

CIRCULAR DATED 22 NOVEMBER 2024

THIS CIRCULAR IS ISSUED BY BROADWAY INDUSTRIAL GROUP LIMITED. THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF PRIMEPARTNERS CORPORATE FINANCE PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

If you have sold or transferred all your issued and paid-up ordinary shares in the capital of the Company, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker, solicitor or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. However, such documents should not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction. Please note that no printed copies of this Circular will be despatched to Shareholders (as defined herein). Only printed copies of the Notice (as defined herein) regarding the electronic dissemination of this Circular will be despatched to Shareholders.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



BROADWAY INDUSTRIAL GROUP LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY CONDITIONAL CASH OFFER

by

UNITED OVERSEAS BANK LIMITED

(Company Registration No.: 193500026Z)
(Incorporated in the Republic of Singapore)

for and on behalf of

PATEC PTE. LTD.

(Company Registration No.: 200612917K)
(Incorporated in the Republic of Singapore)

to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror

Independent Financial Adviser to the Independent Directors of the Company



PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

(Company Registration No.: 200207389D)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER UNCONDITIONAL ANNOUNCEMENT (AS DEFINED HEREIN) STATES THAT THE OFFER WILL CLOSE AT 5.30 P.M. (SINGAPORE TIME) ON 23 DECEMBER 2024 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR.

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DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or unless otherwise stated:

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| “1H FY2024” | : | The six-month financial period ended 30 June 2024 |
| “1H FY2024 Results” | : | The unaudited condensed interim financial statements of the Group for 1H FY2024, as set out in Appendix E to this Circular |
| “Acceptance Forms” or “Acceptance Form” | : | The FAA and the FAT collectively, or any one of them, as the case may be |
| “Acquisition” | : | Shall have the meaning ascribed to it in Section 1.1 of this Circular |
| “Business Day” | : | A day, other than Saturday, Sunday or a public holiday, on which banks are open for business in Singapore |
| “CDP” | : | The Central Depository (Pte) Limited |
| “Circular” | : | This circular to Shareholders dated 22 November 2024 from the Company containing, amongst other things, the Recommendation from the Independent Directors to Shareholders and the advice of the IFA to the Independent Directors in respect of the Offer |
| “Closing Date” | : | 5.30 p.m. (Singapore time) on 23 December 2024 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Offer |
| “Code” | : | The Singapore Code on Take-overs and Mergers |
| “Companies Act” | : | The Companies Act 1967 of Singapore |
| “Company” | : | Broadway Industrial Group Limited |
| “Company Securities” | : | (a) The Shares; (b) securities which carry voting rights in the Company; and (c) Convertible Securities, Warrants, Options and Derivatives in respect of (a) or (b) |
| “Convertible Securities” | : | Securities convertible or exchangeable into new Shares or existing Shares |
| “Constitution” | : | The constitution of the Company |
| “CPF” | : | Central Provident Fund |
| “CPFIS” | : | CPF Investment Scheme |
| “CPFIS Investors” | : | Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS |
| “Derivatives” | : | Include any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security or securities |
| “Directors” | : | The directors of the Company as at the Latest Practicable Date |

DEFINITIONS

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| “FAA” | : | Form of Acceptance and Authorisation for Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Shares are deposited with CDP |
| “FAT” | : | Form of Acceptance and Transfer for Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Shares are not deposited with CDP |
| “FY” | : | In respect of the Company, the financial year ended or ending (as the case may be) on 31 December of a particular year as stated |
| “FY2023 Results” | : | The audited consolidated financial statements of the Group for FY2023 |
| “Group” | : | The Company and its subsidiaries from time to time |
| “IFA” | : | PrimePartners Corporate Finance Pte. Ltd., the independent financial adviser to the Independent Directors in respect of the Offer |
| “IFA Letter” | : | Letter dated 22 November 2024 from the IFA to the Independent Directors containing, amongst other things, the advice of the IFA to the Independent Directors in respect of the Offer, as set out in Appendix A to this Circular |
| “Independent Directors” | : | The Directors who are considered independent for the purposes of the Code, namely: (a) Mr. Lew Syn Pau; (b) Mr. Basil Chan; (c) Dr. Teo Ho Pin; (d) Mr. Jen Kwong Hwa; and (e) Ms. Wong Yi Jia |
| “Independent Valuer” | : | Knight Frank Petty Limited |
| “Latest Practicable Date” | : | 11 November 2024, being the latest practicable date prior to the electronic dissemination of this Circular |
| “Listing Manual” | : | The listing manual of the Mainboard of the SGX-ST in force as at the Latest Practicable Date |
| “Notice” | : | The notice dated 22 November 2024 issued by the Company informing Shareholders of, amongst other things, the electronic dissemination of this Circular |
| “Offer” | : | The mandatory conditional cash offer by UOB, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Offer Document and the Acceptance Forms, as such Offer may be amended, extended and revised from time to time by or on behalf of the Offeror |

DEFINITIONS

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| “Offer Announcement” | : | The announcement in connection with the Offer released by UOB, for and on behalf of the Offeror, on the Offer Announcement Date |
| “Offer Announcement Date” | : | 28 October 2024, being the date of the Offer Announcement |
| “Offer Document” | : | The offer document dated 11 November 2024 issued by UOB, for and on behalf of the Offeror, in respect of the Offer |
| “Offer Price” | : | S\$0.197 in cash for each Offer Share |
| “Offer Shares” | : | All the Shares, other than Shares held in treasury and those Shares already owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer |
| “Offer Unconditional Announcement” | : | The announcement released by UOB, for and on behalf of the Offeror, in relation to the Offer being declared unconditional in all respects on the Offer Unconditional Date |
| “Offer Unconditional Date” | : | 14 November 2024, being the date on which the Offer has become unconditional as to all acceptances and declared unconditional in all respects in accordance with its terms |
| “Offeror” | : | Patec Pte. Ltd. |
| “Offeror Securities” | : | (a) The Offeror Shares; (b) securities which carry voting rights in the Offeror; and (c) Convertible Securities, Warrants, Options and Derivatives in respect of (a) or (b) |
| “Offeror Shares” | : | Issued and paid-up ordinary shares in the capital of the Offeror |
| “Options” | : | Options to subscribe for or purchase new Shares or existing Shares |
| “Overseas Persons” | : | Shareholders whose mailing addresses are outside of Singapore (as shown on the register of members of the Company or, as the case may be, in the records of CDP) |
| “Property” | : | Shall have the meaning ascribed to it in Section 9.1 of Appendix B to this Circular |
| “Recommendation” | : | The recommendation of the Independent Directors in respect of the Offer as required under the Code |
| “Register” | : | The register of Shareholders maintained by the Share Registrar |
| “RMB” | : | Renminbi, being the lawful currency of the People’s Republic of China |
| “SFA” | : | The Securities and Futures Act 2001 of Singapore |
| “SGXNET” | : | A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |
| “Share Registrar” | : | Boardroom Corporate & Advisory Services Pte. Ltd. |

DEFINITIONS

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| “Shareholders” | : | Persons who/which are registered as holders of Shares, in the register of members of the Company, and persons whose/which Shares are deposited with CDP or who/which have purchased Shares on the SGX-ST |
| “Shares” | : | Issued and paid-up ordinary shares in the capital of the Company |
| “SIC” | : | The Securities Industry Council of Singapore |
| “SRS” | : | Supplementary Retirement Scheme |
| “SRS Investors” | : | Investors who have purchased Shares using their SRS contributions pursuant to the SRS |
| “Summary Valuation Report” | : | The summary of the Valuation Report, as set out in Appendix F to this Circular |
| “S\$” | : | Singapore dollars, being the lawful currency of Singapore |
| “UOB” | : | United Overseas Bank Limited |
| “Valuation Report” | : | The valuation report issued by the Independent Valuer, in relation to the independent valuation commissioned by the Company of the Property |
| “Vendors” | : | Shall have the meaning ascribed to it in Section 1.1 of this Circular |
| “Warrants” | : | Rights to subscribe for or purchase new Shares or existing Shares |
| “%” or “per cent.” | : | Percentage or per centum |

Acting in Concert and Associates. Unless otherwise defined, the expressions “**acting in concert**” and the term “**associates**” shall have the same meanings as ascribed to them respectively in the Code.

Announcements and Notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Depository Related Terms. The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa* and words indicating a specific gender shall, where applicable, include the other genders (male, female or neuter). References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in figures included in this Circular between the listed amounts and their totals are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

DEFINITIONS

Shareholders. References to “you”, “your” and “yours” in this Circular are, as the context so determines, to Shareholders (including persons whose Shares are deposited with CDP or who have purchased the Shares on the SGX-ST).

Statutes. Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision for the time being amended, modified, supplemented or re-enacted. Any word defined in the Companies Act, the Code, the Listing Manual, the SFA, or any such statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Code, the Listing Manual, the SFA or that modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary, wholly owned subsidiary and related corporation. References to “subsidiary”, “wholly owned subsidiary” and “related corporation” shall have the meanings ascribed to them respectively in Sections 5, 5B and 6 of the Companies Act.

Time and date. Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, unless otherwise stated.

Total Number of Shares and Percentage of Shares. Unless otherwise stated, any reference in this Circular to the total number of issued Shares is a reference to a total of 454,656,461 Shares (excluding 17,258,150 Shares held in treasury), as at the Latest Practicable Date. Unless otherwise specified, all references to a percentage shareholding in the capital of the Company in this Circular are based on such number of Shares as at the Latest Practicable Date.

Reproduced Statements. Statements which are reproduced in their entirety or as excerpts from the Offer Document, the Offer Unconditional Announcement, the IFA Letter, the FY2023 Results, the Summary Valuation Report and the Constitution are set out in this Circular within quotes and in *italics*, and all capitalised terms and expressions used within these reproduced statements and not defined herein shall have the same meanings ascribed to them in the Offer Document, the Offer Unconditional Announcement, the IFA Letter, the FY2023 Results, the Summary Valuation Report and the Constitution respectively.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “if”, “would”, “should”, “could”, “may” and “might”. These forward-looking statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of information available as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Given the risks and uncertainties that may cause the actual results, performance or achievements of the Company and/or Group to be materially different than expected, expressed or implied by the forward-looking statements in this Circular, Shareholders and investors are advised not to place undue reliance on those forward-looking statements. Further, the Company assumes no obligation to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and/or any regulatory or supervisory body or agency.

INDICATIVE TIMETABLE

- Date of electronic dissemination of Offer Document : 11 November 2024 (Monday)
- Date of electronic dissemination of this Circular : 22 November 2024 (Friday)
- Closing Date and Time : 5.30 p.m. (Singapore time) on 23 December 2024 or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances for the Offer.
- Date of settlement of consideration for valid acceptances of the Offer : (a) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the Offer Unconditional Date, within seven (7) Business Days of the Offer Unconditional Date; or
- (b) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer Unconditional Date, but before the Offer closes, within seven (7) Business Days of the date of such receipt.

Please refer to the Offer Unconditional Announcement as well as paragraph 2 of Appendix V to the Offer Document for further information.

LETTER TO SHAREHOLDERS

BROADWAY INDUSTRIAL GROUP LIMITED

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

Directors

Mr. Lew Syn Pau (*Non-Independent and Non-Executive Chairman*)
Mr. Basil Chan (*Lead Independent Director*)
Dr. Teo Ho Pin (*Independent Director*)
Mr. Jen Kwong Hwa (*Independent Director*)
Ms. Wong Yi Jia (*Non-Independent and Non-Executive Director*)

Registered Office

202 Kallang Bahru
#07-01 Work Plus Store Spaze
Singapore 339339

22 November 2024

To: Shareholders of the Company

Dear Shareholders

MANDATORY CONDITIONAL CASH OFFER BY UNITED OVERSEAS BANK LIMITED FOR AND ON BEHALF OF PATEC PTE. LTD. FOR THE OFFER SHARES

1. INTRODUCTION

1.1 **Offer Announcement.** On 28 October 2024, UOB announced, for and on behalf of the Offeror, that:

- (a) the Offeror had on 28 October 2024 entered into a share purchase agreement with each of Lau Leok Yee and Lew Syn Pau (collectively, the “**Vendors**”), pursuant to which the Offeror will purchase an aggregate of 196,964,849 Shares from the Vendors, representing approximately 43.32% of the total number of Shares (excluding Shares held in treasury), at a price of S\$0.197 per Share (the “**Acquisition**”);
- (b) prior to the Acquisition, the Offeror did not own or control any Shares. As a result of the Acquisition, the Offeror owns, controls or has agreed to acquire an aggregate of 196,964,849 Shares, representing approximately 43.32% of the total number of Shares (excluding Shares held in treasury); and
- (c) as a consequence of the Acquisition, the Offeror is required to make a mandatory conditional cash offer for all the Shares, excluding Shares held in treasury and those already owned, controlled or agreed to be acquired by the Offeror, in accordance with Rule 14 of the Code.

A copy of the Offer Announcement is available for download from the Company’s announcement page on SGXNET at www.sgx.com. The Offer Announcement was also advertised in The Straits Times on 30 October 2024.

1.2 **Offer Document and related documents.** On 11 November 2024, UOB announced, for and on behalf of the Offeror, that the notification letter containing the instructions for the electronic retrieval of the Offer Document has been despatched to Shareholders on 11 November 2024, together with the Acceptance Forms. Shareholders should have by now received such notification letter and the Acceptance Forms. The Offer Document contains, amongst other things, the full terms and conditions of the Offer, and the principal terms and conditions of the Offer are set out in paragraph 2 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

Copies of the Offeror’s notification letter, the Offer Document, and the Acceptance Forms are available for download from the Company’s announcement page on SGXNET at www.sgx.com.

LETTER TO SHAREHOLDERS

- 1.3 **Offer Unconditional Announcement.** The details of the Offer being declared unconditional in all respects are set out in paragraphs 2, 3 and 4 of the Offer Unconditional Announcement, extracts of which are reproduced in *italics* below. Capitalised terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Unconditional Announcement. A copy of the Offer Unconditional Announcement is available for download from the Company's announcement page on SGXNET at www.sgx.com.

“2. LEVEL OF ACCEPTANCES

Pursuant to Rule 28.1 of the Code, UOB wishes to announce, for and on behalf of the Offeror, that:

- (a) **Acceptances of the Offer.** *As at 6.00 p.m. (Singapore time) on 14 November 2024, based on information available to the Offeror, the Offeror has received valid acceptances amounting to 50,890,938 Shares, representing approximately 11.19% of the total number of Shares¹.*
- (b) **Shares held as at the Offer Announcement Date.** *As at the Offer Announcement Date, the Offeror and persons acting in concert with it collectively owned, controlled or agreed to acquire 196,964,849 Shares, representing 43.32% of total number of Shares¹; and*
- (c) **Shares acquired or agreed to be acquired after the Offer Announcement Date and up to 6.00 p.m. (Singapore time) on 14 November 2024 (other than pursuant to the valid acceptances of the Offer).** *Following the Offer Announcement Date and up to 6.00 p.m. (Singapore time) on 14 November 2024, save for the Acquisition, the Offeror and persons acting in concert with it have not acquired or agreed to acquire any Shares (other than pursuant to valid acceptances of the Offer).*

3. RESULTANT SHAREHOLDING

Accordingly, as at 6.00 p.m. (Singapore time) on 14 November 2024, the total number of (a) Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it; and (b) valid acceptances of the Offer, amount to an aggregate of 247,855,787 Shares, representing approximately 54.51% of the total number of Shares¹ and approximately 53.01% of the maximum potential issued share capital of the Company (as defined below).

4. OFFER DECLARED UNCONDITIONAL IN ALL RESPECTS

*UOB wishes to announce, for and on behalf of the Offeror, that the Offeror has, as at 6.00 p.m. (Singapore time) on 14 November 2024, received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror (whether before or during the Offer and pursuant to the Offer or otherwise), result in the Offeror holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company. For the purposes of this Announcement, the “**maximum potential issued share capital of the Company**” means the total number of Shares (excluding Shares held in treasury) which would be in issue had all the outstanding BIGL Options been validly exercised and all the Shares under the BIGL Awards been issued and delivered as at the date of this Announcement².*

ACCORDINGLY, THE OFFER HAS BECOME UNCONDITIONAL AS TO ACCEPTANCES AND IS HEREBY DECLARED UNCONDITIONAL IN ALL RESPECTS ON THE DATE OF THIS ANNOUNCEMENT.

¹ The percentage shareholding interest referred to in this Announcement is based on the total number of 454,656,461 issued Shares (excluding 17,258,150 Shares held in treasury) as at the date of this Announcement. Percentages are rounded to the nearest two (2) decimal places.

² As at the date of this Announcement, based on the latest information available to the Offeror, there are 10,300,000 outstanding BIGL Options granted under the BIGL Share Option Scheme and 2,600,000 outstanding Awards granted under the BIGL Share Plan.”

LETTER TO SHAREHOLDERS

- 1.4 **Independent Financial Adviser.** The Company has appointed PrimePartners Corporate Finance Pte. Ltd. as the independent financial adviser to advise the Independent Directors in respect of the Offer.
- 1.5 **Independent Directors.** Under the Code, the Independent Directors are required to make a Recommendation to Shareholders as to whether Shareholders should accept or reject the Offer.
- 1.6 **Purpose of this Circular.** The purpose of this Circular is to provide Shareholders with relevant information relating to the Offer and to set out the Recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer.

Shareholders should read the Offer Document, the Offer Unconditional Announcement, this Circular and the IFA Letter set out in Appendix A to this Circular carefully and consider the advice of the IFA to the Independent Directors and the Recommendation of the Independent Directors in respect of the Offer before deciding whether to accept or reject the Offer.

Shareholders are also advised to read the Summary Valuation Report set out in Appendix F to this Circular carefully, in particular, the terms of reference, key assumptions and critical factors.

If you are in any doubt in respect of this Circular or as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

2. THE OFFER

Based on the information set out in the Offer Document, the terms and conditions of the Offer are as set out below. Capitalised terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

- 2.1 **Terms of the Offer.** The Offer is made by UOB, for and on behalf of the Offeror, on the principal terms set out in paragraph 2 of the Offer Document, the extract of which is reproduced in *italics* below.

"2 THE OFFER

2.1 Offer Shares

The Offer is extended, on the same terms and conditions, to all the Shares, other than Shares held in treasury and those Shares already owned, controlled or agreed to be acquired by the Offeror as at the date of the Offer (collectively, the "Offer Shares" and each, an "Offer Share"). For the avoidance of doubt, the Offer is also extended to:

- (a) *all Shares unconditionally issued pursuant to the exercise of any outstanding options ("BIGL Options") granted under the BIGL Share Option Scheme 2022 (the "BIGL Share Option Scheme") prior to the close of the Offer; and*
- (b) *all Shares unconditionally issued or delivered pursuant to the vesting and release of any outstanding awards ("BIGL Awards") granted under the BIGL Share Plan 2022 (the "BIGL Share Plan") prior to the close of the Offer.*

For the purposes of the Offer, the expression "Offer Shares" will include all such Shares.

LETTER TO SHAREHOLDERS

2.2 Consideration

For each Offer Share: S\$0.197 in cash (the “Offer Price”)

2.3 No Encumbrances

The Offer Shares will be acquired (a) fully paid-up; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (the “**Encumbrances**”); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date). **In the event that any dividends, rights, other distributions or return of capital is declared, made or paid on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividends, rights, distributions or return of capital.**

2.4 Conditional Offer

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of the Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of Shares carrying more than 50% of the total voting rights attributable to the issued share capital of the Company (excluding Shares held in treasury) as at the close of the Offer (including any Shares which may be unconditionally issued pursuant to the valid exercise of the BIGL Options or the valid vesting and release of the BIGL Awards prior to the close of the Offer) (the “**Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by or on behalf of the Offeror and persons acting in concert with it (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company. For the purposes of this Offer Document, the “**maximum potential issued share capital of the Company**” means the total number of Shares (excluding Shares held in treasury) which would be in issue had all the outstanding BIGL Options been validly exercised and all the Shares under the BIGL Awards been issued and delivered as at the date of such declaration.

Save for the above, the Offer is unconditional in all other respects.

LETTER TO SHAREHOLDERS

2.5 **No Options Proposal**

As at the Latest Practicable Date, based on the latest information available to the Offeror, there are 10,300,000 outstanding BIGL Options granted under the BIGL Share Option Scheme.

Under the rules of the BIGL Share Option Scheme, the outstanding BIGL Options are personal to the holders whom they are granted and shall not be transferred. In view of this restriction, the Offeror will not be extending the Offer to the BIGL Options granted under the BIGL Share Option Scheme. However, as stated above, the Offer is extended to all new Shares unconditionally issued pursuant to the exercise of any outstanding BIGL Options granted under the BIGL Share Option Scheme prior to the close of the Offer.

2.6 **No Awards Offer**

As at the Latest Practicable Date, based on the latest information available to the Offeror, there are 2,600,000 outstanding BIGL Awards granted under the BIGL Share Plan.

Under the rules of the BIGL Share Plan, the outstanding BIGL Awards are not freely transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the BIGL Awards. However, as stated above, the Offer is extended to all new Shares unconditionally issued pursuant to the valid vesting and release of any BIGL Awards on or prior to the close of the Offer.

2.7 **Warranty**

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid-up; (b) free from Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date)."

The details of the Offer being declared unconditional in all respects are set out in paragraph 4 of the Offer Unconditional Announcement, the extract of which is reproduced in *italics* below.

"4. OFFER DECLARED UNCONDITIONAL IN ALL RESPECTS

*UOB wishes to announce, for and on behalf of the Offeror, that the Offeror has, as at 6.00 p.m. (Singapore time) on 14 November 2024, received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror (whether before or during the Offer and pursuant to the Offer or otherwise), result in the Offeror holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company. For the purposes of this Announcement, the "**maximum potential issued share capital of the Company**" means the total number of Shares (excluding Shares held in treasury) which would be in issue had all the outstanding BIGL Options been validly exercised and all the Shares under the BIGL Awards been issued and delivered as at the date of this Announcement².*

ACCORDINGLY, THE OFFER HAS BECOME UNCONDITIONAL AS TO ACCEPTANCES AND IS HEREBY DECLARED UNCONDITIONAL IN ALL RESPECTS ON THE DATE OF THIS ANNOUNCEMENT.

² *As at the date of this Announcement, based on the latest information available to the Offeror, there are 10,300,000 outstanding BIGL Options granted under the BIGL Share Option Scheme and 2,600,000 outstanding Awards granted under the BIGL Share Plan."*

LETTER TO SHAREHOLDERS

- 2.2 **Duration of the Offer.** The duration of the Offer is set out in paragraph 1 of Appendix V to the Offer Document, the extract of which is reproduced in *italics* below.

“1. DURATION OF THE OFFER

(a) Closing Date

Except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances for a period of at least 28 days from the date of electronic despatch of this Offer Document.

The Offer will close at 5.30 p.m. (Singapore time) on 9 December 2024 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

(b) Offer to remain open for 14 days after being declared unconditional as to acceptances

Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared to be unconditional as to acceptances, the Offer will remain open for acceptance for not less than 14 days after the date on which it would otherwise have closed, in order to give those Shareholders who have not accepted the Offer the opportunity to do so. This requirement does not apply if, before the Offer becomes or is declared to be unconditional as to acceptances, the Offeror has given notice in writing to the Shareholders at least 14 days before the specified Closing Date that the Offer will not be open for acceptance beyond that date, provided that such notice may not be given, or if already given, shall not be capable of being enforced in a competitive situation.

(c) Final day rule

Pursuant to Rule 22.9 of the Code, the Offer (whether revised or not) will not be capable of becoming or being declared to be unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the date of the electronic despatch of this Offer Document or of being kept open after the expiring of such period, unless it has previously become or been declared to be unconditional as to acceptances, except with the prior approval of the SIC. The SIC will consider granting such permission in circumstances, including but not limited to, where a competing offer has been announced.

(d) Revision

Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders including those who had previously accepted the Offer.

(e) Subsequent closing date(s)

If there is an extension of the Offer, pursuant to Rule 22.4 of the Code, any announcement of an extension will state the next closing date or if the Offer is unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, those Shareholders who have not accepted the Offer will be notified in writing at least 14 days before the Offer is closed.”

LETTER TO SHAREHOLDERS

Shareholders should note that as stated in the Offer Unconditional Announcement, the Offer will close at 5.30 p.m. (Singapore time) on 23 December 2024 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

- 2.3 **Details of the Offer.** The details of the Offer relating to (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of acceptances of the Offer are set out in paragraphs 2, 3 and 4 of Appendix V to the Offer Document, extracts of which are reproduced in *italics* below.

“2. SETTLEMENT FOR THE OFFER”

Subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms and the receipt by the Offeror from accepting Shareholders of valid acceptances, complete in all respects and in accordance with the instructions given in this Offer Document, the Acceptance Forms and/or the terms and conditions for Electronic Acceptance (as the case may be) and in the case of a depositor, the receipt by the Offeror of confirmation satisfactory to it that the relevant number of Offer Shares are standing to the credit of the “Free Balance” of such depositor’s Securities Account at the relevant time(s), remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to the accepting Shareholder (or, in the case of a Shareholder holding share certificate(s) which is not deposited with CDP, his designated agent (if any)) by means of:

- (a) in the case of an accepting Shareholder who has subscribed to CDP’s Direct Crediting Services (“DCS”), credited directly into such Shareholder’s designated bank account for Singapore Dollars via CDP’s DCS (or in such other manner as such accepting Shareholder may have agreed with CDP for the payment of any cash distribution). In the case of an accepting Shareholder who has not subscribed to CDP’s DCS, any monies to be paid to such Shareholder shall be credited to his Cash Ledger and be subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined therein); or*
- (b) in the case of an accepting Shareholder holding share certificate(s) which are not deposited with CDP, a Singapore Dollars crossed cheque drawn on a bank operating in Singapore and sent by ordinary post to his address stated in his FAT or if none is stated, to his address as indicated in the register of members of the Company, at the risk of the accepting Shareholder,*

as soon as practicable but in any event:

- (i) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within seven (7) Business Days of that date; or*
- (ii) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Offer closes, within seven (7) Business Days of the date of such receipt.*

LETTER TO SHAREHOLDERS

3. ANNOUNCEMENTS

3.1 *Timing and contents*

*Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the dealing day (the “**Relevant Day**”) immediately after the day on which the Offer is due to expire, or becomes or is declared to be unconditional as to acceptances, or is revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):*

- (i) in respect of which valid acceptances of the Offer have been received;*
- (ii) held by the Offeror and any person acting in concert with it before the Offer Period; and*
- (iii) acquired or agreed to be acquired by the Offeror and any person acting in concert with it during the Offer Period,*

and will specify the respective percentages of the total number of Shares represented by such numbers.

3.2 *Valid Acceptances for Offer Shares*

Under Note 5 to Rule 28.1 of the Code, purchases made through the SGX-ST by the Offeror and persons acting in concert with the Offeror with no pre-agreement or collusion between the parties to such transactions or their agents, may be counted towards satisfying the Acceptance Condition. All other purchases by the Offeror and persons acting in concert with the Offeror (i.e. off market purchases) may only be counted when fully completed and settled.

3.3 *Suspension*

Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with paragraph 3.1 above, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.4 *Announcements*

In this Offer Document, references to the making of any announcement or the giving of notice by the Offeror include the release of an announcement by UOB or advertising agents, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone or facsimile or through SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

In computing the number of Offer Shares represented by acceptances, the Offeror will at the time of making an announcement take into account acceptances which are valid in all respects.

LETTER TO SHAREHOLDERS

4. RIGHT OF WITHDRAWAL

4.1 **Acceptances Irrevocable**

Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.

4.2 **Right of Withdrawal of Shareholders**

(a) *If the Offer has become or been declared unconditional as to acceptances, but the Offeror fails to comply with any of the requirements of Rule 28.1 of the Code by 3.30 p.m. (Singapore time) on the Relevant Day, then immediately thereafter:*

(i) *any Shareholder holding Offer Shares which are deposited with CDP and accepting the Offer will be entitled to withdraw his acceptance by written notice to Patec Pte. Ltd. c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934; and*

(ii) *any Shareholder holding Offer Shares which are not deposited with CDP and accepting the Offer will be entitled to withdraw his acceptance by written notice to Patec Pte. Ltd. c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.*

Such notice of withdrawal shall be effective only if signed by the accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the same notice and when actually received by the Offeror.

(b) *Subject to Rule 22.9 of the Code, this right of withdrawal may be terminated not less than eight (8) days after the Relevant Day of the Offeror confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code. For the purpose of Rule 22.6 of the Code, the period of 14 days referred to therein will run from the date of such confirmation, or the date on which the Offer would otherwise have expired, whichever is later.*

(c) *A Shareholder who has tendered acceptances under the Offer will be entitled to withdraw his acceptance after 14 days from the first closing date of the Offer, if the Offer has not by then become unconditional as to acceptances. Such entitlement to withdraw will be exercisable until the Offer becomes or is declared to be unconditional as to acceptances.*

(d) *In a competitive situation, if one (1) offer becomes unconditional as to acceptances, then Shareholders who have tendered their acceptances for the competing offer (the “**Unsuccessful Offer**”) can, if they wish, immediately withdraw their acceptances for the **Unsuccessful Offer**.”*

2.4 **Procedure for acceptance.** The procedures for acceptance of the Offer and the FAA and/or the FAT, as the case may be, are set out in Appendix VI to the Offer Document.

LETTER TO SHAREHOLDERS

3. INFORMATION ON THE COMPANY

The Company was incorporated in the Republic of Singapore on 28 July 1994 and was listed on the Mainboard of the SGX-ST on 30 November 1994.

The Company 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. Headquartered in Singapore, the Company has five manufacturing facilities in China, Thailand and Vietnam with a total built-up area of 83,000 square metres.

Additional information on the Company is set out in Appendix B to this Circular.

4. INFORMATION ON THE OFFEROR

The full text of the information on the Offeror has been extracted from paragraph 3 of the Offer Document and reproduced in *italics* below. Capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“3. INFORMATION ON THE OFFEROR AND PATEC TAIWAN

3.1 *The Offeror.* *The Offeror is a company incorporated under the laws of Singapore on 4 September 2006 and it is wholly-owned by Patec Precision Industry Co., Ltd. (“Patec Taiwan”, and together with its subsidiaries, the “Patec Group”). As at the Latest Practicable Date:*

- (a) *the Offeror has an issued and paid-up capital of approximately S\$41,563,036 comprising 36,841,490 ordinary shares;*
- (b) *the board of directors of the Offeror (the “Offeror Directors”) comprises the following individuals:*
 - (i) *Wee Liang Kiang, who is also the chairman and a director of Patec Taiwan; and*
 - (ii) *Wee Hong Jie, who is the son of Wee Liang Kiang and also the general manager and a director of Patec Taiwan; and*
- (c) *the Offeror owns 196,964,849 Shares, representing approximately 43.32% of the total number of issued Shares, which the Offeror had acquired pursuant to the Acquisition.*

APPENDIX I *to this Offer Document sets out certain additional information on the Offeror.*

LETTER TO SHAREHOLDERS

3.2 Information on Patec Taiwan. *Patec Taiwan is an investment holding company incorporated under the laws of the Cayman Islands and listed on the Taiwan Stock Exchange of the Taiwan Stock Exchange Corporation. Through its subsidiaries, the Patec Group is mainly engaged in manufacturing and sales of automobile and motorcycle stamping components, as well as stamping production line equipment. The automobile and motorcycle components provide various product categories for locomotive components and automotive safety system components, including locks parts, seat parts, brake disc shock absorbers, flanges and exhaust system hooks, among others. The Patec Group also provides stamping production line equipment, as well as installation work, guide services, repair, maintenance, supply of spare parts and other technical support services. As at the Latest Practicable Date, the board of directors of Patec Taiwan comprises seven (7) members, consisting of:*

- (a) *Wee Liang Kiang;*
- (b) *Wee Hong Jie;*
- (c) *Yang Hui Chen;*
- (d) *Yen Chun Te;*
- (e) *Chin Chih Yung;*
- (f) *Kate Chen; and*
- (g) *Tan Heok Ting.*

APPENDIX II to this Offer Document sets out certain additional information on Patec Taiwan.”

5. RATIONALE FOR THE OFFER AND THE OFFEROR’S FUTURE INTENTIONS FOR THE COMPANY

The full text of the rationale for the Offer and the Offeror’s future intentions for the Company has been extracted from paragraphs 6 and 7 of the Offer Document and reproduced in *italics* below. Capitalised terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extracts below carefully.**

“6. RATIONALE FOR THE OFFER

The Offeror is making the Offer for the following reasons:

6.1 Expand product and service offerings

The Acquisition and the Offer represents an opportunity for the Offeror to acquire control of a manufacturer of precision-machined components with manufacturing footprints in Thailand, China and Vietnam, and thus allows the Patec Group to expand its product and service offerings. The Offeror believes that if the Offer is successful, it will be able to leverage on the combined expertise to innovate and develop higher value products.

LETTER TO SHAREHOLDERS

6.2 Offer Price at a premium over the historical traded Share prices

When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Offer Price represents a premium of approximately 27.1%, 7.1%, 3.1% and 3.7% over the volume weighted average price (“VWAP”) per Share for the 12-month period, six (6)-month period, three (3)-month period and one (1)-month period respectively.

The Offer presents Shareholders with an opportunity to realise their investment in the Shares at a premium over the historical trading prices of the Shares without incurring brokerage and other trading costs.

6.3 Compliance with the Code

As a result of the Acquisition as set out in paragraph 1.1 of this Offer Document, the Offeror is making the Offer for all the Offer Shares in compliance with Rule 14 of the Code.

7. OFFEROR’S INTENTIONS FOR THE COMPANY

It is currently the intention of the Offeror to ensure continuity in the operations of the Group. After the close of the Offer, the Offeror also intends to undertake a review of the operations, management and financial position of the Company and to evaluate various options or opportunities which may present themselves which it regards to be in the interests of the Offeror and/or the Company.

The Offeror will explore opportunities to restructure and optimise the business operations of the Group to integrate them with those of the Patec Group post-Offer, with a focus on enhancing efficiency, fostering innovation and building resilience. This may entail an organisational restructuring of the Group. Such initiatives may involve significant capital expenditure and the Offeror will maintain flexibility in its capital allocation strategy to pursue these initiatives, prioritising the future growth of the Group over short term shareholder returns.

Shareholders should carefully consider the opportunity to monetise their investment through the Offer with price certainty at a premium over the historical traded Share prices as set out in paragraph 6.2 of this Offer Document, without incurring brokerage and other trading costs.

Save as disclosed above, the Offeror does not currently have any intention to (a) make any major changes to the business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Group, other than in the ordinary course of business.”

6. THE OFFEROR’S INTENTIONS REGARDING LISTING STATUS AND COMPULSORY ACQUISITION

The full text of the Offeror’s intentions regarding the listing status and compulsory acquisition of the Company has been extracted from paragraph 8 of the Offer Document and reproduced in *italics* below. Capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extract below carefully. Shareholders should note that it may be possible for the trading of the Shares to be suspended.**

LETTER TO SHAREHOLDERS

“8. LISTING STATUS AND COMPULSORY ACQUISITION”

8.1 Listing status

Under Rule 723 of the Listing Manual, the Company must ensure that at least 10% of the total number of Shares (excluding any Shares held in treasury) is at all times held in public hands (the “Free Float Requirement”). Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public.

Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not satisfied, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of the Shares (excluding any Shares held in treasury) held in public hands to at least 10%, failing which the Company may be removed from the Official List of the SGX-ST.

8.2 Compulsory acquisition

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held, or treated as held, by the Offeror as at the date of the Offer and excluding any Shares held in treasury), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the “Dissenting Shareholders”) at a price equal to the Offer Price.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held in treasury and Shares held, or treated as held, by it, comprise 90% or more of the total number of Shares, the Dissenting Shareholders will have a right to require the Offeror to acquire their Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

8.3 Offeror’s intentions

The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to support or take any step (including the placing out of Shares by the Offeror) for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, inter alia, less than 10% of the total number of issued Shares (excluding any Shares held in treasury) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.”

LETTER TO SHAREHOLDERS

7. FINANCIAL EVALUATION OF THE OFFER

The full text of the financial evaluation of the Offer has been extracted from paragraph 5 of the Offer Document and reproduced in *italics* below. Capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extract below carefully.**

“5. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following premia over the historical traded prices of the Shares:

| <i>Description</i> | <i>Benchmark Price⁽¹⁾ (S\$)</i> | <i>Premium over Benchmark Price⁽²⁾ (%)</i> |
|---|--|---|
| <i>Last transacted price per Share as quoted on the SGX-ST on the Last Trading Day</i> | <i>0.184</i> | <i>7.1</i> |
| <i>VWAP of the Shares traded on the SGX-ST for the twelve (12)-month period prior to and including the Last Trading Day</i> | <i>0.155</i> | <i>27.1</i> |
| <i>VWAP of the Shares traded on the SGX-ST for the six (6)-month period prior to and including the Last Trading Day</i> | <i>0.184</i> | <i>7.1</i> |
| <i>VWAP of the Shares traded on the SGX-ST for the three (3)-month period prior to and including the Last Trading Day</i> | <i>0.191</i> | <i>3.1</i> |
| <i>VWAP of the Shares traded on the SGX-ST for the one (1)-month period prior to and including the Last Trading Day</i> | <i>0.190</i> | <i>3.7</i> |

Notes:

⁽¹⁾ *The figures are based on data extracted from Bloomberg Finance L.P. on the Last Trading Day, and rounded to the nearest three (3) decimal places.*

⁽²⁾ *The premium over benchmark price was rounded to the nearest one (1) decimal place.”*

8. CONFIRMATION OF FINANCIAL RESOURCES

The full text of the confirmation of financial resources by UOB has been extracted from paragraph 11 of the Offer Document and reproduced in *italics* below. Capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extract below carefully.**

“11. CONFIRMATION OF FINANCIAL RESOURCES

UOB, as the sole financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares on the basis of the Offer Price.”

LETTER TO SHAREHOLDERS

9. DISCLOSURE OF HOLDINGS AND DEALINGS

The full text of information relating to the disclosure of holdings and dealings in relevant securities by the Offeror and persons acting in concert with the Offeror has been extracted from paragraph 1 of Appendix IV to the Offer Document and reproduced in *italics* below. Capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document. **Shareholders are advised to read the extract below carefully.**

“1. DISCLOSURE OF INTERESTS IN COMPANY SECURITIES

1.1 Holdings in Company Securities

As at the Latest Practicable Date, based on the latest information available to the Offeror, save as set out below, none of the Offeror, the Offeror Directors or persons acting in concert with the Offeror owns, controls or has agreed to acquire any Company Securities:

| S/N | Name | Direct Interest | | Deemed Interest | |
|-----|----------------------------|------------------|--|----------------------------|--|
| | | Number of Shares | Percentage Shareholding ⁽¹⁾ | Number of Shares | Percentage Shareholding ⁽¹⁾ |
| 1. | Offeror | – | – | 196,964,849 ⁽²⁾ | 43.32% |
| 2. | Patec Taiwan | – | – | 196,964,849 ⁽³⁾ | 43.32% |
| 3. | Yida Investments Pte. Ltd. | – | – | 196,964,849 ⁽⁴⁾ | 43.32% |
| 4. | Wee Hong Jie | – | – | 196,964,849 ⁽⁵⁾ | 43.32% |

Notes:

⁽¹⁾ *The percentage shareholding interest referred to above is based on the total number of 454,656,461 issued Shares (excluding 17,258,150 Shares held by the Company in treasury) as at the Latest Practicable Date. Percentages are rounded to the nearest two (2) decimal places.*

⁽²⁾ *The Offeror is the beneficial owner of 196,964,849 Shares held by United Overseas Bank Nominees (Private) Limited.*

⁽³⁾ *As the sole member of the Offeror, Patec Taiwan is deemed to have an interest in the 196,964,849 Shares owned by the Offeror by virtue of Section 4 of the Securities and Futures Act.*

⁽⁴⁾ *Yida Investments Pte. Ltd. holds approximately 36.29% of the shares in Patec Taiwan which is in turn the sole member of the Offeror, and is therefore deemed to have an interest in the 196,964,849 Shares owned by the Offeror by virtue of Section 4 of the Securities and Futures Act.*

⁽⁵⁾ *Wee Hong Jie is the sole shareholder of Yida Investments Pte. Ltd. Shin Kong Commercial Bank also holds 14.49% of the shares of Patec Precision Industry Co., Ltd on trust for Wee Hong Jie. Accordingly, Wee Hong Jie is deemed to have an interest in 196,964,849 Shares held by the Offeror by virtue of Section 4 of the Securities and Futures Act.*

1.2 Dealings in Company Securities

Based on the latest information available to the Offeror, and other than the Shares acquired pursuant to the Acquisition, none of the Offeror, the Offeror Directors or any person acting in concert with the Offeror has dealt in the Company Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

LETTER TO SHAREHOLDERS

1.3 Undertakings to accept or reject the Offer

As at the Latest Practicable Date, no person has given any undertaking to the Offeror or any persons acting in concert with the Offeror, to accept or reject the Offer.

1.4 Arrangements of the kind referred to in Note 7 to Rule 12 of the Code

As at the Latest Practicable Date, neither the Offeror nor any persons acting in concert with the Offeror has entered into any arrangement of the kind referred to in Note 7 to Rule 12 of the Code, including indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing in the Shares.

1.5 No agreement in connection with or dependent on the Offer

As at the Latest Practicable Date, save for the Acquisition, there is no agreement, arrangement or understanding between (a) the Offeror or any persons acting in concert with the Offeror, and (b) any of the present or recent directors of the Company, or any of the present or recent Shareholders or any other persons that has any connection with or is conditional upon the outcome of the Offer or is otherwise connected with the Offer.

1.6 Transfer of Offer Shares

As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any of the Offer Shares acquired by the Offeror pursuant to the Offer will or may be transferred to any other person. The Offeror, however, reserves the right to transfer any of the Shares to any of its related corporations (as defined in the Companies Act) or for the purpose of granting security in favour of financial institutions which have extended or which may extend credit facilities to it from time to time.

1.7 No payment or benefit to directors of the Company

As at the Latest Practicable Date, there is no agreement, arrangement or understanding for payment or other benefit being made or given to any director of the Company or to any director of any corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or as consideration for, or in connection with, his retirement from office or otherwise in connection with the Offer.

1.8 No security interest over or borrowing/lending of Company Securities

Save as disclosed in this Offer Document, as at the Latest Practicable Date, none of the Offeror or any persons acting in concert with it has (a) granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise, (b) borrowed from another person any Company Securities (excluding borrowed Company Securities which have been on-lent or sold), or (c) lent any Company Securities to another person.”

LETTER TO SHAREHOLDERS

The full text of the details of the resultant shareholding of the Offeror and persons acting in concert with the Offeror as at the Offer Unconditional Date has been extracted from paragraph 3 of the Offer Unconditional Announcement and reproduced in *italics* below. Capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Unconditional Announcement. **Shareholders are advised to read the extract below carefully.**

“3. RESULTANT SHAREHOLDING

Accordingly, as at 6.00 p.m. (Singapore time) on 14 November 2024, the total number of (a) Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it; and (b) valid acceptances of the Offer, amount to an aggregate of 247,855,787 Shares, representing approximately 54.51% of the total number of Shares¹ and approximately 53.01% of the maximum potential issued share capital of the Company (as defined below).

¹ *The percentage shareholding interest referred to in this Announcement is based on the total number of 454,656,461 issued Shares (excluding 17,258,150 Shares held in treasury) as at the date of this Announcement. Percentages are rounded to the nearest two (2) decimal places.”*

10. DIRECTORS' INTERESTS

Details of the Directors including, amongst other things, the Directors' direct and deemed interests in the Offeror Securities and the Company Securities as at the Latest Practicable Date are set out in Appendix B to this Circular.

11. ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS

- 11.1 **IFA.** Shareholders should read and consider carefully the advice of the IFA to the Independent Directors in respect of the Offer as contained in the IFA Letter and the Recommendation as set out in Section 12 of this Circular before deciding on whether to accept or reject the Offer. The IFA Letter setting out the advice of the IFA to the Independent Directors in respect of the Offer is set out in Appendix A to this Circular.
- 11.2 **Evaluation of the Offer by the IFA.** The key considerations taken into account and reviewed by the IFA in arriving at its advice to the Independent Directors in respect of the Offer are set out in paragraphs 7 and 8 of the IFA Letter. **Shareholders should read and carefully consider the key considerations taken into account and reviewed by the IFA in arriving at its advice to the Independent Directors as set out in paragraphs 7 and 8 of the IFA Letter in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix A to this Circular.**
- 11.3 **Advice of the IFA to the Independent Directors on the Offer.** Taking into consideration the key considerations set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has given its advice to the Independent Directors as set out in paragraph 9 of the IFA Letter, the extract of which is reproduced in *italics* below. **Shareholders should read the extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix A to this Circular.**

LETTER TO SHAREHOLDERS

“9 **OPINION**

In arriving at our opinion in respect of the Offer, we have considered the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favour of the Offer Price:

- (i) The Offer Price represents premia of approximately 31.3%, 27.1%, 7.1%, 3.1%, and 3.7% over the VWAP of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement respectively;*
- (ii) The Offer Price represents a premium of approximately 7.1% over the closing price of the Shares of S\$0.184 on the Last Trading Day;*
- (iii) Between the Offer Announcement Date and up to and including the Latest Practicable Date, the Shares had traded below the Offer Price and were last transacted at S\$0.196 on the Latest Practicable Date;*
- (iv) During the 2-year Lookback Period, the average daily traded volume of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement was very low, representing 0.14%, 0.26%, 0.34%, 0.25% and 0.22% of the free float of the Shares respectively. The average daily traded volume of the Shares on the Last Trading Day was low, representing 0.08% of the free float of the Shares;*
- (v) Between the Offer Announcement Date and up to and including the Latest Practicable Date, the trading liquidity of the Shares rose to an average daily traded volume of approximately 3.79 million Shares, representing approximately 1.48% of the Company’s free float, as compared to the average daily traded volume of approximately 365,000 Shares over the 2-year Lookback Period;*
- (vi) For the 2-year period up to and including the Last Trading Day, the Shares had generally performed below the rebased FSSTI and the rebased FSTM during the period between 27 October 2022 and 15 May 2024;*
- (vii) For the 2-year, 1-year, 6-month, 3-month and 1-month periods up to and including the Last Trading Day prior to the Offer Announcement, the implied P/NAV of 0.92 times is above the average historical trailing P/NAV of the Shares of 0.59 times, 0.68 times, 0.88 times, 0.89 times and 0.89 times respectively;*
- (viii) For the period between the Offer Announcement Date and up to and including the Latest Practicable Date, the implied P/NAV of 0.92 times is above the average historical trailing P/NAV of the Shares of 0.91 times;*
- (ix) In respect of the Comparable Companies:*
 - the EV/LTM EBITDA ratio of the Company of 2.9 times is within the range of the EV/LTM EBITDA ratios of the Comparable Companies;*
 - the LTM P/E ratio of the Company of 6.9 times is within the range of the LTM P/E ratios of the Comparable Companies; and*
 - the implied P/NAV and P/RNAV ratios of the Company of 0.92 times and 0.84 times respectively are above the range of the P/NAV ratios of the Comparable Companies.*

LETTER TO SHAREHOLDERS

- (x) *In respect of the Precedent Privatisation Transactions:*
- *the premium implied by the Offer Price over the last transacted price of 7.1% is within the range;*
 - *the premium implied by the Offer Price over the VWAP for the 6-month period of 7.1% is within the range; and*
 - *the Company's implied P/NAV and P/RNAV ratios of 0.92 times and 0.84 times respectively are within the range of P/NAV ratios of the Precedent Privatisation Transactions.*
- (xi) *In respect of the Precedent Comparable Transactions:*
- *the Company's implied P/NAV and P/RNAV ratios of 0.92 times and 0.84 times respectively are within the range of P/NAV ratios of the Precedent Comparable Transactions.*
- (xii) *The Offeror intends to make the Offer with a view to delisting and privatising the Company and in the event that the Free Float Requirement is not met, it does not intend to preserve the listing status of the Company nor does it intend to undertake or support any action to satisfy the Free Float Requirement. If eligible, the Offeror intends to exercise its right of Compulsory Acquisition to compulsorily acquire all the Offer Shares not acquired under the Offer at the Offer Price of S\$0.197; and*
- (xiii) *As at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal has been received by the Company.*

Factors against the Offer Price:

- (i) *The Offer Price of S\$0.197 is within the range of the closing prices of the Shares traded over the 2-year period up to and including the Last Trading Day, which is between a low of S\$0.070 and a high of S\$0.205;*
- (ii) *Between the Offer Announcement and up to the Latest Practicable Date, the Share prices increased to outperform the rebased FSSTI, having increased by approximately 6.5% as compared to the increase in approximately 4.1% in the rebased FSSTI over the same period, while the rebased FSTM decreased by 3.3% over the same period;*
- (iii) *The Group reported an improvement of S\$11.7 million from a loss before income tax of S\$1.1 million in 1H2023 to a profit before income tax of S\$10.6 million in 1H2024. The improvement was mainly attributed by the higher sales, favourable product mix and higher gross profit margin in the HDD business segment;*
- (iv) *Based on the Group's NAV per Share of S\$0.2130 as at 30 June 2024, the Offer Price represents a discount of 7.5% over the NAV per Share and the P/NAV ratio of the Group as implied by the Offer Price is 0.92 times;*
- (v) *Further to the revaluation of the Group's Shenzhen Property, we note that the Offer Price of S\$0.197 per Share represents a P/RNAV ratio of 0.84 times, that is the Offer Price represents a discount of approximately 16.3% over the RNAV per Share of S\$0.235;*

LETTER TO SHAREHOLDERS

- (vi) *The Offer Price, as adjusted for cash and cash equivalents of S\$0.132 per Share, represents a discount of 10.8% and 22.5% to the Ex-cash NAV and Ex-cash RNAV per Share respectively;*
- (vii) *For the period between the Offer Announcement Date and up to and including the Latest Practicable Date, the implied P/RNAV of 0.84 times is below the average historical trailing P/NAV of the Shares of 0.91 times;*
- (viii) *In respect of the Comparable Companies:*
- the EV/LTM EBITDA ratio of the Company of 2.9 times is below the mean and median EV/LTM EBITDA ratios of the Comparable Companies of 5.3 times and 4.4 times respectively; and*
 - the LTM P/E ratio of the Company of 6.9 times is below the mean and median LTM P/E ratios of the Comparable Companies of 16.9 times and 15.7 times respectively.*
- (ix) *In respect of the Precedent Privatisation Transactions:*
- the premium implied by the Offer Price over the last transacted price of 7.1% is lower than the mean and median premia of 29.5% and 24.9% respectively;*
 - the premium implied by the Offer Price over the VWAP for the 1-month period of 3.7% is lower than the range;*
 - the premium implied by the Offer Price over the VWAP for the 3-month period of 3.1% is lower than the range;*
 - the premium implied by the Offer Price over the VWAP for the 6-month period of 7.1% is lower than the mean and median premia of 32.0% and 29.9% respectively; and*
 - the Company's implied P/NAV and P/RNAV ratios of 0.92 times and 0.84 times respectively are lower than the mean and median P/NAV ratios of 1.63 times and 0.99 times respectively.*
- (x) *In respect of the Precedent Comparable Transactions:*
- the Company's implied EV/EBITDA ratio of 2.9 times is below the range of EV/EBITDA ratios of the Precedent Comparable Transactions and lower than the mean and median EV/EBITDA ratios of 10.0 times and 10.9 times respectively;*
 - the Company's implied P/E ratio of 6.9 times is below the range of P/E ratios of the Precedent Comparable Transactions and lower than the mean and median P/E ratios of 19.2 times and 20.3 times respectively; and*
 - the Company's implied P/NAV and P/RNAV ratios of 0.92 times and 0.84 times respectively are lower than the mean and median P/NAV ratios of 1.2 and 1.0 times respectively.*
- (xi) *The Offer Price of S\$0.197 is below the range of the estimated value of the Shares of between S\$0.266 and S\$0.291;*

LETTER TO SHAREHOLDERS

- (xii) We note that the Offer Price of S\$0.197 represents a discount of approximately 14.1% and 10.5% to the mean and median target price as estimated in the analyst reports of S\$0.229 and S\$0.220 respectively and the analysts made a recommendation for “strong buy” and/or “technical buy” for the Company at the respective target prices; and
- (xiii) We note that the STI ETF provides a lower dividend yield as an alternative equity instrument, which suggests that Shareholders who accept the Offer may potentially experience a decrease in dividend income if they reinvest the proceeds from the Offer in the shares of the STI ETF.

Having considered as at the Latest Practicable Date the aforementioned factors set out in this letter and summarised in this section, we are of the opinion that the financial terms of the Offer are not fair but reasonable. Based on our opinion, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price, taking into account all the brokerage commissions or transactions costs including stamp duties in connection with such transactions.

We also advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.

The Independent Directors should also note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion on the Offer does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

In rendering our opinion, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Offer.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer and should not be relied on by any other party. The recommendation made by them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.”

LETTER TO SHAREHOLDERS

12. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

The Independent Directors, having considered carefully, amongst other things, the terms of the Offer and the advice given by the IFA in the IFA Letter, **CONCUR** with the IFA's assessment of the Offer and its advice thereon. Accordingly, the Independent Directors recommend that Shareholders **ACCEPT** the Offer, unless Shareholders are able to obtain a price higher than the Offer Price, taking into account all the brokerage commissions or transactions costs including stamp duties in connection with such transactions.

SHAREHOLDERS ARE ADVISED TO READ THE IFA LETTER SET OUT IN APPENDIX A TO THIS CIRCULAR CAREFULLY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS SHOULD NOTE THAT THE IFA'S OPINION SHOULD NOT BE RELIED UPON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS ARE ALSO URGED TO READ THE OFFER DOCUMENT CAREFULLY.

Shareholders are also advised to read the Summary Valuation Report set out in Appendix F to this Circular carefully, in particular, the terms of reference, key assumptions and critical factors.

The IFA and the Independent Directors, in giving their advice and making their Recommendation respectively, have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, any individual Shareholder who may require specific advice in respect of his investment objectives or portfolio should consult his stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.

Shareholders should also note that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.

13. ELECTRONIC DISSEMINATION OF THIS CIRCULAR

13.1 Pursuant to the SIC's Public Statement on the Further Extension of the Temporary Measure to Allow for Electronic Despatch of Take-over Documents under the Code on 29 June 2021, the Company has opted to electronically disseminate this Circular. Accordingly, please note that no printed copies of this Circular will be despatched to Shareholders.

13.2 Instead, this Circular has been electronically disseminated to Shareholders through publication on the Company's announcement page on SGXNET at www.sgx.com and the Company's website at <https://bw-grp.com/publications>. In connection with the electronic dissemination of this Circular, the Company has today despatched a Notice to Shareholders regarding the electronic dissemination of this Circular containing instructions for the electronic retrieval of this Circular.

14. ACTION TO BE TAKEN BY SHAREHOLDERS

14.1 **Shareholders who REJECT and DO NOT WISH TO ACCEPT the Offer.** Shareholders who reject and do not wish to accept the Offer should take no further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

14.2 **Shareholders who WISH TO ACCEPT the Offer.** Shareholders who wish to accept the Offer must do so no later than 5.30 p.m. (Singapore time) on the Closing Date, abiding by the procedures for the acceptance of the Offer as set out in Appendix VI to the Offer Document, the FAA and/or the FAT.

LETTER TO SHAREHOLDERS

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, for and on behalf of the Offeror, by CDP (in respect of the FAA) or the Share Registrar (in respect of the FAT), as the case may be, not later than 5.30 p.m. (Singapore time) on the Closing Date.

15. OVERSEAS PERSONS AND COPIES OF THE NOTICE AND/OR ANY RELATED DOCUMENTS

15.1 **Overseas Persons.** The full text of the information relating to Overseas Persons has been extracted from paragraph 10 of the Offer Document and reproduced in *italics* below. Capitalised terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

“10. OVERSEAS PERSONS

*The availability of the Offer to Shareholders whose mailing addresses are outside of Singapore (as shown on the register of members of the Company or, as the case may be, in the records of CDP) (each, an “Overseas Person”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, any Overseas Person should inform himself about and observe any applicable legal requirements, and exercise caution in relation to the Offer, as this Offer Document, the Notification Letter, the Acceptance Forms and/or any related documents have not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending this Offer Document, the Notification Letter, the Acceptance Forms and/or any related documents to any overseas jurisdictions, the Offeror, UOB, CDP and the Share Registrar each reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom this Offer Document, the Notification Letter, the Acceptance Forms and/or any related documents have not been, or may not be, sent.***

Copies of this Offer Document, the Notification Letter, the Acceptance Forms and/or any other formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the laws of that jurisdiction (a “Restricted Jurisdiction”) and will not be capable of acceptance by any such use, means, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable laws and regulations) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction, and the Offer will not be capable of acceptance by any such use, means, instrumentality or facility.

An Overseas Person may, nonetheless, obtain copies of the Notification Letter, the Acceptance Forms and/or any related documents, during normal business hours and up to the Closing Date, from the Offeror through: (a) if he is a depositor, its receiving agent, CDP by submitting a request to CDP via phone (+65 6535 7511) during their operating hours or email services (asksgx@sgx.com) to request for the Notification Letter, the Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at the Overseas Person’s own risk; or (b) if he is a scripholder, the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. in person at its office located at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632.

LETTER TO SHAREHOLDERS

Electronic copies of this Offer Document, the Notification Letter, and the Acceptance Forms are also available on the website of the SGX-ST at <http://www.sgx.com>.

Alternatively, an Overseas Person may write to the Offeror through CDP (if he is a depositor) at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, or the Share Registrar (if he is a scripholder) at the office address listed above, to request for the Notification Letter, the Acceptance Forms and/or any related documents to be sent to an address in Singapore by ordinary post at the Overseas Person's own risk.

*It is the responsibility of any Overseas Person who wishes to (a) request for the Notification Letter, the Acceptance Forms and/or any related documents; or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Person shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including UOB) shall be fully indemnified and held harmless by such Overseas Person for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including UOB) may be required to pay. In (i) requesting for the Notification Letter, the Acceptance Forms and/or any related documents; and/or (ii) accepting the Offer, the Overseas Person represents and warrants to the Offeror and UOB that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. **Any Overseas Person who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***

The Offeror and UOB each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Persons) by announcement or notice to the SGX-ST and if necessary by paid advertisement in a newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including an Overseas Person) to receive or see such announcement, notice or advertisement."

- 15.2 **Copies of the Notice and/or any related documents.** Where there are potential restrictions on sending the Notice and/or any related documents to any overseas jurisdictions, the Company reserves the right not to send these documents to Overseas Persons in such overseas jurisdictions. Any affected Overseas Persons may, nevertheless (subject to compliance with applicable laws), download copies of the Notice and/or any related documents from the Company's announcement page on SGXNET at www.sgx.com and on the Company's website at <https://bw-grp.com/publications>.

By downloading copies of the Notice and/or any related documents, an Overseas Person represents and warrants to the Company that they are in full observance of the laws of the relevant jurisdiction in that connection, and that they are in full compliance with all necessary formalities or legal requirements.

16. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

The full text relating to information pertaining to CPFIS Investors and SRS Investors has been extracted from paragraphs 13.3 and 13.4 of the Offer Document and reproduced in *italics* below. Capitalised terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document.

LETTER TO SHAREHOLDERS

“13.3 Information pertaining to CPFIS Investors

CPFIS Investors will receive further information on how to accept the Offer from the CPF Agent Banks directly. CPFIS Investors are advised to consult their respective CPF Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors should seek independent professional advice. CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks, which may be earlier than the Closing Date. CPFIS Investors who validly accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their CPF investment accounts.

13.4 Information pertaining to SRS Investors

SRS Investors will receive further information on how to accept the Offer from the SRS Agent Banks directly. SRS Investors are advised to consult their respective SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, SRS Investors should seek independent professional advice. SRS Investors who wish to accept the Offer are to reply to their respective SRS Agent Banks by the deadline stated in the letter from their respective SRS Agent Banks, which may be earlier than the Closing Date. SRS Investors who validly accept the Offer will receive the Offer Price payable in respect of their Offer Shares in their SRS investment accounts.”

17. DIRECTORS' RESPONSIBILITY STATEMENT

- 17.1 The Directors (including any who may have delegated detailed supervision of the preparation of this Circular) have taken all reasonable care and made all reasonable inquiries to ensure that the facts stated in this Circular are fair and accurate, and, to the best of their knowledge, all opinions expressed in this Circular (other than the information in the Offer Document, the Offer Unconditional Announcement, the IFA Letter, the Summary Valuation Report and any information relating to or opinions expressed by the Offeror, the IFA and the Independent Valuer) have been arrived at after due and careful consideration and are fair and accurate, and no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading.
- 17.2 Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Offer Announcement, the Offer Document, the Offer Unconditional Announcement, the IFA Letter, the Summary Valuation Report and any other announcements made by, or for and on behalf of, the Offeror), the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, reproduced in this Circular.
- 17.3 The Directors jointly and severally accept full responsibility accordingly.
- 17.4 In respect of the IFA Letter and the Summary Valuation Report, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

18. CONSENTS

- 18.1 The IFA, PrimePartners Corporate Finance Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter setting out its advice to the Independent Directors set out in Appendix A to this Circular, and all references thereto, in the form and context in which they appear in this Circular.

LETTER TO SHAREHOLDERS

- 18.2 The Company's auditors, RSM SG Assurance LLP, have given and have not withdrawn their written consent to the issue of this Circular with the inclusion of their name, the independent auditor's report in relation to the FY2023 Results (as set out in the Company's annual report for FY2023 and as reproduced in Appendix D to this Circular), and all references thereto, in the form and context in which they appear in this Circular.
- 18.3 The Independent Valuer, Knight Frank Petty Limited, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Summary Valuation Report relating to its Valuation Report set out in Appendix F to this Circular, and all references thereto, in the form and context in which they appear in this Circular.

19. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 202 Kallang Bahru, #07-01 Work Plus Store Spaze, Singapore 339339 during normal business hours from the date of this Circular up to and including the Closing Date:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2021, FY2022 and FY2023;
- (c) the IFA Letter as set out in Appendix A to this Circular;
- (d) the Valuation Report;
- (e) the FY2023 Results as set out in Appendix D to this Circular;
- (f) the 1H FY2024 Results as set out in Appendix E to this Circular; and
- (g) the letters of consent from the IFA, the Company's auditors and the Independent Valuer referred to in Section 18 of this Circular.

20. ADDITIONAL INFORMATION

The attention of Shareholders is also drawn to the Appendices to this Circular which form part of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of
BROADWAY INDUSTRIAL GROUP LIMITED

Mr. Lew Syn Pau
Non-Independent and Non-Executive Chairman

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

16 Collyer Quay
#10-00 Collyer Quay Centre
Singapore 049318

22 November 2024

To: The Independent Directors of **Broadway Industrial Group Limited**
(deemed to be independent in respect of the Offer)

| | |
|-------------------|--|
| Mr. Lew Syn Pau | (Non-Independent and Non-Executive Chairman) |
| Mr. Basil Chan | (Lead Independent Director) |
| Dr. Teo Ho Pin | (Independent Director) |
| Mr. Jen Kwong Hwa | (Independent Director) |
| Ms. Wong Yi Jia | (Non-Independent Non-Executive Director) |

Dear Sirs

INDEPENDENT FINANCIAL ADVICE TO THE DIRECTORS DEEMED INDEPENDENT IN RESPECT OF THE MANDATORY CONDITIONAL CASH OFFER BY UNITED OVERSEAS BANK LIMITED, FOR AND ON BEHALF OF PATEC PTE. LTD. (THE “OFFEROR”), TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF BROADWAY INDUSTRIAL GROUP LIMITED (THE “COMPANY”) OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR

Unless otherwise defined or the context otherwise requires, all terms defined in the circular issued by the Company dated 22 November 2024 (the “Circular”) shall have the same meaning herein.

1 INTRODUCTION

The Company had on 28 October 2024 (the “**Offer Announcement Date**”) announced that United Overseas Bank Limited (“**UOB**”), for and on behalf of the Offeror, had made an announcement to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror (the “**Offer Announcement**”). According to the Offer Announcement, the Offeror had entered into a share purchase agreement with each of Lau Leok Yee and Lew Syn Pau (collectively, the “**Vendors**”), pursuant to which the Offeror will purchase an aggregate of 196,964,849 issued and paid-up ordinary shares in the capital of the Company (the “**Shares**”) from the Vendors, representing approximately 43.32% of the total number of Shares of the Company (excluding Shares held in treasury), at a price of S\$0.197 per Share (the “**Acquisition**”).

Prior to the Acquisition, the Offeror did not own or control any Shares. As a result of the Acquisition, the Offeror owns, controls or has agreed to acquire an aggregate of 196,964,849 Shares, representing approximately 43.32% of the total number of Shares (excluding Shares held in treasury).

As a consequence of the Acquisition, the Offeror is required to make a mandatory conditional cash offer (the “**Offer**”) for all the Shares, excluding Shares held in treasury and those already owned, controlled or agreed to be acquired by the Offeror (the “**Offer Shares**”), in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”).

On 11 November 2024, the offer document (the “**Offer Document**”) was disseminated to the shareholders of the Company (the “**Shareholders**”).

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The Offer, when made, will be extended, on the same terms and conditions, to all Offer Shares. For the avoidance of doubt, the Offer will also be extended to:

- (i) all Shares unconditionally issued pursuant to the exercise of any outstanding options (the “**BIGL Options**”) granted under the BIGL Share Option Scheme 2022 (the “**BIGL Share Option Scheme**”) prior to the close of the Offer; and
- (ii) all Shares unconditionally issued or delivered pursuant to the vesting and release of any outstanding awards (the “**BIGL Awards**”) granted under the BIGL Share Plan 2022 (the “**BIGL Share Plan**”) prior to the close of the Offer.

For the purposes of the Offer, the expression “**Offer Shares**” will include all such Shares.

The Offer Shares will be acquired (a) fully paid-up; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

In the event that any dividends, rights, other distributions or return of capital is declared, made or paid on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividends, rights, distributions or return of capital.

The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of the Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of Shares carrying more than 50% of the total voting rights attributable to the issued share capital of the Company (excluding Shares held in treasury) as at the close of the Offer (including any Shares which may be unconditionally issued pursuant to the valid exercise of the BIGL Options or the valid vesting and release of the BIGL Awards prior to the close of the Offer) (the “**Acceptance Condition**”).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by or on behalf of the Offeror and persons acting in concert with it (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company. For the purposes of the Offer Document, the “**maximum potential issued share capital of the Company**” means the total number of Shares (excluding Shares held in treasury) which would be in issue had all the outstanding BIGL Options been validly exercised and all the Shares under the BIGL Awards been issued and delivered as at the date of such declaration.

Save for the above, the Offer is unconditional in all other respects.

On 5 November 2024, based on the latest information available to the Offeror, there are 10,300,000 outstanding BIGL Options granted under the BIGL Share Option Scheme. Under the rules of the BIGL Share Option Scheme, the outstanding BIGL Options are personal to the holders whom they are granted and shall not be transferred. In view of this restriction, the Offeror will not be extending the Offer to the BIGL Options granted under the BIGL Share Option Scheme. However, as stated above, the Offer is extended to all new Shares unconditionally issued pursuant to the exercise of any outstanding BIGL Options granted under the BIGL Share Option Scheme prior to the close of the Offer.

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On 5 November 2024, based on the latest information available to the Offeror, there are 2,600,000 outstanding BIGL Awards granted under the BIGL Share Plan. Under the rules of the BIGL Share Plan, the outstanding BIGL Awards are not freely transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the BIGL Awards. However, as stated above, the Offer is extended to all new Shares unconditionally issued pursuant to the valid vesting and release of any BIGL Awards on or prior to the close of the Offer.

On 14 November 2024, UOB released the offer unconditional announcement, for and on behalf of the Offeror, in relation to the Offer being declared unconditional in all respects (the “**Offer Unconditional Announcement**”). UOB announced, for and on behalf of the Offeror, that the Offeror has, as at 6.00 p.m. (Singapore time) on 14 November 2024, received valid acceptances in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror (whether before or during the Offer and pursuant to the Offer or otherwise), result in the Offeror holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company. For the purposes of the Offer Unconditional Announcement, the “**maximum potential issued share capital of the Company**” means the total number of Shares (excluding Shares held in treasury) which would be in issue had all the outstanding BIGL Options been validly exercised and all the Shares under the BIGL Awards been issued and delivered as at the date of the Offer Unconditional Announcement. As at 14 November 2024, based on the latest information available to the Offeror, there are 10,300,000 outstanding BIGL Options granted under the BIGL Share Option Scheme and 2,600,000 outstanding BIGL Awards granted under the BIGL Share Plan.

Accordingly, the Offer has become unconditional as to acceptances and is thereby declared unconditional in all respects on the date of the Offer Unconditional Announcement.

In connection with the Offer, PrimePartners Corporate Finance Pte. Ltd. (“**PPCF**”) has been appointed by the Company as independent financial adviser (the “**IFA**”) to advise directors of the Company who are deemed independent in respect of the Offer (the “**Independent Directors**”) for the purpose of making their recommendation to the Shareholders in relation to the Offer. This letter sets out, *inter alia*, our views and evaluation of the financial terms of the Offer and our opinion thereon and forms part of the Circular providing, *inter alia*, details of the Offer and the recommendation of the Independent Directors.

2 TERMS OF REFERENCE

We have been appointed to advise the Independent Directors on the financial terms of the Offer in compliance with the provisions of the Code. We have confined our evaluation to the financial terms of the Offer and have not taken into account the commercial risks and/or commercial merits of the Offer.

Our terms of reference do not require us to evaluate or comment on the rationale for, or the strategic or long-term merits of the Offer or on the future prospects of the Company and its subsidiaries (the “**Group**”) or the method and terms by which the Offer is made or any other alternative methods by which the Offer may be made. We have not relied on any financial projections or forecasts in respect of the Group in our evaluation to the financial terms of the Offer. We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the Group. We are also not expressing any view herein as to the prices at which the Shares may trade after the close of the Offer. Such evaluations and comments remain the sole responsibility of the Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter.

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We are not authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. We are therefore not addressing the relative merits of the Offer as compared to any alternative transaction that may be available to the Company (or the Shareholders), or as compared to any alternative offer that might otherwise be available in the future.

In the course of our evaluation of the financial terms of the Offer, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company. We have also relied to a considerable extent on information provided and representations made, including relevant financial analyses and estimates, by the management of the Company (the “**Management**”), the Directors, the Company’s solicitors and auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such reasonable enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurances of the Directors that upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer and the Company has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors jointly and severally accept responsibility accordingly.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, plant and machinery) of the Company or the Group. In connection with the Offer, the Company has commissioned Knight Frank Petty Limited (the “**Property Valuer**”) to carry out independent valuation of the Group’s industrial complex located at No. 5 North Luyin Road, Pingshan District in Shenzhen, China (the “**Shenzhen Property**”). Copies of the valuation summary and certificates (the “**Valuation Certificate**”) of the Shenzhen Property are attached in Appendix F to the Circular.

We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the independent valuations conducted by the Valuers for such appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the basis of the valuation contained in their Valuation Certificates or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements and professional standards including the Code and the International Valuation Standards.

Our analysis and opinion as set out in this letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as at 11 November 2024 (the “**Latest Practicable Date**”). Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcement(s) relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

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In rendering our opinion, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Offer.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this letter).

Our opinion in respect of the Offer, as set out in paragraph 9 of this letter, should be considered in the context of the entirety of this letter and the Circular.

3 THE OFFER

Shareholders should by now have received a copy of the Offer Document, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in paragraph 2 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

3.1 Offer Shares

The Offer is extended to all Shares as at the date of the Offer, including those Shares already owned or agreed to be acquired by the Offeror or parties acting or deemed to be acting in concert with the Offeror, all new Shares unconditionally issued pursuant to the exercise of any BIGL Options granted under the BIGL Share Option Scheme prior to the close of the Offer, and all Shares unconditionally issued or delivered pursuant to the vesting and release of any BIGL Awards granted under the BIGL Share Plan prior to the close of the Offer.

3.2 Offer Consideration

As stated in paragraph 2.2 of the Offer Document, the consideration for the Offer is S\$0.197 in cash for each Offer Share (the “**Offer Price**”).

3.3 No Encumbrances

As stated in paragraph 2.3 of the Offer Document, the Offer Shares will be acquired (a) fully paid-up; (b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (the “**Encumbrances**”); and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date). In the event that any dividends, rights, other distributions or return of capital is declared, made or paid on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by the amount of such dividends, rights, distributions or return of capital.

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3.4 Conditional Offer

As stated in paragraph 2.4 of the Offer Document, the Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of the Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and persons acting in concert with it (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of Shares carrying more than 50% of the total voting rights attributable to the issued share capital of the Company (excluding Shares held in treasury) as at the close of the Offer (including any Shares which may be unconditionally issued pursuant to the Acceptance Condition).

Accordingly, the Offer will not become or be capable of being declared unconditional as to acceptances until the close of the Offer, unless at any time prior to the close of the Offer, the Offeror has received valid acceptances (which have not been withdrawn) in respect of such number of Offer Shares which, when taken together with the Shares owned, controlled or agreed to be acquired by or on behalf of the Offeror and persons acting in concert with it (whether before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and persons acting in concert with it holding such number of Shares carrying more than 50% of the voting rights attributable to the maximum potential issued share capital of the Company.

Save for the above, the Offer is unconditional in all other respects.

On 14 November 2024, UOB released the Offer Unconditional Announcement, for and on behalf of the Offeror, in relation to the Offer being declared unconditional in all respects. Accordingly, the Offer has become unconditional as to acceptances and is thereby declared unconditional in all respects on the date of the Offer Unconditional Announcement.

3.5 No Options Proposal

As stated in paragraph 2.5 of the Offer Document, based on the latest information available to the Offeror, there are 10,300,000 outstanding BIGL Options granted under the BIGL Share Option Scheme. Under the rules of the BIGL Share Option Scheme, the outstanding BIGL Options are personal to the holders whom they are granted and shall not be transferred. In view of this restriction, the Offeror will not be extending the Offer to the BIGL Options granted under the BIGL Share Option Scheme. However, as stated above, the Offer is extended to all new Shares unconditionally issued pursuant to the exercise of any outstanding BIGL Options granted under the BIGL Share Option Scheme prior to the close of the Offer.

3.6 No Awards Offer

As stated in paragraph 2.6 of the Offer Document, based on the latest information available to the Offeror, there are 2,600,000 outstanding BIGL Awards granted under the BIGL Share Plan.

Under the rules of the BIGL Share Plan, the outstanding BIGL Awards are not freely transferable by the holders thereof. In view of this restriction, the Offeror will not make an offer to acquire the BIGL Awards. However, as stated above, the Offer is extended to all new Shares unconditionally issued pursuant to the valid vesting and release of any BIGL Awards on or prior to the close of the Offer.

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3.7 Warranty

As stated in paragraph 2.7 of the Offer Document, Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid-up; (b) free from Encumbrances; and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights, other distributions and return of capital, if any, which may be announced, declared, paid or made thereon by the Company on or after the Offer Announcement Date).

3.8 Closing Date

As stated in paragraph 2.8 of the Offer Document, except insofar as the Offer may be withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder, the Offer will remain open for acceptances for a period of at least 28 days from the date of electronic despatch of this Offer Document.

In accordance with Rule 22.6 of the Code, if the Offer becomes or is declared unconditional as to acceptances, the Offer must remain open for acceptance for not less than 14 days after the date on which the Offer would have otherwise closed. Accordingly, Shareholders should note that as stated in the Offer Unconditional Announcement, the Offer will close at 5.30 p.m. (Singapore time) on 23 December 2024 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3.9 Further Details of the Offer

Further details of the Offer are set out in Appendix V to the Offer Document, including details on (i) the duration of the Offer; (ii) the settlement of the consideration for the Offer; (iii) the requirements relating to the announcement of the level of acceptances of the Offer; and (iv) the right of withdrawal of acceptances of the Offer.

4 INFORMATION ON THE COMPANY AND THE GROUP

Based on publicly available information, the Company was incorporated under the laws of Singapore on 28 July 1994, and was listed on the Mainboard of the SGX-ST on 30 November 1994.

The Company 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. Headquartered in Singapore, the Company has five manufacturing facilities in China, Thailand and Vietnam with a total built-up area of 83,000 square metres.

As at the Latest Practicable Date, the Company has a total of 454,656,461 Shares in issue (excluding 17,258,150 Shares held in treasury).

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As at the Latest Practicable Date, the direct and deemed interests of the Directors in the Shares and Options are set out in the tables below.

Shares

| Name of Director | Direct Interest as at the Latest Practicable Date | | Deemed Interest as at the Latest Practicable Date | |
|-------------------|---|------------------|---|------------------|
| | No. of Shares | % ⁽¹⁾ | No. of Shares | % ⁽¹⁾ |
| Dr. Teo Ho Pin | 265,100 | 0.058 | – | – |
| Mr. Jen Kwong Hwa | 180,000 | 0.040 | – | – |
| Mr. Basil Chan | 150,000 | 0.033 | – | – |

Note:

⁽¹⁾ Based on a total of 454,656,461 Shares in issue (excluding 17,258,150 Shares held in treasury).

Options

| Name of Director | Date of Grant | No. of Options | No. of Option Shares | Exercise Price per Option | Exercise Period |
|------------------|---------------|----------------|----------------------|---------------------------|--|
| Mr. Basil Chan | 5 May 2023 | 200,000 | 200,000 | S\$0.09 | 5 May 2024 to 4 May 2028 (40%) 5 May 2025 to 4 May 2028 (30%) 5 May 2026 to 4 May 2028 (30%) |
| | 24 May 2024 | 200,000 | 200,000 | S\$0.15 | 24 May 2025 to 23 May 2029 (40%) 24 May 2026 to 23 May 2029 (30%) 24 May 2027 to 23 May 2029 (30%) |

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| | | | | | |
|-------------------|-------------|---------|---------|---------|--|
| Dr. Teo Ho Pin | 5 May 2023 | 200,000 | 200,000 | S\$0.09 | 5 May 2024 to 4 May 2028 (40%) 5 May 2025 to 4 May 2028 (30%) 5 May 2026 to 4 May 2028 (30%) |
| | 24 May 2024 | 200,000 | 200,000 | S\$0.15 | 24 May 2025 to 23 May 2029 (40%) 24 May 2026 to 23 May 2029 (30%) 24 May 2027 to 23 May 2029 (30%) |
| Mr. Jen Kwong Hwa | 5 May 2023 | 200,000 | 200,000 | S\$0.09 | 5 May 2024 to 4 May 2028 (40%) 5 May 2025 to 4 May 2028 (30%) 5 May 2026 to 4 May 2028 (30%) |
| | 24 May 2024 | 200,000 | 200,000 | S\$0.15 | 24 May 2025 to 23 May 2029 (40%) 24 May 2026 to 23 May 2029 (30%) 24 May 2027 to 23 May 2029 (30%) |

Further information on the Company can be found in Appendix III to the Offer Document and Appendix B to the Circular.

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5 INFORMATION ON THE OFFEROR

The information on the Offeror as set out below have been extracted from paragraph 3 of the Offer Document. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document.

The Offeror is a company incorporated under the laws of Singapore on 4 September 2006 and it is wholly-owned by Patec Precision Industry Co., Ltd. ("**Patec Taiwan**"), and together with its subsidiaries, the "**Patec Group**").

Based on the Offer Document, as at 5 November 2024:

- (a) the Offeror has an issued and paid-up capital of approximately S\$41,563,036 comprising 36,841,490 ordinary shares;
- (b) the board of directors of the Offeror (the "**Offeror Directors**") comprises the following individuals:
 - (i) Wee Liang Kiang, who is also the chairman and a director of Patec Taiwan; and
 - (ii) Wee Hong Jie, who is the son of Wee Liang Kiang and also the general manager and a director of Patec Taiwan; and
- (c) the Offeror owns 196,964,849 Shares, representing approximately 43.32% of the total number of issued Shares, which the Offeror had acquired pursuant to the Acquisition.

Patec Taiwan is an investment holding company incorporated under the laws of the Cayman Islands and listed on the Taiwan Stock Exchange of the Taiwan Stock Exchange Corporation. Through its subsidiaries, the Patec Group is mainly engaged in manufacturing and sales of automobile and motorcycle stamping components, as well as stamping production line equipment. The automobile and motorcycle components provide various product categories for locomotive components and automotive safety system components, including locks parts, seat parts, brake disc shock absorbers, flanges and exhaust system hooks, among others. The Patec Group also provides stamping production line equipment, as well as installation work, guide services, repair, maintenance, supply of spare parts and other technical support services. On 5 November 2024, the board of directors of Patec Taiwan comprises seven (7) members, consisting of:

- (a) Wee Liang Kiang;
- (b) Wee Hong Jie;
- (c) Yang Hui Chen;
- (d) Yen Chun Te;
- (e) Chin Chih Yung;
- (f) Kate Chen; and
- (g) Tan Heok Ting.

Further information on the Offeror can be found in Appendix I and II to the Offer Document and paragraph 4 to the Circular.

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6 RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY AND ITS LISTING STATUS

6.1 Rationale for the Offer and the Offeror's intentions for the Company

The Offeror's rationale for the Offer and intentions for the Company are set out in paragraphs 6 and 7 of the Offer Document respectively and reproduced in paragraph 5 of the Circular, and Shareholders are advised to read the information carefully.

6.2 Compulsory acquisition and listing status

The information on Compulsory Acquisition and listing status are set out in paragraph 8 of the Offer Document and reproduced in paragraph 6 of the Circular, and Shareholders are advised to read the information carefully.

7 ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In assessing the fairness and reasonableness of the financial terms of the Offer, we have considered the following factors which we consider to be pertinent and to have a significant bearing on our assessment of the Offer:

- (i) Historical market price performance and trading activity of the Shares;
- (ii) Share price performance relative to market index;
- (iii) Financial information of the Group;
- (iv) Net asset value ("**NAV**") per Share, revalued NAV ("**RNAV**") per Share and Ex-cash NAV per Share;
- (v) Historical trailing price-to-NAV ("**P/NAV**") ratio of the Shares;
- (vi) Valuation ratios of selected listed companies broadly comparable to the Group;
- (vii) Precedent privatisation and delisting transactions in Singapore;
- (viii) Precedent Comparable Transactions of companies broadly comparable to the Group;
- (ix) Estimated valuation of the Shares;
- (x) Analysts' recommendations and price targets for the Company; and
- (xi) Dividend track record of the Company.

We have also considered other relevant considerations which have a significant bearing on our assessment as set out in paragraph 8 of this letter.

The figures, underlying financial and market data used in our analysis, including securities prices, trading volumes, free float data and foreign exchange rates have been extracted from S&P Capital IQ, Bloomberg L.P., Monetary Authority of Singapore ("MAS"), SGXNET and other public filings as at the Latest Practicable Date or as provided by the Company where relevant. PPCF makes no representation or warranties, express or implied, as to the accuracy or completeness of such information.

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7.1 Historical market price performance and trading activity of the Shares

The Shares were last transacted on 25 October 2024 (“**Last Trading Day**”) prior to the trading halt before trading hours on 28 October 2024 and the subsequent release of the Offer Announcement on 28 October 2024, being the Offer Announcement Date. The Shares were not traded between 26 October 2024 and 27 October 2024 (both dates inclusive). The trading halt was subsequently lifted and the Company’s trading resumed on 28 October 2024.

For the purpose of our analysis, we have compared the Offer Price against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 26 October 2022 to 25 October 2024, being the 2-year period prior to the trading halt and to the Last Trading Day (the “**2-year Lookback Period**”), and between the Offer Announcement Date and up to and including the Latest Practicable Date. We have assessed that the 2-year Lookback Period provides sufficient data points for assessment, without having significant differences in the general business environment.

We set out below the daily closing price and daily trading volume of the Shares for the 2-year Lookback Period. We have also marked certain dates in the chart where significant events have occurred.

Daily closing price and daily trading volume of the Shares for the 2-year Lookback Period



Source: S&P Capital IQ and Company announcements on SGXNET

Earnings announcements:

- E1. **28 February 2023.** The Group announced its financial results for the FY2022. The Group’s revenue reduced by approximately 25.3% from approximately S\$471.4 million in FY2021 to S\$352.3 million in FY2022. The Group recorded a profit after tax of approximately S\$5.7 million in FY2022 as compared to a profit after tax of approximately S\$14.4 million in FY2021.

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- E2. **10 August 2023.** The Group announced its financial results for the 6-month ended 31 December 2023 (“**1H2023**”). The Group’s revenue reduced by approximately 44.6% from approximately S\$228.4 million in 1H2022 to S\$126.4 million in 1H2023. The Group recorded a net loss of approximately S\$1.6 million in 1H2023 as compared to a net profit of approximately S\$7.2 million in 1H2022.
- E3. **29 February 2024.** The Group announced its financial results for the FY2023. The Group’s revenue reduced by approximately 26.6% from approximately S\$352.3 million in FY2022 to S\$258.7 million in FY2023. The Group recorded net profit after tax of approximately S\$2.4 million in FY2023 as compared to net profit after tax of approximately S\$5.7 million in FY2022.
- E4. **7 August 2024.** The Group announced its financial results for the 6-month ended 31 December 2024 (“**1H2024**”). The Group’s revenue increased by approximately 30.8% from approximately S\$126.3 million in 1H2023 to S\$165.3 million in 1H2024. The Group recorded a net profit after tax of approximately S\$8.4 million in 1H2024 as compared to a net loss of S\$1.1 million in 1H2023.

Other significant events or announcements:

- A1. **20 July 2023.** The Group announced its profit guidance that the hard disk drive business remains operationally profitable for 1H2023.
- A2. **19 December 2023.** The Group announced its wholly owned subsidiary, being BIGL Enterprises (Singapore) Pte. Ltd. (“**BESG**”), and which in turn the immediate holding company of BIGL Beijing entered into a share purchase agreement with Beijing PiLuoYu Medical Technology Co., Ltd. (“**PLY**”).
- A3. **3 January 2024.** The Group announced the receipt of arbitral award which come into legal effect on 29 December 2023.
- A4. **5 April 2024.** The Group declared a cash dividend.
- A5. **1 June 2024.** The Group announced the completion of acquisition of the remaining shares in the capital of BIGL Korea Co., Ltd. in relation to the joint venture in the Republic of Korea.
- A6. **7 August 2024.** The Group declared a cash dividend.

Based on the chart above, we note that over the 2-year Lookback Period, the Shares have traded generally below the Offer Price. The Offer Price represents a premium of 7.1% over the last transacted Share price of S\$0.184 on the Last Trading Day.

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We set out below the daily closing price and daily trading volume of the Shares for the period between the Offer Announcement Date and up to and including the Latest Practicable Date.

Daily closing price and daily trading volume of the Shares for period between the Offer Announcement Date and up to and including the Latest Practicable Date



Source: Bloomberg L.P. and the Company's announcements on SGXNET

Significant event or announcement:

- A7. **28 October 2024.** The Offeror announced the intention of the mandatory conditional cash offer. The Offer Consideration will be a Cash Consideration.

Between the Offer Announcement and up to and including the Latest Practicable Date, the Shares had traded below the Offer Price of S\$0.197.

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We have also set out below the premium implied by the Offer Price over the historical volume weighted average price (“VWAP”) and historical trading volume of the Shares from 26 October 2022 (being the beginning of the 2-year Lookback Period) up to and including the Latest Practicable Date.

| Premium implied by the Offer Price over VWAP ⁽¹⁾ | | | | | | | |
|---|----------------------|----------------------------------|-----------------------|----------------------|-----------------------------------|--|---|
| | VWAP | Premium of Offer Price over VWAP | Highest closing price | Lowest closing price | No. of Traded Days ⁽²⁾ | Average daily traded volume ⁽³⁾ | Average daily traded volume ⁽³⁾ as a percentage of free float ⁽⁴⁾ |
| | (\$) | (%) | (\$) | (\$) | | ('000) | (%) |
| Periods up to and including the Last Trading Day prior to the Offer Announcement | | | | | | | |
| 2-year | 0.150 | 31.3 | 0.205 | 0.070 | 372 | 365 | 0.14 |
| 1-year | 0.155 | 27.1 | 0.205 | 0.070 | 224 | 675 | 0.26 |
| 6-month | 0.184 | 7.1 | 0.205 | 0.126 | 124 | 865 | 0.34 |
| 3-month | 0.191 | 3.1 | 0.205 | 0.173 | 64 | 642 | 0.25 |
| 1-month | 0.190 | 3.7 | 0.194 | 0.184 | 21 | 575 | 0.22 |
| 25 October 2024, being the Last Trading Day prior to the trading halt and release of the Offer Announcement | 0.184 ⁽⁵⁾ | 7.1 | 0.186 | 0.184 | 1 | 196 | 0.08 |
| Periods from the Offer Announcement Date and up to and including the Latest Practicable Date | | | | | | | |
| Period between the Offer Announcement Date and the Latest Practicable Date | 0.194 | 1.5 | 0.197 | 0.193 | 10 | 3,791 | 1.48 |
| Latest Practicable Date | 0.196 ⁽⁵⁾ | 1.0 | 0.196 | 0.195 | 1 | 2,766 | 1.08 |

Source: Bloomberg L.P. and PPCF calculations

Notes:

- ⁽¹⁾ VWAP is calculated based on the aggregate daily turnover value of the Shares and aggregate daily traded volume of the Shares for the relevant trading days for each relevant period as obtained from S&P Capital IQ, excluding off-market transactions.
- ⁽²⁾ Traded days refer to the number of days on which the Shares were traded on the SGX-ST during that relevant period.
- ⁽³⁾ The average daily traded volume of the Shares is calculated based on the total volume of Shares traded during the relevant periods, divided by the number of market days (excluding days with full day trading halts on the Shares) during that relevant period.
- ⁽⁴⁾ Free float refers to approximately 256,517,175 Shares based on the free float of approximately 56.42% as disclosed in the annual report of the Company for FY2023.
- ⁽⁵⁾ Based on the closing price of the Shares.

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Based on the above, we note the following:

- (i) The Offer Price of S\$0.197 is within the range of the closing prices of the Shares traded over the 2-year period up to and including the Last Trading Day, which is between a low of S\$0.070 and a high of S\$0.205;
- (ii) The Offer Price represents premia of approximately 31.3%, 27.1%, 7.1%, 3.1% and 3.7% over the VWAP of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement respectively;
- (iii) The Offer Price represents a premium of approximately 7.1% over the closing price of the Shares of S\$0.184 on the Last Trading Day;
- (iv) Between the Offer Announcement Date and up to and including the Latest Practicable Date, the Shares had traded below the Offer Price and were last transacted at S\$0.196 on the Latest Practicable Date;
- (v) During the 2-year Lookback Period, the average daily traded volume of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement was very low, representing 0.14%, 0.26%, 0.34%, 0.25% and 0.22% of the free float of the Shares respectively. The average daily traded volume of the Shares on the Last Trading Day was low, representing 0.08% of the free float of the Shares; and
- (vi) Between the Offer Announcement Date and up to and including the Latest Practicable Date, the trading liquidity of the Shares rose to an average daily traded volume of approximately 3.79 million Shares, representing approximately 1.48% of the Company's free float, as compared to the average daily traded volume of approximately 365,000 Shares over the 2-year Lookback Period.

Based on the above observations, it appears likely that the market price and the trading volume of the Shares have been supported by the Offer subsequent to the release of the Offer Announcement. As such, there is no assurance that the market price and trading volume of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer.

Shareholders are advised that the historical trading performance of the Shares should not, in any way, be relied upon as an indication or a promise of its future trading performance.

We wish to highlight that the market valuation of shares traded on a stock exchange may be affected by, *inter alia*, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts, the prevailing economic conditions, economic outlook and the general market sentiment at a given point in time.

7.2 Share price performance relative to market index

To gauge the market price performance of the Shares relative to the general share price performance of the Singapore equity market, we have compared the market price movement of the Shares against the following indices:

- (a) FSTE Straits Times Index (the "**FSSTI**"), of which is a market capitalisation weighted index based on stocks of 30 representative companies listed on the Mainboard of the SGX-ST; and
- (b) FTSE Straits Times Mid Cap Index (the "**FSTM**"), which is a modified market capitalisation weighted index comprising all mid-sized companies with a market capitalisation between small-cap and large-cap companies listed on the SGX-ST.

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The FSSTI and FSTM has been rebased to the closing price of the Company as at the beginning of the 2-year Lookback Period (being 26 October 2022) prior to the Offer Announcement Date. The market price performance of the Shares relative to the rebased FSSTI and FSTM for the period from 26 October 2022 up to and including the Latest Practicable Date, is illustrated below.

Share Price Performance against Rebased FSSTI and Rebased FSTM



Source: Bloomberg L.P. and PPCF calculations

We have also set out in the table below the movements in the last transacted prices of the Shares and the rebased FSSTI and rebased FSSTM between the Last Trading Day and the Latest Practicable Date:

| | As at the Last Trading Day (S\$) | As at the Latest Practicable Date (S\$) | Percentage Change (%) |
|---------------|--|---|-----------------------------|
| Shares | 0.184 | 0.196 | 6.5 |
| Rebased FSSTI | 0.153 | 0.159 | 4.1 |
| Rebased FSTM | 0.142 | 0.137 | (3.3) |

Source: S&P Capital IQ and PPCF Computations

Based on the above, we note the following:

- (a) For the 2-year period up to and including the Last Trading Day, the Shares had generally performed below the rebased FSSTI and the rebased FSTM during the period between 27 October 2022 and 15 May 2024; and
- (b) Between the Offer Announcement Date and up to the Latest Practicable Date, the Share prices increased to outperform the rebased FSSTI, having increased by approximately 6.5% as compared to the increase in approximately 4.1% in the rebased FSSTI over the same period, while the rebased FSTM decreased by 3.3% over the same period.

The above observation reinforces our view that the market price of the Shares appears to have been supported by the Offer subsequent to the Offer Announcement Date. Shareholders should note that there is no assurance that the market price of the Shares will be maintained at the prevailing level as at the Latest Practicable Date after the close of the Offer.

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7.3 Financial information of the Group

7.3.1 Financial performance of the Group

For the purpose of evaluating the financial terms of the Offer, we have considered the Group's audited financial statements for the financial years ("FY") ended 31 December 2021, 31 December 2022 and 31 December 2023 and the unaudited half-year financial statements ("1H") for the 6-month financial periods ended 30 June 2023 and 30 June 2024.

Selected items from the consolidated statement of profit or loss of the Group for FY2021, FY2022, FY2023, 1H2023 and 1H2024 are set out in the table below. The following financials should be read in conjunction with the full text of the annual reports and the results announcement of the Group in respect of the relevant financial years including the notes thereto.

| Selected Items from Consolidated Statement of Profit or Loss (S\$'000) | FY2021 (Audited) | FY2022 (Audited) | FY2023 (Audited) | 1H2023 (Unaudited) | 1H2024 (Unaudited) |
|---|------------------|------------------|------------------|--------------------|--------------------|
| Revenue | 471,410 | 352,310 | 258,673 | 126,346 | 165,271 |
| Gross profit | 34,656 | 21,121 | 14,022 | 4,121 | 15,701 |
| Net operating income/(loss) | 16,341 | 10,098 | 4,607 | (52) | 11,256 |
| Profit/(Loss) before income tax | 15,255 | 8,464 | 2,585 | (1,056) | 10,606 |
| Profit/(Loss) for the year/period attributable to the owners of the Company | 15,269 | 6,278 | 3,085 | (1,211) | 8,745 |

Source: The Company's unaudited financial results announcement for 1H2023 and 1H2024 and annual reports for FY2021, FY2022 and FY2023.

Review of operating results

FY2022 as compared to FY2021

The Group reported a revenue of S\$352.3 million in FY2022, which was a decrease of S\$119.1 million or 25.3% as compared to S\$471.4 million in FY2021. This was mainly due to the decline in the hard disk drive ("HDD") end customers demand due to Original Equipment Manufacturer ("OEM") inventory corrections and significant lower cloud demand at hyperscale customers in the second half of the year.

The gross profit of the Group decreased by S\$13.5 million or 39.1% from S\$34.7 million in FY2021 to S\$21.1 million in FY2022 and the decrease was mainly due to under-utilisation of manufacturing capacity and resources in 2H2022.

The Group reported a decrease in profit before income tax of S\$6.8 million or 44.5% from S\$15.3 million to S\$8.5 million in FY2022. The decrease was mainly due to lower revenue generated in 2H2022 as a result of the weak demand, lower gross profit margins in FY2022, higher financing costs and higher tax expense in FY2022.

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FY2023 as compared to FY2022

The Group reported a revenue of S\$258.7 million in FY2023, which was a decrease of S\$93.6 million or 26.6% as compared to S\$352.3 million in FY2022. This was mainly due to the weak demand from HDD end customers and reduced tech spending by businesses amid the uncertain macroeconomic environment.

The gross profit of the Group decreased by S\$7.1 million or 33.6% from S\$21.1 million in FY2022 to S\$14.0 million in FY2023 and the decrease was mainly due to under-utilisation of manufacturing capacity and resources and the startup expenses incurred for the new Precision Engineering (“PE”) business.

The Group reported a decrease in profit before income tax of S\$5.9 million or 69.5% from S\$8.5 million in FY2022 to S\$2.6 million in FY2023. The decrease was mainly due to lower revenue generated as a result of weak HDD product demand, startup expenses in the new PE business, lower gross profit margins and higher financing costs in FY2023.

1H2024 as compared to 1H2023

The Group reported a revenue of S\$165.3 million in 1H2024, which was an increase of S\$38.9 million or 30.8% as compared to S\$126.3 million in 1H2023. This was mainly due to the increase in sales volume and sales mix shifted towards more enterprise HDD driven by the HDD demand recovery, particularly in the mass storage enterprise segment of the market.

The gross profit of the Group increased by S\$11.6 million or 281.0% from S\$4.1 million in 1H2023 to S\$15.7 million in 1H2024. The increase in gross profit was mainly attributed by the increase in revenue.

The Group reported an improvement of S\$11.7 million from a loss before income tax of S\$1.1 million in 1H2023 to a profit before income tax of S\$10.6 million in 1H2024. The improvement was mainly attributed by the higher sales, favourable product mix and higher gross profit margin in the HDD business segment.

EV/EBITDA ratio as implied by the Offer Price

The EV/EBITDA ratio illustrates the ratio of the market value of a company’s business relative to its historical pre-tax operating cash flow performance, without regard to the company’s existing capital structure.

We have evaluated the enterprise value (“EV”) of the Group to be S\$77.7 million based on the market capitalisation of the Group of S\$89.6 million as implied by the Offer Price after adding back loans, borrowings and lease liabilities of S\$17.8 million and deducting cash and cash equivalents (excluding cash pledged for bank facilities) of S\$29.6 million as at 30 June 2024. Earnings before interest, income tax, depreciation and amortisation (“EBITDA”) of the Group was based on its last 12 month period (“LTM”) profit before income tax by aggregating profit before income tax for each of 2H2023 and 1H2024 after adjusting for any one-off items and adding back depreciation expense and net finance costs.

In computing the EBITDA for FY2024, the Management has confirmed that there are no non-operating and one-off exceptional items in FY2024. Accordingly, the Company’s EV/EBITDA ratio as implied by the Offer Price was 2.9 times.

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Historical Price-to-Earnings (“P/E”) ratio as implied by the Offer Price

The P/E ratio illustrates the market price of a company’s shares relative to its earnings per share. The P/E ratio is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets.

Based on the market capitalisation of the Group of S\$89.6 million as implied by the Offer Price and the Company’s LTM profit for the year attributable to the owners of the Company, the Company’s historical P/E ratio as implied by the Offer Price was 6.9 times.

7.3.2 Financial position of the Group

The unaudited statement of financial position of the Group as at 30 June 2024 is set out in the table below. The following statement of financial position of the Group should be read in conjunction with the full text of the unaudited financial results announcement of the Group in respect of 1H2024 including the notes thereto.

| Statement of Financial Position (S\$’000) | As at 30 June 2024 (Unaudited) |
|--|--------------------------------------|
| Assets | |
| <u>Non-current assets</u> | |
| Property, plant and equipment | 60,077 |
| Right-of-use assets | 5,003 |
| Other assets, non-current | 52 |
| Total non-current assets | 65,132 |
| <u>Current assets</u> | |
| Inventories | 25,297 |
| Trade and other receivables | 121,100 |
| Other assets, current | 1,385 |
| Cash and cash equivalents | 29,785 |
| Total current assets | 177,567 |
| Total assets | 242,699 |
| Liabilities | |
| <u>Current liabilities</u> | |
| Income tax payable | 4,581 |
| Trade and other payables | 121,802 |
| Loans and borrowings | 4,230 |
| Lease liabilities, current | 4,906 |
| Total current liabilities | 135,519 |
| Net current assets | 42,048 |

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| Statement of Financial Position (S\$'000) | As at 30 June 2024 (Unaudited) |
|---|--------------------------------------|
| <u>Non-current liabilities</u> | |
| Other liabilities | 1,692 |
| Lease liabilities, non-current | 8,624 |
| Total non-current liabilities | <u>10,316</u> |
| Total liabilities | <u>145,835</u> |
| Net assets | <u>96,864</u> |
| | |
| Equity attributable to owners of the Company | |
| Share capital | 113,163 |
| Retained earnings | 1,071 |
| Other reserves | (17,370) |
| Total equity | <u>96,864</u> |
| Total equity and liabilities | <u>242,699</u> |

Source: The Company's unaudited financial results announcement for 1H2024.

Assets

As at 30 June 2024, the Group had total assets of S\$242.7 million comprising non-current assets of S\$65.1 million, representing 26.8% of total assets and current assets of S\$177.6 million, representing 73.2% of total assets.

The non-current assets of the Group comprised mainly PPE of S\$60.1 million representing 24.8% of total assets and right-of-use assets of S\$5.0 million representing 2.1%. Further details of the PPE and the independent valuation that was commissioned on the PPE is found in paragraph 7.4.2 of this letter.

The current assets of the Group comprised mainly trade and other receivables of S\$121.1 million, cash and cash equivalents of S\$29.8 million, inventories of S\$25.3 million and other current assets of S\$1.4 million, representing 49.9%, 12.3%, 10.4% and 0.6% of total assets respectively.

Liabilities and Equity

As at 30 June 2024, the Group has total liabilities of S\$145.8 million comprising current liabilities of S\$135.5 million, representing 92.9% of total liabilities and non-current liabilities of S\$10.3 million, representing 7.1% of total liabilities.

The current liabilities of the Group comprised mainly trade and other payables of S\$121.8 million, current lease liabilities of S\$4.9 million, income tax payable of S\$4.6 million and loans and borrowings of S\$4.2 million, representing 83.5%, 3.4%, 3.1% and 2.9% of total liabilities respectively.

The non-current liabilities of the Group comprised mainly non-current lease liabilities of S\$8.6 million and other liabilities of S\$1.7 million, representing 5.9% and 1.2% of total liabilities respectively.

The equity attributable to owners of the Company amounted to S\$96.9 million, comprised mainly of share capital of S\$113.2 million, retained earnings of S\$1.1 million and other reserves loss of S\$17.4 million.

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7.3.3 Cash flows of the Group

A summary of the consolidated statement of cash flows of the Group for FY2021, FY2022, FY2023, 1H2023 and 1H2024 is set out in the table below. The following summary consolidated statement of cash flows should be read in conjunction with the full text of the results announcements and annual reports of the Group in respect of the relevant financial years including the notes thereto.

| Summary Consolidated Statement of Cash Flows (S\$'000) | FY2021 (Audited) | FY2022 (Audited) | FY2023 (Audited) | 1H2023 (Unaudited) | 1H2024 (Unaudited) |
|---|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Net cash flow generated from/(used in) operating activities | 13,025 | 19,320 | 18,523 | 6,787 | (5,715) |
| Net cash flow used in investing activities | (5,527) | (4,045) | (5,858) | (3,747) | (447) |
| Net cash flow from/(used in) financing activities | (8,989) | (13,363) | (7,722) | (5,285) | 1,764 |
| Net increase/ (decrease) in cash and cash equivalents | (1,491) | 1,912 | 4,943 | (2,245) | (4,398) |

Source: The Company's unaudited financial results announcement for 1H2023 and 1H2024, annual reports for FY2021, FY2022 and FY2023.

FY2021

The net cash flow generated from operating activities of S\$13.0 million was mostly generated by the Group's operating cash flows before changes in working capital and increase in trade and other payables, but was partially offset by increase in trade receivables and other receivables.

The net cash flow used in investing activities of S\$5.5 million was mainly contributed by capital expenditure.

The net cash flow used in financing activities S\$9.0 million was utilised for net repayment of loans and borrowings, dividend paid to shareholders, repurchase of shares and payment of lease liabilities.

As a result of the above cash movements, the Group's net cash and cash equivalents decreased by S\$1.5 million.

FY2022

The net cash flow generated from operating activities of S\$19.3 million was mostly improved by the Group's operating cash flows before changes in working capital and decrease in trade receivables and other receivables, but was partially offset by decrease in trade and other payables.

The net cash flow used in investing activities of S\$4.0 million was mainly contributed by capital expenditures.

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The net cash flow used in financing activities of S\$13.4 million was utilised for the net repayment of loans and borrowings, dividend paid to shareholders, purchase of treasury shares and payment of lease liabilities.

As a result of the above cash movements, the Group's net cash and cash equivalents increased by S\$1.9 million.

FY2023

The net cash flow generated from operating activities of S\$18.5 million was mostly generated by the Group's operating cash flows before changes in working capital and increase in trade and other payables, but was partially offset by increase in trade and other receivables.

The net cash flow used in investing activities of S\$5.9 million was mainly contributed by capital expenditure which was invested in the new PE business.

The net cash flow used in financing activities of S\$7.7 million was utilised for the net repayment of loans and borrowings and payment of lease liabilities.

As a result of the above cash movements, the Group's net cash and cash equivalents increased by S\$4.9 million.

1H2023

The net cash flow generated from operating activities of S\$6.8 million was mostly generated by the Group's operating cash flows before changes in working capital and increase in trade and other payables, but was partially offset by increase in trade and other receivables.

The net cash flow used in investing activities of S\$3.7 million was mainly attributable to capital expenditure for start-up manufacturing operations in Vietnam.

The net cash flow used in financing activities of S\$5.3 million was mainly utilised for the net repayment of loans and borrowings, dividend payment to shareholders and purchase of treasury shares.

As a result of the above cash movements, the Group's net cash and cash equivalents decreased by S\$2.2 million.

1H2024

The Group recorded net cash used in operating activities of S\$5.7 million which was mainly attributable to the Group's operating cash flows before changes in working capital and increase in trade and other payables, but was partially offset by an increase in trade and other receivables.

The net cash flow used in investment activities of S\$0.4 million was mainly attributable to the acquisition of remaining interest in subsidiaries and capital expenditure.

The net cash flow generated from financing activities of S\$1.8 million was mainly attributable to the proceeds on leases and net repayment of loans and borrowings.

As a result of the above cash movements, the Group's net cash and cash equivalents decreased by S\$4.4 million.

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7.4 NAV per Share, RNAV per Share and Ex-cash NAV per Share

7.4.1 NAV per Share

The NAV of a group refers to the aggregate value of all the assets in their existing condition, net of non-controlling interests and all liabilities. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of its assets over a reasonable period of time, the proceeds of which would first be used to settle liabilities of that group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of its equity.

Shareholders should note that an analysis based on the NAV of the Group provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, contractual obligations, any regulatory requirements and availability of potential buyers, which may in theory, alter the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions.

A summary of the financial position of the Group as at 30 June 2024 is set out below:

| Summary Statement of Financial Position | Unaudited as at 30 June 2024 (S\$'000) | Contribution to total assets (%) |
|--|--|--|
| <u>Non-current assets</u> | | |
| PPE | 60,077 | 24.8 |
| - Freehold land | | |
| - Leasehold land and buildings | | |
| - Leasehold improvements | | |
| - Plant and machinery | | |
| - Other PPE namely office equipment and furniture and motor vehicles | | |
| - Construction-in-progress | | |
| Right-of-use assets | 5,003 | 2.1 |
| Other non-current assets | 52 | n.m. ⁽¹⁾ |
| <u>Current assets</u> | | |
| Inventories | 25,297 | 10.4 |
| Trade and other receivables | 121,100 | 49.9 |
| Other current assets | 1,385 | 0.6 |
| Cash and cash equivalents | 29,785 | 12.3 |
| Total assets | 242,699 | 100.0 |
| Total liabilities | 145,835 | - |

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| Summary Statement of Financial Position | Unaudited as at 30 June 2024 (S\$'000) | Contribution to total assets (%) |
|---|--|--|
| <u>Equity attributable to owners of the Company</u> | 96,864 | |
| <i>Shares (excluding 17,258,150 treasury shares) in issue as at the Latest Practicable Date</i> | 454,656,461 | |
| NAV per Share (S\$) | 0.2130 | |
| Offer Price (S\$) | 0.1970 | |
| P/NAV ratio as implied by the Offer Price (times) | 0.92 | |

Note:

⁽¹⁾ n.m. denotes not meaningful.

The P/NAV ratio illustrates the comparison between a company's stock price or market value versus the book value of the company's shareholders' equity as indicated on its balance sheet.

Based on the above, the Offer Price was at a discount of 7.5% over the NAV per Share.

7.4.2 Independent Valuation

In our evaluation of the financial terms of the Offer, we have considered the carrying values of the assets of the Group as at 30 June 2024 to assess if any material assets should be revalued or adjusted for the purpose of our assessment of the Offer Price compared to the NAV of the Group or whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that may have a material impact on the unaudited NAV of the Group as at 30 June 2024.

The Group's PPE represents 24.8% of its total assets as at 30 June 2024. The Group's PPE mainly comprise (i) plant, and machinery; (ii) leasehold properties and land; (iii) freehold property and land; and (iv) leasehold improvements.

The plant and machinery owned by the Group are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. We understand from the Management that the plant and machinery are generally customised to the Group's operations and these assets have been put in operation as part of the Group's normal operating activities for the production of precision-machined components. The Management is also of the view that the useful life of the plant and machinery is in line with expectations and market practice. Given the plant and machinery have been in operation and there is no indication of any impairment which warrants an impairment assessment to be conducted for impairment losses, if any, to be recorded, we concur with the Management's view that there would not be any material difference between the value of the plant and machinery as at 30 June 2024 and the Latest Practicable Date respectively.

The Group operates major facilities in China and Thailand. As of 30 June 2024, the land and properties associated with these facilities account for 6.8% and 6.2% of the Group's total assets, respectively. We note that the Thailand facility includes a clean room that is built to suit the Group's business operation, with the majority of the facility's value attributed to leasehold improvements. We concur with the Management's view that it is highly unlikely that there will be any material adjustment to the carrying amount of this asset due to the nature of the property and, therefore, typically the Management does not commission a property valuation on this asset for the Group's financial reporting purposes.

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We understand that the Group typically will engage a qualified professional valuer to value the Shenzhen Property on annual basis to assess its market value and disclose in the annual report accordingly. Following this, an independent valuation on the Shenzhen Property has been performed in connection with the Offer. The effect of the revalued amounts of the PPE on the RNAV of the Group is set out in paragraph 7.4.3 of this letter.

The purpose of the independent valuation is to determine the revaluation surplus or deficit arising from the independent valuation of the PPE as compared to the carrying values of the PPE as at 30 June 2024. We have also enquired of Management on the potential tax liability (if any) which would arise if the PPE were to be sold at the revalued amounts and accounted for this in our assessment of the net revaluation surplus or deficit, which would impact the RNAV of the Group.

Leasehold land and buildings

The Shenzhen Property is an industrial complex comprising a leasehold land and an industrial complex with various buildings and structures which is partially owner-occupied located at No. 5 North Luyin Road, Pingshan District, Shenzhen, Guangdong Province, the People's Republic of China. The Group has commissioned Knight Frank Petty Limited as the Property Valuer to carry out the independent market valuations of the Shenzhen Property.

Valuation certificate pertaining to the Shenzhen Property can be found in Appendix F to the Circular.

Valuation methodology

The property valuation is the Property Valuer's opinion of the market value of the property interests, which we would define as intended to mean "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an 'arms-length' transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In preparing the valuation report, Property Valuer has complied with "The RICS Valuation – Global Standards" issued by the Royal Institution of Chartered Surveyors, which incorporate the International Valuation Standards.

In arriving at their opinion of the market value of the Shenzhen Property, the Property Valuer had adopted the Market Approach and Income Approach, as summarised below:

Market Approach – Market Approach is a valuation approach for valuing property by referencing to comparable market transactions or similar properties. The rationale of this approach is to directly relate the market comparable transactions with the subject property to determine the market value. Appropriate adjustments have been applied in the valuation of the Shenzhen Property to reflect the differences in the characteristics between the Shenzhen Property and the comparable market transactions or similar properties, such as nature, location, building age, building quality, time and size in arriving at the opinion of its market value.

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Income Approach – Term and Reversion Method is a valuation methodology by reference to the capacity of a property to generate benefits (i.e. usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value. It is based on the premise that an investor uses the income capability of an investment as a measure of value. All things being equal, the basic premise is that the higher the income, the higher the value. The income from a property is the net income receivable under the current term of tenancies. The conversion of the net income into an expression of market value is known as the capitalization process, which is to convert estimated annual net income into an indication of value either by dividing the net income estimate by an appropriate yield rate or by multiplying the net income estimate by an appropriate factor.

A summary of the valuation approach used, as well as the revaluation surplus arising from the market valuation of the Shenzhen Property is set out below:

| Location | Valuation approach | Carrying value (S\$'000) | Market value (RMB'000) | Revaluation surplus ⁽¹⁾ (S\$'000) |
|--|----------------------------------|-----------------------------|--|---|
| No. 5, North Luyin Road Pingshan District Shenzhen, Guangdong Province, PRC | Market and Income Approach | 16,491 | RMB153,000 (S\$28,412) ⁽²⁾ | 11,921 |
| Total | | 16,491 | S\$28,412 | 11,921 |

Notes:

⁽¹⁾ The revaluation surplus is the difference between the market value of the Shenzhen Property and its carrying value as at 30 June 2024.

⁽²⁾ Based on the exchange rate as extracted from MAS of S\$1.00 : RMB5.39 on 31 October 2024, being the valuation date.

The net revaluation surplus arising from the valuation of the Shenzhen Property amounted to RMB64.2 million (approximately S\$11.9 million⁽²⁾).

7.4.3 RNAV per Share

Taking into account the net revaluation surplus arising from the valuation of the Shenzhen Property shown above, the RNAV per Share as at 30 June 2024 is computed as follows:

| NAV adjustments for net revaluation surplus | S\$'000 |
|---|--------------------|
| Unaudited NAV of the Group as at 30 June 2024 | 96,864 |
| Add: Net revaluation surplus on the Shenzhen Property | 11,921 |
| Less: Potential tax liabilities on the Shenzhen Property | (1,788) |
| RNAV of the Group as at 30 June 2024 | 106,997 |
| <i>Shares (excluding 17,258,150 treasury shares) in issue as at the Latest Practicable Date</i> | <i>454,656,461</i> |
| RNAV per Share (S\$) | 0.235 |
| Discount to RNAV as implied by the Offer Price | 16.3% |

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Based on the above, we note that the Offer Price of S\$0.197 per Share represents a P/RNAV ratio of 0.84 times, that is the Offer Price represents a discount of approximately 16.3% over the RNAV per Share of S\$0.235.

In assessing the above valuation surplus, we have also considered whether there is any potential tax liability which may arise on the sale of the Shenzhen Property in a hypothetical scenario. The Management has estimated potential tax liability to be approximately S\$1.8 million in the event of an unlikely sale of the Shenzhen Property. The Group has no immediate plans to sell the Shenzhen Property as at the Latest Practicable Date and the aforementioned tax liabilities are not likely to crystallise.

Shareholders should note that the above analysis on RNAV provides an estimate of the value of the Group assuming the hypothetical sale of the assets of the Group as at the Latest Practicable Date. However, such a hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, professional fees, liquidation costs, contractual obligations, any other regulatory requirements and availability of potential buyers, which would in theory, alter the RNAV that can be realised.

Shareholders should be aware that the Group has not realised the gain or loss as set out in the adjustments to the NAV as at the Latest Practicable Date. There is no assurance that the actual gain or loss (if any) eventually recorded by the Group will be the same as that derived from the assessments based on current market value, independent valuation and the Management's estimates.

Save as disclosed above, Management and Independent Directors have confirmed as at the Latest Practicable Date, to the best of their knowledge and belief that:

- (a) there are no other material differences between the realisable value of the Group's assets and their respective book values as at 30 June 2024, which would result in a material impact on the unaudited NAV of the Group;
- (b) they are not aware of any circumstances which may cause the unaudited NAV of the Group as at the Latest Practicable Date to be materially different from that recorded in the unaudited Statement of Financial Position of the Group as at 30 June 2024;
- (c) there have been no material disposals or acquisitions of assets by the Group between 30 June 2024 and the Latest Practicable Date, the Group does not have any plans for any impending material disposal or acquisition of assets, conversion of the use of the Group's material assets and/or material change in the nature of the Group's business;
- (d) there are no contingent liabilities, bad or doubtful debts or impairment losses or material events as at the Latest Practicable Date which are likely to have a material impact on the unaudited NAV of the Group as at 30 June 2024;
- (e) there are no litigation, claim or proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings as at the Latest Practicable Date which would have an adverse material impact on the financial position of the Group; and
- (f) there are no other intangible assets as at the Latest Practicable Date which ought to be disclosed in the Statement of Financial Position of the Group in accordance with the Singapore Financial Reporting Standards (International) and which have not been disclosed that would have a material impact on the unaudited NAV of the Group as at 30 June 2024.

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7.4.4 Ex-cash NAV per Share

The Group recorded cash and cash equivalents of approximately S\$29.6 million as at 30 June 2024, representing S\$0.065 per Share and accounting for 30.6% of the NAV of the Group as at 30 June 2024. As it represents a significant percentage of the NAV of the Group, we have also considered the Group's ex-cash NAV below in line with the NAV approach which assumes a hypothetical sale of its assets over a reasonable period of time.

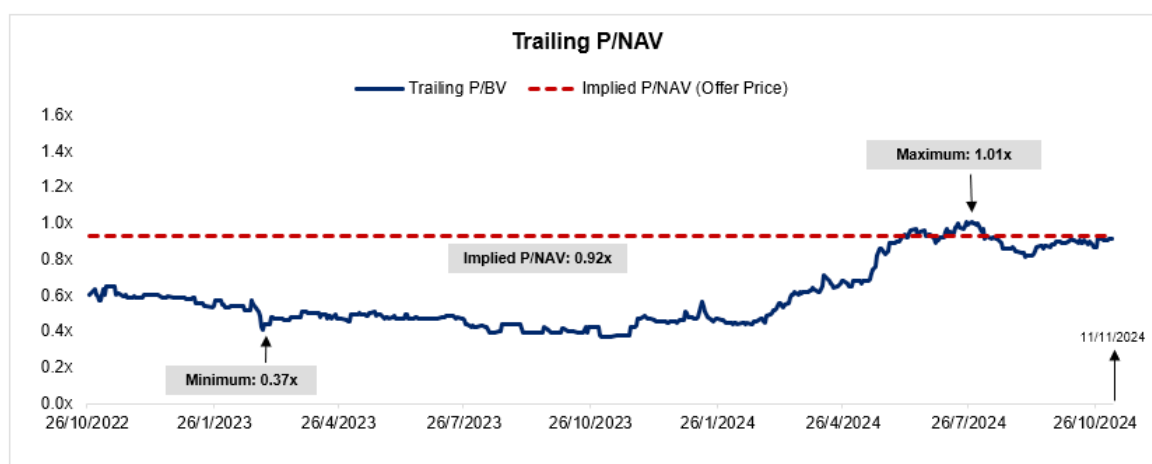
After deducting the cash and cash equivalents from the NAV, we note that the ex-cash NAV of the Group as at 30 June 2024 was approximately S\$67.3 million or S\$0.148 per Share (the "**Ex-cash NAV per Share**"). We also note that after deducting the cash and cash equivalents from the RNAV, the Group's ex-cash RNAV of the Group as at 30 June 2024 was approximately S\$77.4 million or S\$0.170 per Share (the "**Ex-cash RNAV per Share**").

The Offer Price as adjusted for cash and cash equivalents of S\$0.132 per Share, represents a discount of 10.8% and 22.5% to the Ex-cash NAV and Ex-cash RNAV per Share respectively.

7.5 Historical trailing P/NAV ratio of the Shares

We have compared the P/NAV of the Shares as implied by the Offer Price of 0.92 times against the historical trailing P/NAV of the Shares (based on the daily closing prices of the Shares and the Group's trailing announced NAV per Share) for the 2-year period from 26 October 2022 up to and including the Latest Practicable Date.

Historical trailing P/NAV ratio⁽¹⁾



Source: S&P Capital IQ and PPCF calculations

Note:

⁽¹⁾ P/NAV ratio of the Shares implied by the Offer Price (using the latest NAV per Share computed based on the Company's unaudited 1H2024 financial results announcement) against the trailing P/NAV of the Shares computed based on the corresponding NAV for each financial reporting period as reported by the Company in its interim and full-year financial results announcements.

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The average, minimum and maximum of the historical trailing P/NAV of the Shares from 26 October 2022 (being the beginning of the 2-year Lookback Period up to and including the Last Trading Day) to the Latest Practicable Date are set out below:

| Historical trailing P/NAV ratio of the Shares | | | |
|--|-----------------------------------|---------|---------|
| | Historical trailing P/NAV (times) | | |
| | Average | Maximum | Minimum |
| Periods up to and including the Last Trading Day prior to the Offer Announcement | | | |
| 2-year | 0.59 | 1.01 | 0.37 |
| 1-year | 0.68 | 1.01 | 0.37 |
| 6-month | 0.88 | 1.01 | 0.65 |
| 3-month | 0.89 | 1.01 | 0.81 |
| 1-month | 0.89 | 0.91 | 0.86 |
| Periods between the Offer Announcement Date and up to and including the Latest Practicable Date | | | |
| Period between the Offer Announcement Date and the Latest Practicable Date | 0.91 | 0.92 | 0.91 |
| Latest Practicable Date | 0.92 | 0.92 | 0.92 |

Source: S&P Capital IQ, financial results announcements of the Company and PPCF calculations

Based on the above, we note that:

- (a) for the 2-year, 1-year, 6-month, 3-month and 1-month periods up to and including the Last Trading Day prior to the Offer Announcement, the implied P/NAV of 0.92 times is above the average historical trailing P/NAV of the Shares of 0.59 times, 0.68 times, 0.88 times, 0.89 times and 0.89 times respectively;
- (b) for the period between the Offer Announcement Date and up to and including the Latest Practicable Date, the implied P/NAV of 0.92 times is above the average historical trailing P/NAV of the Shares of 0.91 times; and
- (c) for the period between the Offer Announcement Date and up to and including the Latest Practicable Date, the implied P/RNAV of 0.84 times is below the average historical trailing P/NAV of the Shares of 0.91 times.

7.6 Valuation ratios of selected listed companies broadly comparable to the Group

For the purpose of evaluating the financial terms of the Offer, we have made reference to the valuation ratios of selected companies listed on the SGX-ST which we consider to be broadly comparable to the Company, to get an indication of the current market expectations with regard to the perceived valuation of the Company.

In light of the lack of direct comparable companies on the SGX-ST, we have expanded our coverage, through a search on publicly available information, to include companies which, *inter alia*, are involved in the manufacturing of precision metal components (“**Comparable Companies**”). We have had discussions with Management about the suitability and reasonableness in selecting the Comparable Companies for comparison with the Group.

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Relevant information has been extracted from S&P Capital IQ, publicly available annual reports and/or public announcements of the Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information.

In evaluating these companies, we have applied and used the following valuation ratios:

| Valuation ratios | General descriptions |
|------------------|---|
| EV/EBITDA | “EV” or “enterprise value” is the sum of the company’s market capitalisation, preferred equity, minority interests, short and long-term debt less its cash and cash equivalents. “EBITDA” stands for historical earnings before interest, tax, depreciation and amortization expenses, inclusive of share of associates’ and joint ventures’ income and excluding exceptional items. The “EV/EBITDA” ratio illustrates the market value of a company’s business relative to its historical pretax operating cash flow performance, without regard to the company’s capital structure. |
| P/E | “P/E” or “price-to-earnings” illustrates the market price of a company’s shares relative to its earnings per share. The P/E multiple is affected by, <i>inter alia</i> , the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. |
| P/NAV | “P/NAV” or “price-to-NAV” illustrates the comparison between a company’s stock price or market value versus the book value of the company’s total shareholders’ common equity as indicated on its balance sheet. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies. |

Brief descriptions of the Comparable Companies are set out below:

| Name | Business description |
|---|--|
| Grand Venture Technology Limited (“Grand Venture”) | Grand Venture offers precision manufacturing solutions for the semiconductor, life sciences, electronics, aerospace, and medical industries in Singapore, Malaysia, the United States, China, and internationally. Grand Venture was incorporated in 2012 and is headquartered in Singapore. |
| Spindex Industries Ltd (“Spindex Industries”) | Spindex Industries engages in the manufacture, import, export, and trade of mechanical, electrical, electronic, and precision machine parts. It operates through Imaging and Printing, Machinery and Automotive Systems, and Consumer Product and Others segments, in the People’s Republic of China, Singapore and other ASEAN countries, the United States, Europe, and internationally. Spindex Industries was founded in 1981 and is headquartered in Singapore. |

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| Name | Business description |
|--|--|
| InnoTek Limited ("InnoTek") | InnoTek, operates as a precision metal components manufacturer in Singapore, Hong Kong, the People's Republic of China, Vietnam, Singapore, and Thailand. It was formerly known as Magnecomp International Limited and changed its name to InnoTek Limited in November 2007. InnoTek was incorporated in 1995 and is based in Singapore. |
| Fu Yu Corporation Limited ("Fu Yu") | Fu Yu, engages in the manufacture and sub-assembly of precision plastic parts and components in Singapore, Malaysia, and China. The company operates through two segments, Manufacturing and Supply Chain Management Services and serves companies in the printing and imaging, networking and communications, consumer, medical, automotive, and power tool sectors. It was formerly known as Fu Yu Manufacturing Limited and changed its name to Fu Yu Corporation Limited in 2004. Fu Yu was founded in 1978 and is headquartered in Singapore. |
| CFM Holdings Ltd ("CFM") | CFM Holdings, designs, fabricates, and sells tools-and-dies used for the manufacture of stamped metal components. It operates through four segments: Metal Stamping; Tooling; Components and Parts; and Cleanroom Products. It serves electronics, automotive, telecommunications, technology, M&E, and pharmaceutical industries across Singapore, Malaysia, the United States, the Slovak Republic, the Czech Republic, Germany, Hungary, Italy, the Netherlands, Poland, Portugal, Romania, Switzerland, Indonesia, South Korea, Japan, and the People's Republic of China. CFM Holdings was founded in 1979 and is based in Singapore. |

Source: S&P Capital IQ

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that there may not be any listed company which we may consider to be identical to the Company in terms of, *inter alia*, geographical spread, composition of business activities, customer base, size and scale of business operations, risk profile, asset base, market capitalisation, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, tax factors, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Independent Directors should note that any comparison made with respect to the Comparable Companies herein is strictly limited in scope and merely serves to provide an illustrative perceived market valuation of the Company as at the Latest Practicable Date.

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We set out below the valuation statistics for the Comparable Companies based on their last transacted share prices as at the Latest Practicable Date.

| Comparable Companies | Market Capitalisation ⁽¹⁾ (S\$'million) | EV / LTM ⁽³⁾ EBITDA ⁽²⁾ (times) | LTM ⁽³⁾ P/E (times) | P/NAV ⁽⁴⁾ (times) |
|--|---|--|-----------------------------------|---|
| Grand Venture | 191.7 | 10.3 | 29.7 | 1.56 ⁽⁵⁾ |
| Spindex Industries | 114.2 | 1.9 | 7.3 | 0.68 |
| InnoTek | 105.2 | 4.4 | 24.1 | 0.61 |
| Fu Yu ⁽⁶⁾ | 98.3 | 9.8 | n.m. ⁽⁷⁾ | 0.70 |
| CFM | 11.9 | 0.3 | 6.6 | 0.54 |
| | High | 10.3 | 29.7 | 0.70 |
| | Low | 0.3 | 6.6 | 0.54 |
| | Mean | 5.3 | 16.9 | 0.63 |
| | Median | 4.4 | 15.7 | 0.65 |
| Company (as implied by the Offer Price)⁽⁶⁾ | 89.6 | 2.9 | 6.9 | 0.92 (NAV as at 30 June 2024) |
| | | | | 0.84 (RNAV as at 30 June 2024) |

Source: S&P Capital IQ and the relevant announcements by the Comparable Companies on SGXNET

Notes:

- ⁽¹⁾ Market capitalisation of the Comparable Companies is based on their respective last transacted prices as at the Latest Practicable Date as extracted from S&P Capital IQ. The implied market capitalisation of the Company is approximately S\$89.6 million based on the Offer Price and the total outstanding Shares of 454,656,461 (excluding 17,258,150 treasury shares) as at the Latest Practicable Date.
- ⁽²⁾ The LTM EBITDA is set out in or computed with the latest available published interim results or latest full year results, whichever is applicable, as at the Latest Practicable Date. One-off items were excluded in determining the EBITDA of the Comparable Companies.
- ⁽³⁾ LTM means last 12 months.
- ⁽⁴⁾ Based on the respective Comparable Companies' most recently announced financial statements and/or annual reports.
- ⁽⁵⁾ Considered as an outlier and hence not used in the computation of low, high, mean and median.
- ⁽⁶⁾ Based on 454,656,461 Shares (excluding 17,258,150 treasury shares) as at the Latest Practicable Date. Given that there is no material difference to the implied multiples on a diluted basis pursuant to the outstanding BIGL Options and BIGL Awards, we have not taken this into consideration in our analysis.
- ⁽⁷⁾ n.m. denotes not meaningful as the Comparable Company was loss-making in the last 12 months.

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For illustration purposes only, we note that based on the Offer Price:

- (a) the EV/LTM EBITDA ratio of the Company of 2.9 times is within the range of the EV/LTM EBITDA ratios of the Comparable Companies but below the mean and median EV/LTM EBITDA ratios of the Comparable Companies of 5.3 times and 4.4 times respectively;
- (b) the LTM P/E ratio of the Company of 6.9 times is within the range of the LTM P/E ratios of the Comparable Companies but below the mean and median LTM P/E ratios of the Comparable Companies of 16.9 times and 15.7 times respectively; and
- (c) the implied P/NAV and P/RNAV ratios of the Company of 0.92 times and 0.84 times respectively are above the range of the P/NAV ratios of the Comparable Companies.

7.7 Precedent privatisation and delisting transactions in Singapore

Pursuant to Rule 1105 of the Listing Manual, upon the announcement by the offeror that acceptances have been received that bring the holdings owned by the Offeror and the Concert Group to above 90% of the total number of issued Shares, the SGX-ST may suspend the trading of the Company until it is satisfied that at least 10% of the total number of Shares are held by at least 500 shareholders who are members of the public (the “**Free Float Requirement**”).

The Offeror has stated that its intention to delist and privatise the Company and, if eligible, the Offeror intends to exercise its rights of Compulsory Acquisition to acquire all the Offer Shares not acquired under the Offer at the Offer Price for each Offer Share.

Accordingly, for the purpose of our evaluation of the financial terms of the Offer, we have compared the valuation statistics implied by the Offer Price *vis-à-vis* recent successful privatisations and delistings of companies listed on the SGX-ST where the offeror has indicated similar intentions where it does not intend to preserve the listing status of the company.

We set out below the statistics on (i) privatisation transactions of companies listed on the SGX-ST, whether by way of scheme of arrangement under Section 210 of the Companies Act (“**Scheme**”), voluntary general offers (“**VGO**”) or mandatory general offers (“**MGO**”) under the Code; and (ii) delisting offers under Rule 1307 of the Listing Manual (“**VD**”), and the offer resulted in a successful privatisation and delisting of the target company (“**Precedent Privatisation Transactions**”).

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As some of the Precedent Privatisation Transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their last announced book values, we have also, where relevant, compared the financial terms of such offer transactions with the revalued NAV (or revalued NTA where applicable) and/or adjusted NAV (or adjusted NTA where applicable) of the Precedent Privatisation Transactions where available. The details on the Precedent Privatisation Transactions announced from 1 January 2022 up to the Latest Practicable Date are set out as follow:

| Precedent Privatisation Transactions | | | Premium/(Discount) of Offer Price over/(to) ⁽¹⁾ | | | | | |
|--------------------------------------|--|-----------|--|-----------------------|-----------------------|-----------------------|-----------------------|--------------------------|
| Announcement date | Target companies | Type | Offer Price per share (\$) | Last | 1-month | 3-month | 6-month | Offer |
| | | | | Transacted Price (%) | VWAP (%) | VWAP (%) | VWAP (%) | Price to NTA/NAV (times) |
| 16 Feb 2022 | Shinvest Holding Ltd | VGO | 3.500 | 13.6 | 8.5 | 10.2 | 10.1 | 0.66 ⁽²⁾ |
| 7 Mar 2022 | Singapore O&G Ltd | VGO | 0.295 | 18.0 | 14.8 | 12.2 | 11.3 | 4.60 ⁽³⁾ |
| 13 Apr 2022 | Excelpoint Technology Ltd | SOA | 1.930 | 21.4 | 36.6 | 31.3 | 45.9 | 1.53 ⁽⁴⁾ |
| 17 May 2022 | Hwa Hong Corporation Limited | VGO / MGO | 0.400 | 37.9 | 36.1 | 32.0 | 22.0 | 0.79 ⁽⁵⁾ |
| 20 May 2022 | T T J Holdings Limited | VGO | 0.230 | 36.1 | 33.6 | 28.8 | 28.0 | 0.63 ⁽⁶⁾ |
| 17 Jun 2022 | Allied Technologies Limited | VGO | 0.011 | n.a. | n.a. | n.a. | n.a. | 0.35 ⁽⁷⁾ |
| 29 Jul 2022 | GYP Properties Limited | VGO | 0.200 | 34.2 | 37.9 | 33.3 | 28.2 | 0.69 ⁽⁸⁾ |
| 20 Aug 2022 | SP Corporation Limited | SOA | 1.590 | 169.5 ⁽³²⁾ | 163.7 ⁽³²⁾ | 162.8 ⁽³²⁾ | 156.9 ⁽³²⁾ | 1.00 ⁽⁹⁾ |
| 29 Aug 2022 | Silkroad Nickel Ltd. | VGO | 0.420 | 2.4 | 5.4 | 5.1 | (5.5) | 5.20 ⁽¹⁰⁾ |
| 12 Sep 2022 | Memories Group Limited | VD | 0.047 | 34.3 | 67.3 | 72.2 | 74.7 | 1.02 ⁽¹¹⁾ |
| 13 Sep 2022 | Singapore Medical Group Ltd | VGO | 0.400 | 24.9 | 28.1 | 28.9 | 25.8 | 4.20 ⁽¹²⁾ |
| 14 Sep 2022 | Moya Holdings Asia Limited | VGO | 0.092 | 41.5 | 43.8 | 48.4 | 48.4 | 3.54 ⁽¹³⁾ |
| 3 Oct 2022 | MS Holdings Limited | VGO | 0.070 | 17.7 | n.a. | 25.2 | 25.5 | 0.48 ⁽¹⁴⁾ |
| 6 Oct 2022 | Asian Healthcare Specialists Limited | VGO | 0.188 | 17.5 | 18.3 | 21.3 | 22.3 | 5.86 ⁽¹⁵⁾ |
| 24 Nov 2022 | Chip Eng Seng Corporation Ltd. | MGO | 0.750 | 6.7 | 13.1 | 26.5 | 33.7 | 0.76 ⁽¹⁶⁾ |
| 9 Nov 2022 | Golden Energy And Resources Limited | VD | 0.973 | 15.8 | 23.0 | 44.6 | 48.3 | 1.51 ⁽¹⁷⁾ |
| 13 Feb 2023 | Global Dragon Limited | VGO | 0.120 | 15.4 | 15.4 | 22.4 | 17.6 | 0.73 ⁽¹⁸⁾ |
| 28 Feb 2023 | G. K. Goh Holdings Limited | VGO | 1.260 | 38.5 | 38.8 | 39.2 | 37.6 | 0.97 ⁽¹⁹⁾ |
| 4 Apr 2023 | Global Palm Resources Holdings Limited | VGO | 0.250 | 92.3 | 86.6 | 70.1 | 70.1 | 0.78 ⁽²⁰⁾ |
| 11 Apr 2023 | Lian Beng Group Ltd | VGO | 0.680 | 21.4 | 27.0 | 28.5 | 29.9 | 0.43 ⁽²¹⁾ |
| 5 May 2023 | Penguin International Limited | VGO | 0.830 | 16.9 | 18.1 | 18.7 | 18.6 | 0.95 ⁽²²⁾ |
| 27 Jun 2023 | Challenger Technologies Limited | VGO | 0.600 | 9.1 | 10.5 | 11.9 | 14.3 | 1.46 ⁽²³⁾ |

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| Precedent Privatisation Transactions | | | Premium/(Discount) of Offer Price over/(to) ⁽¹⁾ | | | | | | |
|--------------------------------------|--|------|--|---------------------------|-----------------------|-----------------------|-----------------------|--|------|
| Announcement date | Target companies | Type | Offer Price per share (S\$) | | | | | Offer Price to NTA/NAV (times) | |
| | | | | Last Transacted Price (%) | 1-month VWAP (%) | 3-month VWAP (%) | 6-month VWAP (%) | | |
| 1 Jun 2023 | Sysma Holdings Limited | VGO | 0.168 | 44.7 | 39.8 | 34.2 | 30.5 | 0.72 ⁽²⁴⁾ | |
| 2 Aug 2023 | LHN Logistics Limited | VGO | 0.227 | 34.9 | 35.7 | 39.0 | 44.3 | 2.01 ⁽²⁵⁾ | |
| 5 Sep 2023 | Healthway Medical Corp Ltd | VD | 0.048 | 45.5 | 45.0 | 44.1 | 39.9 | 1.07 ⁽²⁶⁾ | |
| 10 Jul 2024 | Second Chance Properties Ltd | VGO | 0.30 | 39.5 | 40.8 | 37.0 | 33.3 | 1.01 ⁽²⁷⁾ | |
| 12 Jul 2024 | Isetan (Singapore) Limited | SOA | 7.20 | 153.5 ⁽³²⁾ | 173.4 ⁽³²⁾ | 171.1 ⁽³²⁾ | 168.9 ⁽³²⁾ | 0.70 ⁽²⁸⁾ | |
| 31 Jul 2024 | RE&S Holdings Limited | SOA | 0.360 | 56.5 | 65.1 | 50.0 | 45.2 | 1.93 ⁽²⁹⁾ | |
| | | | | High | 92.3 | 86.6 | 72.2 | 74.7 | 5.86 |
| | | | | Low | 2.4 | 5.4 | 5.1 | -5.5 | 0.35 |
| | | | | Mean | 29.5 | 32.9 | 32.6 | 32.0 | 1.63 |
| | | | | Median | 24.9 | 34.6 | 31.3 | 29.9 | 0.99 |
| 29 Oct 2024 | Company (as implied by the Offer Price) | | 0.197 | 7.1 | 3.7 | 3.1 | 7.1 | 0.92⁽³⁰⁾ (NAV as at 30 June 2024) | |
| | | | | | | | | 0.84⁽³¹⁾ (RNAV as at 30 June 2024) | |

Source: The respective target companies' shareholders' circular and announcements in relation to the Precedent Privatisation Transactions on SGXNET.

Notes:

- ⁽¹⁾ Market premium/(discount) is calculated relative to the closing prices of the respective target companies one (1) day prior to the respective announcement dates and VWAP of the 1-month, 3-month and 6-month period prior to the respective announcements;
- ⁽²⁾ Based on the RNTA per share of Shinvest Holding Ltd as at 31 August 2021;
- ⁽³⁾ Based on the NTA per share of Singapore O&G Ltd as at 31 December 2021;
- ⁽⁴⁾ Based on the NTA per share of Excelpoint Technology Ltd as at 31 December 2021;
- ⁽⁵⁾ Based on the Adjusted RNAV per share of Hwa Hong Corporation Limited as at 31 December 2021;
- ⁽⁶⁾ Based on the NAV per share of T T J Holdings Limited as at 31 January 2022;
- ⁽⁷⁾ Based on the Adjusted NAV per share of Allied Technologies Limited as at 31 March 2022;
- ⁽⁸⁾ Based on the RNTA per share of GYP Properties Limited as at 30 June 2022;
- ⁽⁹⁾ Based on the NAV per share of SP Corporation Limited as at 30 June 2022;
- ⁽¹⁰⁾ Based on the NTA per share of Silkroad Nickel Ltd. as at 30 June 2022;

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- (11) Based on the RNAV per share of Memories Group Limited as at 30 June 2022;
- (12) Based on the NTA per share of Singapore Medical Group Ltd as at 30 June 2022;
- (13) Based on the Adjusted NTA per share of Moya Holdings Asia Limited as at 30 June 2022;
- (14) Based on the NAV per share of MS Holdings Limited as at 30 April 2022;
- (15) Based on the Adjusted NTA per share of Asian Healthcare Specialists Limited as at 31 March 2022;
- (16) Based on the Adjusted NAV per share of Chip Eng Seng Corporation Ltd as at 30 June 2022;
- (17) Based on the NAV per share of Global Energy and Resources Limited as at 31 December 2022 of US\$0.4803 (or approximately S\$0.644 based on an exchange rate of US\$1.00:S\$1.3409);
- (18) Based on the RNAV per share of Global Dragon Limited as at 31 December 2022;
- (19) Based on the NAV per share of G.K. Goh Holdings Limited as at 31 December 2022;
- (20) Based on the RNAV per share of Global Palm Resources Holdings Limited as at 31 December 2022;
- (21) Based on the RNAV per share of Lian Beng Group Ltd as at 30 November 2022;
- (22) Based on the adjusted NAV per share of Penguin International Limited as at 31 December 2022;
- (23) Based on the RNAV per share of Challenger Technologies Limited as at 31 December 2022;
- (24) Based on the RNAV per share of Sysma Holdings Limited as at 31 January 2023;
- (25) Based on the RNAV per share of LHN Logistics Limited as at 31 March 2023;
- (26) Based on the NAV per share of Healthway Medical Corporation Limited as at 30 June 2023;
- (27) Based on the RNAV per share of Second Chance Properties Ltd as at 29 February 2024;
- (28) Based on the RNAV per share of Isetan (Singapore) Limited as at 31 December 2023;
- (29) Based on the RNAV per share of RE&S Holdings Limited as at 31 December 2023;
- (30) Based on the NAV of the Group as at 30 June 2024, as set out in paragraph 7.4.1 in this letter;
- (31) Based on the RNAV of the Group as at 30 June 2024, as set out in paragraph 7.4.3 in this letter; and
- (32) Considered as outlier and hence not used in the computation of high, low, mean and median.

Based on the above analysis, we note the following:

- the premium implied by the Offer Price over the last transacted price of 7.1% is within the range but lower than the mean and median premium of 29.5% and 24.9% respectively;
- the premium implied by the Offer Price over the VWAP for the 1-month period of 3.7% is lower than the range;
- the premium implied by the Offer Price over the VWAP for the 3-month period of 3.1% is lower than the range;
- the premium implied by the Offer Price over the VWAP for the 6-month period of 7.1% is within the range but lower than the mean and median premia of 32.0% and 29.9% respectively; and
- the Company's implied P/NAV and P/RNAV ratios of 0.92 times and 0.84 times respectively are within the range of P/NAV ratios of the Precedent Privatisation Transactions but are lower than the mean and median P/NAV ratios of 1.63 times and 0.99 times respectively.

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The Independent Directors should note that the level of premium (if any) an acquirer would normally pay for acquiring and/or privatising a listed company (as the case may be) varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence of competing bids for the target company, the extent of control the acquirer already has in the target company and prevailing market expectations. Consequently, each Precedent Privatisation Transaction should be judged on its own merits (or otherwise).

The list of Precedent Privatisation Transactions indicated herein has been compiled based on publicly available information as at the Latest Practicable Date. The above table captures only the premia/discounts implied by the offer prices in respect of the Precedent Privatisation Transactions over the aforesaid periods and does not highlight bases other than the aforesaid in determining an appropriate premium/discount for the recent Precedent Privatisation Transactions. It should be noted that the comparison is made without taking into account the total amount of the offer value of each respective Precedent Privatisation Transaction or the relative efficiency of information or the underlying liquidity of the shares of the relevant companies or the performance of the shares of the companies or the quality of earnings prior to the relevant announcement and the market conditions or sentiments when the announcements were made or the desire or the relative need for control leading to Compulsory Acquisition.

We wish to highlight that the Company is not in the same industry and does not conduct the same businesses as the other companies in the list of Precedent Privatisation Transactions and would not, therefore, be directly comparable to the list of companies in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria. Accordingly, the Independent Directors should note that the above comparison merely serves as a general guide to provide an indication of the premium or discount in connection with the Precedent Privatisation Transactions. The list of the Precedent Privatisation Transactions is by no means exhaustive and any comparison of the Offer with the Precedent Privatisation Transactions is for illustration purposes only. Conclusions drawn from the comparisons made may not necessarily reflect any perceived market valuation for the Company.

7.8 Precedent Comparable Transactions of companies broadly comparable to the Group

In assessing the Offer Price, we have also examined transactions which information is publicly available that have been announced and/or completed involving the acquisition of controlling and non-controlling stakes in targets that we believe are broadly comparable to the Group in terms of scope of business, total assets size and geographic market (the "**Precedent Comparable Transactions**"). However, publicly available information on these Precedent Comparable Transactions may be limited and may not include the relevant financial information necessary for our comparison purposes.

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Relevant information has been extracted from S&P Capital IQ and/or public announcements of the Precedent Comparable Transactions, where available. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The details on the selected Precedent Comparable Transactions are set out below:

| Completion Date | Target Company | Description and Background |
|-------------------|--|---|
| 20 September 2022 | Allied Technologies Pte Ltd (formerly known as Allied Technologies Limited) (" Allied Technologies ") | <p>Allied Technologies manufactures and sells precision stamped metal parts in Singapore, Malaysia, Vietnam, and Thailand. Allied Technologies provides its products for use as components in various industries, including computer and computer peripherals, consumer electronics and home appliances, office equipment, automotive, plastic and others. Allied Technologies was founded in 1990 and is headquartered in Singapore.</p> <p>On 17 June 2022, SRS Auto Holdings Pte. Ltd. ("SRS Auto") made a voluntary conditional cash offer at S\$0.0088 per Share for Allied Technologies conditional upon 90% acceptance. The offer price was increased to S\$0.011 per share on 3 August 2022 and the offer turned unconditional in all respects on 6 September 2022 giving SRS Auto the right under section 215(1) of the Companies Act to compulsorily acquire the shares of any dissenting shareholder ("Compulsory Acquisition"). Allied Technologies was delisted on 1 November 2022 after SRS Auto exercised its right of Compulsory Acquisition.</p> |
| 6 July 2021 | Cheung Woh Technologies Limited (" Cheung Woh ") | <p>Cheung Woh is a manufacturer and supplier of precision metal components. Cheung Woh provides high-precision engineering products to various industries including hard disk drive, communications, electrical and electronics, semiconductor and automotive. Cheung Woh was incorporated in 1972 and is headquartered in Singapore.</p> <p>On 6 May 2021, an investor group comprising Law Yu Chui, finance and administrative director of Cheung Woh, Lee Hang Ngok, Law Tak Lun and Christopher Law Tak Heem (the "Investor Group") made a voluntary conditional offer at S\$0.285 in cash for each offer share; or in lieu of the cash consideration, one new ordinary share in the capital of the offeror for each offer share at an issue price of S\$0.285.</p> <p>The offer turned unconditional in all respects on 14 June 2021 giving the Investor Group the right to exercise Compulsory Acquisition. Cheung Woh was delisted on 3 August 2021 after the Investor Group exercised its right of Compulsory Acquisition.</p> |

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| Completion Date | Target Company | Description and Background |
|----------------------------|---|--|
| 21 April 2021 ("JEP A") | JEP Holdings Ltd. ("JEP") | JEP provides precision machining services for aerospace, oil and gas, electronics, and automotive industries and large format precision engineering and equipment fabrication services. It has operations in Singapore, China, Malaysia, the United States, Canada, India, Switzerland, France, Norway, the Middle East, and Southeast Asia. |
| 2 June 2021 ("JEP B") | | <p>JEP A On 21 April 2021, UMS Holdings Limited ("UMS") acquired 54,229,355 shares in JEP from Zee Hoong Huay, an executive director of JEP, for S\$10.8 million at S\$0.20 per share, representing approximately 13.1% of the total number of issued and paid-up shares of JEP.</p> <p>JEP B Pursuant to the completion of JEP A, UMS owned 53.8% of the total number of issued and paid-up shares of JEP. In accordance with Rule 14.1 of the Code, UMS made a mandatory unconditional cash offer for all the remaining issued and paid-up ordinary shares of JEP (excluding treasury shares) at S\$0.20 per share.</p> <p>On 2 June 2021, the offer was closed and UMS acquired 72,851,511 shares of JEP, representing 17.6% of the total number of issued and paid-up shares of JEP.</p> |
| 14 January 2021 | Grand Venture Technology Limited ("Grand Venture") | <p>Grand Venture offers precision manufacturing solutions for the semiconductor, life sciences, electronics, aerospace, and medical industries in Singapore, Malaysia, the United States, China, and internationally. Grand Venture was incorporated in 2012 and is headquartered in Singapore</p> <p>On 14 January 2021, Sunshine Ventures Pte Ltd ("Sunshine Ventures") entered into a sale and purchase agreement to acquire 7,520,000 shares in Grand Venture from Metalbank Singapore Pte Ltd, for S\$2.5 million at S\$0.33 per share, representing approximately 3.2% of the total number of issued and paid-up shares of Grand Venture. Completion under the sales and purchase agreement occurred on the same day.</p> |

Source: relevant company announcements by targets and acquirers.

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| Valuation ratios of Precedent Comparable Transactions | | | | | | |
|--|-------------------|--|---|---------------------------------------|---|-----|
| Target Company | Acquirer Company | Implied Equity Value ⁽¹⁾ (S\$'million) | Implied EV/EBITDA ⁽²⁾ (times) | Implied P/E ⁽²⁾ (times) | Implied P/NAV ⁽²⁾ (times) | |
| Allied Technologies | SRS Auto | 19.5 | 5.0 | 23.4 | 0.28 ⁽³⁾ | |
| Cheung Woh | Investor Group | 84.1 | 13.2 | n.m. ⁽⁴⁾ | 1.10 ⁽³⁾ | |
| JEP | UMS | 82.8 | 12.7 | 13.9 | 0.94 ⁽³⁾ | |
| Grand Venture | Sunshine Ventures | 77.3 | 9.0 | 20.3 | 2.30 | |
| | | | High | 13.2 | 23.4 | 2.3 |
| | | | Low | 5.0 | 13.9 | 0.3 |
| | | | Mean | 10.0 | 19.2 | 1.2 |
| | | | Median | 10.9 | 20.3 | 1.0 |
| Company (as implied by the Offer Price)⁽⁵⁾ | | 89.6 | 2.9 | 6.9 | 0.92 | |

Source: S&P Capital IQ, MAS and relevant company announcements and circulars by targets and acquirers on SGXNET.

Notes:

- ⁽¹⁾ Implied equity value refers to the consideration paid for the implied 100% equity stake of each of the Target Companies.
- ⁽²⁾ Valuation ratios of the Target Companies were extracted from the relevant acquisition or offer announcements and circulars.
- ⁽³⁾ Based on the RNAV per share as published in the respective circulars.
- ⁽⁴⁾ n.m. denotes "not meaningful" as the Target Companies and the Company were either loss-making and/or has a negative EBITDA.
- ⁽⁵⁾ Based on 454,656,461 Shares (excluding 17,258,150 Shares held in treasury) as at the Latest Practicable Date. Given that there are no material differences to the implied multiples on a diluted basis pursuant to the outstanding BIGL Options and BIGL Awards, we have not taken this into consideration in our analysis.

For illustration purposes only, we note the following:

- (a) the Company's implied EV/EBITDA ratio of 2.9 times is below the range of EV/EBITDA ratios of the Precedent Comparable Transactions and lower than the mean and median EV/EBITDA ratios of 10.0 times and 10.9 times respectively;
- (b) the Company's implied P/E ratio of 6.9 times is below the range of P/E ratios of the Precedent Comparable Transactions and lower than the mean and median P/E ratios of 19.2 times and 20.3 times respectively; and
- (c) the Company's implied P/NAV and P/RNAV ratios of 0.92 times and 0.84 times respectively are within the range of P/NAV ratios of the Precedent Comparable Transactions but lower than the mean and median P/NAV ratios of 1.2 and 1.0 times respectively.

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We wish to highlight that the Precedent Comparable Transactions are not exhaustive and we recognise that there may not be any listed company which we may consider to be identical to the Company in terms of, *inter alia*, geographical spread, composition of business activities, customer base, size and scale of business operations, risk profile, asset base, market capitalisation, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, tax factors, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives. The Independent Directors should note that any comparison made with respect to the Precedent Comparable Transactions herein is strictly limited in scope and merely serves to provide an illustrative perceived market valuation of the Company as at the Latest Practicable Date.

7.9 Estimated valuation of the Shares

As mentioned in paragraphs 7.1 to 7.8 above, we have taken into account various factors and evaluated the financial terms of the Offer, being the Offer Price of S\$0.197 per Offer Share.

As set out in paragraph 7.3.1 above, we note that the Group's financial performance had fluctuated significantly from FY2021 to 1H2024. The increase in revenue in 1H2024 was mainly driven by the HDD demand recovery, particularly in the mass storage enterprise segment of the market. While the outlook for the HDD industry is improving, there are still risks associated to the Group's business in light of the ongoing economic headwinds and geopolitical tensions. Additionally, as the Group typically secures contracts with durations of less than 12 months, there is limited assurance regarding revenue sustainability. Accordingly, we have estimated the valuation of the Shares, with reference to the Group's EBITDA and earnings from FY2021 to 1H2024.

We have assessed the mean and median EV/EBITDA, P/E and P/NAV multiples of the Comparable Companies to derive the estimated valuation of the Shares.

| Valuation Parameters (S\$'000) | Implied Valuation Range (Equity Value) | |
|--|--|---------|
| | Median | Mean |
| P/E ⁽¹⁾ of Comparable Companies | 166,826 | 179,577 |
| EV/EBITDA ⁽²⁾ of Comparable Companies | 120,971 | 143,291 |
| P/NAV of Comparable Companies | 58,118 | 58,118 |
| Mean | | 121,150 |
| Median | | 132,131 |

| | Lower – Mean of Implied Valuation Range | Upper – Median of Implied Valuation Range |
|--|--|--|
| Implied Share Price (S\$) ⁽³⁾ | 0.266 | 0.291 |

Notes:

- ⁽¹⁾ The earnings adopted in the P/E computation is derived based on the average of (i) the LTM profit for the year attributable to the owners of the Company; and (ii) average profit for the year attributable to the owners of the Company between FY2021 and FY2023, multiplied by the median and mean of the P/E multiples of the Comparable Companies; and
- ⁽²⁾ The EBITDA adopted in the EV/EBITDA computation is derived based on the average of (i) the LTM EBITDA of the Group; and (ii) average EBITDA of the Group between FY2021 and FY2023, multiplied by the median and mean of the EV/EBITDA multiples of the Comparable Companies.
- ⁽³⁾ Based on 454,656,461 Shares (excluding 17,258,150 Shares held in treasury) as at the Latest Practicable Date. Given that there are no material differences to the implied multiples on a diluted basis pursuant to the outstanding BIGL Options and BIGL Awards, we have not taken this into consideration in our analysis.

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Based on the above, the range of the estimated value of the Shares is between S\$0.266 and S\$0.291. We note that the Offer Price of S\$0.197 is below the range of the estimated value of the Shares.

While we have also considered the Precedent Comparable Transactions for the purpose of our evaluation of the financial terms of the Offer, we note that the Precedent Comparable Transactions information could be relatively outdated as compared to the Comparable Companies valuation multiples which are more relevant and relate to companies within similar industries.

7.10 Analysts' recommendations and price targets for the Company

We have noted and reviewed the recommendations estimate of the price targets of the Company from analyst reports. The summary of the price targets by analyst within 12 months from the date of the Offer Announcement Date is set out in the table below:

| Analyst's Recommendation and Price Targets for the Company | | | | |
|--|----------------------------|----------------|--|---|
| Date | Analyst | Recommendation | Target Price | Discount/ (Premium) of Offer Price to Target Price |
| 17 October 2024 | Sadif Investment Analytics | Strong buy | 0.282 | 30.1% |
| 23 May 2024 | CGS International | Technical buy | (1) 0.190 (2) 0.215 (3) 0.220 (4) 0.240 | (1) (3.7)% (2) 8.4% (3) 10.5% (4) 17.9% |
| Mean | | | 0.229 | 14.1% |
| Median | | | 0.220 | 10.5% |

Based on the above analyst reports, we note that:

- (a) the Offer Price of S\$0.197 represents a discount of approximately 14.1% and 10.5% to the mean and median target price as estimated in analyst reports of S\$0.229 and S\$0.220 respectively; and
- (b) the analysts made a recommendation for "strong buy" and/or "technical buy" for the Company at the respective target prices.

We wish to highlight that the above research reports are not exhaustive and the estimated price target of the Shares in the reports represent the individual views of the respective analyst (and not PPCF) based on the circumstances, including but not limited to, market, economic and industry conditions and market sentiment and investor perceptions on the prospects of the Company, prevailing at the date of the publication of the report. The opinion of the analyst may change over time due to, *inter alia*, changes in market conditions, the Company's corporate developments and the emergence of new information relevant to the Company. As such, the estimated price targets in the analyst reports may not be an accurate prediction of future market prices of the Shares.

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7.11 Dividend track record of the Company

For the purpose of assessing the Offer, we have considered the historical dividend track record of the Shares for the last three financial years prior to the Offer Announcement Date and compared them with the returns which a Shareholder may potentially obtain by re-investing the proceeds from the Offer in other selected alternative equity investments.

The Company had declared the following ordinary dividends for FY2021, FY2022, FY2023 and 1H2024:

| Historical dividend track record of the Company | | | | |
|---|--------|--------|--------|--------|
| (S\$) | FY2021 | FY2022 | FY2023 | 1H2024 |
| Total dividend per Share | 0.015 | – | 0.005 | 0.005 |
| 1-year average Share price | 0.158 | 0.164 | 0.089 | 0.100 |
| Dividend yield (%) | 9.48 | – | 5.62 | 4.92 |

Source: S&P Capital IQ, financial results announcements of the Company and PPCF calculations

The Company has formalised a dividend policy which aims to propose about 30% of the Group's annual net attributable profits as dividends, subject to cash requirements for mergers and acquisitions activities and capital expenditure. Save for FY2022, the Company has a historical dividend track record since FY2021. The interim dividends will be declared and paid following the publication of the Company's interim financial results while the final dividend declared at the publication of the Company's full-year financial results will be paid after the approval by Shareholders at the annual general meeting. There can be no assurance that in any given year a dividend will be proposed or declared. The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate, as well as other legal and regulatory requirements.

For the purpose of analysing the Offer, we have considered that the Shareholders who accept the Offer may re-invest the proceeds from the Offer in selected alternative equity investments such as a broad Singapore market index instrument such as the STI Exchange Traded Fund (“**STI ETF**”).

For illustration purposes, the dividend yield of the STI ETF based on their ordinary dividends declared over the latest 12 months are as follows:

| Dividend yield of alternative equity investment | |
|---|---------------------------------------|
| | Net dividend yield ⁽¹⁾ (%) |
| STI ETF | 4.35 |
| Company (based on the Offer Price) | 5.08 ⁽²⁾ |

Source: S&P Capital IQ, financial results announcements of the Company and PPCF calculations

Notes:

⁽¹⁾ Net dividend yield of STI ETF is computed as the dividends declared over the latest twelve months divided by the closing market price as at the Latest Practicable Date (or where there was no trading on such date, the last available closing market price). The aforementioned dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor.

⁽²⁾ Net dividend yield of the Company is computed as the sum of dividends declared over the latest twelve months, as represented by the (i) interim tax-exempt (one-tier) dividend per Share of S\$0.005 for FY2024 declared on 7 August 2024 respectively; and (ii) final tax-exempt (one-tier) dividend per Share of S\$0.005 for FY2023 declared on 29 February 2024 respectively, divided by the Offer Price.

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Based on the above dividend analysis, we note the net dividend yield of the Company as implied by the Offer Price is above that of the STI ETF at 4.35%. This suggests that a Shareholder who accepts the offer may potentially experience a decrease in dividend income if they reinvest the proceeds from the Offer in the shares of the STI ETF.

We wish to highlight that the above dividend analysis serves only as an illustrative guide and is not an indication of the Company's future dividend policy nor that of the STI ETF. There is no assurance that the Company will continue or STI ETF will continue to pay dividends in the future and/or maintain the level of dividends paid in past periods.

Notwithstanding the above, it is uncertain whether the Company and STI ETF can maintain its historical dividend yields at the levels set out above, hence it is uncertain whether the Shareholders will be able to achieve their desired levels of investment income by liquidating their investment in the Company and reinvesting their proceeds in the STI ETF or other alternative investments.

The Independent Directors should note that an investment in STI ETF provides a different risk-return profile as compared to an investment in the Shares, and therefore the above comparison serves purely as a guide only. Furthermore, it should also be noted that the above analysis ignores the effect of any potential capital gain or capital loss that may accrue to the Shareholders arising from their investment in the Shares due to market fluctuations in the price of the Shares during the relevant corresponding periods in respect of which the above dividend yields were analysed.

In addition, there can be no assurance that in any given year a dividend will be proposed or declared. The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future profits, financial conditions, general economic and business conditions, and future prospects and such other factors as the Board of Directors may deem relevant, as well as other legal and regulatory requirements.

8 OTHER CONSIDERATIONS

8.1 Outlook of the industry that the Group is operating in

We note that the Company had made a commentary in the 1H2024 results announcement on the significant trends and competitive conditions of the industry that may affect the Group in the next reporting period and the next 12 months. The commentary has been reproduced below in *italics* and should be read in the context of the entire 1H2024 results announcement:

“The HDD market demand in 1H2024 saw a recovery from the trough of the cycle in 1H2023, although the recovery appears uneven across different segments of the market. Enterprise cloud segment demand is strengthening, underscored by the robust demand from hyperscale cloud customers and steady OEM. In the legacy segment, overall quarterly market volume remains largely flat over the last few quarters. While the market is seeing a moderate growth in demand for consumer electronics HDDs, it is offset by the weaker demand in desktop and mobile shipments. Consistent with public commentary about the HDD market, the Group expects HDD demand to continue strengthening moderately into 2025, driven by the demand rebound following a period of deferred HDD storage investments by cloud providers and expansion of the storage infrastructure to support future generative AI content.

Whilst the HDD industry outlook is improving, ongoing economic headwinds and geopolitical tensions remain. The Group has and will continue to take the necessary measures to align its manufacturing capacity to the demand dynamics and exercise cost discipline. The Group remains cautiously optimistic about the longer-term prospects of the HDD business as the demand for mass storage, particularly in the high performance enterprise and nearline HDD products, is expected to grow moderately.

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In view of the weak sentiment in Shenzhen property market, the Group will optimise the use of its Shenzhen factory by leasing out vacant area in the near term while at the same time, continue to explore the option of monetising it in order to unlock value for shareholders.

The PE business is on track to make a small contribution to the Group's revenue in 2024. Following the acquisition of the minority interest in BIGL Korea Co., Ltd. in May 2024 (resulting in the subsidiary becoming wholly owned), the Group continues to work with both existing and potential customers to complete more customer qualifications and build order pipelines in the second half of 2024."

8.2 Offeror's intention for the listing status of the Company

The Offeror has stated that it intends to make the Offer with a view to delisting and privatising the Company.

Under Rule 723 of the Listing Manual, the Company must ensure that at least 10% of the total number of Shares (excluding any Shares held in treasury) is at all times held in public hands (the "**Free Float Requirement**").

Under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not satisfied, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of 3 months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding any Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and parties acting in concert with it to above 90% of the total number of issued Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public.

Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

The Offeror intends to privatise the Company and does not intend to preserve the listing status of the Company. In the event that the trading of Shares on the SGX-ST is suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror has no intention to undertake or support any action for any such trading suspension by the SGX-ST to be lifted.

8.3 Compulsory acquisition

As stated in the Offer Document, pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held, or treated as held, by the Offeror as at the date of the Offer and excluding any Shares held in treasury), the Offeror will be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") at a price equal to the Offer Price.

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The Offeror intends to make the Company its wholly-owned subsidiary and does not intend to preserve the listing status of the Company. Accordingly, the Offeror, if and when entitled, intends to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act and does not intend to support or take any step (including the placing out of Shares by the Offeror) for the public float to be restored and/or for any trading suspension of the Shares by the SGX-ST to be lifted in the event that, *inter alia*, less than 10% of the total number of issued Shares (excluding any Shares held in treasury) are held in public hands. In addition, the Offeror also reserves the right to seek a voluntary delisting of the Company from the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act, to require the Offeror to acquire their Shares at the Offer Price, in the event that the Offeror acquires such number of Shares, which together with the Shares held in treasury and Shares held, or treated as held, by it, comprise 90% or more of the total number of Shares.

Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

8.4 Likelihood of competing offers

The Management and Independent Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal has been received by the Company.

The Offer has not become or been declared unconditional in all respects as at the Latest Practicable Date. In the event that the Minimum Acceptance Condition is fulfilled and the Offer becomes unconditional in all respects, the Offeror and the Concert Group would have statutory control of the Company.

On 14 November 2024, UOB released the Offer Unconditional Announcement, for and on behalf of the Offeror, in relation to the Offer being declared unconditional in all respects. Accordingly, the Offer has become unconditional as to acceptances and is thereby declared unconditional in all respects on the date of the Offer Unconditional Announcement.

In the event that the Offeror acquires not less than 90% of the total number of issued Shares (other than those already held, or treated as held, by the Offeror as at the date of the Offer and excluding any Shares held in treasury), the Offeror will exercise its right of Compulsory Acquisition and delist the Company from the SGX-ST.

9 OPINION

In arriving at our opinion in respect of the Offer, we have considered the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

Factors in favour of the Offer Price:

- (i) The Offer Price represents premia of approximately 31.3%, 27.1%, 7.1%, 3.1%, and 3.7% over the VWAP of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement respectively;
- (ii) The Offer Price represents a premium of approximately 7.1% over the closing price of the Shares of S\$0.184 on the Last Trading Day;

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

- (iii) Between the Offer Announcement Date and up to and including the Latest Practicable Date, the Shares had traded below the Offer Price and were last transacted at S\$0.196 on the Latest Practicable Date;
- (iv) During the 2-year Lookback Period, the average daily traded volume of the Shares for the 2-year, 1-year, 6-month, 3-month and 1-month periods prior to the release of the Offer Announcement was very low, representing 0.14%, 0.26%, 0.34%, 0.25% and 0.22% of the free float of the Shares respectively. The average daily traded volume of the Shares on the Last Trading Day was low, representing 0.08% of the free float of the Shares;
- (v) Between the Offer Announcement Date and up to and including the Latest Practicable Date, the trading liquidity of the Shares rose to an average daily traded volume of approximately 3.79 million Shares, representing approximately 1.48% of the Company's free float, as compared to the average daily traded volume of approximately 365,000 Shares over the 2-year Lookback Period;
- (vi) For the 2-year period up to and including the Last Trading Day, the Shares had generally performed below the rebased FSSTI and the rebased FSTM during the period between 27 October 2022 and 15 May 2024;
- (vii) For the 2-year, 1-year, 6-month, 3-month and 1-month periods up to and including the Last Trading Day prior to the Offer Announcement, the implied P/NAV of 0.92 times is above the average historical trailing P/NAV of the Shares of 0.59 times, 0.68 times, 0.88 times, 0.89 times and 0.89 times respectively;
- (viii) For the period between the Offer Announcement Date and up to and including the Latest Practicable Date, the implied P/NAV of 0.92 times is above the average historical trailing P/NAV of the Shares of 0.91 times;
- (ix) In respect of the Comparable Companies:
 - the EV/LTM EBITDA ratio of the Company of 2.9 times is within the range of the EV/LTM EBITDA ratios of the Comparable Companies;
 - the LTM P/E ratio of the Company of 6.9 times is within the range of the LTM P/E ratios of the Comparable Companies; and
 - the implied P/NAV and P/RNAV ratios of the Company of 0.92 times and 0.84 times respectively are above the range of the P/NAV ratios of the Comparable Companies.
- (x) In respect of the Precedent Privatisation Transactions:
 - the premium implied by the Offer Price over the last transacted price of 7.1% is within the range;
 - the premium implied by the Offer Price over the VWAP for the 6-month period of 7.1% is within the range; and
 - the Company's implied P/NAV and P/RNAV ratios of 0.92 times and 0.84 times respectively are within the range of P/NAV ratios of the Precedent Privatisation Transactions.

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- (xi) In respect of the Precedent Comparable Transactions:
- the Company's implied P/NAV and P/RNAV ratios of 0.92 times and 0.84 times respectively are within the range of P/NAV ratios of the Precedent Comparable Transactions.
- (xii) The Offeror intends to make the Offer with a view to delisting and privatising the Company and in the event that the Free Float Requirement is not met, it does not intend to preserve the listing status of the Company nor does it intend to undertake or support any action to satisfy the Free Float Requirement. If eligible, the Offeror intends to exercise its right of Compulsory Acquisition to compulsorily acquire all the Offer Shares not acquired under the Offer at the Offer Price of S\$0.197; and
- (xiii) As at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal has been received by the Company.

Factors against the Offer Price:

- (i) The Offer Price of S\$0.197 is within the range of the closing prices of the Shares traded over the 2-year period up to and including the Last Trading Day, which is between a low of S\$0.070 and a high of S\$0.205;
- (ii) Between the Offer Announcement and up to the Latest Practicable Date, the Share prices increased to outperform the rebased FSSTI, having increased by approximately 6.5% as compared to the increase in approximately 4.1% in the rebased FSSTI over the same period, while the rebased FSTM decreased by 3.3% over the same period;
- (iii) The Group reported an improvement of S\$11.7 million from a loss before income tax of S\$1.1 million in 1H2023 to a profit before income tax of S\$10.6 million in 1H2024. The improvement was mainly attributed by the higher sales, favourable product mix and higher gross profit margin in the HDD business segment;
- (iv) Based on the Group's NAV per Share of S\$0.2130 as at 30 June 2024, the Offer Price represents a discount of 7.5% over the NAV per Share and the P/NAV ratio of the Group as implied by the Offer Price is 0.92 times;
- (v) Further to the revaluation of the Group's Shenzhen Property, we note that the Offer Price of S\$0.197 per Share represents a P/RNAV ratio of 0.84 times, that is the Offer Price represents a discount of approximately 16.3% over the RNAV per Share of S\$0.235;
- (vi) The Offer Price, as adjusted for cash and cash equivalents of S\$0.132 per Share, represents a discount of 10.8% and 22.5% to the Ex-cash NAV and Ex-cash RNAV per Share respectively;
- (vii) For the period between the Offer Announcement Date and up to and including the Latest Practicable Date, the implied P/RNAV of 0.84 times is below the average historical trailing P/NAV of the Shares of 0.91 times;
- (viii) In respect of the Comparable Companies:
- the EV/LTM EBITDA ratio of the Company of 2.9 times is below the mean and median EV/LTM EBITDA ratios of the Comparable Companies of 5.3 times and 4.4 times respectively; and
 - the LTM P/E ratio of the Company of 6.9 times is below the mean and median LTM P/E ratios of the Comparable Companies of 16.9 times and 15.7 times respectively.

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

- (ix) In respect of the Precedent Privatisation Transactions:
- the premium implied by the Offer Price over the last transacted price of 7.1% is lower than the mean and median premia of 29.5% and 24.9% respectively;
 - the premium implied by the Offer Price over the VWAP for the 1-month period of 3.7% is lower than the range;
 - the premium implied by the Offer Price over the VWAP for the 3-month period of 3.1% is lower than the range;
 - the premium implied by the Offer Price over the VWAP for the 6-month period of 7.1% is lower than the mean and median premia of 32.0% and 29.9% respectively; and
 - the Company's implied P/NAV and P/RNAV ratios of 0.92 times and 0.84 times respectively are lower than the mean and median P/NAV ratios of 1.63 times and 0.99 times respectively.
- (x) In respect of the Precedent Comparable Transactions:
- the Company's implied EV/EBITDA ratio of 2.9 times is below the range of EV/EBITDA ratios of the Precedent Comparable Transactions and lower than the mean and median EV/EBITDA ratios of 10.0 times and 10.9 times respectively;
 - the Company's implied P/E ratio of 6.9 times is below the range of P/E ratios of the Precedent Comparable Transactions and lower than the mean and median P/E ratios of 19.2 times and 20.3 times respectively; and
 - the Company's implied P/NAV and P/RNAV ratios of 0.92 times and 0.84 times respectively are lower than the mean and median P/NAV ratios of 1.2 and 1.0 times respectively.
- (xi) The Offer Price of S\$0.197 is below the range of the estimated value of the Shares of between S\$0.266 and S\$0.291;
- (xii) We note that the Offer Price of S\$0.197 represents a discount of approximately 14.1% and 10.5% to the mean and median target price as estimated in the analyst reports of S\$0.229 and S\$0.220 respectively and the analysts made a recommendation for "strong buy" and/or "technical buy" for the Company at the respective target prices; and
- (xiii) We note that the STI ETF provides a lower dividend yield as an alternative equity instrument, which suggests that Shareholders who accept the Offer may potentially experience a decrease in dividend income if they reinvest the proceeds from the Offer in the shares of the STI ETF.

Having considered as at the Latest Practicable Date the aforementioned factors set out in this letter and summarised in this section, we are of the opinion that the financial terms of the Offer are not fair but reasonable. Based on our opinion, we advise the Independent Directors to recommend that Shareholders accept the Offer, unless Shareholders are able to obtain a price higher than the Offer Price, taking into account all the brokerage commissions or transactions costs including stamp duties in connection with such transactions.

APPENDIX A: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS OF THE COMPANY IN RESPECT OF THE OFFER

We also advise the Independent Directors to consider highlighting to the Shareholders that there is no assurance that the price of the Shares will remain at current levels after the close or lapse of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.

The Independent Directors should also note that transactions of the Shares are subject to possible market fluctuations and accordingly, our opinion on the Offer does not and cannot take into account the future transactions or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review.

In rendering our opinion, we have not had regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. As such, our opinion should not be the sole basis for deciding whether or not to accept the Offer.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the financial terms of the Offer and should not be relied on by any other party. The recommendation made by them to the Shareholders in relation to the Offer shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,
For and on behalf of
PrimePartners Corporate Finance Pte. Ltd.

Mark Liew
Chief Executive Officer and Executive Director

Wong Wei Fong
Director, Corporate Finance

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are as follows:

| Name | Address | Description |
|-------------------|---|---|
| Mr. Lew Syn Pau | c/o 202 Kallang Bahru #07-01 Work Plus Store Spaze Singapore 339339 | Non-Independent and Non-Executive Chairman |
| Mr. Basil Chan | c/o 202 Kallang Bahru #07-01 Work Plus Store Spaze Singapore 339339 | Lead Independent Director |
| Dr. Teo Ho Pin | c/o 202 Kallang Bahru #07-01 Work Plus Store Spaze Singapore 339339 | Independent Director |
| Mr. Jen Kwong Hwa | c/o 202 Kallang Bahru #07-01 Work Plus Store Spaze Singapore 339339 | Independent Director |
| Ms. Wong Yi Jia | c/o 202 Kallang Bahru #07-01 Work Plus Store Spaze Singapore 339339 | Non-Independent and Non-Executive Director |

2. PRINCIPAL ACTIVITIES

The Company was incorporated in the Republic of Singapore on 28 July 1994 and was listed on the Mainboard of the SGX-ST on 30 November 1994.

The Company 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. Headquartered in Singapore, the Company has five manufacturing facilities in China, Thailand and Vietnam with a total built-up area of 83,000 square metres.

3. SHARE CAPITAL

3.1 Issued Shares

The Company only has one (1) class of Shares, being ordinary shares. As at the Latest Practicable Date, the Company has a total of 454,656,461 Shares in issue (excluding 17,258,150 Shares held in treasury).

As at the Latest Practicable Date, there has been no issue of new Shares by the Company since 31 December 2023, such date being the end of the previous financial year of the Company. The Shares carry equal ranking rights to dividends, voting at general meetings and return of capital.

The Shares are quoted and listed on the Mainboard of the SGX-ST.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

3.2 Convertible Securities

Save as disclosed below and in this Circular, the Company has no outstanding Convertible Securities, Warrants, Options, and Derivatives in respect of the Shares or securities carrying voting rights in the Company as at the Latest Practicable Date.

As at the Latest Practicable Date:

- (a) there are 10,300,000 outstanding Options to subscribe for an aggregate of 10,300,000 Shares; and
- (b) there are 2,600,000 share awards in issue, each carrying the right to receive fully paid Shares, free of charge, subject to certain conditions.

3.3 Rights of Shareholders in respect of capital, dividends and voting rights

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Constitution. For ease of reference, selected texts of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting rights have been reproduced in Appendix C to this Circular.

4. DISCLOSURE OF INTERESTS AND DEALINGS

4.1 Interests of the Company in Offeror Securities

As at the Latest Practicable Date, neither the Company nor its subsidiaries has any direct or indirect interests in the Offeror Securities.

4.2 Dealings in Offeror Securities by the Company

Neither the Company nor its subsidiaries has dealt in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.3 Interests of Directors in Offeror Securities

As at the Latest Practicable Date, based on the information available to the Company, none of the Directors has any direct or deemed interests in any Offeror Securities.

4.4 Dealings in Offeror Securities by Directors

None of the Directors has dealt for value in the Offeror Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

4.5 Interests of Directors in Company Securities

Save as disclosed below and in this Circular, as at the Latest Practicable Date, none of the Directors has any direct or deemed interests in any Company Securities.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

As at the Latest Practicable Date, the direct and deemed interests of the Directors in the Shares and Options are set out in the tables below.

Shares

| Name of Director | Direct Interest as at the Latest Practicable Date | | Deemed Interest as at the Latest Practicable Date | |
|-------------------|---|-------|---|---|
| | No. of Shares | % | No. of Shares | % |
| Dr. Teo Ho Pin | 265,100 | 0.058 | – | – |
| Mr. Jen Kwong Hwa | 180,000 | 0.040 | – | – |
| Mr. Basil Chan | 150,000 | 0.033 | – | – |

Options

| Name of Director | Date of Grant | No. of Options | No. of Option Shares | Exercise Price per Option | Exercise Period |
|------------------|---------------|----------------|----------------------|---------------------------|--|
| Mr. Basil Chan | 5 May 2023 | 200,000 | 200,000 | S\$0.09 | 5 May 2024 to 4 May 2028 (40%) 5 May 2025 to 4 May 2028 (30%) 5 May 2026 to 4 May 2028 (30%) |
| | 24 May 2024 | 200,000 | 200,000 | S\$0.15 | 24 May 2025 to 23 May 2029 (40%) 24 May 2026 to 23 May 2029 (30%) 24 May 2027 to 23 May 2029 (30%) |

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

| Name of Director | Date of Grant | No. of Options | No. of Option Shares | Exercise Price per Option | Exercise Period |
|-------------------------|----------------------|-----------------------|-----------------------------|----------------------------------|--|
| Dr. Teo Ho Pin | 5 May 2023 | 200,000 | 200,000 | S\$0.09 | 5 May 2024 to 4 May 2028 (40%) 5 May 2025 to 4 May 2028 (30%) 5 May 2026 to 4 May 2028 (30%) |
| | 24 May 2024 | 200,000 | 200,000 | S\$0.15 | 24 May 2025 to 23 May 2029 (40%) 24 May 2026 to 23 May 2029 (30%) 24 May 2027 to 23 May 2029 (30%) |
| Mr. Jen Kwong Hwa | 5 May 2023 | 200,000 | 200,000 | S\$0.09 | 5 May 2024 to 4 May 2028 (40%) 5 May 2025 to 4 May 2028 (30%) 5 May 2026 to 4 May 2028 (30%) |
| | 24 May 2024 | 200,000 | 200,000 | S\$0.15 | 24 May 2025 to 23 May 2029 (40%) 24 May 2026 to 23 May 2029 (30%) 24 May 2027 to 23 May 2029 (30%) |

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

The rules of the BIGL Share Option Scheme 2022 provide, *inter alia*, that in the event of a take-over being made for the Shares, a participant in the BIGL Share Option Scheme 2022 (including participants holding Options which are then not exercisable) shall be entitled to exercise in full or in part any Option held by him and as yet unexercised, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the committee comprising Directors duly authorised and appointed to administer the BIGL Share Option Scheme 2022 and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the exercise period relating thereto); or
- (b) the date of expiry of the exercise period relating thereto,

whereupon the Option then remaining unexercised shall lapse and become null and void. Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the participant until the expiry of such specified date or the expiry of the Option period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding rule 9 of the BIGL Share Option Scheme 2022, remain exercisable until the expiry of the Option period relating thereto.

4.6 Dealings in Company Securities by Directors

Save as disclosed below and in this Circular, none of the Directors has dealt in the Company Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

Pursuant to a sale and purchase agreement dated 28 October 2024, the Offeror purchased 45,975,239 Shares from Mr. Lew Syn Pau representing approximately 10.11% of the total number of Shares at a price of S\$0.197 per Share.

4.7 Interests of the IFA in Company Securities

As at the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, owns or controls any Company Securities.

4.8 Dealings in Company Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, has dealt for value in the Company Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

4.9 Directors' Intentions in respect of their Shares

As at the Latest Practicable Date, the Directors who hold Shares have indicated their intention in relation to accepting or rejecting the Offer in respect of such Offer Shares as follows:

- (a) as at the Latest Practicable Date, Dr. Teo Ho Pin holds 265,100 Shares representing approximately 0.058% of the total number of Shares. Dr. Teo Ho Pin has informed the Company that he intends to tender 265,100 Shares held by him in acceptance of the Offer;
- (b) as at the Latest Practicable Date, Mr. Jen Kwong Hwa holds 180,000 Shares representing approximately 0.040% of the total number of Shares. Mr. Jen Kwong Hwa has informed the Company that he intends to tender 180,000 Shares held by him in acceptance of the Offer; and
- (c) as at the Latest Practicable Date, Mr. Basil Chan holds 150,000 Shares representing approximately 0.033% of the total number of Shares. Mr. Basil Chan has informed the Company that he intends to tender 150,000 Shares held by him in acceptance of the Offer.

5. ARRANGEMENTS WITH DIRECTORS

5.1 Directors' service contracts

As at the Latest Practicable Date, there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries which have more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation. In addition, there are no such service contracts entered into or amended between any Director or proposed director with the Company or any of its subsidiaries during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

5.2 Arrangements affecting Directors

As at the Latest Practicable Date, save as disclosed in this Circular:

- (a) there are no payments or other benefits to be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) there are no material contracts entered into by the Offeror in which any of the Directors has a material personal interest, whether direct or indirect.

5.3 Resignation of Directors

Mr. Lew Syn Pau and Ms. Wong Yi Jia wish to highlight that they intend to resign as Directors in due course.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

6. MATERIAL CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any material contracts with interested persons¹ (other than those entered into in the ordinary course of business) during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

7. FINANCIAL INFORMATION

Set out in Sections 7.1 and 7.2 of this Appendix B are certain financial information extracted from the annual reports of the Company for FY2021, FY2022, FY2023, and the 1H FY2024 Results.

The financial information for FY2021, FY2022 and FY2023 should be read in conjunction with the audited consolidated financial statements of the Group and the accompanying notes as set out in the annual reports of the Company for FY2021, FY2022 and FY2023 respectively. The financial information for 1H FY2024 should be read in conjunction with the 1H FY2024 Results and the accompanying notes as set out therein.

Copies of the annual reports of the Company for FY2021, FY2022 and FY2023 and the 1H FY2024 Results are available for inspection as set out in Section 19 of this Circular.

7.1 Consolidated statement of comprehensive income

| | 1H FY2024 (Unaudited) S\$'000 | FY2023 (Audited) S\$'000 | FY2022 (Audited) S\$'000 | FY2021 (Audited) S\$'000 |
|---------------------------|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Revenue | 165,271 | 258,673 | 352,310 | 471,410 |
| Net profit before tax | 10,606 | 2,585 | 8,464 | 15,255 |
| Net profit after tax | 8,412 | 2,375 | 5,702 | 14,427 |
| Non-controlling interests | (333) | (710) | (576) | (842) |
| Net earnings per share | | | | |
| - Basic (S\$ cents) | 1.92 | 0.68 | 1.38 | 3.27 |
| - Diluted (S\$ cents) | 1.92 | 0.68 | 1.38 | 3.27 |

¹ As defined in the Note to Rule 24.6 read with the Note on Rule 23.12 of the Code, an interested person is:

- (a) a director, chief executive officer, or substantial shareholder of the company;
- (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the company;
- (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;
- (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
- (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

The following is a summary of the dividend per Share declared in respect of each of FY2021, FY2022 and FY2023. This information was extracted from the annual reports of the Company for FY2021, FY2022 and FY2023 and the 1H FY2024 Results.

| | Final exempt one-tier dividend per Share (S\$) | Interim/Special exempt one-tier per Share (S\$) |
|-------------------------|---|--|
| In respect of 1H FY2024 | – | 0.005 |
| In respect of FY2023 | 0.005 | – |
| In respect of FY2022 | – | – |
| In respect of FY2021 | 0.005 | 0.010 |

7.2 Consolidated balance sheet

Set out below is a summary of the balance sheet of the Group as at FY2023 and 1H FY2024.

| | 1H FY2024 (Unaudited) S\$'000 | FY2023 (Audited) S\$'000 |
|-------------------------------|-------------------------------------|--------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 60,077 | 61,753 |
| Right-of-use assets | 5,003 | 5,789 |
| Other assets, non-current | 52 | 52 |
| | 65,132 | 67,594 |
| Current assets | | |
| Inventories | 25,297 | 21,035 |
| Trade and other receivables | 121,100 | 73,442 |
| Other assets, current | 1,385 | 1,251 |
| Cash and cash equivalents | 29,785 | 33,901 |
| | 177,567 | 129,629 |
| Total assets | 242,699 | 197,223 |
| LIABILITIES | | |
| Current liabilities | | |
| Income tax payable | 4,581 | 3,044 |
| Trade and other payables | 121,802 | 91,498 |
| Loans and borrowings | 4,230 | 3,849 |
| Lease liabilities, current | 4,906 | 2,652 |
| | 135,519 | 101,043 |

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

| | 1H FY2024 (Unaudited) S\$'000 | FY2023 (Audited) S\$'000 |
|--|-------------------------------------|--------------------------------|
| Non-current liabilities | | |
| Other liabilities | 1,692 | 1,648 |
| Lease liabilities, non-current | 8,624 | 5,670 |
| | 10,316 | 7,318 |
| Total liabilities | 145,835 | 108,361 |
| <u>EQUITY</u> | | |
| Share capital | 113,163 | 113,163 |
| (Accumulated losses) / retained earnings | 1,071 | (4,831) |
| Other reserves | (17,370) | (19,572) |
| Non-controlling interests | – | 102 |
| Total equity | 96,864 | 88,862 |

7.3 Material changes in financial position

As at the Latest Practicable Date, save as publicly disclosed, there have been no material changes to the financial position of the Group since 31 December 2023, being the date of the last audited accounts of the Group laid before Shareholders in general meeting.

7.4 Material accounting policies

The material accounting policies of the Group are disclosed in note 2 to the audited consolidated financial statements of the Group for FY2023 as set out in the annual report of the Company for FY2023 on pages 45 to 47 therein, and are reproduced in Appendix D to this Circular.

7.5 Changes in significant accounting policies

As at the Latest Practicable Date, save as publicly disclosed, there has been no change in the accounting policies of the Group which will cause the figures disclosed in this Circular to not be comparable to a material extent.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, save as publicly disclosed:

- (a) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially affect the financial position of the Group taken as a whole; and
- (b) the Directors are not aware of any proceedings pending or threatened against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the financial position of the Group taken as a whole.

APPENDIX B: GENERAL INFORMATION RELATING TO THE COMPANY

9. VALUATION OF ASSETS

- 9.1 The Company had commissioned an independent valuation of the industrial complex located at No. 5 North Luyin Road, Pingshan District, Shenzhen, Guangdong Province, the People's Republic of China (the "**Property**").

The Company notes that the valuation of the Property has been carried out on a market value basis using the market approach with income approach (term and reversion) method.

The summaries of the Valuation Report prepared by the Independent Valuer are set out as the Summary Valuation Report in Appendix F to this Circular.

- 9.2 Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of the valuation.

The marketing costs and agency fee, value-added tax and surcharges, stamp duty, land appreciation tax and income tax which may be incurred by the Group on such hypothetical disposal of the Property based on the valuations carried out by the Independent Valuer is approximately RMB31,000,000. The aforesaid liabilities are not likely to crystallise as the Group has no intention to sell the Property as at the Latest Practicable Date.

10. COSTS AND EXPENSES

All costs and expenses incurred by the Company in respect of the Offer will be borne by the Company.

APPENDIX C: RELEVANT REGULATIONS OF THE COMPANY'S CONSTITUTION

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Constitution, the relevant regulations of which are set out below:

Please see the definitions in the Constitution for terms used in the reproduced extracts below.

1. The rights of Shareholders in respect of capital

"ISSUE OF SHARES

6. (A) *The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution.*

(B) *The Company may issue shares for which no consideration is payable to the Company.*

7. *Subject to the Statutes and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Regulation 11, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:*
 - (a) *(subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of Regulation 11(A) with such adaptations as are necessary shall apply; and*
 - (b) *any other issue of shares, the aggregate of which would exceed the limits referred to in Regulation 11(B), shall be subject to the approval of the Company in General Meeting.*

8. (A) *Preference shares may be issued subject to such limitation thereof as may be prescribed by the Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.*

(B) *The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*

(C) *The total number of preference shares issued shall not exceed the total number of the issued ordinary shares at any time.*

APPENDIX C: RELEVANT REGULATIONS OF THE COMPANY'S CONSTITUTION

VARIATION OF RIGHTS

9. *Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up. To every such separate General Meeting all the provisions of this Constitution relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a special resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a special resolution carried at such General Meeting. The foregoing provisions of this Regulation 9 shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.*
10. *The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

ALTERATION OF SHARE CAPITAL

11. (A) *Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation 11(A).*
- (B) *Notwithstanding Regulation 11(A), the Company may by ordinary resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution, to:*
- (a) (i) *issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/or*
- (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; and*
- (b) *(notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force,*

APPENDIX C: RELEVANT REGULATIONS OF THE COMPANY'S CONSTITUTION

- (C) *The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.*

SHARES

14. *Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by this Constitution or by law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share.*
15. *Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution or, if required by the Statutes, by special resolution determine (or, in the absence of any such determination, but subject to the Statutes, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed.*
16. *Subject to the provisions of this Constitution and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all new shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.*
17. *The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.*
18. *Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten Market Days of the closing date (or such other period as may be approved by the Stock Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.*

SHARE CERTIFICATES

19. *Every share certificate shall be issued in accordance with the requirements of the Act and be under the Seal or signed in the manner set out in the Act. No certificate shall be issued representing shares of more than one class.*
20. (A) *The Company shall not be bound to register more than three persons as the registered holders of a share except in the case of executors or administrators (or trustees) of the estate of a deceased member.*
- (B) *In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all.*

APPENDIX C: RELEVANT REGULATIONS OF THE COMPANY'S CONSTITUTION

21. *Every person whose name is entered as a member in the Register of Members shall be entitled to receive, within ten Market Days (or such other period as may be approved by the Stock Exchange) of the closing date of any application for shares or, as the case may be, the date of lodgement of a registrable transfer, one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate, the old certificate shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such member shall pay a maximum fee of S\$2 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Stock Exchange.*
22. (A) *Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares issued in lieu without charge.*
- (B) *If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of S\$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Stock Exchange,*
- (C) *In the case of shares registered jointly in the names of several persons any such request may be made by any one of the registered joint holders.*
23. *Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.*

CALLS ON SHARES

24. *The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.*
25. *Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.*
26. *If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.*

APPENDIX C: RELEVANT REGULATIONS OF THE COMPANY'S CONSTITUTION

27. *Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.*
28. *The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.*
29. *The Directors may if they think fit receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the money so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits.*

FORFEITURE AND LIEN

30. *If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.*
31. *The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be forfeited.*
32. *If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.*
33. *A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid.*
34. *A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part.*

APPENDIX C: RELEVANT REGULATIONS OF THE COMPANY'S CONSTITUTION

35. *The Company shall have a first and paramount lien on every share (not being a fully paid share) and dividends from time to time declared in respect of such shares. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Regulation 35.*
36. *The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.*
37. *The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, or as he may direct. For the purpose of giving effect to any such sale the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser.*
38. *A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.*

TRANSFER OF SHARES

39. *All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being approved by the Stock Exchange and in such form acceptable to the Directors. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, Provided always that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.*
40. *The Register of Members may be closed at such times and for such period as the Directors may from time to time determine, Provided always that such Register shall not be closed for more than thirty days in any calendar year, Provided always that the Company shall give prior notice of such closure as may be required to the Stock Exchange, stating the period and purpose or purposes for which the closure is made.*

APPENDIX C: RELEVANT REGULATIONS OF THE COMPANY'S CONSTITUTION

41. (A) *There shall be no restriction on the transfer of fully paid-up shares (except where required by law or the listing rules of, or bye-laws and rules governing, the Stock Exchange) but the Directors may, in their sole discretion, decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve, Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten Market Days beginning with the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.*
- (B) *The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:*
- (a) *such fee not exceeding S\$2 as the Directors may from time to time require, is paid to the Company in respect thereof;*
 - (b) *the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;*
 - (c) *the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person to do so; and*
 - (d) *the instrument of transfer is in respect of only one class of shares.*
42. *If the Directors refuse to register a transfer of any shares, they shall within ten Market Days after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice of the refusal as required by the Statutes.*
43. *All instruments of transfer which are registered may be retained by the Company.*
44. *There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2 as the Directors may from time to time require or prescribe.*
45. *The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company; Provided always that:*
- (a) *the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;*

APPENDIX C: RELEVANT REGULATIONS OF THE COMPANY'S CONSTITUTION

- (b) *nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Regulation 45; and*
- (c) *references herein to the destruction of any document include references to the disposal thereof in any manner.*

TRANSMISSION OF SHARES

- 46. (A) *In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
 - (B) *In the case of the death of a member who is a Depositor, the survivors or survivor where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares.*
 - (C) *Nothing in Regulation 46(A) or (B) shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*
47. *Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a person whose name is entered in the Register of Members may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the person whose name is entered in the Register of Members had not occurred and the notice or transfer were a transfer executed by such person.*
48. *Save as otherwise provided by or in accordance with this Constitution, a person becoming entitled to a share pursuant to Regulation 46(A) or (B) or Regulation 47 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.*

STOCK

49. *The Company may from time to time by ordinary resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares.*
50. *The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units as the Directors may from time to time determine.*

APPENDIX C: RELEVANT REGULATIONS OF THE COMPANY'S CONSTITUTION

51. *The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by the number of stock units which would not, if existing in shares, have conferred such privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.*

2. The rights of Shareholders in respect of voting

GENERAL MEETINGS

52. (A) *Save as otherwise permitted under the Act, an Annual General Meeting shall be held in accordance with the provisions of the Act. The interval between the close of a financial year of the Company and the date of the Company's Annual General Meeting shall not exceed four months (or such other period as may be permitted by the Act and/or the listing rules of the Stock Exchange). All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.*
- (B) *The time and place of any General Meeting shall be determined by the Directors, provided that General Meetings shall, for so long as the shares of the Company have a primary listing on the Singapore Exchange Securities Trading Limited, be held in Singapore.*
53. *The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.*

NOTICE OF GENERAL MEETINGS

54. *Any General Meeting at which it is proposed to pass a special resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of this Constitution and the Act entitled to receive such notices from the Company; Provided always that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:*
- (a) *in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and*
- (b) *in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per cent. of the total voting rights of all the members having a right to vote at that meeting,*

Provided also that the accidental omission to give notice to or the non- receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in the Company are listed on the Stock Exchange, at least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Stock Exchange.

55. (A) *Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him and that a proxy need not be a member of the Company.*

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- (B) *In the case of an Annual General Meeting, the notice shall also specify the meeting as such.*
- (C) *In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a special resolution, the notice shall contain a statement to that effect.*
56. *Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:*
- (a) *declaring dividends;*
 - (b) *receiving and adopting the financial statements, the Directors' statement and the as' report and other documents required to be attached to the financial statements;*
 - (c) *appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;*
 - (d) *appointing or re-appointing the auditors;*
 - (e) *fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed; and*
 - (f) *fixing the remuneration of the Directors proposed to be paid in respect of their office as such under Regulation 82 and/or Regulation 83(A).*

All other business to be transacted at any General Meeting of the Company shall be deemed to be special business.

57. *Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.*

PROCEEDINGS AT GENERAL MEETINGS

58. *The Chairman of the Board, failing whom the deputy chairman (if any), shall preside as chairman at every General Meeting. If there is no such Chairman or deputy chairman or if at any General Meeting neither is present within fifteen minutes after the time appointed for holding the General Meeting or is unwilling to act, the Directors present shall choose one of their number (or, if no Director is present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.*
59. *No business other than the appointment of a chairman of the meeting shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two or more members present in person or by proxy. Provided always that (i) a proxy representing more than one member shall only count as one member for the purpose of determining the quorum; (ii) where a member is represented by more than one proxy such proxies shall count as only one member for the purpose of determining the quorum; and (iii) joint holders of any share shall be treated as one member for the purpose of determining the quorum.*
60. *If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint. At the adjourned meeting any one or more members present in person or by proxy shall be a quorum.*

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61. *The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.*
62. *Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.*
63. *If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*
64. (A) *If required by the listing rules of the Stock Exchange, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by the Stock Exchange).*
- (B) *Subject to Regulation 64(A), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:*
- (a) *the chairman of the meeting; or*
 - (b) *not less than two members present in person or by proxy (where a member has appointed more than one proxy, any one of such proxies may present that member) or attorney or in the case of a corporation by a representative and entitled to vote at the meeting; or*
 - (c) *a member present in person or by proxy (where a member has appointed more than one proxy, any one of such proxies may present that member) or attorney or in the case of a corporation by a representative and representing not less than five per cent. of the total voting rights of all the members having the right to vote at the meeting; or*
 - (d) *a member present in person or by proxy (where a member has appointed more than one proxy, any one of such proxies may present that member) or attorney or in the case of a corporation by a representative and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent. of the total sum paid up on all the shares conferring that right.*

A demand for a poll made pursuant to this Regulation 64(B) may be withdrawn only with the approval of the chairman of the meeting, and any such demand shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded. Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution

65. *Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers or electronic means) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken. The chairman of the meeting may (and, if required by the listing rules of the Stock Exchange or if so directed by the meeting, shall) appoint at least one scrutineer who shall be independent of the persons undertaking the polling process, and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*

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66. *A poll on the choice of a chairman or on a question of adjournment shall be taken immediately. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately.*
67. *In the case of an equality of votes, whether on a poll or on a show of hands, the chairman of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote.*

VOTES OF MEMBERS

68. *Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Regulation 13(C), each member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. Every member who is present in person or by proxy, attorney or representative shall:*
- (a) on a poll, have one vote for every share which he holds or represents; and*
 - (b) on a show of hands, have one vote, Provided always that:*
 - (i) in the case of a member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and*
 - (ii) in the case of a member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.*

For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company.

69. *In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy or by attorney or in the case of a corporation by a representative, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or (as the case may be) the Depository Register in respect of the share.*
70. *Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member to vote in person or by proxy at any General Meeting or to exercise any other right conferred by membership in relation to meetings of the Company.*
71. *No member shall, unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid.*
72. *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.*

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73. *On a poll, votes may be given either personally or by proxy, attorney or representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.*
74. (A) *Save as otherwise provided in the Act:*
- (a) *a member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and*
 - (b) *a member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*
- (B) *In any case where a member is a Depositor, the Company shall be entitled and bound:*
- (a) *to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company; and*
 - (b) *to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at seventy-two hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.*
- (C) *The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.*
- (D) *A proxy need not be a member of the Company.*
75. (A) *An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:*
- (a) *in the case of an individual, shall be:*
 - (i) *signed by the appointor or his attorney if the instrument is delivered personally or sent by post; or*
 - (ii) *authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and*

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- (b) *in the case of a corporation, shall be:*
 - (i) *either given under its common seal or such alternative to sealing or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument is delivered personally or sent by post; or*
 - (ii) *authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.*

The Directors may, for the purposes of Regulation 75(A)(a)(ii) and 75(A)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.

- (B) *The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Regulation 76(A), failing which the instrument may be treated as invalid.*
- (C) *The Directors may, in their absolute discretion:*

- (a) *approve the method and manner for an instrument appointing a proxy to be authorised; and*

- (b) *designate the procedure for authenticating an instrument appointing a proxy,*

as contemplated in Regulation 75(A)(a)(ii) and 75(A)(b)(ii) for application to such members or class of members as they may determine. Where the Directors do not so approve and designate in relation to a member (whether of a class or otherwise), Regulation 75(A)(a)(i) and/or (as the case may be) Regulation 75(A)(b)(i) shall apply.

76. (A) *An instrument appointing a proxy:*

- (a) *if sent personally or by post, must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office); or*

- (b) *if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting,*

and in either case, not less than seventy-two hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates; Provided always that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered in accordance with this Regulation 76(A) for the purposes of any meeting shall not be required again to be delivered for the purposes of any subsequent meeting to which it relates.

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- (B) *The Directors may, in their absolute discretion, and in relation to such members or class of members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in Regulation 76(A)(b). Where the Directors do not so specify in relation to a member (whether of a class or otherwise), Regulation 76(A)(a) shall apply.*
77. *An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting.*
78. *A vote cast by proxy shall not be invalidated by the previous death or mental disorder of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made, Provided always that no intimation in writing of such death, mental disorder or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.*

CORPORATIONS ACTING BY REPRESENTATIVES

79. *Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of this Constitution (but subject to the Act) be deemed to be present in person at any such meeting if a person so authorised is present thereat.*

3. The rights of Shareholders in respect of dividends

RESERVES

123. *The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions (if any) of the Statutes.*

DIVIDENDS

124. *The Company may by ordinary resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.*
125. *If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*

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126. *Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:*
- (a) *all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*
 - (b) *all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*
- For the purposes of this Regulation 126, an amount paid or credited as paid on a share in advance of a call is to be ignored.*
127. *No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.*
128. *No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.*
129. (A) *The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*
- (B) *The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.*
130. *The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.*
131. *The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable shall be forfeited and shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date such dividend or other moneys are first payable.*
132. *The Company may upon the recommendation of the Directors by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*

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133. (A) *Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on shares of a particular class in the capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of shares of that class credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:*
- (a) the basis of any such allotment shall be determined by the Directors;*
 - (b) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of shares of the relevant class credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Regulation 133;*
 - (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded, Provided always that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and*
 - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the shares of the relevant class in respect whereof the share election has been duly exercised (the "elected shares") and, in lieu and in satisfaction thereof, shares of the relevant class shall be allotted and credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid. For such purpose and notwithstanding the provisions of Regulation 138, the Directors shall (i) capitalise and apply out of the amount standing to the credit of any of the Company's reserve accounts or any amount standing to the credit of the profit and loss account or otherwise available for distribution as the Directors may determine, such sum as may be required to pay up in full the appropriate number of shares for allotment and distribution to and among the holders of the elected shares on such basis, or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected shares towards payment of the appropriate number of shares of the relevant class for allotment and distribution to and among the holders of the elected shares on such basis.*
- (B) The shares of the relevant class allotted pursuant to the provisions of Regulation 133(A) shall rank pari passu in all respects with the shares of that class then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.*

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- (C) *The Directors may, on any occasion when they resolve as provided in Regulation 133(A), determine that rights of election under that Regulation shall not be made available to the persons who are registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register, or in respect of shares, the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Regulation 133 shall be read and construed subject to such determination.*
- (D) *The Directors may, on any occasion when they resolve as provided in Regulation 133(A), further determine that no allotment of shares or rights of election for shares under Regulation 133(A) shall be made available or made to members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.*
- (E) *Notwithstanding the foregoing provisions of this Regulation 133, if at any time after the Directors' resolution to apply the provisions of Regulation 133(A) in relation to any dividend but prior to the allotment of shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and as they deem fit in the interest of the Company and without assigning any reason therefor, cancel the proposed application of Regulation 133(A).*
- (F) *The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of Regulation 133(A), with full power to make such provisions as they think fit in the case of shares of the relevant class becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).*
134. *Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.*
135. *Notwithstanding the provisions of Regulations 134 and 137, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.*
136. *If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.*

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137. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

138. (A) The Directors may, with the sanction of an ordinary resolution of the Company, including any ordinary resolution passed pursuant to Regulation 11(B):
- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
 - (i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or
 - (ii) (in the case of an ordinary resolution passed pursuant to Regulation 11(B)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or
 - (b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:
 - (i) the date of the ordinary resolution (or such other date as may be specified therein or determined as therein provided); or
 - (ii) (in the case of an ordinary resolution passed pursuant to Regulation 11(B)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.
- (B) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation under Regulation 138(A), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise any person to enter on behalf of all the members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

APPENDIX C: RELEVANT REGULATIONS OF THE COMPANY'S CONSTITUTION

139. *In addition and without prejudice to the powers provided for by Regulation 138, the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:*

- (a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or*
- (b) be held by or for the benefit of non-executive Directors as part of their remuneration under Regulation 82 and/or Regulation 83(A) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit.*

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.”

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2023

BROADWAY INDUSTRIAL GROUP LIMITED ● ● ●

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STATEMENT BY DIRECTORS

The directors are pleased to present the accompanying consolidated financial statements of Broadway Industrial Group Limited (the "company") and its subsidiaries (collectively the "group") and the statement of financial position and statement of changes in equity of the company and of the group for the reporting year ended 31 December 2023.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of this 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
Jen Kwong Hwa

3. Director's 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' interests in shares in or debentures 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 interests | | Deemed interests | |
|---|--|------------------------------|------------------------------------|------------------------------|
| | At beginning of the reporting year | At end of the reporting year | At beginning of the reporting year | At end of the reporting year |
| <u>The company:</u> | <u>Number of ordinary shares of no par value</u> | | | |
| Lew Syn Pau | 44,572,639 | 44,572,639 | – | 1,402,600 |
| Basil Chan | 150,000 | 150,000 | – | – |
| Teo Ho Pin | 265,100 | 265,100 | – | – |

By virtue of section 7 of the Act, Lew Syn Pau is deemed to have an interest in all the related body corporate of the company.

The directors' interests as at 21 January 2024 were the same as those at the end of the reporting year.

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

Neither at the end of 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" and "Share Option Scheme" in this statement below.

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2023

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STATEMENT BY DIRECTORS

5. BIGL Share Plan and BIGL Share Option Scheme 2022

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

BIGL Share Plan 2022 (the "Plan")

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

Employees of the group including non-executive directors of the company are eligible to participate in the Plan subject to the absolute discretion of the Remuneration Committee. Controlling shareholders and their associates are not eligible to participate in the Plan.

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.

There were no issued shares of the company under the Plan as at the reporting year ended 31 December 2023.

BIGL Share Option Scheme 2022 (the "Scheme")

Under the 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.

The 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 5th or 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 5th or 10th anniversary of such offer date.

The aggregate number of shares available under the 2022 Plan and Scheme shall not exceed 15% of the company's total issued shares (excluding treasury shares).

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

| Date of grant | Exercise price per share | Options outstanding as at 1 January 2023 | Options granted in 2023 | Options outstanding as at 31 December 2023 | Number of option holders as at 31 December 2023 | Exercise period |
|----------------|--------------------------|--|-------------------------|--|---|--------------------------|
| | \$ | | | | | |
| (a) 5 May 2023 | 0.09 | – | 600,000 | 600,000 | 3 | 05/05/2024 to 04/05/2028 |
| (b) 5 May 2023 | 0.09 | – | 2,250,000 | 2,250,000 | 4 | 05/05/2024 to 04/05/2033 |

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2023

BROADWAY INDUSTRIAL GROUP LIMITED ● ● ●

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STATEMENT BY DIRECTORS

5. BIGL Share Plan and BIGL Share Option Scheme 2022 (Continued)

BIGL Share Option Scheme 2022 (the "Scheme") (Continued)

Details of options granted under the Scheme are as follows:

| | Aggregate options granted since commencement of Scheme to 31 December 2023 | Aggregate options exercised since commencement of Scheme to 31 December 2023 | Aggregate options forfeited since commencement of Scheme to 31 December 2023 | Aggregate options outstanding as at 31 December 2023 |
|------------------------------|--|--|--|--|
| (a) Name of directors | | | | |
| Basil Chan | 200,000 | – | – | 200,000 |
| Teo Ho Pin | 200,000 | – | – | 200,000 |
| Jen Kwong Hwa | 200,000 | – | – | 200,000 |
| | 600,000 | – | – | 600,000 |
| (b) Name of employees | | | | |
| Tan Choon Hoong | 1,000,000 | – | – | 1,000,000 |
| Tiong Chi Sieng | 500,000 | – | – | 500,000 |
| Lek Yew Sen | 500,000 | – | – | 500,000 |
| Leow Yong Kim | 250,000 | – | – | 250,000 |
| | 2,250,000 | – | – | 2,250,000 |

6. Audit committee

| | |
|-----------------------|--|
| 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 functions:

- 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).

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2023

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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 SG Assurance 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 SG Assurance LLP has expressed willingness to accept re-appointment. This audit firm was known as RSM Chio Lim LLP before 1 March 2024.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal auditor and independent external auditor, and reviews performed by management, other committees of the board and the board, the board, with the concurrence of the audit committee, is of the opinion that the company's internal controls (including financial, operational, compliance and information technology controls), and risk management systems were adequate and effective as at 31 December 2023 to address the risks that the company considers relevant and material to its operations.

9. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 29 February 2024, 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

1 April 2024

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2023

BROADWAY INDUSTRIAL GROUP LIMITED ● ● ●

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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 2023, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and 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 material accounting policy information.

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 2023 and of the consolidated financial performance, consolidated changes in equity and 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 group 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) Carrying values of property, plant and equipment and right-of-use assets

Please refer to Notes 15 and 16 to the financial statements for details.

As at 31 December 2023, the carrying values of the group's property, plant and equipment and right-of-use assets amounted to \$61,753,000 (2022: \$63,778,000) and \$5,789,000 (2022: \$5,443,000) respectively.

Management assessed and determined that there were indicators of impairment in relation to the group's property, plant and equipment and right-of-use assets used in the group's HDD Business due to the current economic environment and geopolitical uncertainties.

Management applied the value-in-use method (i.e. management's discounted cash flows of the HDD Business) to determine the recoverable amounts of the group's property, plant and equipment and right-of-use assets. Based on management's assessment, the recoverable amount of the group's property, plant and equipment and right-of-use assets was higher than their carrying values.

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 rate. 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 15 and 16 to the financial statements.

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2023

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

Key audit matters (Continued)

(1) Carrying values of property, plant and equipment and right-of-use assets (Continued)

With the assistance of our in-house valuation specialists and using our knowledge of the industry, the group's past historical performance and future plans, 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, terminal value rate and other estimates used by management in preparing the discounted cash flow forecast. 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.

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

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

As at 31 December 2023, the carrying amount of the company's investment in a subsidiary, BIGL Asia Pte. Ltd. ("BIGL Asia") amounted to \$104,000,000.

Management assessed and determined that there were indicators of impairment in relation to the company's investment in BIGL Asia, due to the current economic environment and geopolitical uncertainties.

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 amount.

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 Note 17 to the financial statements.

With the assistance of our in-house valuation specialists and using our knowledge of the industry, the group's past historical performance and future plans, 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, terminal value rate and other estimates used in preparing the discounted cash flow forecast. 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 evaluated the adequacy of the disclosures included in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the statement by directors 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.

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2023

BROADWAY INDUSTRIAL GROUP LIMITED ● ● ●

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

Responsibilities of management and directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2023

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BROADWAY INDUSTRIAL GROUP LIMITED

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

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

Report on other legal and regulatory requirements

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

RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

1 April 2024

Engagement partner – effective from the reporting year ended 31 December 2023

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2023

BROADWAY INDUSTRIAL GROUP LIMITED ● ● ●

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

REPORTING YEAR ENDED 31 DECEMBER 2023

| | Notes | 2023 \$'000 | 2022 \$'000 (Re-presented*) |
|---|-------|------------------|-----------------------------------|
| Revenue | 5 | 258,673 | 352,310 |
| Cost of sales | | (244,651) | (331,189) |
| Gross profit | | 14,022 | 21,121 |
| Other income | 6 | 1,501 | 2,949 |
| Distribution expenses | | (798) | (1,063) |
| Administrative expenses | | (7,901) | (9,072) |
| Sales and marketing expenses | | (963) | (331) |
| Other expenses | 6 | (1,254) | (3,506) |
| Finance income | 7 | 543 | 24 |
| Finance costs | 8 | (2,565) | (1,658) |
| Profit before income tax | 9 | 2,585 | 8,464 |
| Income tax income / (expense) | 11 | 354 | (1,053) |
| Profit from continuing operations for the year, net of tax | | 2,939 | 7,411 |
| Loss from discontinued operations, net of tax | 12 | (564) | (1,709) |
| Profit for the year | | 2,375 | 5,702 |
| Other comprehensive loss: | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations, net of tax | | (1,509) | (727) |
| Total comprehensive income | | 866 | 4,975 |
| Profit / (loss) for the year attributable to: | | | |
| - Owners of the company | | 3,085 | 6,278 |
| - Non-controlling interests | | (710) | (576) |
| | | 2,375 | 5,702 |
| Total comprehensive income / (loss) attributable to: | | | |
| - Owners of the company | | 1,585 | 5,598 |
| - Non-controlling interests | | (719) | (623) |
| | | 866 | 4,975 |
| Earnings / (loss) per share | | | |
| | 13 | Cents | Cents |
| Basic | | | |
| - Continuing operations | | 0.77 | 1.63 |
| - Discontinued operations | | (0.09) | (0.25) |
| Total | | 0.68 | 1.38 |
| Diluted | | | |
| - Continuing operations | | 0.77 | 1.63 |
| - Discontinued operations | | (0.09) | (0.25) |
| Total | | 0.68 | 1.38 |

* See Note 12. The comparative information has been re-presented due to discontinued operations.

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

**APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS
OF THE GROUP FOR FY2023**

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**STATEMENTS OF
FINANCIAL POSITION**

AS AT 31 DECEMBER 2023

| | Notes | Group | | Company | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| ASSETS | | | | | |
| <u>Non-current assets</u> | | | | | |
| Property, plant and equipment | 15 | 61,753 | 63,778 | 147 | 235 |
| Right-of-use assets | 16 | 5,789 | 5,443 | 307 | 512 |
| Investments in subsidiaries | 17 | – | – | 104,000 | 104,000 |
| Other assets, non-current | 18 | 52 | 52 | 52 | 52 |
| Other receivables, non-current | 19 | – | – | – | 359 |
| Total non-current assets | | 67,594 | 69,273 | 104,506 | 105,158 |
| <u>Current assets</u> | | | | | |
| Inventories | 20 | 21,035 | 28,032 | – | – |
| Trade and other receivables | 19 | 73,442 | 25,704 | 10,644 | 10,395 |
| Other assets, current | 21 | 1,251 | 1,138 | 10 | 17 |
| Cash and cash equivalents | 22 | 33,901 | 29,360 | 302 | 653 |
| Total current assets | | 129,629 | 84,234 | 10,956 | 11,065 |
| Total assets | | 197,223 | 153,507 | 115,462 | 116,223 |
| EQUITY AND LIABILITIES | | | | | |
| <u>Equity attributable to owners of the company</u> | | | | | |
| Share capital | 23 | 113,163 | 113,163 | 113,163 | 113,163 |
| (Accumulated losses) / retained earnings | 24 | (4,831) | (8,316) | 4,546 | 4,296 |
| Other reserves | 25 | (19,572) | (17,672) | (3,023) | (2,643) |
| Equity attributable to owners of the company | | 88,760 | 87,175 | 114,686 | 114,816 |
| Non-controlling interests | | 102 | 801 | – | – |
| Total equity | | 88,862 | 87,976 | 114,686 | 114,816 |
| <u>Non-current liabilities</u> | | | | | |
| Other liabilities | 27 | 1,648 | 1,907 | – | – |
| Lease liabilities, non-current | 28 | 5,670 | 4,194 | 93 | 276 |
| Total non-current liabilities | | 7,318 | 6,101 | 93 | 276 |
| <u>Current liabilities</u> | | | | | |
| Income tax payable | | 3,044 | 3,838 | 5 | 5 |
| Trade and other payables | 29 | 91,498 | 47,240 | 495 | 950 |
| Loans and borrowings | 30 | 3,849 | 6,805 | – | – |
| Lease liabilities, current | 28 | 2,652 | 1,547 | 183 | 176 |
| Total current liabilities | | 101,043 | 59,430 | 683 | 1,131 |
| Total liabilities | | 108,361 | 65,531 | 776 | 1,407 |
| Total equity and liabilities | | 197,223 | 153,507 | 115,462 | 116,223 |

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

**APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS
OF THE GROUP FOR FY2023**

BROADWAY INDUSTRIAL GROUP LIMITED ● ● ●

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**STATEMENTS OF
CHANGES IN EQUITY**

REPORTING YEAR ENDED 31 DECEMBER 2023

| Group: | Share capital \$'000 | Accumulated losses \$'000 | Other reserves \$'000 | Attributable to owners of the company sub-total \$'000 | Non- controlling interest \$'000 | Total equity \$'000 |
|---|----------------------------|---------------------------------|-----------------------------|--|---|---------------------------|
| Current year: | | | | | | |
| Opening balance at 1 January 2023 | 113,163 | (8,316) | (17,672) | 87,175 | 801 | 87,976 |
| Total comprehensive income / (loss) for the year | – | 3,085 | (1,500) | 1,585 | (719) | 866 |
| Capital contribution by non-controlling interest (Note 17B) | – | – | – | – | 132 | 132 |
| Share-based payment (Note 25C) | – | 400 | (400) | – | – | – |
| Disposal of subsidiaries - discontinued operations | – | – | – | – | (112) | (112) |
| Closing balance at 31 December 2023 | 113,163 | (4,831) | (19,572) | 88,760 | 102 | 88,862 |
| Previous year: | | | | | | |
| Opening balance at 1 January 2022 | 113,166 | (10,041) | (16,266) | 86,859 | 887 | 87,746 |
| Total comprehensive income / (loss) for the year | – | 6,278 | (680) | 5,598 | (623) | 4,975 |
| Capital contribution by non-controlling interest (Note 17B) | – | – | – | – | 537 | 537 |
| Purchase of treasury shares (Note 25A) | – | – | (729) | (729) | – | (729) |
| Share-based payment (Notes 25A and 25C) | (3) | – | 3 | – | – | – |
| Dividend paid (Note 14) | – | (4,553) | – | (4,553) | – | (4,553) |
| Closing balance at 31 December 2022 | 113,163 | (8,316) | (17,672) | 87,175 | 801 | 87,976 |

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

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**STATEMENTS OF
CHANGES IN EQUITY**

REPORTING YEAR ENDED 31 DECEMBER 2023

| Company: | Share capital \$'000 | Retained earnings \$'000 | Other reserves \$'000 | Total equity \$'000 |
|---|----------------------------|--------------------------------|-----------------------------|---------------------------|
| Current year: | | | | |
| Opening balance at 1 January 2023 | 113,163 | 4,296 | (2,643) | 114,816 |
| Total comprehensive loss for the year | – | (150) | 20 | (130) |
| Share-based payment (Notes 25A and 25C) | – | 400 | (400) | – |
| Closing balance at 31 December 2023 | <u>113,163</u> | <u>4,546</u> | <u>(3,023)</u> | <u>114,686</u> |
| Previous year: | | | | |
| Opening balance at 1 January 2022 | 113,166 | 16,556 | (1,917) | 127,805 |
| Total comprehensive loss for the year | – | (7,707) | – | (7,707) |
| Purchase of treasury shares (Note 25A) | – | – | (729) | (729) |
| Share-based payment (Notes 25A and 25C) | (3) | – | 3 | – |
| Dividend paid (Note 14) | – | (4,553) | – | (4,553) |
| Closing balance at 31 December 2022 | <u>113,163</u> | <u>4,296</u> | <u>(2,643)</u> | <u>114,816</u> |

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

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**CONSOLIDATED STATEMENT OF
CASH FLOWS**

REPORTING YEAR ENDED 31 DECEMBER 2023

| | 2023 \$'000 | 2022 \$'000 |
|---|----------------|-----------------|
| Cash flows from operating activities | | |
| Profit before tax from continuing operations | 2,585 | 8,464 |
| Loss before tax from discontinued operations | (564) | (1,709) |
| Allowance for inventory obsolescence – (reversal) | (109) | (174) |
| Depreciation of property, plant and equipment | 9,599 | 11,439 |
| Depreciation of right-of-use assets | 1,971 | 1,758 |
| Loss on disposal of investment in subsidiaries | 45 | – |
| Loss on disposal of property, plant and equipment | 164 | 54 |
| Interest expense | 2,565 | 1,658 |
| Interest income | (543) | (25) |
| Operating cash flows before changes in working capital | 15,713 | 21,465 |
| Inventories | 6,349 | 11,933 |
| Trade and other receivables | (49,078) | 58,788 |
| Other assets | (147) | (50) |
| Trade and other payables | 46,296 | (71,609) |
| Other liabilities | (228) | (103) |
| Net cash flows from operating activities | 18,905 | 20,424 |
| Income taxes paid | (382) | (1,104) |
| Net cash flows from operating activities | 18,523 | 19,320 |
| Cash flows from investing activities | | |
| Capital contribution by non-controlling interests | 132 | 537 |
| Purchase of property, plant and equipment | (7,001) | (4,743) |
| Proceeds from disposal of property, plant and equipment | 468 | 136 |
| Interest received | 543 | 25 |
| Net cash flows used in investing activities | (5,858) | (4,045) |
| Cash flows from financing activities | | |
| Cash pledged as security | (10) | (176) |
| Proceeds from bank borrowings | 7,661 | 6,064 |
| Repayment of bank borrowings | (10,576) | (10,566) |
| Dividends paid to shareholders of the company | – | (4,553) |
| Payment for principal portion of lease liabilities | (2,232) | (1,745) |
| Purchase of treasury shares | – | (729) |
| Interest expense paid | (2,565) | (1,658) |
| Net cash flows used in financing activities | (7,722) | (13,363) |
| Net increase in cash and cash equivalents | 4,943 | 1,912 |
| Cash and cash equivalents, consolidated statement of cash flows, beginning balance | 29,184 | 27,664 |
| Effect of exchange rate fluctuations on cash held | (412) | (392) |
| Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 22A) | 33,715 | 29,184 |

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

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NOTES TO THE FINANCIAL STATEMENTS

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1. General

Broadway Industrial Group Limited (the "Company") (Registration No. 199405266K) is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company and the subsidiaries (collectively, the "group"). All financial information in these financial statements are rounded to the nearest thousand ("'\$000") except when otherwise indicated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The company is an investment holding company.

The company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

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

The registered office and principal place of business of the company is located at 202 Kallang Bahru #07-01 Work Plus Store Spaze, Singapore 339339.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I) ("SFRS(I) INT") as issued by the Accounting Standards Committee under ACRA ("ASC"). They comply with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis of preparation of the financial statements

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.

Basis of presentation and principles of consolidation

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 (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. They are de-consolidated from the date that control ceases.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as 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 Companies Act 1967, the company's separate statement of profit or loss and other comprehensive income is not presented.

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BROADWAY INDUSTRIAL GROUP LIMITED ● ● ●

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NOTES TO THE FINANCIAL STATEMENTS

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2. Disclosures of material accounting policy information and other explanatory information

Disclosures are made on the accounting policy and other explanatory information relating to material transactions, other events or conditions if that information is material to the financial statements or is required by a financial reporting standard. Entity-specific information that relates to more than one account balance or a class of material transactions is described in Note 2A below. An account balance entity-specific information used is disclosed in the relevant respective account balances in the financial statements.

2A. Material accounting policy information and other explanatory information – general

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when 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.

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.

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 (eg 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 or liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie 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 material 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. The recurring measurements are made at each reporting year end date.

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NOTES TO THE FINANCIAL STATEMENTS

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2. Disclosures of material accounting policy information and other explanatory information (Continued)

2A. Material accounting policy information and other explanatory information – general (Continued)

Carrying amounts of non-financial assets

The carrying amount of non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year, non-financial assets 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, if no impairment loss had been recognised.

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.

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.

Other specific material accounting policy information and other explanatory information

These are disclosed at the relevant notes to the financial statements.

2B. Critical judgements, assumptions and estimation uncertainties

Disclosures on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting year, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the corresponding Notes to these financial statements. 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.

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NOTES TO THE FINANCIAL STATEMENTS

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2. Disclosures of material accounting policy information and other explanatory information (Continued)

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

- i) Estimating tax provision amounts. See Note 11.
- ii) Estimating of useful lives of property, plant and equipment. See Note 15.
- iii) Recoverable amount of the group's property, plant and equipment and right-of-use assets. See Notes 15 and 16.
- iv) Recoverable amount of the company's investment in BIGL Asia Pte. Ltd. ("BIGL Asia"). See Note 17C.

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the group to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (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 and balances

There are transactions and arrangements between the group and 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.

3B. Key management compensation

| | Group | |
|---|--------------|--------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Fees to directors of the company | 465 | 465 |
| Salaries and other short-term employee benefits | 2,736 | 2,802 |
| Post-employment benefits | 92 | 85 |
| | 3,293 | 3,352 |

The above amounts are included under employee benefits expense.

Directors and the key management personnel also participate in the BIGL Share Plan and Share Option Scheme 2022. During the reporting year, 600,000 and 2,250,000 (2022: Nil) market price options were granted to the directors and the key management personnel of the company respectively. The share options were granted on the terms and conditions as described in Note 26. As at the end of the reporting year, 2,850,000 (2022: Nil) of those share options were outstanding.

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

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

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NOTES TO THE FINANCIAL STATEMENTS

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3. Related party relationships and transactions (Continued)

3C. Balances with subsidiaries

| | Company | |
|--|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| <u>Other receivables</u> | | |
| Balance at beginning of the year | 10,711 | 13,868 |
| Loans to subsidiaries | – | 356 |
| Accrued interest income | 12 | 46 |
| Amounts paid in and settlement of liabilities on behalf of the company | (117) | (1,305) |
| Allowance for impairment | (5) | (2,254) |
| Balance at end of the year | <u>10,601</u> | <u>10,711</u> |
| Presented as follows: | | |
| Other receivables (Note 19) | 16,268 | 16,373 |
| Less: Allowance for impairment (Note 19) | (5,667) | (5,662) |
| | <u>10,601</u> | <u>10,711</u> |

4. Financial information by operating segments

Material accounting policy information and 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 to allocate resources and in assessing performance. Generally, financial information on segments is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the group.

4A. Information about reportable segment profit or loss, assets and liabilities

For management purposes, the group is organised into the following major strategic operating segments that offer different 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 (discontinued operations) – 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. Operations in this segment ceased / and was disposed of in 2023 (See Note 12).
- (3) PE segment – This segment comprises the manufacture and distribution of precision diecasting and machining parts primarily for the telecommunications equipment, industrial applications, automotive industries, and precision process toolings.
- (4) Others segment – This segment comprises mainly investment holdings.

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4. Financial information by operating segments (Continued)

4A. Information about reportable segment profit or loss, assets and liabilities (Continued)

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.

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 these financial statements.

4B. Profit or loss from continuing operations and reconciliations

| Group | HDD \$'000 | Robotics \$'000 | PE \$'000 | Others \$'000 | Total \$'000 |
|--|---------------|--------------------|--------------|------------------|-----------------|
| <u>2023</u> | | | | | |
| Revenue from external customers | 256,875 | – | 1,798 | – | 258,673 |
| EBITDA | 19,423 | – | (3,147) | (183) | 16,093 |
| Net finance (costs)/income | (1,849) | – | (306) | 133 | (2,022) |
| Depreciation expense | (10,384) | – | (1,063) | (39) | (11,486) |
| Profit/(loss) before income tax | 7,190 | – | (4,516) | (89) | 2,585 |
| Income tax income | 354 | – | – | – | 354 |
| Profit/(loss) from continuing operations, net of tax | 7,544 | – | (4,516) | (89) | 2,939 |
| Loss from discontinued operations, net of tax | – | (564) | – | – | (564) |
| <u>2022</u> | | | | | |
| Revenue from external customers | 352,310 | – | – | – | 352,310 |
| EBITDA | 23,767 | – | – | (578) | 23,189 |
| Net finance costs | (1,627) | – | – | (7) | (1,634) |
| Depreciation expense | (13,066) | – | – | (25) | (13,091) |
| Profit/(loss) before income tax | 9,074 | – | – | (610) | 8,464 |
| Income tax expense | (894) | – | – | (159) | (1,053) |
| Profit/(loss) from continuing operations, net of tax | 8,180 | – | – | (769) | 7,411 |
| Loss from discontinued operations, net of tax | – | (1,709) | – | – | (1,709) |

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4. Financial information by operating segments (Continued)

4C. Assets, liabilities, other material items and reconciliations

| | HDD \$'000 | Robotics \$'000 | PE \$'000 | Others \$'000 | Total \$'000 |
|------------------------------|---------------|--------------------|--------------|------------------|-----------------|
| Continuing operations | | | | | |
| <u>2023</u> | | | | | |
| Total assets | 184,573 | – | 11,790 | 860 | 197,223 |
| Total liabilities | 101,220 | – | 6,366 | 775 | 108,361 |
| Capital expenditure | 1,545 | – | 7,809 | – | 9,354 |
| <u>2022</u> | | | | | |
| Total assets | 152,080 | 926 | – | 501 | 153,507 |
| Total liabilities | 65,081 | 120 | – | 330 | 65,531 |
| Capital expenditure | 4,112 | 80 | – | 27 | 4,219 |

4D. Geographical information

The company is domiciled in Singapore and its principal activity is investment holding.

The company's subsidiaries in the reportable segments are mainly located in the People's Republic of China ("PRC"), Thailand, Vietnam 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 | |
|----------------------------|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| | | (Re-presented) |
| <u>Revenue</u> | | |
| Thailand | 171,975 | 244,042 |
| People's Republic of China | 84,848 | 107,737 |
| Vietnam | 694 | – |
| Other countries | 1,156 | 531 |
| | 258,673 | 352,310 |

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

| | Group | |
|----------------------------|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| <u>Non-current assets</u> | | |
| Thailand | 36,685 | 42,030 |
| People's Republic of China | 19,612 | 26,335 |
| Singapore | 509 | 889 |
| Vietnam | 10,767 | – |
| Other countries | 21 | 19 |
| | 67,594 | 69,273 |

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5. Revenue

| | Group | |
|-----------------------|----------------|----------------------------------|
| | 2023 \$'000 | 2022 \$'000 (Re-presented) |
| Sale of goods | 258,673 | 352,300 |
| Provision of services | – | 10 |
| Total revenue | 258,673 | 352,310 |

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

Material accounting policy information and other explanatory information – Revenue

Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient, the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

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

Revenue from provision of cleaning and other related services is recognised when the company satisfies the performance obligation at 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.

6. Other income and (other expenses)

| | Group | |
|---|----------------|----------------------------------|
| | 2023 \$'000 | 2022 \$'000 (Re-presented) |
| Allowance for inventory obsolescence – reversal (Note 20) | – | 156 |
| Foreign currency exchange losses, net | (205) | (672) |
| Loss on disposal of property, plant and equipment | (127) | (29) |
| Government grant income | 296 | 463 |
| Provision for costs associated with product quality – (loss)/reversal | (8) | 829 |
| Redundancy costs | (914) | (2,468) |
| Insurance compensation | – | 147 |
| Scrap income | 1,095 | 1,354 |
| Others | 110 | (337) |
| Net | 247 | (557) |
| Presented in profit or loss as follows: | | |
| Other income | 1,501 | 2,949 |
| Other expenses | (1,254) | (3,506) |
| Net | 247 | (557) |

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7. Finance income

| | Group | |
|-----------------------------------|----------------|----------------------|
| | 2023 \$'000 | 2022 \$'000 |
| Interest income on fixed deposits | 543 | 24 (Re-presented) |

8. Finance costs

| | Group | |
|---------------------------------------|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| Factoring charges | 1,895 | 887 |
| Interest expense on bank loans | 234 | 357 |
| Interest expense on lease liabilities | 436 | 215 |
| Others | – | 199 |
| Total finance costs | 2,565 | 1,658 |

Material accounting policy information and other explanatory information – Finance costs

Borrowing costs are interest and other costs incurred in connection with the borrowings and are recognised as an expenses in the period in which they are incurred. Interest expenses is calculated using the effective interest method.

9. Items in profit or loss

In addition to the profit and loss line items disclosed elsewhere in the Notes to the financial statements, this item includes the following:

| | Group | |
|--------------------------------------|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| Audit fees to: | | |
| - independent auditor of the company | 123 | 111 |
| - other auditors* | 170 | 163 |
| Non-audit related services fees to: | | |
| - independent auditor of the company | – | 16 |
| - other auditors* | 8 | 2 |
| Energy costs | 6,393 | 6,931 |
| Professional fees | 661 | 665 |
| Repair and maintenance charges | 2,532 | 3,381 |

* Include member firms of RSM International and an alliance firm of RSM SG Assurance LLP.

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10. Employee benefits expense

| | Group | |
|--|----------------|----------------------------------|
| | 2023 \$'000 | 2022 \$'000 (Re-presented) |
| Salaries, bonuses and other costs | 25,627 | 34,740 |
| Contributions to | | |
| - defined benefit plans (Note 27) | 315 | 241 |
| - defined contribution plans | 2,076 | 3,688 |
| - share-based payments expenses (Note 25C) | 20 | – |
| Total employee benefits expense | <u>28,038</u> | <u>38,669</u> |
| Included in profit or loss as follows: | | |
| Cost of sales | 23,334 | 33,696 |
| Administrative expenses | 3,844 | 4,697 |
| Sales and marketing expenses | 860 | 276 |
| | <u>28,038</u> | <u>38,669</u> |

Material accounting policy information and other explanatory information – Employee benefit expenses

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The group's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contributions retirement benefit plan in which employees are entitled to join upon fulfilling certain conditions.

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.

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.

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11. Income tax

11A. Components of tax expense recognised in profit or loss:

| | Group | |
|---|--------------|--------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| <u>Income tax expense:</u> | | |
| Current income tax expense | 577 | 850 |
| (Over) / under provision in prior years | (931) | 53 |
| Withholding tax on dividend income | – | 150 |
| Total income tax (income) / expense | <u>(354)</u> | <u>1,053</u> |

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2022: 17.0%) to profit before income tax as a result of the following differences:

| | Group | |
|--|--------------|--------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Profit before income tax | <u>2,585</u> | <u>8,464</u> |
| Income tax expense at the above rate | 439 | 1,439 |
| Effect of different tax rates in different countries | 375 | 315 |
| Income taxed at preferential tax rates outside Singapore | (494) | (2,497) |
| Expenses not deductible for tax purposes | 1,035 | 1,044 |
| Income not subject to tax | (1,002) | (127) |
| Withholding tax on dividend income | – | 150 |
| Deferred tax assets not recognised | 224 | 676 |
| (Over) / under provision in prior year | (931) | 53 |
| Total income tax (income) / expense | <u>(354)</u> | <u>1,053</u> |

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

Material accounting policy information and other explanatory information – Income tax

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 income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statements of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. 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, branches and associates, and joint arrangements except where the group 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.

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11. Income tax (Continued)

11A. Components of tax expense recognised in profit or loss: (Continued)

Material accounting policy information and other explanatory information – Income tax (Continued)

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% (2022: 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 2025.

Estimating tax provision amounts

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 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 and interpretations of existing tax laws and applies judgement whether it is probable that additional taxes and interests will be due. The eventual tax liabilities may vary, for which the differences will be charged to profit or loss in the period when determination is made.

11B. Unrecognised deferred tax assets

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

| | Group | |
|----------------------------|---------------|---------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Expiring within: | | |
| Within one year | 4,353 | 4,132 |
| Between two to three years | 4,926 | 8,601 |
| Between four to five years | 11,142 | 9,471 |
| More than five years | 11,446 | 9,534 |
| | 31,867 | 31,738 |

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.

11C. Unrecognised deferred tax liabilities

A deferred tax liability of approximately \$518,000 (2022: \$488,000) 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.

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12. Loss from discontinued operations, net of tax

In 2023, the group decided to exit from its robotics business. Following the decision made, the group ceased its robotics business in Singapore and in December 2023, the group disposed its entire 100% equity interest in BIGL Enterprise Management (Beijing) Co., Ltd. ("BEBJ") and its subsidiary, Beijing Ant Brothers Technology Co., Ltd. ("BAB").

The results for the reporting year from the discontinued operations and the comparative figures, which have been included in the consolidated financial statements, were as follows:

| | Group | |
|--|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| Revenue | 98 | 81 |
| Cost of sales | (127) | (42) |
| Gross (loss) / profit | (29) | 39 |
| Other income / (other losses) | 87 | (83) |
| Distribution expenses | (11) | (36) |
| Sales and marketing expenses | (152) | (567) |
| Administrative expenses | (261) | (399) |
| Research and development expenses | (153) | (664) |
| Finance income | – | 1 |
| Loss before income tax | (519) | (1,709) |
| Income tax expenses | – | – |
| Loss, net of tax before disposal loss for the year | (519) | (1,709) |
| Loss on disposal of subsidiaries ^(a) | (45) | – |
| Total loss on discontinued operations | (564) | (1,709) |

^(a) The loss arose on the disposal of the subsidiaries, BEBJ and BAB, being the consideration receivable on disposal less the carrying amount of the subsidiaries' net assets.

The following table is a summary of the carrying amounts of the assets and liabilities of the discontinued operations of 31 December 2023:

| | \$'000 |
|---------------------------------------|------------|
| Property, plant and equipment | 55 |
| Inventories | 335 |
| Trade and other receivables | 112 |
| Trade and other payables | (245) |
| Net assets of disposal group | 257 |
| Less: Non-controlling interest | (112) |
| Net assets disposed | 145 |
| Loss on disposal of subsidiaries | (45) |
| Total consideration receivable | 100 |

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13. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

| | Group | |
|--|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| Numerators: | | |
| Profit attributable to owners of the company | | |
| - Continuing operations | 3,500 | 7,417 |
| - Discontinued operations | (415) | (1,139) |
| | 3,085 | 6,278 |
| Number of shares | | |
| Denominators: | | |
| Weighted average number of equity shares (basic) | 454,656 | 455,357 |
| Unreleased share awards effect | – | 17 |
| Weighted average number of equity shares (diluted) | 454,656 | 455,374 |

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting year.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares.

The dilutive effect derives from transactions such as: share awards (Note 26). 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.

14. Dividends on equity shares

| | Group and Company | | | |
|--|-------------------|------------|----------------|----------------|
| | Rate per share | | | |
| | 2023 \$ | 2022 \$ | 2023 \$'000 | 2022 \$'000 |
| Final exempt 2021 (1-tier) dividend paid | – | 0.005 | – | 2,277 |
| Special exempt 2021 (1-tier) dividend paid | – | 0.005 | – | 2,276 |
| Net | – | 0.010 | – | 4,553 |

In respect of the current reporting year, the directors have proposed that a final dividend of 0.5 cents per share with a total of \$2,273,000 be paid to shareholders after the next annual general meeting. There are no income tax consequences to the company. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as 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 become payables.

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15. Property, plant and equipment

| Group | Freehold land \$'000 | Leasehold land \$'000 | Buildings \$'000 | Leasehold improvements \$'000 | Plant and machinery \$'000 | Office equipment and furniture \$'000 | Motor vehicles \$'000 | Construction-in-progress \$'000 | Total \$'000 |
|------------------------------------|-------------------------|--------------------------|---------------------|----------------------------------|-------------------------------|--|--------------------------|------------------------------------|-----------------|
| | | | | | | | | | |
| <u>Cost:</u> | | | | | | | | | |
| At 1 January 2022 | 1,724 | 1,330 | 25,223 | 37,652 | 217,559 | 3,694 | 335 | 350 | 287,867 |
| Additions | - | - | - | 533 | 2,535 | 231 | - | 920 | 4,219 |
| Disposals | - | - | - | (1,056) | (3,305) | (737) | - | 304 | (4,794) |
| Reclassifications | - | - | - | 2 | 1,035 | 16 | - | (1,053) | - |
| Foreign exchange adjustments | (10) | (7) | (140) | (196) | (1,280) | (13) | 57 | (3) | (1,592) |
| At 31 December 2022 | 1,714 | 1,323 | 25,083 | 36,935 | 216,544 | 3,191 | 392 | 518 | 285,700 |
| Additions | - | - | - | 1,333 | 7,182 | 541 | - | 298 | 9,354 |
| Disposals | - | - | - | - | (26,301) | (184) | - | (309) | (26,794) |
| Disposal – discontinued operations | - | - | - | (62) | (208) | (63) | - | - | (333) |
| Reclassifications | - | - | - | - | 103 | 63 | - | (166) | - |
| Foreign exchange adjustments | (32) | (25) | (469) | (685) | (4,043) | (56) | (7) | (10) | (5,327) |
| At 31 December 2023 | 1,682 | 1,298 | 24,614 | 37,521 | 193,277 | 3,492 | 385 | 331 | 262,600 |
| <u>Accumulated depreciation:</u> | | | | | | | | | |
| At 1 January 2022 | - | 309 | 8,122 | 20,619 | 183,938 | 3,275 | 204 | - | 216,467 |
| Depreciation for the year | - | 30 | 647 | 1,736 | 8,692 | 235 | 54 | - | 11,439 |
| Disposals | - | - | - | (1,029) | (2,841) | (734) | - | - | (4,604) |
| Reclassification | - | - | - | 50 | (60) | 10 | - | - | - |
| Foreign exchange adjustments | - | (2) | (63) | (134) | (1,220) | (8) | 47 | - | (1,380) |
| At 31 December 2022 | - | 338 | 8,750 | 21,242 | 188,509 | 2,778 | 305 | - | 221,922 |
| Depreciation for the year | - | 30 | 658 | 1,716 | 6,834 | 313 | 48 | - | 9,599 |
| Disposals | - | - | - | - | (25,963) | (186) | - | - | (26,149) |
| Disposal – discontinued operations | - | - | - | (62) | (110) | (46) | - | - | (218) |
| Foreign exchange adjustments | - | (7) | (175) | (424) | (3,637) | (57) | (7) | - | (4,307) |
| At 31 December 2023 | - | 361 | 9,233 | 22,472 | 165,633 | 2,802 | 346 | - | 200,847 |
| <u>Carrying value:</u> | | | | | | | | | |
| At 1 January 2022 | 1,724 | 1,021 | 17,101 | 17,033 | 33,621 | 419 | 131 | 350 | 71,400 |
| At 31 December 2022 | 1,714 | 985 | 16,333 | 15,693 | 28,035 | 413 | 87 | 518 | 63,778 |
| At 31 December 2023 | 1,682 | 937 | 15,381 | 15,049 | 27,644 | 636 | 39 | 385 | 61,753 |

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15. Property, plant and equipment (Continued)

| Company | Leasehold improvements \$'000 | Office equipment and furniture \$'000 | Total \$'000 |
|----------------------------------|-------------------------------------|--|-----------------|
| <u>Cost:</u> | | | |
| At 1 January 2022 | 59 | 90 | 149 |
| Additions | 231 | 34 | 265 |
| Written off | (59) | (4) | (63) |
| At 31 December 2022 | 231 | 120 | 351 |
| Written off | – | (2) | (2) |
| At 31 December 2023 | 231 | 118 | 349 |
| <u>Accumulated depreciation:</u> | | | |
| At 1 January 2022 | 22 | 88 | 110 |
| Depreciation for the year | 34 | 7 | 41 |
| Written off | (31) | (4) | (35) |
| At 31 December 2022 | 25 | 91 | 116 |
| Depreciation for the year | 77 | 11 | 88 |
| Written off | – | (2) | (2) |
| At 31 December 2023 | 102 | 100 | 202 |
| <u>Carrying value:</u> | | | |
| At 1 January 2022 | 37 | 2 | 39 |
| At 31 December 2022 | 206 | 29 | 235 |
| At 31 December 2023 | 129 | 18 | 147 |

Material accounting policy information and other explanatory information – Property, plant and equipment

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

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

Cost also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

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 follow:

| | | |
|--------------------------------|---|----------------------------------|
| 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 |

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15. Property, plant and equipment (Continued)

Material accounting policy information and other explanatory information – Property, plant and equipment (cont'd)

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.

The residual values of assets, useful lives of assets and recognised impairment losses are reviewed, and adjusted if appropriate, whenever events or circumstances indicate that a revision is warranted.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss.

Estimating of useful lives of property, plant and equipment

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors that could change materially because of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is \$27,644,000 (2022: \$28,035,000).

Recoverable amount of the group's property, plant and equipment and right-of-use assets

The management assesses at each end of the reporting year whether there is any indication that the carrying value of its property, plant and equipment and right-of-use assets (Note 16) are impaired.

The group's property, plant and equipment and right-of-use assets are substantially attributable to its HDD Business. Management assessed and determined that there were indicators of impairment in relation to the group's property, plant and equipment and right-of-use assets used in the group's HDD Business due to the current economic environment and geopolitical uncertainties.

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 group's property, plant and equipment and right-of-use assets.

In estimating the value-in-use, management exercised significant judgement in projecting the HDD Business's revenue growth rate, gross profit margin, earnings before interest, depreciation, amortisation and taxes ("EBITDA") margin, 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 quantitative information and key assumptions used in the value-in-use method to determine the recoverable amounts of the group's property, plant and equipment and right-of-use assets are disclosed in Note 17C. As the recoverable amounts of the property, plant and equipment and right-of-use assets were higher than their carrying values as at the reporting year end, no impairment loss was deemed necessary (2022: Nil).

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15. Property, plant and equipment (Continued)

Allocation of the depreciation expense:

| | Group | |
|--|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| <i>Continuing operations</i> | | |
| Cost of sales | 9,144 | 11,193 |
| Distribution expenses | 39 | 54 |
| Administrative expenses | 327 | 81 |
| Sales and marketing expenses | 5 | 5 |
| Sub-total from continuing operations | 9,515 | 11,333 |
| <i>Discontinued operations</i> | | |
| Administrative expenses | 36 | 40 |
| Sales and marketing expenses | 36 | 50 |
| Research and development expenses | 12 | 16 |
| Sub-total from discontinued operations | 84 | 106 |
| Total depreciation expense | 9,599 | 11,439 |

Security

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

| | Group | |
|--|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| Land, buildings and leasehold improvements | 8,512 | 9,483 |

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16. Right-of-use assets

| Group | Properties \$'000 |
|----------------------------------|------------------------------|
| <u>Cost:</u> | |
| At 1 January 2022 | 9,848 |
| Additions | 1,935 |
| Disposals | (1,334) |
| Foreign exchange adjustments | (87) |
| At 31 December 2022 | 10,362 |
| Additions | 2,374 |
| Foreign exchange adjustments | (203) |
| At 31 December 2023 | 12,533 |
| <u>Accumulated depreciation:</u> | |
| At 1 January 2022 | 4,559 |
| Depreciation for the year | 1,758 |
| Disposals | (1,334) |
| Foreign exchange adjustments | (64) |
| At 31 December 2022 | 4,919 |
| Depreciation for the year | 1,971 |
| Foreign exchange adjustments | (146) |
| At 31 December 2023 | 6,744 |
| <u>Carrying value:</u> | |
| At 1 January 2022 | 5,289 |
| At 31 December 2022 | 5,443 |
| At 31 December 2023 | 5,789 |
| Company | Property \$'000 |
| <u>Cost:</u> | |
| At 1 January 2022 | 430 |
| Additions | 614 |
| Disposals | (430) |
| At 31 December 2022 and 2023 | 614 |
| <u>Accumulated depreciation:</u> | |
| At 1 January 2022 | 310 |
| Depreciation for the year | 222 |
| Disposals | (430) |
| At 31 December 2022 | 102 |
| Depreciation for the year | 205 |
| At 31 December 2023 | 307 |
| <u>Carrying value:</u> | |
| At 1 January 2022 | 120 |
| At 31 December 2022 | 512 |
| At 31 December 2023 | 307 |

The right-of-use assets are in relation to the group's factories and office spaces. The related lease liabilities are disclosed in Note 28.

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NOTES TO THE FINANCIAL STATEMENTS

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16. Right-of-use assets (Continued)

Material accounting policy information and other explanatory information – Right-of-use assets

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 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.

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets over the estimated useful lives of the right-of-use assets are as follows:

Buildings and offices – 1 to 6 years (over periods of leases)

Allocation of the depreciation expense:

| | Group | |
|----------------------------|--------------|--------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Cost of sales | 1,750 | 1,525 |
| Administrative expenses | 221 | 233 |
| Total depreciation expense | <u>1,971</u> | <u>1,758</u> |

17. Investments in subsidiaries

| | Company | |
|---|----------------|----------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Unquoted equity interests at cost | 125,456 | 125,456 |
| Less: Allowance for impairment | (21,456) | (21,456) |
| Carrying value | <u>104,000</u> | <u>104,000</u> |
| <u>Movements in allowance for impairment:</u> | | |
| Balance at beginning of the year | 21,456 | 19,056 |
| Impairment loss charged to profit or loss | – | 2,400 |
| Balance at end of the year | <u>21,456</u> | <u>21,456</u> |

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17. Investments in subsidiaries (Continued)

Material accounting policy information and other explanatory information – Subsidiaries

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

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

17A. Listing of and information on subsidiaries

Name of subsidiaries, country of incorporation, place of operations and principal activities

| | Cost of investment | | Effective equity held | |
|---|--------------------|----------------|-----------------------|-----------|
| | 2023 \$'000 | 2022 \$'000 | 2023 % | 2022 % |
| <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 Limited ^(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 |

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17. Investments in subsidiaries (Continued)

17A. Listing of and information on subsidiaries (Continued)

| Name of subsidiaries, country of incorporation, place of operations and principal activities | Effective equity held | |
|---|-----------------------|-------|
| | 2023 | 2022 |
| | % | % |
| <i>Held through BIGL Asia Pte. Ltd. (Continued)</i> | | |
| 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 |
| Compart Engineering, Inc. ^(d) United States of America Investment holding | 100 | 100 |
| BIGL Korea Co. Ltd. ^(d) Republic of Korea Research and development, sale of precision parts and components | 86.84 | 89.19 |
| <i>Held through BIGL Enterprises (Singapore) Pte. Ltd.</i> | | |
| BIGL Technologies (Thailand) Co., Ltd. ^(b) Thailand Manufacturer of precision machined components and the sub-assembly of actuator arms | # | # |
| BIGL Enterprise Management (Beijing) Co., Ltd. [®] People's Republic of China Enterprise and business management | – | 100 |
| BIGL Robotics Pte. Ltd. ^(a) Singapore Wholesale of other machinery and equipment and after-sales service including technical activities | 100 | 100 |
| <i>Held through BIGL Asia Pacific Limited</i> | | |
| BIGL Holdings Pte. Ltd. ^(a) Singapore Business and management consultancy services | 100 | 100 |

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17. Investments in subsidiaries (Continued)

17A. Listing of and information on subsidiaries (Continued)

| Name of subsidiaries, country of incorporation, place of operations and principal activities | Effective equity held | |
|---|-----------------------|------|
| | 2023 | 2022 |
| | % | % |
| <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. ^(e) 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 |
| <i>Held through BIGL Korea Co., Ltd</i> | | |
| BIGL Vietnam Company Limited ^(a) (Incorporated on 17 January 2023) Vietnam Manufacturer of precision parts and component | 100 | – |

* Denotes less than \$1,000.

^(a) Audited by RSM SG Assurance LLP, a member firm of RSM International.

^(b) Audited by member firms of RSM International of which RSM SG Assurance LLP in Singapore is a member.

^(c) Audited by SBA Stone Forest CPA Co Ltd, an alliance firm of RSM SG Assurance LLP, for consolidation purpose.

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

^(e) Equity interests in the subsidiary have been frozen by Jiangsu Wuxi Intermediate People's Court from 27 October 2021 to 4 March 2024 pursuant to the arbitration arising from the terminated disposal of the HDD Business (see Note 31 for details).

Holds less than 0.01% pursuant to an acquisition from non-controlling interests for Nil consideration. The remaining shares are held by BIGL Asia directly.

^ The subsidiary was struck off on 6 May 2023.

© These subsidiaries had been disposed on 26 December 2023 (see Note 12 for details).

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

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17. Investments in subsidiaries (Continued)

17B. Acquisition of subsidiaries

On 11 November 2022, the group, via BIGL Asia, entered into a shareholders' agreement (the "SHA") with HSMJ Co., Ltd. ("HSMJ"), incorporated in Republic of Korea, whereby both parties agreed to co-invest a company in Korea, BIGL Korea Co. Ltd. ("BIGL Korea"). The company's and HSMJ's equity interest in BIGL Korea will be in the proportion of 55% and 45% respectively.

Subsequently, BIGL Korea incorporated a wholly-owned subsidiary in Vietnam, BIGL Vietnam Company Limited.

On 13 October 2023, as a result of a default event, i.e. HSMJ's failure to fully contribute the additional sum in accordance of the SHA, both parties entered into a supplementary agreement and agreed that the right of the company to require HSMJ to either:

- (a) sell all of HSMJ's shares to the company at a price equivalent to 90% of the fair market value of HSMJ's shares or
- (b) purchase all of BASG's shares from the company at a price equivalent to 110% of the fair market value of BASG's shares,

shall be extended to, and shall be exercisable by the company at any time by no later than, 31 December 2024.

As at the reporting year end, the company and HSMJ had subscribed for 430,218 shares and 65,185 shares of KRW10,000 each respectively, representing 86.84% and 13.16% of BIGL Korea's shares respectively.

17C. Recoverable amount of the company's investment in BIGL Asia

The group's HDD Business is held through BIGL Asia, a wholly-owned subsidiary of the company.

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 and the war in Ukraine.

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:

| Company | 2023 | 2022 |
|--|------------------------------------|-------------|
| Valuation technique: | Discounted cash flow method | |
| <u>Unobservable inputs</u> | | |
| Revenue growth rate | | |
| - Within the next reporting year | -4.6% | -10.5% |
| - From the 2nd to the 5th reporting years | 6.2% - 13.5% | 3.1% - 7.5% |
| Gross profit margin: | 6.6% - 7.0% | 5.2% - 6.6% |
| Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin: | 5.6% - 5.8% | 5.2% - 6.1% |
| Terminal growth rate: | 2.5% | 3.0% |
| Estimated discount rates using post-tax rates that reflect current market assessments at the risks specific to the investment: | 14.3% | 15.4% |

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17. Investments in subsidiaries (Continued)

17C. Recoverable amount of the company's investment in BIGL Asia (Continued)

In estimating the value-in-use, management exercise significant judgement in projecting the HDD Business's revenue growth rate, gross profit margin, EBITDA margin, 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.

Based on management's assessment, the recoverable amount of the company's investment in BIGL Asia was higher than its carrying value. Consequently, there was no impairment loss recognised in 2023 (2022: \$2,400,000).

18. Other assets, non-current

| | Group and Company | |
|-------------------------------|-------------------|--------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Transferable club memberships | 52 | 52 |

19. Trade and other receivables

| | Group | | Company | |
|---|--------|--------|---------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>Trade receivables:</u> | | | | |
| Outside parties | 72,346 | 24,589 | – | – |
| Less: Allowance for impairment | (533) | (552) | – | – |
| Subtotal | 71,813 | 24,037 | – | – |
| <u>Other receivables:</u> | | | | |
| Outside parties | 883 | 975 | – | – |
| Subsidiaries (Note 3C) | – | – | 16,268 | 16,373 |
| Less: Allowance for impairment | – | – | (5,667) | (5,662) |
| Deposits | 746 | 692 | 43 | 43 |
| Subtotal | 1,629 | 1,667 | 10,644 | 10,754 |
| Total trade and other receivables | 73,442 | 25,704 | 10,644 | 10,754 |
| <u>Presented as follows:</u> | | | | |
| Current | 73,442 | 25,704 | 10,644 | 10,395 |
| Non-current | – | – | – | 359 |
| Net | 73,442 | 25,704 | 10,644 | 10,754 |
| Movements in allowance for impairment: | | | | |
| Balance at beginning of the year | 552 | 607 | 5,662 | 3,408 |
| Allowance included in other gains/(other losses) (Note 6) | – | – | 5 | 2,254 |
| Foreign exchange adjustments | (19) | (55) | – | – |
| Balance at end of the year | 533 | 552 | 5,667 | 5,662 |

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19. Trade and other receivables (Continued)

Material accounting policy information and other explanatory information – Trade and other receivables

See Note 35 on financial instruments.

The group's trade receivables totalling \$41,731,000 (2022: \$10,269,000) were sold to banks as at the end of the reporting year. These trade receivables have been derecognised as they were sold without recourse.

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

Included in other receivables due from subsidiaries are loan receivables and accrued interest income due from subsidiaries amounting to \$5,662,000 (2022: \$5,692,000) and \$131,000 (2022: \$89,000) respectively. These loans bear interest at rates ranging from 2.80% to 3.74% (2022: 0.39% to 2.54%) per annum. The maturity dates of the loans and the accrued interest income are as follows:

| | Company | |
|----------------------|---------|--------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Within 1 year | 5,793 | 5,422 |
| Between 2 to 3 years | – | 359 |
| Net | 5,793 | 5,781 |

Trade receivables

The group has a few customers with material balances which can be credit risk graded individually and these are recorded at inception net of any expected lifetime credit loss. For these material balances the credit risk is graded individually. For these material balances, at the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. For any significant increase or decrease in credit risk an adjustment is made to the loss allowance for the material balances.

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 90 days (2022: 60 days). But some customers take a longer period to settle the amounts.

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

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

| | Group | |
|------------------------|--------|--------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Past due over 120 days | 235 | 149 |

Ageing analysis of trade receivable amounts that are past due and impaired as at the end of reporting year:

| | Group | |
|------------------------|--------|--------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Past due over 120 days | 533 | 552 |

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19. Trade and other receivables (Continued)

Trade receivables (Continued)

The allowance on trade receivables is based on individual accounts totalling \$533,000 (2022: \$552,000) that are determined to be impaired at the end of reporting year.

The top 2 (2022: 2) customers of the group represented more than 90% of the group's trade receivables in 2023 and 2022.

Other receivables

A loss allowance of \$5,667,000 (2022: \$5,662,000) related to other receivables from subsidiaries is recognised at the end of the reporting year.

20. Inventories

| | Group | |
|--|----------------|----------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Raw materials | 6,590 | 9,969 |
| Work-in-progress | 1,733 | 2,893 |
| Finished goods | 12,232 | 14,318 |
| Spare parts and others | 480 | 852 |
| Net | <u>21,035</u> | <u>28,032</u> |
| <i>Inventories are stated after allowance for obsolescence as follows:</i> | | |
| Balance at beginning of the year | 124 | 295 |
| Reversal to profit or loss included in cost of sales | (109) | (18) |
| Reversal to profit or loss included in other income/(other expenses) (Note 6) | - | (156) |
| Foreign exchange adjustments | (1) | 3 |
| Balance at end of the year | <u>14</u> | <u>124</u> |
| <i>Included in cost of sales:</i> | | |
| Changes in inventories – decrease | 7,106 | 11,874 |
| Purchases of inventories | <u>188,334</u> | <u>255,558</u> |

There are no inventories pledged as security for liabilities.

Material accounting policy information and other explanatory information – Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first in first out method. 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.

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21. Other assets, current

| | Group | | Company | |
|-------------|--------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Prepayments | 1,251 | 1,138 | 10 | 17 |

22. Cash and cash equivalents

| | Group | | Company | |
|-----------------------|--------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Not restricted in use | 33,715 | 29,184 | 302 | 653 |
| Restricted in use | 186 | 176 | – | – |
| | 33,901 | 29,360 | 302 | 653 |

At the end of the reporting year, cash at bank of \$186,000 (2022: 176,000) was pledged as collateral for banking facilities.

The interest earning balances are not material.

Material accounting policy information and other explanatory information – Cash and cash equivalents

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

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

| | Group | | Company | |
|--|--------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Amount as shown above | 33,901 | 29,360 | 302 | 653 |
| Cash pledged for bank facilities | (186) | (176) | – | – |
| Cash and cash equivalents for statement of cash flows purposes at end of the year | 33,715 | 29,184 | 302 | 653 |

22B. Non-cash movements

Additions to right-of-use assets of the group and of the company included capitalised restoration costs of Nil (2022: \$96,000) (Note 29).

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22. Cash and cash equivalents (Continued)

22C. Reconciliation of liabilities arising from financing activities

| Group | At beginning of the year \$'000 | Cash flows \$'000 | Non-cash changes \$'000 | At end of the year \$'000 |
|---|---------------------------------------|----------------------|-------------------------------|---------------------------------|
| <u>2023:</u> | | | | |
| Loans and borrowings | 6,805 | (2,915) | (41) ^(a) | 3,849 |
| Lease liabilities | 5,741 | (2,232) | 4,813 ^(b) | 8,322 |
| Total liabilities from financing activities | <u>12,546</u> | <u>(5,147)</u> | <u>4,772</u> | <u>12,171</u> |
| <u>2022:</u> | | | | |
| Loans and borrowings | 11,254 | (4,502) | 53 ^(a) | 6,805 |
| Lease liabilities | 5,667 | (1,745) | 1,819 ^(b) | 5,741 |
| Total liabilities from financing activities | <u>16,921</u> | <u>(6,247)</u> | <u>1,872</u> | <u>12,546</u> |

^(a) Comprise of foreign exchange adjustments.

^(b) Comprise of (i) new leases signed of \$4,874,000 (2022: \$1,845,000) and (ii) foreign exchange adjustments of \$61,000 (2022: \$26,000).

23. Share capital

| | Number of shares issued '000 | Share capital \$'000 |
|---|------------------------------------|-------------------------|
| <u>Ordinary shares of no par value:</u> | | |
| Balance at 1 January 2022 | 471,914 | 113,166 |
| Shares issued under BIGL Share Plan (Note 26) | – | (3) |
| Balance at 31 December 2022 and 2023 | <u>471,914</u> | <u>113,163</u> |

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

Capital management:

In order to maintain its listing on the Singapore Stock 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 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.

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23. Share capital (Continued)

Capital management: (Continued)

| | Group | |
|--|----------------|-----------------------|
| | 2023 \$'000 | 2022 \$'000 |
| | | (Re-presented) |
| Profit before income tax | 2,585 | 8,464 |
| Finance income | (543) | (24) |
| Finance costs | 2,565 | 1,658 |
| Net operating income | 4,607 | 10,098 |
| Equity attributable to owners of the company | 88,760 | 87,175 |
| Average return on capital | 5% | 12% |

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.

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.

The aggregate number of shares available under the 2022 Plan and Scheme (Note 26) shall not exceed 15% of the company's total issued shares (excluding treasury shares).

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

24. Accumulated losses

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.

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 PRC and Thailand totalled \$3,824,000 (2022: \$3,537,000) and \$844,000 (2022: \$820,000) respectively. The statutory reserve and legal reserve are not available for dividend distribution.

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25. Other reserves

| | Group | | Company | |
|--|-----------------|-----------------|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Treasury shares (Note 25A) | (3,043) | (3,043) | (3,043) | (3,043) |
| Capital reserve (Note 25B) | 2,924 | 2,924 | – | – |
| Share-based payment reserve (Note 25C) | 20 | 400 | 20 | 400 |
| Foreign currency translation reserve (Note 25D) | (19,473) | (17,953) | – | – |
| | (19,572) | (17,672) | (3,023) | (2,643) |

Other reserves are not available for cash dividends unless realised.

25A. Treasury shares

| | Group and Company | |
|--|------------------------------------|-------------------------|
| | Number of shares issued '000 | Share capital \$'000 |
| Balance at 1 January 2022 | (13,633) | (2,320) |
| Share acquired | (3,665) | (729) |
| Shares issued to under BIGL Share Plan (Notes 23 and 26) | 40 | 6 |
| Balance at 31 December 2022 and 2023 | (17,258) | (3,043) |

Treasury shares were ordinary shares acquired by the company from the market. These shares may be used for shares awards to employees in the group under the share option and / or share plan programme. The reserve represents consideration paid by the company to acquire its ordinary shares. When the treasury shares are subsequently sold or re-issued, the cost of the treasury shares is reversed from reserve for own shares account and the realised gain or loss on the transaction is presented as a change in equity of the company. No gain or loss is recognised in profit or loss.

25B. Capital reserve

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

25C. Share-based payment reserve

| | Group and Company | |
|--|-------------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| Balance at beginning of the year | 400 | 403 |
| Exercised during the year | – | (3) |
| Expiry of share options – transferred to retained earnings | (400) | – |
| Expense recognised in profit or loss (Note 10) | 20 | – |
| Balance at end of the year | 20 | 400 |

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

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25. Other reserves (Continued)

25C. Share-based payment reserve (Continued)

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

25D. Foreign currency translation reserve

| | Group | |
|---|-----------------|-----------------|
| | 2023 \$'000 | 2022 \$'000 |
| Balance at beginning of the year | (17,953) | (17,273) |
| Exchange differences on translating foreign operations, net | (1,520) | (680) |
| Balance at end of the year | <u>(19,473)</u> | <u>(17,953)</u> |

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.

26. Share-based payment arrangement

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

There were no issued share of the company under the Plan as at the reporting year ended 31 December 2023 (2022: Nil).

Under the 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.

The 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 5th or 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 5th or 10th anniversary of such offer date.

2,850,000 (2022: Nil) market price options were granted in the reporting year ended 31 December 2023, and remained outstanding as at 31 December 2023.

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26. Share-based payment arrangement (Continued)

The details of the options granted under the Scheme are as follows:

| Grant date | Participants | Number of options as of 31 December 2023 | Vesting conditions | Contractual life of options |
|------------|-------------------------|---|--------------------|--------------------------------|
| 5 May 2023 | Non-executive directors | 240,000 | 1 year's service | 5 years |
| 5 May 2023 | Employees | 900,000 | 1 year's service | 10 years |
| 5 May 2023 | Non-executive directors | 180,000 | 2 years' service | 5 years |
| 5 May 2023 | Employees | 675,000 | 2 years' service | 10 years |
| 5 May 2023 | Non-executive directors | 180,000 | 3 years' service | 5 years |
| 5 May 2023 | Employees | 675,000 | 3 years' service | 10 years |
| | | 2,850,000 | | |

Input for measurement of grant date fair value

The Black-Scholes option pricing model was used with the following weighted-average assumptions for options granted during the following periods:

| <u>Fair value of share options and assumptions</u> | <u>2023</u> |
|---|-------------------|
| Fair value of share options at grant date | \$0.030 - \$0.053 |
| Share price at grant date | \$0.087 |
| Exercise price | \$0.090 |
| Expected volatility (weighted average volatility) | 73.50% |
| Options life | 5 - 10 years |
| Expected dividends | 3.16% |
| Risk-free interest rate (based on government bonds) | 2.78% |

Share-based payment arising from the share options and charged to employee benefit expenses amounted to \$20,000 (2022: Nil).

27. Other liabilities

| | Group | |
|--|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| Provision for employee benefit costs | 1,648 | 1,907 |
| Movements are as follows: | | |
| Balance at beginning of the year | 1,907 | 2,019 |
| Net benefit expense recognised in profit or loss (Note 10) | 315 | 241 |
| Payments during the year | (561) | (246) |
| Foreign exchange adjustments | (13) | (107) |
| Balance at end of the year | 1,648 | 1,907 |

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27. Other liabilities (Continued)

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

The cost of providing post-employment benefits was calculated based on actuarial 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 | 2023 | | 2022 | |
|----------------------|---------------|-------------|---------------|-------------|
| | Monthly staff | Daily staff | Monthly staff | Daily staff |
| Discount rate | 3.34% | 3.34% | 3.47% | 3.47% |
| Salary increase rate | 4.00% | 3.00% | 3.00% | 1.00% |
| Turnover rate | 0 - 33% | 0 - 46% | 0 - 14% | 0 - 17% |

28. Lease liabilities

| | Group | | Company | |
|-------------|--------------|--------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | 2,652 | 1,547 | 183 | 176 |
| Non-current | 5,670 | 4,194 | 93 | 276 |
| | 8,322 | 5,741 | 276 | 452 |

Movements of lease liabilities are as follows:

| | 2023 | 2022 | 2023 | 2022 |
|---|--------------|--------------|------------|------------|
| At beginning of the year | 5,741 | 5,667 | 452 | 117 |
| Additions | 4,874 | 1,845 | – | 518 |
| Accretion of interest | 436 | 215 | 9 | 7 |
| Lease payments – principal portion paid | (2,232) | (1,745) | (176) | (183) |
| Interest expense paid | (436) | (215) | (9) | (7) |
| Foreign exchange adjustments | (61) | (26) | – | – |
| At end of the year | 8,322 | 5,741 | 276 | 452 |

The lease liabilities are in relation to the group's factories and office spaces. 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 16.

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28. Lease liabilities (Continued)

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>2023:</u> | | | |
| Due within one year | 3,226 | (574) | 2,652 |
| Due within 2 to 5 years | 6,638 | (968) | 5,670 |
| | 9,864 | (1,542) | 8,322 |
| <u>2022:</u> | | | |
| Due within one year | 1,761 | (214) | 1,547 |
| Due within 2 to 5 years | 4,573 | (379) | 4,194 |
| | 6,334 | (593) | 5,741 |
| Company | | | |
| <u>2023:</u> | | | |
| Due within one year | 187 | (4) | 183 |
| Due within 2 to 5 years | 94 | (1) | 93 |
| | 281 | (5) | 276 |
| <u>2022:</u> | | | |
| Due within one year | 186 | (10) | 176 |
| Due within 2 to 5 years | 281 | (5) | 276 |
| | 467 | (15) | 452 |

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 | |
|------------|------------------------|------------------------|
| | 2023 \$'000 | 2022 \$'000 |
| Properties | – | 2,225 |

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

| | Group | |
|---|------------------------|------------------------|
| | 2023 \$'000 | 2022 \$'000 |
| Expenses relating to short-term leases included in: | | |
| Cost of sales | 340 | 504 |
| Administrative expenses | 218 | 354 |
| | 558 | 858 |

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28. Lease liabilities (Continued)

The lease liability above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments that do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-of-use assets.

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.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

29. Trade and other payables

| | Group | | Company | |
|---|---------------|---------------|------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>Trade payables:</u> | | | | |
| Outside parties and accrued liabilities | 88,730 | 45,341 | 479 | 937 |
| <u>Other payables:</u> | | | | |
| Outside parties | 2,768 | 1,899 | 16 | 13 |
| Total trade and other payables | <u>91,498</u> | <u>47,240</u> | <u>495</u> | <u>950</u> |

Material accounting policy information and other explanatory information – Trade and other payables

See Note 35 on financial instruments.

30. Loans and borrowings

| | Group | |
|----------------------------|--------------|--------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| <u>Secured bank loans:</u> | | |
| Current | <u>3,849</u> | <u>6,805</u> |

| | Effective interest rate | | Year of maturity | | Group | |
|--------------------------|-------------------------|-------------|------------------|------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | % | % | | | \$'000 | \$'000 |
| Secured bank loans (USD) | 4.76 – 7.40 | 3.36 – 7.92 | 2024 | 2023 | <u>3,849</u> | <u>6,805</u> |

The group's bank loans are secured by legal charges over property, plant and equipment (see Note 15) and guaranteed by a subsidiary in the group. In addition, the subsidiary drawing down the loan must comply with certain financial covenants.

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.

As at year ended 31 December 2023, the subsidiary, BIGL Technologies (Thailand) Co., Ltd breached a financial covenant for one of its bank facilities. It did not fulfil the requirement to maintain interest coverage ratio at 5 times. Subsequently to the year end, the bank provided waiver to the breach.

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31. Arbitration case

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" or the "Claimants") 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 was 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. (collectively, the "Respondents") 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.

After a few oral hearings between both parties and two rounds of Post-Hearing Briefs in 2022, the group was notified by CIETAC on 2 January 2024 that, after the deliberation by the arbitral tribunal, the majority decision is as follows:

- all arbitration claims requested by the Purchasers and counterclaims requested by the Respondents are rejected;
- the arbitration fee for the relevant claim(s) which amounts to RMB797,551 (approximately \$150,938), is to be borne by the Purchasers. This fee has been offset by the equal amount of the arbitration deposit pre-paid by the Purchasers;
- the counterclaim arbitration fee which amounts to US\$21,597 (approximately \$28,974), is to be borne by the Respondents. This fee has been offset by the equal amount of the arbitration deposit pre-paid by the Respondents; and
- the actual expenses of RMB15,000 (approximately \$2,839) pre-paid by the Respondents for their appointed arbitrator will be refunded in full to the Respondents as it had not been incurred.

The award is final and binding upon the Claimants and the Respondents and has come into legal effect on 29 December 2023.

On 12 March 2024, BIGL Asia had through its Chinese Legal Counsel received a notice from JiangSu Wuxi Intermediate People Court that the lifting of the Freezing Order of BIGL Wuxi, has been granted with effect from 4 March 2024.

32. Contingent liability

| | Company | |
|--|--------------|--------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Undertaking to support subsidiaries in deficit | <u>6,304</u> | <u>5,929</u> |

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33. Capital commitments

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

| | Group | |
|--|--------|--------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Commitment to purchase plant and equipment | 145 | 353 |

34. Operating lease income commitments

At the end of the reporting year, the group had leased a section of its Shenzhen property to an external party for rental income from 2023 to 2025. A maturity analysis of the undiscounted non-cancellable rental income to be received on an annual basis for three years is as follows:

| | Group | |
|----------------------|--------|--------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Within 1 year | 178 | 185 |
| Between 2 to 3 years | 181 | 369 |

35. Financial instruments: information on material accounting policy information and financial risks

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. 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.

35A. Categories of financial assets and financial liabilities

The financial reporting standard on financial instruments requires the categorisation of financial instruments. At the end of the reporting year, the group had the following categories financial assets and liabilities:

- 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.
- Financial liabilities are categorised as 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.

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35. Financial instruments: information on material accounting policy information and financial risks (Continued)

35A. Categories of financial assets and financial liabilities (Continued)

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

| | Group | | Company | |
|-------------------------------|---------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| <u>Financial assets:</u> | | | | |
| Amortised cost | 107,343 | 55,064 | 10,946 | 11,407 |
| <u>Financial liabilities:</u> | | | | |
| Amortised cost | 103,669 | 59,786 | 771 | 1,402 |

Further quantitative disclosures are included throughout these financial statements.

35B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity'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, 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:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. 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.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.
5. When appropriate consideration is given to entering into derivatives or any other similar instruments 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

See Note 2A for accounting policy. 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 both 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.

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35. Financial instruments: information on material accounting policy information and financial risks (Continued)

35D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the financial reporting standard on financial instruments is applied to measure ECL allowance on financial assets the ECL allowance. On initial recognition, a day-1 loss is recorded equal to the 12 months ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the group applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any 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 22 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 within twelve months after at the end of the reporting year.

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

| Group | Less than 1 year \$'000 | Between 2 – 5 years \$'000 | Total \$'000 |
|----------------------------|-------------------------------|----------------------------------|-----------------|
| <u>2023:</u> | | | |
| Gross loans and borrowings | 3,876 | – | 3,876 |
| Gross lease liabilities | 3,226 | 6,638 | 9,864 |
| Trade and other payables | 91,498 | – | 91,498 |
| | 98,600 | 6,638 | 105,238 |
| <u>2022:</u> | | | |
| Gross loans and borrowings | 6,838 | – | 6,838 |
| Gross lease liabilities | 1,761 | 4,573 | 6,334 |
| Trade and other payables | 47,240 | – | 47,240 |
| | 55,839 | 4,573 | 60,412 |

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35. **Financial instruments: information on material accounting policy information and financial risks** (Continued)

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

| Company | Less than 1 year \$'000 | Between 2 – 5 years \$'000 | Total \$'000 |
|--------------------------|-------------------------------|----------------------------------|-----------------|
| <u>2023:</u> | | | |
| Gross lease liabilities | 187 | 94 | 281 |
| Trade and other payables | 495 | – | 495 |
| | 682 | 94 | 776 |
| <u>2022:</u> | | | |
| Gross lease liabilities | 186 | 281 | 467 |
| Trade and other payables | 950 | – | 950 |
| | 1,136 | 281 | 1,417 |

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.

The average credit period taken to settle current trade payables is about 101 days (2022: 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.

35F. **Interest rate risk**

Interest rate risk arises on interest-bearing financial instruments. The interest from financial assets is not material.

The following table analyses the breakdown of the significant financial instruments (excluding derivatives) at the end of the reporting year by type of interest rate:

| | Group | | Company | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| <u>Financial liabilities:</u> | | | | |
| Floating rates | 8,322 | 5,741 | 276 | 452 |
| Fixed rates | 3,849 | 6,805 | – | – |
| | 12,171 | 12,546 | 276 | 452 |

The floating rate debt obligations are with interest rates that are re-set regularly at one, three or six months intervals. The interest rates are disclosed in Note 28.

The effect on pre-tax profit is not material.

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35. Financial instruments: information on material accounting policy information and financial risks (Continued)

35G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency that is a currency other than the functional currency in which they are measured. Currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency as defined in the financial reporting standard on financial instruments.

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

| Group | United States Dollar \$'000 | Chinese Renminbi \$'000 | Thai Baht \$'000 | Total \$'000 |
|--------------------------------------|-----------------------------------|-------------------------------|---------------------|-----------------|
| <u>2023:</u> | | | | |
| <u>Financial assets:</u> | | | | |
| Cash and cash equivalents | 45 | 284 | 755 | 1,084 |
| Loans and receivables | – | 1,198 | 298 | 1,496 |
| Total financial assets | <u>45</u> | <u>1,482</u> | <u>1,053</u> | <u>2,580</u> |
| <u>Financial liabilities:</u> | | | | |
| Trade and other payables | – | (6,998) | (3,950) | (10,948) |
| Lease liabilities | – | (488) | (3,356) | (3,844) |
| Loans and borrowings | – | – | (3,849) | (3,849) |
| Total financial liabilities | <u>–</u> | <u>(7,486)</u> | <u>(11,155)</u> | <u>(18,641)</u> |
| Net financial assets / (liabilities) | <u>45</u> | <u>(6,004)</u> | <u>(10,102)</u> | <u>(16,061)</u> |
| <u>2022:</u> | | | | |
| <u>Financial assets:</u> | | | | |
| Cash and cash equivalents | 257 | 968 | 3,176 | 4,401 |
| Loans and receivables | – | 1,225 | 319 | 1,544 |
| Total financial assets | <u>257</u> | <u>2,193</u> | <u>3,495</u> | <u>5,945</u> |
| <u>Financial liabilities:</u> | | | | |
| Trade and other payables | – | (5,544) | (2,508) | (8,052) |
| Lease liabilities | – | (1,224) | (4,065) | (5,289) |
| Loans and borrowings | – | – | (3,895) | (3,895) |
| Total financial liabilities | <u>–</u> | <u>(6,768)</u> | <u>(10,468)</u> | <u>(17,236)</u> |
| Net financial assets / (liabilities) | <u>257</u> | <u>(4,575)</u> | <u>(6,973)</u> | <u>(11,291)</u> |

| Company | United States Dollar | |
|---------------------------|----------------------|----------------|
| | 2023 \$'000 | 2022 \$'000 |
| <u>Financial assets:</u> | | |
| Cash and cash equivalents | <u>45</u> | <u>257</u> |

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

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35. Financial instruments: information on material accounting policy information and financial risks (Continued)

35G. Foreign currency risk (Continued)

Sensitivity analysis:

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the following currencies with all other variables held constant would have a favourable / (adverse) effect on profit before income tax of | | | | |
| - United States Dollar | (4) | (26) | (4) | (26) |
| - Chinese Renminbi | 601 | 457 | – | – |
| - Thai Baht | 1,010 | 697 | – | – |

The above table shows sensitivity to a hypothetical percentage variation in the functional currencies 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.

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. Events after the end of the reporting year

On 9 January 2024, a subsidiary, BIGL Technologies (Thailand) Co., Ltd. ("BIGL Thailand"), entered into a sale agreement with Kasikorn Factory and Equipment Co., Ltd. ("KBank") where BIGL Thailand had agreed to sell certain machines (the "Assets") to KBank in the amount of approximately Thai Baht 200 million (approximately \$7.6 million), and also consequently entered into a lease agreement with KBank where KBank had agreed to lease the Assets to BIGL Thailand.

37. Changes and adoption of financial reporting standards

For the current reporting year the ASC issued amendment to SFRS 1 and Practice Statement 2 on disclosures of material accounting policy and other explanatory information. Immaterial information need not be disclosed. Disclosures should not obscure material accounting policy information (such as material information being obscured, or information regarding a material item, transaction or other event is scattered throughout the financial statements, etc). In addition, the ASC issued certain new or revised financial reporting standards. None had material impact on the group. Those applicable to the group are listed below.

| SFRS(I) No. | Title |
|-------------|---|
| SFRS(I) 1-8 | Definition of Accounting Estimates – Amendments |

APPENDIX D: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY2023

BROADWAY INDUSTRIAL GROUP LIMITED ● ● ●

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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

38. New or amended standards in issue but not yet effective

For the future reporting years the ASC issued certain new or revised financial reporting standards. 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) 1-1 | Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current | 1 January 2024 |
| SFRS(I) 1-21 | The effects of Changes in Foreign Exchange Rates (amendments) Lack of Exchangeability | 1 January 2025 |

The transfer to the applicable new or revised standards from the effective dates is not expected to result in any material modification of the measurement methods or the presentation in the financial statements for the following reporting 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 entity's financial statements in the period of initial application.

**APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
OF THE GROUP FOR 1H FY2024**

BROADWAY INDUSTRIAL GROUP LIMITED

Company Registration No. 199405266K

Unaudited Condensed Interim Financial Statements

For the Six Months Ended 30 June 2024

APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024

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APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024

A Condensed interim consolidated statement of profit or loss and other comprehensive Income

| | Note | Group 6 months ended | | Change % |
|---|------|-------------------------|---------------------------------------|-------------|
| | | 30 Jun 2024 | 30 Jun 2023 (Re- presented)* | |
| | | S\$'000 | S\$'000 | |
| Revenue | 4 | 165,271 | 126,346 | 30.8 |
| Cost of sales | | (149,570) | (122,225) | 22.4 |
| Gross profit | | 15,701 | 4,121 | 281.0 |
| Distribution expenses | | (396) | (429) | (7.7) |
| Administrative expenses | | (5,297) | (4,630) | 14.4 |
| Sales and marketing expenses | | (332) | (356) | (6.7) |
| Other income | 5 | 1,580 | 1,242 | 27.2 |
| Results from operating activities | | 11,256 | (52) | n.m. |
| Finance income | | 527 | 140 | 276.4 |
| Finance costs | | (1,177) | (1,144) | 2.9 |
| Net finance costs | | (650) | (1,004) | (35.3) |
| Profit/(Loss) before income tax | 6 | 10,606 | (1,056) | n.m. |
| Income tax expense | 7 | (2,194) | (54) | n.m. |
| Profit/(Loss) from continuing operations, net of tax | | 8,412 | (1,110) | n.m. |
| Loss from discontinued operations, net of tax | 4.3 | - | (427) | n.m. |
| Profit/(Loss) for the year | | 8,412 | (1,537) | n.m. |
| Other comprehensive income/(loss) : | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | |
| Exchange differences on translating foreign operations, net of tax | | 2,027 | 593 | 241.8 |
| Total comprehensive income/(loss) | | 10,439 | (944) | n.m. |
| Profit/(Loss) for the period attributable to : | | | | |
| Owners of the Company | | 8,745 | (1,211) | n.m. |
| Non-controlling interests | | (333) | (326) | 2.1 |
| | | 8,412 | (1,537) | n.m. |
| Total comprehensive income/(loss) attributable to : | | | | |
| Owners of the Company | | 10,772 | (748) | n.m. |
| Non-controlling interests | | (333) | (196) | 69.9 |
| Total comprehensive income/(loss) | | 10,439 | (944) | n.m. |

Earnings/(Loss) per share for the period attributable to the owners of the Company

| | Note | Group 6 months ended | | Change % |
|---------|------|-------------------------|----------------|-------------|
| | | 30 Jun 2024 | 30 Jun 2023 | |
| | | Cents | Cents | |
| Basic | 8 | 1.92 | (0.27) | n.m. |
| Diluted | 8 | 1.92 | (0.27) | n.m. |

n.m. - not meaningful

*Re-presented - please refer to Note 4.3. The comparative information has been re-presented due to discontinued operations.

APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024

B Condensed interim statements of financial position

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 |
| | | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| ASSETS | | | | | |
| Property, plant and equipment | 11 | 60,077 | 61,753 | 106 | 147 |
| Right-of-use assets | | 5,003 | 5,789 | 205 | 307 |
| Investments in subsidiaries | | - | - | 104,000 | 104,000 |
| Other assets, non-current | | 52 | 52 | 52 | 52 |
| Total non-current assets | | 65,132 | 67,594 | 104,363 | 104,506 |
| Inventories | | 25,297 | 21,035 | - | - |
| Trade and other receivables | | 121,100 | 73,442 | 10,472 | 10,644 |
| Other assets, current | | 1,385 | 1,251 | - | 10 |
| Cash and cash equivalents | | 29,785 | 33,901 | 448 | 302 |
| Total current assets | | 177,567 | 129,629 | 10,920 | 10,956 |
| Total assets | | 242,699 | 197,223 | 115,283 | 115,462 |
| EQUITY AND LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 12 | 113,163 | 113,163 | 113,163 | 113,163 |
| Retained earnings/(accumulated losses) | | 1,071 | (4,831) | 3,799 | 4,546 |
| Other reserves | | (17,370) | (19,572) | (2,848) | (3,023) |
| Equity attributable to owners of the Company | | 96,864 | 88,760 | 114,114 | 114,686 |
| Non-controlling interests | | - | 102 | - | - |
| Total equity | | 96,864 | 88,862 | 114,114 | 114,686 |
| Liabilities | | | | | |
| Other liabilities | | 1,692 | 1,648 | - | - |
| Lease liabilities, non-current | | 8,624 | 5,670 | - | 93 |
| Total non-current liabilities | | 10,316 | 7,318 | - | 93 |
| Income tax payable | | 4,581 | 3,044 | 5 | 5 |
| Trade and other payables | | 121,802 | 91,498 | 979 | 495 |
| Loans and borrowings | 13 | 4,230 | 3,849 | - | - |
| Lease liabilities, current | | 4,906 | 2,652 | 185 | 183 |
| Total current liabilities | | 135,519 | 101,043 | 1,169 | 683 |
| Total liabilities | | 145,835 | 108,361 | 1,169 | 776 |
| Total equity and liabilities | | 242,699 | 197,223 | 115,283 | 115,462 |

APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024

C Condensed interim statements of changes in equity

| The Group | Other reserves | | | | | (Accumulated losses)/ retained earnings S\$'000 | Total attributable to owners of the Company S\$'000 | Non-controlling interests S\$'000 | Total equity S\$'000 |
|---|-----------------------|-------------------------|-------------------------|-------------------------------------|-----------------------------|---|---|-----------------------------------|----------------------|
| | Share capital S\$'000 | Treasury shares S\$'000 | Capital reserve S\$'000 | Share-based payment reserve S\$'000 | Translation reserve S\$'000 | | | | |
| Balance at 1 Jan 2024 | 113,163 | (3,043) | 2,924 | 20 | (19,473) | (4,831) | 88,760 | 102 | 88,862 |
| Total comprehensive income for the period | - | - | - | - | 2,027 | 8,745 | 10,772 | (333) | 10,439 |
| Acquisition of a non-controlling interest without a change in control | - | - | - | - | - | (570) | (570) | 231 | (339) |
| Share-based payment | - | - | - | 175 | - | - | 175 | - | 175 |
| Dividend paid | - | - | - | - | - | (2,273) | (2,273) | - | (2,273) |
| Balance at 30 Jun 2024 | 113,163 | (3,043) | 2,924 | 195 | (17,446) | 1,071 | 96,864 | - | 96,864 |
| Balance at 1 Jan 2023 | 113,163 | (3,043) | 2,924 | 400 | (17,953) | (8,316) | 87,175 | 801 | 87,976 |
| Total comprehensive income/(loss) for the period | - | - | - | - | 463 | (1,211) | (748) | (196) | (944) |
| Share-based payment | - | - | - | (143) | - | 143 | - | - | - |
| Balance at 30 Jun 2023 | 113,163 | (3,043) | 2,924 | 257 | (17,490) | (9,384) | 86,427 | 605 | 87,032 |

| The Company | Other reserves | | | | | Total equity S\$'000 |
|---|-----------------------|-------------------------|-------------------------------------|---|--|----------------------|
| | Share capital S\$'000 | Treasury shares S\$'000 | Share-based payment reserve S\$'000 | (Accumulated losses)/ retained earnings S\$'000 | | |
| Balance at 1 Jan 2024 | | | | | | 114,686 |
| Total comprehensive income for the period | | | | | | 1,526 |
| Share-based payment | | | | | | 175 |
| Dividend paid | | | | | | (2,273) |
| Balance at 30 Jun 2024 | | | | | | 114,114 |
| Balance at 1 Jan 2023 | | | | | | 114,816 |
| Total comprehensive loss for the period | | | | | | (1,237) |
| Share-based payment | | | | | | 143 |
| Balance at 30 Jun 2023 | | | | | | 113,579 |

APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024

D Condensed interim consolidated statement of cash flows

| | Group | |
|--|----------------|----------------|
| | 30 Jun 2024 | 30 Jun 2023 |
| | S\$'000 | S\$'000 |
| Cash flows from operating activities | | |
| Profit/(Loss) before income tax from continuing operations | 10,606 | (1,056) |
| Loss before income tax from discontinuing operations | - | (427) |
| Depreciation of property, plant and equipment | 3,897 | 4,657 |
| Depreciation of right-of-use assets | 945 | 1,049 |
| Equity-settled share-based payment transactions | 175 | - |
| Gain/(Loss) on disposal of property, plant and equipment | 231 | (5) |
| Interest expense | 1,177 | 1,144 |
| Interest income | (527) | (140) |
| Operating cash flows before changes in working capital | 16,504 | 5,222 |
| Inventories | (3,621) | 10,337 |
| Trade and other receivables | (45,274) | (14,903) |
| Other assets | (97) | (1,102) |
| Trade and other payables | 27,530 | 7,480 |
| Other liabilities | (4) | (100) |
| Net cash flows from operations | (4,962) | 6,934 |
| Income tax paid | (753) | (147) |
| Net cash flows (used in)/from operating activities | (5,715) | 6,787 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (810) | (4,067) |
| Proceeds from disposal of property, plant and equipment | 173 | 180 |
| Transaction with a non-controlling interest of a subsidiary | (337) | - |
| Interest income received | 527 | 140 |
| Net cash flow used in investing activities | (447) | (3,747) |
| Cash flows from financing activities | | |
| Proceeds from bank borrowings | 539 | 7,647 |
| Repayment of bank borrowings | (271) | (10,557) |
| Dividend paid to equity owners | (2,273) | - |
| Proceeds from leases | 10,308 | - |
| Payment of principal portion of lease liabilities | (5,362) | (1,231) |
| Interest expense paid | (1,177) | (1,144) |
| Net cash flows from/(used in) financing activities | 1,764 | (5,285) |
| Net decrease in cash and cash equivalents | (4,398) | (2,245) |
| Cash and cash equivalents, beginning balance | 33,716 | 29,360 |
| Effect of exchange rate fluctuations | 289 | 239 |
| Cash and cash equivalents, ending balance (Note A) | 29,607 | 27,354 |
| Note A | | |
| Cash and cash equivalents as end of the period | 29,785 | 27,354 |
| Cash pledged for bank facilities | (178) | - |
| Cash and cash equivalents as disclosed in consolidated statement of cash flows | 29,607 | 27,354 |

APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024

E Notes to the condensed interim consolidated financial statements

1. Corporation Information

Broadway Industrial Group Limited (the "Company") is incorporated in Singapore with limited liability. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST").

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the "Group").

The Company is an investment holding company.

The principal activities of the Group are disclosed in Note 4 below.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with the SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

All financial information in these interim financial statements are presented in Singapore dollar and rounded to the nearest thousand ("S\$'000") except when otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgement and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024

4. Segment and revenue information

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) precision engineering; and (3) others. 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 makers 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) Precision Engineering segment - This segment comprises the manufacturing and distribution of precision diecasting and machining
- (3) Others segment - This segment comprises mainly investment holding and discontinued operations.

4.1 Reportable segments

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

| | Precision | | Others | Group Total |
|---|-----------|-------------|---------|-------------|
| | HDD | Engineering | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| From 1 January 2024 to 30 June 2024 | | | | |
| Revenue to external customers | 164,573 | 698 | - | 165,271 |
| EBITDA | 17,664 | (1,652) | 82 | 16,094 |
| Net finance (costs)/income | (545) | (150) | 44 | (650) |
| Depreciation expense | (3,849) | (971) | (18) | (4,838) |
| Profit/(Loss) before income tax | 13,270 | (2,773) | 107 | 10,606 |
| Income tax expense | (1,993) | - | (201) | (2,194) |
| Profit/(Loss), net of tax | 11,277 | (2,773) | (94) | 8,412 |
| Total assets for reportable segments | 230,105 | 12,050 | 544 | 242,699 |
| Total liabilities for reportable segments | 139,686 | 5,985 | 164 | 145,835 |
| Capital expenditure | 322 | 488 | - | 810 |
| From 1 January 2023 to 30 June 2023 | | | | |
| Revenue to external customers | 125,354 | 992 | - | 126,346 |
| EBITDA | 6,735 | (1,428) | 284 | 5,591 |
| Net finance (costs)/income | (944) | (82) | 22 | (1,004) |
| Depreciation expense | (5,289) | (327) | (27) | (5,643) |
| Profit/(Loss) before income tax | 502 | (1,837) | 279 | (1,056) |
| Income tax expense | (14) | - | (40) | (54) |
| Profit/(Loss), net of tax for continuing operations | 488 | (1,837) | 239 | (1,110) |
| Loss, net of tax for discontinued operations | - | - | (427) | (427) |
| Total assets for reportable segments | 148,177 | 11,267 | 1,176 | 160,620 |
| Total liabilities for reportable segments | 65,838 | 7,406 | 344 | 73,588 |
| Capital expenditure | 1,064 | 2,213 | - | 3,277 |

APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024

4.2 Geographical information

Singapore is the country of domicile of the Company. The principal activity of the Company is investment holding. The Company's subsidiaries in the reportable segment are mainly located in the People's Republic of China ("PRC"), Thailand, South Korea, Vietnam and Singapore.

In presenting information on the basis of geographical segments, revenue is attributable to countries on the geographical location of customers and the non-current assets are analysed by the geographical area in which the assets are located:

| | Group Revenue | | Group Non-Current Assets | |
|----------------------------|------------------|----------------|-----------------------------|----------------|
| | 6 months ended | | | |
| | 30 Jun 2024 | 30 Jun 2023 | 30 Jun 2024 | 30 Jun 2023 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Thailand | 116,364 | 83,010 | 34,652 | 40,646 |
| People's Republic of China | 48,212 | 42,252 | 19,488 | 22,408 |
| Singapore | - | 63 | 363 | 694 |
| Vietnam | 550 | 241 | 10,612 | 8,580 |
| South Korea | 24 | 348 | 15 | 25 |
| Other countries | 121 | 432 | - | - |
| Total | 165,271 | 126,346 | 65,132 | 72,353 |

4.3 Discontinued operations

- a. The Group had evaluated and decided to exit from its robotics business. As part of the long-term business strategy, it had in December 2023 disposed of its 100% stake in BIGL Enterprise Management (Beijing) Co., Ltd. which, in turn, held a 55% stake in Beijing Ant Brothers Technology Co., Ltd. In addition, it had also ceased the operations of its Singapore robotics business.

b Loss from discontinued operations, Net of Tax

| | 6 months ended 30 Jun 2023 S\$'000 |
|--|---|
| Revenue | 99 |
| Cost of Sales | (127) |
| Gross loss | (28) |
| Distribution expenses | (11) |
| Administrative expenses | (119) |
| Sales and marketing expenses | (159) |
| Research & development expenses | (96) |
| Other expenses | (14) |
| Total loss on discontinued operations | (427) |

5. Other Income

| | Group 6 months ended | |
|--|-------------------------|----------------|
| | 30 Jun 2024 | 30 Jun 2023 |
| | S\$'000 | S\$'000 |
| Foreign exchange gains, net | 1,090 | 541 |
| Gain/(Loss) on disposal of property, plant & equipment | (231) | 5 |
| Scrap income | 704 | 561 |
| Government grants | 56 | 119 |
| Redundancy costs | (114) | (187) |
| Others | 75 | 203 |
| Total | 1,580 | 1,242 |

APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024

6. Profit/(Loss) before income tax included

| | Group | |
|---|----------------|---------|
| | 6 months ended | |
| | 30 Jun | 30 Jun |
| | 2024 | 2023 |
| | S\$'000 | S\$'000 |
| Depreciation of property, plant and equipment | (3,897) | (4,657) |
| Depreciation of right-of-use assets | (945) | (1,049) |
| | (4,842) | (5,706) |

7. Income tax expense

| | Group | |
|--------------------------------|----------------|---------|
| | 6 months ended | |
| | 30 Jun | 30 Jun |
| | 2024 | 2023 |
| | S\$'000 | S\$'000 |
| Current income tax expenses | (2,194) | (22) |
| Under provision in prior years | - | (32) |
| | (2,194) | (54) |

8. Earnings/(Loss) per share

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

| | Group | |
|---|----------------|---------|
| | 6 months ended | |
| | 30 Jun | 30 Jun |
| | 2024 | 2023 |
| | S\$'000 | S\$'000 |
| Numerators : | | |
| Profit/(Loss) attributable to owners of the Company | 8,745 | (1,211) |
| Denominators: | | |
| Weighted average numbers of equity shares (basic) | 454,656 | 454,656 |
| Unreleased share awards effect | - | - |
| Weighted average numbers of equity shares (diluted) | 454,656 | 454,656 |

9. Dividends

| | Group | |
|---|----------------|---------|
| | 6 months ended | |
| | 30 Jun | 30 Jun |
| | 2024 | 2023 |
| | S\$'000 | S\$'000 |
| Ordinary dividends paid: | | |
| Final exempt 2023 dividend of 0.5 cents per share (paid on 10/5/2024) | 2,273 | - |

10. Net asset value

| | Group | | Company | |
|------------------------------------|--------|--------|---------|--------|
| | 30 Jun | 31 Dec | 30 Jun | 31 Dec |
| | 2024 | 2023 | 2024 | 2023 |
| | Cents | Cents | Cents | Cents |
| Net asset value per ordinary share | 21.30 | 19.52 | 25.10 | 25.22 |

Net asset value per ordinary share is calculated based on 454,656,461 ordinary shares as at 30 June 2024 (31 December 2023 : 454,656,461 ordinary shares).

APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited Unaudited Condensed Interim Financial Statements For the Six Months Ended 30 June 2024

11. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired assets, mainly for manufacturing equipment, amounting to S\$0.8 million (30 June 2023: S\$3.3 million) and disposed assets that had net carrying value of S\$0.4 million (30 June 2023: S\$0.2 million).

12. Share Capital

| | Group and Company | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 30 Jun 2024 | | 31 Dec 2023 | |
| | Number of shares '000 | Share Capital S\$'000 | Number of shares '000 | Share Capital S\$'000 |
| Balance at 1 January 2024 and 1 January 2023 | 471,914 | 113,163 | 471,914 | 113,163 |
| Shares issued under BIGL Share Plan | - | - | - | - |
| Balance at 30 June 2024 and 31 December 2023 | 471,914 | 113,163 | 471,914 | 113,163 |

During the period, there were 7,450,000 (30 June 2023 : 2,850,000) share options granted under the BIGL Share Option Scheme 2022.

As at 30 June 2024, there were 10,300,000 (30 June 2023 : 2,850,000) outstanding shares in respect of unissued ordinary shares under the BIGL Share Option Scheme 2022.

As at 30 June 2024, there were 17,258,150 (30 June 2023 : 17,258,150) shares held as treasury shares.

Total number of issued shares excluding treasury shares as at 30 June 2024 was 454,656,461 (30 June 2023 : 454,656,461).

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024 and 30 June 2023.

13. Borrowings (Secured)

| | Group | |
|--|----------------|----------------|
| | 30 Jun 2024 | 31 Dec 2023 |
| | S\$'000 | S\$'000 |
| Amount repayable in one year or less, or on demand | 4,230 | 3,849 |
| Total | 4,230 | 3,849 |

Details of any collaterals

The Group's borrowings and debt securities relate to bank loans which are guaranteed by a subsidiary in the Group and are secured by land and buildings of a subsidiary.

14. Financial assets and financial liabilities

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 30 Jun 2024 | 31 Dec 2023 | 30 Jun 2024 | 31 Dec 2023 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Financial Assets | | | | |
| Trade and other receivables | 121,100 | 73,442 | 10,472 | 10,644 |
| Cash and cash equivalents | 29,785 | 33,901 | 448 | 302 |
| Total | 150,885 | 107,343 | 10,920 | 10,946 |
| Financial Liabilities | | | | |
| Loans and borrowings | 4,230 | 3,849 | - | - |
| Lease liabilities | 13,530 | 8,322 | 185 | 276 |
| Trade and other payables | 121,802 | 91,498 | 979 | 495 |
| Total | 139,562 | 103,669 | 1,164 | 771 |

15. Subsequent Event

There are no known subsequent events which have led to adjustments to this set of unaudited condensed interim consolidated financial statements.

**APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
OF THE GROUP FOR 1H FY2024**

Broadway Industrial Group Limited
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024

**Other Information Required by Listing Rule
Appendix 7.2**

APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited Unaudited Condensed Interim Financial Statements For the Six Months Ended 30 June 2024

Other Information

1. Review

The condensed consolidated statement of financial position of Broadway Industrial Group Limited and its subsidiaries as at 30 June 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following :-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue and Gross Profit

The Group's revenue increased by S\$38.9 million or 30.8% to S\$165.3 million in the six months ended 30 June 2024 ("1H2024"), from S\$126.3 million in the six months ended 30 June 2023 ("1H2023"). This was mainly due to increase in sale volume and sales mix shifted towards more enterprise hard disk drives ("HDD"). This was driven by the HDD demand recovery, particularly in the mass storage enterprise segment of the market.

The Group's gross profit margin increased to 9.5% in 1H2024 from 3.3% in 1H2023.

Operating Expenses

Despite the increase in sales volume, the Group's distribution expenses at S\$0.4 million decreased by 7.7% in 1H2024 due to the Group's continuing efforts to optimise its spendings.

Administration expenses increased by 14.4% from S\$4.6 million in 1H2023 to S\$5.3 million in 1H2024, mainly due to higher staff related costs and professional fees.

Sales and marketing expenses decreased by 6.7% from S\$0.36 million in 1H2023 to S\$0.33 million in 1H2024, mainly due to the Group fine tuning its investment in developing new precision engineering business in Republic of Korea and Vietnam.

The Group recorded net other income of S\$1.6 million in 1H2024 as compared to S\$1.2 million in 1H2023. The net other income comprised mainly foreign exchange gain, scrap income and government grants, offset by loss on disposal of plant and equipment and headcount redundancy costs from the continuing rationalisation in the HDD manufacturing operations. Lower net other income in 1H2023 by S\$0.3 million was mainly contributed by lower foreign exchange gains, lower scrap income and higher redundancy costs offset by higher government grants.

Net Finance Costs

The Group recorded lower net finance costs of S\$0.7 million in 1H2024 as compared to S\$1.0 million in 1H2023, mainly due to higher interest income generated on short term deposits.

Tax Expense

The Group recorded tax expense of S\$2.2 million in 1H2024 as compared to S\$0.1 million in 1H2023, attributed to the higher taxable income generated by operations in Thailand and the People's Republic of China.

Net Profit

The Group recorded a net profit after tax of S\$S\$8.4 million as compared to a net loss of S\$1.1 million in 1H2023. The increase in net profit was mainly contributed by the higher sales, favorable product mix and higher gross margin in the HDD business segment.

Earnings Per Share

The Group's earnings per share improved from a loss of 0.27 cents in 1H2023 to a profit of 1.92 cents in 1H2024.

Balance Sheet

The Group's net working capital increased by S\$13.5 million from S\$28.6 million as at 31 December 2023 to S\$42.0 million as at 30 June 2024. The increase was contributed by the increase in current assets of S\$47.9 million, offset by the increase in current liabilities of S\$34.5 million. The increase in current assets was mainly due to the S\$47.7 million increase in trade and other receivables and S\$4.3 million increase in inventories, offset by the S\$4.1 million decrease in cash and cash equivalents. The increase in current liabilities was mainly due to the S\$30.3 million increase in trade and other payables, S\$2.3 million increase in lease liabilities and S\$0.4 million increase in loans and borrowings.

The net asset value per share of the Group increased from 19.52 cents as at 31 December 2023 to 21.30 cents as at 30 June 2024.

APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited Unaudited Condensed Interim Financial Statements For the Six Months Ended 30 June 2024

Cash Flow

The Group recorded net cash used in operating activities of S\$5.7 million in 1H2024, as compared to net cash generated from operating activities of S\$6.8 million in 1H2023.

The Group recorded net cash used in investing activities of S\$0.4 million in 1H2024 as compared to S\$3.7 million in 1H2023. The investing activities in 1H2024 were mainly for acquiring the remaining interest in subsidiaries of S\$0.4 million and capital expenditure of S\$0.8 million, offset by interest income received of S\$0.5 million.

The Group recorded net cash generated from financing activities of S\$1.8 million in 1H2024 as compared to net cash used in financing activities of S\$5.3 million in 1H2023. The financing activities in 1H2024 were mainly related to S\$10.3 million proceeds from leases, offset by net lease liabilities payments of S\$4.9 million, S\$2.3 million dividend payment and S\$1.2 million interest payments (1H2023: S\$2.9 million net repayment of bank borrowings, S\$1.2 million payment of lease liabilities and S\$1.1 million interest payments).

Cash and cash equivalents as at 30 June 2024 was S\$29.8 million as compared to S\$27.4 million as at 30 June 2023.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No prospect statement has been previously disclosed.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months.

The HDD market demand in 1H2024 saw a recovery from the trough of the cycle in 1H2023, although the recovery appears uneven across different segments of the market. Enterprise cloud segment demand is strengthening, underscored by the robust demand from hyperscale cloud customers and steady OEM. In the legacy segment, overall quarterly market volume remains largely flat over the last few quarters. While the market is seeing a moderate growth in demand for consumer electronics HDDs, it is offset by the weaker demand in desktop and mobile shipments. Consistent with public commentary about the HDD market, the Group expects HDD demand to continue strengthening moderately into 2025, driven by the demand rebound following a period of deferred HDD storage investments by cloud providers and expansion of the storage infrastructure to support future generative AI content.

Whilst the HDD industry outlook is improving, ongoing economic headwinds and geopolitical tensions remain. The Group has and will continue to take the necessary measures to align its manufacturing capacity to the demand dynamics and exercise cost discipline. The Group remains cautiously optimistic about the longer-term prospects of the HDD business as the demand for mass storage, particularly in the high performance enterprise and nearline HDD products, is expected to grow moderately.

In view of the weak sentiment in Shenzhen property market, the Group will optimise the use of its Shenzhen factory by leasing out vacant area in the near term while at the same time, continue to explore the option of monetising it in order to unlock value for shareholders.

The PE business is on track to make a small contribution to the Group's revenue in 2024. Following the acquisition of the minority interest in BIGL Korea Co., Ltd. in May 2024 (resulting in the subsidiary becoming wholly owned), the Group continues to work with both existing and potential customers to complete more customer qualifications and build order pipelines in the second half of 2024.

APPENDIX E: UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR 1H FY2024

Broadway Industrial Group Limited
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2024

5. Dividend Information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? Yes

| Name of Dividend | Interim |
|--------------------|------------|
| Dividend Type | Cash |
| Dividend per share | S\$0.005 |
| Tax Rate | Tax exempt |

5b. Corresponding Period of the Immediate Preceding financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

5c. Payment Date

23 August 2024

5d. Books Closure Date

Date on which Registrable Transfers received by the company will be registered before entitlements to the dividend are determined:

16 August 2024, 5pm

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

7. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

8. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Directors confirm that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group for the six-month period ended 30 June 2024, to be false or misleading in any material aspect.

By Order of the Board

Lew Syn Pau
Chairman
7 August 2024

APPENDIX F: SUMMARY VALUATION REPORT



Our Ref: CV/CYF/GAL/JKW/jon/19918/8(a)

Broadway Industrial Group Limited
202 Kallang Bahru
#07-01 Spaze
Singapore 339339

22 November 2024

Dear Sirs

Valuation of An Industrial Complex located at No. 5 North Luyin Road, Pingshan District, Shenzhen, Guangdong Province, the People's Republic of China (the "Property")

In accordance with the instruction received from Broadway Industrial Group Limited for us to value the Property located in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Property in their existing state as at 31 October 2024 for the public disclosure purpose on the Singapore Exchange Securities Trading Limited. Comprehensive valuation report for the Property has been prepared and are vested with Broadway Industrial Group Limited.

Basis of Valuation

Our valuation is our opinion of the market value of the property, which we would define as intended to mean "the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an 'arms-length' transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently, and without compulsion".

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In preparing our valuation report, we have complied with "The RICS Valuation – Global Standards" issued by the Royal Institution of Chartered Surveyors ("RICS"), which incorporate the International Valuation Standards (the "Red Book").

knightfrank.com.hk

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Knight Frank Petty Limited EAA Lic No C-010431
C P Property Management Limited

Knight Frank Hong Kong Limited EAA Lic No C-013197
Knight Frank Asset Appraisal Limited

Your partners in property

Regulated by RICS

Knight Frank (Services) Limited EAA Lic No C-012848

APPENDIX F: SUMMARY VALUATION REPORT

22 November 2024
Broadway Industrial Group Limited



Valuation Methodology

We have adopted Income Approach – Term and Reversion Method and Market Approach.

Income Approach – Term and Reversion Method

Income Approach – Term and Reversion Method is a valuation methodology by reference to the capacity of a property to generate benefits (i.e. usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value. It is based on the premise that an investor uses the income capability of an investment as a measure of value. All the things being equal, the basic premise is that the higher the income, the higher the value. The income from a property is usually annual operating income or pre-tax cash flow. The conversion of income into an expression of market value is known as the capitalization process, which is to convert estimated annual income expectancy into an indication of value either by dividing the income estimate by an appropriate yield rate or by multiplying the income estimate by an appropriate factor.

Market Approach

For cross-checking purpose, we have referenced to Market Approach, which we have made reference to the recent market sales evidence which is available in the market. Appropriate adjustments have been made in our valuation to reflect the differences in the characteristics between the Property and the comparable properties such as location, size, age, condition, quality and view in arriving at our opinion of the market value.

In arriving at our opinion of value of the under-construction portion of the property, we have valued the property on the basis that the property will be developed and completed in accordance with the latest development proposal provided to us. We have assumed that approvals for the proposal will be granted without onerous conditions. In arriving at our opinion of value, we have adopted the Market Approach by making reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

Market Value in its existing state

We are of the opinion that the Market Value of the Property in its existing state, as at the Valuation Date was in the sum of **RMB153,000,000 (RENMINBI ONE HUNDRED AND FIFTY THREE MILLION)**, subject to the valuation basis and assumptions as stated throughout this report and its title being free of all material encumbrances or defects.

APPENDIX F: SUMMARY VALUATION REPORT

22 November 2024
Broadway Industrial Group Limited



Title Documents and Encumbrances

We have been provided with extracts of documents in relation of the title to the Property. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We do not accept liability for any interpretation which we have placed on such information, which likely falls within the sphere of your legal adviser. Neither have we verified the correctness of any information supplied to us concerning the Property, whether in writing or verbally by Broadway Industrial Group Limited.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property has proper legal titles and all land premiums had been fully settled. It is also assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Source of Information

We have relied to a considerable extent on the information given by you. We have no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We have accepted advice given to us on such matters as tenure, ownership, particulars of occupancy, tenancy information, floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the correctness of the floor areas of the Property and we have assumed that the floor areas shown on the documents handed to us are correct. We were also advised that no material facts have been omitted from the information provided.

Inspection and Structural Condition

We have inspected the exterior and, where possible, the interior of the Property on 1 November 2024. No structural survey has been made. We are not, therefore, able to report that the Property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services. For the purpose of this valuation, we have assumed that the Property has been maintained in satisfactory condition commensurate with its building age and use.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

APPENDIX F: SUMMARY VALUATION REPORT

22 November 2024
Broadway Industrial Group Limited



Compliance with Relevant Ordinances and Regulations

We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

Risk Factor

Knight Frank has prepared the valuation based on the information and data available to us as at the valuation date. While the current market is influenced by various policies and regulations, increased global conflicts could add further fluctuations in real estate market. It must be recognised that enactment of emergency measures, changes in mortgage requirements or international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the valuation date may affect the value of the Property.

Assumptions, Disclaimers, Limitations and Qualifications

We have assumed that the Property is freely disposable and transferable in the market, whether as a whole or on strata-title basis, to local or overseas purchasers for their designated uses for the whole of the unexpired term as granted.

Brief summary of the Property is attached to this letter. This letter alone does not contain the necessary data and support information included in our valuation reports. For further information to that contained herein, reference should be made to the valuation reports, copy of which is held by the Trustee.

This letter is for the use in connection with the purpose. No responsibility is accepted to any other party for the whole or any part of its contents.

We have prepared this letter for inclusion in the circular and specially disclaim liability to any person in the event of any omission from or false or misleading statement included in the circular, other than in respect of the information provided within the valuation reports and brief summary. We do not make any warranty or representation as to the accuracy of the information in any part of the circular other than as expressly made or given in the brief summary attached.

We hereby confirm that we have neither present nor prospective interests in or the Property.

APPENDIX F: SUMMARY VALUATION REPORT

22 November 2024
Broadway Industrial Group Limited



Currency

Unless otherwise stated, all money amounts stated are in Renminbi.

We hereby certify that our valuers undertaking this valuation are authorised to practise as valuers and have the necessary expertise and experience in valuing similar types of properties. We enclose herewith brief summary.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Reviewed (but not undertaken) by:

A handwritten signature in black ink, appearing to read "Gary Lau".

Gary Lau MHKIS MRICS RPS(GP) RICS Registered Valuer
Senior Director
Valuation & Advisory

A handwritten signature in blue ink, appearing to read "Cyrus Fong".

Cyrus Fong FRICS FHKIS RPS(GP) MCIREA RICS Registered Valuer
Executive Director
Head of Valuation & Advisory, Greater China

Enc

APPENDIX F: SUMMARY VALUATION REPORT

22 November 2024
Broadway Industrial Group Limited



VALUATION SUMMARY

| | |
|--------------------------------|--|
| Address | An Industrial Complex located at No. 5 North Luyin Road, Pingshan District, Shenzhen, Guangdong Province, the People's Republic of China ("the Property") |
| Client | Broadway Industrial Group Limited |
| Registered Owner | 鏞偉科技 (深圳) 有限公司 (BIGL Technologies (Shenzhen) Co. Ltd) |
| Purpose of Valuation | For submission to the Singapore Stock Exchange in connection with general offer for Broadway Industrial Group Limited |
| Interest to be valued | 100% interest of the Property |
| Basis of Valuation | Market Value |
| Valuation Methodology | Market Approach and Income Approach – Term & Reversion |
| Site Area | Approximately 19,991.00 sq m |
| Gross Floor Area (GFA) | Approximately 36,509.27 sq m |
| Net Lettable Area (NLA) | Not applicable |
| Description | <p>The Property comprises an industrial complex with various buildings and structures erected on a land parcel with a site area of approximately 19,991.00 sq m.</p> <p>According to the information provided, the Property comprises 2 industrial buildings completed in 2007 with a total gross floor area of approximately 36,509.27 sq m.</p> |
| Master Plan Zoning | M1 Industrial (M1 工業) |
| Occupancy | <p>As advised by the Client, portion of the Property with a total gross floor area of 1,600.00 sq m is subject to a tenancy expiring in December 2025, yielding a total monthly rental of approximately RMB36,700, inclusive of management fee and tax.</p> <p>The remaining portion of the Property is currently owner-occupied for industrial use.</p> |
| Tenancy Profile | As advised by the Client, portion of the Property with a total gross floor area of 1,600.00 sq m is subject to a tenancy expiring in December 2025, yielding a total monthly rental of approximately RMB36,700, inclusive of management fee and tax. |

APPENDIX F: SUMMARY VALUATION REPORT

22 November 2024
Broadway Industrial Group Limited



| Legal Descriptions | Pursuant to two Realty Title Certificates both issued by State-owned Land Resources and Housing Management Bureau both dated 7 November 2018, the title to 2 buildings with a total gross floor area of 36,509.27 sq m was vested in 鑠偉科技 (深圳) 有限公司 (BIGL Technologies (Shenzhen) Co. Ltd) for a land use term of 50 years expiring on 13 September 2055 for industrial use. | | | | | | | | | | | | | |
|--|--|--------------------|------------------------------------|--------------|--|-----------------|------------------------------|--------------------|--------------------------------------|----|-------------|------------------------------------|--------------------|--|
| Tenure | Leasehold | | | | | | | | | | | | | |
| Valuation Date | 31 October 2024 | | | | | | | | | | | | | |
| Inspection Date | 1 November 2024 | | | | | | | | | | | | | |
| Term Yield | 6.00% | | | | | | | | | | | | | |
| Reversionary Yield | 6.00% | | | | | | | | | | | | | |
| Capitalisation Rate | Not applicable | | | | | | | | | | | | | |
| Terminal Capitalisation Rate | Not applicable | | | | | | | | | | | | | |
| Discount Rate | Not applicable | | | | | | | | | | | | | |
| Market Value | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #1a4d3d; color: white;"> <th style="text-align: left;">Valuation Method</th> <th style="text-align: center;">Weighing (%)</th> <th style="text-align: right;">Market Value (RMB)</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Market Approach</td> <td style="text-align: center;">50</td> <td style="text-align: right;">157,000,000</td> </tr> <tr> <td style="text-align: left;">Income Approach – Term and Reversion</td> <td style="text-align: center;">50</td> <td style="text-align: right;">148,000,000</td> </tr> <tr> <td style="text-align: left;">Adopted Market Value (RMB)*</td> <td colspan="2" style="text-align: right;">153,000,000</td> </tr> </tbody> </table> <p><i>* Adopted Market Value is rounded to the nearest million</i></p> | | Valuation Method | Weighing (%) | Market Value (RMB) | Market Approach | 50 | 157,000,000 | Income Approach – Term and Reversion | 50 | 148,000,000 | Adopted Market Value (RMB)* | 153,000,000 | |
| Valuation Method | Weighing (%) | Market Value (RMB) | | | | | | | | | | | | |
| Market Approach | 50 | 157,000,000 | | | | | | | | | | | | |
| Income Approach – Term and Reversion | 50 | 148,000,000 | | | | | | | | | | | | |
| Adopted Market Value (RMB)* | 153,000,000 | | | | | | | | | | | | | |
| Market Value in sq m | RMB4,191 per sq m in GFA | | | | | | | | | | | | | |
| Net Realisable Value | <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr style="background-color: #1a4d3d; color: white;"> <td style="text-align: left;">Adopted Market Value (RMB)*</td> <td style="text-align: right;">153,000,000</td> </tr> <tr> <td style="text-align: left;">Less: Estimated Cost of selling the Property*</td> <td style="text-align: right;">31,000,000</td> </tr> <tr style="background-color: #1a4d3d; color: white;"> <td style="text-align: left;">Net Realisable Value*</td> <td style="text-align: right;">122,000,000</td> </tr> </tbody> </table> <p><i>* All above values are rounded to the nearest million</i></p> | | Adopted Market Value (RMB)* | 153,000,000 | Less: Estimated Cost of selling the Property* | 31,000,000 | Net Realisable Value* | 122,000,000 | | | | | | |
| Adopted Market Value (RMB)* | 153,000,000 | | | | | | | | | | | | | |
| Less: Estimated Cost of selling the Property* | 31,000,000 | | | | | | | | | | | | | |
| Net Realisable Value* | 122,000,000 | | | | | | | | | | | | | |

APPENDIX F: SUMMARY VALUATION REPORT

22 November 2024
Broadway Industrial Group Limited



Assumptions, Disclaimers, Limitations & Qualifications

In the course of our valuation, we have made certain assumptions which collectively may have a material impact on our valuation and these are noted as follows: -

- **Information Provided.** Subject to having made reasonable enquiries, exercising our judgment on the reasonable use of such information and finding no reason to doubt the accuracy or reliability of the information, we have relied on the information provided by the Client and have accepted advice given to us on such matters as the identification of the Property, site and floor areas, building uses and other relevant matters. We were advised by the Client that no material facts have been omitted from the information provided.
- **Proper Legal Title.** We have assumed that the Property has proper legal titles and all land premium had been fully settled. It is assumed that the Property is free from encumbrances, restrictions and outgoing of an onerous nature that could affect its value, including but not limited to mortgage loan and other financing tools.
- **Alienation.** We have assumed that the Property is freely disposable and transferable in the market for its designated use, whether as a whole or on strata-title basis, to local or overseas purchasers.
- We have assumed that the design and construction of the Property is in compliance with local planning regulations and have been approved by the relevant government authorities.
- Our valuation is prepared on the basis that the Property is available for sale in the market in existing state basis.
- We have assumed that the Property is accessed to water supply, electricity supply, road access, telecommunication facilities, and gas supply and land levelling.

The valuation is based on the market evidence available in the market. Nevertheless, the actual transaction price of the Property is subject to the market condition and may deviate from the valuation.

APPENDIX F: SUMMARY VALUATION REPORT



Broadway Industrial Group Limited
202 Kallang Bahru
#07-01 Spaze
Singapore 339339

Our Ref: CV/CYF/GAL/ELO/JKW/jon/P-078/24

Date: 31 October 2024

For the attention of Mr Tiong Chi Sieng

Dear Sir

Terms of Engagement for Valuation Services for an Industrial Complex located at No. 9 North Luyin Road, Pingshan New District, Shenzhen, the People's Republic of China (the "Property")

Thank you for your instruction requesting independent valuation (the "Valuation") in respect of the Property. We, Knight Frank Petty Limited ("Knight Frank") are writing to set out our agreed terms of engagement for carrying out this instruction which comprise this Terms of Engagement letter (the "Engagement Letter") with our General Terms of Business for Valuation Services (the "General Terms") and the General Scope of Valuation Work (the "General Scope of Work"), which together are referred as the Agreement. Any amendment or addition to the Agreement must be agreed by us in writing. In the event of any inconsistency, the General Scope of Work takes precedence over the General Terms and this Engagement Letter takes precedence over both the General Terms and the General Scope of Work.

1. Client

Our client for this instruction is Broadway Industrial Group Limited (the "Client", "you", "your").

2. Property/Company to be Valued

The Property to be valued is an Industrial Complex located at No. 9 North Luyin Road, Pingshan New District, Shenzhen, the People's Republic of China.

3. Valuation Standards

The Valuation will be undertaken in accordance with current editions of "The RICS Valuation - Global Standards" (the "Red Book") issued by the Royal Institute of Chartered Surveyors ("RICS"), which incorporate the International Valuation Standards ("IVS").

4. Status of Valuer

The valuer, on our behalf, with responsibility for the Valuation will be **Gary Lau** MHKIS MRICS RICS Registered Valuer RPS(GP) (the "Lead Valuer"). Parts of the Valuation may be undertaken by additional valuers within the firm.

We confirm that we meet the requirements of the Red Book / IVS in having sufficient current knowledge of the particular market and the skills and understanding to undertake the Valuation competently.

knightfrank.com.hk

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Knight Frank Petty Limited EAA Lic No C-010431
C P Property Management Limited

Knight Frank Hong Kong Limited EAA Lic No C-013197
Knight Frank Asset Appraisal Limited

Your partners in property

Regulated by RICS

Knight Frank (Services) Limited EAA Lic No C-012848

APPENDIX F: SUMMARY VALUATION REPORT

31 October 2024
Broadway Industrial Group Limited



5. Conflicts of Interest: Declaration and Disclosures

For the purposes of the Red Book / IVS, we are acting as External Valuers, as defined therein.

We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are in a position to provide an objective and unbiased valuation.

6. Purpose of Valuation

The Valuation is provided solely for the purpose of public disclosure purpose (the "Purpose") and the full valuation report is to be disclosed for such purpose of this engagement if required.

7. Limitation of Liability and Restrictions on Use

Our General Terms limit our liability to five times our fee under this instruction.

Nothing in this Agreement excludes or limits our liability to the extent that such liability may not be excluded or limited as a matter of applicable law.

8. Basis of Valuation

Basis of Value

The Valuation of the Property will be undertaken on the following bases, as defined in the Red Book / IVS:

- Market Value

9. Scope of Work

The attached General Scope of Work sets out the investigations we will normally make, the limits that apply to these investigations and the assumptions that we will make unless we find or are provided with information to the contrary.

Inspection

We will inspect the Property and any significant portions of the Property will be viewed internally. Where buildings have multiple areas of similar design, construction and use, we may only view a sample of those areas. If any areas are inaccessible, we may be unable to verify matters that are material to the valuation. If this is the case, we will make it clear in our report along with any additional assumptions that are necessary.

Net Proceedings

We will estimate the net proceedings of the Property based on their market value less all the costs and expenses associated with an incidental to the notional sale of the Property (including but not limited to the costs of the notional sale, taxes, selling expenses, general and administrative expenses, etc), as of the valuation date. Please be reminded that the analysis of any notional costs and expenses is case-specific and should require analysis of and taking reference of the actual expenses incurred in sales.

10. Valuation Date

The valuation date is to be 31 October 2024.

11. Currency to be Adopted

The valuation figures will be reported in Renminbi (RMB).

APPENDIX F: SUMMARY VALUATION REPORT

31 October 2024
Broadway Industrial Group Limited



12. Information to be Relied Upon

Areas / Measurement

You have informed us that you will provide us with floor areas upon which we are instructed to rely.

13. Report Format

The Valuation will be prepared in our standard full report format including all the relevant information required by the Red Book / IVS. We will also reflect any specific requirements set out in the Agreement.

Our normal time schedule is as follows:-

- The draft valuation report will be submitted within 10 working days subject to confirmation of engagement;
- The final valuation report will be completed within 3 working days upon your confirmation of the draft report.

14. Fees and Additional Work

Our fee for undertaking this instruction will be in a lump sum of [REDACTED] inclusive of all applicable disbursements.

Our proposed payment terms are as follows:

- An initial payment of 50% of the total fee shall be payable upon confirmation of our appointment; and
- The remaining balance of the fee shall be payable upon the submission of the final report or within 3 calendar months from the date of appointment, whichever is earlier.

In accordance with the General Terms, if you end this instruction at any stage, we will charge abortive fees on the basis of reasonable time and expenses incurred, with a minimum charge of 50% of the above fee if the Property has been inspected, or with a minimum charge of 80% of the full fee if we have already submitted our draft report.

The scope of our work is set out in the Agreement. In accordance the General Terms, if we are instructed to carry out additional work that we consider either to be beyond the scope of providing the Valuation or to have been requested after we have finalised the Valuation (including, but not limited to, commenting on report on title, changing the Valuation Date, issuing additional report addressed to third parties, etc.) we will charge additional fees for such work. We will endeavour to agree any additional fees with you prior to commencing the work, however, where this is not possible our hourly rates will apply.

Where additional work is requested after we have issued the Valuation, please note that we cannot guarantee the availability of the Valuer that may have been involved in the preparation of the Valuation (especially where such requests are received on short notice). Please note also that we will require sufficient time for completion of such additional work.

Where we consider aspects of the valuation fall outside our expertise (for example in relation to specific capital expenditure to meet regulatory standards) and additional specialist advice is required to provide our valuation, we will discuss this with you and agree how to proceed in writing. Where specialist information is relied upon for our valuation, please note that we will not be able to verify its accuracy in any way.

APPENDIX F: SUMMARY VALUATION REPORT

31 October 2024
Broadway Industrial Group Limited



15. Acceptance

Please sign and return a copy of this Engagement Letter signifying your acceptance of the terms of the Agreement. Your attention is drawn to the "Important Notice" in the General Terms. If you have any questions regarding this Engagement Letter and/or the terms of the Agreement between us, please let us know before signing this Engagement Letter or otherwise giving us instructions to proceed.

Thank you for instructing Knight Frank Petty Limited.

Yours faithfully

Gary Lau MHKIS MRICS RPS(GP) RICS Registered Valuer
Senior Director
Valuation & Advisory
gary.lau@hk.knightfrank.com
D+ 852 2846 9504

Attached – General Terms of Business for Valuation Services

Attached – General Scope of Valuation Work

.....
Mr Tong Chi Sieng, Chief Financial Officer
Signed for and on behalf of **Broadway Industrial Group Limited**

31 October 2024

.....
Date



General Terms of Business for Valuation Services

Important Notice

If you have any queries relating to this Agreement, please let us know as soon as possible and in any event before signing the Terms of Engagement Letter and/or giving us instructions to proceed.

Your instructions to proceed (howsoever received, whether orally or in writing) will constitute your offer to purchase our services on the terms of the Agreement.

Accordingly, our commencement of work pursuant to your instructions shall constitute acceptance of your offer and as such establish the contract between us on the terms of the Agreement.

These General Terms of Business for Valuation Services (the “**General Terms**”), the General Scope of Valuation Work (the “**General Scope of Work**”) and our Terms of Engagement Letter (the “**Engagement Letter**”) together form the agreement between you and us (the “**Agreement**”). References to “**you**”, “**your**” etc. are to persons or entities who are our client and, without prejudice to clauses 3 and 4 below, to any persons purporting to rely on our Valuation.

Unless the context otherwise requires, all other terms and expressions used but not defined herein shall have the meaning ascribed to them in the Engagement Letter.

When used within these General Terms, the General Scope of Work and/or in the Engagement Letter, the term “**Valuation**” shall mean any valuation report, supplementary report or subsequent/update report, produced pursuant to our engagement and any other replies or information we produce in respect of any such report and/or any relevant property. Any words following the terms “**including**”, “**in particular**” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

All of the terms set out in these General Terms shall survive termination of the Agreement.

In the event of any inconsistency between these General Terms, the Scope of Work and the Engagement Letter, the order of precedence should be as follows: (1) the Engagement Letter, (2) the Scope of Work and (3) these General Terms.

1. Knight Frank

- 1.1 Knight Frank Petty Limited (“**Knight Frank**”, “**our**”, “**us**”, “**we**”) is a company with limited liability incorporated in the Hong Kong Special Administrative Region (the “**HKSAR**”).
- 1.2 Our registered office is at 4/F Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.
- 1.3 Any representative of Knight Frank described as *partner* is either a member or an employee of Knight Frank and is not a partner in a partnership. The term *partner* has been retained because it is an accepted way of referring to senior professionals. The term “**Knight Frank Person**” shall, when used herein, mean any member, employee, “partner” or consultant of Knight Frank.
- 1.4 The details of our professional indemnity insurance will be provided to you on request.
- 1.5 Knight Frank is registered for regulation in HKSAR by the Royal Institution of Chartered Surveyors (“**RICS**”). Any Valuation provided by us may be subject to monitoring under RICS Valuer Registration. In accordance with our obligations it may be necessary to disclose valuation files to the RICS. By instructing us, you give us your permission to do so. Where possible, we will give you prior notice before making any such disclosure, although, this may not always be possible. We will use reasonable endeavours to limit the scope of any such disclosure and to ensure any disclosed documents are kept confidential.

1.6 Valuations will be carried out in accordance with the relevant edition of the Hong Kong Institute of Surveyors (“**HKIS**”) Valuation Standards, and/or the RICS valuation standards, the RICS Red Book (the “**Red Book**”), by valuers who conform to its requirements and with regard to relevant statutes or regulations.

1.7 As required by the RICS, a copy of our complaints procedure is available on request. Please contact the relevant Head of Department if you would like to make a complaint.

1.8 Knight Frank is regulated by the RICS for the provision of surveying services. This means we agree to uphold the RICS Rules of Conduct and all other applicable mandatory professional practice requirements of the RICS, which can be found at www.rics.org. As a RICS regulated firm, we have committed to cooperating with the RICS in ensuring compliance with its standards.

2. Governing law and jurisdiction

- 2.1 The Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation or any Valuation shall be governed by and construed in accordance with the laws of the HKSAR.
- 2.2 The courts of the HKSAR shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this Agreement or its subject matter or formation or any Valuation. This will apply wherever the relevant property or the client, or any relevant third party, is located or the service is provided.

3. Limitations on liability

- 3.1 Subject to clause 3.8, our maximum total liability in connection with or arising out of this Agreement and/or its subject matter and/or the Valuation is limited to five times our fee as set out in the Engagement Letter.
- 3.2 Subject to clause 3.8, we will not be liable for any loss of profits, loss of data, loss of chance, loss of goodwill, or any indirect or consequential loss of any kind.
- 3.3 Our liability to you shall be reduced to the extent that we prove that we would have been able to claim a contribution pursuant to the Civil Liability (Contribution) Ordinance Cap 377 of the laws of the HKSAR from one or more of the other professionals instructed by you in relation to any relevant property and/or the Purpose (and in each case if, as a result of an exclusion or limitation of liability in your agreement with such professional, the amount of such contribution would be reduced, our liability to you shall be further reduced by the amount by which the contribution we would be entitled to claim from such professional is reduced).
- 3.4 Subject to clause 3.8, any limitation on our liability will apply however such liability is or would otherwise have been incurred, whether in contract, tort (including negligence), for breach of statutory duty, or otherwise.
- 3.5 Except as set out in clauses 3.6 and 4.7 and 4.8 below, no third party shall have any right to enforce any of the terms of this Agreement,

APPENDIX F: SUMMARY VALUATION REPORT



- whether under the Contracts (Rights of Third Parties) Ordinance (Cap 623) or otherwise.
- 3.6 No claim arising out of or in connection with this Agreement may be brought against any Knight Frank Person. Those individuals will not have a personal duty of care to you or any other person and any such claim for losses must be brought against Knight Frank. Any Knight Frank Person may enforce this clause under the Contracts (Rights of Third Parties) Ordinance (Cap 623) but the terms of this Agreement may be varied by agreement between the client and Knight Frank at any time without the need for any Knight Frank Person to consent.
- 3.7 No claim, action or proceedings arising out of or in connection with the Agreement and/or any Valuation shall be commenced against us after the expiry of the earlier of (a) six years from the Valuation Date (as set-out in the relevant Valuation) or (b) any limitation period prescribed by law.
- 3.8 Whether or not specifically qualified by reference to this clause, nothing in the Agreement shall exclude or limit our liability in respect of fraud, or for death or personal injury caused by our negligence or negligence of those for whom we are responsible, or for any other liability to the extent that such liability may not be so excluded or limited as a matter of applicable law.
- 4. Purpose, reliance and disclosure**
- 4.1 The Valuation is prepared and provided solely for the stated purpose. Unless expressly agreed by us in writing, it cannot be relied upon, and must not be used, for any other purpose and, subject to clause 3.8, we will not be liable for any such use.
- 4.2 Without prejudice to clause 4.1 above, the Valuation may only be relied on by our Client. Unless expressly agreed by us in writing the Valuation may not be relied on by any third party and we will not be liable for any such purported reliance.
- 4.3 Subject to clause 4.4 below, the Valuation is confidential to our Client and must not be disclosed, in whole or in part, to any third party without our express written consent (to be granted or withheld in our absolute discretion). Subject to clause 3.8, no liability is accepted to any third party for the whole or any part of any Valuation disclosed in breach of this clause.
- 4.4 Notwithstanding any statement to the contrary in the Agreement, you may disclose documents to the minimum extent required by any court of competent jurisdiction or any other competent judicial or governmental body or the laws of the HKSAR.
- 4.5 Neither the whole nor any part of the Valuation and/or any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any website) without our prior written consent and approval of the form and context in which it may appear.
- 4.6 Where permission is given for the publication of a Valuation neither the whole nor any part thereof, nor any reference thereto, may be used in any publication or transaction that may have the effect of exposing us to liability for actual or alleged violations of the Securities Act 1933 as amended, the Securities Exchange Act of 1934 as amended, any state Blue Sky or securities law or similar federal, state provincial, municipal or local law, regulation or order in either the United States of America or Canada or any of their respective territories or protectorates (the "**Relevant Securities Laws**"), unless in each case we give specific written consent, expressly referring to the Relevant Securities Laws.
- 4.7 You agree that we, and/or any Knight Frank Person, may be irreparably harmed by any breach of the terms of this clause 4 and that damages may not be an adequate remedy. Accordingly, you agree that we and/or any Knight Frank Person may be entitled to the remedies of injunction or specific performance, or any other equitable relief, for any anticipated or actual breach of this clause.
- 4.8 You agree to indemnify and keep fully indemnified us, and each relevant Knight Frank Person, from and against all liabilities, claims, costs (including legal and professional costs), expenses, damages and losses arising from or in connection with any breach of this clause 4 and/or from the actions or omissions of any person to whom you have disclosed (or otherwise caused to be made available) our Valuation otherwise than in accordance with this clause 4.
- 4.9 You warrant and represent that all information provided to us shall be accurate, complete and up-to-date and can be relied upon by us for the purposes of the Agreement and you shall be liable to us or any other third party for any such information provided by you that is not accurate, complete or up-to-date.
- 5. Knight Frank network**
- 5.1 Knight Frank Petty Limited / Knight Frank Asset Appraisal Limited is a member of an international network of independent firms which may use the "Knight Frank" name and/or logos as part of their business name and operate in jurisdictions outside the HKSAR (each such firm, an "**Associated Knight Frank Entity**").
- 5.2 Unless specifically agreed otherwise, in writing, between you and us: (i) no Associated Knight Frank Entity is our agent or has authority to enter into any legal relations and/or binding contracts on our behalf; and (ii) we will not supervise, monitor or be liable for any Associated Knight Frank Entity or for the work or actions or omissions of any Associated Knight Frank Entity, irrespective of whether we introduced the Associated Knight Frank Entity to you.
- 5.3 You are responsible for entering into your own agreement with any relevant Associated Knight Frank Entity.
- 5.4 This document has been originally prepared in the English language. If this document has been translated and to the extent there is any ambiguity between the English language version of this document and any translation thereof, the English language version as prepared by us shall take precedence.
- 6. Severance**
- If any provision of the Agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the intended commercial result of the original provision. If express agreement regarding the modification or meaning or any provision affected by this clause is not reached, the provision shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.
- 7. Entire agreement**
- 7.1 The Agreement, together with any Valuation produced pursuant to it (the Agreement and such documents together, the "**Contractual Documents**") constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to its subject matter.
- 7.2 Subject to clause 3.8 above, you agree that in entering into the Agreement you do not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not expressly set out in the Contractual Documents. You further agree that you shall have no claim for innocent or negligent misrepresentation based on any statement set out in the Contractual Documents.

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- 7.3 The Engagement Letter, the Scope of Work and these General Terms shall apply to and be incorporated in the contract between us and will prevail over any inconsistent terms or conditions contained or referred to in your communications or publications or which would otherwise be implied. Your standard terms and conditions (if any) shall not govern or be incorporated into the contract between us.
- 7.4 Subject to clause 3.8 and clause 6, no addition to, variation of, exclusion or attempted exclusion of any of the terms of the Contractual Documents will be valid or binding unless recorded in writing and signed by duly authorised representatives on behalf of the parties.
- 8. Assignment**
You shall not assign, transfer, mortgage, charge, subcontract, declare a trust over or deal in any other manner with any of the rights and obligations under the Agreement without our prior written consent (such consent to be granted or withheld in our absolute discretion).
- 9. Force majeure**
Neither party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure results from events, circumstances or causes beyond its reasonable control.
- 10. Our fees**
- 10.1 Without prejudice to clause 10.3 below, you become liable to pay our fees upon issuance of the Valuation. For the avoidance of doubt, unless expressly agreed otherwise in writing, the payment of our fees is not conditional on any other events or conditions precedent.
- 10.2 If any invoice remains unpaid after 30 days of the date on which it is presented, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made, at 2% per month.
- 10.3 If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.
- 10.4 If before the Valuation is concluded you end this instruction, we will charge abortive fees (calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred), with a minimum charge of 50% of the full fee if we have already inspected the property (or any property, if the instruction relates to more than one), or with a minimum charge of 80% of the full fee if we have already submitted draft report.
- 10.5 If you delay the instruction by more than 30 days or materially alter the instruction so that additional work is required at any stage or if we are instructed to carry out additional work that we consider (in our reasonable opinion) to be either beyond the scope of providing the Valuation or to have been requested after we have finalised our Valuation (including, but not limited to, changing the Valuation Date, or issuing additional reports addressed to third parties, etc.), we will charge additional fees for this work. We will endeavour to agree any additional fees with you prior to commencing the work, however, where this is not possible our hourly rates will apply. Such additional fees will be calculated on the basis of a proportion of the total fee by reference to reasonable time and expenses incurred.
- 10.6 Where we agree to accept payment of our fees from a third party, such fees remain due from you until payment is received by us.
- 10.7 Any fee paid in advance for our services will not be held by us as client's money pending the completion of our service to you and it will not be subject to the RICS Clients' Money Protection Scheme.
- 11. Anti-bribery, corruption & Modern Slavery**
- 11.1 We agree that throughout the term of our appointment we shall:
- (a) Comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption including but not limited to the Prevention of Bribery Ordinance (Cap 201), (the "Relevant Requirements");
 - (b) not engage in any activity, practice or conduct which would constitute an offence under sections 1,2 or 6 of the Bribery Act 2010 if such activity, practice or conduct had been carried out in the UK;
 - (c) maintain anti-bribery and anti-corruption policies to comply with the Relevant Requirements and any best practice relating thereto; and
 - (d) promptly report to you any request or demand for any undue financial or other advantage of any kind in connection with the performance of our services to you.
- 11.2 We take all reasonable steps to ensure that we conduct our business in a manner that is consistent with our Human Rights Policy and comply with applicable anti-slavery and human trafficking laws, statutes, regulations and codes from time to time in force including the Modern Slavery Act 2015 of the UK.
- 12. Data Protection**
- 12.1 For the purposes of this clause "Data Protection Legislation" means the Personal Data (Privacy) Ordinance (Cap 486) The terms "Personal Data", "Data Processor" and "Data Subject" shall have the meanings ascribed to them in the Data Protection Legislation.
- 12.2 You and we shall comply with applicable requirements of the Data Protection Legislation.
- 12.3 Without prejudice to the generality of the foregoing, you will not provide us with Personal Data unless the Agreement requires the use of it, and/or we specifically request it from you. By transferring any Personal Data to us you warrant and represent that you have the necessary authority to share it with us and that the relevant Data Subjects have been given the necessary information regarding its sharing and use.
- 12.4 We may transfer Personal Data you share with us to other Associated Knight Frank Entities and/or group undertakings. Some of these recipients may be located outside of the HKSAR. We will only transfer such Personal Data where we have a lawful basis for doing so and have complied with the specific requirements of the Data Protection Legislation.
- 12.5 Full details of how we use Personal Data can be found in our Privacy Statement at <http://www.knightfrank.com/legals/privacy-statement>.

General Scope of Valuation Work

As required by the RICS Valuation – Global Standards (the “Red Book”) / International Valuation Standards, this General Scope of Valuation Work describes information we will rely on, the investigations that we will undertake, the limits that will apply to those investigations and the assumptions we will make, unless we are provided with or find information to the contrary.

Definitions

“**Assumption**” is something which it is agreed the valuer can reasonably accept as being true without specific investigation or verification.

“**Property**” is the interest which we are instructed to value in land including any buildings or other improvements constructed upon it.

“**Valuation**” shall mean any valuation report, supplementary report or subsequent/update report, produced pursuant to this engagement and any other replies or information we produce in respect of any such report and/or any relevant property.

1. Property to be valued

1.1 We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Property, identified by the address provided in your instructions, is the Property inspected by us and included within our Valuation. If there is ambiguity as to the Property address, or the extent of the Property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our Valuation.

1.2 We will rely upon information provided by you, your representative(s) or your legal advisers relating to the Property to be valued, including any tenancies, sub-tenancies or other third-party interests. Any information on title and tenure we are provided with by a third party during the course of our investigations will be summarised in our Valuation but will be subject to verification by your legal advisers. We will not search the original documents to verify ownership or to verify any lease amendments that may not appear on the copies handed to us. We will not make or commission any investigations to verify any of this information. In particular, we will not investigate or verify that:

- (a) all title information relied upon and referred to in our Valuation is complete and correct,
- (b) all documentation is satisfactorily drawn,
- (c) there are no undisclosed onerous conditions or restrictions that could impact on the marketability of the Property valued, and
- (d) there is no material litigation pending, relating to the Property valued.

For Hong Kong Properties

Prior to preparing our report, unless you or your representative(s) provide land search information to us, a search will normally be made in the Land Registry to retrieve details of the Government Lease and any encumbrances registered against it. Information so obtained will be interpreted and analysed with as much care as possible, but you should always arrange for your own legal advisers to check this information prior to entering into any commitment as a result of our report.

For Macau Properties

Whilst we may cause search in the Conservatória do Registo Predial (the Property Registry of Macau) to retrieve relevant information / encumbrances in Chinese registered against the Property, we largely rely on the copies provided by you or your representative(s), in English or Chinese. We do not undertake to require sight of the original documents etc nor to verify the correctness of any information supplied to us, including their translations.

For PRC or Overseas Properties

We normally base our work on information supplied to us only, accept such information at its face value, and do not undertake to require sight of the original documents etc. Nor do we verify the correctness of any information supplied to us, whether in writing or verbally, by you or by your representative(s) or by any (or any apparent) occupier of the property or contained in the copy of the documents.

1.3 Where we provide a plan of the Property in our Valuation, this is for identification only. While the plan reflects our understanding based on the information provided to us, it must not be relied upon to define boundaries, title or easements.

1.4 Our Valuation will include those items of plant and machinery normally considered to be part of the service installations to a building and which would normally pass with the Property on a sale or letting. We will exclude all other items of process plant, machinery, trade fixtures and equipment, chattels, vehicles, stock and loose tools, and any tenant’s fixtures and fittings.

1.5 Unless agreed otherwise in writing, we will neither investigate nor include in our Valuation any unproven or unquantified mineral deposits, felled timber, airspace or any other matter which may or may not be found to be part of the Property but which would not be known to a buyer or seller on the valuation date.

1.6 Unless agreed otherwise, our Valuation will make the Assumption that all parts of the Property occupied by the current owner on the valuation date would be transferred with vacant possession and any tenancies, sub-tenancies or other third party interests existing on the valuation date will continue.

1.7 Where requested legal title and tenancy information is not provided in full, in the absence of any information provided to the contrary, our Valuation will make the Assumption that the subject Property has good title and is free from any onerous restrictions and/or encumbrances or any such matter which would diminish its value.

2. Portfolios

2.1 Where instructed to value a portfolio of properties, unless specifically agreed with you otherwise, we will value each Property separately on the basis that it is offered individually to the market.

3. Building specification and condition

3.1 We will note the general condition of any building and any building defect brought to our attention and reflect this in our Valuation. We will not undertake a detailed investigation of the materials or methods of construction or of the condition of any specific building element. We will not test or commission a test of service installations. Unless we become aware during our normal investigations of anything to the contrary and mention this in our Valuation, our Valuation will, make the Assumption that:

- (a) any building is in a condition commensurate with its age, use and design and is free from significant defect,
- (b) no construction materials have been used that are deleterious, or likely to give rise to structural defects,
- (c) no potentially hazardous or harmful materials are present, including asbestos,
- (d) all relevant statutory requirements relating to use, construction and fire safety have been complied with,

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- (e) any building services, together with any associated computer hardware and software, are fully operational and free from impending breakdown or malfunction, and
 - (f) the supply to the building of electricity, data cable network and water, are sufficient for the stated use and occupancy.
- 3.2 If you require information on the structure or condition of any building, our specialist building surveyors can provide a suitable report as a separate service.
- 4. Environment and sustainability**
- 4.1 Our Valuation will reflect the market's perception of the environmental performance of the Property and any identified environmental risks as at the valuation date. This may include reflecting information you provide to us that has been prepared by suitably qualified consultants on compliance of existing or proposed buildings with recognised sustainability metrics. Where appropriate, we will research any freely available information issued by public bodies on the sustainability metrics of existing buildings.
- 4.2 As part of our valuation service, we will not advise on the extent to which the Property complies with any other Environmental, Social or Governance (ESG) metrics or to what extent the building, structure, technical services, ground conditions, will be impacted by future climate change events, such as extreme weather, or legislation aimed at mitigating the impact of such events. If required, KF may be able to advise on ESG considerations and their long-term impact on a Property as a separate service.
- 5. Ground conditions and contamination**
- 5.1 We may rely on any information you provide to us about the findings and conclusions of any specialist investigations into ground conditions or any contamination that may affect the Property. Otherwise our investigations will be limited to research of freely available information issued by Government Agencies and other public bodies for flood risk, recorded mining activity and radon. We will also record any common sources or indicators of potential contamination observed during our inspection.
- 5.2 Unless specifically instructed by you to do so, we will not commission specialist investigations into past or present uses either of the Property or any neighbouring property to establish whether there is contamination or potential for contamination, or any other potential environmental risk. Neither will we be able to advise on any remedial or preventive measures.
- 5.3 We will comment on our findings and any other information in our possession or discovered during our investigations in our Valuation.
- 5.4 Unless we become aware of anything to the contrary and mention this in our Valuation, for each Property valued our Valuation will make the Assumption that:
- (a) the site is physically capable of development or redevelopment, when appropriate, and that no extraordinary costs will be incurred in providing foundations and infrastructure,
 - (b) there are no archaeological remains on or under the land which could adversely impact on value,
 - (c) the Property is not adversely affected by any form of pollution or contamination,
 - (d) there is no abnormal risk of flooding,
 - (e) there are no high voltage overhead cables or large electrical supply equipment affecting the Property,
 - (f) the Property does not have levels of radon gas that will require mitigation work,
 - (g) there are no invasive species present at the Property or within close proximity to the Property, and
 - (h) there are no protected species which could adversely affect the use of the Property.
- 6. Planning and highway enquiries**
- 6.1 We may research freely available information on planning history and relevant current policies or proposals relating to any Property being valued using the appropriate local authority website. We will not commission a formal local search. Our Valuation will make the Assumption that any information obtained will be correct, but our findings should not be relied on for any contractual purpose.
- 6.2 Unless we obtain information to the contrary, Our Valuation will make the Assumption that:
- (a) the use to which the Property is put is lawful and that there is no pending enforcement action, and
 - (b) there are no local authority proposals that might involve the use of compulsory purchase powers or otherwise directly affect the Property.
- 6.3 We do not undertake searches to establish whether any road or pathways providing access to the Property are publicly adopted. Unless we receive information to the contrary or have other reason to suspect an adjoining road or other access route is not adopted, our Valuation will make the Assumption that all such routes are publicly adopted.
- 7. Other statutory and regulatory requirements**
- 7.1 A property owner or occupier may be subject to statutory regulations depending on their use. Depending on how a particular owner or occupier uses a building, the applicable regulations may require alterations to be made to buildings. Our valuation service does not include identifying or otherwise advising on works that may be required by a specific user in order to comply with any regulations applicable to the current or a proposed use of the Property. Unless it is clear that similar alterations would be required by most prospective buyers in the market for a property, our Valuation will make the Assumption that no work would be required by a prospective owner or occupier to comply with regulatory requirements relating to their intended use.
- 7.2 We will not investigate or comment on licences or permits that may be required by the current or any potential users of the Property relating to their use or occupation.
- 8. Measurements**
- 8.1 Where building floor areas are required for our Valuation, unless we have agreed to rely on floor areas provided by you or a third party, we will take measurements and calculate the appropriate floor areas for buildings in accordance with the current Hong Kong Institute of Surveyors ("HKIS") Code of Measuring Practice or Royal Institution of Chartered Surveyors ("RICS") Property Measurement Professional Standard. These measurements will be quoted to a reasonable approximation, with reference to their source or taken by us from scaled drawings provided to us. The floor areas will be within a tolerance that is appropriate having regard to the circumstances and purpose of the valuation instruction.
- 8.2 Where required, any site areas will be quoted from plans or other sources available to us.
- 9. Investment properties**
- 9.1 Where the Property valued is subject to a tenancy or tenancies, we will have regard to the market's likely perception of the financial status and reliability of tenants in arriving at our valuation. We will not undertake detailed investigations into the financial standing of any tenant. Unless advised by you to the contrary, our Valuation will be based on the Assumption that there are no material rent arrears or breaches of other lease obligations. We will further assume that the tenants will continue to occupy the premises and comply with the

APPENDIX F: SUMMARY VALUATION REPORT



conditions of the tenancies until the expiry of the existing tenancy terms.

10. Development properties

- 10.1 If we are instructed to value Property for which development, redevelopment or substantial refurbishment is proposed or in progress, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We shall be entitled to rely on such information in preparing our valuation. If a professional estimate of build costs is not made available, we will rely on published build cost data but this must be recognised as being less reliable as it cannot account for variations in site conditions and design. This is particularly true for refurbishment work or energy efficiency and environmental upgrades. In the absence of a professionally produced cost estimate for the specific project, we may need to qualify our report and the reliance that can be placed on our valuation.
- 10.2 For Property in the course of development, we will reflect the stage reached in construction and the costs remaining to be spent at the date of valuation. We will have regard to the contractual liabilities of the parties involved in the development and any cost estimates that have been prepared by the professional advisers to the project. For recently completed developments we will take no account of any retentions, nor will we make allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.
- 10.3 We will assume that the property valued will be constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirements and notices, except only where otherwise stated. We will further assume that, for any use of the property upon which the report is based, any and all required licences, permits, certificates, consents, approvals and authorisations have been or will be obtained, except only where stated otherwise.
- ### 11. VAT, taxation and costs
- 11.1 The reported valuation will be our estimate of the price that would be agreed with no adjustment made for costs that would be incurred by the parties in any transaction, including any liability for VAT, stamp duty or other taxes. It is also gross of any mortgage or similar financial encumbrance.

12. Property insurance

- 12.1 Except to the limited extent provided in clause 3 and clause 4 above, we do not investigate or comment on how potential risks would be viewed by the insurance market. Our Valuation will be on the Assumption that each Property would, in all respects, be insurable against all usual risks including fire, terrorism, ground instability, extreme weather events, flooding and rising water table at normal, commercially acceptable premiums.

13. Reinstatement cost estimates

- 13.1 We can only accept a request to provide a building reinstatement cost estimate for insurance purposes alongside our Valuation of the Property interest on the following conditions:
- (a) the assessment provided is indicative, without liability and only for comparison with the current sum insured, and
 - (b) the building is not specialised or listed as being of architectural or historic importance.
- 13.2 Otherwise we can provide an assessment of the rebuilding cost by our specialist building surveyors as a separate service.

14. Legal advice

- 14.1 We are appointed to provide valuation opinion(s) in accordance with our professional duties as valuation surveyors. The scope of our service is limited accordingly. We are not qualified legal practitioners and we do not provide legal advice. Unless instructed to the contrary, we will not read title or lease documentation and will make the Assumption that summary tenure and tenancy information provided is accurate and includes all material factors that could impact value. If we indicate what we consider the effect of any provision in the Property's title documents, leases or other legal requirements may have on value, we strongly recommend that this be reviewed by a qualified lawyer before you take any action relying on our valuation.

15. Loan security

- 15.1 If we are requested to comment on the suitability of the Property as a loan security, we are only able to comment on any risk to the reported value that is inherent in either its physical attributes or the interest valued. We will not comment on the degree and adequacy of capital and income cover for an existing or proposed loan or on the borrower's ability to service payments.