

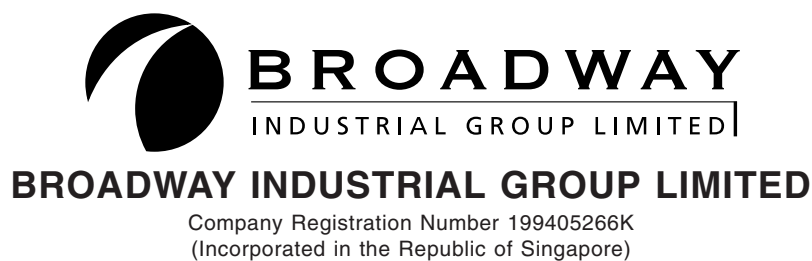
CIRCULAR DATED 29 NOVEMBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Broadway Industrial Group Limited (the “**Company**”). If you are in any doubt as to the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, 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, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or the transferee.

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.



CIRCULAR TO SHAREHOLDERS

in relation to

- (1) THE PROPOSED DISPOSAL OF THE FOAM PLASTICS SOLUTIONS AND FLOW CONTROL DEVICE BUSINESSES OF THE GROUP**
- (2) THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	12 December 2016 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	14 December 2016 at 10.00 a.m.
Place of Extraordinary General Meeting	:	Seminar Room 6-7, Level 5, Symbiosis Tower, 3 Fusionopolis Way, Singapore 138633

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DEFINITIONS

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

“1H2016”	:	The six (6)-month period ended on 30 June 2016
“9M2016”	:	The nine (9)-month period ended on 30 September 2016
“Adjustment Amount”	:	The adjustment amount as determined by the Completion Accounts and payable by either the Company or the Purchaser on the Adjustment Payment Date
“Adjustment Payment Date”	:	Shall have the meaning ascribed to it in paragraph 2.3.1(c)
“Agreed CHSZ Transaction”	:	Shall have the meaning ascribed to it in paragraph 2.1.2(a)
“Agreement”	:	The conditional sale and purchase agreement dated 22 August 2016 for, <i>inter alia</i> , the sale and disposal by the Company to the Purchaser of the Disposed Businesses
“Announcement”	:	The announcement relating to the Proposed Disposal released by the Company on 22 August 2016
“Annual Report”	:	The annual report of the Company
“Average Closing Price”	:	The average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the day on which the purchase or acquisition of Shares was made or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five (5) Market Days
“Board” or “Directors”	:	The directors of the Company or the board of directors of the Company as at the Latest Practicable Date
“Call Option”	:	The call option to require the Purchaser to sell to the Company all (and not some only) of the Option Shares
“Cash Amount”	:	S\$14,000,000, being the balance of the Consideration less the Closing Amount
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 29 November 2016
“Closing Amount”	:	S\$136,000,000
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
“Company”	:	Broadway Industrial Group Limited (Company Registration Number: 199405266K)

DEFINITIONS

“Completion”	:	The completion of the sale and purchase of the Disposed Businesses pursuant to the Agreement
“Completion Accounts”	:	The pro forma consolidated profit and loss account and the consolidated balance sheet of the Disposed Businesses for a prescribed period commencing from 1 January 2016 and ending on the Completion Date
“Completion Date”	:	The completion date of the Agreement
“concert parties”	:	Shall have the meaning ascribed to it in paragraph 3.9.2
“Consideration”	:	The aggregate consideration for the sale of the Disposed Businesses and Disposed Assets, being S\$150,000,000
“Constitution”	:	The constitution of the Company for the time being
“CPSZ Disposed Assets”	:	Shall have the meaning ascribed to it in paragraph 2.1.1(b)(ii)
“CPSZ Excluded Undertakings”	:	Shall have the meaning ascribed to it in paragraph 2.1.1(b)(ii)
“day of the making of the offer”	:	The day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase
“Disposed Assets”	:	Shall have the meaning ascribed to it in paragraph 2.1.1(a)
“Disposed Businesses”	:	The FPS Business and FCD Business
“Disposed Companies”	:	Shall have the meaning ascribed to it in paragraph 2.1.1(a)
“Disposed IP”	:	Shall have the meaning ascribed to it in paragraph 2.1.1(a)(iv)
“EBITDA”	:	Earnings before interest, tax, depreciation and amortization
“EGM”	:	The extraordinary general meeting of Shareholders to be held on 14 December 2016, notice of which is set out on page 43 of this Circular
“EPS”	:	Earnings per Share
“Excluded Companies”	:	Shall have the meaning ascribed to it in paragraph 2.1.1(b)
“FCD Business”	:	The flow control device business of the Group
“FCD Equity Interests”	:	The equity interests of companies in the FCD Business
“FPS Business”	:	The foam plastics solutions business of the Group
“FPS Equity Interests”	:	The equity interests of companies in the FPS Business
“FY”	:	Financial year ended, or ending (as the case may be) on 31 December

DEFINITIONS

“Group”	:	Collectively, the Company and its subsidiaries as at the Latest Practicable Date
“Group’s 9M2016 unaudited Financial Statements”	:	The latest announced unaudited consolidated financial statements of the Group for 9M2016
“Inter-Company Loan”	:	The inter-company loan of USD14,000,000 extended by CA (a wholly-owned subsidiary of the Company) to SHBW (a PRC Disposed Company) between the date of the Agreement and Completion
“Latest Practicable Date”	:	25 November 2016, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the Mainboard of the SGX-ST, as amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Market Purchase”	:	On-market purchases of Shares effected on the SGX-ST through the SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose
“Maximum Price”	:	Shall have the meaning ascribed to it in paragraph 3.3.4
“MOFCOM”	:	Ministry of Commerce of the PRC
“NAV”	:	Net asset value
“Notice of EGM”	:	The notice of the EGM as set out on page 43 of this Circular
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Off-market purchases of Shares effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act
“Option Agreement”	:	The option agreement to be entered into between the Purchaser and the Company on the Completion Date
“Option Shares”	:	100% of the issued and paid-up share capital of a special purpose vehicle holding 100% of the equity interest in the registered capital of CHSZ as its only asset
“PRC”	:	People’s Republic of China
“PRC Disposed Company”	:	CHSZ, CPSZ, SHBW and SZBW
“Proposed Disposal”	:	The proposed disposal by the Company to the Purchaser of the Disposed Businesses
“Proxy Form”	:	The proxy form in respect of the EGM as set out in this Circular

DEFINITIONS

“Purchaser”	:	Broadway Holding III Limited (Company Registration No. 313176)
“Put Option”	:	The put option to require the Company to purchase from the Purchaser all (and not some only) of the Option Shares
“related expenses”	:	Brokerage, stamp duties, commission, applicable goods and services tax and other related expenses
“Relevant Period”	:	The period commencing from the date of the resolution passed in relation to the Share Buyback Mandate and expiring on the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is the earlier
“Restructuring”	:	The restructuring by the Company at the Company’s own cost to: (a) transfer the CPSZ Excluded Undertakings from CPSZ to such member of the Group (other than the Disposed Companies) so that immediately following Completion, CPSZ will only own the CPSZ Disposed Assets; and (b) transfer the equity interests in the registered capital of the Excluded Companies from the Disposed Companies to a member of the Group (other than the Disposed Companies) at no less than book value or the winding-up of the Excluded Companies
“Securities Account”	:	Securities account maintained by a Depositor with CDP (but does not include a sub-securities account maintained with a Depository Agent)
“SFA”	:	Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Buyback”	:	The purchase or acquisition of Shares by the Company pursuant to the terms of the Share Buyback Mandate
“Share Buyback Mandate”	:	Shareholders’ mandate to authorise the Directors to make purchases or acquisitions of Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual
“Shareholders”	:	The registered holders of the Shares, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose Securities Accounts are credited with the Shares
“Shares”	:	The issued and paid-up ordinary shares in the capital of the Company

DEFINITIONS

“SIC”	:	Securities Industry Council of Singapore
“Substantial Shareholder”	:	A person who has an interest or interests in one (1) or more voting Shares, and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
“Termination Costs”	:	Any costs, expenses and compensation in relation to the termination of the employees of CHSZ in accordance with the terms and conditions of the Option Agreement

Currencies, Units and Others

“%” or “per cent.”	:	Per centum or percentage
“RMB”	:	Renminbi, the lawful currency of the PRC
“S\$” and “cents”	:	Singapore dollars and cents, the lawful currency of the Republic of Singapore
“USD”	:	United States dollars and cents, the lawful currency of the United States of America

Entities

The relationship of each of the entities listed below with the Company is set out in the structure chart in the Appendix to this Circular.

“CA”	:	Compart Asia Pte Ltd
“CAPL”	:	Compart Asia Pacific Ltd.
“CDBW”	:	Chengdu Broadway Foam Applications & Total Packaging Co. Ltd.
“CHSZ”	:	Compart Hi-Precision Technologies (Shenzhen) Co. Ltd.
“CPSZ”	:	Compart Precision (Shenzhen) Co., Ltd.
“CQBW”	:	Chongqing Broadway Foam Applications & Total Packaging Co. Ltd.
“HKBW”	:	Broadway Packaging (Hong Kong) Co., Ltd.
“KBIS”	:	Kaefer Broadway Insulation Systems (Shanghai) Co., Ltd.
“Korean Subsidiary”	:	Compart Systems (Korea) Co., Ltd
“SHBW”	:	Shanghai Broadway Packaging & Insulation Materials Co. Ltd

DEFINITIONS

“SZBW”	:	Suzhou Broadway Plastic Packaging Co. Ltd
“SZHBW”	:	Shenzhen Broadway Total Packaging Co., Ltd.
“TOHO”	:	Toho Foam (Thailand) Company Limited
“WDBP”	:	Wujiang Dairyu Broadway Plastic Packaging Co. Ltd.
“WHTOP”	:	Wujiang Weltop Co. Ltd.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA. The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include, where applicable, corporations.

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

Any reference in this Circular to “**paragraph**” is a reference to a paragraph in this Circular.

The words “**written**” and “**in writing**” include any means of visible reproduction.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning ascribed to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be.

Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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

Unless otherwise stated, references to the shareholdings of the Company are computed based on the total number of Shares of 470,884,461 (excluding treasury shares) as at the Latest Practicable Date.

LETTER FROM THE BOARD TO THE SHAREHOLDERS

BROADWAY INDUSTRIAL GROUP LIMITED

Company Registration Number 199405266K
(Incorporated in the Republic of Singapore)

Registered Office: 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

Directors:

Mr Lew Syn Pau (Chairman and Independent Director)
Mr Lee Wai Leong (Jeremy) (Executive Director and Chief Executive Officer)
Mr Ng Ah Hoy (Executive Director)
Mr Lee Chow Soon (Independent Director)
Mr Eu Yee Ming Richard (Independent Director)
Mr Lee Po Lo @ Lee Khong Kee (Non-Executive Director)
Ms Wong Yi Jia (Non-Executive Director)

29 November 2016

To: The Shareholders of Broadway Industrial Group Limited

Dear Sir/Madam

(1) THE PROPOSED DISPOSAL OF THE FOAM PLASTICS SOLUTIONS AND FLOW CONTROL DEVICE BUSINESSES OF THE GROUP

(2) THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

1.1 The Proposed Disposal: On 22 August 2016, the Company had made the Announcement that it had on the same day entered into the Agreement with the Purchaser, Broadway Holding III Limited, an investment vehicle wholly-owned by US private equity firm Platinum Equity, in relation to the Proposed Disposal (being the proposed disposal by the Company to the Purchaser of the flow control device business and the foam plastics solutions business of the Group), such disposal to be free from all encumbrances (except as expressly provided in the Agreement) as at the Completion Date.

In addition, the Company released a clarification announcement on 14 September 2016, clarifying certain aspects of the Announcement as follows: (a) the figures before income tax and minority interests for the net profit attributable to the Disposed Businesses and the Disposed Assets for 1H2016 and the net profit of the Group for 1H2016; (b) the relative figure for the Proposed Disposal for the purposes of Rule 1006(b) of the Listing Manual to reflect calculations based on net profits before income tax and minority interests; and (c) the note on the aggregate value of the Consideration and market capitalisation of the Company, for purposes of the calculation of the relative figure for Rule 1006(c) of the Listing Manual.

The Proposed Disposal constitutes a major transaction under Rule 1014 of the Listing Manual (details of which are set out in paragraph 2.9 below) and the Group will comply with the relevant requirements of Chapter 10 of the Listing Manual, which requires the approval of the Shareholders.

The Proposed Disposal is also a disposal of a substantial part of the whole undertaking or property of the FPS Business and FCD Business (save for the entities or assets in paragraph 2.1.1(b), which are not material to the FPS Business and FCD Business), with

LETTER FROM THE BOARD TO THE SHAREHOLDERS

the aggregate NAV of the Disposed Businesses amounting to approximately 69% of the Group's NAV based on the Group's 9M2016 unaudited Financial Statements. The net profits before income tax and minority interests attributable to the Disposed Businesses of approximately S\$21,067,000 for 9M2016, compared with the Group's net profits before income tax and minority interests of S\$1,663,000 for 9M2016, is approximately 1267%.

The Disposed Businesses relate to the FPS Business and FCD Business and are further described in paragraph 2.1.1(a) below. The Company is therefore seeking the approval of the Shareholders for the Proposed Disposal pursuant to Section 160(1) of the Companies Act. As mentioned, the Company is also seeking the approval of Shareholders pursuant to Rule 1014(2) of the Listing Manual as the Proposed Disposal constitutes a major transaction under the Listing Manual. Following Completion, the Group will continue to operate its Hard Disk Drive business, mobile devices business and automotive and industrial business. Further details on the rationale for the Proposed Disposal are set out in paragraph 2.7 of this Circular.

The Consideration is S\$150,000,000, comprising the Closing Amount of S\$136,000,000 to be paid in cash by the Purchaser to the Company on the Completion Date, and the deferred consideration of S\$14,000,000 (being the Cash Amount), by way of and subject to the completion of the Agreed CHSZ Transaction and certain adjustments. Further details on the Consideration (including the adjustments) and the payment terms are set out in paragraphs 2.3.1 and 2.3.2 of this Circular.

- 1.2** The proposed adoption of the Share Buyback Mandate: It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval from its shareholders to do so at a general meeting of its shareholders. It is also a requirement under the Listing Manual that an issuer which wishes to purchase its own shares has to obtain approval from its shareholders to do so at a general meeting of its shareholders. In this regard, approval is being sought from Shareholders at the EGM for the adoption of the Share Buyback Mandate.
- 1.3** The Directors are therefore convening an EGM to be held on 14 December 2016 to seek Shareholders' approval for:
- (a) the Proposed Disposal; and
 - (b) the proposed adoption of the Share Buyback Mandate to authorise the Directors to make purchases or acquisitions of Shares.
- 1.4** The purpose of this Circular is to provide Shareholders with information relating to, and to explain the rationale for, the Proposed Disposal and the proposed adoption of the Share Buyback Mandate, and to seek Shareholders' approval for the resolutions in relation thereto to be proposed at the EGM to be convened on 14 December 2016 at 10.00 a.m., as set out in the Notice of EGM.
- 1.5** The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

LETTER FROM THE BOARD TO THE SHAREHOLDERS

2. THE PROPOSED DISPOSAL

2.1 Background of the Proposed Disposal

On 22 August 2016, the Company and the Purchaser entered into the Agreement for the Proposed Disposal.

2.1.1 The Disposed Businesses

The Disposed Businesses comprise the assets set out in paragraph 2.1.1(a) but excludes the assets set out in paragraph 2.1.1(b) below:

(a) the Disposed Businesses comprise the following (collectively, the “**Disposed Assets**”):

(i) the FPS Equity Interests:

(A) 96.47% of the equity interest in the registered capital of SHBW, which owns:

(1) 100% of the equity interest in the registered capital of WHTOP, which owns 49% of the equity interest in the registered capital of WDBP;

(2) 49% of the equity interest in the registered capital of KBIS;

(3) 99% of the equity interest in the registered capital of CDBW; and

(4) 100% of the equity interest in the registered capital of CQBW, which owns 1% of the equity interest in the registered capital of CDBW;

(B) 100% of the equity interest in the registered capital of SZBW;

(C) 198,604 issued and paid-up shares in the share capital of TOHO; and

(D) 10,000 shares in the capital of HKBW, representing 100% of the issued and paid-up share capital of HKBW, which owns 100% of the equity interest in the registered capital of SZHBW;

(ii) the FCD Equity Interests:

(A) 100% of the equity interest in the registered capital of CPSZ;

(B) 100% of the equity interest in the registered capital of CHSZ; and

(C) the entire share capital of the Korean Subsidiary,

(the companies listed in sub-paragraphs (i) and (ii) above, shall be collectively referred to as the “**Disposed Companies**”);

(iii) the benefit, subject to the burden, of certain contracts relating to the FCD Business and the FPS Business;

LETTER FROM THE BOARD TO THE SHAREHOLDERS

- (iv) all rights, title and interest held by the Company, CA or any member of the Group in intellectual property rights used or enjoyed in connection with the Disposed Businesses (the “**Disposed IP**”);
 - (v) the lease of the premises at 2221 West Braker Lane, Austin, Texas 78758;
 - (vi) the receivables, payables and inventory as shown on the books of CAPL in respect of the FCD Business;
 - (vii) the goodwill, if any, of any member of the Group (other than the Disposed Companies) in connection with the Disposed Businesses;
 - (viii) the benefit of certain claims of the Company or its subsidiaries (other than the Disposed Companies) relating to the Disposed Assets; and
 - (ix) all other material property, rights and assets which are used, enjoyed or exercised or intended to be used, enjoyed or exercised exclusively or primarily in connection with the Disposed Businesses as at the Completion Date;
- (b) the Disposed Businesses exclude the following:
- (i) the following companies which are not material to the Disposed Businesses:
 - (A) Shanghai Kiddy Children’s Products Co. Ltd;
 - (B) Wuxi Broadway Plastic Packaging Materials Co. Ltd;
 - (C) Styro Stone Broadway Green Building System (Shanghai) Co. Ltd;
 - (D) Broadway Rompa (Hong Kong) Ltd; and
 - (E) such other entities owned by the Disposed Companies which are not set out in paragraphs 2.1.1(a)(i) and 2.1.1(a)(ii) above,(collectively, the “**Excluded Companies**”);
 - (ii) all property, rights, assets, liabilities and undertakings of CPSZ other than the property, rights, licenses and assets used, enjoyed or exercised or intended to be used, enjoyed or exercised exclusively or primarily in connection with CPSZ’s waste-water treatment (“**CPSZ Disposed Assets**”) (the “**CPSZ Excluded Undertakings**”); and
 - (iii) any liability not specifically assumed by the Purchaser under the Agreement.

Prior to Completion, the Company will carry out a Restructuring at its own expense to carve-out the excluded entities and assets in paragraph 2.1.1(b) above that are not required for the ongoing operations of the Disposed Businesses and are not being transferred to the Purchaser as part of the Proposed Disposal.

LETTER FROM THE BOARD TO THE SHAREHOLDERS

Upon completion of the Proposed Disposal, the following entities will cease to be subsidiaries or associated companies (as the case may be) of the Company:

Entity	Place of Establishment	Relationship with Company
Shanghai Broadway Packaging & Insulation Materials Co. Ltd (SHBW)	PRC	Subsidiary
Suzhou Broadway Plastic Packaging Co. Ltd (SZBW)	PRC	Subsidiary
Broadway Packaging (Hong Kong) Co., Ltd. (HKBW)	Hong Kong	Subsidiary
Compart Precision (Shenzhen) Co., Ltd. (CPSZ)	PRC	Subsidiary
Compart Hi-Precision Technologies (Shenzhen) Co. Ltd. (CHSZ)	PRC	Subsidiary
Shenzhen Broadway Total Packaging Co., Ltd. (SZHBW)	PRC	Subsidiary
Wujiang Weltop Co. Ltd. (WHTOP)	PRC	Subsidiary
Chongqing Broadway Foam Applications & Total Packaging Co. Ltd. (CQBW)	PRC	Subsidiary
Chengdu Broadway Foam Applications & Total Packaging Co. Ltd. (CDBW)	PRC	Subsidiary
Compart Systems (Korea) Co., Ltd (being the Korean Subsidiary)	Korea	Subsidiary
Wujiang Dairyu Broadway Plastic Packaging Co. Ltd. (WDBP)	PRC	Associate
Toho Foam (Thailand) Company Limited (TOHO)	Thailand	Associate
Kaefer Broadway Insulation Systems (Shanghai) Co., Ltd. (KBIS)	PRC	Associate

2.1.2 Agreed CHSZ Transaction

- (a) In connection with the Proposed Disposal and in accordance with the terms and conditions of the Agreement, the Purchaser and the Company shall on the Completion Date enter into the Option Agreement relating to the Option Shares, pursuant to which:
- (i) for a nominal consideration of S\$1.00, the Company irrevocably grants to the Purchaser the Put Option; and
 - (ii) for a nominal consideration of S\$1.00, the Purchaser irrevocably grants to the Company the Call Option,
- (the “**Agreed CHSZ Transaction**”).

LETTER FROM THE BOARD TO THE SHAREHOLDERS

- (b) Under the Option Agreement, the Purchaser represents, warrants and undertakes to the Company that, *inter alia*, CHSZ will as at the completion of the sale and purchase of the Option Shares pursuant to the exercise of the Call Option, or, as the case may be, the Put Option, have:
- (i) a minimum amount in RMB equivalent to the Cash Amount (based on the then prevailing exchange rate), less any Termination Costs, in cash in its bank account (without any right to set-off this amount against any amounts owing by the Company to the Purchaser or CHSZ);
 - (ii) no trade or other receivables;
 - (iii) no inventory;
 - (iv) no trade payables;
 - (v) no other payables (other than certain specified payables owing by CHSZ to the Company's subsidiaries); and
 - (vi) no liabilities (including contingent liabilities) that may have arisen during the Purchaser's period of ownership commencing on the date of the Option Agreement and ending on the completion of the Agreed CHSZ Transaction (other than any Termination Costs).

The consideration for the purchase of the Option Shares pursuant to the exercise of the Put Option or, as the case may be, the Call Option, shall be the sum derived from the following formula:

*S\$1.00 plus the cash generated through the day-to-day operations by CHSZ attributable to the period beginning on the date of the Option Agreement and ending on the date of exercise of the Put Option or, as the case may be, the Call Option ("**Exercise Date**"), which remains in the bank account(s) maintained by CHSZ as at the Exercise Date (and which shall be maintained up to the completion of the Agreed CHSZ Transaction and for the avoidance of doubt, shall exclude the Cash Amount less Termination Costs).*

The formula is intended to be nominal and to account for any residual cash left in CHSZ generated by the operations of CHSZ (other than the Cash Amount) under the Purchaser's control from Completion up to the exercise of the Put Option or, as the case may be, the Call Option.

The Put Option and Call Option shall be exercisable at any time during the period commencing on the earlier of (A) the date of the written notice to be given by the Purchaser (at its discretion) to the Company notifying the Company of the completion of the transfer of the business and all other assets and liabilities of CHSZ to another subsidiary of the Purchaser; and (B) the second anniversary of the date of the Option Agreement, and ending on the date falling three (3) months thereafter.

The main rationale for the Agreed CHSZ Transaction is to facilitate the timely completion of the sale and disposal of the Disposed Businesses, as a significant amount of time is required to complete the restructuring of the business and assets at the CHSZ level which would have otherwise delayed the Completion under the Agreement. During the restructuring phase, CHSZ will transfer its assets at book value to the new subsidiary of the

LETTER FROM THE BOARD TO THE SHAREHOLDERS

Purchaser, which corresponds to approximately S\$14,000,000, and CHSZ shall be required to deliver a minimum of such S\$14,000,000 in cash in its bank account to meet the condition set out under paragraph 2.1.2(b)(i) of the Circular above. The Agreed CHSZ Transaction is intended to facilitate a smoother transition under the proposed CHSZ restructuring and to minimize the impact on business operations. Upon completion of the Agreed CHSZ Transaction, the Company will acquire CHSZ (by way of the acquisition of the Option Shares) which will have the RMB equivalent of S\$14,000,000 in cash in its bank account (based on the then prevailing exchange rate), less any Termination Costs, which represents the deferred consideration to be received by the Company referred to in section 2.3.1(a) of the Circular below. The Company envisages that the re-acquired CHSZ will be used for purposes of future expansion of the product offering in the Group's existing mobile devices business (including but not limited to wireless equipment) and automotive and industrial business (including but not limited to automotive components).

2.1.3 Irrevocable Undertakings

In connection with the Proposed Disposal:

- (a) Mr. Lew Syn Pau, the Chairman and independent Director of the Company, has on the same date of the Agreement provided an irrevocable undertaking in favour of the Purchaser to, *inter alia*, vote, or procure the voting of, 44,572,639 Shares, representing approximately 9.47% of the total issued Shares, in favour of the Proposed Disposal and any other matter necessary for such purpose at any meeting of the Shareholders. As at the Latest Practicable Date, Mr. Lew Syn Pau holds 44,572,639 Shares, representing approximately 9.47% of the total issued Shares; and
- (b) Mdm. Lau Leok Yee has on the same date of the Agreement provided an irrevocable undertaking in favour of the Purchaser to, *inter alia*, vote, or procure the voting of, 170,168,610 Shares, representing approximately 36.14% of the total issued Shares, in favour of the Proposed Disposal and any other matter necessary for such purpose at any meeting of the Shareholders. As at the Latest Practicable Date, Mdm. Lau Leok Yee holds 170,168,610 Shares, representing approximately 36.14% of the total issued Shares.

2.2 Information on the FPS Business, FCD Business and the Purchaser

2.2.1 Information on the FPS Business and the FCD Business

Our FPS Business is a leading supplier of protective packaging, insulation and component products to the consumer, IT, cold chain, LNG tanker insulation, automotive, lifestyle and other related markets.

Our FCD Business supplies high-precision mechanical parts and assemblies to the semiconductor wafer fabrication industries and other industrial markets.

For FY2015, our FPS Business and FCD Business generated combined revenue of approximately S\$248,107,000 (representing 38.1% of the Group total revenue of approximately S\$650,678,000), net profit before income tax and minority interests of approximately S\$22,727,000 (as compared to the Group total net losses before income tax and minority interests of approximately S\$75,789,000) and net profit after income tax and minority interests of approximately S\$19,197,000 (as compared to the Group total net losses after income tax and minority interests of approximately S\$87,365,000).

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2.2.2 Information on the Purchaser

The Purchaser is an investment vehicle wholly-owned by US private equity firm Platinum Equity.

Founded in 1995 by Tom Gores, Platinum Equity is a global investment firm with a portfolio of approximately 25 operating companies that serve customers around the world. Platinum Equity specializes in mergers and operations – a trademarked strategy it calls M&A&O® – acquiring and operating companies in a broad range of business markets, including manufacturing, distribution, transportation and logistics, equipment rental, metals services, media and entertainment, technology, telecommunications and other industries. Over the past 20 years, Platinum Equity has completed more than 175 acquisitions.

2.3 **Salient terms of the Proposed Disposal**

2.3.1 Consideration

- (a) The aggregate consideration for the sale of the Disposed Businesses and Disposed Assets shall be S\$150,000,000 (“**Consideration**”) (excluding any Restructuring costs and transaction expenses), comprising the sum of S\$136,000,000 (the “**Closing Amount**”) and the deferred consideration of S\$14,000,000 (being the Cash Amount and of which the present value is approximately S\$12,882,000¹, by way of and subject to the completion of the Agreed CHSZ Transaction and excluding any Termination Costs, which are to be borne by the Company). The Consideration shall be adjusted in accordance with the terms and conditions of the Agreement depending on the level of certain prescribed working capital, capital expenditures and net debt figures (including the Inter-Company Loan of USD14,000,000 extended by CA (a wholly-owned subsidiary of the Company) to SHBW (a PRC Disposed Company), for the main purpose of paying down the RMB100,000,000 working capital facility extended by Agricultural Bank of China to SHBW between the date of the Agreement and Completion).
- (b) Within 60 days of Completion, the Purchaser shall prepare and deliver to the Company the Completion Accounts, which shall contain calculations of the working capital, capital expenditure and net debt figures, based on the agreed formulation between the Company and the Purchaser, which would determine the Adjustment Amount.
- (c) The Purchaser shall also pay the principal amount of the Inter-Company Loan of USD14,000,000 to the Company on the date falling ten business days after the Completion Accounts are agreed or determined (the “**Adjustment Payment Date**”).

The Consideration was arrived at through arm’s length, commercial negotiations between the Company and the Purchaser, on a “willing-buyer, willing-seller” basis after taking into account the following considerations:

- (i) the rationale of the Proposal Disposal as set out in paragraph 2.7 of this Circular;
- (ii) the financial position and performance of the FPS Business and FCD Business as set out in paragraphs 2.2.1 and 2.5 of this Circular;

¹ Based on a discount rate of 4.25% per annum over two (2) years.

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- (iii) due diligence by the Purchaser including financial, tax, legal and operational due diligence as well as site visits; and
- (iv) discussions by the Purchaser with the Group's management with regards to the Group's business operations.

2.3.2 Terms of Payment

The Consideration shall be satisfied as follows:

- (a) the initial Closing Amount of S\$136,000,000 shall be satisfied on the Completion Date through the payment in cash by the Purchaser to the Company;
- (b) once the Completion Accounts prepared within 60 days of Completion have been agreed or determined, the payment of the Adjustment Amount shall be satisfied on the Adjustment Payment Date; and
- (c) in respect of the balance amount of the Consideration of up to S\$14,000,000, and no later than two (2) years and three (3) months after Completion, through the exercise of the Put Option or, as the case may be, the Call Option, and the completion of the Agreed CHSZ Transaction pursuant to which the Company shall acquire 100% of the equity interests in the registered capital in CHSZ (by way of the acquisition of the Option Shares) which will have the minimum amount of S\$14,000,000 in cash in its bank account, equivalent to the balance of the Consideration less the Closing Amount excluding Termination Costs.

2.3.3 Conditions Precedent

The completion of the sale and purchase of the Disposed Businesses and the Disposed Assets is conditional upon, *inter alia*, the following conditions having been fulfilled (or waived) by 21 February 2017 (being the date falling six (6) months from the date of the Agreement) or such other date as the Company and the Purchaser may agree in writing:

- (a) by the Company:
 - (i) the approval of the Shareholders in a general meeting for the disposal of all of the Disposed Businesses and the Disposed Assets and the transactions contemplated thereunder being obtained;
 - (ii) all regulatory licences, permits, consents and approvals required under all applicable laws essential to proceed to Completion being obtained; for the avoidance of doubt, such approvals will include approvals from local branches of the MOFCOM for the equity transfer of each of the PRC Disposed Companies;
 - (iii) all relevant consents and waivers from the Joint Venture Partner (as defined in the Agreement) in relation to (A) the transfer of the equity interest in SHBW from the Company to the Purchaser or its nominee; and (B) any facility entered into or securities provided by SHBW as arranged by the Purchaser;
 - (iv) a written waiver provided by the bank of the Company approving the entry into of and the transactions contemplated by the Agreement;

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- (v) amended articles of association and joint venture contracts (where applicable) of each PRC Disposed Company reflecting the sale and purchase of the relevant FCD Equity Interests or FPS Equity Interests (as the case may be) to the Purchaser or its nominee;
 - (vi) the completion of the Restructuring; and
 - (vii) the novations of certain key contracts of the Group to the Purchaser or its nominee on and with effect from Completion.
- (b) by the Purchaser: all regulatory licences, permits, consents and approvals required under all applicable laws essential to proceed to Completion being obtained; for the avoidance of doubt, such approvals will include the anti-trust filing being cleared without objection by MOFCOM.

2.3.4 Completion

Completion shall take place on the Completion Date, being the date falling five (5) business days after the date on which the last of the conditions set out in paragraph 2.3.3 above has been fulfilled or waived or such other date as the Company and the Purchaser may mutually agree in writing.

2.3.5 Termination

If any time prior to Completion, any of the following occurs (each a “**Termination Event**”):

- (a) any of the representations and warranties made by the Company contained in the Agreement is untrue, incomplete or inaccurate and where that breach is capable of remedy, is not remedied within a reasonable period of time to the reasonable satisfaction of the Purchaser;
- (b) the Company is in breach of any covenants or agreements required to be performed or caused to be performed by the Company under the Agreement and where that breach is capable of remedy, is not remedied within a reasonable period of time to the reasonable satisfaction of the Purchaser; or
- (c) there shall be any legal action, proceeding, suit, litigation, prosecution, or investigation affecting Completion,

and any such Termination Event(s) results in:

- (i) a diminution in the aggregate net asset value attributable to the Disposed Businesses (excluding KBIS, TOHO and WDBP) by not less than 10% of the aggregate net asset value attributable to the Disposed Businesses as at 31 March 2016;
- (ii) a reduction or loss of aggregate revenue attributable to the Disposed Businesses (excluding KBIS, TOHO and WDBP) for any consecutive 12 month period ending on a month-end date during the period between the date of the Agreement and Completion by not less than 10% of the aggregate revenue attributable to the Disposed Businesses for the last 12 months ended 31 March 2016; or

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- (iii) a decrease in the aggregate EBITDA attributable to the Disposed Businesses (excluding KBIS, TOHO and WDBP) for any consecutive 12 month period ending on a month-end date during the period between the date of the Agreement and Completion by not less than 10% of the aggregate EBITDA of the Disposed Companies for the last 12 months ended 31 March 2016,

in each case disregarding the financial effects of the Restructuring and based on the monthly unaudited management accounts in respect of the Disposed Businesses, the Purchaser may by written notice to the Company, elect to terminate the Agreement.

2.4 Other Material Documents

In connection with the Agreement, the Company, Compart Systems Pte. Ltd. (a nominee of the Purchaser), CAPL and CA will enter into a deed of transfer in respect of the transfer of the Disposed IP.

In connection with the Agreement, and in order to provide for an orderly transition of ownership and operation of the Disposed Businesses, the Company and the Purchaser will, on Completion, enter into a transitional services agreement for the provision of certain transitional services between the Company and its subsidiaries on the one hand, to the Purchaser and the Disposed Companies on the other hand, and *vice versa*. The transitional services relate to IT, human resources, legal, finance and accounting, ongoing project management and tax-related matters. The provision of the transitional services shall be for a period of one (1) year from the Completion Date unless earlier terminated, and may be extended for an additional six (6) months at the option of the party receiving the benefit of the transitional service. Save for certain disbursements, the transitional services will be provided at no cost.

In connection with the Agreement, CA, SHBW and the Purchaser will enter into a deed of assignment in respect of the assignment of the Inter-Company Loan of USD14,000,000 extended by CA (a wholly-owned subsidiary of the Company) to SHBW (a PRC Disposed Company), for the main purpose of paying down the RMB100,000,000 working capital facility extended by Agricultural Bank of China to SHBW, by CA to the Purchaser. The Inter-Company Loan will be assigned at a consideration of USD14,000,000.

2.5 Value of the Disposed Businesses

2.5.1 Book Value

Based on the Group's 9M2016 unaudited Financial Statements, the Book Value attributable to the Disposed Businesses as at 30 September 2016 is approximately S\$106,123,000.

2.5.2 NTA Value

Based on the Group's 9M2016 unaudited Financial Statements, the NTA value attributable to the Disposed Businesses as at 30 September 2016 is approximately S\$106,123,000.

There are no intangible assets recorded on the balance sheets of the Disposed Businesses.

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2.5.3 No Valuation

No valuation was conducted in respect of the Disposed Businesses for the purpose of the Proposed Disposal.

2.5.4 Net Profits Attributable to the Disposed Businesses

Based on the Group's 9M2016 unaudited Financial Statements, the net profits before income tax and minority interests attributable to the Disposed Businesses for the nine (9)-month period ended on 30 September 2016 is approximately S\$21,067,000.

2.5.5 Gain from the Proposed Disposal

Based on the Group's 9M2016 unaudited Financial Statements, the net gain attributable to the sale of the Disposed Businesses is approximately S\$17,416,000², calculated based on the Consideration and includes an estimated Adjustment Amount³ and estimated transaction expenses, but excludes any Restructuring costs (which relate to the Restructuring only) and Termination Costs (which relate to the Agreed CHSZ Transaction only), which are to be borne by the Company.

2.6 **Use of Proceeds from the Proposed Disposal**

The Group expects to receive:

- (a) at Completion, gross proceeds of approximately S\$136,000,000 (before the Adjustment Amount and excluding any Restructuring costs and transaction expenses) from the Proposed Disposal; and
- (b) subject to the completion of the Agreed CHSZ Transaction, and through the exercise of the Put Option or, as the case may be, the Call Option, further gross proceeds of approximately S\$14,000,000 (being the Cash Amount, of which the present value is approximately S\$12,882,000⁴ and excluding any Termination Costs, which are to be borne by the Company).

The Group intends to utilise the estimated net proceeds of approximately S\$120,000,000 (after taking into account the estimated Adjustment Amount and estimated transaction costs) for the following purposes:

- (i) approximately S\$50,000,000 for the repayment of most of the Group's banking facilities;

² Calculated based on the Consideration of S\$148,882,000 (being the sum of the Closing Amount of S\$136,000,000 and the discounted deferred consideration of approximately S\$12,882,000), less (a) the estimated Adjustment Amount of S\$16,843,000; (b) the NAV of the Disposed Businesses of approximately S\$106,123,000; and (c) estimated transaction costs of S\$8,500,000.

³ Estimated Adjustment Amount of S\$16,843,000 based on assumptions of net debt of S\$15,190,000 and capital expenditure adjustment of S\$1,653,000 from the Group's 9M2016 unaudited Financial Statements. The estimated Adjustment Amount is provided for illustrative purposes only and the final Adjustment Amount will be determined based on an agreed mechanism post-Completion (as described under paragraph 2.3.1(b) above) and may vary from the estimated Adjustment Amount.

⁴ Based on a discount rate of 4.25% per annum over 2 years.

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- (ii) approximately S\$30,000,000 for the general capital management of the Group and financing of working capital of the Group's remaining businesses, being the Hard Disk Drive business, mobile devices business and automotive and industrial business; and
- (iii) approximately S\$40,000,000 as distributions to Shareholders.

The envisaged use of proceeds would be subject to the availability of distributable profits and the requirements of applicable law and/or the extent of any adjustments to the Consideration. **Any distributions to be made to Shareholders will be as and when the Board deems appropriate and will be subject to industry conditions and the performance of the Company's remaining businesses.**

For the purpose of paragraphs 2.5, 2.6, 2.7 and 2.8, the Consideration is based on S\$148,882,000, being the sum of S\$136,000,000 (being the Closing Amount before the Adjustment Amount and excluding any Restructuring costs and transaction expenses) and S\$12,882,000 (being the approximate present value of the Cash Amount excluding any Termination Costs which are to be borne by the Company).

2.7 Rationale for the Proposed Disposal

The Board considers that the Proposed Disposal is in the interest of the Company, taking into consideration the financial position of the Group and business prospects of the Company's subsidiaries, as the Proposed Disposal would allow the Company to monetize its investment in the Disposed Businesses and subsequently to reduce significantly its existing debt to a manageable level. The Proposed Disposal would also better position the Company to declare dividends to Shareholders.

The Board has also considered the following factors in deciding to enter into the transaction with the Purchaser in relation to the Proposed Disposal:

- (a) the Proposed Disposal will allow the Group to pay down its debts in order to improve the financial position of the Group;
- (b) the Consideration, net of estimated Adjustment Amount, constitutes 2.1 times the market capitalisation of the Company as at 19 August 2016⁵, being the last Market Day preceding the date of the Agreement on which the Shares were traded;
- (c) the Consideration, net of estimated Adjustment Amount, constitutes 2.5 times the market capitalisation of the Company based on the volume weighted average price of the Company for the six (6)-month period ended on 19 August 2016⁶, being the last Market Day preceding the date of the Agreement on which the Shares were traded;

⁵ Based on the closing Share price of S\$0.135 as at 19 August 2016 and a total number of issued Shares excluding treasury shares of 470,884,461.

⁶ Based on the volume weighted average price of S\$0.114 for the six (6)-month period ended on 19 August 2016 and a total number of issued Shares excluding treasury shares of 470,884,461.

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- (d) the Consideration, net of estimated Adjustment Amount, is (i) 24% higher than the aggregate NAV attributable to the FCD Business and the FPS Business as recorded in the Group's 9M2016 unaudited Financial Statements of approximately S\$106,123,000; and (ii) 21% higher than the aggregate NAV attributable to the FCD Business and the FPS Business as recorded in the audited financial statements of the Company as at 31 December 2015 of approximately S\$108,960,000; and
- (e) the Disposed Businesses require significant capital injection for growth and development, which the Group faces challenges raising in the current economic environment and in light of the existing capital requirements of the other Hard Disk Drive business, as well as the Group's current debt servicing obligations. The Proposed Disposal will give the Disposed Businesses access to a new source of funds.

Based on the above, the Board is of the view that the Proposed Disposal is an attractive opportunity for the Company to monetize its investment in the Disposed Businesses in light of the current and prevailing market conditions, and is being entered into by the Company as part of its strategy to unlock value for the Shareholders. The remaining portion of the proceeds will also be used by the Company for general capital management of the Group and financing of working capital of the Group's remaining businesses.

Following the Proposed Disposal, the remaining key business of the Group is its Hard Disk Drive business. As indicated in the Annual Report in respect of FY2015, "The Group's loss before income tax (LBT) was S\$75.8 million in FY2015 compared with LBT of S\$2.7 million in FY2014... Our HDD segment recorded a revenue decrease of 9.7% year-on-year from S\$396.2 million for FY2014 to S\$357.9 million for FY2015. Due to the continued losses suffered by the HDD segment, the management decided to write off goodwill amounting to S\$67.3 million which arose from the acquisition of 44.15% interest in Compart Asia Pte Ltd in October 2007... Nevertheless, the consolidated HDD industry, characterized by high volume and few key players, provides sufficient opportunity for the Group to remain financially viable with the right cost model. The management will double its effort to expedite further cost optimization and streamlining of the HDD operations". The Hard Disk Drive segment contributed to the Group's net losses before income tax and minority interests of approximately S\$75.8 million in FY2015 due to the write off of goodwill amounting to S\$67.3 million.

For the first nine (9) months 2016, Hard Disk Drive segment recorded revenue of S\$239.5 million, a revenue decrease of 12.5% as compared to S\$273.7 million for the same period in 2015.

The management of the Group will continue its effort for cost optimisation and streamlining of the Hard Disk Drive operations including consolidating of existing manufacturing facilities. In addition, the management of the Company envisages further expansion of the product offering in the Group's existing mobile devices business (including but not limited to wireless equipment) and automotive and industrial business (including but not limited to automotive components).

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2.8 Financial Effects of the Proposed Disposal

The financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after completion of the Proposed Disposal and completion of the Agreed CHSZ Transaction. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2015, being the end of the most recently completed financial year, and are based on the assumptions set out below:

- (a) the present value of the deferred consideration of S\$14,000,000 (by way of and subject to the completion of the Agreed CHSZ Transaction and excluding any Termination Costs, which are to be borne by the Company) is approximately S\$12,882,000, based on a discount rate of 4.25% per annum over two (2) years;
- (b) the estimated Adjustment Amount is S\$16,843,000, and this is based on certain assumptions from the Group's 9M2016 unaudited Financial Statements; and
- (c) the illustrative financial effects of the Proposed Disposal include estimated transaction expenses, but exclude any Restructuring costs (which relate to the Restructuring only) and Termination Costs (which relate to the Agreed CHSZ Transaction only), which are to be borne by the Company (if any).

2.8.1 NTA per Share

Had the Proposed Disposal been effected on 31 December 2015 (being the end of FY2015), the Proposed Disposal would have had the following financial effects on the Group's NTA per share as at 31 December 2015:

For FY2015	Before Proposed Disposal	After Proposed Disposal
Net tangible assets (S\$'000)	162,473	182,145
Number of shares	470,469,461	470,469,461
Net tangible assets per Share (cents)	34.53	38.72

2.8.2 EPS

Had the Proposed Disposal been effected on 1 January 2015 (being the beginning of FY2015), the Proposed Disposal would have had the following financial effects on the Group's EPS for FY2015:

For FY2015	Before Proposed Disposal	After Proposed Disposal
Group profit/(loss) after tax (S\$'000)	(87,365)	(80,014)
Weighted average number of shares	470,461,656	470,461,656
Earnings/(loss) per share (cents)	(18.57)	(17.01)

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2.8.3 Gearing

For FY2015	Before Proposed Disposal	After Proposed Disposal
Net Borrowings/(Cash) ⁽¹⁾ (S\$'000)	73,450	(47,709)
Shareholders' equity (S\$'000)	162,473	182,145
Net Gearing Ratio	45.2%	NM ⁽²⁾

Notes:

- (1) Net Cash balance presented after Proposed Disposal does not include the deferred consideration of S\$14,000,000 (classified as other receivables).
- (2) Not Meaningful.

2.9 **Relative Figures under Chapter 10 of the Listing Manual in relation to the Proposed Disposal**

2.9.1 General

Under Chapter 10 of the Listing Manual, a transaction will be classified as a “**major transaction**” if any of the relative figures calculated on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and if so, shareholders' approval must be obtained for the “**major transaction**”.

2.9.2 Relative Figures under Rule 1006 of the Listing Manual

The relative figures⁽¹⁾ computed on the applicable bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on the Group's 9M2016 unaudited Financial Statements are set out below.

(a)	Rule 1006(a) – The net asset value of the assets to be disposed of, compared with the Group's net asset value	69% ⁽²⁾
(b)	Rule 1006(b) – The net profits attributable to the assets to be disposed of, compared with the Group's net profits	1267% ⁽³⁾
(c)	Rule 1006(c) – The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	247% ⁽⁴⁾
(d)	Rule 1006(d) – The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as the transaction is a disposal.
(e)	Rule 1006(e) – The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable as the Company is not a mineral, oil and gas company.

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Notes:

- (1) Assuming that the Agreed CHSZ Transaction is completed in accordance with the terms and conditions of the Option Agreement.
- (2) Based on the NAV of the Disposed Businesses of S\$106,123,000 and the NAV of the Group of S\$153,497,000 as at 30 September 2016.
- (3) Based on the net profit before income tax and minority interests attributable to the Disposed Businesses of approximately S\$21,067,000 and the net profit before income tax and minority interests of the Group of S\$1,663,000 for the nine (9)-month period ended on 30 September 2016.
- (4) Based on the aggregate value of the Consideration of S\$150,000,000 to be received by the Group (before the Adjustment Amount and excluding any Restructuring costs, Termination Costs and transaction expenses) and the Company's market capitalisation of S\$60,744,095 based on the total number of issued Shares (excluding treasury shares) of 470,884,461 multiplied by the volume weighted average price of S\$0.129 per Share transacted on the Mainboard of the Singapore Exchange Securities Trading Limited on 19 August 2016 (being the last Market Day preceding the date of the Agreement on which the Shares were traded).

For illustrative purpose only, the aggregate value of the Consideration received, net of estimated Adjustment Amount, compared with the Company's market capitalisation referred to above, would be 219%.

The estimated Adjustment Amount of S\$16,843,000 is based on certain assumptions from the Group's 9M2016 unaudited Financial Statements. The estimated Adjustment Amount is provided for illustrative purposes only and the final Adjustment Amount will be determined based on an agreed mechanism post-Completion (as described under paragraph 2.3.1(b) above) and may vary from the estimated Adjustment Amount.

2.9.3 Major Transaction

As the relative figures computed on the bases set out in Rules 1006(a)/1006(b)/1006(c) of the Listing Manual exceeds 20%, the Proposed Disposal constitutes a “**major transaction**” under Chapter 10 of the Listing Manual and is conditional upon the approval of Shareholders at a general meeting.

2.10 **Service Contracts**

No new directors are proposed to be appointed to the Board in connection with the Proposed Disposal. As such, no service contracts will be entered into with any new director of the Company in connection with the transaction.

2.11 **Interests in the Proposed Disposal**

Mr Lee Wai Leong (Jeremy), who is an Executive Director and Chief Executive Officer of the Company and a Shareholder, is anticipated to be employed by the Purchaser upon completion of the Proposed Disposal and shall abstain from making recommendations on the Proposed Disposal. Should Mr Lee Wai Leong (Jeremy) be employed by the Purchaser at Completion, he will (a) resign from his functions as Chief Executive Officer of the Company; (b) step down as a director of the Company; and (c) step down as a director/employee of the Company's subsidiaries other than the Disposed Companies.

As set out in paragraphs 4.1 and 4.2 below, Mr Lee Wai Leong (Jeremy) has (a) a direct interest in 157,000 Shares, representing approximately 0.03% of the total number of issued Shares; (b) 600,000 Shares comprised in outstanding share options; and (c) 155,000 Shares comprised in outstanding share awards.

Mr Lee Wai Leong (Jeremy) shall abstain from making recommendations on the Proposed Disposal in his capacity as a Director; and shall abstain from voting on the resolution relating to the Proposed Disposal in his capacity as a Shareholder.

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3. THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

3.1 Background

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares has to obtain the approval from its shareholders to do so at a general meeting of its shareholders. It is also a requirement under the Listing Manual that an issuer which wishes to purchase its own shares has to obtain approval from its shareholders to do so at a general meeting of its shareholders. In this regard, approval is being sought from Shareholders at the EGM for the adoption of the Share Buyback Mandate.

3.2 Rationale for the Share Buyback Mandate

The adoption of the Share Buyback Mandate authorising the Company to purchase or acquire its issued Shares would give the Company the flexibility to undertake purchases or acquisitions of Shares up to the 10.0% limit described in paragraph 3.3.1 below at any time as and when appropriate, subject to market conditions, during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) in managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. Share purchase is one of the ways through which the return on equity of the Group may be enhanced;
- (b) Shares which are purchased or acquired may be held as treasury shares which may be used for prescribed purposes such as selling treasury shares for cash or transferring them pursuant to an employees' share scheme. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing shareholders; and
- (c) the Share Buyback Mandate provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. Furthermore, it allows the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said 10.0% limit during the period referred to in paragraph 3.3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10.0% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or affect the listing status of the Company on the SGX-ST.

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3.3 Authority and Limits on the Share Buyback Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are summarised below:

3.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than 10.0% of the total number of issued Shares (excluding treasury shares) as at the date of the resolution passed in relation to the Share Buyback Mandate, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued as altered after such capital reduction. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10.0% limit.

For illustrative purposes only, on the basis of 470,884,461 Shares (excluding 1,030,150 Shares held by the Company as treasury shares) in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the EGM, and that the Company does not reduce its share capital, not more than 47,088,446 Shares (representing 10.0% of the total number of issued Shares (excluding treasury shares) as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate during the period when the Share Buyback Mandate is in force as referred to in paragraph 3.3.2 below.

3.3.2 Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the resolution passed in relation to the Share Buyback Mandate, up to:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier;
- (b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting; or
- (c) the date on which the Share Buybacks are carried out to the full extent mandated, whichever is the earliest.

3.3.3 Manner of Purchase

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

- (a) Market Purchases; and/or
- (b) Off-Market Purchases.

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The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions pursuant to the Companies Act:

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

Pursuant to the Listing Manual, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will have to issue an offer document to all Shareholders containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances; and
- (3) the information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.

3.3.4 Maximum Purchase Price

The purchase price (excluding related expenses) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the Share Buyback must not exceed:

- (a) in the case of a Market Purchase, 105.0% of the Average Closing Price; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price,

(the “**Maximum Price**”).

3.4 **Status of Purchased Shares**

Under the Companies Act, shares purchased or acquired by a company shall be deemed cancelled immediately upon such purchase or acquisition (and all rights and privileges attached to the shares will expire on such cancellation) unless such shares are held by the company as treasury shares. Accordingly, the total number of issued Shares will be diminished by the number of purchased or acquired by the Company, which are cancelled and are not held as treasury shares.

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

3.5 Treasury Shares

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

3.5.1 Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10.0% of the total number of issued Shares. In the event that the Company holds more than 10.0% of the total number of its issued Shares as treasury shares, the Company shall dispose of or cancel the excess treasury shares in the manner set out under paragraph 3.5.3 below within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

3.5.2 Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.5.3 Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

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

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3.6 Reporting Requirements

Within 30 days of the passing of a Shareholders' resolution to approve the purchases or acquisitions of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar of Companies.

The Company shall notify the Registrar of Companies within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchases or acquisitions including (a) the date of the purchase or acquisition; (b) the total number of Shares purchased or acquired by the Company; (c) the number of Shares cancelled; (d) the number of Shares held as treasury shares; (e) the Company's issued share capital before and after the purchase or acquisition of Shares; (f) the amount of consideration paid by the Company for the purchase or acquisition of Shares; (g) whether the Shares were purchased or acquired out of profits or capital of the Company; and (h) such other particulars as may be required in the prescribed form.

The Listing Rules specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (i) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and
- (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in the form of Appendix 8.3.1 to the Listing Manual and shall include such details as the SGX-ST may prescribe.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(28) of the Listing Manual, which provides that an issuer must make an immediate announcement thereof, stating the following:

- (A) date of the sale, transfer, cancellation and/or use;
- (B) purpose of such sale, transfer, cancellation and/or use;
- (C) number of treasury shares sold, transferred, cancelled and/or used;
- (D) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (E) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (F) value of the treasury shares if they are used for a sale or transfer, or cancelled.

The Board shall lodge with the Registrar of Companies within 30 days of the cancellation or disposal of treasury shares the notice of the cancellation or disposal of treasury shares in the prescribed form with such particulars as may be required in the form, together with payment of the prescribed fee.

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3.7 Source of Funds

The Companies Act permits the Company to purchase or acquire Shares out of capital, as well as from its distributable profits.

The Company intends to use its internal resources to finance the purchase or acquisition of Shares pursuant to the Share Buyback Mandate. The Directors do not propose to exercise the Share Buyback Mandate to such extent that it would materially affect the working capital requirements, financial flexibility or investment ability of the Group.

3.8 Financial Effects

It is not possible for the Company to realistically calculate or quantify the financial effects of purchases of Shares that may be made pursuant to the Share Buyback Mandate as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased, whether the purchase is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

For illustrative purposes only, and based on the assumptions set out below:

- (a) based on 470,884,461 Shares (excluding 1,030,150 Shares held by the Company as treasury shares) in issue as at the Latest Practicable Date and assuming no further Shares are issued and no reduction of the share capital of the Company is effected, in each case, on or prior to the EGM, not more than 47,088,446 Shares (representing 10.0% of the total number of issued Shares (excluding treasury shares) as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 47,088,446 Shares at the Maximum Price of S\$0.201 for one (1) Share (being the price equivalent to 5.0% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 47,088,446 Shares (excluding related expenses) is approximately S\$9.5 million;
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 47,088,446 Shares at the Maximum Price of S\$0.23 for one (1) Share (being the price equivalent to 20.0% above the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 47,088,446 Shares (excluding related expenses) is approximately S\$10.8 million;

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(d) the consideration for the purchase or acquisition of Shares is financed entirely by internal resources; and

(e) the Share Buyback Mandate had been effective on 1 January 2015,

the financial effects of the:

(i) purchase or acquisition of 47,088,446 Shares by the Company pursuant to the Share Buyback Mandate which is made entirely out of capital and held as treasury shares; and

(ii) purchase or acquisition of 47,088,446 Shares by the Company pursuant to the Share Buyback Mandate which is made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for FY2015 are set out below:

(A) Purchases made entirely out of capital and held as treasury shares

As at 31 December 2015	Group			
S\$'000	Before Share Buyback	Adjusted before the Share Buy Back ⁽¹⁾	After Share Buyback Assuming Market Purchase ⁽⁷⁾	After Share Buyback Assuming Off-Market Purchase ⁽⁸⁾
Shareholders' Funds ⁽²⁾	162,473	162,473	153,009	151,643
Net Assets ⁽³⁾	162,473	162,473	153,009	151,643
Current Assets	274,566	274,566	265,102	263,736
Current Liabilities	262,932	262,932	262,932	262,932
Total Borrowings	121,612	121,612	121,612	121,612
Cash and Cash Equivalents	48,163	48,163	38,699	37,333
Profit attributable to Owner of the Company	(87,365)	(87,365)	(87,365)	(87,365)
Number of Shares ('000)				
Ordinary Shares	471,915	471,915	470,884	470,884
Less: Treasury Shares	(1,445)	(1,030)	(47,088)	(47,088)
Number of issued Shares (net of treasury Shares)	470,469	470,884	423,796	423,796
Weighted average number of Shares	470,469	470,716	423,628	423,628
Financial Ratios:				
Net Assets per Share (in cents) ⁽⁴⁾	34.53	34.50	36.10	35.78
Net Gearing (times) ⁽⁵⁾	0.45	0.45	0.54	0.56
Basic Earnings per Share (in cents) ⁽⁶⁾	(18.57)	(18.56)	(20.62)	(20.62)

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Notes:

- (1) Adjusted for 72,409, 69,447, 96,780 and 7,940 weighted average number of Shares issued pursuant to vesting of Share Awards granted pursuant to the BIGL Share Plan.
- (2) "Shareholders' Fund" represents the aggregate amount of share capital, reserve of own shares, capital reserve, share option reserve, asset revaluation reserve, translation reserve and retained earnings.
- (3) "Net assets" as disclosed above excludes non-controlling interests.
- (4) "Net assets per share" equals shareholders' funds divided by number of issued Shares excluding treasury Shares.
- (5) "Net Gearing" equals to total borrowings less cash and cash equivalents divided by shareholders' funds.
- (6) "Basic earnings per share" is calculated based on profit attributable to owners of the Company divided by the weighted average number of Shares, assuming the Share Buy-Back takes place on 1 January 2015.
- (7) Assumes that the Company purchases the 47,088,446 Shares at the maximum price of S\$0.201 for one Share, which is 5% above the average closing price of a Share over the last five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 47,088,446 Shares is S\$9.5 million.
- (8) Assumes that the Company purchases the 47,088,446 Shares at the maximum price of S\$0.23 for one Share, which is 20% above the average closing price of a Share over the last five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 47,088,446 Shares is S\$10.8 million.

(B) Purchases made entirely out of capital and cancelled

As at 31 December 2015	Group			
S\$'000	Before Share Buyback	Adjusted before the Share Buy Back ⁽¹⁾	After Share Buyback Assuming Market Purchase ⁽⁷⁾	After Share Buyback Assuming Off-Market Purchase ⁽⁸⁾
Shareholders' Funds ⁽²⁾	162,473	162,473	153,009	151,643
Net Assets ⁽³⁾	162,473	162,473	153,009	151,643
Current Assets	274,566	274,566	265,102	263,736
Current Liabilities	262,932	262,932	262,932	262,932
Total Borrowings	121,612	121,612	121,612	121,612
Cash and Cash Equivalents	48,163	48,163	38,699	37,333
Profit attributable to Owner of the Company	(87,365)	(87,365)	(87,365)	(87,365)
Number of Shares ('000)				
Ordinary Shares	471,915	471,915	424,826	424,826
Less: Treasury Shares	(1,445)	(1,030)	(1,030)	(1,030)
Number of issued Shares (net of treasury Shares)	470,469	470,884	423,796	423,796
Weighted average number of Shares	470,469	470,716	423,628	423,628
Financial Ratios:				
Net Assets per Share (in cents) ⁽⁴⁾	34.53	34.50	36.10	35.78
Net Gearing (times) ⁽⁵⁾	0.45	0.45	0.54	0.56
Basic Earnings per Share (in cents) ⁽⁶⁾	(18.57)	(18.56)	(20.62)	(20.62)

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Notes:

- (1) Adjusted for 72,409, 69,447, 96,780 and 7,940 weighted average number of Shares issued pursuant to vesting of Share Awards granted pursuant to the BIGL Share Plan.
- (2) "Shareholders' Fund" represents the aggregate amount of share capital, reserve of own shares, capital reserve, share option reserve, asset revaluation reserve, translation reserve and retained earnings.
- (3) "Net assets" as disclosed above excludes non-controlling interests.
- (4) "Net assets per share" equals shareholders' funds divided by number of issued Shares excluding treasury Shares.
- (5) "Net Gearing" equals to total borrowings less cash and cash equivalents divided by shareholders' funds.
- (6) "Basic earnings per share" is calculated based on profit attributable to owners of the Company divided by the weighted average number of Shares, assuming the Share Buy-Back takes place on 1 January 2015.
- (7) Assumes that the Company purchases the 47,088,446 Shares at the maximum price of S\$0.201 for one Share, which is 5% above the average closing price of a Share over the last five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 47,088,446 Shares is S\$9.5 million.
- (8) Assumes that the Company purchases the 47,088,446 Shares at the maximum price of S\$0.23 for one Share, which is 20% above the average closing price of a Share over the last five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date and accordingly, the maximum amount of funds required for the purchase of the 47,088,446 Shares is S\$10.8 million.

Shareholders should note that the financial effects set out above are purely for illustrative purposes only and are based on the assumptions set out above. Although the proposed Share Buyback Mandate would authorise the Company to purchase or acquire up to 10.0% of the total number of issued Shares (excluding treasury shares), the Company may not necessarily purchase or acquire, or be able to purchase or acquire, the entire 10.0% of the total number of its issued Shares (excluding treasury shares). In addition, the Company may cancel all or part of the Shares purchased or acquired, or hold all or part of the Shares purchased or acquired in treasury.

3.9 Take-over Implications

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

3.9.1 Obligation to make a Take-over Offer

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

- (a) he acquires 30.0% or more of the voting rights of the company; or
- (b) he holds between 30.0% and 50.0% of the voting rights of the company and he increases his voting rights in the company by more than 1.0% in any six (6)-month period.

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

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3.9.2 Persons Acting in Concert

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

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

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

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

3.9.3 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and parties acting in concert with them would increase to 30.0% or more, or if such Directors and their concert parties hold between 30.0% and 50.0% of the Company’s voting rights, the voting rights of such Directors and parties acting in concert with them would increase by more than 1.0% in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30.0% or more or, if such Shareholder holds between 30.0% and 50.0% of the Company’s voting rights, the voting rights of such Shareholder would increase by more than 1.0% in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

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

Ms. Wong Yi Jia is a Non-Executive Director of the Company. As at the Latest Practicable Date, Ms. Wong Yi Jia and parties acting in concert with her, being her mother, Mdm. Lau Leok Yee, and her uncles and aunts, Ms. Hwang Bon Sian, Mr. Lau Huan Yeong, Ms. Lau Seik Yee and Ms. Lau Seok Yee, have an aggregate interest (direct and deemed) in 171,161,410 Shares, representing approximately 36.35% of the total voting rights of the Company. The shareholdings of Ms. Wong Yi Jia and parties acting in concert with her in the Company as at the Latest Practicable Date are set out on page 36 of this Circular.

Assuming that there is no change in the number of Shares held or deemed to be held by Ms. Wong Yi Jia and parties acting in concert with her from the Latest Practicable Date, in the event that the Company undertakes Share Buybacks of up to 10.0% of the total number

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of issued Shares (excluding treasury shares) within any six (6)-month period as permitted by the Share Buyback Mandate, the total shareholding interest of Ms. Wong Yi Jia and parties acting in concert with her may be increased by more than 1.0% within a period of six (6) months as a result of the Share Buybacks undertaken by the Company. As a consequence, Ms. Wong Yi Jia and parties acting in concert with her would *prima facie* be required to make a general offer for the Shares held by the other Shareholders under Rule 14 of the Take-over Code.

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

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

if such acquisitions, taken together with those purchased or acquired by the Company under the Share Buyback Mandate, would cause their aggregate voting rights to increase by more than 1.0% in the preceding six (6) months.

As such, if the aggregate voting rights held by Ms. Wong Yi Jia and parties acting in concert with her increase by more than 1.0% solely as a result of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate, and none of them has acquired any Shares during the relevant six (6)-month period, then Ms. Wong Yi Jia and parties acting in concert with her would be eligible for the exemption from the requirement to make a general offer under Rule 14 of the Takeover Code, or where such exemption had been granted, would continue to enjoy the exemption.

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If the Company ceases to buy back its Shares and the increase in the aggregate voting rights held by Ms. Wong Yi Jia and parties acting in concert with her as a result of the Share Buyback at such time is less than 1.0% in any six (6)-month period, Ms. Wong Yi Jia and parties acting in concert with her may acquire further voting shares in the Company. However, any increase in their percentage voting rights as a result of the Share Buyback will be taken into account together with any voting shares acquired by Ms. Wong Yi Jia and parties acting in concert with her (by whatever means) in determining whether Ms. Wong Yi Jia and parties acting in concert with her have increased their aggregate voting rights in the Company by more than 1.0% in any six (6)-month period.

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

- (A) there is no change in their direct holdings of Shares between the Latest Practicable Date and the date of the resolution to be passed in relation to the Share Buyback Mandate (being the date of the EGM); and
- (B) no new Shares are issued by the Company between the Latest Practicable Date and the date of the resolution to be passed in relation to the Share Buyback Mandate (being the date of the EGM),

the respective holdings of Shares of Ms. Wong Yi Jia and parties acting in concert with her as at the date of the resolution to be passed in relation to the Share Buyback Mandate (being the date of the EGM) and after the purchase or acquisition by the Company of 10.0% of the total number of issued Shares (excluding treasury shares) pursuant to the Share Buyback Mandate are as follows:

	Before the Share Buyback (as at the date of EGM)		After the Share Buyback	
	Number of Shares	% of total issued Shares⁽¹⁾	Number of Shares	% of total issued Shares⁽²⁾
Ms. Wong Yi Jia	–	–	–	–
Mdm. Lau Leok Yee	170,168,610	36.14	170,168,610	40.15
Ms. Hwang Bon Sian	172,000	0.04	172,000	0.04
Mr. Lau Huan Yeong	1,800	nm	1,800	nm
Ms. Lau Seik Yee	531,000	0.11	531,000	0.13
Ms. Lau Seok Yee	288,000	0.06	288,000	0.07

Notes:

- (1) As a percentage of 470,884,461 Shares (excluding 1,030,150 Shares held by the Company as treasury shares) in issue as at the Latest Practicable Date.
- (2) As a percentage of 423,796,015 Shares (assuming that the Company purchases the maximum number of 47,088,446 Shares under the Share Buyback Mandate).

Shareholders should note that by voting to approve the Share Buyback Mandate, they are waiving their right to a take-over offer by Ms. Wong Yi Jia and parties acting in concert with her in the circumstances set out above. Such a take-over offer, if required to be made and had not been exempted by the SIC, would have to be made

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in cash or be accompanied by a cash alternative at not less than the highest price (excluding related expenses) paid by Ms. Wong Yi Jia and parties acting in concert with her for any Shares within the preceding six (6) months.

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

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

3.10 Listing Rules

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

- (a) one (1) month immediately preceding the announcement of the Company’s full-year results; and
- (b) two (2) weeks immediately preceding the announcement of the Company’s results for each of the first three (3) quarters of its financial year.

The Company is required under Rule 723 of the Listing Manual to ensure that at least 10.0% of the total number of issued Shares (excluding treasury shares) are in the hands of the public. The “**public**”, as defined under the Listing Manual, are persons other than the directors, chief executive officer, Substantial Shareholders or controlling shareholders (as defined in the Listing Manual) of the Company and its subsidiaries, as well as the associates (as defined in the Listing Manual) of such persons.

Based on the Register of Directors’ and Chief Executive Officer’s Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, approximately 250,696,834 Shares, representing 53.2% of the total number of issued Shares (excluding treasury shares), are in the hands of the public. Assuming that (i) the Company purchases its Shares up to the full 10.0% limit pursuant to the Share Buyback Mandate from the public (as defined in the Listing Rules); and (ii) all Shares purchased by the Company are held as treasury shares, the number of Shares in the hands of the public would be reduced to 203,608,388 Shares, representing 48.0% issued Shares (excluding treasury shares). Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full 10.0% limit pursuant to the proposed Share

LETTER FROM THE BOARD TO THE SHAREHOLDERS

Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

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

3.11 Taxation

Shareholders who are in doubt as to their respective tax positions or any such tax implications or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

3.12 Previous Share Buybacks

As the Company is proposing to adopt a new Share Buyback Mandate, it has not purchased any Shares during the 12-month period preceding the Latest Practicable Date.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

4.1 Interests in the Company

The interests of the Directors and Substantial Shareholders, based on information recorded in the Register of Directors' and Chief Executive Officer's Shareholdings and Register of Substantial Shareholders, respectively, maintained by the Company pursuant to Section 164 and Section 88 of the Companies Act, respectively, as at the Latest Practicable Date are as follows:

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors						
Lew Syn Pau ⁽²⁾	–	–	44,572,639	9.47	44,572,639	9.47
Lee Chow Soon	453,333	0.10	–	–	453,333	0.10
Eu Yee Ming Richard	147,333	0.03	–	–	147,333	0.03
Lee Khong Kee @						
Lee Po Lo	1,926,962	0.41	–	–	1,926,962	0.41
Ng Ah Hoy ⁽³⁾	116,250	0.02	1,165,000	0.25	1,281,250	0.27
Lee Wai Leong (Jeremy)	157,000	0.03	–	–	157,000	0.03
Wong Yi Jia	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Lau Leok Yee ⁽⁴⁾	79,851,142	16.96	90,317,468	19.18	170,168,610	36.14

LETTER FROM THE BOARD TO THE SHAREHOLDERS

Notes:

- (1) Based on 470,884,461 Shares (excluding 1,030,150 Shares held by the Company as treasury shares) as at the Latest Practicable Date and rounded to two (2) decimal places.
- (2) Mr Lew Syn Pau is the beneficial owner of 44,572,639 Shares held by Raffles Nominees (Pte) Ltd.
- (3) Mr Ng Ah Hoy is the beneficial owner of 1,165,000 Shares held by CIMB Securities (Singapore) Pte. Ltd.
- (4) Mdm Lau Leok Yee is the widow of the late Mr Wong Sheung Sze (who was a Director and Substantial Shareholder) and is the beneficial owner of 90,317,468 Shares held by Citibank Nominees Singapore Pte Ltd.

The interests of a Director in outstanding share options under the BIGL Share Option Scheme 2001 and share awards under the BIGL Share Plan as at the Latest Practicable Date are set out below:

Director	No. of Shares comprised in outstanding share options	No. of Shares comprised in outstanding share awards
Lew Syn Pau	–	–
Lee Chow Soon	–	–
Eu Yee Ming Richard	–	–
Lee Khong Kee @ Lee Po Lo	150,000	–
Ng Ah Hoy	150,000	123,750
Lee Wai Leong (Jeremy)	600,000	155,000
Wong Yi Jia	–	–

4.2 Interests in the Proposed Disposal and/or the proposed adoption of the Share Buyback Mandate

4.2.1 The Proposed Disposal

Mr Lee Wai Leong (Jeremy), who is an Executive Director and Chief Executive Officer of the Company and a Shareholder, is anticipated to be employed by the Purchaser upon completion of the Proposed Disposal. Should Mr Lee Wai Leong (Jeremy) be employed by the Purchaser at Completion, he will (a) resign from his functions as Chief Executive Officer of the Company; (b) step down as a director of the Company; and (c) step down as a director/employee of the Company's subsidiaries other than the Disposed Companies.

Mr Lee Wai Leong (Jeremy) has (a) a direct interest in 157,000 Shares, representing approximately 0.03% of the total number of issued Shares; (b) 600,000 Shares comprised in outstanding share options; and (c) 155,000 Shares comprised in outstanding share awards.

Mr Lee Wai Leong (Jeremy) shall abstain from making recommendations on the Proposed Disposal in his capacity as a Director; and shall abstain from voting on the resolution relating to the Proposed Disposal in his capacity as a Shareholder.

Save as disclosed in this Circular, none of the Directors and as far as the Directors are aware, none of the controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal other than through their shareholdings in the Company.

LETTER FROM THE BOARD TO THE SHAREHOLDERS

4.2.2 The Proposed Adoption of the Share Buyback Mandate

Save as disclosed in this Circular (in particular, in paragraph 3.9.4 above), none of the Directors and as far as the Directors are aware, none of the controlling Shareholders of the Company has any interest, direct or indirect, in the proposed adoption of the Share Buyback Mandate other than through their shareholdings in the Company.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held at Seminar Room 6-7, Level 5, Symbiosis Tower, 3 Fusionopolis Way, Singapore 138633 on 14 December 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolutions set out in the Notice of EGM in relation to the Proposed Disposal and the proposed adoption of the Share Buyback Mandate.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of proxies

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular, a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than forty-eight (48) hours before the time fixed for the EGM. The completion and lodgment of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so.

6.2 When Depositor regarded as Shareholder

A Depositor will not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the EGM.

7. DIRECTORS' RECOMMENDATIONS

7.1 The Proposed Disposal

After having considered, *inter alia*, the terms, rationale for and benefits of the Proposed Disposal, the Directors (except for Mr. Lee Wai Leong (Jeremy), who has abstained from making any recommendation in respect of the Proposed Disposal) are of the opinion that the Proposed Disposal is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution relating to the Proposed Disposal as set out in the Notice of EGM.

7.2 The Proposed Adoption of the Share Buyback Mandate

After having considered, *inter alia*, the terms, rationale for and benefits of the proposed adoption of the Share Buyback Mandate, the Directors (except for Ms. Wong Yi Jia, who has abstained from making any recommendation in respect of the proposed adoption of the Share Buyback Mandate) are of the opinion that the Proposed adoption of the Share Buyback Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution relating to the proposed adoption of the Share Buyback Mandate as set out in the Notice of EGM.

LETTER FROM THE BOARD TO THE SHAREHOLDERS

8. ABSTENTION FROM VOTING

8.1 The Proposed Disposal

As set out in paragraph 4.2.1 above, Mr Lee Wai Leong (Jeremy), who is an Executive Director and Chief Executive Officer of the Company and a Shareholder, is anticipated to be employed by the Purchaser upon completion of the Proposed Disposal. Should Mr Lee Wai Leong (Jeremy) be employed by the Purchaser at Completion, he will (a) resign from his functions as Chief Executive Officer of the Company; (b) step down as a director of the Company; and (c) step down as a director/employee of the Company's subsidiaries other than the Disposed Companies.

Mr Lee Wai Leong (Jeremy) shall abstain from voting on the resolution relating to the Proposed Disposal.

8.2 The Proposed Adoption of the Share Buyback Mandate

Ms. Wong Yi Jia and parties acting in concert with her shall abstain from voting on the resolution relating to the proposed adoption of the Share Buyback Mandate at the EGM. Ms. Wong Yi Jia and parties acting in concert with her shall not accept appointment as proxies for Shareholders to vote on the resolution relating to the proposed adoption of the Share Buyback Mandate, unless specific instructions have been given in the Proxy Form(s) on how the votes are to be cast in respect of such resolution.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

10. INSPECTION OF DOCUMENTS

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Agreement;
- (b) the Constitution of the Company; and
- (c) the Annual Report in respect of FY2015.

Yours faithfully

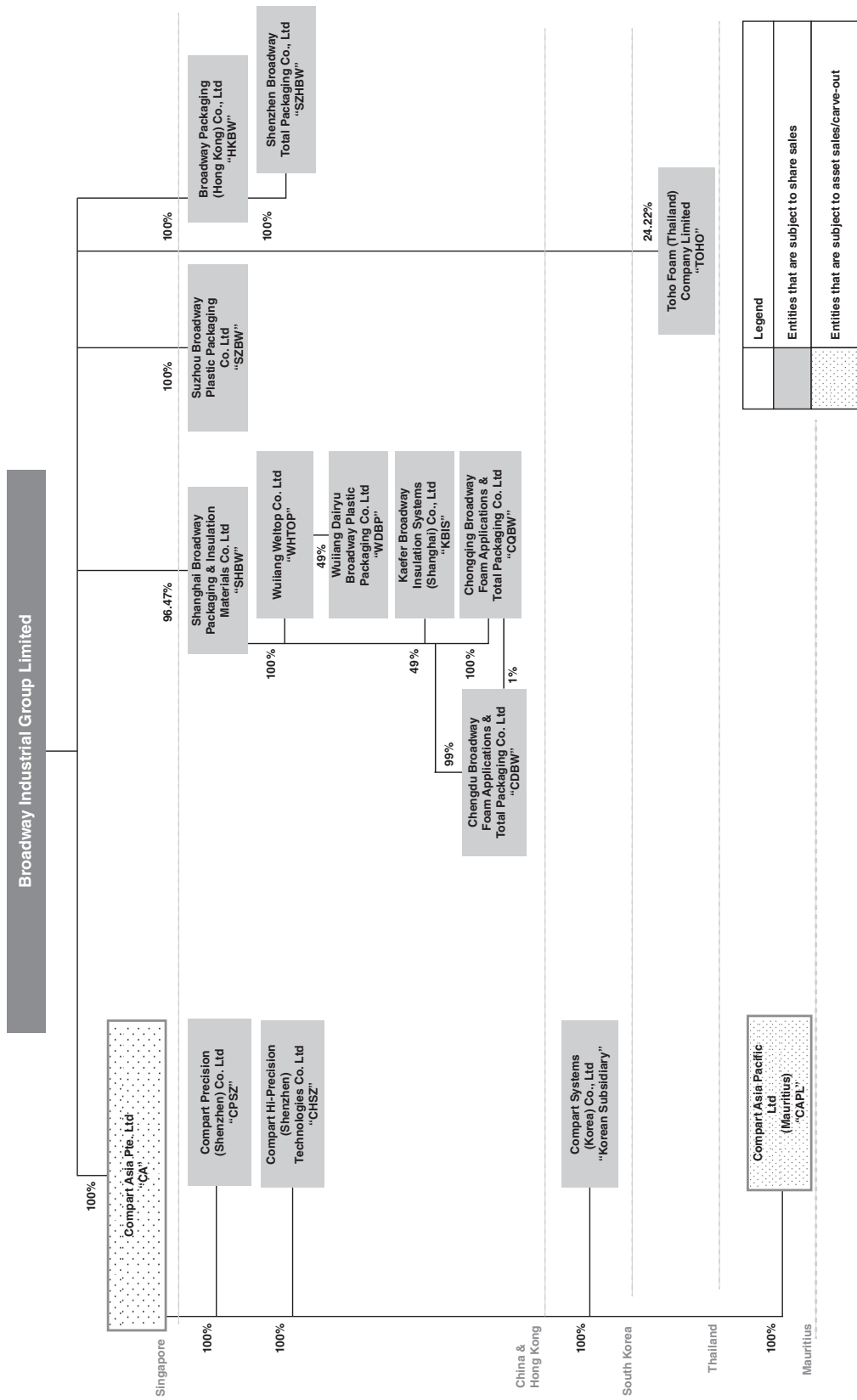
For and on behalf of the Board of Directors of
BROADWAY INDUSTRIAL GROUP LIMITED

Lew Syn Pau
Chairman

29 November 2016

APPENDIX

STRUCTURE CHART



Legend
Entities that are subject to share sales
Entities that are subject to asset sales/carve-out

NOTICE OF EXTRAORDINARY GENERAL MEETING

BROADWAY INDUSTRIAL GROUP LIMITED

Company Registration Number 199405266K
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of BROADWAY INDUSTRIAL GROUP LIMITED (the “**Company**”) will be held at Seminar Room 6-7, Level 5, Symbiosis Tower, 3 Fusionopolis Way, Singapore 138633 on 14 December 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolution:

Unless otherwise defined, all terms defined in this Notice of EGM shall have the same meanings as those defined or construed in the Circular dated 29 November 2016 issued by the Company to the Shareholders.

ORDINARY RESOLUTION 1 – THE PROPOSED DISPOSAL OF THE FOAM PLASTICS SOLUTIONS AND FLOW CONTROL DEVICE BUSINESSES OF THE GROUP

THAT, approval be and is hereby given:

- (a) for the Proposed Disposal on the terms and subject to the conditions set out in the Agreement, being a “major transaction” under Chapter 10 of the Listing Manual and a disposal of a substantial part of the whole undertaking or property of the FPS Business and FCD Business pursuant to Section 160 of the Companies Act; and
- (b) for the Directors of the Company and each of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary or expedient for the purpose of completing the Proposed Disposal and/or the transactions contemplated by this resolution.

ORDINARY RESOLUTION 2 – THE PROPOSED ADOPTION OF THE SHARE BUYBACK MANDATE

That:

- (a) for the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (defined below), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (defined below), whether by way of:
 - (i) on-market purchases (“**Market Purchase**”) effected on the SGX-ST through the SGX-ST trading system, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchases (“**Off-Market Purchase**”) effected pursuant to an equal access scheme(s) as may be determined or formulated by the directors of the Company from time to time as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution relating to the Share Buyback Mandate and expiring on:
- (i) the date on which the next annual general meeting of the Company is held or required by law to be held, whichever is the earlier;
 - (ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting; or
 - (iii) the date on which the Share Buybacks are carried out to the full extent mandated, whichever is the earliest;
- (c) in this resolution relating to the Share Buyback Mandate:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the day on which the purchase or acquisition of Shares was made or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual, for any corporate action that occurs after the relevant five (5) Market Days; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

“Market Day” means a day on which the SGX-ST is open for trading in securities;

“Maximum Limit” means that number of Shares representing not more than 10.0% of the total number of issued Shares (excluding treasury shares) as at the date of the resolution passed in relation to the Share Buyback Mandate, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued as altered after such capital reduction. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10.0% limit.

“Maximum Price” in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105.0% of the Average Closing Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

“Relevant Period” means the period commencing from the date of the resolution passed in relation to the Share Buyback Mandate and expiring on the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is the earlier; and

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

By Order of the Board

Lew Syn Pau
Chairman

29 November 2016

Notes:

1. For further details, please refer to the Circular to the Shareholders dated 29 November 2016.
2. (a) A member of the Company (**“Member”**) (other than a member who is a relevant intermediary) entitled to attend and vote at the EGM is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf.

(b) A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the EGM, 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.

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

3. A proxy need not be a Member of the Company.
4. The instrument appointing a proxy or proxies that has been executed by a Member, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof), must be deposited at the registered office of the Company at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, not less than 48 hours before the time appointed for the EGM.
5. **Personal data privacy:** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, or by attending the EGM, a Member (a) consents to the collection, use and disclosure of the Member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **“Purposes”**), (b) warrants that where the Member discloses the personal data of the Member’s proxy(ies) and/or representative(s) to the Company (or its agents), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (c) agrees that the Member will indemnify the Company (or its agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member’s breach of warranty. In addition, by attending the EGM and/or any adjournment thereof, a Member consents to the collection, use and disclosure of the Member’s personal data by the Company (or its agents) for any of the Purposes.

BROADWAY INDUSTRIAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199405266K)

Important:

1. A relevant intermediary may appoint more than two (2) proxies to attend the Extraordinary General Meeting of the Company.
2. For investors who have used their Central Provident Fund ("CPF") monies ("CPF Investors") and/or monies in the Supplementary Retirement Scheme (SRS) accounts ("SRS Investors") to buy Broadway Industrial Group Limited's shares, this letter and its enclosures are forwarded to you at the request of their CPF and/or SRS Approved Nominees (as the case may be) and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF Investors who wish to attend and vote at the EGM should contact their CPF Approved Nominees.

PROXY FORM

I/We (Name) NRIC/Passport No.
of (Address)
being a Member/Members of Broadway Industrial Group Limited (the "Company") hereby appoint:

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

and/or failing him/her (delete as appropriate):

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

or failing him/her, the Chairman of the Extraordinary General Meeting ("EGM") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the EGM of the Company to be held at Seminar Room 6-7, Level 5, Symbiosis Tower, 3 Fusionopolis Way, Singapore 138633 on 14 December 2016 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

	No. of Votes For*	No. of Votes Against*
Ordinary Resolution 1 To approve the Proposed Disposal		
Ordinary Resolution 2 To approve the proposed adoption of the Share Buyback Mandate		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution please indicate the number of votes as appropriate.

Dated this day of 2016

Signature(s) of shareholder(s) or
common seal of corporate shareholder

Total number of Shares held in:	No. of Shares
CDP Register	
Register of Members	

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. (a) A Member (other than a member who is a relevant intermediary) entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) or two (2) proxies to attend and vote on his behalf. Where a Member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of the proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

(b) A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the EGM, 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.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.
3. A proxy need not be a Member of the Company.
4. The instrument appointing the proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, not less than 48 hours before the time appointed for the EGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
6. Where the instrument appointing a proxy is signed by an attorney, the letter or power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) be stamped and be lodged with the instrument of proxy at the registered office of the Company, not less than 48 hours before the time for holding the EGM and/or any adjournment thereof at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
7. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act.
8. In the case of joint holders of shares, any one of such persons may vote, but if more than one of such persons are present at the EGM, the person whose name stands first on the Register of Members or (as the case may be) in the Depository Register shall alone be entitled to vote.
9. Any alteration made to the instrument of proxy should be initialled by the person who signs it.

General: The sending of a Proxy Form by a Member does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such Members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the Member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.