the Company, 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 27 years. Headquartered in Singapore, the Group has 4 manufacturing facilities in China and Thailand and employs about 3,500 people.



In 2020, the Group entered into an equity purchase agreement to acquire a 55% equity stake in Beijing Ant Brothers Technology Co., Ltd. (“**BAB**”), a company registered in Beijing. BAB develops light weight, low-power consumption and high-efficiency cleaning robots for large glass facades on building exterior, encompassing office and commercial building facades, other architectural glass curtain walls and solar panels.

Leveraging on BIGL’s chain and manufacturing competencies and BAB’s research and development capabilities, the Group incorporated BIGL Robotics and expanded its product line to include disinfection and service robots, applying big data technology in service processes and utilising artificial intelligence to optimise the potential of smart cleaning.

BEIJING, CHINA
(ROBOTICS R&D AND OPERATIONS)

WUXI, CHINA
(ASSEMBLY OPERATIONS)

CHONGQING, CHINA
(COIL OPERATIONS)

SHENZHEN, CHINA
(MACHINING OPERATIONS)

AYUTTHAYA, THAILAND
(MACHINING AND
ASSEMBLY OPERATIONS)

SINGAPORE
(HEADQUARTER)

MESSAGE FROM CHAIRMAN & CEO

“ With the continued focus by the management team on, among others, operational efficiency, productivity and automation improvements, the Group delivered another year of solid performance in 2021, benefitting from two years of effective strategy execution and the robust market demand for HDD. ”

DEAR SHAREHOLDERS,

GENERAL REVIEW

2021 was a dynamic and challenging year. The COVID-19 pandemic evolved from the early outbreak in 2020 which caused disruptions to global businesses including our hard disk drive (“HDD”) operations to the resurgence of infections through the dominant Delta and Omicron variants in 2021 which led to further disruptions to our HDD supply chain in Asia. But we remained resilient and emerged even stronger.

The Group had announced the conditional sale of the HDD business in December 2020 and the transaction was supposed to have been completed by the long stop date of 30 June 2021. Unfortunately, owing to events and circumstances beyond our control, the transaction could not be completed. The Board then decided to terminate the transaction, and this was announced accordingly. Given

this situation, the Board will continue to focus on the further growth of the HDD business going forward.

With the continued focus by the management team on, among others, operational efficiency, productivity and automation improvements, the Group delivered another year of solid performance in 2021, benefitting from two years of effective strategy execution and the robust market demand for HDD. During the onset of the pandemic, global businesses and individuals were forced to embrace a sudden shift to remote work and online education. However, this fuelled the demand for increased storage and a growth in nearline or enterprise HDD used in cloud expansion and data centres. For the first time ever in 2020, the total capacity shipped for HDD exceeded 1 ZB of capacity and surged 31% year-over-year to 1.34 ZB in 2021.

Following a successful turnaround in the past two years, the Group is now in the growth phase. Regardless of any challenge we may face ahead, we are committed to sustaining our HDD business, expanding our robotics business and continue to be on the lookout for diversification opportunities in the long-term interests of the Group and our shareholders.

FINANCIAL REVIEW

The Group’s revenue increased by 17.7% from S\$400.7 million in FY2020 to S\$471.4 million in FY2021, mainly due to an increase in shipment volume and higher average selling price of our HDD products arising from a shift in our product mix shift from the personal and mobile computing segments to the high performance enterprise segment.

MESSAGE FROM CHAIRMAN & CEO

The Group's gross profit margin increased from 6.9% in FY2020 to 7.4% in FY2021, as a result of better manufacturing capacity utilisation from increased shipment volume and continuing cost optimisation efforts for our HDD operations.

The earnings before interest, tax, depreciation and amortisation ("EBITDA") for the Group came in at S\$29.7 million in FY2021 as compared to S\$29.9 million in FY2020. The Group's core EBITDA excluding net foreign currency exchange gains/losses and all exceptional items was S\$34.0 million in FY2021 as compared to S\$30.4 million in FY2020. The improvement in EBITDA is a direct result of the improved operating profit from the HDD business.

The Group's net working capital increased by S\$13.5 million from S\$9.0 million as at 31 December 2020 to S\$22.6 million as at 31 December 2021. The change came from the increase in current assets of S\$36.1 million but offset by an increase in current liabilities of S\$22.6 million.

The net asset value per share of the Group increased by 19.0% from 15.92 cents as at 31 December 2020 to 18.95 cents as at 31 December 2021.

The Group generated S\$32.2 million cash from operations for FY2021. After income tax payment and changes in working capital of S\$19.2 million, the Group recorded net cash generated from operating activities of S\$13.0 million in FY2021, as compared to net cash from operating activities of S\$42.3

million in FY2020. The Group recorded net cash used in investing activities of S\$5.5 million in FY2021 (FY2020: S\$3.4 million), mainly for capital expenditure of S\$5.6 million as compared to capital expenditure of S\$3.7 million in FY2020. The Group recorded net cash used in financing activities of S\$9.0 million (FY2020: S\$17.5 million), mainly for net repayment of bank borrowings and interest of S\$3.2 million (FY2020: S\$16.1 million), dividend paid to shareholders of S\$2.3 million (FY2020: nil), repurchase of own shares of S\$1.9 million (FY2020: nil) and payment of lease liabilities of S\$1.5 million (FY2020: S\$1.4 million).

VALUATION OF PROPERTIES

The net asset value of the Group of S\$86.9 million as at 31 December 2021 was derived based on the carrying value of net assets of the Group, including our properties in Shenzhen and Thailand which are carried at S\$18.4 million and S\$10.7 million respectively. The Group engaged qualified professional valuers to value our properties in Shenzhen and Thailand as at 31 December 2021. The valuation for the Shenzhen property using the market approach by referencing to comparable market transactions was RMB253.0 million (approximately S\$53.6 million), and the valuation for the Thailand property, using the cost approach by referencing to a notional replacement site in the same locality and gross replacement cost of the buildings was THB298.0 million (approximately S\$12.1 million). The aggregate fair market value of the properties is approximately S\$36.6 million above the carrying value.

OUTLOOK AND FUTURE PROSPECTS

Although the HDD industry benefitted from the robust market demand in the past two years, the total HDD units are expected to continue to decline through 2024, according to TrendFocus, Inc. For 2021, the total HDD shipments held nearly flat year-over-year. The increase in unit shipments from cloud and renewed commercial spending cushioned the overall decline across several HDD segments, primarily due to increased solid-state drive usage.

As the demand for high mass capacity drives (high performance enterprise HDD) and legacy drives (personal storage HDD) are expected to remain strong, the Group will continue to participate in these HDD segments and ride on the momentum to establish a sustainable future. Barring any significant macro disruption and unforeseen negative impact from the COVID-19 pandemic, we are confident that with the execution of our business strategies, the Group's prospects will remain stable.

The Group's robotics business is expected to remain part of our diversification strategy. In 2021, leveraging on our supply chain and manufacturing competencies, we launched our façade cleaning robot in China. We are currently working with a local institute of higher learning for commercialisation of the façade cleaning robot in Singapore. Optimising the potential of artificial intelligence robots, the Group has also added disinfection and service robots to expand its product line and

MESSAGE FROM CHAIRMAN & CEO

commenced marketing activities in regional markets. We believe that the prospects for our robotics business are good as they offer solutions to many of the concerns we have today, including reducing high-risk work and reliance on manual labour and lowering costs. We are optimistic of the revenue contribution from our robotics business in the near future.

We will continue to explore options to create and unlock value for our shareholders, include evaluating the prospects of unlocking value for the Group's property in Shenzhen.

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. Furthermore, China's continuing zero-tolerance approach to dealing with the COVID-19 pandemic and the ongoing conflict between Russia and Ukraine may be challenging and uncertain for the Group's operating environment. We will continue to implement operational efficiency and productivity, build ahead and hold additional raw materials and finished goods inventory, practise financial prudence and uphold

stringent preventive measures across all our manufacturing operations to safeguard the health and safety of our employees and other stakeholders.

As a pioneer in the robotic cleaning industry, it is expected that the Group's start-up robotics business will face challenges in its growth plan. We are accelerating our business plans by expanding our product line, collaborating with higher learning institute and industry partners, and marketing our robots. We believe in the potential of smart cleaning and service robots and the benefits and positive changes that they can bring to the industry.

APPRECIATION

Our success is dependent on the support of our customers, suppliers and business partners, whom we sincerely thank. We would also like to thank our management team and employees for their hard work and dedication. Strong teamwork and resilience have proved that challenges can be overcome.

We are equally grateful to our Board members for their support and guidance. We welcome Dr Teo Ho Pin and Mr Jen Kwong Hwa who joined the Board as Independent Directors on 17 May 2021 and 20 December 2021

respectively. We are certain that Dr Teo and Mr Jen will add new perspectives, experiences and diversity to the Board. We would also like to express our sincere appreciation to Mr Eu Yee Ming Richard for his invaluable contributions over the years. Mr Eu resigned as an Independent Director on 31 December 2021 in support of the Board's renewal process.

We also thank our customers, suppliers, bankers and shareholders for staying with us through these challenging times.

Finally, to show our appreciation to shareholders for their support, the Board has recommended the proposed declaration of a final ordinary dividend of 0.5 Singapore cents per share and a special dividend of 0.5 Singapore cents per share at this coming annual general meeting. Going forward, the Board aims to propose about 30% of its net profit after tax as dividends, subject to cash requirements for M&A activities and capital expenditure.

LEW SYN PAU

Chairman

TAN CHOON HOONG

Chief Executive Officer

BOARD OF DIRECTORS & CEO

MR LEW SYN PAU

Non-Independent Non-Executive Chairman
Member, Audit Committee
Member, Nomination Committee
Member, Remuneration Committee

Mr Lew Syn Pau was appointed as our Independent Director on 2 November 2011 and was re-designated as our Non-Independent Non-Executive Chairman on 1 January 2019. He was last re-elected on 26 April 2019.

A Singapore Government Scholar, Mr Lew began his career with the Singapore Government Administrative Service. He was a Member of Parliament from 1988 to 2001 and the President of The Singapore Manufacturers' Federation from July 2002 to June 2006. 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. He is an Independent Director of Golden Energy and Resources Limited.

Mr Lew holds a Master of Engineering from Cambridge University, United Kingdom and a Master of Business Administration from Stanford University, United States of America.

MR BASIL CHAN

Lead Independent Director
Chairman, Audit Committee
Member, Nomination Committee
Member, Remuneration Committee

Mr Basil Chan was appointed as our Independent Director on 1 December 2019 and was re-designated as our Lead Independent Director on 30 April 2021. He was last re-elected on 26 June 2020.

Mr Chan has more than 35 years of audit, financial and general management experience having held senior finance positions in both private and public companies. He is the Founder and Managing Director of MBE Corporate Advisory Pte. Ltd. He is currently the Lead Independent Director of Memories Group Limited and an Independent Director of Grand Banks Yachts Limited and Nera Telecommunications Ltd. He was a former Council Member and Board Director of the Singapore Institute of Directors ("SID"), where he served for 12 years and was a member of the Corporate Governance Committee in 2001 that developed the Singapore Code of Corporate Governance. He was formerly the Deputy Chairman of the Corporate Governance Committee of the Institute of Singapore Chartered Accountants ("ISCA") and a member of the Accounting Standards Committee and Auditing & Assurance Standards Committee of ISCA. He has been re-appointed as a member of the Auditing & Assurance Standards Committee of ISCA where he is currently serving.

Mr Chan holds a Bachelor of Science (Economics) Hons degree majoring in Business Administration from the University of Wales Institute of Science and Technology, United Kingdom. He is a Fellow Member of the Institute of Chartered Accountants in England and Wales as well as a Fellow Chartered Accountant of ISCA. He is also a Fellow of the SID.

DR TEO HO PIN

Independent Director
Chairman, Nomination Committee
Member, Audit Committee
Member, Remuneration Committee

Dr Teo Ho Pin was appointed as our Independent Director on 17 May 2021.

Dr Teo is an Independent Director of Tiong Seng Holdings Limited, ISOTeam Ltd., King Wan Corporation Limited and Enviro-Hub Holdings Ltd., and the Senior Advisor to Surbana Jurong Private Limited (Managed Services Division). He is also an Adjunct Professor in the Department of Building at the National University of Singapore and a Visiting Professor at the Singapore University of Technology and Design. Prior to his present appointments, Dr Teo was the Mayor of the North West District from 2001 to 2020, and a Member of Parliament for the Bukit Panjang Constituency from 1996 to 2020. He was a legislator for 23 years since 1996. In addition to these roles, he also served as the Advisor to the Grassroots Organisations in Bukit Panjang Constituency from 1996 to 2020.

Dr Teo holds a Bachelor of Science (Building) (Second class upper honours) from the National University of Singapore (NUS) and Master and Doctorate degrees in Building from the Heriot-Watt University, United Kingdom. In 2007, Dr Teo was conferred the NUS Distinguished Alumni Award.

BOARD OF DIRECTORS & CEO

MR JEN KWONG HWA

Independent Director
Chairman, Remuneration Committee
Member, Audit Committee
Member, Nomination Committee

Mr Jen Kwong Hwa was appointed as our Independent Director on 20 December 2021.

Mr Jen is an angel investor and business advisor to start-ups and small and mid-size enterprises. He is currently a Director of Gridcomm Pte. Ltd., Endofotonics Pte. Ltd. and Connected Health Pte. Ltd. Prior to this, he was the Managing Director of Micron Semiconductor Asia Pte. Ltd. (Micron) in Singapore and an engineer by training. He started his career with Texas Instruments in 1979 and joined Micron in 1998. He was also a Director of Jurong Town Corporation and Ascendas (Singapore) Pte. Ltd. and a former member of the SIM Governing Council.

Mr Jen holds a Bachelor of Science (Engineering) (First class upper honours) from Imperial College, London.

MS WONG YI JIA

Non-Independent Non-Executive Director
Member, Nomination Committee
Member, Remuneration Committee

Ms Wong Yi Jia was appointed as our Non-Executive Director on 30 March 2015. She was last re-elected on 26 June 2020.

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 holds a Bachelor of Laws from King's College London and a Master of Laws from University College London.

MR TAN CHOON HOONG

Chief Executive Officer

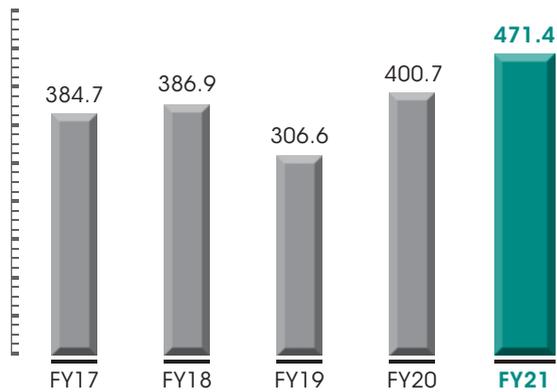
Mr Tan Choon Hoong was appointed as our Chief Executive Officer on 5 August 2019. He is responsible for providing leadership in the development of strategic plans to advance the Group's mission and objectives. He is also accountable for achieving the revenue, profitability and growth targets of the Group and ensuring production efficiency, quality, service and cost-effective management of resources. He is also on the boards of our various subsidiaries.

Mr Tan started his career with Seagate Technology and has since amassed more than 30 years of experience in the hard disk drive ("HDD") industry covering a wide scope including setup and management of operations, sales, marketing and business development activities, and strategic planning and management. He has also managed HDD component manufacturing operations in Singapore, Thailand and China.

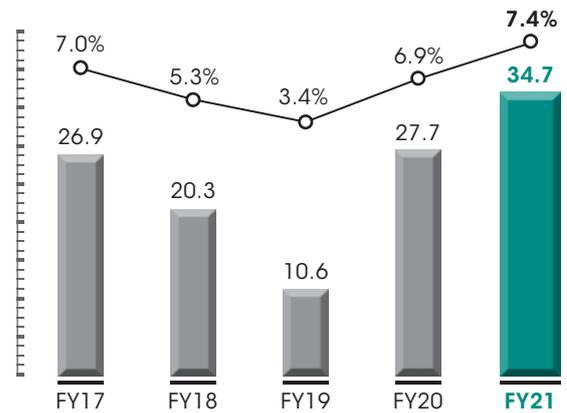
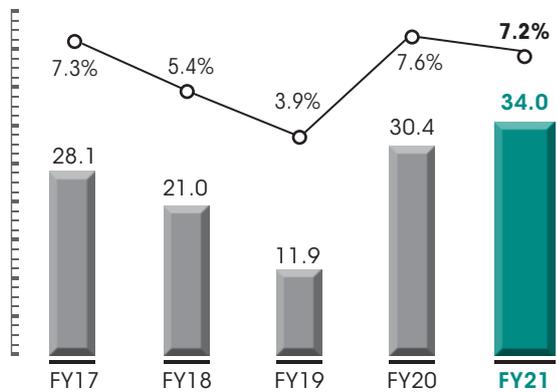
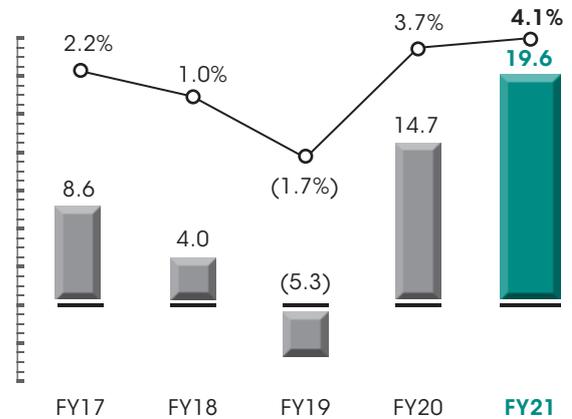
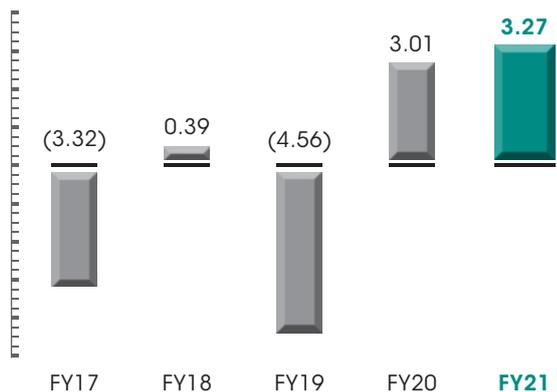
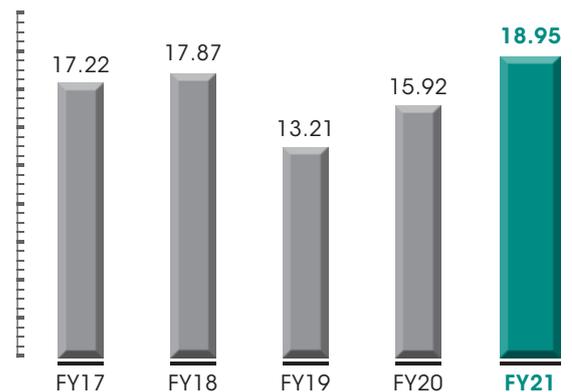
Mr Tan holds a Master of Business Administration from Preston University, a Diploma in Marketing Management from the Singapore Management Institute and a Diploma in Mechanical Engineering from Ngee Ann Polytechnic.

FINANCIAL
HIGHLIGHTS

TURNOVER (\$S' MIL)



GROSS PROFIT (\$S' MIL)

CORE EBITDA EXCLUDING NET FOREX GAINS/
LOSSES AND ALL EXCEPTIONAL ITEMS (\$S' MIL)CORE PATMI EXCLUDING NET FOREX GAINS/
LOSSES AND ALL EXCEPTIONAL ITEMS (\$S' MIL)BASIC EARNINGS
PER SHARE (\$S CENTS)NET ASSET VALUE (NAV)
PER SHARE (\$S CENTS)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lew Syn Pau	Non-Independent Non-Executive Chairman
Basil Chan	Lead Independent Director
Teo Ho Pin	Independent Director
Jen Kwong Hwa	Independent Director
Wong Yi Jia	Non-Independent Non-Executive Director

AUDIT COMMITTEE

Basil Chan (*Chairman*)
Lew Syn Pau
Teo Ho Pin
Jen Kwong Hwa

NOMINATION COMMITTEE

Teo Ho Pin (*Chairman*)
Lew Syn Pau
Basil Chan
Jen Kwong Hwa
Wong Yi Jia

REMUNERATION COMMITTEE

Jen Kwong Hwa (*Chairman*)
Lew Syn Pau
Basil Chan
Teo Ho Pin
Wong Yi Jia

REGISTERED OFFICE

3 Fusionopolis Way
#13-26 Symbiosis
Singapore 138633
Tel: (65) 6236 0088
Fax: (65) 6226 6119
Email: ir@bigl.com.sg
Website: www.bw-grp.com

JOINT COMPANY SECRETARIES

Ho Yu Han, Genevieve
Chan Wan Mei

AUDITORS

RSM Chio Lim LLP

8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095
Tel: (65) 6533 7600

Audit Partner-in-charge:

Tan Wei Ling

(*appointed with effect from the financial year ended
31 December 2019*)

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Tel: (65) 6536 5355

CORPORATE GOVERNANCE REPORT

Broadway Industrial Group Limited (the "**Company**") and its subsidiaries (together the "**Group**") are committed to upholding high standards of corporate governance. The Board of Directors of the Company (the "**Board**") has established, as far as practicable, various self-regulating and monitoring mechanisms for the Group to ensure that effective corporate governance is practised in line with the Code of Corporate Governance 2018 (the "**Code**") and relevant rules in the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

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 provisions of the Code. There are other sections in the Annual Report that are relevant to the discussion of corporate governance, hence this report should be read together with those sections.

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1

The Company is headed by an effective Board which is collectively responsible and works with management ("**Management**") for the long-term success of the Company.

Provision 1.1 Board's Role

The primary role of the Board is to provide entrepreneurial leadership, set the Group's strategic plans and objectives, identify principal risks of the Group's businesses, ensure the implementation of appropriate internal controls and risk management systems to manage these risks, and review the financial performance of the Group. The Board identifies key stakeholder groups such as shareholders, lenders, suppliers, customers, Management and employees and recognises that their perceptions may affect the Group's reputation. The Board also sets appropriate tone-from-the-top and desired organisational culture, supervises the management of the businesses and affairs of the Group and holds the Management accountable for the Group's performance. The Board has put in place internal policies to ensure that there is transparency and accountability within the Group and regularly reviews these policies.

All Directors objectively discharge their duties and responsibilities as fiduciaries and act honestly with due care and diligence in the best interests of the Group. When faced with conflicts of interest, the Directors and other officers of the Group recuse themselves from discussions and decisions involving the issues of conflict in line with the Group's Conflicts of Interest Policy. The policy sets out the applicable guidelines when dealing with instances of potential or actual conflicts of interest to protect the interests of the Group, such as a duty to disclose any personal, professional or business interests that may interfere or have the potential of interfering with that of the Group's and avoid competing interests. The policy also sets out non-exhaustive situations in which there may be a conflict of interests. The Directors facing potential and actual conflicts of interest must recuse themselves from discussions and must not vote in respect of any contract, arrangement or proposal in which they have any interest, directly or indirectly. Where papers contain sensitive information for which an officer has any interest, due care will be exercised to ensure that only the relevant officers receive these papers. Any suspected violation of the policy is reported promptly to the Chairman of the Board or the Lead Independent Director and investigated by the Audit Committee or other designated function. Appropriate action will be taken in the event that a violation has occurred.

Provision 1.2 Directors' Duties and Responsibilities

All Directors are provided with opportunities and trainings to understand the Group's businesses and their directorship duties. When new Directors are appointed to the Board, they are provided with a formal letter setting out their duties, obligations and responsibilities and a board manual containing key information about the Group, corporate

CORPORATE GOVERNANCE REPORT

documents such as the Constitution, terms of reference and policies, and ongoing matters to keep them up to date. In addition, newly appointed Directors attend comprehensive orientation programmes where they are briefed by the Chairman and Management on the Group's policies, processes, business activities, strategic direction and regulatory environment in which the Group operates. Newly appointed Directors are also introduced to the senior management team and invited to tour the Group's manufacturing facilities.

Dr Teo Ho Pin and Mr Jen Kwong Hwa, who were appointed as Independent Directors during the financial year ended 31 December 2021 ("FY2021"), received the Board induction. Mr Jen, a first-time Director with no prior experience as a director of a listed company, has attended all the relevant training courses conducted by the Singapore Institute of Directors on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST, paid by the Company.

On an ongoing basis, the Directors and Management are updated on new laws that may affect the Group's businesses and changes in regulatory requirements and financial reporting standards. They are encouraged to undergo relevant training, at the Company's expense, to enhance their skills and knowledge particularly on new laws and regulations affecting the Group's operations and governance practices. They also regularly receive details of relevant seminars and events conducted by third party institutions such as the Singapore Institute of Directors. These ensure that the Directors are kept abreast on matters that may affect and/or enhance their performance as Directors.

To aid the Nomination Committee in its review and recommendation of training and professional development programmes to the Board, the Company maintains a register of training attended by the Directors and Management. During FY2021, all the Directors and Management had received updates on regulatory and reporting requirements such as corporate governance, financial reporting, sustainability reporting, roles of board committees and changes in regulations. The Directors and Management also received training on the requirements of the Listing Manual conducted by external legal advisers, key findings of the Singapore Directorship Report and the Annual Corporate Governance Roundup conducted by the Singapore Institute of Directors.

Provision 1.3 Matters Requiring Board Approval

The Company has implemented internal guidelines governing matters that require the Board's approval which have been clearly communicated to the Management in writing. The Board approves transactions which exceed certain threshold limits, while delegating authority for transactions below the prescribed limits to the Board Committees, namely the Audit Committee ("AC"), Remuneration Committee ("RC") and Nomination Committee ("NC"), and the Management.

The Corporate Approval Matrix of the Group, which sets out the threshold limits and the requisite approvals, is reviewed on a regular basis. During FY2021, the Board reviewed and approved the updated matrix, and clearly communicated it to the Management in writing. Matters which are specifically referred to the Board for approval include material acquisitions and disposals of assets, corporate or financial restructuring, banking facilities and provision of securities, significant capital expenditures, conflicts of interest, joint venture arrangements, share issuances, interim dividends, annual budget, financial results and sustainability reporting.

Provision 1.4 Delegation of Authority to Board Committees

The Board is supported by the Board Committees that have been established to assist in the execution of its responsibilities. Each of the Board Committees operates under delegated authority from the Board, with the Board retaining oversight and ultimate responsibility, and has its own written terms of reference setting out its composition, authorities and duties. The terms of reference and any changes thereof must be approved by the Board. During FY2021, the Board reviewed and approved the updated terms of references for the Board and each of the Board Committees.

CORPORATE GOVERNANCE REPORT

The Board Committees are authorised by the Board to investigate any matter within their respective terms of reference and have full access to, and cooperation of the Management. The Board Committees have full discretion to invite any Director or Management to attend their meetings and are provided with adequate resources, at the Company's expense, to enable them to discharge their duties properly. The Board Committees report back to the Board. Through the respective Chairmen, the Board Committees provide regular updates of their activities to the Board. All resolutions and minutes of meetings of Board Committees are also provided to the Board.

Information on the Board Committees including their authorities and a summary of their activities is set out further in this report.

Provision 1.5 Attendance at Meetings

The Board meets at least once quarterly. The schedule of the Board and Board Committee meetings, as well as the Annual General Meeting ("AGM"), for each calendar year is set and issued to the Directors well in advance. Ad hoc meetings are convened when there are matters which require the Board's decision.

Notwithstanding those with multiple board representations, all Directors attend and actively participate in the Board and Board Committee meetings and ensure that sufficient time and attention are given to the affairs of the Company. The number of Board and Board Committee meetings as well as general meetings held in FY2021 and the attendance of Directors during these meetings are tabled as follows:

Meetings	Board Meetings	AC Meetings	NC Meetings	RC Meetings	General Meetings
Number of Meetings held	7	4	1	4	1
Directors					
Lew Syn Pau	7	4	1	4	1
Basil Chan ⁽¹⁾	7	4	1	4	1
Teo Ho Pin ⁽²⁾	4	2	0	2	0
Jen Kwong Hwa ⁽³⁾	1	1	0	1	0
Wong Yi Jia	7	4*	1	4	1
Eu Yee Ming Richard ⁽⁴⁾	7	4	1	4	1
Lee Chow Soon ⁽⁵⁾	2	1	1	2	1

Notes:

- (1) Mr Chan was redesignated as the Lead Independent Director of the Company and the Chairman of the AC on 30 April 2021.
- (2) Dr Teo was appointed as an Independent Director of the Company and a member of the AC, NC and RC on 17 May 2021. He was redesignated as the Chairman of the NC on 1 January 2022.
- (3) Mr Jen was appointed as an Independent Director of the Company and a member of the AC, NC and RC on 20 December 2021. He was redesignated as the Chairman of the RC on 1 January 2022.
- (4) Mr Eu resigned as an Independent Director of the Company on 31 December 2021.
- (5) Mr Lee retired as the Lead Independent Director of the Company at the AGM on 29 April 2021.

* By invitation

During FY2021, the Directors, Management and Company Secretaries attended all Board and Board Committee meetings and the annual general meeting.

CORPORATE GOVERNANCE REPORT

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. All Directors receive the relevant Board and Board Committee meeting papers even if they may not be able to attend the meeting. Besides meetings where the minutes are circulated to members for review and confirmation, the Board and Board Committees also approve matters through circulating resolutions.

Provision 1.6 **Access to Information**

The Board, together with the Management, fully appreciates the engagement in open and constructive debates. The Board challenges the Management on its proposals and assumptions, raises issues and seeks clarification as and when necessary. The Board is furnished with relevant information and analysis concerning the Group by the Management, including regular reports on the Group's financial and operational performance. In addition to copies of disclosure documents, budgets, forecasts and internal financial statements, such reports 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 are disclosed and explained to the Board.

The Directors are provided with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. The Board and the Board Committee papers are generally circulated to the Directors prior to the meeting to provide them with sufficient time to obtain further explanations, where necessary, in order to prepare for and participate effectively during the meeting. Sensitive matters may be tabled at the meeting itself or discussed without papers being circulated or tabled. The Directors also have full access to the Group's records and are provided with additional information as needed for them to make informed decisions and discharge their duties and responsibilities.

Provision 1.7 **Access to Management, Company Secretary and External Advisers**

The Board has separate and independent access to the Management and the Company Secretaries at all times through telephone, email and face-to-face meetings.

The Company Secretaries are responsible for, *inter alia*, ensuring that Board procedures are observed and that the relevant rules are complied with. The Company Secretaries assist the Chairmen of the Board and Board Committees in the development of the agendas of meetings, attend all such meetings and prepare minutes of meetings. The Company Secretaries also assist the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholders' value. The appointment and removal of the Company Secretaries is a decision of the Board as a whole. During FY2021, the Board approved the appointment of Ms Chan Wan Mei as Joint Company Secretary.

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.

Board Composition and Guidance

Principle 2

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

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Provisions 2.1, 2.2 and 2.3 Board Composition

The Board currently comprises five Directors, of whom three are Independent Directors and two are Non-Independent Non-Executive Directors. The composition of the Board and Board Committees is tabled as follows:

Name of Director	Date of Appointment	Board	AC	NC	RC
Lew Syn Pau	02/11/2011	Non-Independent Non-Executive Chairman	Member	Member	Member
Basil Chan	01/12/2019	Lead Independent Director	Chairman	Member	Member
Teo Ho Pin	17/05/2021	Independent Director	Member	Chairman	Member
Jen Kwong Hwa	20/12/2021	Independent Director	Member	Member	Chairman
Wong Yi Jia	30/03/2015	Non-Independent Non-Executive Director	-	Member	Member

Currently the Independent Directors make up a majority of the Board where the Chairman is not independent, and all Directors are non-executive.

The independence of each Director is assessed and reviewed annually by the NC. In its deliberation as to each Director's independence, the NC takes into account examples of relationships in the Code and considered whether a Director has business relationships with the Group, its substantial shareholders or its officers and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the interest of the Group. All Independent Directors also complete a confirmation of independence form annually based on the Code.

The Board recognises that Independent Directors may over time develop significant insights in the Group's businesses and operations and can continue to provide noteworthy and valuable contributions objectively to the Board as a whole. The Board is of the view that 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 NC is of the view and the Board concurs that all the 3 Independent Directors, namely Mr Chan, Dr Teo and Mr Jen are independent for FY2021, with Directors abstaining from voting on their respective independence. The NC and the Board are satisfied that all Directors have demonstrated independent mindedness and conduct in the best interest of the Group and there is a strong and independent element on the Board, enhancing its capability to exercise objective judgment on corporate affairs of the Group.

Provision 2.4 Board Diversity

The Board has implemented a Board Diversity Policy setting out the framework and objectives for promoting diversity which includes the use of key considerations (such as skills, experiences, gender, age and other distinguishing qualities of the Board members) for evaluation of new board candidates and succession planning. The Company believes that a diverse Board enhances the decision-making of the Board and reflects a range of viewpoints which increases the quality of the Company's performance and supports the attainment of its strategic objectives in the best interest of its stakeholders.

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Guided by the key considerations and skills matrix in the Board Diversity Policy, the NC reviews the Board succession plans, Board composition and Directors' areas of expertise, and makes recommendations to the Board on the appointment and re-appointment of Directors. In line with the Board renewal, the NC recommended the appointments of Dr Teo and Mr Jen who are able to provide other aspects of diversity, having due regard to the overall balance and effectiveness of the Board. The NC and the Board have assessed and are satisfied that the current structure, size, balance and diversity of the Board are appropriate to facilitate effective decision-making. 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 industry-specific knowledge in manufacturing, building management and start-up companies. The profile of each Director, including details of their academic and professional qualifications, date of first appointment and date of last re-appointment, are set out in the "Board of Directors & CEO" section of the Annual Report.

Provision 2.5

Regular Meetings of Non-Executive Directors and/or Independent Directors

The Independent Directors, led by the Lead Independent Director, meet amongst themselves at least once a year without the presence of the Non-Independent Directors and the Management. The feedback and views are communicated to the Board, Chairman or Management as appropriate. During FY2021, the Independent Directors had met amongst themselves without the presence of the Non-Independent Directors and the Management.

Chairman and Chief Executive Officer

Principle 3

There is a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making.

Provisions 3.1 and 3.2

Separation of Role of Chairman and Chief Executive Officer

To maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles and responsibilities between the Chairman and the Chief Executive Officer ("CEO"), as set out in writing, are held by separate individuals who are not immediate family members. The separation of the roles of the Chairman and the CEO ensures that there is a healthy professional relationship between the Board and the Management and facilitates effective deliberations on the business activities of the Group.

The Non-Executive Chairman, Mr Lew Syn Pau, leads the Board and manages its workings and proceedings. He plays a crucial role in fostering constructive dialogue with shareholders at the Company's general meetings, as well as between the Board and the Management. The CEO, Mr Tan Choon Hoong, heads the management of the Group and oversees the execution of the Group's corporate and business strategies and policies, and the conduct of its businesses, as approved by the Board.

Provision 3.3

Lead Independent Director

Mr Basil Chan is the Lead Independent Director of the Company. He co-ordinates and leads the Independent Directors, provides non-executive perspectives and contributes well balanced viewpoints. He meets with the other Independent Directors to discuss on matters concerning the Group, where necessary, and provides feedback to the Board, Chairman or Management as appropriate. Mr Chan also provides leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. He 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 or inadequate.

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Board Membership

Principle 4

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2 Nomination Committee

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

Teo Ho Pin (Chairman) (appointed as member on 17 May 2021 and Chairman on 1 January 2022)
Lew Syn Pau
Basil Chan
Jen Kwong Hwa (appointed as member on 20 December 2021)
Wong Yi Jia

Mr Chan, the Lead Independent Director of the Company, is a member of the NC.

The NC is regulated by a set of written terms of reference setting out its duties and responsibilities. The key functions of the NC are as follows:

- (a) to review the structure, size, balance and diversity 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 decide whether Directors with multiple board representations and principal commitments are able to and have been adequately carrying out their duties as Directors;
- (e) to evaluate the performance and effectiveness of the Board, Board Committees and individual Directors;
- (f) to review succession plans for the Directors, Chairman, CEO and key management personnel ("**Key Management Personnel**"); and
- (g) to review training and professional development programmes for the Board and its Directors.

Provision 4.3 Selection, Appointment and Re-appointment of Directors

The search and nomination process for new Directors is conducted through contacts, recommendations and executive search firms. The NC meets with the shortlisted candidates with the appropriate profile to review and assess suitability and to ensure that the candidates understand the Group's businesses and expectation and level of commitment, before nominating the most suitable candidate to the Board for approval. The NC takes into consideration the skills and experiences required to support the Group's business activities or strategies and the current structure, size, balance and diversity 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. No executive search firm was engaged in FY2021. The new Directors appointed during FY2021 were recommended through contacts and recommendations and interviewed by the NC and the Board.

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New Directors are appointed by the Board by way of written resolutions, after taking into consideration the recommendation of the NC. In accordance with the Company's Constitution, new Directors are required to submit themselves for re-election at the next AGM of the Company following their appointment. The Constitution also requires one-third of the Directors for the time being to retire by rotation at every AGM. All Directors are subject to retirement at least once every three years and are eligible for re-election at the AGM. As recommended by the NC, the Board had nominated Mr Lew, being the longest in office, for retirement pursuant to Regulation 94 of the Constitution at the forthcoming AGM. Dr Teo and Mr Jen who were appointed during the year are required to retire from office pursuant to Regulation 100 of the Constitution at the AGM. Mr Lew, Dr Teo and Mr Jen have agreed to offer themselves for re-election. More information is contained in the Notice of AGM and "Additional Information on Director seeking Re-election" section of the Annual Report.

Provision 4.4 **Independence of Directors**

As disclosed in Principle 2 above, after taking into account the NC's assessment, the Board is of view that Mr Chan, Dr Teo and Mr Jen are considered independent, and that no individual or small group of individual dominates the Board's decision-making process.

None of the Independent Directors has been on the Board for more than 9 years.

Provision 4.5 **Multiple Directorships**

The Company currently does not have any alternate directors. All Directors are aware that they should commit sufficient time, attention, resources and expertise to the affairs of the Group. They declare their board representations and principal commitments to the Company as and when there are changes and on an annual basis.

The NC reviews annually each Director's board representations, principal commitments, and contributions to the Company. As recommended by the NC, the Board agrees that no guidelines on a reasonable and maximum number of board representations and principal commitments are required. Instead, each Director will be assessed on a case-by-case basis. Although some Directors have multiple board representations and principal commitments that are not within the Group, the NC and the Board are satisfied that sufficient time and attention has been given by the Directors to the affairs of the Group, taking into account their attendance at Board and Board Committee meetings, active participation and transparent disclosure of board representations and principal commitments, and are of the view that such multiple board representations and principal commitments do not hinder them from carrying out their duties as Directors of the Company.

Information on the Directors' board representations and principal commitments is set out in "Board of Directors & CEO" section of the Annual Report.

Board Performance

Principle 5

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

Provisions 5.1 and 5.2 **Assessment of Board Performance**

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

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his or her personal and confidential evaluation of the Board's overall effectiveness in accomplishing its goals and discharging its responsibilities. It also provides insights into the functioning of the Board, while identifying areas that might need strengthening and development.

During FY2021, the NC reviewed, and the Board approved, the objective performance criteria for Board evaluation to provide for the evaluation of the contribution by the Chairman and each individual Director to the Board and the Board Committees and the adoption of a new Board Performance Evaluation Questionnaire. Each Director is required to complete the questionnaire to assess the overall effectiveness of the Board. The areas under evaluation include board structure, board information, internal controls and risk management, board accountability, CEO/Top Management, assessment for Chairman, and self-assessment. The self-assessment includes attendance, commitment, participation, contributions and disclosure of interests of each Director. The NC evaluates the responses and provides its comments and recommendations to the Board on any changes that would help the Board discharge its duties more effectively. The Board performance evaluation process is conducted by the in-house Company Secretary. No external facilitator was engaged for the Board performance evaluation for FY2021.

Based on the results of the new questionnaire using the revised objective performance criteria, the NC and the Board are satisfied as to the effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contributions by the Chairman and each individual Director to the Board. The NC and the Board will continue to review, on an on-going basis, and recommend appropriate changes if deemed appropriate.

REMUNERATION MATTERS

Procedures for Development of Remuneration Policies

Principle 6

The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel. No Director is involved in deciding his or her own remuneration.

Provisions 6.1, 6.2 and 6.3 Remuneration Committee

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

Jen Kwong Hwa *(Chairman) (appointed as member on 20 December 2021 and Chairman on 1 January 2022)*
Lew Syn Pau
Basil Chan
Teo Ho Pin *(appointed as member on 17 May 2021)*
Wong Yi Jia

All members of the RC are Non-Executive Directors.

The RC has adopted written terms of reference setting out its duties and responsibilities. The RC's primary function is in attracting, retaining and rewarding well-qualified persons to serve the Group by pegging remuneration and benefits at competitive market rates. The RC reviews and makes recommendations to the Board on the framework of remuneration for the Board and Key Management Personnel and the specific remuneration packages for each Director and Key Management Personnel to ensure they are at sufficiently competitive levels.

The RC considers all aspects of remuneration, which includes Directors' fees, salaries, allowances, bonuses and benefits-in-kind, to ensure they are fair. The RC reviews the annual increments and variable bonuses to be granted to the Key Management Personnel. The RC also reviews the Group's obligations arising in the event of termination of the

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Key Management Personnel to ensure that the contract of service contains fair and reasonable termination clauses which are not overly generous. Each of the Key Management Personnel has an employment contract with the Group which can be terminated by either party by giving notice of resignation or termination. Each employment is on a long-term basis and there are no onerous removal clauses in the employment contract.

Provision 6.4 Remuneration Consultants

No Director decides his or her own remuneration and the Directors' fees are paid only after approval by shareholders at the Company's AGM. Where required, the RC may from time to time seek independent professional advice on the Directors' remuneration and executive compensation at the Company's expense. No external remuneration consultants were engaged in FY2021.

Level and Mix of Remuneration

Principle 7

The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provisions 7.1, 7.2 and 7.3 Disclosure on Remuneration of Directors and Key Management Personnel

Non-Executive Directors do not have service agreements with the Company. Their terms in office are specified in the Constitution. Each of the Non-Executive Directors receives a base Director's fee and additional fees in respect of each Board Committee that they serve on, with the Chairmen of the Board Committees receiving a higher fee in respect of their service as Chairman of the respective Board Committees. The Lead Independent Director also receives a fee for his additional facilitative role within the Board.

When reviewing the structure and level of Directors' fees, the RC ensures that it is appropriate to the level of the Non-Executive Directors' contributions to the Group. The RC and the Board are of the view that the remuneration of the Non-Executive Directors is appropriate to their level of contribution, taking into account factors such as their effort and time spent, their roles and responsibilities, and that the specific remuneration package for each Director does not compromise his or her independence.

The Company does not prohibit or require the Directors to acquire its shares. However, the Directors are encouraged to align their interests with that of the shareholders but are advised to acquire shares of the Company with due care and within a limit that does not compromise their independence.

The compensation packages for the Key Management Personnel comprise a fixed basic salary and allowances as well as a variable annual bonus. The RC reviews the remuneration of the Key Management Personnel to ensure that it is commensurate with their individual performance and that of the Group. This is to link rewards to corporate and individual performance to promote the long-term growth and performance of the Group and to create enterprise value for the shareholders. Short-term incentives comprise an annual variable bonus which is determined by the achievement of corporate goals, subject to organisational and functional performance. The RC reviews and the Board approves the bonus pool for distribution. Save for the remuneration of the Key Management Personnel, the Management reviews and allocates the bonus pool based on employee's individual performance and contributions.

Following the review of the remuneration framework and specific remuneration packages, the RC and the Board are satisfied that the remuneration is aligned with the interests of the Company and its shareholders and appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and the Key Management Personnel to successfully manage the Company for the long term.

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Disclosure on Remuneration

Principle 8

The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1

Disclosure of Remuneration of Directors and Key Management Personnel

The RC and the Board are of the view that full disclosure on remuneration of the Directors and Key Management Personnel will not benefit the Company, as remuneration matters are highly sensitive and confidential. This is especially so for remuneration for the Key Management Personnel, due to the competitive industry and human resource environment in which the Group operates in. A breakdown showing the level and mix of each individual Director's fees and Key Management Personnel's remuneration in percentage terms is set out below.

Name of Director	Directors' Fees %	Salary ⁽¹⁾ %	Bonus ⁽¹⁾ %	Allowance ⁽²⁾ %	Total %
Below S\$250,000					
Lew Syn Pau	100	-	-	-	100
Basil Chan ⁽³⁾	100	-	-	-	100
Teo Ho Pin ⁽⁴⁾	100	-	-	-	100
Jen Kwong Hwa ⁽⁵⁾	100	-	-	-	100
Wong Yi Jia	100	-	-	-	100
Eu Yee Ming Richard ⁽⁶⁾	100	-	-	-	100
Lee Chow Soon ⁽⁷⁾	100	-	-	-	100
Name of Key Management Personnel⁽⁸⁾					
S\$1,000,000 - S\$1,249,999					
Tan Choon Hoong	-	48.35	49.13	2.52	100
S\$500,000 - S\$749,999					
Tiong Chi Sieng	-	53.12	42.72	4.16	100
Lek Yew Sen	-	53.93	40.78	5.29	100
S\$250,000 - S\$499,999					
Leow Yong Kim	-	60.20	26.99	12.81	100
Khoo Cheng Hoe Richard	-	62.52	23.60	13.88	100

Notes:

- (1) Included provident fund contribution by employer.
- (2) Comprised overseas living, housing and transport allowances, where applicable.
- (3) Mr Chan was redesignated as the Lead Independent Director of the Company and the Chairman of the AC on 30 April 2021.
- (4) Dr Teo was appointed as an Independent Director of the Company and a member of the AC, NC and RC on 17 May 2021. He was redesignated as the Chairman of the NC on 1 January 2022.
- (5) Mr Jen was appointed as an Independent Director of the Company and a member of the AC, NC and RC on 20 December 2021. He was redesignated as the Chairman of the RC on 1 January 2022.
- (6) Mr Eu resigned as an Independent Director of the Company on 31 December 2021.
- (7) Mr Lee retired as the Lead Independent Director of the Company at the AGM on 29 April 2021.
- (8) The Company has identified 5 Key Management Personnel, which include the CEO, for FY2021.

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The total amount of Directors' fees for FY2021, as recommended by the Board for approval by the shareholders at the AGM of the Company, is S\$464,110. The total amount of remuneration paid to the Key Management Personnel for FY2021, as recommended by the RC and endorsed by the Board, is S\$3,201,000 (in the nearest thousand).

Provision 8.2

Disclosure of Remuneration of Employees who are Substantial Shareholders or Immediate Family Members of a Director or the CEO

Ms Wong Yi Ning, the sister of Ms Wong Yi Jia, a Non-Executive Director of the Company and the daughter of Mdm Lau Leok Yee, a substantial shareholder of the Company, is employed by the Group as Senior Manager, Financial Planning & Analysis. The total remuneration paid to Ms Wong Yi Ning for FY2021 was within the band of S\$100,000 to S\$199,999.

Provision 8.3

Employee Share Schemes

The BIGL Share Option Scheme 2001 of the Company (the "Scheme"), which had expired on 7 November 2011, was used as a long-term incentive plan. All options granted under the Scheme had forfeited/lapsed and there are no outstanding options. The subsequent BIGL Share Plan of the Company (the "Plan"), which had expired on 27 July 2020, was implemented to reward, retain and motivate employees of the Group and/or associated companies, if any who had excelled in their performance and also to encourage greater dedication, loyalty and higher standards of performance. There are outstanding share awards under the Plan. There were no shares issued under the Plan during FY2021.

On 28 February 2022, the shareholders approved the BIGL Share Option Scheme 2022 and the BIGL Share Plan 2022.

The employee share schemes and plans of the Company are administered by the RC. More information is set out in the Financial Statements.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9

The Board is responsible for the governance of risk and ensures that the Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Provision 9.1

Management of Significant Risks

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 Management performs the internal control and risk management functions and reports to the AC for review. Through the AC, the Board ensures that the Management maintains a sound system of risk management and internal controls, and discusses with the Management on risks identified by the Management.

The Company has put in place internal policies for risk management and internal controls. The Management regularly reviews the Group's business and operational activities to identify areas of significant business risks and appropriate measures to control and mitigate these risks. The Management also reviews all significant control policies and procedures and highlights all significant matters to the AC. The AC reviews the Group's system of internal controls,

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including financial, operational, compliance and information technology controls, sanctions-related risks and risk management systems, to ensure 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.

In performing the statutory audit of the financial statements of the Group, the external auditors perform tests on operating effectiveness of certain accounting controls that are relevant to the audit and that the auditors intend to rely on. The AC reviews the audit processes, internal and external audit plans and any significant issues arising thereon. The AC also reviews the findings of the auditors and ensures that the Management follows up on the auditors' recommendations raised, if any, during the audit process. Any material internal control matters noted by the external auditors in the course of their statutory audit are discussed with the AC and the Board.

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 to 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 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 exchange rates.

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

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

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

The AC and the Board have assessed and are of the view that there has been no material change in the Company's risk of being subject to any sanctions law. If there is any material change, the Company will obtain legal advice where necessary and immediately announce the inherent risk exposure on SGXNet.

Provision 9.2

Board's Comment on Adequacy and Effectiveness of Internal Controls

For FY2021, the Board has received written assurances from the CEO and the Chief Financial Officer ("CFO"):

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and
- (b) that the Group's risk management and internal control systems are effective and adequate.

Based on the Group's internal controls and risk management framework, work performed by the internal and external auditors and reviews performed by the Management and the AC, 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, sanctions-related risk, and risk management systems, are adequate and effective for FY2021.

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While the system of internal controls includes safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislation, regulations and best practices, identification and containment of financial, business and compliance risks, the Board notes that no system of internal controls can provide absolute assurance against material financial misstatements, poor judgment in decision-making, human error, losses, fraud or other irregularities. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and could provide only reasonable and not absolute assurance against misstatement or loss. For FY2021, the AC and the Board have not identified any material weakness in the internal controls and risk management systems of the Group.

Audit Committee

Principle 10

The Board has an AC which discharges its duties objectively.

Provisions 10.1, 10.2 and 10.3

Audit Committee

The AC comprises the following members, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent:

Basil Chan	<i>(Chairman) (redesignated as Chairman on 30 April 2021)</i>
Lew Syn Pau	
Teo Ho Pin	<i>(appointed as member on 17 May 2021)</i>
Jen Kwong Hwa	<i>(appointed as member on 20 December 2021)</i>

The composition of the AC is in compliance with Section 201B of the Companies Act 1967 of Singapore, which prescribes that a majority of the AC must not be Executive Directors of the Company or any of its related corporations. In addition, the AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation. The Board is of the view that all the AC members have the requisite qualifications and experience to discharge their responsibilities and are suitably qualified with accounting, 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, and are able to perform the AC's role and functions independently.

The AC has the authority to investigate any activity within its written terms of reference, having unrestricted access to information relating to the Group, both internal and external auditors and the Management and employees. The AC also has full discretion to invite any Director or Management to attend its meeting and has adequate resources to enable it to discharge its functions properly.

The key functions of the AC are as follows:

- (a) reviewing the 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 judgments contained therein, before submission to the Board for approval for the release of the results announcements to the SGX-ST;
- (b) evaluating the adequacy and effectiveness of internal controls and risk management systems, including financial, operational, compliance and information technology controls of the Group;
- (c) reviewing the assurances from the CEO and the CFO on the financial records and financial statements;

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- (d) recommending to the Board on the proposals to the shareholders on the appointment or re-appointment and removal of the external auditors, and the remuneration and terms of engagement of the external auditors;
- (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function, their audit plans and the assistance given by the Management to the auditors;
- (f) approving the hiring, removal, evaluation and compensation of the accounting/auditing firm or corporation to which the internal audit function is outsourced;
- (g) meeting with the internal and external auditors, in each case, without the presence of the Management at least once annually;
- (h) reviewing accounting policies;
- (i) reviewing any interested person transactions; and
- (j) reviewing arrangements by which staff of the Group may in confidence raise concerns about possible improprieties in matters of financial reporting or other matters.

The Company has in place a whistleblowing policy which provides the mechanism for which employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. This is to ensure that shareholders' interests and the assets and reputation of the Group are safeguarded. The AC is responsible for oversight and monitoring of whistleblowing. The policy sets out, *inter alia*, the principles and the process for reporting an incident as well as examples of reportable incidents. Individuals are encouraged to be confident in raising genuine concerns without fear of reprisal, discrimination or adverse consequences. Genuine concerns on any serious wrongdoing within or by the Group may be raised in writing to the whistleblowing channel (whistleblowing@bigl.com.sg) for the attention of the AC Chairman. All concerns raised will be independently reviewed by the AC and all information provided will be kept strictly confidential, except as necessary and appropriate to conduct any relevant investigation. The AC will designate an independent function to investigate genuine whistleblowing reports and report to the Board on such matters at Board meetings or as and when the circumstances warrant. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board will take appropriate action including seeking professional advice where necessary. There was no whistleblowing incident reported in FY2021. The policy is uploaded on the Company's website and is disseminated to employees.

The AC is regularly updated and briefed by the Management and the external auditors, Messrs RSM Chio Lim LLP ("**RSM**"), on any changes to accounting standards and issues which have a direct impact on the financial statements of the Group.

In appointing RSM as the external auditors of 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 AC has assessed the performance of the external auditors based on factors such as the performance and quality of their audit and their independence, and that they have the adequate resources and experience to audit the Group. The AC has also reviewed the aggregate amount of fees paid for or payable to the external auditors for FY2021 and the non-audit services rendered by the external auditors for FY2021, and is satisfied that the independence of the external auditors has not been impaired and compromised. The aggregate amount of fees paid to the external auditors of the Group for FY2021 is disclosed under Note 8 to the Financial Statements.

CORPORATE GOVERNANCE REPORT

In addition, the external auditors have affirmed that the firm and audit team are independent in respect of the audit of the Group in accordance with the Accounting and Corporate Regulatory Authority's Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities together with the ethical requirements that are relevant to the audit. Accordingly, the AC has recommended to the Board, and the Board has concurred for RSM to be nominated for re-appointment as the external auditors of the Group for the financial year ending 31 December 2022 at the forthcoming AGM.

Provision 10.4 Internal Audit

The Company has engaged Messrs Yang Lee & Associates ("Yang Lee") as the Group's internal auditors for FY2021. 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 internal auditors report directly to the AC on internal audit matters. The AC reviews and approves the annual internal audit plan, reports and activities on an on-going basis. 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 internal audit team from Yang Lee is staffed by suitably qualified and experienced professionals and is independent, effective and adequately resourced to discharge its responsibilities, and that the internal audit function is effective and adequate in meeting the needs of the Group. The internal auditors are a member of The Institute of Internal Auditors Singapore, a professional internal auditing body.

Provision 10.5 Meeting with External and Internal Auditors

The AC meets with the external auditors, and with the internal auditors, in each case without the presence of the Management, at least once a year. Such private meetings enable the AC to obtain feedback on the competency and adequacy of the Group's finance function and inquire if there are any material weaknesses or control deficiencies over the Group's financial reporting process. The meetings also enable the external auditors and internal auditors to highlight to the AC any issues faced during their audits. During FY2021, the AC had met with the external auditors, and with the internal auditors, in each case without the presence of the Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions 11.1, 11.2, 11.3, 11.4 and 11.5 General Meetings

General meetings are the principal forum for dialogue with shareholders where they are provided the opportunity to share their views and ask the Directors and the Management questions regarding the Group's business activities and financial performance. As such, shareholders are encouraged to attend and participate at the Company's general meetings to ensure that they have a better understanding of the Group's plans and developments for the future.

CORPORATE GOVERNANCE REPORT

To enable shareholders to participate effectively in and vote at general meetings, the Company ensures that all shareholders receive its annual reports, circulars and notices of general meetings within the mandatory periods prescribed by applicable laws and regulations with adequate, timely and sufficient information, and brief shareholders of the rules governing the general meetings. The Company also ensures that separate resolutions are tabled at general meetings on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled or made inter-conditional on each other, the Company provides clear explanations in the notice of meeting.

All Directors, Management, external auditors and Company Secretaries attend the AGM. External auditors are present to address shareholders' queries on the conduct of the audit and the preparation and content of their report. The Chairmen of the Board Committees are present to address shareholders' queries relating to the activities of the Board Committees. The Management is also present to respond to operational questions from shareholders.

The Company currently does not implement absentia-voting methods by mail, email or fax, until issues on security and integrity are satisfactorily resolved. The Company allows the appointment of a proxy, attorney or in the case of a corporation, a corporate representative, to cast their votes in their stead. Each shareholder who is entitled to attend, speak and vote may vote in person or appoint not more than two proxies. Corporations which provide nominee or custodial services are allowed to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

In view of the COVID-19 pandemic, the Company held its AGM in FY2021 by way of electronics means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Shareholders participated in the AGM via electronic means, and their questions in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the AGM. The Company addressed all substantial and relevant questions submitted in advance of the AGM during the AGM.

All resolutions at general meetings are put to vote by poll. The Company appoints an independent scrutineer to count and validate the votes at general meetings. The results of each resolution, with details of percentages in favour and against, are announced after the meeting via SGXNet and uploaded on the Company's website.

The Company publishes minutes of general meetings on SGXNet and on its corporate website as soon as practicable. The meetings include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, responses from the Board and the Management.

Provision 11.6 **Dividend Policy**

The Company is committed to rewarding shareholders fairly and sustainably, consistent with its long-term growth prospects. It has formalised a dividend policy which aims to propose about 30% of the Group's annual net attributable profit as dividends from the financial year ending 31 December 2022 onwards, subject to cash requirements for M&A activities and capital expenditure. The final dividend will be subject to shareholders' approval.

In the event that no dividend is declared, balancing, among other things, the Group's capital structure, cash requirements, future plans and general financial condition, and absence of any circumstances which may reduce the amount of reserves available to pay dividends, the Company will disclose the reason(s) in accordance with the Listing Manual of the SGX-ST.

To show our appreciation to shareholders for their support, the Board has in August 2021 declared an interim dividend of 0.5 Singapore cents per share (paid in September 2021) and recommended the proposed declaration of a final ordinary dividend of 0.5 Singapore cents per share and a special dividend of 0.5 Singapore cents per share at this coming AGM.

CORPORATE GOVERNANCE REPORT

Engagement with Shareholders

Principle 12

The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provisions 12.1, 12.2 and 12.3 Communication with Shareholders

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 are released in a timely manner and equally to the general public and shareholders by way of public releases or announcements through SGXNet. Where material information is inadvertently disclosed, the Company will disclose publicly to all others as promptly as possible via SGXNet.

The investor relations function of the Company is managed by the in-house team. The team is guided by the principles and practices as set out in the Investor Relations Policy. The policy aims to facilitate an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with its current and prospective investors. Investors may contact the investor relations team through the Company's general line at +65 6236 0088 or email address at ir@bigl.com.sg. The team endeavours to attend to all genuine queries and feedback as soon as practicable.

In line with its commitment to engage and promote communication with shareholders and investors, the Company engaged a public relations consultant and held an analyst briefing in August 2021. The Directors and the Management attended the analyst briefing and appreciated the interest and valuable feedback from the investment community.

MANAGING STAKEHOLDERS' RELATIONSHIPS

Engagement with Stakeholders

Principle 13

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Provisions 13.1, 13.2 and 13.3 Communication with Stakeholders

The Company has arrangements in place to identify and engage with its material stakeholder groups and uses various medium and channels including its corporate website at www.bw-grp.com and meetings to manage and improve on its relationships with these groups. The Board ensures that the business interests of the Group are aligned with those of its stakeholders for long-term growth. The Board considers and balances the needs and interests of material stakeholders, as part of its overall responsibility to secure the long-term future of the Group.

As part of the Company's sustainability framework that outlines its sustainability efforts, the Company recognises not only its obligations to shareholders but also the interests of its key stakeholders including suppliers, customers and employees who have been identified as those who are impacted by and are able to impact the Group's business and operations. Having identified these stakeholders, the Company understands their concerns and provides the necessary resources to address key areas of focus so as to manage and improve stakeholder relationships. Some

CORPORATE GOVERNANCE REPORT

of the Company's engagement methods include corporate events and trainings for employee engagement and general and analyst meetings for engagement with the investment community. For more information, please refer to the Company's Sustainability Report for FY2021 which will be separately published.

OTHER CORPORATE GOVERNANCE MATTERS

Dealing with Securities

The Company takes a serious stance on inappropriate handling of inside information and failure to comply with laws, regulations and corporate policies and will investigate all genuine concerns or irregularities raised. The Group's Securities Trading Policy complies with the applicable regulations under the Securities and Futures Act 2001 of Singapore and the Listing Manual of the SGX-ST with respect to dealings in securities of the Company. The policy sets out, inter alia, examples of possible inside information, identification of privy persons, situations where trading is prohibited, and obligations to declare all dealings in the Company's securities.

Reminders with a copy of the policy are sent to all Directors and employees to remind them not to trade during prohibited periods. The Company and the Directors and employees of the Group are not allowed to deal in the Company's securities during the period commencing one month before the announcement of its half year and full year results. The Directors and employees are also reminded not to deal in the Company's securities on consideration of a short-term nature or when they are in possession of unpublished material and price-sensitive information. The Directors and employees are expected to observe the insider trading laws at all times when dealing in shares of the Company within permitted trading periods.

Interested Person Transactions

There were no interested person transactions ("IPT") entered with the Group that amounted to more than S\$100,000 in FY2021.

The Group's IPT policy sets out, inter alia, the relevant definitions and the review, approval and disclosure requirements under the Listing Manual of the SGX-ST, to ensure that any IPT between an entity at risk and an interested person are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Company maintains a list of entities at risk and interested persons, tracks IPTs, monitors the review, approval and disclosure requirements and reports the lists of IPTs, if any, to the AC on a quarterly basis. The AC is responsible for oversight and monitoring of IPTs. The AC reviews all recorded IPTs and the basis of such transactions to ensure the adequacy of the Company's internal controls.

Material Contracts

There were no material contracts of the Group involving the interests of the Directors, CEO or controlling shareholders, which are either still subsisting at the end of the FY2021 or, if not then subsisting, were entered into since the end of the previous financial year.

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 2021.

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 2021 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	
Basil Chan	
Wong Yi Jia	
Teo Ho Pin	(appointed on 17 May 2021)
Jen Kwong Hwa	(appointed on 20 December 2021)

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year had no interests 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 Companies Act 1967 (the "Act") except as follows:

Name of directors and companies in which interests are held	Direct interest	
	At beginning of the reporting year or date of appointment, if later	At end of the reporting year
The company	Number of shares of no par value	
Lew Syn Pau	44,572,639	44,572,639
Basil Chan	-	150,000
Teo Ho Pin	-	265,100

The directors' interest as at 21 January 2022 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year 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 Plan" in this statement below.

On 28 February 2022, the shareholders of the company approved the adoption of the BIGL Share Option Scheme 2022 and the BIGL Share Plan 2022 at an Extraordinary General Meeting held on the same day.

5. Share plan

The BIGL 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 expired on 27 July 2020.

The Plan was administered by the company's Remuneration Committee, comprising five directors, Jen Kwong Hwa (Chairman), Lew Syn Pau, Basil Chan, Dr Teo Ho Pin, and Wong Yi Jia.

The Plan was intended to reward, retain and motivate participants whose contributions were essential to the long-term success and development of the group and who excelled in their performance, and to encourage greater dedication, loyalty and higher standards of performance.

Awards were 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 were eligible to participate in the Plan subject to the absolute discretion of the Remuneration Committee. Non-executive directors of the company, controlling shareholders and their associates were not eligible to participate in the Plan.

The actual number of shares awarded depended on the achievement of set targets over a four-year period. This was determined by the Remuneration Committee at the end of the qualifying performance period and released to the participants 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 2021	Share awards vested in 2021	Share awards forfeited in 2021	Share awards not released as at 31 December 2021
4 April 2016	20,000	-	(20,000)	-
4 May 2016	45,000	-	(45,000)	-
4 June 2017	40,000	(40,000)	-	-
4 June 2018	60,000	(20,000)	-	40,000
	165,000	(60,000)	(65,000)	40,000

STATEMENT BY DIRECTORS

5. Share plan (Continued)

Since the commencement of the Plan, no share awards had been granted to the non-executive directors of the company, controlling shareholders and their associates and no participant had 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 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 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 2021.

6. Audit committee

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

Basil Chan (Chairman)	Lead independent director
Lew Syn Pau	Non-executive director
Teo Ho Pin	Independent and non-executive director
Jen Kwong Hwa	Independent and non-executive director

The Audit Committee performs its functions specified in Section 201B(5) of the Act, the 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 company's internal auditor, the scope of the internal audit plan, the internal audit report and the results of the internal audit procedures, including those relating to financial, operational, compliance and information technology controls and risk management;
- Reviewed with the company's external auditor, the scope of the external audit plan, the external audit report, the results of the external audit procedures, and the evaluation of the internal accounting control that are relevant to the statutory audit;
- Reviewed the assistance provided by the company's officers to the internal and external auditors;
- Reviewed the financial information and the annual financial statements of the group and of 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's Listing Manual).

STATEMENT BY DIRECTORS

6. Audit committee (Continued)

The Audit Committee has full access to the management of the company and is given the resources required for it to discharge its functions. It has full authority and 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 the external auditor's objectivity and independence is safeguarded where the independent auditor provides 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 RSM Chio Lim LLP be nominated for re-appointment as external auditor of the company at the forthcoming Annual General Meeting of the company.

In relation to the appointment of the external auditor, the Audit Committee is satisfied that the company is in compliance with Rules 712, 715 and 716 of the SGX-ST's Listing Manual.

7. Independent auditor

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

8. 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 17 February 2022, which would materially affect the group's and the company's operating and financial performance as of the date of this statement.

On behalf of the directors

.....
Lew Syn Pau
Director

.....
Basil Chan
Director

8 April 2022

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 2021, 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 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 Companies Act 1967 (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 2021 and of the consolidated financial performance, consolidated changes in equity, consolidated cash flows of the group, and the 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) Contingent liabilities relating to termination of the disposal of HDD Business

Please refer to Note 33A to the financial statements for details.

Subsequent to termination of the disposal of the HDD Business Agreement (see Note 33A for definition of HDD Business), the group received an arbitration notice dated 8 October 2021 from the China International Economic and Trade Arbitration Commission ("CIETAC") in relation to an arbitration initiated by the Purchasers (see Note 33A for definition of Purchasers) against two wholly-owned subsidiaries in the group, namely, BIGL Asia Pte. Ltd. and BIGL Technologies (Shenzhen) Co., Ltd. and the company. The Purchasers alleged that they have suffered severe losses due to the alleged breach of the Agreement (see Note 33A for definition of Agreement) (the "Allegations") and they are seeking compensation for the termination of the Agreement, expenses incurred and expected damages suffered.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

Key audit matters (Continued)

(1) Contingent liabilities relating to termination of the disposal of HDD Business (Continued)

Based on the advice of the group's external legal counsel, management is of the view that the Allegations have no factual, contractual, or legal basis and would not be supported by CIETAC. Management considered the facts and circumstances leading to the termination of the disposal of HDD Business and determined that no contingent asset nor provision for any liabilities is required to be recorded in these financial statements. Such determination requires significant management's judgement.

We assessed the professional competence and objectivity of the group's external legal counsel and discussed with management to understand the credentials of the external legal counsel. We reviewed the Agreement and discussed with management and the group's external legal counsel to understand and ascertain the basis of their assessment of no accruals for claims required at the reporting year end.

We reviewed the adequacy of disclosures in the financial statements.

(2) Carrying value of cost of investment in BIGL Asia Pte. Ltd.

Please refer to Note 17C to the financial statements for details.

As at 31 December 2021, the statement of financial position of the company included the carrying amount of its investment in a wholly-owned subsidiary, BIGL Asia Pte. Ltd. ("BIGL Asia"), amounting to \$106,400,000.

Management applied the value-in-use method (i.e. management's discounted cash flows of the HDD Business) to determine the recoverable amount of the company's investment in BIGL Asia. Based on management's assessment, the recoverable amount of the company's investment in BIGL Asia was higher than its carrying value. Consequently, management reversed an impairment loss allowance of \$15,000,000 in the current reporting year.

In estimating the value-in-use, management exercised significant judgement in projecting the HDD Business'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 calculation are disclosed in Notes 2C and 17C respectively.

With the assistance of our in-house valuation specialists, we assessed the appropriateness of the valuation methodology adopted and evaluated the reasonableness of the HDD Business's revenue growth rate, 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 value-in-use calculation.

We reviewed the adequacy of the disclosures 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those 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 Tan Wei Ling.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

8 April 2022

Engagement partner – effective for the reporting year ended 31 December 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REPORTING YEAR ENDED 31 DECEMBER 2021

	Notes	2021 \$'000	2020 \$'000 (Reclassified)
Revenue	4	471,410	400,673
Cost of sales		(436,754)	(372,950)
Gross profit		34,656	27,723
Other income	5	3,126	4,436
Distribution expenses		(2,186)	(1,573)
Administrative expenses		(14,522)	(10,877)
Sales and marketing expenses		(540)	(483)
Research and development expenses		(591)	(675)
Other expenses	5	(3,602)	(3,784)
Finance income	6	39	20
Finance costs	7	(1,125)	(1,181)
Profit before income tax	8	15,255	13,606
Income tax expense	10	(828)	(41)
Profit for the year		14,427	13,565
Other comprehensive income/(loss)			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations, net of tax		1,409	(1,420)
Total comprehensive income		15,836	12,145
Profit for the year arising from:			
Continuing operations		14,427	12,144
Discontinued operations	11	-	1,421
		14,427	13,565
Profit/(loss) for the year attributable to:			
Owners of the parent		15,269	14,113
Non-controlling interests		(842)	(548)
		14,427	13,565
Total comprehensive income/(loss) attributable to:			
Owners of the parent		16,615	12,700
Non-controlling interests		(779)	(555)
		15,836	12,145
Earnings per share		2021 Cents	2020 Cents
<i>Basic</i>	12		
Continuing operations		3.27	2.71
Discontinued operations		-	0.30
Total		3.27	3.01
<i>Diluted</i>	12		
Continuing operations		3.27	2.71
Discontinued operations		-	0.30
Total		3.27	3.01

STATEMENTS OF
FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
			(Reclassified)		
ASSETS					
Non-current assets					
Property, plant and equipment	14	71,400	77,277	39	55
Right-of-use assets	15	5,289	6,348	120	263
Goodwill	16	-	2,374	-	-
Investments in subsidiaries	17	-	-	106,400	91,400
Other assets	18	52	-	52	-
Other receivables, non-current	19	-	-	1,971	5,314
Total non-current assets		76,741	85,999	108,582	97,032
Current assets					
Inventories	20	39,735	27,921	-	-
Trade and other receivables	21	83,470	57,786	11,907	13,355
Other assets	22	1,116	1,140	12	1
Cash and cash equivalents	23	27,664	28,995	9,810	1,777
Total current assets		151,985	115,842	21,729	15,133
Total assets		228,726	201,841	130,311	112,165
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	24	113,166	113,164	113,166	113,164
(Accumulated losses)/retained earnings	25	(10,041)	(22,969)	16,556	(3,204)
Other reserves	26	(16,266)	(15,668)	(1,917)	27
Equity, attributable to owners of the parent		86,859	74,527	127,805	109,987
Non-controlling interests		887	1,666	-	-
Total equity		87,746	76,193	127,805	109,987
Non-current liabilities					
Other liabilities	28	2,019	1,783	-	-
Lease liabilities, non-current	29	3,927	5,158	-	117
Other payables, non-current	30	-	888	-	-
Loans and borrowings	31	5,627	11,017	-	-
Total non-current liabilities		11,573	18,846	-	117
Current liabilities					
Income tax payable		3,909	3,668	5	5
Trade and other payables	32	118,131	99,478	2,384	1,921
Loans and borrowings	31	5,627	2,204	-	-
Lease liabilities, current	29	1,740	1,452	117	135
Total current liabilities		129,407	106,802	2,506	2,061
Total liabilities		140,980	125,648	2,506	2,178
Total equity and liabilities		228,726	201,841	130,311	112,165

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

STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 DECEMBER 2021

Group	Share capital \$'000	Accumulated losses \$'000	Other reserves \$'000	Attributable to owners of the parent sub-total \$'000	Non-controlling interests \$'000	Total equity \$'000
Current year:						
Opening balance at 1 January 2021	113,164	(22,969)	(15,668)	74,527	1,666	76,193
Total comprehensive income/(loss) for the year	-	15,269	1,346	16,615	(779)	15,836
Purchase of treasury shares (Note 26A)	-	-	(1,930)	(1,930)	-	(1,930)
Share-based payment (Notes 26A and 26C)	2	-	(14)	(12)	-	(12)
Dividends paid (Note 13)	-	(2,341)	-	(2,341)	-	(2,341)
Closing balance at 31 December 2021	113,166	(10,041)	(16,266)	86,859	887	87,746
Previous year:						
Opening balance at 1 January 2020	113,163	(37,082)	(14,251)	61,830	24	61,854
Total comprehensive income/(loss) for the year	-	14,113	(1,413)	12,700	(555)	12,145
Share-based payment (Notes 26A and 26C)	1	-	(4)	(3)	-	(3)
Acquisition of a subsidiary (Note 17B)	-	-	-	-	2,197	2,197
Closing balance at 31 December 2020	113,164	(22,969)	(15,668)	74,527	1,666	76,193

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

STATEMENTS OF CHANGES IN EQUITY

REPORTING YEAR ENDED 31 DECEMBER 2021

Company	Share capital \$'000	(Accumulated losses)/ retained earnings \$'000	Other reserve \$'000	Total equity \$'000
Current year:				
Opening balance at 1 January 2021	113,164	(3,204)	27	109,987
Total comprehensive income for the year	-	22,101	-	22,101
Purchase of treasury shares (Note 26A)	-	-	(1,930)	(1,930)
Share-based payment (Notes 26A and 26C)	2	-	(14)	(12)
Dividends paid (Note 13)	-	(2,341)	-	(2,341)
Closing balance at 31 December 2021	113,166	16,556	(1,917)	127,805
Previous year:				
Opening balance at 1 January 2020	113,163	(1,000)	31	112,194
Total comprehensive loss for the year	-	(2,204)	-	(2,204)
Share-based payment (Notes 26A and 26C)	1	-	(4)	(3)
Closing balance at 31 December 2020	113,164	(3,204)	27	109,987

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

CONSOLIDATED STATEMENT OF CASH FLOWS

REPORTING YEAR ENDED 31 DECEMBER 2021

	2021 \$'000	2020 \$'000
Cash flows from operating activities		
Profit before income tax	15,255	13,606
Allowance for inventory obsolescence	147	(891)
Club membership written-off	-	101
Depreciation of property, plant and equipment	11,805	13,391
Depreciation of right-of-use assets	1,589	1,715
Equity-settled share-based payment transactions	(12)	(3)
Fair value losses on financial derivatives, net	-	30
Loss/(gain) on disposal of property, plant and equipment	13	(47)
Impairment loss on goodwill	2,374	-
Provision for costs associated with product quality	-	207
Write-back of allowance for doubtful receivables	(30)	(96)
Interest expense	1,125	1,181
Interest income	(39)	(20)
Operating cash flows before changes in working capital	32,227	29,174
Inventories	(11,299)	8,339
Trade and other receivables	(24,274)	(8,622)
Other assets	50	(391)
Trade and other payables	16,791	17,410
Other liabilities	196	328
Net cash flows from operations	13,691	46,238
Income tax paid	(666)	(3,899)
Net cash flows from operating activities	13,025	42,339
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,644)	(3,658)
Proceeds from disposal of property, plant and equipment	130	382
Acquisition of a subsidiary, net of cash acquired (Note 17B)	-	(141)
Acquisition of other assets	(52)	-
Interest income received	39	20
Net cash flows used in investing activities	(5,527)	(3,397)
Cash flows from financing activities		
Uplift of cash pledged as security	5	-
Proceeds from bank borrowings	12,665	115,156
Repayment of bank borrowings	(14,783)	(130,029)
Dividends paid to equity owners	(2,341)	-
Payment for principal portion of lease liabilities	(1,480)	(1,407)
Purchase of treasury shares	(1,930)	-
Interest expense paid	(1,125)	(1,181)
Net cash flows used in financing activities	(8,989)	(17,461)
Net (decrease)/increase in cash and cash equivalents	(1,491)	21,481
Cash and cash equivalents, beginning balance	28,990	8,717
Effect of exchange rate fluctuations on cash held	165	(1,208)
Cash and cash equivalents, ending balance (Note 23A)	27,664	28,990

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 ("S\$") and they cover the company and the subsidiaries (collectively, the "group"). All financial information in these financial statements are rounded to the nearest thousand ("S\$'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 directors have the power to amend and reissue the financial statements.

The company is an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 17 below.

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

The Covid-19 pandemic and its aftermath

The Covid-19 pandemic and its aftermath of the pandemic has caused disruptions to the world. Management has considered the market conditions, customers, supply chain, staffing and the countries in which the group operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of the Covid-19 pandemic.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") 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 Companies Act 1967 (the "Act") 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 a financial reporting standard 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. GENERAL (CONTINUED)

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 group's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2C below, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (collectively, the parent and its subsidiaries) 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 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 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 equity investments 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 group 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies (Continued)

Revenue recognition (Continued)

Sale of goods

Revenue 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).

Provision of services

Revenue from provision of cleaning and other related services is recognised when the company satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Other income

Interest income is recognised using the effective interest method.

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).

Pursuant to relevant regulations of the People's Republic of China ("PRC") government, the subsidiaries in the PRC have participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries in the PRC are required to contribute to a certain percentage to the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the group. Contribution to the Scheme are recorded as an expense as they fall due.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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

2A. Significant accounting policies (Continued)

Employee benefits (Continued)

The group has obligations in respect of severance payments that it must make to its employees of its subsidiary in Thailand, upon their retirement under the Thailand Labour Law. The group treats these severance payment obligations as a defined benefit plan. Under the defined benefit plan contributions are set at a level that is expected to be sufficient to pay the benefits falling due in the same period, and future benefits earned during the current period will be paid out of future contributions and the employees' benefits are determined by their length of their service. Such a plan creates actuarial risk for the group: if the ultimate cost of benefits already earned at the end of the reporting year is more than expected, the group would have to either increase its contributions or to persuade employees to accept a reduction in benefits.

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

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.

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 2021

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 at 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 company 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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

2A. Significant accounting policies (Continued)

Property, plant and equipment (Continued)

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 is 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.

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.

Right-of-use assets

Right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment. The estimated useful lives of the right-of-use assets are as follows:

Buildings and office	-	1 to 6 years (period of lease)
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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 reporting entity'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 2021

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

2A. Significant accounting policies (Continued)

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with the financial reporting standard on financial instruments.

As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

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.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with the financial reporting standard on business combinations (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with the financial reporting standard on business combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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

2A. Significant accounting policies (Continued)

Goodwill (Continued)

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. 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 other than goodwill 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 or amortisation, if no impairment loss had been recognised.

Inventories

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 group 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. 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. 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.

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 FVTOCI: There were no financial assets classified in this category at reporting year end date.
4. Financial asset classified as measured at FVTPL: There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities

Financial liabilities are classified as at 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 2021

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, if any.

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

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 group's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

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 2021

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

2B. Other explanatory information

Segment reporting

The group 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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.

Contingent liabilities – termination of the disposal of HDD Business

As disclosed in Note 33A, the group received an arbitration notice dated 8 October 2021 from the China International Economic and Trade Arbitration Commission (“CIETAC”) in relation to an arbitration initiated by the Purchasers (see Note 33A for definition of Purchasers) against two wholly-owned subsidiaries in the group, namely, BIGL Asia Pte. Ltd. and BIGL Technologies (Shenzhen) Co., Ltd., and the company. Based on the advice of the group’s external legal counsel, management is of the view that the Allegations have no factual, contractual, or legal basis and would not be supported by CIETAC. Management considered the facts and circumstances leading to the termination of the disposal of HDD Business and determined that no contingent asset nor provision for any liabilities is required to be recorded in these financial statements. Such determination requires significant management’s judgement. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different could require a material adjustment to an asset or provision for liabilities.

Contingent liabilities – warranties and indemnities provided

As disclosed in Note 33B, the company provided certain warranties and indemnities to the purchaser of its Foam Plastics Solutions and Flow Control Device businesses (the “Disposal Businesses”) for tax liabilities incurred by the Disposal Businesses prior to 30 December 2016. As purchaser has up to six years after the date of completion (i.e. 30 December 2022) to submit its tax related claims, management is not able to reasonably estimate the probable obligations in relation to such claims under the Sale and Purchase Agreement. Accordingly, management exercised judgement and determined that it is not necessary to make provision for any liabilities in the financial statements. 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 accruals made.

Recoverable amount of the company’s investment in BIGL Asia Pte. Ltd. (“BIGL Asia”)

As disclosed in Note 17C, management applied the value-in-use method (i.e. management’s discounted cash flows of the HDD Business) to determine the recoverable amount of the company’s investment in a wholly-owned subsidiary, BIGL Asia. In estimating the value-in-use, management exercised significant judgement in projecting the HDD Business’s revenue growth rate, gross profit margin, EBITDA margin, future capital expenditure, discount rate and terminal value. There are also estimation uncertainties. 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 asset affected. The carrying amount of the company’s investment in BIGL Asia is disclosed in Note 17 below.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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

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

Impairment assessment of the group's goodwill

An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by current and expected technological advancement, market or economic conditions. Judgement is required in determining the recoverable amount of goodwill. Management's considerations in determining the recoverable amount are disclosed in Note 16 below. Actual outcomes could vary from these estimates.

Contingent liabilities – Tax

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 with tax adjustments of up to 10 years of the operations under review. The group has recognised tax liabilities based on its assessment of whether it is probable, that additional taxes and interests will be due, as the group believes that certain positions may not be fully substantiated upon review by tax authorities, despite its belief that its tax return positions are supportable.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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

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

3A. Related party transactions

There are transactions and arrangements between the group and its related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and 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	
	2021 \$'000	2020 \$'000
Fees payable to firms of which the directors are members	<u>201</u>	<u>144</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3B. Key management compensation

	Group	
	2021 \$'000	2020 \$'000
Directors' fees	464	475
Salaries and other short-term employee benefits	3,643	2,512
Post-employment benefits	106	115
	4,213	3,102
Included in the above amounts are following item:		
Directors' fees	464	475

The above amounts are included under employee benefits expense.

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.

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

3C. Balances with subsidiaries

	Company	
	2021 \$'000	2020 \$'000
<u>Other receivables, non-current</u>		
Balance at beginning of the year	5,314	-
Loans to subsidiary	22	5,284
Accrued interest income	43	30
Balance at end of the year (Note 19)	5,379	5,314

	Company	
	2021 \$'000	2020 \$'000
<u>Other receivables, current</u>		
Balance at beginning of the year	13,338	22,201
Amounts paid in and settlement of liabilities on behalf of the company	(1,441)	(8,863)
Balance at end of the year (Note 21)	11,897	13,338

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

4. REVENUE

	Group	
	2021	2020
	\$'000	\$'000
		(Reclassified)
<i>Continuing operations</i>		
Sale of goods	471,314	400,648
Provision of services	96	25
Total revenue	471,410	400,673

All contracts for sale of goods are less than 12 months. The customers are mainly manufacturers in the hard disk drive industry.

5. OTHER INCOME AND (OTHER EXPENSES)

	Group	
	2021	2020
	\$'000	\$'000
		(Reclassified)
<i>Continuing operations</i>		
Allowance for doubtful receivables – reversal (Note 21)	30	96
Club membership written off	-	(101)
Allowance for inventory obsolescence (Note 20)	(116)	(194)
Foreign currency exchange gains/(losses), net	706	(2,150)
(Loss)/gain on disposal of property, plant and equipment	(13)	47
Government grant income	537	1,069
Costs associated with product quality	(192)	(207)
Provision for housing fund contribution for prior years	-	(594)
Redundancy costs	(907)	(508)
Reversal of provision for restructuring costs	-	620
Impairment loss on goodwill	(2,374)	-
Scrap income	1,736	1,130
Unrealised fair value losses on financial derivatives, net	-	(30)
Others	117	53
Sub-total	(476)	(769)
<i>Discontinued operations</i>		
Reversal of provision for claims	-	1,421
Total (other expenses)/other income, net	(476)	652
Presented in profit or loss as follows:		
Other income	3,126	4,436
Other expenses	(3,602)	(3,784)
	(476)	652

Included in government grant income is an amount of \$38,000 (2020: \$221,000) which relates to the Jobs Support Scheme ("JSS"). The JSS is to provide wage support to employers to retain their local employees during this period of economic uncertainty amid Covid-19 for 17 months from April 2020 to August 2021.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

6. FINANCE INCOME

Continuing operations

Interest income on fixed deposits

	Group	
	2021	2020
	\$'000	\$'000
	(Reclassified)	
Interest income on fixed deposits	39	20
	39	20

7. FINANCE COSTS

Continuing operations

Factoring charges
Interest expense on bank loans
Interest expense on lease liabilities
Others
Total finance costs

	Group	
	2021	2020
	\$'000	\$'000
	(Reclassified)	
Factoring charges	364	170
Interest expense on bank loans	544	684
Interest expense on lease liabilities	217	325
Others	-	2
Total finance costs	1,125	1,181
	1,125	1,181

8. ITEMS IN PROFIT OR LOSS

In addition to the profit or loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

Continuing operations

Audit fees to:
- independent auditor of the company
- other auditors*
Non-audit fees to other auditors*
Energy costs
Professional fees
Repair and maintenance charges

	Group	
	2021	2020
	\$'000	\$'000
	(Reclassified)	
Audit fees to: - independent auditor of the company	130	117
- other auditors*	181	177
Non-audit fees to other auditors*	18	6
Energy costs	8,665	8,020
Professional fees	2,329	475
Repair and maintenance charges	5,526	3,286
	5,526	3,286

* Include the network of member firms of RSM International and an alliance firm of RSM Chio Lim LLP.

There are no non-audit fees paid to the independent auditor of the company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

9. EMPLOYEE BENEFITS EXPENSE

Continuing operations

Salaries, bonuses and other costs

Contributions to

– defined benefit plans (Note 28)

– defined contribution plans

Equity-settled share-based payment transactions (Note 26C)

Total employee benefits expense

Included in profit or loss as follows:

Cost of sales

Administrative expenses

Sales and marketing expenses

Research and development expenses

	Group	
	2021	2020
	\$'000	\$'000
		(Reclassified)
Salaries, bonuses and other costs	52,756	45,840
Contributions to		
– defined benefit plans (Note 28)	412	379
– defined contribution plans	4,701	2,480
Equity-settled share-based payment transactions (Note 26C)	(12)	(3)
Total employee benefits expense	57,857	48,696
Included in profit or loss as follows:		
Cost of sales	49,618	41,984
Administrative expenses	7,260	5,886
Sales and marketing expenses	485	392
Research and development expenses	494	434
	57,857	48,696

10. INCOME TAX

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

Continuing operations

Current income tax expense

Over adjustments to current tax in respect of prior years

Withholding tax on dividend income

Total income tax expense

	Group	
	2021	2020
	\$'000	\$'000
		(Reclassified)
Current income tax expense	621	137
Over adjustments to current tax in respect of prior years	-	(96)
Withholding tax on dividend income	207	-
Total income tax expense	828	41

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

10. INCOME TAX (CONTINUED)

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

The reconciliation of income taxes is determined below by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount determined by applying the Singapore corporate tax rate of 17% (2020: 17%) to profit before income tax as a result of the following differences:

	Group	
	2021 \$'000	2020 \$'000
Profit before income tax	15,255	13,606
Income tax expense at the above rate	2,593	2,313
Effect of different tax rates in different countries	2,860	1,819
Income taxed at preferential tax rates outside Singapore	(5,313)	(2,484)
Expenses not deductible for tax purposes	1,804	844
Income not subject to tax	(192)	(562)
Withholding tax on dividend income	207	-
Deferred tax assets not recognised	485	316
Utilisation of previously unrecognised tax losses	(1,616)	(2,109)
Over adjustments to current tax in respect of prior years	-	(96)
Total income tax expense	828	41

There are no income tax consequences of dividends to shareholders 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% (2020: 3%).

BIGL Technologies (Thailand) Co., Ltd., a subsidiary incorporated in Thailand, is under tax holiday in accordance with the provisions of the 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 had been renewed in 2017 and the tax holiday expires in 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

10. INCOME TAX (CONTINUED)

10B. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following tax losses of certain subsidiaries:

	Group	
	2021 \$'000	2020 \$'000
Expiring within:		
Within one year	-	19,796
Between one and three years	11,681	6,417
Between three and five years	8,298	6,280
More than five years	12,060	16,742
	32,039	49,235

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.

10C. Unrecognised deferred tax liabilities

A deferred tax liability of approximately \$616,000 (2020: \$1,382,000) 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

Foam Plastics Solutions and Flow Control Device businesses

On 22 August 2016, the company entered into a Sale and Purchase Agreement, which was subsequently amended by a supplemental agreement dated 22 December 2016 (collectively, the "SPA"), with Broadway Holding III Limited ("BH III") for the sale of the group's entire Foam Plastics Solutions and Flow Control Device businesses (the "Disposed Businesses"). The sale was completed on 30 December 2016.

The financial performance and cash flow of the discontinued operations are as follows:

	Group	
	2021 \$'000	2020 \$'000
Other income:		
Reversal of provision for claims	-	1,421
Net cash flows used in operating activities and net decrease in cash and cash equivalents	(1,000)	(5,573)

NOTES TO THE FINANCIAL STATEMENTS

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12. EARNINGS PER SHARE

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

	Group	
	2021 \$'000	2020 \$'000
	(Reclassified)	
Numerators:		
Profit attributable to owners of the parent	15,269	14,113
	No.	of shares
	2021 '000	2020 '000
Denominators:		
Weighted average number of equity shares (basic)	466,562	468,191
Unreleased share awards effect	75	214
Weighted average number of equity shares (diluted)	466,637	468,405

Basic and diluted earnings 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 awards (Note 27). 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		2021 \$'000	2020 \$'000
	2021 \$	2020 \$		
Interim exempt (1-tier) dividend paid	0.005	-	2,341	-

The directors have proposed that a final dividend of \$0.005 per share and a special dividend of \$0.005 per share, totaling approximately \$4,719,000 be paid to shareholders after the annual general meeting. There are no income tax consequences on the company. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold improvement \$'000	Plant and machinery \$'000	Office equipment and furniture \$'000	Total \$'000
<u>Cost:</u>				
At 1 January 2020	59	49	240	348
Written off	-	(49)	(130)	(179)
At 31 December 2020	59	-	110	169
Written off	-	-	(20)	(20)
At 31 December 2021	59	-	90	149
<u>Accumulated depreciation:</u>				
At 1 January 2020	-	49	227	276
Depreciation for the year	11	-	6	17
Written off	-	(49)	(130)	(179)
At 31 December 2020	11	-	103	114
Depreciation for the year	11	-	5	16
Written off	-	-	(20)	(20)
At 31 December 2021	22	-	88	110
<u>Carrying value:</u>				
At 1 January 2020	59	-	13	72
At 31 December 2020	48	-	7	55
At 31 December 2021	37	-	2	39

Allocation of the depreciation expense:

	Group	
	2021 \$'000	2020 \$'000
Cost of sales	11,562	13,180
Distribution expenses	49	40
Administrative expenses	184	165
Research & development expenses	10	6
Total depreciation expense	11,805	13,391

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Security

The carrying values of the group's property, plant and equipment that have been pledged as securities for financing activities (Note 31) are as follows:

	Group	
	2021 \$'000	2020 \$'000
Land, buildings and leasehold improvements	10,319	10,874

15. RIGHT-OF-USE ASSETS

Group	Properties \$'000 (Reclassified)
<u>Cost:</u>	
At 1 January 2020	9,600
Disposals	(198)
Transferred to Assets held for sale	
- As previously reported	(8,816)
- Reclassification (Note 38)	8,816
- After reclassification	-
Foreign exchange adjustments	(156)
At 31 December 2020 (reclassified)	9,246
Additions	405
Foreign exchange adjustments	197
At 31 December 2021	9,848
<u>Accumulated depreciation:</u>	
At 1 January 2020	1,471
Depreciation for the year	1,715
Disposals	(198)
Transferred to Assets held for sale	
- As previously reported	(2,731)
- Reclassification (Note 38)	2,731
- After reclassification	-
Foreign exchange adjustments	(90)
At 31 December 2020 (reclassified)	2,898
Depreciation for the year	1,589
Foreign exchange adjustments	72
At 31 December 2021	4,559
<u>Carrying value:</u>	
At 1 January 2020	8,129
At 31 December 2020 (reclassified)	6,348
At 31 December 2021	5,289

NOTES TO THE FINANCIAL STATEMENTS

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15. RIGHT-OF-USE ASSETS (CONTINUED)

Company	Properties \$'000
Cost:	
At 1 January 2020, 31 December 2020 and 31 December 2021	430
<u>Accumulated depreciation:</u>	
At 1 January 2020	22
Depreciation for the year	145
At 31 December 2020	167
Depreciation for the year	143
At 31 December 2021	310
<u>Carrying value:</u>	
At 1 January 2020	408
At 31 December 2020	263
At 31 December 2021	120

Allocation of the depreciation expense:

	Group	
	2021 \$'000	2020 \$'000
Cost of sales	1,429	1,537
Administrative expenses	160	178
Total depreciation expense	1,589	1,715

The right-of-use assets are in relation to the group's factories, dormitories and office spaces.

The related lease liabilities are disclosed in Note 29.

16. GOODWILL

	Group	
	2021 \$'000	2020 \$'000
<u>Movements in cost:</u>		
Balance at beginning of the year	2,374	-
Arising from acquisition of a subsidiary (Note 17B)	-	2,374
Less: Allowance for impairment	(2,374)	-
Balance at end of the year	-	2,374

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

16. GOODWILL (CONTINUED)

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. The CGU below represents the group's investment in the subsidiary:

	Group	
	2021 \$'000	2020 \$'000
Name of subsidiary:		
Beijing Ant Brothers Technology Co., Ltd. ("BAB")	-	2,374

Impairment assessment

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount.

The Group's goodwill arose from the acquisition of BAB in 2020. BAB has soft launched its façade cleaning robot in the People's Republic of China ("PRC") in first half year of 2021. However, in view of pricing and other challenges, the Group scaled back the planned multi-city launch of the robots in PRC and introduced the façade cleaning robot in the Singapore market where man power for cleaning industry is in short supply, wages rate are high and the government is supportive of using robots to perform repetitive labour intensive work.

With the scale back of the initial business strategy, management has exercised judgement that the outlook of the robotic cleaning segment is uncertain, taking into account the current economic and technological condition that BAB is operating in. Further, management has considered the fact that BAB is a start-up technology company with minimal short-term future earnings. Accordingly, management has determined that the recoverable amount of goodwill is nil and has decided to fully impair the carrying value of goodwill as at the reporting year end.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 \$'000	2020 \$'000
Unquoted equity shares at cost	125,456	125,456
Less: Allowance for impairment	(19,056)	(34,056)
Net carrying value	106,400	91,400
<u>Movements in cost:</u>		
Balance at beginning and end of the year	125,456	125,456
<u>Movements in allowance for impairment:</u>		
Balance at beginning of the year	34,056	34,056
Impairment loss reversed to profit or loss	(15,000)	-
Balance at end of the year	19,056	34,056

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

17A. Significant subsidiaries of the group

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost of investment		Effective equity held	
	2021 \$'000	2020 \$'000	2021 %	2020 %
<i>Held by the company</i>				
BIGL Asia Pte. Ltd. ^(a) Singapore Investment holding	125,456	125,456	100	100
BIGL Enterprises (Singapore) Pte. Ltd. ^(a) Singapore Investment holding	*	*	100	100
	125,456	125,456		
<i>Held through BIGL Asia Pte. Ltd.</i>				
BIGL Asia Pacific Ltd. ^(b) Republic of Mauritius People's Republic of China Distribution of precision machined components			100	100
BIGL Technologies (Thailand) Co., Ltd. ^(b) Thailand Manufacturer of precision machined components and the sub-assembly of actuator arms			99.99	99.99
BIGL Technologies (Shenzhen) Co., Ltd. ^(c) People's Republic of China Manufacturer of precision machined components			100	100
BIGL Technologies (Wuxi) Co., Ltd. ^{(c)%} People's Republic of China Manufacturer of precision machined components and the sub-assembly of actuator arms			100	100
BIGL Technologies (Chongqing) Co., Ltd. ^(d) People's Republic of China Manufacturer of precision components			100	100
BIGL Technologies (Suzhou) Co., Ltd. ^{(d)^} People's Republic of China Manufacturer of precision machined components			100	100
Compart Engineering, Inc. ^(d) United States of America Investment holding			100	100
BIGL Holdings Pte. Ltd. ^(a) Singapore Business and management consultancy services			100	100

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

17A. Significant subsidiaries of the group (Continued)

Name of subsidiaries, country of incorporation, place of operations and principal activities	Effective equity held	
	2021 %	2020 %
<i>Held through BIGL Enterprises (Singapore) Pte. Ltd.</i>		
BIGL Enterprise Management (Beijing) Co., Ltd. ^(c) People's Republic of China Enterprise and business management	100	100
<i>Held through BIGL Holdings Pte. Ltd.</i>		
BIGL Technologies (Thailand) Co., Ltd. ^(b) Thailand Manufacturer of precision machined components and the sub-assembly of actuator arms	#	#
BIGL Management Consultancy (Shenzhen) Co., Ltd. ^(d) People's Republic of China Business and management consultancy services	100	100
<i>Held through BIGL Enterprise Management (Beijing) Co., Ltd.</i>		
Beijing Ant Brothers Technology Co., Ltd. ^{(c)@} People's Republic of China Provision of technical services, technology transfer, technology development, technology promotion, technical consultation and sales of computer software and accessory devices	55	49

* Denotes less than \$1,000.

% Equity interests in the entity have been frozen by Jiangsu Wuxi Intermediate People's Court from 27 October 2021 to 26 October 2024 pursuant to the on-going arbitration arising from the terminated disposal of the HDD Business (see Note 33 for details).

^ Owns nil (2020: 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.

Holds less than 0.01% pursuant to an acquisition from non-controlling interests for Nil consideration.

@ Accounted for as a 55% equity interest subsidiary in 2020 as the group has control over BAB via its control over BAB's board of directors.

(a) Audited by RSM Chio Lim LLP, a member firm of RSM International.

(b) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore 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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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

17B. Acquisition of a subsidiary in 2020

On 21 January 2020, the group entered into an Equity Purchase Agreement ("EPA") to subscribe up to 55% equity interest in Beijing Ant Brothers Technology Co., Ltd. ("BAB") for \$5.1 million.

BAB's principal activities are the provision of technical services, technology transfer, technology development, technology promotion, technical consultation and sales of computer software and accessory devices. It is developing a robotic cleaning machine targeted at the building façade cleaning market.

The group's investment in BAB was split into four tranches as follows:

- (a) the first tranche of \$1.5 million shall be paid in 2 instalments, namely, (i) \$0.5 million to be paid within seven (7) business days of signing the EPA; and (ii) \$1.0 million to be paid within 15 days from the date of receipt by the group of the payment notice to be issued by BAB upon the fulfilment of certain conditions;
- (b) the second tranche of \$1.5 million shall be paid within 15 days from the date of receipt by the group of the payment notice to be issued by BAB upon the fulfilment of certain conditions;
- (c) the third tranche of \$1.0 million shall be paid within 15 days from the date of receipt by the group of the payment notice to be issued by BAB upon the fulfilment of certain conditions; and
- (d) the fourth tranche of \$1.0 million shall be paid within 15 days from the date of receipt by the group of the payment notice to be issued by BAB upon the fulfilment of certain conditions.

In view of its investment in BAB, the group incorporated a subsidiary in Singapore, namely BIGL Enterprise (Singapore) Pte. Ltd., with an initial cost of investment of \$2 to subscribe for the equity interests in BAB.

As at 31 December 2021, the group invested \$5,060,000 (2020: \$4,048,000) in BAB.

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

17B. Acquisition of a subsidiary in 2020 (Continued)

Details of the consideration paid, the assets and liabilities of BAB acquired, and the effects on the cash flows of the group in the reporting year ended 31 December 2020, based on the finalised purchase price allocation exercise, were as follows:

	Pre-acquisition book value \$'000	Fair value \$'000
Property, plant and equipment	18	18
Trade and other receivables	25	25
Other assets	13	13
Cash and cash equivalents	4,919	4,919
Trade and other payables	(92)	(92)
Net identifiable assets	4,883	4,883
Less: Non-controlling interests		(2,197)
		2,686
Goodwill recognised		2,374
Consideration		5,060
Consideration		5,060
Less: cash and cash equivalents acquired		(4,919)
		141

The goodwill is not deductible for tax purposes.

The contributions from the acquired subsidiary for the period between the date of acquisition and 31 December 2020 were as follows:

Group	From date of acquisition to end of 2020 \$'000	2020 \$'000
Revenue	25	25
Loss before income tax	(1,219)	(1,402)

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17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

17C. Impairment assessment

The group's HDD Business is held through BIGL Asia Pte. Ltd. ("BIGL Asia"), a wholly-owned subsidiary of the company. In prior years, the company recorded allowance for impairment loss on the carrying amount of investment in BIGL Asia due to losses incurred by the group's HDD Business. In 2020 and 2021, the group's HDD business were profitable.

Based on management's assessment, the recoverable amount of the company's investment in BIGL Asia was higher than its carrying value. Consequently, management reversed an impairment loss allowance of \$15 million in the current reporting year.

Management applied the value-in-use method (i.e. management's discounted cash flows of the HDD Business) to determine the recoverable amount of the company's investment in BIGL Asia. The value-in-use method is a Level 3 fair value measurement. 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 covered the operating performance of the subsidiaries within the HDD segment, changes in the technological, market, economic or legal environment in countries where the subsidiaries operate, changes to the market interest rates and impact of the Covid-19 pandemic.

The key assumptions and quantitative information on the significant unobservable inputs used in the value-in-use calculations for the HDD Business are analysed as follows:

Group	2021
Valuation technique:	Discounted cash flow method
Revenue growth rate (unobservable inputs):	
- Within the next reporting year	-10%
- From the 2nd to the 5th reporting years	1% - 10%
Gross profit margin:	6% - 7%
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin:	7% - 8%
Terminal growth rate:	Nil
Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the investment:	12.1%

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18. OTHER ASSETS

Transferable club memberships

Group and company	2021	2020
\$'000	\$'000	\$'000
52	-	-

19. OTHER RECEIVABLES, NON-CURRENT

Receivables from a subsidiary

- Loan

- Accrued interest income

Other receivables, non-current (Note 3)

Less: Allowance for impairment

Total other receivables, non-current

Movements in allowance for impairment:

Balance at beginning of year

Charged to profit or loss included in other expenses

Balance at end of year

Company		2021	2020
		\$'000	\$'000
	5,336	5,284	
	43	30	
	5,379	5,314	
	(3,408)	-	
	1,971	5,314	
	-	-	
	3,408	-	
	3,408	-	

The loan receivable from a subsidiary bears interest of 0.81% (2020: ranging from 0.81% to 1.97%) per annum and is due, together with the accrued interest income, in April 2023.

The loan receivable at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. At the end of the first reporting period, a loss allowance is recognised at an amount equal to 12 months expected credit losses because there has not been a significant increase in credit risk since initial recognition. A loss allowance balance of \$3,408,000 (2020: Nil) 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.

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20. INVENTORIES

	Group	
	2021 \$'000	2020 \$'000
Raw materials	12,404	9,222
Work-in-progress	3,574	2,400
Finished goods	22,586	15,509
Spare parts and others	1,171	790
	39,735	27,921
		(Reclassified)
Inventories are stated after allowance for obsolescence as follows:		
Balance at beginning of the year	143	1,017
Charged/(reversed) to profit or loss included in costs of sales	31	(1,085)
Charged to profit or loss included in other expenses (Note 5)	116	194
Foreign exchange adjustments	5	17
Balance at end of the year	295	143
Included in cost of sales:		
Changes in inventories – (increase)/decrease	(11,966)	8,782
Purchases of inventories	339,748	276,875

There are no inventories pledged as security for liabilities.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
		(Reclassified)		
Trade receivables:				
Outside parties	81,294	55,958	-	-
Less: Allowance for impairment	(607)	(610)	-	-
Subtotal	80,687	55,348	-	-
Other receivables:				
Outside parties	1,276	1,029	-	-
Subsidiaries (Note 3)	-	-	11,897	13,338
Deposits	1,507	1,409	10	17
Subtotal	2,783	2,438	11,907	13,355
Total trade and other receivables	83,470	57,786	11,907	13,355

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21. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group	
	2021 \$'000	2020 \$'000
		(Reclassified)
<u>Movements in allowance for impairment:</u>		
Balance at beginning of year	610	678
Reversal to profit or loss included in other income/ (other expenses) (Note 5)	(30)	(96)
Foreign exchange adjustments	27	28
Balance at end of year	607	610

As at the end of the reporting year, trade receivables totaled \$34,339,000 (2020: \$29,199,000) were sold to banks. These trade receivables have been derecognised as they were sold without recourse.

21A. Impairment assessment

Trade receivables

The group has only a few customers which can be graded as low credit risk individually. The trade receivables from these customers 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 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.

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. A write-back of loss allowance of \$30,000 (2020: \$96,000) based on the lifetime expected credit losses on the amount is recognised as there has been changes 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. No loss allowance is necessary.

NOTES TO THE FINANCIAL STATEMENTS

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21. TRADE AND OTHER RECEIVABLES (CONTINUED)

21A. Impairment assessment (Continued)

Other receivables (Continued)

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.

21B. 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 (2020: 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	
	2021 \$'000	2020 \$'000
Past due 31 – 120 days	-	302
Past due over 120 days	173	67
	173	369

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

	Group	
	2021 \$'000	2020 \$'000
Past due over 120 days	607	610

The allowance on trade receivables is based on individual accounts totalling \$607,000 (2020: \$610,000) 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 90% of the group's trade receivables in 2021 and 2020.

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21. TRADE AND OTHER RECEIVABLES (CONTINUED)

21B. Credit risk (Continued)

Other receivables

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

22. OTHER ASSETS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
		(Reclassified)		
Prepayments	<u>1,116</u>	<u>1,140</u>	<u>12</u>	<u>1</u>

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
		(Reclassified)		
Not restricted in use	<u>27,664</u>	<u>28,990</u>	<u>9,810</u>	<u>1,777</u>
Cash pledged as security	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>
	<u>27,664</u>	<u>28,995</u>	<u>9,810</u>	<u>1,777</u>

The interest earning balances are not significant.

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

	Group	
	2021 \$'000	2020 \$'000
Amount as shown above	<u>27,664</u>	<u>28,995</u>
Less: Cash pledged for bank facilities	<u>-</u>	<u>(5)</u>
	<u>27,664</u>	<u>28,990</u>

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23. CASH AND CASH EQUIVALENTS (CONTINUED)

23B. Reconciliation of liabilities arising from financing activities

Group	At beginning of the year \$'000	Net cash flows \$'000	Non-cash changes \$'000	Notes	At end of the year \$'000
2021:					
Loans and borrowings	13,221	(2,118)	151	(a)	11,254
Lease liabilities	6,610	(1,480)	537	(b)	5,667
	19,831	(3,598)	688		16,921
2020:					
Loans and borrowings	28,505	(14,873)	(411)	(a)	13,221
Lease liabilities	8,106	(1,407)	(89)	(a)	6,610
	36,611	(16,280)	(500)		19,831

(a) Comprise of foreign exchange movements.

(b) Comprise of (i) new leases signed of \$405,000 (2020: Nil) and (ii) foreign exchange movements of \$132,000 (2020: \$89,000).

24. SHARE CAPITAL

Group and Company	Number of shares issued '000	Share capital \$'000
Ordinary shares of no par value:		
Balance at 1 January 2020	471,914	113,163
Shares issued under BIGL Share Plan (Notes 27)	-	1
Balance at 31 December 2020	471,914	113,164
Shares issued under BIGL Share Plan (Notes 27)	-	2
Balance at 31 December 2021	471,914	113,166

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

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24. SHARE CAPITAL (CONTINUED)

Capital management:

The Group'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 of Directors monitors the average return on capital, which the group defines as net operating income/(expense) divided by total average shareholders' equity excluding non-controlling interests.

	Group	
	2021 \$'000	2020 \$'000
Profit before income tax	15,255	13,606
Finance income	(39)	(20)
Finance costs	1,125	1,181
Net operating income	<u>16,341</u>	<u>14,767</u>
Equity attributable to owners of the parent	<u>86,859</u>	<u>74,527</u>
	2021	2020
Average return on capital	<u>19%</u>	<u>20%</u>

The Board of Directors also monitors the level of dividends to ordinary shareholders and 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.

The Board of Directors 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.

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

The 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 1.6% 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 programs.

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

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25. ACCUMULATED LOSSES

As at the end of the reporting year, the group's accumulated losses included amounts relating to statutory reserve and legal reserve of subsidiaries in the People's Republic of China ("PRC") and Thailand totalled \$3,377,000 (2020: \$3,377,000) and \$770,000 (2020: \$431,000) respectively. The statutory reserve and legal reserve are not available for dividend distribution.

According to the relevant 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's registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. The statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of equity owners.

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

26. OTHER RESERVES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Treasury shares (Note 26A)	(2,320)	(396)	(2,320)	(396)
Capital reserve (Note 26B)	2,924	2,924	-	-
Share-based payment reserve (Note 26C)	403	423	403	423
Foreign currency translation reserve (Note 26D)	(17,273)	(18,619)	-	-
	(16,266)	(15,668)	(1,917)	27

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 2020	(3,768)	(404)
Shares issued to under BIGL Share Plan (Notes 24 and 27)	75	8
Balance at 31 December 2020	(3,693)	(396)
Share acquired	(10,000)	(1,930)
Shares issued to under BIGL Share Plan (Notes 24 and 27)	60	6
Balance at 31 December 2021	(13,633)	(2,320)

Treasury shares were acquired by the company for 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.

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26. OTHER RESERVES (CONTINUED)

26B. Capital reserve

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

26C. Share-based payment reserve

	Group and Company	
	2021	2020
	\$'000	\$'000
Balance at beginning of the year	423	435
Exercised during the year	(8)	(9)
Expense recognised in profit or loss, net (Note 9)	(12)	(3)
Balance at end of the year	403	423

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	
	2021	2020
	\$'000	\$'000
Balance at beginning of the year	(18,619)	(17,206)
Exchange differences on translating foreign operations, net	1,346	(1,413)
Balance at end of the year	(17,273)	(18,619)

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

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27. SHARE PLAN (EQUITY-SETTLED)

The BIGL 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 were 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 would depend on the achievement of set targets over a four-year period. This was 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 were eligible to participate in the Plan subject to the absolute discretion of the Remuneration Committee. Non-executive directors of the group, controlling shareholders and their associates were not eligible to participate in the Plan.

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

Date of grant	Fair value at grant date \$	Granted and not released at beginning of year	Vested during the year	Forfeited during the year	Granted and not released at end of the year
2021:					
4 April 2016	0.138	20,000	-	(20,000)	-
4 May 2016	0.136	45,000	-	(45,000)	-
4 June 2017	0.139	40,000	(40,000)	-	-
4 June 2019	0.109	60,000	(20,000)	-	40,000
		165,000	(60,000)	(65,000)	40,000
2020:					
4 April 2016	0.138	20,000	-	-	20,000
4 May 2016	0.136	65,000	(20,000)	-	45,000
4 June 2016	0.132	10,000	(10,000)	-	-
4 June 2017	0.139	75,000	(20,000)	(15,000)	40,000
4 June 2019	0.109	140,000	(25,000)	(55,000)	60,000
		310,000	(75,000)	(70,000)	165,000

The measurement of the fair values at grant date of the share plan was based on the company's share price at grant date.

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 LIABILITIES

	Group	
	2021 \$'000	2020 \$'000
Provision for employee benefit costs	2,019	1,783
Movements are as follows:		(Reclassified)
Balance at beginning of the year	1,783	1,496
Net benefit expense recognised in profit or loss (Note 9)	412	379
Payments for the year	(71)	(70)
Foreign exchange adjustments	(105)	(22)
Balance at end of the year	2,019	1,783

The group operates a defined benefit plan for qualifying employees of its subsidiary in Thailand, in accordance with Thailand Labour Laws. The amounts are determined based on years of service and salaries of the employees at the time of the pension.

In 2020, pursuant to the new Thailand Labor Protection Act (No. 7) B.E. 2562 which stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of 20 years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate, the group had accounted for the change as a post-employment benefits plan amendment, and recognised the past service costs as expenses in the profit or loss during the reporting year 2020.

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

The principal actuarial assumptions used for the purpose of the actuarial valuation at the end of reporting year are as follows:

	Group			
	2021		2020	
	Monthly staff	Daily staff	Monthly staff	Daily staff
Discount rate	2.84%	2.84%	1.96%	1.96%
Salary increase rate	3.50%	3.50%	4.00%	1.00%
Turnover rate	0-14%	0-17%	0-20%	0-32%

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THE FINANCIAL STATEMENTS

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29. LEASE LIABILITIES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
		(Reclassified)		
Current	1,740	1,452	117	135
Non-current	3,927	5,158	-	117
	5,667	6,610	117	252

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
		(Reclassified)		
Movements of lease liabilities are as follows:				
At beginning of the year	6,610	8,106	252	375
Additions	405	-	-	-
Accretion of interest	217	325	4	8
Lease payments – principal portion paid	(1,480)	(1,407)	(135)	(123)
Interest expense paid	(217)	(325)	(4)	(8)
Foreign exchange adjustments	132	(89)	-	-
At end of the year	5,667	6,610	117	252

Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default. The related right-of-use assets are disclosed in Note 15.

A summary of the maturity analysis of lease liabilities at the end of the reporting year are as follows:

Group	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
<u>2021:</u>			
Due within one year	1,932	(192)	1,740
Due within 2 to 5 years	4,073	(146)	3,927
	6,005	(338)	5,667
<u>2020:</u>			
Due within one year	1,744	(292)	1,452
Due within 2 to 5 years	5,393	(235)	5,158
	7,137	(527)	6,610

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29. LEASE LIABILITIES (CONTINUED)

Company	Minimum payments \$'000	Finance charges \$'000	Present value \$'000
2021:			
Due within one year	118	(1)	117
2020:			
Due within one year	139	(4)	135
Due within 2 to 5 years	118	(1)	117
	257	(5)	252

The weighted average incremental borrowing rates applied to lease liabilities recognised ranged between 2.14% and 4.65% (2020: 2.14% to 4.65%) per annum.

The total for lease liabilities and the average effective borrowing rate per year is disclosed above. The fair value (Level 2) is a reasonable approximation of the carrying amount.

The future cash outflows commitments to which the lessee is potentially exposed are not reflected in the measurements of lease liabilities above. This arise from leases not yet commenced to which the lessee is committed. At the reporting year end date, total commitments on leases that had not yet commenced were as follows:

	Group	
	2021 \$'000	2020 \$'000
Buildings	-	189

Apart from the disclosures above, other amounts relating to leases include the following:

	Group	
	2021 \$'000	2020 \$'000
Expenses relating to short-term leases included in:		
Cost of sales	1,048	635
Administrative expenses	369	329
	1,417	964

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30. OTHER PAYABLES, NON-CURRENT

	Group	
	2021 \$'000	2020 \$'000
Outside parties for purchase of plant and machinery	-	(Reclassified) 888

31. LOANS AND BORROWINGS

	Group	
	2021 \$'000	2020 \$'000
Secured bank loans:		(Reclassified)
- Non-current	5,627	11,017
- Current	5,627	2,204
Total loans and borrowings	11,254	13,221

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

	Nominal interest rate		Year of maturity		Group	
	2021 %	2020 %	2021	2020	2021 \$'000	2020 \$'000
Secured bank loans (USD)	3.18-3.83	3.11-3.86	2023	2023	11,254	13,221

The bank loans of the group are secured by legal charges over the group's property, plant and equipment with a carrying value of \$10,319,000 (2020: \$10,874,000) (Note 14) and guaranteed by a subsidiary in the group.

The fair value (Level 2) is a reasonable approximation of the carrying amount as they are floating rate instruments that are frequently re-priced to market interest rates.

32. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
		(Reclassified)		
Trade payables				
Outside parties and accrued liabilities	114,143	94,767	2,371	1,903
Other payables				
Outside parties	3,988	4,711	13	18
Total trade and other payables	118,131	99,478	2,384	1,921

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33. CONTINGENT LIABILITIES

33A. Termination of the disposal of HDD Business

On 31 December 2020, the group entered into a conditional sale and purchase agreement (the "Agreement") with Suzhou Gefan Hardware and Plastic Industrial Co., Ltd. and Seksun Technology (Suzhou) Co., Ltd. (collectively, the "Purchasers") to sell the group's business in the manufacturing and sale of actuator arms and related parts used in hard disk drive (the "HDD Business"). The disposal of the HDD Business is subject to the completion of certain conditions, including the approval from the company's shareholders and regulatory authorities prior to 30 June 2021.

Up to 30 June 2021, the approval from regulatory authorities was not obtained. The group and the Purchasers were also unable to agree mutually on the extension of the Agreement.

On 1 July 2021, the group issued a notice of termination of the Agreement to the Purchasers in accordance with the terms and conditions of the Agreement.

On 10 October 2021, the group received an arbitration notice dated 8 October 2021 from the China International Economic and Trade Arbitration Commission ("CIETAC") in relation to an arbitration initiated by the Purchasers against two wholly-owned subsidiaries in the group, namely, BIGL Asia Pte. Ltd. and BIGL Technologies (Shenzhen) Co., Ltd. and the company. The Purchasers alleged that they have suffered severe losses due to the alleged breach of the Agreement (the "Allegations") and they are seeking compensation for the termination of the Agreement, expenses incurred and expected damages suffered.

On 29 November 2021, the group's external legal counsel in the People's Republic of China ("PRC") submitted the defence and counterclaim on behalf of the group to CIETAC and sought compensation for all the expenses incurred in relation to the arbitration.

Based on the advice of the group's external legal counsel, management is of the view that the Purchasers' claims have no factual, contractual, or legal basis and would not be supported by CIETAC. Therefore, management decided to defend the Allegations and pursue the group's counterclaims vigorously. Management considered the facts and circumstances leading to the termination of the disposal of HDD Business and determined that no contingent asset nor provision for any liabilities is required to be recorded in these financial statements.

33B. Disposal of Foam Plastics Solutions and Flow Control Device Businesses

As disclosed in Note 11, the company entered into a Sale and Purchase Agreement ("SPA") for the sale of the group's entire Foam Plastics Solutions and Flow Control Device businesses (the "Disposed Businesses"). Under the SPA, the company provided certain warranties and the indemnities to BH III, among which include the tax liabilities of the Disposed Businesses prior to 30 December 2016. BH III has up to six years after the date of completion (i.e. 30 December 2022) to submit its tax related claims.

On 6 December 2019, the group received a tax notice from the tax authorities of the People's Republic of China in relation to the underpayment of the 2007 to 2016 tax liabilities of a subsidiary within the Disposed Businesses amounting to approximately RMB19 million (approximately \$3.7 million) plus interest and penalties amounting to approximately RMB6 million (approximately \$1.2 million). These tax liabilities, plus interest and penalties, were paid by the group in 2020.

NOTES TO THE FINANCIAL STATEMENTS

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33. CONTINGENT LIABILITIES (CONTINUED)

33B. Disposal of Foam Plastics Solutions and Flow Control Device Businesses (Continued)

In February 2020, the Group was served with two writs of summons in relation to certain of the statements of claims received earlier for the Disposed Businesses. On 30 December 2020, the Group entered into a Settlement Agreement with BH III and a final settlement amounting to \$1.5 million will be paid. The group had paid \$0.5 million and \$1 million in the previous and current reporting year respectively.

The group has not received any tax notices from the other tax authorities, other than as mentioned above. As BH III has up to six years after the date of completion (i.e. 30 December 2022) to submit its tax related claims, the group is not able to reasonably estimate the probable obligations in relation to such claims under the SPA. Accordingly, no provision for any liabilities has been made in the financial statements.

34. 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	
	2021 \$'000	2020 \$'000
Commitment to invest in BAB	-	1,000
Commitment to purchase property, plant and equipment	223	105

35. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

35A. Categories of financial assets and liabilities

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
		(Reclassified)		(Reclassified)
Financial assets:				
At amortised costs	111,134	86,781	23,688	20,446
Financial liabilities:				
At amortised costs	135,052	120,197	2,501	2,173

Further quantitative disclosures are included throughout these financial statements.

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

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.
- (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. These arise 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 at the end of the reporting year. Credit risk on cash balances with banks is limited because the counter-parties are entities with acceptable credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

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

35D. Credit risk on financial assets (Continued)

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 (2020: 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. In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows.

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

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

The following table analyses the financial liabilities by their 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
<u>Group</u>			
<u>2021:</u>			
Gross loans and borrowings	5,943	5,727	11,670
Gross lease liabilities	1,932	4,073	6,005
Trade and other payables	118,131	-	118,131
	126,006	9,800	135,806
<u>2020:</u>			
Gross loans and borrowings	2,673	11,429	14,102
Gross lease liabilities	1,744	5,393	7,137
Trade and other payables	99,478	888	100,366
	103,895	17,710	121,605
<u>Company</u>			
<u>2021:</u>			
Gross lease liabilities	118	-	118
Trade and other payables	2,384	-	2,384
	2,502	-	2,502
<u>2020:</u>			
Gross lease liabilities	139	118	257
Trade and other payables	1,921	-	1,921
	2,060	118	2,178

The above table disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

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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 at the end of the reporting year:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Financial liabilities:</u>				
Fixed rates	5,667	6,610	117	252
Floating rates	11,254	13,221	-	-
	16,921	19,831	117	252

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 Notes 29 and 31.

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, i.e. 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			Total \$'000
	Dollar \$'000	China Renminbi \$'000	Thai Baht \$'000	
<u>2021:</u>				
<u>Financial assets:</u>				
Cash and cash equivalents	7,527	622	2,046	10,195
Loans and receivables	-	2,083	725	2,808
Total financial assets	7,527	2,705	2,771	13,003
<u>Financial liabilities:</u>				
Trade and other payables	-	(14,869)	(11,062)	(25,931)
Lease liabilities	-	(2,089)	(3,460)	(5,549)
Total financial liabilities	-	(16,958)	(14,522)	(31,480)
Net financial assets/(liabilities)	7,527	(14,253)	(11,751)	(18,477)

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

35G. Foreign currency risk (Continued)

Group	United States Dollar \$'000	China Renminbi \$'000	Thai Baht \$'000	Total \$'000
<u>2020:</u>				
<u>Financial assets:</u>				
Cash and cash equivalents	2,325	3,131	268	5,724
Loans and receivables	-	2,080	-	2,080
Total financial assets	<u>2,325</u>	<u>5,211</u>	<u>268</u>	<u>7,804</u>
<u>Financial liabilities:</u>				
Trade and other payables	-	(13,858)	(16,776)	(30,634)
Lease liabilities	-	(2,163)	(4,195)	(6,358)
Total financial liabilities	<u>-</u>	<u>(16,021)</u>	<u>(20,971)</u>	<u>(36,992)</u>
Net financial assets/(liabilities)	<u>2,325</u>	<u>(10,810)</u>	<u>(20,703)</u>	<u>(29,188)</u>

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

Sensitivity analysis:

	Group	
	2021 \$'000	2020 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the United States Dollar with all other variables held constant would have an unfavourable effect on profit before income tax of	(753)	(233)
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 effect on profit before income tax of	1,425	1,081
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 effect on profit before income tax of	1,175	<u>2,070</u>

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

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

35G. Foreign currency risk (Continued)

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the group has significant exposure at end of the reporting year. The analysis above has been carried out without taking into consideration hedged transactions.

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. FINANCIAL INFORMATION BY OPERATING SEGMENTS

36A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standards on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the group.

For management purposes, the group is organised into the following major strategic operating segments that offer different products and services: (1) hard disk drive ("HDD"); (2) robotics segment; and (3) non-HDD. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance.

The segments and the types of products and services are as follows:

- (1) HDD segment – This segment comprises the manufacturing and distribution of actuator arms and related assembly for the hard disk industry.
- (2) Robotics segment – This segment comprises the provision of technical services, technology transfer, technology development, technology promotion, technical consultation and sales of robots, software and accessory devices for the robotics, manufacturing and services industries.
- (3) Other segment – This segment comprises the investment holding.

Inter-segment sales are measured on the basis that the group actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results comprises two major indicators: (1) earnings from operations before depreciation and amortisation, interests and income taxes, and (2) operating results before income taxes.

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36. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

36B. Profit or loss from operation and reconciliations

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

	Discontinued Operations	Continuing operations			Total \$'000
	FCD & FPS# \$'000	HDD \$'000	Robotics \$'000	Others \$'000	
<u>2021</u>					
Revenue:					
External customers	-	471,314	96	-	471,410
EBITDA	-	35,729	(4,510)	(1,484)	29,735
Net finance costs	-	(1,102)	19	(3)	(1,086)
Depreciation expense	-	(13,341)	(37)	(16)	(13,394)
Profit/(loss) before tax	-	21,286	(4,528)	(1,503)	15,255
Income tax expense	-	(604)	-	(224)	(828)
Profit/(loss), net of tax	-	20,682	(4,528)	(1,727)	14,427
<u>2020:</u>					
Revenue:					
External customers	-	400,648	25	-	400,673
EBITDA	1,421	29,820	(1,349)	(19)	29,873
Net finance costs	-	(1,155)	(1)	(5)	(1,161)
Depreciation expense	-	(14,938)	(6)	(162)	(15,106)
Profit/(loss) before tax	1,421	13,727	(1,356)	(186)	13,606
Income tax (expense)/ income	-	(121)	-	80	(41)
Profit/(loss), net of tax	1,421	13,606	(1,356)	(106)	13,565

This segment had been disposed in 2016. Refer to Note 11 for details.

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36. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

36C. Assets, liabilities, other material items and reconciliations

	Discontinuing Operations FCD & FPS [#]	Continuing operations			Total \$'000
		HDD \$'000	Robotics \$'000	Others \$'000	
<u>2021:</u>					
Total assets for reportable segments	-	224,834	2,284	1,608	228,726
Total liabilities for reportable segments	-	139,978	138	864	140,980
Capital expenditure	-	4,290	156	-	4,446
<u>2020:</u>					
Total assets for reportable segments	-	194,744	6,329	768	201,841
Total liabilities for reportable segments	1,293	123,908	178	269	125,648
Capital expenditure	-	2,560	21	-	2,581

This segment had been disposed in 2016. Refer to Note 11 for details.

36D. Geographical information

The company is domiciled in Singapore and its principal activity is investment holding. The company's subsidiaries in the reportable segments 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, revenue is attributable to countries on the geographical location of customers as follows:

	Group	
	2021 \$'000	2020 \$'000
<u>Revenue</u>		
Thailand	312,091	271,775
People's Republic of China	159,048	128,543
Singapore	-	19
Other countries	271	336
	471,410	400,673

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36. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

36D. Geographical information (Continued)

The non-current assets are analysed by the geographical area in which the assets are located:

	Group	
	2021 \$'000	2020 \$'000
Non-current assets		
Thailand	46,508	51,102
People's Republic of China	30,014	34,576
Singapore	219	321
	76,741	85,999

37. EVENTS AFTER THE END OF THE REPORTING YEAR

37A. Share option programme

The BIGL Share Option Scheme 2022 (the "2022 Scheme") of the company was approved and adopted by its members at an Extraordinary General Meeting held on 28 February 2022 ("2022 EGM"). The 2022 Scheme is administered by the Remuneration Committee.

Under the 2022 Scheme, participants are required to pay a subscription price for the exercise of the options. The group's employees including non-executive directors of the company are eligible to participate in the 2022 Scheme at the absolute discretion of the Remuneration Committee. Controlling shareholders and their associates are not eligible to participate in the 2022 Scheme.

Under the 2022 Scheme, eligible participants may be granted either a market price option or an incentive option. A market price option shall be at a price (the "Market Price") equal to the average of the last dealt prices for a share, as determined by reference to the daily official list made available by the SGX-ST, for the 5 market days immediately preceding the offer date of that option, rounded up to the nearest whole cent. A market price option is exercisable during a period commencing after the first anniversary of the offer date and expiring on the 10th anniversary of such offer date. An incentive option shall be determined by the Remuneration Committee at its absolute discretion, and fixed by the Remuneration Committee at a price which is set at a discount to the market price, provided that, the maximum discount shall not exceed 20% of the Market Price. An incentive option is exercisable during a period commencing after the second anniversary of the offer date and expiring on the 10th anniversary of such offer date.

The 2022 Scheme shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date of the 2022 EGM.

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37. EVENTS AFTER THE END OF THE REPORTING YEAR (CONTINUED)

37B. Share Plan (equity-settled)

The BIGL Share Plan 2022 (the "2022 Plan") of the company was approved and adopted by its members at the 2022 EGM. The 2022 Plan is administered by the Remuneration Committee.

The group's employees including non-executive directors of the company are eligible to participate in the 2022 Plan at the absolute discretion of the Remuneration Committee. Controlling shareholders and their associates are not eligible to participate in the 2022 Plan.

Under the 2022 Plan, eligible participants may be awarded fully paid shares, free of charge, provided that certain prescribed performance conditions (if any) are met, and upon expiry of the prescribed vesting periods or retention periods (where applicable) and subject to any other conditions prescribed in the 2022 Plan.

The 2022 Plan shall continue to be in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date of the 2022 EGM.

38. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Following the termination of disposal of the HDD Business on 1 July 2021 as disclosed in Note 33A, the assets and liabilities held for sale as at 31 December 2020 have been reclassified back to the respective assets and liabilities categories. Certain reclassifications were made in the consolidated statement of profit or loss and other comprehensive income in the financial statements for last year.

	Reclassifications		
	After \$'000	Before \$'000	Difference \$'000
<u>2020 Consolidated statement of financial position:</u>			
Property, plant and equipment	77,277	18,624	58,653
Right-of-use assets	6,348	263	6,085
Assets of a disposal group classified as held for sale	-	164,021	(164,021)
Inventories	27,921	-	27,921
Trade and other receivables	57,786	5,498	52,288
Other assets	1,140	444	696
Cash and cash equivalents	28,995	10,617	18,378
Liabilities of a disposal group classified as held for sale	-	108,778	(108,778)
Trade and other payables	99,478	12,950	86,528
Other liabilities, non-current	1,783	-	1,783
Lease liabilities, current	1,452	135	1,317
Lease liabilities, non-current	5,158	117	5,041
Other payables, non-current	888	-	888
Loans and borrowings, current	2,204	-	2,204
Loans and borrowings, non-current	11,017	-	11,017
<u>2020 Consolidated statement of profit or loss and other comprehensive income:</u>			
Profit/(loss) for the year arising from:			
- Continuing operations	12,144	(1,462)	13,606
- Discontinued operations	1,421	15,027	(13,606)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

38. RECLASSIFICATIONS AND COMPARATIVE FIGURES (CONTINUED)

The above reclassifications did not require modifications to the financial statements measurements. As permitted by the financial reporting standard on the presentation of financial statements, the third statement of financial position at the beginning of the preceding reporting year is not presented because the above regrouping have no material effect on the information in the statement of financial position at the beginning of the preceding period. However, related notes relating to the above balances only are presented. Apart from these disclosures, other balances and notes are not impacted by the reclassifications.

39. 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) 1-39; 7 and 9	Interest Rate Benchmark Reform – Amendments
SFRS(I) 16	Covid-19 Related Rent Concessions – Amendment (The 2021 amendment extends the limit from 30 June 2021 to 30 June 2022)

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

40. 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) 16	Covid-19 Related Rent Concessions beyond 30 June 2021 – Amendments	30 June 2021
SFRS(I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments	1 January 2022
SFRS(I) 1-37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments	1 January 2022
SFRS(I) 3	Definition of a Business – Reference to the Conceptual Framework – Amendments	1 January 2022
SFRS(I) 9	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 January 2022
Various	Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
SFRS(I) 1-1	Presentation of Financial Statements – Amendment relating to Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 1-8	Definition of Accounting Estimates – Amendments	1 January 2023
SFRS(I) 1-12, SFRS(I) 1	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments	1 January 2023
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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

The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the group's financial statements in the period of initial application.

STATISTICS OF SHAREHOLDINGS

AS AT 1 APRIL 2022

Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Share
Number of Issued Shares	:	471,914,611
Number and percentage of Treasury Shares	:	16,659,850 (3.53%)
Number of Issued Shares (less Treasury Shares)	:	455,254,761
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 Section 21(4), (4B), (6A) and (6C) of the Companies Act 1967 of Singapore.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	25	1.34	800	0.00
100 – 1,000	44	2.36	24,866	0.01
1,001 – 10,000	739	39.58	3,927,490	0.86
10,001 – 1,000,000	1,031	55.22	72,392,782	15.90
1,000,001 AND ABOVE	28	1.50	378,908,823	83.23
TOTAL	1,867	100.00	455,254,761	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	59,851,142	13.15	90,317,468 ⁽²⁾	19.84	150,168,610	32.99
Lew Syn Pau	44,572,639	9.79	-	-	44,572,639	9.79

Notes:

(1) Percentage is calculated based on total issued shares of the Company less treasury shares and subsidiary holdings (i.e. 455,254,761).

(2) Mdm 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 1 APRIL 2022

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	96,869,874	21.28
2	LAU LEOK YEE	59,851,142	13.15
3	PHILLIP SECURITIES PTE LTD	47,530,591	10.44
4	LEW SYN PAU	44,572,639	9.79
5	RAFFLES NOMINEES (PTE.) LIMITED	25,677,223	5.64
6	HSBC (SINGAPORE) NOMINEES PTE LTD	14,581,600	3.20
7	MAYBANK SECURITIES PTE. LTD.	12,483,329	2.74
8	DBS NOMINEES (PRIVATE) LIMITED	11,616,509	2.55
9	BON SIAN HWANG	10,172,000	2.23
10	UMS HOLDINGS LIMITED	6,797,300	1.49
11	LAM SENG HANG LTD	6,570,000	1.44
12	UOB KAY HIAN PRIVATE LIMITED	5,922,233	1.30
13	POH GEOK HUA (FU YUHUA)	4,367,300	0.96
14	IFAST FINANCIAL PTE. LTD.	4,298,600	0.94
15	CHUA KENG LOY	3,550,000	0.78
16	OCBC SECURITIES PRIVATE LIMITED	2,989,426	0.66
17	SEAH CHYE ANN (XIE CAIAN)	2,200,000	0.48
18	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,041,458	0.45
19	TOH ONG TIAM	2,016,300	0.44
20	ANG BAN SIONG	2,000,000	0.44
	TOTAL	366,107,524	80.40

PUBLIC SHAREHOLDING

Based on the information available to the Company as at 1 April 2022, approximately 56.97% 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 (“AGM”) of Broadway Industrial Group Limited (the “Company”) will be held by way of electronic means on **Wednesday, 27 April 2022 at 10.00 a.m.** (Singapore time) for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements for the financial year ended 31 December 2021 and the Independent Auditor’s Report thereon. **[Resolution 1]**
2. To declare a final ordinary dividend of 0.5 Singapore cents per share and a special dividend of 0.5 Singapore cents per share for the financial year ended 31 December 2021. **[Resolution 2]**
3. To re-elect Mr Lew Syn Pau who is retiring as a Director pursuant to Regulation 94 of the Company’s Constitution and who, being eligible, offers himself for re-election. **[See Explanatory Note (a)]** **[Resolution 3]**
4. To re-elect Dr Teo Ho Pin who is retiring as a Director pursuant to Regulation 100 of the Company’s Constitution and who, being eligible, offers himself for re-election. **[See Explanatory Note (b)]** **[Resolution 4]**
5. To re-elect Mr Jen Kwong Hwa who is retiring as a Director pursuant to Regulation 100 of the Company’s Constitution and who, being eligible, offers himself for re-election. **[See Explanatory Note (c)]** **[Resolution 5]**
6. To approve the payment of Directors’ fees of S\$464,110 for the financial year ended 31 December 2021 (FY2020: S\$475,410). **[Resolution 6]**
7. To approve the payment of Directors’ fees of up to S\$465,000 (payable quarterly in arrears) for the financial year ending 31 December 2022. **[Resolution 7]**
8. To re-appoint Messrs RSM Chio Lim LLP as Auditors and to authorise the Directors to fix their remuneration. **[Resolution 8]**

AS SPECIAL BUSINESS

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

9. Authority to Issue Shares

That pursuant to Section 161 of the Companies Act 1967 of Singapore (the “Companies Act”), Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and the Constitution of the Company, the Directors of the Company be and are hereby authorised to:

- (a) (i) issue shares in the capital of the Company (“Shares” and each a “Share”) whether by way of rights, bonus or otherwise; and/or

NOTICE OF ANNUAL GENERAL MEETING

- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such person(s) 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 Instruments made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in sub-paragraph (2) below). Unless prior Shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further Shareholder approval, and will not be included in the aforementioned limits;
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the 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 which are 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 Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) such authority, unless revoked or varied by the Company at a general meeting, shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (d)]

[Resolution 9]

10. Authority to Issue Shares under the BIGL Share Option Scheme 2022

That the Directors be and are hereby authorised to offer and grant options in accordance with the rules of the BIGL Share Option Scheme 2022 (the "**Scheme**") and pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the exercise of the options under the Scheme, provided that the aggregate number of Shares issued and issuable in respect of all options granted under the Scheme and all outstanding options or awards granted under such other share-based incentive schemes or plans of the Company shall not exceed fifteen per cent. (15%) of the issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

[See Explanatory Note (e)]

[Resolution 10]

NOTICE OF ANNUAL GENERAL MEETING

11. Authority to Issue Shares under the BIGL Share Plan 2022

That the Directors be and are hereby authorised to grant awards in accordance with the rules of the BIGL Share Plan 2022 (the "**Plan**") and pursuant to Section 161 of the Companies Act, to allot and issue from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the vesting of awards under the Plan, provided that the aggregate number of Shares issued and issuable in respect of all awards granted under the Plan and all outstanding options or awards granted under such other share-based incentive schemes or plans of the Company shall not exceed fifteen per cent. (15%) of the issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

[See Explanatory Note (f)]

[Resolution 11]

12. Authority to Renew Share Buy-Back Mandate

That:

(a) for the purposes of the Companies Act, the authority conferred on the Directors of the Company to exercise all the powers of the Company:

(i) to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(aa) on-market purchase(s) on the SGX-ST transacted through the SGX-ST trading system (each an "**On-Market Purchase**"); and/or

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

and otherwise in accordance with the Companies Act and all other laws and regulations and rules of the SGX-ST as may for the time being be applicable (the "**Share Buy-Back Mandate**"); and

(ii) to deal with the Shares acquired or purchased by the Company under the Share Buy-Back Mandate 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 approved generally and unconditionally;

(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 AGM of the Company is held or required by law to be held;

(ii) the date on which purchases and acquisitions of Shares 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 at a general meeting;

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

"Average Closing Market Price" means the average of the closing market prices of the Shares over the last five (5) days on which the SGX-ST is open for trading of securities ("**Market Days**"), on which transactions in the Shares were recorded, 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 during the relevant five (5)-day period and the day on which the purchases are made;

"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 the number of Shares representing 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 Shares shall be taken to be the total number of Shares as altered after such capital reduction. Any Shares 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, 5% above the Average Closing Market Price; and
 - (ii) in the case of an Off-Market Purchase, 20% above the Average Closing Market 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 (g)]

[Resolution 12]

This Notice has been made available on SGXNet and on the Company's website. A printed copy of this Notice will NOT be despatched to members.

By Order of the Board

Ho Yu Han, Genevieve
Chan Wan Mei
Joint Company Secretaries

Singapore
11 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to Resolutions:

- (a) **Resolution 3** is to re-elect Mr Lew Syn Pau who will, upon re-election, continue to serve as the Non-Independent Non-Executive Chairman of the Company and a Member of the Audit Committee, the Nomination Committee and the Remuneration Committee. Detailed information on Mr Lew can be found in the "Board of Directors & CEO" and "Additional Information on Director Seeking Re-election" sections of the Company's Annual Report.
- (b) **Resolution 4** is to re-elect Dr Teo Ho Pin who will, upon re-election, continue to serve as an Independent Director of the Company, the Chairman of the Nomination Committee and a Member of the Audit Committee and the Remuneration Committee. Dr Teo is considered an Independent Director of the Company. Detailed information on Dr Teo can be found in the "Board of Directors & CEO" and "Additional Information on Director Seeking Re-election" sections of the Company's Annual Report.
- (c) **Resolution 5** is to re-elect Mr Jen Kwong Hwa who will, upon re-election, continue to serve as an Independent Director of the Company, the Chairman of the Remuneration Committee and a Member of the Audit Committee and the Nomination Committee. Mr Jen is considered an Independent Director of the Company. Detailed information on Mr Jen can be found in the "Board of Directors & CEO" and "Additional Information on Director Seeking Re-election" sections of the Company's Annual Report.
- (d) **Resolution 9** is to empower the Directors of the Company from the date of the above AGM until the next AGM to issue Shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) of which the total number of Shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this 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 provides that the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) 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).
- (e) **Resolution 10** is to empower the Directors of the Company to issue from time to time fully-paid Shares as may be required to be issued pursuant to the exercise of the options under the Scheme, provided that the aggregate number of Shares issued and issuable in respect of all options granted under the Scheme and all outstanding options or awards granted under such other share-based incentive schemes or plans of the Company shall not exceed fifteen per cent. (15%) of the issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.
- (f) **Resolution 11** is to empower the Directors of the Company to issue from time to time fully-paid Shares as may be required to be issued pursuant to the vesting of awards under the Plan, provided that the aggregate number of Shares issued and issuable in respect of all awards granted under the Plan and all outstanding options or awards granted under such other share-based incentive schemes or plans of the Company shall not exceed fifteen per cent. (15%) of the issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.
- (g) **Resolution 12** is to empower the Directors of the Company to buy-back ordinary shares of the Company by way of On-Market Purchases and/or Off-Market Purchases of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the Maximum Price, as defined in the Appendix to the Notice of AGM (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 1 April 2022 (the "**Latest Practicable Date**"), the purchase by the Company of 10% of its issued Shares (excluding treasury shares and subsidiary holdings) will result in the purchase or acquisition of 45,525,476 Shares.

Assuming that the Company purchases or acquires the 45,525,476 Shares at the Maximum Price on the Latest Practicable Date, the maximum amount of funds required is approximately:

- (i) in the case of On-Market Purchases of Shares, S\$9.7 million based on S\$0.214 for each Share (being the price equivalent to 5% above the Average Closing Market Price of the Shares traded on the SGX-ST over the last five (5) Market Days preceding the Latest Practicable Date); and
- (ii) in the case of Off-Market Purchases of Shares, S\$11.1 million based on S\$0.244 for each Share (being the price equivalent to 20% above the Average Closing Market Price of the Shares traded on the SGX-ST over the last five (5) 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 2021, based on certain assumptions, are set out in Paragraph 2.7.3 of the Appendix. Please refer to the Appendix for more information.

Notes:

1. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Annual Report and this Notice of AGM will not be sent to members. Instead, the Annual Report and this Notice of AGM will be sent to members by electronic means via publication on the Company's website at <https://bw-grp.com/publications>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
2. Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the AGM in person. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions (if any) to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement dated 11 April 2022. This announcement may be accessed at the Company's website and will also be made available on the SGX website.
3. Persons who hold shares of the Company through relevant intermediaries (as defined below), including CPF and SRS members, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions (if any) in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS members, their respective CPF Agent

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Banks or SRS Operators) through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM. In addition, CPF and SRS members who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **5.00 p.m. on 14 April 2022**, being at least seven (7) working days before the AGM on 27 April 2022.

“**relevant intermediary**” means:

- (i) 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;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act 1953 of Singapore, 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 CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. Members will be able to observe and/or listen to the AGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, members must pre-register at the Company’s pre-registration website at https://us02web.zoom.us/webinar/register/WN_2NiUXDx6R9ak4Jk3zhEmvw by **24 April 2022 at 10.00 a.m.** Members who do not receive an email by 26 April 2022 but have registered by the 24 April 2022 deadline should contact the Company at (65) 6236 0088 or ir@bigl.com.sg or the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at (65) 6536 5355 during office hours for assistance.
 5. Members may also submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM. In order to do so, their questions must be submitted in the following manner by **10.00 a.m. on 18 April 2022**:
 - (a) if submitted by post, be lodged at the Company’s registered office at 3 Fusionopolis Way, #13-26 Symbiosis, Singapore 138633; or
 - (b) if submitted electronically, be submitted:
 - (i) via the Company’s pre-registration website at https://us02web.zoom.us/webinar/register/WN_2NiUXDx6R9ak4Jk3zhEmvw; or
 - (ii) via email to ir@bigl.com.sg.

Members who submit questions must provide the following information:

- (i) the member’s full name;
- (ii) the member’s NRIC/FIN/Passport/Company Registration Number;
- (iii) the member’s address; and
- (iv) the manner in which the members hold shares in the Company (e.g. via CDP, scrip, CPF or SRS).

The Company’s Chairman will conduct the proceedings of the AGM. The Company will endeavour to address all substantial and relevant questions submitted in advance of the AGM at least 72 hours prior to the closing date and time for the submission of the Proxy Forms, i.e. by **10.00 a.m. on 21 April 2022** by publishing the responses to questions on the Company’s website and on SGXNet. The Company will publish the minutes of the AGM on the Company’s website and on SGXNET.

Members will not be able to ask questions at the AGM during the live audio-visual webcast or live audio-only stream, and therefore it is important for members who wish to ask questions to submit their questions (if any) in advance of the AGM.

6. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The Proxy Form may be accessed at the Company’s website at <https://bw-grp.com/publications>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>. Printed copies of the Proxy Form will not be sent to members.

In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

7. The Chairman of the AGM, as proxy, need not be a member of the Company.
8. The Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged at the Company’s registered office at 3 Fusionopolis Way, #13-26 Symbiosis, Singapore 138633; or
 - (b) if submitted electronically, be submitted via email to ir@bigl.com.sg,

in either case, by **10.00 a.m. on 24 April 2022**, being no later than 72 hours before the time fixed for the AGM.

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Members are strongly encouraged to submit completed Proxy Forms electronically via email.

9. Any reference to a time of day is made by reference to Singapore time.
10. The Company’s Annual Report 2021 has been published on the Company’s website and may be accessed at <https://bw-grp.com/publications> and is also made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.

Personal Data Privacy:

By pre-registering for the live audio-visual webcast or live audio-only stream and/or submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company 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 the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 31 March 2022

The following table sets out the additional information on a Director seeking re-appointment at the Annual General Meeting pursuant to Rule 720(6) of the SGX-ST's Listing Manual:

Name of Director	Lew Syn Pau
Date of appointment	2 November 2011
Date of last re-appointment (if applicable)	26 April 2019
Age	68
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board had considered the Nomination Committee's recommendation and assessment on Mr Lew's background, experience, independence and commitment in the discharge of his duties as a Director of the Company, and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title	<ul style="list-style-type: none"> • Non-Independent Non-Executive Chairman • Member, Audit Committee • Member, Nomination Committee • Member, Remuneration Committee
Professional qualifications	<ul style="list-style-type: none"> • Master of Engineering, Cambridge University, United Kingdom • Master of Business Administration, Stanford University, United States of America
Working experience and occupation(s) during the past 10 years	Financial adviser and independent company director in various listed entities
Shareholding interest in the listed issuer and its subsidiaries	44,572,639 ordinary shares in the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 31 March 2022

Name of Director	Lew Syn Pau
Other Principal Commitments Including Directorships - Past (for the last 5 years)	<ul style="list-style-type: none"> • Poh Tiong Choon Logistics Ltd, Independent Director • Food Empire Holdings Ltd, Independent Director • Golden-Agri Resources Ltd, Independent Director • Sinarmas Land Limited, Independent Director • SUTL Enterprise Limited, Independent Director • BIGL Technologies (Thailand) Co., Ltd., Director • Beijing Ant Brothers Technology Co., Ltd., Director
Other Principal Commitments Including Directorships - Present	<ul style="list-style-type: none"> • Golden Energy and Resources Limited, Independent Director • BIGL Asia Pte. Ltd., Director • BIGL Holdings Pte. Ltd., Director • BIGL Enterprises (Singapore) Pte. Ltd., Director • BIGL Robotics Pte. Ltd., Director • BIGL Asia Pacific Limited, Director • BIGL Enterprise Management (Beijing) Co., Ltd., Chairman
Information required under items (a) to (k) of Appendix 7.4.1 of the SGX-ST's Listing Manual	<p>Mr Lew's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST's Listing Manual are all "No".</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 31 March 2022

The following table sets out the additional information on a Director seeking re-appointment at the Annual General Meeting pursuant to Rule 720(6) of the SGX-ST's Listing Manual:

Name of Director	Teo Ho Pin
Date of appointment	17 May 2021
Date of last re-appointment (if applicable)	N.A.
Age	62
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board had considered the Nomination Committee's recommendation and assessment on Dr Teo's background, experience, independence and commitment in the discharge of his duties as a Director of the Company, and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title	<ul style="list-style-type: none"> Independent Director Chairman, Nomination Committee Member, Audit Committee Member, Remuneration Committee
Professional qualifications	<ul style="list-style-type: none"> PhD in Building, Heriot-Watt University, United Kingdom Master of Science in project Management (Distinction), Heriot-Watt University, United Kingdom Bachelor of Science in Building (Hons), National University of Singapore Honorary Fellow, Society of Project Managers
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> 2020 - Present: Senior Advisor, Surbana Jurong Private Limited (Managed Services Division) 2020 - Present: Visiting Professor, Singapore University of Technology and Design 2017 - Present: Adjunct Professor, National University of Singapore 2004 - Present: Vice-Chairman, Singapore Environment Council 1999 - Present: President, Building and Estate Management Alumni, National University of Singapore 1996 - 2020: Member of Parliament for the Bukit Panjang Constituency 2001 - 2020: Mayor of the North West District 2001 - 2020: Chairman, Holland-Bukit Panjang Town Council 2006 - 2020: Co-ordinating Chairman, PAP Town Councils 2011 - 2015: Deputy Government Whip 2014 - 2015: Chairman, Mayor's Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 31 March 2022

Name of Director	Teo Ho Pin
Shareholding interest in the listed issuer and its subsidiaries	265,100 ordinary shares in the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships - Past (for the last 5 years)	Nil
Other Principal Commitments Including Directorships - Present	<ul style="list-style-type: none"> • Tiong Seng Holdings Limited, Independent Director • ISOteam Ltd., Independent Director • King Wan Corporation Limited, Independent Director • Enviro-Hub Holdings Ltd, Independent Director • Surbana Jurong Private Limited (Managed Services Division), Senior Advisor • Singapore University of Technology and Design, Visiting Professor • Department of Building at the National University of Singapore, Adjunct Professor • Singapore Environment Council, Vice-Chairman • Building and Estate Management Alumni, National University of Singapore, President
Information required under items (a) to (k) of Appendix 7.4.1 of the SGX-ST's Listing Manual	Dr Teo's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST's Listing Manual are all "No".

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

As at 31 March 2022

The following table sets out the additional information on a Director seeking re-appointment at the Annual General Meeting pursuant to Rule 720(6) of the SGX-ST's Listing Manual:

Name of Director	Jen Kwong Hwa
Date of appointment	20 December 2021
Date of last re-appointment (if applicable)	N.A.
Age	67
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board had considered the Nomination Committee's recommendation and assessment on Mr Jen's background, experience, independence and commitment in the discharge of his duties as a Director of the Company, and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title	<ul style="list-style-type: none"> Independent Director Chairman, Remuneration Committee Member, Audit Committee Member, Nomination Committee
Professional qualifications	Bachelor of Science (Engineering), 1st Class, Imperial College, London
Working experience and occupation(s) during the past 10 years	1999 – 2012: Managing Director, Micron Semiconductor Asia Pte. Ltd.
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments Including Directorships – Past (for the last 5 years)	<ul style="list-style-type: none"> SIM Governing Council, Member
Other Principal Commitments Including Directorships – Present	<ul style="list-style-type: none"> Gridcomm Pte. Ltd., Director Endofotonics Pte. Ltd., Director Connected Health Pte. Ltd., Director
Information required under items (a) to (k) of Appendix 7.4.1 of the SGX-ST's Listing Manual	Mr Jen's responses under items (a) to (k) of Appendix 7.4.1 of the SGX-ST's Listing Manual are all "No".

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

If you have any doubt as to the action you should take, you should consult your stockbroker or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Broadway Industrial Group Limited, you should immediately forward the Notice of Annual General Meeting and this Appendix to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made or opinions expressed in the Annual Report, the Notice of Annual General Meeting and this Appendix.



APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 11 APRIL 2022 IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

1. INTRODUCTION

- 1.1. Summary.** The Directors (the "**Directors**") of Broadway Industrial Group Limited (the "**Company**") are convening an annual general meeting to be held on 27 April 2022 (the "**AGM**") to seek, among other matters, the approval of the shareholders¹ of the Company ("**Shareholders**") for the renewal of the mandate (the "**Share Buy-Back Mandate**") enabling the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company (the "**Shares**").
- 1.2. Appendix.** The purpose of this Appendix is to provide Shareholders with information relating to the proposal for the renewal of the Share Buy-Back Mandate, to be tabled at the AGM.

2. THE RENEWAL OF THE SHARE BUY-BACK MANDATE

- 2.1. Background.** Shareholders had renewed the share buy-back mandate approved on 26 June 2020 (the "**Existing Share Buy-Back Mandate**") at the annual general meeting of the Company held on 29 April 2021 (the "**2021 AGM**"). The authority and limitations of the Existing Share Buy-Back Mandate were set out in the circular dated 14 April 2021 issued prior to the 2021 AGM. The Existing Share Buy-Back Mandate was expressed to continue in force until the next annual general meeting of the Company and, as such, will be expiring on 27 April 2022, being the date of the AGM. It is proposed that the Existing Share Buy-Back Mandate be renewed at the AGM. This proposal will be tabled as an Ordinary Resolution for Shareholders' approval at the AGM.

¹ Refers to registered holders of the Shares, except that where the registered holder is The Central Depository (Pte) Limited ("**CDP**"), the term "**Shareholders**" shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares.

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

2.2. Rationale. The Share Buy-Back Mandate will give the Company the flexibility to undertake purchases or acquisitions of its Shares at any time, subject to market conditions, during the period that the Share Buy-Back Mandate is in force. Share purchases or acquisitions provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. Furthermore, it allows the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves.

The proposed Share Buy-Back Mandate will also give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued.

The Shares which are purchased or acquired under the Share Buy-Back Mandate may be held as treasury shares which may be used for prescribed purposes such as selling treasury shares for cash, transferring them as consideration for the acquisition of assets or transferring them pursuant to an employees' share scheme. The use of treasury shares in lieu of issuing new Shares will also mitigate the dilution impact on existing Shareholders.

Whilst the Share Buy-Back Mandate will authorise a purchase or acquisition of Shares up to the said 10% limit during the period referred to in paragraph 2.3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or affect the listing status of the Company on the Singapore Exchange Securities Trading Limited ("SGX-ST").

2.3. Authority and Limitations. The authority and limitations on the purchase or acquisition of Shares by the Company under the Share Buy-Back Mandate are summarised below:

2.3.1. Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate is limited to that number of Shares representing not more than 10% of the total number of Shares (excluding treasury shares and subsidiary holdings²) as at the date of the AGM unless the Company has, at any time during the Relevant Period (as defined in paragraph 2.3.2 below), reduced its share capital in accordance with the applicable provisions of the Companies Act 1967 of Singapore (the "**Companies Act**"), in which event the total number of Shares shall be taken to be the total number of Shares as altered after such capital reduction. Under the Companies Act, any subsidiary holdings and any Shares which are held as treasury shares shall be disregarded for the purposes of computing the 10% limit.

Purely for illustrative purposes, on the basis of 455,254,761 Shares (being 471,914,611 Shares excluding 16,659,850 treasury shares and there being no subsidiary holdings) as at 31 March 2022, being the latest practicable date prior to the publication of this Appendix (the "**Latest Practicable Date**") and assuming that between the Latest Practicable Date and the date of the AGM (i) no new Shares are issued, (ii) no further Shares are repurchased by the Company and cancelled or held as treasury shares and (iii) no treasury shares are cancelled or used by the Company for any of the prescribed purposes, then not more than 45,525,476 Shares (representing 10% of the total number of Shares as at that date, excluding treasury shares and subsidiary holdings) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate during the period when the Share Buy-Back Mandate is in force as set out in paragraph 2.3.2 below.

² "**Subsidiary holdings**" is defined in the Listing Manual of the SGX-ST ("**Listing Manual**") to mean shares referred to in Section 21(4), (4B), (6A) and (6C) of the Companies Act.

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2.3.2. Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the AGM, at which the Share Buy-Back Mandate is approved, up to:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held ("**Relevant Period**");
- (ii) the date on which the purchases or acquisitions of Shares 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, whichever is the earliest.

2.3.3. Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made by way of:

- (i) on-market purchases ("**On-Market Purchases**"); and/or
- (ii) off-market purchases ("**Off-Market Purchases**").

On-Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme ("**equal access scheme**") or schemes for the purchase or acquisition of Shares from Shareholders pursuant to Section 76C of the Companies Act. The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an Off-Market Purchase must, however, satisfy all the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (c) the terms of all the offers shall be the same, except that there shall be disregarded: (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*:

- (A) the terms and conditions of the offers;
- (B) the period and procedures for acceptances;
- (C) the reasons for the proposed Share purchases;

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

- (D) the consequences, if any, of Share purchases by the Company that will arise under The Singapore Code on Take-overs and Mergers (the **"Take-over Code"**) or other applicable take-over rules;
- (E) whether the Share purchases, if made, would have any effect on the listing of the equity securities on the SGX-ST;
- (F) the details of any Share purchases made by the Company in the previous 12 months (whether by way of On-Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (G) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

2.3.4. Purchase Price

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the maximum purchase price (the **"Maximum Price"**) to be paid for the Shares as determined by the Directors must not exceed:

- (i) in the case of an On-Market Purchase, 5% above the Average Closing Market Price; and
- (ii) in the case of an Off-Market Purchase, 20% above the Average Closing Market Price.

For the above purposes:

"Average Closing Market Price" means the average of the closing market prices of the Shares over the last five (5) days on which the SGX-ST is open for trading of securities (**"Market Days"**), on which transactions in the Shares were recorded, 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 during the relevant five (5)-day period and the day on which the purchases are made; and

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

- 2.4. Status of Purchased or Acquired Shares.** Under the Companies Act, the Shares purchased or acquired by the Company shall, unless held in treasury in accordance with Section 76H of the Companies Act, be deemed to be cancelled immediately on purchase or acquisition, and all rights and privileges attached to those Shares will expire on cancellation. The total number of Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

The Company may decide to cancel Shares which have been purchased or acquired by the Company or hold such Shares as treasury shares, depending on whether it is in the interests of the Company to do so. It is presently intended by the Company that Shares which are purchased or acquired by the Company will be held as treasury shares, up to the maximum number of treasury shares permitted by law to be held by the Company.

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2.5. Treasury Shares. Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

2.5.1. Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of Shares. In the event that the Company holds more than 10% of the total number of its Shares as treasury shares, the Company shall dispose of or cancel the excess treasury shares in the manner set out under paragraph 2.5.3 below within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

2.5.2. Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights. In addition, no dividend may be paid and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus Shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3. Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of Shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

2.5.4. Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "Usage"). Such announcement must include details such as the date of the Usage, the purpose of the Usage, the number of treasury shares subject to the Usage, the number of treasury shares before and after the Usage, the percentage of the number of treasury shares subject to the Usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the Usage, and the value of the treasury shares subject to the Usage.

2.6. Source of Funds. In purchasing or acquiring Shares pursuant to the Share Buy-Back Mandate, the Company may only apply funds legally available for such purchase or acquisition in accordance with its Constitution and applicable laws. Under the Companies Act, any payment made by the Company in consideration of the purchase or acquisition of its Shares may be made out of the Company's capital and/or profits. The Company may not purchase or acquire Shares on the SGX-ST for a consideration other than in cash or, in the case

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

of an On-Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST. The Company intends to use internal sources of funds and external borrowings to finance purchases or acquisitions of its Shares. In considering the use of external funding, the Company will take into consideration the availability of external financing and the resulting impact on the prevailing gearing level of the Company and its subsidiaries (the "Group"). The Company will only exercise the Share Buy-Back Mandate in the interest of the Group without causing adverse financial impact to the Group. **In particular, the Company will have regard to any relevant financial covenants which are applicable to the Company or the Group under any agreements for banking and credit facilities which may be granted by a financial institution to the Company or the Group from time to time. The Company will not purchase or acquire any Shares if such purchases would lead to any breaches of the relevant financial covenants.**

2.7. Financial Effects. The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buy-Back Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of capital and/or profits of the Company, the aggregate number of Shares purchased or acquired, and the consideration paid at the relevant time. The financial effects on the Group based on the audited financial statements of the Group for the financial year ended 31 December 2021 are based on the assumptions set out below.

2.7.1. Purchase or Acquisition Out of Capital and/or Profits

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital and/or profits so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

2.7.2. Maximum Price Paid for Shares Acquired or Purchased

Based on 455,254,761 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the purchase by the Company of 10% of such Shares will result in the purchase or acquisition of 45,525,476 Shares.

Assuming that the Company purchases or acquires the 45,525,476 Shares at the Maximum Price on the Latest Practicable Date, the maximum amount of funds required is approximately:

- (i) in the case of On-Market Purchases of Shares, S\$9.7 million based on S\$0.214 for each Share (being the price equivalent to 5% above the Average Closing Market Price of the Shares traded on the SGX-ST over the last five (5) Market Days preceding the Latest Practicable Date); and
- (ii) in the case of Off-Market Purchases of Shares, S\$11.1 million based on S\$0.244 for each Share (being the price equivalent to 20% above the Average Closing Market Price of the Shares traded on the SGX-ST over the last five (5) Market Days preceding the Latest Practicable Date).

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2.7.3. **For illustrative purposes only**, on the basis of the assumptions set out above as well as the following:

- (i) the Share Buy-Back Mandate had been effective on 1 January 2021;
- (ii) the purchase of Shares took place at the beginning of the financial year on 1 January 2021;
- (iii) there was no issuance of Shares after the Latest Practicable Date; and
- (iv) the Share purchases were funded entirely by internal resources,

the financial effects on the audited financial statements of the Group for the financial year ended 31 December 2021 would have been as follows:

Purchases made entirely out of capital and cancelled

As at 31 December 2021

	Group		
	Before Share Buy-Back	After Share Buy-Back assuming On- Market Share Buy-Back ⁽⁵⁾	After Share Buy-Back assuming Off- Market Share Buy-Back ⁽⁶⁾
S\$'000			
Shareholders' Funds ⁽¹⁾	86,859	77,117	75,751
Net Assets ⁽²⁾	86,859	77,117	75,751
Current Assets	151,985	142,243	140,877
Current Liabilities	129,407	129,407	129,407
Total Borrowings	11,254	11,254	11,254
Cash and Cash Equivalents	27,664	17,922	16,556
Profit attributable to Owners of the Company	15,269	15,269	15,269
No. of issued Shares ('000)			
Ordinary Shares	471,914	426,389	426,389
Less: Treasury Shares	(13,633)	(16,660)	(16,660)
Less: Subsidiary holdings	-	-	-
No. of issued Shares (net of Treasury Shares)	458,281	409,729	409,729
Weighted average number of Shares	458,281	409,729	409,729
Financial Ratios:			
Net Assets per Share (in cents) ⁽³⁾	18.95	18.82	18.49
Basic Earnings per Share (in cents) ⁽⁴⁾	3.27	3.73	3.73

Notes:

- (1) "Shareholders' Funds" represents the aggregate amount of share capital, treasury shares, capital reserve, share-based payment reserve, translation reserve and accumulated losses.
- (2) "Net assets" as disclosed above excludes non-controlling interests.
- (3) "Net assets per Share" equals Shareholders' Funds divided by number of Shares excluding treasury shares and subsidiary holdings.
- (4) "Basic earnings per Share" is calculated based on profit attributable to owners of the Company divided by the weighted average number of Shares, assuming the Share Buy-Back took place on 1 January 2021.
- (5) Assumes that the Company purchases the 45,525,476 Shares at the maximum price of S\$0.214 for one Share, which is 5% above the Average Closing Price of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 45,525,476 Shares is S\$9.7 million.
- (6) Assumes that the Company purchases the 45,525,476 Shares at the maximum price of S\$0.244 for one Share, which is 20% above the average closing price of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 45,525,476 Shares is S\$11.1 million.

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

Purchases made entirely out of capital and held as treasury shares

As at 31 December 2021

	Group		
	Before Share Buy-Back	After Share Buy-Back assuming On- Market Share Buy-Back ⁽⁵⁾	After Share Buy-Back assuming Off- Market Share Buy-Back ⁽⁶⁾
S\$'000			
Shareholders' Funds ⁽¹⁾	86,859	77,117	75,751
Net Assets ⁽²⁾	86,859	77,117	75,751
Current Assets	151,985	142,243	140,877
Current Liabilities	129,407	129,407	129,407
Total Borrowings	11,254	11,254	11,254
Cash and Cash Equivalents	27,664	17,922	16,556
Profit attributable to Owners of the Company	15,269	15,269	15,269
No. of issued Shares ('000)			
Ordinary Shares	471,914	471,916	471,916
Less: Treasury Shares	(13,633)	(62,185)	(62,185)
Less: Subsidiary holdings	–	–	–
No. of issued Shares (net of Treasury Shares)	458,281	409,728	409,728
Weighted average number of Shares	458,281	409,728	409,728
Financial Ratios:			
Net Assets per Share (in cents) ⁽³⁾	18.95	18.82	18.49
Basic Earnings per Share (in cents) ⁽⁴⁾	3.27	3.73	3.73

Notes:

- (1) "Shareholders' Funds" represents the aggregate amount of share capital, treasury shares, capital reserve, share-based payment reserve, translation reserve and accumulated losses.
- (2) "Net assets" as disclosed above excludes non-controlling interests.
- (3) "Net assets per Share" equals Shareholders' Funds divided by number of Shares excluding treasury shares and subsidiary holdings.
- (4) "Basic earnings per Share" is calculated based on profit attributable to owners of the Company divided by the weighted average number of Shares, assuming the Share Buy-Back took place on 1 January 2021.
- (5) Assumes that the Company purchases the 45,525,476 Shares at the maximum price of S\$0.214 for one Share, which is 5% above the Average Closing Price of a Share over the last five (5) Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 45,525,476 Shares is S\$9.7 million.
- (6) Assumes that the Company purchases the 45,525,476 Shares at the maximum price of S\$0.244 for one Share, which is 20% above the average closing price of a Share over the last five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 45,525,476 Shares is S\$11.1 million.

SHAREHOLDERS SHOULD NOTE THAT THE FOREGOING FINANCIAL EFFECTS ARE BASED ON THE AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 AND ARE FOR ILLUSTRATION ONLY. THE RESULTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 MAY NOT BE REPRESENTATIVE OF FUTURE PERFORMANCE.

It should be noted that although the Share Buy-Back Mandate would authorise the Company to purchase or acquire up to 10% of the total number of Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10%. In addition, the Company may cancel or hold in treasury all or part of the Shares purchased or acquired. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

- 2.8. Taxation.** Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.
- 2.9. Listing Status of the Shares.** The Listing Manual requires a listed company to ensure that at least 10% of the total number of its issued shares (excluding treasury shares, subsidiary holdings, preference shares and convertible equity securities) in a class that is listed is held by public shareholders at all times. The “**public**”, as defined in the Listing Manual, are the persons other than the Directors, Chief Executive Officer, substantial shareholders or controlling shareholders (as defined in the Listing Manual) of a listed company and its subsidiaries, as well as associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, approximately 259,360,612 Shares, representing 56.97% of the total number of Shares (excluding treasury shares and subsidiary holdings), are in the hands of the public. Assuming that (i) the Company purchases its Shares up to the full 10% limit pursuant to the Share Buy-Back Mandate from the public (as defined in the Listing Rules); and (ii) all Shares purchased by the Company are held as treasury shares, the number of Shares in the hands of the public would be reduced to 213,835,136 Shares, representing 52.19% of the total number of Shares (excluding treasury shares and subsidiary holdings). Accordingly, the Company is of the view that there is a sufficient number of Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the proposed Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through On-Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases or acquisitions, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

- 2.10. Listing Rules.** The Listing Manual restricts a listed company from purchasing shares by way of on-market purchases at a price per share which is more than 5% above the “**average closing market price**”, being the average of the closing market prices of the shares over the last five (5) Market Days on which transactions in the shares were recorded, before the day on which the purchases were made, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-day period and the day on which the purchases are made. The Maximum Price for a Share in relation to On-Market Purchases referred to in paragraph 2.3.4(i) above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20% above the Average Closing Market Price of a Share as the maximum price for a Share to be purchased or acquired by way of an Off-Market Purchase.

While the Listing Rules do not expressly prohibit the purchase or acquisition of shares by a listed company during any particular time(s), because a listed company would be considered an “**insider**” in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase or acquire any Shares pursuant to the Share Buy-Back Mandate at any time after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price-sensitive information has been publicly announced. In particular, in line with Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares through On-Market Purchases during the period of one month before the announcement of the Company’s half year and full year financial statements.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10% of the total number of Shares (excluding treasury shares and subsidiary holdings) are in the hands of the public. The “**public**”, as defined under the Listing Manual, are persons other than the Directors, Chief Executive Officer, substantial shareholders or controlling shareholders (as defined in the Listing Manual) of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

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2.11. Reporting Requirements. The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of an On-Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form prescribed by the Listing Manual) must include details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the number of subsidiary holdings, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of shares excluding treasury shares and excluding subsidiary holdings, the number of treasury shares held after the purchase and the number of subsidiary holdings held after the purchase.

2.12. Take-over implications. Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.12.1. Obligation to make a Take-over Offer

Under Rule 14 of the Take-over Code, a person will be required to make a general offer for a public company if:

- (a) he acquires 30% or more of the voting rights of the company; or
- (b) he holds between 30% and 50% of the voting rights of the company and he increases his voting rights in the company by more than 1% in any six (6)-month period.

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

2.12.2. Persons Acting in Concert

Under the Take-over Code, persons acting in concert ("concert parties") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed under the Take-over Code to be acting in concert, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated company of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above companies for the purchase of voting rights; and
- (b) a company with any of its directors (together with their close relatives, related trusts and any company controlled by any of the directors, their close relatives and related trusts).

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The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

2.12.3. Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between (and including) 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between (and including) 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER UNDER THE TAKE-OVER CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL (THE "SIC") AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

2.12.4. Shareholding interests of Ms Wong Yi Jia and parties acting in concert with her

Ms Wong Yi Jia is a Non-Independent Non-Executive Director of the Company. As at the Latest Practicable Date, Ms Wong Yi Jia and parties acting in concert with her, being her mother, Mdm Lau Leok Yee, and her uncles and aunts, Ms Hwang Bon Sian, Dr Wong Seung Tang, Mr Lau Huan Yeong and Ms Lau Seik Yee, have an aggregate interest (direct and deemed) in 170,873,410 Shares, representing approximately 37.53% of the total voting rights of the Company. The shareholdings of Ms Wong Yi Jia and parties acting in concert with her in the Company as at the Latest Practicable Date are set out in paragraph 2.12.8 of this Appendix.

Assuming that there is no change in the number of Shares held or deemed to be held by Ms Wong Yi Jia and parties acting in concert with her from the Latest Practicable Date, in the event that the Company undertakes Share Buy-Backs of up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) within any six (6)-month period as permitted by the Share Buy-Back Mandate, the total shareholding interest of Ms Wong Yi Jia and parties acting in concert with her may be increased by more than 1% within a period of six (6) months as a result of the Share Buy-Backs undertaken by the Company. As a consequence, Ms Wong Yi Jia and parties acting in concert with her would prima facie be required to make a general offer for the Shares held by the other Shareholders under Rule 14 of the Take-over Code.

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2.12.5. Conditions for exemption from having to make a take-over offer

Pursuant to Section 3(a) of Appendix 2 of the Take-over Code, Ms Wong Yi Jia and parties acting in concert with her will be exempted from the requirement to make an offer for the Shares held by the other Shareholders pursuant to Rule 14 of the Take-over Code as a result of the Company purchasing or acquiring the Shares pursuant to the Share Buy-Back Mandate, subject to the following conditions:

- (a) this Appendix contains advice to the effect that by voting for the adoption of the Share Buy-Back Mandate, Shareholders are waiving their right to a general offer at the required price from Ms Wong Yi Jia and parties acting in concert with her who, as a result of the Company buying back its Shares, would increase their voting rights by more than 1% in any period of six (6) months, and the names of Ms Wong Yi Jia and parties acting in concert with her, their voting rights at the time of the resolution relating to the Share Buy-Back Mandate (which is the date of the AGM) and after the proposed Share Buy-Back are disclosed in this Appendix;
- (b) the resolution to authorise the Share Buy-Back Mandate is approved by a majority of those Shareholders present and voting at the AGM on a poll who could not become obliged to make an offer for the Company as a result of the Share Buy-Back;
- (c) Ms Wong Yi Jia and parties acting in concert with her shall abstain from voting for, and Ms Wong Yi Jia shall abstain from recommending Shareholders to vote in favour of, the resolution relating to the Share Buy-Back Mandate;
- (d) within seven (7) days after the passing of the resolution relating to the Share Buy-Back Mandate, Ms Wong Yi Jia shall submit to the SIC a duly signed form as prescribed by the SIC; and
- (e) Ms Wong Yi Jia and parties acting in concert with her have not acquired and will not acquire any Shares between the date on which they know that the announcement of the proposed adoption of the Share Buy-Back Mandate is imminent and the earlier of:
 - i. the date on which the authority of the Share Buy-Back Mandate expires; and
 - ii. the date on which the Company announces it has bought back such number of Shares as authorised by Shareholders at the AGM or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with those purchased or acquired by the Company under the Share Buy-Back Mandate, would cause their aggregate voting rights to increase by more than 1% in the preceding six (6) months.

As such, if the aggregate voting rights held by Ms Wong Yi Jia and parties acting in concert with her increase by more than 1% solely as a result of the purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate, and none of them has acquired any Shares during the relevant six (6)-month period, then Ms Wong Yi Jia and parties acting in concert with her would be eligible for the exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

If the Company ceases to buy back its Shares and the increase in the aggregate voting rights held by Ms Wong Yi Jia and parties acting in concert with her as a result of the Share Buy-Back at such time is less than 1% in any six (6)-month period, Ms Wong Yi Jia and parties acting in concert with her may

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

acquire further voting Shares in the Company. However, any increase in their percentage voting rights as a result of the Share Buy-Back will be taken into account together with any voting Shares acquired by Ms Wong Yi Jia and parties acting in concert with her (by whatever means) in determining whether Ms Wong Yi Jia and parties acting in concert with her have increased their aggregate voting rights in the Company by more than 1% in any six (6)-month period.

2.12.6. Advice to Shareholders

Shareholders should note that by voting to approve the Share Buy-Back Mandate, they are waiving their right to a take-over offer by Ms Wong Yi Jia and parties acting in concert with her in the circumstances set out above. Such a take-over offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at the higher of (a) the highest price (excluding related expenses) paid by Ms Wong Yi Jia and parties acting in concert with her for any Shares within the preceding six (6) months and (b) the highest price paid by the Company for its shares in the preceding six (6) months.

Save as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, parties acting in concert such that their respective interests in voting Shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any Share Buy-Back should consult the SIC and/or their professional advisers at the earliest opportunity.

2.12.7. Form 2 Submission to the SIC

Form 2 (Submission by Directors and their concert parties pursuant to Appendix 2) is the prescribed form to be submitted to the SIC by a Director and persons acting in concert with him pursuant to the conditions for exemption (see condition (d) of paragraph 2.12.5 above headed "Conditions for exemption from having to make a take-over offer") from the requirement to make a take-over offer under Rule 14 of the Take-over Code as a result of the buy-back of shares by a listed company under its share buy-back mandate.

As at the Latest Practicable Date, Ms Wong Yi Jia has informed the Company that she will be submitting a Form 2 to the SIC within seven (7) days after the passing of the resolution relating to the Share Buy-Back Mandate.

2.12.8. Voting Rights of Ms Wong Yi Jia and Persons Acting in Concert with her before and after Share Buy-Back

Based on the shareholdings of Ms Wong Yi Jia and parties acting in concert with her as at the Latest Practicable Date, and assuming that:

- (a) there is no change in their direct holdings of Shares between the Latest Practicable Date and the date of the resolution to be passed in relation to the Share Buy-Back Mandate (being the date of the AGM); and

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

- (b) no new Shares are issued by the Company between the Latest Practicable Date and the date of the resolution to be passed in relation to the Share Buy-Back Mandate (being the date of the AGM), the respective holdings of Shares of Ms Wong Yi Jia and parties acting in concert with her as at the date of the resolution to be passed in relation to the Share Buy-Back Mandate (being the date of the AGM) and after the purchase or acquisition by the Company of 10% of the total number of Shares (excluding treasury shares and subsidiary holdings) pursuant to the Share Buy-Back Mandate are as follows:

	Before the Share Buy-Back (as at the date of AGM)		After the Share Buy-Back	
	Number of Shares	% of total Shares ⁽¹⁾	Number of Shares	% of total Shares ⁽²⁾
Ms Wong Yi Jia	-	-	-	-
Mdm Lau Leok Yee	150,168,610	32.99%	150,168,610	36.65%
Ms Hwang Bon Sian	10,172,000	2.23%	10,172,000	2.48%
Dr Wong Seung Tang	10,000,000	2.20%	10,000,000	2.44%
Ms Lau Seik Yee	531,000	0.12%	531,000	0.13%
Mr Lau Huan Yeong	1,800	n.m. ⁽³⁾	1,800	n.m. ⁽³⁾

Notes:

- (1) As a percentage of 455,254,761 Shares (excluding 16,659,850 treasury shares) in issue as at the Latest Practicable Date. There are no subsidiary holdings in the Company.
(2) As a percentage of 409,729,285 Shares (assuming that the Company purchases the maximum number of 45,525,476 Shares under the Share Buy-Back Mandate).
(3) Not meaningful

2.13. Particulars of Shares Purchased in the Past Year

Pursuant to the Share Buy-Back Mandate approved by the Shareholders at the 2021 AGM and as at the Latest Practicable Date, the Company had purchased an aggregate of 13,026,800 Shares by way of market purchases, within the 12 months preceding the Latest Practicable Date. The highest price paid per Share was S\$0.22 and the lowest price paid per Share was S\$0.155. The total consideration paid was approximately S\$2,536,909.78 (inclusive of commission, brokerage and goods and services tax).

All Shares purchased or acquired by the Company during the aforesaid period were held as treasury shares.

As at the Latest Practicable Date, the Company holds 16,659,850 treasury shares.

3. DIRECTORS' RECOMMENDATION

For the reasons set out in paragraph 2.2 above, the Directors (other than Ms Wong Yi Jia) are of the opinion that the Share Buy-Back Mandate is in the interests of the Company. They accordingly recommend that Shareholders vote in favour of the Share Buy-Back Mandate at the AGM.

Ms Wong Yi Jia (in accordance with the conditions referred to in paragraph 2.12.5(c) above), has abstained from making any recommendation to Shareholders on the Share Buy-Back Mandate.

4. VOTING RESTRICTIONS

In accordance with the conditions referred to in paragraph 2.12.5(c) above, Ms Wong Yi Jia and parties acting in concert with her will abstain from voting on the resolution relating to the proposed renewal of the Share Buy-Back Mandate at the AGM.

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate, and the Company and its subsidiaries which are relevant to the proposed renewal of the Share Buy-Back Mandate, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

**BROADWAY INDUSTRIAL GROUP LIMITED**

(Company Registration Number: 199405266K)
(Incorporated in Singapore)

PROXY FORM

Annual General Meeting

IMPORTANT:

- The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM dated 11 April 2022 will not be sent to members. Instead, the Notice of AGM will be sent to members by electronic means via publication on the Company's website at <https://bw-grp.com/publications>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>.
- Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions (if any) to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement dated 11 April 2022. This announcement may be accessed at the Company's website and will also be made available on the SGX website.
- Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.**
- Please read the AGM notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**
- Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF and SRS members, and who wish to appoint the Chairman of the AGM as proxy, should approach the relevant intermediary (which would include, in the case of CPF and SRS members, their respective CPF Agent Banks or SRS Operators) to submit their votes by **5.00 p.m. on 14 April 2022**, being at least seven (7) working days before the AGM on 27 April 2022.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2022.

I/We, _____ (Name) _____ (NRIC/Passport/Company Registration Number)

of _____ (Address)

of **Broadway Industrial Group Limited** (the "**Company**"), hereby appoint the Chairman of the AGM as my/our proxy to attend, speak and vote for me/us on my/our behalf at the AGM of the Company to be convened and held by way of electronic means on **Wednesday, 27 April 2022 at 10.00 a.m.** (Singapore time) and at any adjournment thereof in the following manner:

No.	Resolutions relating to:	For*	Against*	Abstain*
As Ordinary Business				
1	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2021 and the Independent Auditor's Report thereon			
2	To declare a final ordinary dividend of 0.5 Singapore cents per share and a special dividend of 0.5 Singapore cents per share for the financial year ended 31 December 2021			
3	To re-elect Mr Lew Syn Pau who is retiring as a Director pursuant to Regulation 94 of the Company's Constitution and eligible for re-election			
4	To re-elect Dr Teo Ho Pin who is retiring as a Director pursuant to Regulation 100 of the Company's Constitution and eligible for re-election			
5	To re-elect Mr Jen Kwong Hwa who is retiring as a Director pursuant to Regulation 100 of the Company's Constitution and eligible for re-election			
6	To approve the payment of Directors' fees of S\$464,110 for the financial year ended 31 December 2021			
7	To approve the payment of Directors' fees of up to S\$465,000 (payable quarterly in arrears) for the financial year ending 31 December 2022			
8	To re-appoint Messrs RSM Chio Lim LLP as Auditors and to authorise the Directors to fix their remuneration			
As Special Business				
9	To authorise Directors to issue shares			
10	To authorise Directors to issue shares under the BIGL Share Option Scheme 2022			
11	To authorise Directors to issue shares under the BIGL Share Plan 2022			
12	To authorise Directors to renew the Share Buy-Back Mandate			

* Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to vote all shares "For" or "Against" a resolution, please indicate with an "X" or a "√" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the relevant number of shares as appropriate. If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with an "X" or "√" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the relevant number of shares as appropriate. In the absence of specified directions **in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

Dated this _____ day of _____ 2022

Total Number of Shares Held

Signature or Common Seal of Member(s)

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 2001 of Singapore), 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, this Proxy Form shall be deemed to relate to all the shares held by you.
2. **Due to the current COVID-19 restriction orders in Singapore, members will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.** This Proxy Form may be accessed at the Company's website at <https://bw-grp.com/publications>, and will also be made available on the SGX website at <https://www.sgx.com/securities/company-announcements>. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
3. Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore), including CPF and SRS members, and who wish to appoint the Chairman of the AGM as proxy, should approach the relevant intermediary (which would include, in the case of CPF and SRS members, their respective CPF Agent Banks or SRS Operators) to submit their votes by **5.00 p.m. on 14 April 2022**, being at least seven (7) working days before the AGM on 27 April 2022.
4. The Chairman of the AGM, as proxy, need not be a member of the Company.
5. This Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged at the Company's registered office at 3 Fusionopolis Way, #13-26 Symbiosis, Singapore 138633; or
 - (b) if submitted electronically, be submitted via email to ir@bigl.com.sg,in either case, by **10.00 a.m. on 24 April 2022**, being no later than 72 hours before the time fixed for the AGM.
6. A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Members are strongly encouraged to submit completed Proxy Forms electronically via email.
7. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy 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 the Chairman of the AGM as proxy 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. Any reference to a time of day is made by reference to Singapore time.
9. The Company shall be entitled to reject an instrument appointing or treated as appointing the Chairman of the AGM as proxy 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 or treated as appointing the Chairman of the AGM as proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing or treated as appointing the Chairman of the AGM as proxy 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 AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2022.



BROADWAY INDUSTRIAL GROUP LIMITED

Company Registration No.: 199405266K

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