VICPLAS

INNOVATION & EXCELLENCE

ANNUAL REPORT 2017

Mission Statement

Our mission is to multiply profitability through continuous technological innovation and product and service improvements.

This will help us to fulfil our commitment to provide optimum value for our customers, business partners and shareholders.

The Group has two Core Businesses

1 The research, design, development and manufacture of innovative medical devices through our wholly-owned subsidiaries, Forefront Medical Technology (Pte) Ltd and Forefront Medical Investment Pte. Ltd. in Singapore; Forefront (Xiamen) Medical Devices Co., Ltd and Forefront Medical Technology (Jiangsu) Co., Ltd in China; and 81% owned subsidiary, XentiQ (Pte.) Ltd. in Singapore.

The wholly-owned subsidiaries have quality certifications of EN ISO13485:2012 and are registered under the United States Food and Drug Administration (FDA) as a “contract manufacturer for medical devices”. Forefront Medical Technology (Jiangsu) Co., Ltd additionally has a Class I and II Medical Device Manufacturing License in China and Accreditation certificate of foreign medical device manufacturer from Japan. Forefront (Xiamen) Medical Devices Co., Ltd additionally has a Class II Medical Device Manufacturing License in China.

2 The manufacture and distribution of piping systems for diverse industries including waste and potable water systems for residential homes, schools, commercial and industrial buildings; underground electrical and internal building wire piping systems; and data and signal line piping systems by telecommunications companies, through our wholly-owned subsidiaries, Vicplas Holdings Pte Ltd in Singapore and Rimplas Industries Sdn. Bhd. in Malaysia. Both Vicplas Holdings Pte Ltd and Rimplas Industries Sdn. Bhd. have quality certification of ISO9001:2008.

Contents

Statement by Chairman

On behalf of the Board, we present the Annual Report of Vicplas International Ltd ("Vicplas" or "the Company", and together with its subsidiaries, "the Group") for the financial year ended July 31, 2017 ("FY2017").

OVERVIEW

In FY2017, revenue of the Group decreased by 16.3% to $63.7 million resulting from lower revenues from both the medical devices segment and the pipes and pipe fittings segment.

The Group recorded a lower net profit after tax of $3.2 million for FY2017 as compared to a net profit after tax of $5.3 million for the financial year ended July 31, 2016 ("FY2016").

Medical devices segment

Revenue for the medical devices segment was $24.9 million in FY2017, a decrease of 23.9% from FY2016. This was mainly due to the substantial decrease in orders from its major customer (in line with previous announcements) but was offset partially by increase in revenue from other customers.

Despite the revenue decrease, the medical devices segment further reduced its segmental negative results to $754,000 in FY2017 from $782,000 in FY2016 due to improvements in automation, labour utilisation and commercialisation of new projects which had a positive impact on both product mix and margin in FY2017.

Pipes and pipe fittings segment

The pipes and pipe fittings segment recorded lower revenue of $38.8 million for FY2017 as compared to $43.4 million for FY2016, a 10.6% decline as the construction scene in Singapore continues to weaken (in particular residential housing projects) and competition increases.

The pipes and pipe fittings segment achieved lower segmental positive results of $7.5 million in FY2017 compared to $10.9 million in FY2016. This decline was mainly due to lower revenue, higher raw materials cost and increased competition.

OUTLOOK

Medical devices segment

The medical devices segment will continue focusing on business development and improving the efficiency and effectiveness of its manufacturing activities in order to increase revenue and regain profitability. In particular, the segment has been placing substantive emphasis on further expanding its customer and revenue base through commercialising its growing portfolio of new projects.

The inclusion of XentiQ (Pte.) Ltd. as a recent member of the Group, enables the segment to seek and pursue new business opportunities through the expansion of its range of manufacturing services to include electro-mechanical capabilities.

Although the segment continues to face risk and uncertainty associated with growing its customer base, it is currently experiencing positive momentum that is encouraging.

Pipes and pipe fittings segment

The construction industry in Singapore is expected to remain slow especially for residential homes. In public housing, the number of BTOs launched in FY2017 was lower compared to FY2016 and the trend is likely to remain. In addition, changes to the Home Improvement Program for public housing have resulted in PVC piping systems not being required to be changed unless found to be defective. Lower demand is also expected for the private residential homes sector due to lower construction activities.

In view of the lower demand in residential homes and increasing competition in Singapore, the pipes and pipe fittings segment will continue to focus on civil engineering projects, regional growth and product expansion.

The new manufacturing plant in Cambodia is currently expected to be operational by the last quarter of the financial year ending July 31, 2018 and may generate new revenue for the segment when it is ready.

Overall

In view of the challenges ahead for both the medical devices segment and the pipes and pipe fittings segment, the Group will continue to exercise prudent cost management while developing new business opportunities and strengthening the base for its future growth.

DIVIDEND

Notwithstanding the lower level of profitability for the Group compared to the previous year, we have recommended the declaration of a final dividend of 0.50 cents per share in respect of FY2017, subject to shareholders' approval at the forthcoming Annual General Meeting. If approved, this final dividend together with the interim dividend of 0.25 cents per share previously paid, will provide shareholders with a total dividend of 0.75 cents per share in respect of FY2017 - and will be the third consecutive financial year in which the total dividend per annum of 0.75 cents per share has been maintained. It is noteworthy that over a three year period, shareholders would have received total dividends of 2.25 cents per share, which contrasts positively against the traded share price on the SGX of not more than 8 cents per share during the calendar month (August 2015) immediately prior to the announcement of the first of this series of dividend payments.

The Group's ability to sustain this dividend track record is dependent ultimately on its long-term business fundamentals which will require capital to maintain, grow and develop. This delicate balancing of future investment against current reward is an everlasting challenge.

APPRECIATION

On behalf of the Board, we thank our customers, suppliers, employees and shareholders for their continued support throughout the year. In particular, we wish to express our appreciation for the relentless efforts and commitment demonstrated by our management team and employees in building our Group.

YEO WICO
Chairman

Operational and Financial Review

REVENUE

In FY2017, revenue for the Group decreased by 16.3% to $63.7 million and net profit after tax decreased by 40.6% to $3.2 million, as compared to FY2016.

The revenue for the medical devices segment decreased by 23.9% to $24.9 million in FY2017 mainly due to the substantial decrease in orders from its major customer (in line with previous announcements), notwithstanding an increase in revenue from other customers. Despite the lower revenue, the medical devices segment improved its segmental results marginally by reducing its segmental negative results from $782,000 in FY2016 to $754,000 in FY2017 due to improvements in automation, labour utilisation and commercialisation of new projects which had a positive impact on both product mix and margin in FY2017.

The revenue for the pipes and pipe fittings segment decreased by 10.6% to $38.8 million in FY2017 from $43.4 million in FY2016 due to the general slowdown and increasing competition in the construction industry in Singapore. Its segmental positive results decreased to $7.5 million in FY2017 from $10.9 million in FY2016.

Other income in FY2017 increased by $664,000 mainly due to increased income from tool fabrication for customers' new projects as compared to FY2016.

OPERATING EXPENSES

Raw materials and consumables used decreased by only 5.3% despite the 16.3% decrease in revenue in FY2017 due to higher raw material prices, especially resin used in the pipes and pipe fittings segment.

Purchase of finished goods for resale decreased by 42.2% to $2.1 million in FY2017 from $3.7 million in FY2016 as the construction industry slowed and the pipes and pipe fittings segment purchased lesser items for trading.

Employee benefits expense decreased by 6.3% to $19.0 million in FY2017 from $20.2 million in FY2016 due to reduction in headcount and tighter control of overtime cost.

Other operating expenses decreased by 20.3% to $13.3 million in FY2017 from $16.7 million in FY2016 mainly due to lower foreign exchange loss, professional

fees and other variable costs which had decreased with lower level of usage or activities, such as repair and maintenance costs, sterilisation and decontamination costs and utilities cost.

BALANCE SHEET

Cash and bank balances decreased from $18.5 million at the end of FY2016 to $16.3 million at the end of FY2017 as cash inflow from operating activities in FY2017 was less than cash outflow used for investing and financing activities such as the purchase of property, plant and equipment, payment of second tranche purchase consideration of a subsidiary and payments of dividends.

Trade receivables increased by 14.6% to $19.0 million and inventories decreased by 17.7% to $5.9 million at the end of FY2017 (as compared to the end of FY2016) due to higher sales in the last month of FY2017 for both the medical devices and pipes and pipe fittings segments.

Other payables decreased by 9.7% to $5.2 million at the end of FY2017 (as compared to the end of FY2016) mainly due to payment of the second tranche purchase consideration of a subsidiary.

Income tax payable decreased to $576,000 at the end of FY2017 due to the decrease in profitability of the Group.

Overall, the net asset value of the Group remained relatively constant at $58.0 million at the end of FY2017 as compared to $58.4 million at the end of FY2016.

WORKING CAPITAL AND CASH FLOW

Net cash from operating activities decreased to $5.3 million for FY2017 from $11.5 million for FY2016 due mainly to lower profit before tax in FY2017 and more working capital being tied up in trade receivables due to higher sales in the last month of FY2017 for both the medical devices and pipes and pipe fittings segments.

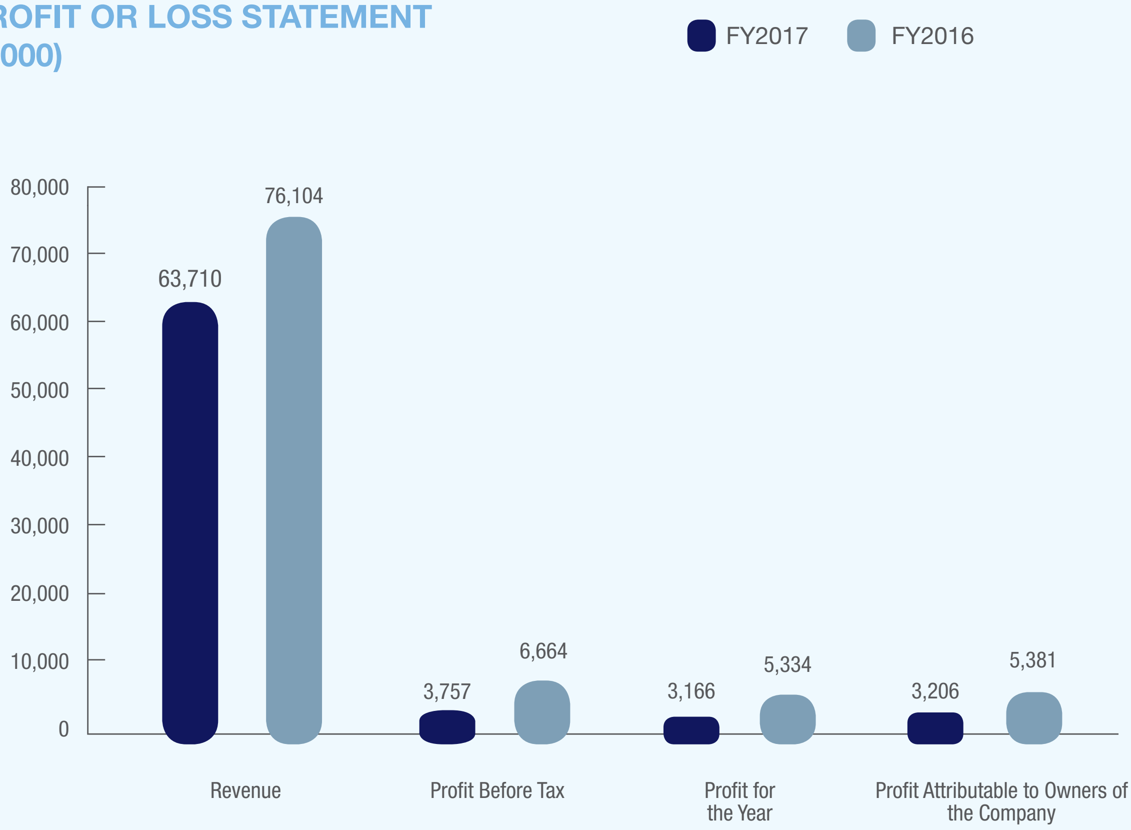
Net cash used in investing activities mainly for the purchase of property, plant and equipment and payment of the second tranche purchase consideration of a subsidiary amounted to $3.4 million for FY2017 which is slightly lower than the $3.5 million used in investing activities for FY2016.

Net cash used in financing activities amounted to an outflow of $4.0 million for FY2017 due to the cash outflow from payments of dividends amounting to $3.8 million as well as repayments of bank borrowings and finance leases totalling $528,000, which was partially reduced by a lower cash inflow of $246,000 (as compared to $753,000 in FY2016) from the exercise of share options.

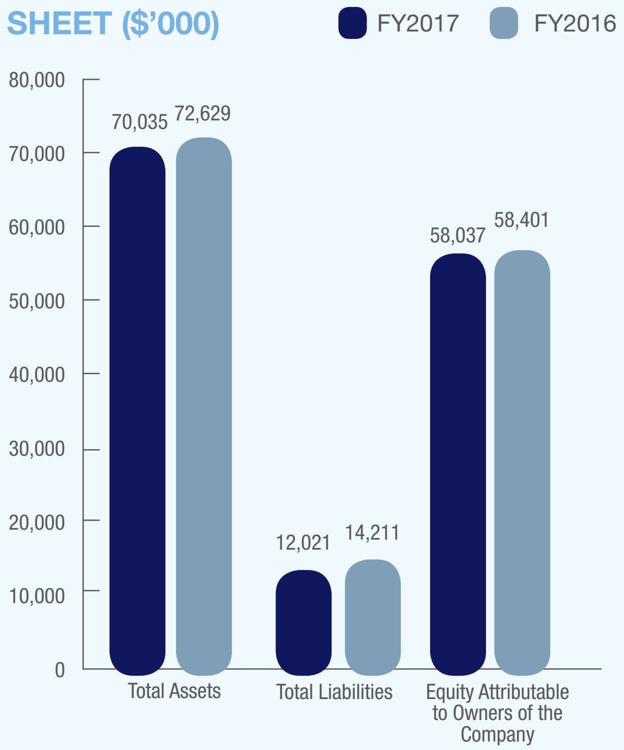
Overall, the Group's cash and bank balances decreased to $16.3 million at the end of FY2017 from $18.5 million at the end of the FY2016, with bank borrowings and finance leases remaining low at $1.9 million at the end of FY2017 compared to $2.5 million at the end of FY2016. This is equivalent to net cash of 2.9 cents per share at the end of FY2017, as compared to 3.2 cents per share at the end of FY2016.

Operational and Financial Review

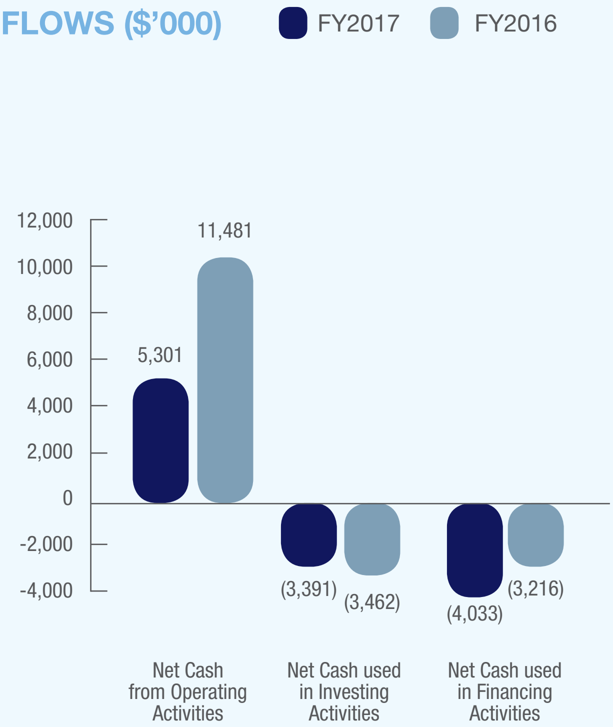
PROFIT OR LOSS STATEMENT ($'000)



BALANCE SHEET ($'000)



CASH FLOWS ($'000)



Board of Directors

YEO WICO

Yeo Wico, aged 50, was appointed as a Non-Executive Director in June 2008. He was re-elected as a Director at the Eighteenth Annual General Meeting ("AGM") of the Company held in November 2016. He is Chairman of the Board of Directors and the Nominating Committee and serves as a member on the Audit, Remuneration and Strategy Committees. Mr. Yeo is currently a partner of Allen & Gledhill LLP, a Singapore law firm. He has been in legal practice in Singapore as an Advocate and Solicitor of the Supreme Court of Singapore since 1992. In addition, Mr. Yeo was admitted as a non-practising solicitor of Solicitors in England and Wales and as an Attorney and Counselor-at-Law in the State of New York. He graduated from the National University of Singapore in 1991 and holds a LLB (Hons) degree. He has been appointed by the Minister for Finance as a member of the Accounting Standards Council. He also serves as a Non-Executive Director of NetLink NBN Management Pte. Ltd..

ROBERT GAINES-COOPER

Robert Gaines-Cooper, aged 80, was appointed as a Non-Executive Director in June 2015. He was re-appointed as a Director at the Eighteenth AGM of the Company held in November 2016. He serves as a member of the Remuneration and Strategy Committees. He was the Executive Chairman of LMA International N.V. from 2004 to 2010 and its Non-Executive Director from 2010 to 2012. He stepped down from his non-executive directorship of Orthofix International N.V. in 2006. He is currently Chairman of the Board of Directors of Venner Capital S.A. and a Director of Chelle Medical Limited. Mr. Gaines-Cooper is a Fellow of the Royal Society of Medicine. He completed the Program for Management Development and participated in the Advanced Corporate Finance course at Harvard Business School in Boston. Mr. Gaines-Cooper holds a B.A. degree in Business Administration from Kensington University Glendale in California.

NG CHER YAN

Ng Cher Yan, aged 58, was appointed as a Non-Executive Director in May 2010. He was re-elected as a Director at the Sixteenth AGM of the Company held in November 2014. He is Chairman of the Audit and Remuneration Committees and serves as a member of the Nominating Committee. Mr. Ng is currently practising as a Chartered Accountant. Mr. Ng holds a Bachelor of Accountancy degree from the National University of Singapore, and is a fellow member of the Institute of Singapore Chartered Accountants and also a member of the Institute of Chartered Accountants in Australia. Currently, Mr. Ng serves as Independent Non-Executive Director on several public listed companies, namely MoneyMax Financial Services Ltd., Samko Timber Limited, Serial System Ltd and Bull Will Co Ltd. In the preceding 5 years, he was also an independent director of Ecowise Holdings Limited and of Mermaid Maritime Public Co Ltd. Mr. Ng was awarded the prestigious Pingat Bakti Masyarakat or the Public Service Award in 2007 and was awarded the Bintang Bakti Masyarakat or the Public Service Star Award in 2017 for his various community services.

CHRISTOPHER P. LEE

Christopher P. Lee, aged 55, was appointed as a Non-Executive Director in October 2013. He was re-elected as a Director at the Seventeenth AGM of the Company held in November 2015. He is Chairman of the Strategy Committee. Mr. Lee is currently Chief Executive Officer of Venner Medical International Inc (a subsidiary of Venner Capital S.A.) and was previously Deputy Group Chief Executive Officer of LMA International N.V., a public company that was previously listed on the Singapore Exchange Securities Trading Limited. He has more than 31 years of business experience in the medical devices industry with experience in blue chip, SMEs and start-up companies. Mr. Lee holds an EMBA from Cranfield University, England and a Diploma in Marketing from Napier University, Scotland. He has been a Chartered Marketer since 1999 and a Member of the Chartered Institute of Marketing, England since 1994. Between 2006 and 2010, Mr. Lee was Chief Executive Officer of Inion Ltd, a Finnish medical device company, listed on the full list of the London Stock Exchange.

JANE ROSE PHILOMENE GAINES-COOPER

Jane Rose Philomene Gaines-Cooper, aged 58, was appointed as a Non-Executive Director in November 2016. She serves as a member of the Audit and Nominating Committees. Mrs. Gaines-Cooper is currently a Director of Venner Capital S.A. and was previously a Director of LMA International N.V., a public company that was previously listed on the Singapore Exchange Securities Trading Limited. She holds a Bachelor of Arts (Hons) degree in Economics from Thames Valley University, London.

Senior Management

CHENG LIANG

Cheng Liang, aged 62, was appointed as Acting Group Chief Executive Officer in October 2014 and is responsible for the overall management of the Group. He has been the Managing Director of the pipes and pipe fittings segment of the Group since January 2009 where he oversaw all operational aspects of the pipes and pipe fittings segment, including executing business strategies, manufacturing, procurement and sales and distribution. Mr. Cheng is a founding member of the Group and was previously an Executive Director of the Group from 1998 to 2008. His prior experiences include tin smelting in Singapore and South Korea, tin trading and forex trading.

CHENG HSHENG @ ZHONG ZIXIAN

Cheng Hsheng @ Zhong Zixian, aged 40, was appointed as Acting Group Operations Director in April 2015 and assumed the permanent role as Group Operations Director in April 2016. He is responsible for the operational aspects of the Group, as well as ensuring operational support for development of the Group's markets, products and businesses. He has been the Business Operations Director for pipes and pipe fittings segment since August 2012. Mr. Cheng began his career with the pipes and pipe fittings segment in 2001 as an Engineer and has held roles of increasing responsibilities in various functions, such as Production, Operations and Business Development. His other experiences also include compounding of specialty engineering plastics and elastomers.

WALTER TARCA

Walter Tarca, aged 60, joined the Group in January 2016 as President of the medical devices segment responsible for overall strategy and carries full P&L responsibility for the segment. Mr. Tarca brings a wealth of healthcare experience to the Group having held senior leadership positions in businesses throughout the APAC region including China, Japan, India and South Korea. Mr. Tarca has lived in Asia for over 21 years and has a successful track record of building and expanding health care businesses in a sustainable manner, focusing on collaborative customer relationships, operating excellence and an engaged workforce. Mr. Tarca has also held positions in general management, operations and finance in retail operations in Australia and in manufacturing of automotive components and child safety products for a leading global manufacturer. Mr. Tarca has a bachelor's degree in Economics from Adelaide University and is a Fellow, CPA.

CHONG JOO SAN

Chong Joo San, aged 58, joined the medical devices segment of the Group in February 2011 as Vice President and was promoted to Executive Vice President / Managing Director of the medical devices segment in January 2016. He has overall responsibility for business development. Prior to joining the Group, he was the Head of Medical Division, Asia Pacific of a Swiss-based global precision engineering and plastic injection moulding firm. Mr. Chong's 31 years of work experience across multicultural business environments covers business development, strategic planning and mergers and acquisitions in global medical companies, venture capital, and manufacturing of plastic for the medical industry. Mr. Chong graduated with a B.Sc. (Microbiology) from Guelph University, Canada, and holds an International MBA (Magna-cum-Laude) degree from Stratford University, Virginia, USA.

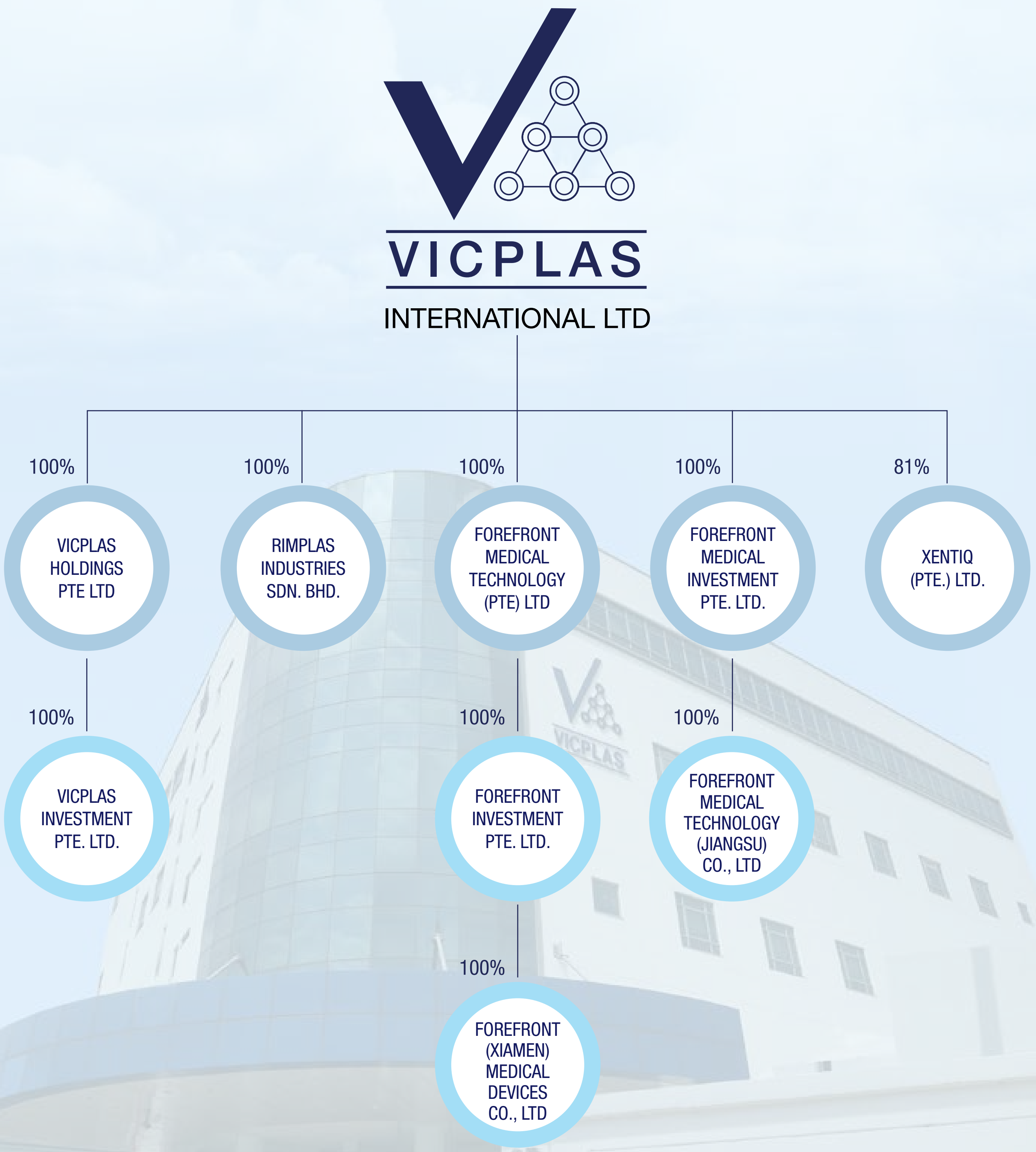
GAN YING HUI

Gan Ying Hui, aged 38, re-joined the Group as Chief Financial Officer in April 2016. She joined the Group as Financial Controller in August 2008 and was promoted to CFO in August 2013 before she left in December 2014. Ms. Gan is responsible for the Group's financial functions including accounting, internal controls and auditing, financial and management reporting, tax, financial analysis, mergers and acquisition support and risk management. Prior to that, she was an audit manager with a "Big Four" Public Accounting firm in Singapore. Ms. Gan holds a Bachelor of Accountancy (Hons) from the Nanyang Technological University and is a Chartered Accountant of the Institute of Singapore Chartered Accountants.

TOON CHIN LIANG

Toon Chin Liang, aged 39, joined the medical devices segment of the Group in May 2014 as the Quality, Assurance and Regulatory Affairs Director and subsequently as the Technical Director in May 2015. Prior to joining the Group, he was the Quality Engineering Manager in one of the largest Swiss pharmaceutical and medical devices company.

Organisation Structure



Corporate Information

BOARD OF DIRECTORS

Mr. Yeo Wico	*Non-executive Independent Chairman*
Mr. Ng Cher Yan	*Non-executive Independent Director*
Mr. Robert Gaines-Cooper	*Non-executive Director*
Mr. Christopher P. Lee	*Non-executive Director*
Mrs. Jane Rose Philomene Gaines-Cooper	*Non-executive Director*

AUDIT COMMITTEE

Mr. Ng Cher Yan	*Chairman*
Mr. Yeo Wico	*Member*
Mrs. Jane Rose Philomene Gaines-Cooper	*Member*

REMUNERATION COMMITTEE

Mr. Ng Cher Yan	*Chairman*
Mr. Yeo Wico	*Member*
Mr. Robert Gaines-Cooper	*Member*

NOMINATING COMMITTEE

Mr. Yeo Wico	*Chairman*
Mr. Ng Cher Yan	*Member*
Mrs. Jane Rose Philomene Gaines-Cooper	*Member*

STRATEGY COMMITTEE

Mr. Christopher P. Lee	*Chairman*
Mr. Yeo Wico	*Member*
Mr. Robert Gaines-Cooper	*Member*

COMPANY SECRETARY

Ms. Esther Au Siew Peng, ACIS

REGISTERED OFFICE

35 Joo Koon Circle
Singapore 629110
Telephone: (65) 62623888
Facsimile: (65) 63493877

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

AUDITOR

Deloitte & Touche LLP
Chartered Accountants
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

Audit Partner:
Mr. Panjabi Sanjay Gordhan
(Appointed with effect from FY2015)

PRINCIPAL BANKERS

DBS Bank Ltd.
12 Marina Boulevard
DBS Asia Central @ MBFC Tower 3
Singapore 018982

United Overseas Bank Limited
80 Raffles Place UOB Plaza 1
Singapore 048624

Corporate Governance Report

Corporate Governance Report

The Board of Directors (“Board”) and the management of the Company are committed to maintaining high standards of corporate governance within the Company and its subsidiaries (“Group”). The Group has put in place and adopted various principles, policies and practices complying with the Code of Corporate Governance 2012 (“Code”) where it is applicable and practical to the Group in the context of the Group’s business and organisation structure.

The Company is pleased to report that it has generally adhered to the principles and guidelines as set out in the Code and deviations from any guideline of the Code are explained in this report.

BOARD OF DIRECTORS

Principle 1: Board’s Conduct of Affairs

The Board is responsible for overall corporate governance, internal controls, strategic direction, formulation of policies and overseeing the investment and business of the Group. The Board supervises the management of the business and affairs of the Group and is accountable to shareholders for the long term performance of the Group. All directors exercise due diligence, and objectively make decisions and discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Group. Apart from its fiduciary duties and statutory responsibilities, the Board also:

(a) decides on matters in relation to the Group’s activities which are of significant nature, including decisions on strategic directions and guidelines and approvals of annual budgets, major investments, capital expenditures and funding decisions;

(b) oversees risk management and internal control processes, financial reporting and compliance, including the release of financial results and announcements of material transactions;

(c) reviews management performance;

(d) approves the nominations to the Board and appointments to the various Board committees;

(e) approves the framework of remuneration for the Board and key executives as recommended by the Remuneration Committee; and

(f) provides oversight in the proper conduct of the Group’s business.

The Board has put in place financial authorisation limits for operating and capital budgets, procurement of goods and services, and cheque signatory arrangements. Approval sub-limits are also provided at the management level to facilitate operational efficiency. Matters that are specifically reserved for the Board’s decision include interested person transactions, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividend payments to shareholders, and other transactions of a material nature requiring announcement under the listing rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Board also reviews the financial statements and annual reports, and authorises announcements of financial results. The Board believes that a high standard of disclosure is the key to raising the level of corporate governance.

The Board meets at least four times a year and when necessary. Four meetings of the Board were held during the financial year ended July 31, 2017 (“FY2017”). In addition to regular or scheduled meetings, ad-hoc meetings may be held by way of conference calls to deliberate on urgent and substantive matters. The Company’s Constitution provides for Board meetings to be conducted by teleconference, videoconference or other methods of simultaneous communication by electronic, telegraphic or other similar means. Apart from Board meetings, matters are also put to the Board for approval by way of circulating resolutions in writing.

Corporate Governance Report

Board members are periodically updated on developments and changes in the operating environment, including revisions to accounting standards, and laws and regulations affecting the Group. The Board members are updated on a quarterly basis by the management on business outlook, industry trends and critical success factors. The Company is supportive of Board members' participation in industry conferences and seminars, and will arrange programmes to meet directors' relevant training needs. The Company brings to the directors' attention, information on seminars or other training that may be of relevance to their duties as directors, and funds the directors' attendance for all such course or training programme.

A newly appointed director will be provided with a formal letter of appointment setting out the director's duties and obligations and copies of the Company's annual report, Constitution, organisational charts, corporate practices and policies such as the Whistle-Blowing Policy, and if applicable, terms of reference of each Board committee to which he/she is appointed. The orientation and training programmes for newly appointed directors include briefings on the Group's business and operations, and corporate governance practices. Where necessary, the Company will also provide training for first-time directors in areas such as accounting, legal and industry-specific knowledge.

The Board is supported by four Board committees: Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Strategy Committee ("SC"). Each Board committee is guided by specific written terms of reference.

The attendance of the directors and committee members at the meetings of the Board and various Board committees held during the financial year are as follows:

Meetings	**No. of scheduled meetings held during FY2017**	**No. of scheduled meetings attended during FY2017**					
		Yeo Wico	**David D. H. H. Curtis-Bennett***	**Ng Cher Yan**	**Christopher P. Lee**	**Robert Gaines-Cooper**	**Jane Rose Philomene Gaines-Cooper***
Board	**4**	4	2	4	4	4	4
Audit Committee	**4**	4	2	4	4 [(a)]	4 [(a)]	4
Nominating Committee	**1**	1	1	1	1 [(a)]	1 [(a)]	1
Remuneration Committee	**2**	2	1	2	2 [(a)]	2	2 [(a)]
Strategy Committee	**1**	1	0	1 [(a)]	1	1	1 [(a)]

Notes:

(a) Attended AC, NC, RC or SC meetings (as the case may be) by invitation.

* Mr. David D. H. H. Curtis-Bennett resigned as a non-executive director of the Company on 28 November 2016 and accordingly, he ceased to be a member of the Company's AC, NC, RC and SC on 28 November 2016. Mrs. Jane Rose Philomene Gaines-Cooper was appointed as a non-executive director of the Company with effect from 28 November 2016 and a member of the Company's AC and NC on 28 November 2016.

The SC was established to provide guidance to the management in the development and implementation of strategy and strategic initiatives and to make recommendations to the Board on such matters. During the financial year, ad-hoc meetings and conference calls were held between members of the SC (either individually or as a group) with the management to brainstorm and map out initiatives and strategies. This culminated in an annual strategy session with the management to review and develop the Group's strategy over different time horizons which was eventually approved by the Board. In addition, the Group's strategy was reviewed from time to time during the financial year through several ad-hoc discussions and telephone conferences in response to matters as they arise. The SC had provided guidance to the management on strategic initiatives and their implementation several times in the course of the financial year.

As at the date of this report, the SC is made up of three members, all of whom are non-executive directors:

Mr. Christopher P. Lee (Chairman, Non-executive Director)
Mr. Yeo Wico (Member, Independent Director)
Mr. Robert Gaines-Cooper (Member, Non-executive Director)

Principle 2: Board Composition and Guidance

The Board has five members, all of whom are non-executive directors. Two of the five directors are independent directors and they are Mr. Yeo Wico and Mr. Ng Cher Yan. Details of the directors' shareholdings in the Company are set out in the Directors' Statement.

The Board's adoption of the independence concept is in line with the definition of an "independent director" set out in the Code. The key elements of fulfilling the criteria of an independent director are that, he is not a member of the management and is free of relationships with the Company, related corporations, its 10% shareholders[1], or its officers that could interfere or be reasonably perceived to interfere with the directors' exercise of independent judgement or the directors' ability to act in the interests of the Company. Every director is expected to act in good faith and always in the best interests of the Company.

The directors contribute positively to the Company with their expertise and knowledge in business, accounting, finance, law and management. They also bring with them impartial judgement and independence in decision making at the Board level and every director shares equal responsibility on the Board. The Board is of the view that its current composition comprises persons who, as a group, provide the appropriate balance and diversity of skills, experience and knowledge of the Company, as well as complementary competencies in industry knowledge and customer-based experience, to meet the Group's needs. The Company will continue to decide on appointments to the Board having regard to the merit of candidates and believes that doing so will be consistent with achieving a diversity of perspectives described above. From a gender diversity perspective, the Board has a female representation when Mrs. Gaines-Cooper joined the Board as of last November.

The NC is also of the view that the current Board size is adequate, taking into consideration the nature and scope of the Group's operations.

The Company's Constitution requires all directors to offer themselves for re-nomination and re-election at regular intervals of at least once every three years. In addition, if a director is appointed by the Board between annual general meetings ("AGMs"), that director is to offer himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to retirement by rotation at least once every three years.

The directors standing for re-election at the forthcoming AGM under Article 115 of the Company's Constitution are Mr. Ng Cher Yan and Mr. Christopher Paul Lee. At the recommendation of the NC and as approved by the Board, both Mr. Ng and Mr. Lee will be seeking re-election as directors at this forthcoming AGM. Mr. Ng is considered an independent and non-executive director. If he is re-elected, he will remain as the Chairman of the AC and the Chairman of the RC and a member of the NC. Mr Lee is considered a non-independent and non-executive director. If he is re-elected, he will remain as the Chairman of the SC. Key information on Mr. Ng and Mr. Lee can be found on page 8 of the Annual Report 2017. There are no material relationships (including immediate family relationships) between Mr. Ng and the other directors of the Company, the Company or its related corporations, or its 10% shareholders. The NC recommends the re-election and re-appointment of these directors after assessing their contribution and performance (including attendance, preparedness and participation) and their effectiveness as directors. The Board has accepted the NC's recommendation. Each member of the NC and Board had abstained from deliberating on his/her own re-nomination as a director. A brief profile of each director is set out in the "Board of Directors" section of this annual report.

Note:

(1) The term "10% shareholders" refers to person who has an interest or interests in one or more voting shares in the company; and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the company. "Voting shares" exclude treasury shares.

In the course of the financial year, the NC assessed the independence of Board members in light of Guideline 2.4 of the Code which requires that the independence of any director who has served on the Board beyond nine years, from the date of first appointment, be subject to particularly rigorous review.

Mr. Yeo was first appointed a director on 10 June 2008 and has held office as an independent director for more than nine years, and the Code requires his independence be subject to rigorous review. The Board had conducted a rigorous review of the contributions and independence of Mr. Yeo. The Board (with Mr. Yeo recused from deliberating) agreed that Mr. Yeo had expressed his views independently at all times, objectively and constructively challenged the assumptions and viewpoints presented by the management and actively participated in deliberations at Board meetings. In this context, the Board is satisfied that Mr. Yeo's long tenure does not impair his independence and he is able to discharge his duties as a director independently and objectively. He remained independent in character and judgement and there are no relationships or circumstances which are likely to affect his judgement. In addition, the Board also reviews the performance of Mr. Yeo and concludes that he has gained good understanding of the Group's business and operations, and will be able to continue to bring invaluable expertise, experience and knowledge to the Board. The Board is therefore satisfied with Mr. Yeo's performance and continued independence. For the purpose of further evaluating the independence of Mr. Yeo, the Board has also engaged Foo Kon Tan Advisory Services Pte. Ltd. to review his independence.

Principle 3: Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by separate persons in order to maintain an effective segregation of duties and an appropriate balance of power. Mr. Yeo Wico is our independent non-executive Chairman. He is responsible for the control over the quality and timeliness of the flow of information between management and the Board and ensuring compliance with the Group's guidelines on corporate governance. He also ensures that Board meetings are held on a regular basis.

Mr. Cheng Liang is our Acting Group Chief Executive Officer. He has been part of the senior management team of the Group and he does not sit on the Board. He continues with his role and responsibilities in the pipes and pipe fittings business of the Group whilst he is the Acting Group Chief Executive Officer.

Our Chairman and our Acting Group Chief Executive Officer are not related.

The Board does not have a lead independent director. The NC and the Board are of the view that the appointment of a lead independent director is not necessary as the Board has sufficient independence given that: (a) the Chairman and the Chief Executive Officer are separate persons; (b) the Chairman and the Chief Executive Officer are not family members; (c) the Chairman is not part of the management team; and (d) the Chairman is an Independent Director.

Principle 4: Board Membership
Principle 5: Board Performance

Nominating Committee

As at the date of this report, the NC is made up of three members, all of whom are non-executive directors:

Mr. Yeo Wico (Chairman, Independent Director)
Mr. Ng Cher Yan (Member, Independent Director)
Mrs. Jane Rose Philomene Gaines-Cooper (Member, Non-executive Director)

The NC is entrusted with the specific task of recommending to the Board all Board appointments. This function extends to recommendations by the NC on re-nominations having regard to the director's contribution and performance. Factors taken into account include the director's attendance and participation at Board meetings and Board committee meetings in the financial year under review, whether the Board and the management have benefited from an open and healthy exchange of views and ideas and the director's competencies and contributions.

Periodic reviews of the Board composition, including selection of candidates for new appointments to the Board, are made by the NC as part of the Board's renewal process. In considering candidates for new appointments to the Board, the NC takes into account various factors including the current and mid-term needs and goals of the Company, as well as the relevant expertise of the candidates and their potential contributions to the Board. Candidates would be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The NC is also charged with determining, on an annual basis and where circumstances require, whether a director is independent and, where a director has multiple board representations, whether the director is able to and has been adequately carrying out his duties as a director of the Company. In determining the independence of directors annually, the NC has reviewed and is of the view that Mr. Yeo and Mr. Ng are independent. The NC also reviewed and is satisfied that the non-executive directors who sit on multiple boards have been able to devote time and attention to the affairs of the Company to fulfil their duties as directors of the Company.

The NC is also mandated to undertake reviews on the performance of the Board as a whole, its Board committees, the contribution by each director to the effectiveness of the Board and training and professional development programmes for the Board. The NC assesses the performance and effectiveness of the Board and the contribution of each director as a whole on an annual basis. To do so, the NC has put in place a process whereby Directors are requested to complete an evaluation questionnaire. The performance criteria in respect of the performance of the Board and Board committees include assessment of the Board's size and composition, access to information, processes and accountability and Board committees' performance in relation to discharging their responsibilities set out in their respective terms of reference. Individual directors are assessed on the director's attendance record, preparedness for meetings, participation level and contribution at meetings, analytical skills, knowledge as well as overall contribution to the Board and the Board committees, as appropriate. Each member of the NC abstains from voting on any resolution in respect of the assessment of his/her own performance or re-nomination as a director.

The number of meetings held by the NC and the attendance of its members are set out in the table of meetings on page 14 in this annual report.

Consistent with the Code, the Chairman of the NC is independent and is not associated with the 10% shareholders of the Company.

The NC and the Board in principle support limiting the number of directorships that an independent director can effectively serve. However, the NC and the Board are of the view that the effectiveness of each of the independent directors is best assessed by a qualitative assessment of the director's contributions as well as by taking into account each director's listed company board directorships, and any other relevant time commitments. If a quantitative limit on the number of directorships is imposed, the NC and the Board may have omitted outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board. All Board members have also confirmed that they are able to commit sufficient time for the scheduled meetings and other ad-hoc meetings, and devote appropriate time for such meetings. Such confirmations are taken into account in the NC's assessment of directors' contributions.

The Board does not encourage the appointment of alternate directors, and currently none of the Board members has an alternate director.

Corporate Governance Report

Principle 6: Access to Information
Principle 10: Accountability

The agenda and full set of Board papers for consideration are distributed to all members of the Board before the meetings of the Board to ensure that directors could study them and obtain further information and explanation, and where necessary, Board members have separate and independent access to senior management and the company secretary at all times. The Board, as a whole or an individual Board member, may also obtain independent professional advice, if necessary, at the Company's expense.

Apart from the strategy session conducted by the SC, the company secretary attended all Board meetings and Board committee meetings conducted during the year. The company secretary works with the Chairman to ensure that Board procedures are followed and that the Company complies with the requirements of the Companies Act, Cap. 50 and of the SGX-ST, respectively, which are applicable to the Company. The appointment and the removal of the company secretary are subject to the Board's approval.

The management provides directors with quarterly management accounts. In addition, information on salient developments and material transactions are also provided to directors as and when they arise.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

As at the date of this report, the RC comprises the following members, all of whom are non-executive directors:

Mr. Ng Cher Yan (Chairman, Independent Director)
Mr. Yeo Wico (Member, Independent Director)
Mr. Robert Gaines-Cooper (Member, Non-executive Director)

The role of the RC is to recommend to the Board a framework of remuneration for the Board and key management personnel and to determine the remuneration packages for directors, chief executive officer and key management personnel of the Group. In its review, the RC's objective is to establish a remuneration policy that would be appropriate to attract, retain and motivate a pool of executive talent by ensuring that individual performance and reward are reflective of the business objectives of the Group. The RC also reviews the Company's obligations arising in the event of termination of the chief executive officer's and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC will have access to expert advice in the field of executive compensation, when required.

The fees to be paid to the directors are subject to shareholders' approval at the Company's AGM every year. The proposed fees are determined after considering factors such as effort and time spent, contribution from the directors and market practice.

The number of meetings held by the RC and the attendance of its members are set out in the table of meetings on page 14 in this annual report.

Principle 8: Level and Mix of Remuneration
Principle 9: Disclosure of Remuneration

The remuneration paid to each of the directors, the Acting Group Chief Executive Officer and the top five key management personnel for the year ended July 31, 2017 are set out below:

Remuneration band Name of director	Salary	Bonus	Director's Fees	Total Remuneration
	%	%	%	%
Below $250,000				
Yeo Wico	-	-	100	100
Robert Gaines-Cooper	-	-	100	100
David D. H. H. Curtis-Bennett^	-	-	100	100
Ng Cher Yan	-	-	100	100
Christopher P. Lee	-	-	100	100
Jane Rose Philomene Gaines-Cooper^	-	-	100	100

Notes:

^ Mr. David D. H. H. Curtis-Bennett resigned from his office as a non-executive director on 28 November 2016.

Mrs. Jane Rose Philomene Gaines-Cooper was appointed as a non-executive director with effect from 28 November 2016.

Share options may be granted pursuant to the Vicplas International Share Option Plan to acknowledge the contributions made by relevant non-executive directors (not being a controlling shareholder or his associate) to the success of the Company and/or the Group. The share options are not intended as an alternative to paying directors' fees in cash or other form of emoluments in respect of their office, and thus not required to be put to shareholders for further approval whether for the purposes of Section 169 of the Companies Act, Cap. 50 or the Company's Constitution. Nonetheless, as a matter of openness and transparency, the Company considers it good practice to table an affirmation resolution at the forthcoming Annual General Meeting in respect of share option grants that have been made to directors of the Company, as well as to table proposed grants of share options to any non-executive director at future Annual General Meetings for shareholders' approval. There were no share option grants made to directors in the financial year under review. All share options granted to directors in previous financial years have been disclosed in the Company's Annual Report for the respective financial years. Information on the directors of the Company holding office at the end of the financial year and the share options held by them is set out in the Directors' Statement on page 25 and page 28 respectively of this Annual Report.

Remuneration band Name of Acting Group Chief Executive Officer and top five key management personnel	Salary	Bonus	Other Benefits	Total Remuneration
	%	%	%	%
$250,000 to $499,999				
Cheng Liang	53	32	15	100
Walter Tarca	78	17	5	100
Chong Joo San	82	7	11	100
Cheng Hsheng @ Zhong Zixian	56	25	19	100
Gan Ying Hui	60	29	11	100
Below $250,000				
Toon Chin Liang	67	22	11	100

The Company adopts a remuneration policy for staff that is primarily performance based. Remuneration comprises a fixed and a variable component. The fixed component consists of a base salary, fixed allowance and an annual wage supplement. The variable component is in the form of a variable bonus that is linked to the Company's and the individual's performance. The Company also has in place the Vicplas International Share Option Plan to reward and retain eligible directors and employees whose services are vital to the Group's success. For information on the Vicplas International Share Option Plan, please refer to pages 26 to 28 of this annual report.

Other than Mr. Cheng Hsheng @ Zhong Zixian, there are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company for FY2017.

Mr. Cheng Hsheng @ Zhong Zixian (Group Operations Director) is the son of Mr. Cheng Liang (Acting Group Chief Executive Officer) and his remuneration is within the band of $250,000 to $300,000. He holds 2,000,000 options under the Vicplas International Share Option Plan as at the end of FY2017. Other than Mr. Cheng Hsheng @ Zhong Zixian, there is no immediate family member of a director or the chief executive officer who is employed in the Group.

The aggregate remuneration paid to the top five key management personnel (who are not directors or the chief executive officer) for FY2017 is $1,565,000.

Due to competitive reasons and confidentiality and sensitivity of remuneration matters, the Company has disclosed only the remuneration mix and remuneration band of each individual director, the Acting Group Chief Executive Officer and the top five key management personnel on a named basis.

The Company is of the view that the information disclosed in this annual report should be sufficient for shareholders of the Company to form an adequate understanding of the Company's remuneration policies and practice. The Company believes that full disclosure of remuneration of each individual director, the Acting Group Chief Executive Officer and the top five key management personnel on a named basis could be disadvantageous to the Group's business interest, given the highly competitive industry conditions.

Principle 11: Risk Management and Internal Controls

The Board recognises the importance of maintaining a sound system of internal controls, covering not only the financial, but also operational, compliance and information technology controls, including risk management, to safeguard shareholders' interests and the Group's assets. Procedures are in place to identify and manage major business risks and evaluate potential financial effects.

The Board is continuously looking into the adequacy and improvement of its system of internal controls.

The Board has received assurance from the Acting Group Chief Executive Officer and Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the system of risk management and internal controls in place is adequate and effective in addressing the material risks in the Group in its current business environment. During the financial year under review, the AC has reviewed the adequacy and effectiveness of the Group's internal controls and risk management systems. Based on reviews conducted by the management, work performed by the internal and external auditors, assurances from the Acting Group Chief Executive Officer and the Chief Financial Officer on the financial records and effectiveness of the Company's internal controls and risk management systems, the Board, with the concurrence of the AC, is satisfied that the internal controls and risk management systems in place are adequate and effective in addressing material risks relating to the Group's financial, operational, compliance and information technology controls as at July 31, 2017.

The Company has a Whistle-Blowing Policy in place and it covers employees (both permanent and temporary) of the Group and all external parties who have a business relationship with the Group, by providing them with well-defined and accessible channels for them to report in good faith and confidence, their concerns about possible improprieties in financial reporting or other matters, and to ensure independent investigation of such matters and appropriate follow-up action. External parties include, but are not limited to, customers, suppliers and contractors. Whistleblowers may also email their concerns to concerns@vicplas.com.sg. This email account is monitored by the Group Human Resources Manager.

Principle 12: Audit Committee

The AC comprises three members, all of whom are non-executive directors and two of whom are independent directors. The members of the AC at the date of this report are:

Mr. Ng Cher Yan (Chairman, Independent Director)
Mr. Yeo Wico (Member, Independent Director)
Mrs. Jane Rose Philomene Gaines-Cooper (Member, Non-executive Director)

The AC held four meetings during the financial year ended July 31, 2017. The AC reviews issues of accounting policy and presentation of external financial reporting as well as the internal financial control, for which the directors are responsible. The following are some of the functions performed by the AC:

- reviewed with the internal auditor and external auditor, their audit plans, the results of their examinations and their evaluation of the system of internal accounting controls, the external auditor's management letter and management's response to it and the external auditor's audit report;

- reviewed interested person transactions;

- reviewed the half-yearly and annual financial statements of the Company and the consolidated financial statements of the Group, including proposed announcements of the financial results prior to submission to the Board; and

- nominated the external auditor for re-appointment.

To effectively discharge its responsibilities, the AC has full access to and the co-operation of Group's management. Full resources are made available to the AC to enable it to discharge its functions properly. The AC has full discretion to invite any director and executive to attend its meetings. The AC met with the internal auditor and external auditor separately without the presence of management. The AC members take steps to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through attendance at briefings by the external auditor or other professionals and are appropriately qualified to discharge their responsibilities.

The AC having reviewed the non-audit services provided by the external auditor to the Group and being satisfied that the fee of $27,700 paid for the non-audit services (being tax advisory) in the financial year 2017 will not prejudice the independence and objectivity of the external auditor, has recommended to the Board, the nomination of Deloitte & Touche LLP for re-appointment as external auditor of the Company. The aggregate amount of audit and non-audit fees paid to the external auditor in the year under review can be found at note 28 to the financial statements, at page 89 of this annual report.

The Company confirms that it has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

Principle 13: Internal Audit

The Group outsourced its internal audit function to Foo Kon Tan Advisory Services Pte. Ltd., an accounting firm that is not affiliated to the external auditor. The internal audit function is independent of the activities it audits, and has unrestricted access to the documents, records, properties and personnel in the Group. The internal auditor reports to the AC Chairman and assists in monitoring and updating risks and adequacy of the internal controls systems. The internal auditor assists management to identify, evaluate and update significant risks and develops risks based audit plan for review and approval by the AC.

The Company maintains an enterprise risk assessment report which provides an overview of the Group's key risks as well as the various mitigation controls to manage the risks. The internal auditor assist management to update the enterprise risk assessment report on a biennial basis. The enterprise risk assessment report is presented to and approved by the AC.

Principle 14: Shareholders Rights and Responsibilities
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholders' Meetings

The Board believes in regular, timely and effective communications with shareholders. In addition to the mandatory public announcements made through the SGXNet, timely release of the financial results provides shareholders with an overview of the Group's performances and operations. The principal forum for dialogue with shareholders remains the AGM, during which shareholders are encouraged to raise questions and participate in discussions pertaining to the operations and financials of the Group. The Company's external auditor is also present to address questions raised by shareholders at general meetings. In addition, the Company also attends to enquiries from shareholders, analysts and the press on an ad-hoc basis. Such enquiries are handled by the management staff and independent director listed below in lieu of a dedicated investor relations team. Any queries and concerns regarding the Group can be conveyed to the following persons:

Ms. Gan Ying Hui, Chief Financial Officer
Telephone no.: 6349 3875
Facsimile no.: 6349 3877
Email: ganyinghui@vicplas.com.sg

Mr. Cheng Hsheng @ Zhong Zixian, Group Operations Director
Telephone no.: 6349 3818
Facsimile no.: 6349 3877
Email: jaycheng@vicplas.com.sg

Mr. Cheng Liang, Acting Group Chief Executive Officer
Telephone no.: 6349 3868
Facsimile no.: 6349 3877
Email: e_cheng@vicplas.com.sg

Mr. Ng Cher Yan, Independent Director and AC Chairman
Telephone no.: 6883 1188
Facsimile no.: 6349 3877
Email: cy@plusllp.com

The Board ensures that issues or matters requiring shareholders' approval are tabled in the form of separate and distinct resolutions at general meetings on each distinct issue. Explanatory notes are included in the AGM notice to provide further information on the agenda items of the AGM. Resolutions tabled at general meetings are voted by poll and the number of votes cast for and against each resolution and the respective percentage will be disclosed. The Company will appoint an independent external party as scrutineer for the poll voting process. Prior to the commencement of the general meeting, the scrutineer would review the proxies and proxy process. Shareholders were informed of the voting process at each general meeting. Detailed results of the poll votes for each resolution will be promptly disclosed on the SGXNET after the general meetings. The company secretary will prepare minutes of general meetings held which will be made available to shareholders upon request.

Corporate Governance Report

DEALINGS IN SECURITIES

The Company has a policy governing dealings in the Company's securities by its directors and executives of the Group which is based on the best practices set out in Rule 1207(19) of the SGX-ST Listing Manual. The Company's internal Code of Best Practices on Securities Transactions (the "Internal Code") emphasises that the law on insider dealing is applicable at all times notwithstanding that there may be certain window periods for them to deal in the shares of the Company. The Internal Code also enables the Company to monitor such share transactions by requiring executives to report to the Company whenever they deal in the Company's shares. In addition, the directors, key officers and employees of the Group are discouraged from dealing in the Company's securities on short term considerations and during the period one month prior to the announcement of the Group's half year and full year results, respectively.

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported on in a timely manner to the AC and that the transactions are on an arm's length basis. All interested transactions are subject to review by the AC to ensure compliance with the established procedures.

Renewal of the Company's Shareholders' Mandate for interested person transactions will be tabled at the forthcoming AGM to authorise the carrying on of mandated transactions with interested persons until the next AGM of the Company.

The following disclosures are made pursuant to Rule 907 of the SGX-ST Listing Manual.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	$'000	$'000
Venner Capital S.A. and subsidiaries and related parties	168	2,543

MATERIAL CONTRACTS

Other than the interested person transactions conducted under the shareholders' mandate, there are no material contracts to which the Company or any subsidiary is a party and which involve directors', chief executive officer's and/or controlling shareholders' interest subsisted at, or have been entered into since the end of the previous financial year.

FINANCIAL RISKS AND MANAGEMENT

Information relating to financial risks and management are set out in elsewhere in this annual report.

Directors' Statement

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended July 31, 2017.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 36 to 97 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at July 31, 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Yeo Wico
Ng Cher Yan
Christopher P. Lee
Robert Gaines-Cooper
Jane Rose Philomene Gaines-Cooper (Appointed on November 28, 2016)

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

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement where the Company was a party to, whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraphs 3 and 4 of the Directors' Statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of director and company in which interests are held	Shareholdings registered in name of director		Share options to subscribe for ordinary shares	
The Company - Vicplas International Ltd	At beginning of year or date of appointment, if later	At end of year	At beginning of year or date of appointment, if later	At end of year
(Ordinary shares)				
Yeo Wico	4,021,738	6,021,738	7,250,000	5,250,000
Ng Cher Yan	3,217,390	3,217,390	-	-
Christopher P. Lee	750,000	750,000	2,250,000	2,250,000
Jane Rose Philomene Gaines-Cooper	5,000,000	5,000,000	-	-

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

Name of director and company in which interests are held	Shareholdings registered in name of director		Shareholdings in which directors are deemed to have an interest	
The Company - Vicplas International Ltd	At beginning of year	At end of year	At beginning of year	At end of year
(Ordinary shares)				
Robert Gaines-Cooper[1]	10,600,000	10,849,400	285,852,441	280,852,441

[1] Venner Capital S.A. ("Venner") is owned by the Bird Island Trust, a fully discretionary trust under Liechtenstein law, the trustee of which is CTX Treuhand AG, a trust company based in Liechtenstein. Mr. Robert Gaines-Cooper is presently the sole beneficiary and protector under the trust. Mr. Robert Gaines-Cooper is deemed to be interested in the shares of the Company owned by Bird Island Trust through Venner.

By virtue of Section 7 of the Singapore Companies Act, Mr. Robert Gaines-Cooper is deemed to have an interest in the Company and in all the subsidiaries of the Company.

The directors' interests in the shares and options of the Company at August 21, 2017 were the same at July 31, 2017.

4 SHARE OPTIONS

(a) Vicplas International Share Option Plan

Vicplas International Share Option Plan (the "Plan") was approved by the shareholders of the Company at an Extraordinary General Meeting held on September 20, 2010.

The Plan is administered by the Board of Directors whose members are disclosed in paragraph 1 above.

The directors did not participate in any deliberation or decision in respect of the options granted where they were the beneficiaries.

The Plan is designed to reward and retain eligible participants whose services are vital to the Group's well-being and success.

Under the Plan, options granted to the directors and employees may, except in certain special circumstances, be exercised for the vested options at any time after one year but no later than the expiry date. The ordinary shares of the Company ("Shares") under option may be exercised in full or in part, on the payment of the exercise price. The exercise price is based on the average of closing prices of the Shares on the Singapore Exchange Securities Trading Limited for the three market days immediately preceding the date of grant. The Board of Directors may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. No options have been granted at a discount.

Under the rules set out in the Plan, Non-Executive Directors, and employees of the Group are eligible to participate provided that they are not controlling shareholders or associates of controlling shareholders.

The directors of the Company are authorised to offer and grant options in accordance with the provisions of the Plan, and to allot and issue such number of Shares pursuant to the exercise of options under the Plan, provided that the aggregate number of new Shares allotted and issued under the Plan shall not exceed 15% of the total number of issued Shares excluding treasury shares and subsidiary holdings.

4 **SHARE OPTIONS (cont'd)**

(b) Unissued Shares under option and options exercised

The number of Shares available under the Plan shall not exceed 15% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company. The number of outstanding share options at year end under the Plan are as follows:

Number of options to subscribe for ordinary shares of the Company

Date of grant	Balance at August 1, 2016	Granted	Exercised	Balance at July 31, 2017	Exercise price per share	Exercisable period
April 1, 2011	1,200,000	-	(700,000)	500,000	$0.075	April 2, 2012 to April 1, 2021
March 27, 2014	2,250,000	-	(750,000)	1,500,000	$0.067	March 28, 2015 to March 27, 2019
November 19, 2014	2,250,000	-	-	2,250,000	$0.073	November 20, 2015 to November 19, 2019
January 18, 2016	5,000,000	-	(1,250,000)	3,750,000	$0.115	January 19, 2017 to January 18, 2021
January 18, 2016	10,000,000	-	-	10,000,000	$0.115	January 19, 2017 to January 18, 2026
January 23, 2017	-	13,000,000	-	13,000,000	$0.108	January 24, 2018 to January 23, 2022
Total	20,700,000	13,000,000	(2,700,000)	31,000,000		

In respect of options granted to employees of related corporations, a total of 13,000,000 options were granted during the financial year. The total number of options granted to employees of related corporations from the commencement of the Plan to the end of the financial year has increased from 16,000,000 as at July 31, 2016 to 29,000,000 as at July 31, 2017.

Holders of the above share options have no right to participate by virtue of the option in any share issue of any other company. The following employees have received 5% or more of the total options available under this Plan:

Name of employee	Options granted during the financial year	Aggregate options granted since commencement of the Plan to the end of financial year	Aggregate options exercised since commencement of the Plan to the end of financial year	Aggregate options outstanding as at the end of financial year
Cheng Liang	2,500,000	5,000,000	(2,500,000)	2,500,000
Chong Joo San	-	2,500,000	(2,000,000)	500,000
Cheng Hsheng	2,000,000	3,000,000	(1,000,000)	2,000,000
Walter Tarca	-	10,000,000	-	10,000,000
Gan Ying Hui	2,500,000	2,500,000	-	2,500,000
Eu Kok Hsian	2,000,000	2,000,000	-	2,000,000
	9,000,000	25,000,000	(5,500,000)	19,500,000

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Listing Manual).

Directors' Statement

4 SHARE OPTIONS (cont'd)

(c) The information on directors of the Company holding office at the end of the financial year and participating in the Plan is as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Plan to the end of financial year	Aggregate options exercised since commencement of the Plan to the end of financial year	Aggregate options outstanding as at the end of financial year
Yeo Wico	-	11,000,000	(5,750,000)	5,250,000
Ng Cher Yan	-	3,000,000	(3,000,000)	-
Christopher P. Lee	-	3,000,000	(750,000)	2,250,000
	-	17,000,000	(9,500,000)	7,500,000

5 AUDIT COMMITTEE

The Audit Committee of the Company is chaired by Mr. Ng Cher Yan (independent non-executive director) and includes Mr. Yeo Wico (independent non-executive director) and Mrs. Jane Rose Philomene Gaines-Cooper (non-executive director).

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the management, external and internal auditors of the Company:

a) the audit plans and results of the internal auditor's examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and external auditor's report on those financial statements;

d) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

e) the co-operation and assistance given by the management to the Group's external auditor; and

f) the re-appointment of the external auditor of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

Directors' Statement

6 AUDITOR

The auditor, Deloitte & Touche LLP, has expressed its willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Yeo Wico

....
Ng Cher Yan

October 27, 2017

Independent Auditor's Report

to the Members of Vicplas International Ltd

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Vicplas International Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at July 31, 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 36 to 97.

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters	How the matter was addressed in the audit
Impairment assessment of plant and equipment used in medical devices segment (Refer to note 11 to the financial statements)	
As at July 31, 2017, the Group's carrying value of total property, plant and equipment ("PPE") amounted to $17,488,000, of which $8,480,000 relates to the medical devices segment. Management has identified the cash-generating unit ("CGU") of the medical devices segment and has concluded that all the subsidiaries in the medical devices segment in aggregate represent the lowest level of CGU in the medical devices segment. As the medical devices segment continues to incur a loss for the year ended July 31, 2017, there is a risk that the recoverable value of the PPE used in the medical devices segment may be lower than its carrying value requiring an impairment charge to be recorded against those assets. The impairment assessment process involves significant management's judgement and estimates in determining the key assumptions in the value-in-use ("VIU"). The key assumptions made by management in determining the VIU include, amongst others, the revenue growth rates, gross operating margins, working capital changes, discount rates and terminal growth rates.	We obtained an understanding of the management's relevant control around the valuation methodology and valuation model by performing walk-through of the relevant control. We checked management's valuation model for arithmetic accuracy. We evaluated management's basis of determining all subsidiaries in the medical devices segment as one CGU. We evaluated and challenged the key assumptions including those related to future cash flow forecast, such as revenue growth rates, gross operating margins, working capital changes, discount rates and terminal growth rates. We also engaged our valuation specialist to review the reasonableness of the discount rate used in determining the VIU. We assessed the reliability of management's estimates by comparing the historical financial performance of the medical devices segment CGU against the budget. We also performed a sensitivity analysis around the key drivers to the future cash flow forecast, being the revenue growth rates, the gross operating margins and the discount rates. We have also assessed the appropriateness of the disclosures included in note 3 and note 11 to the financial statements in relation to the key sources of estimation uncertainty and the key assumptions used.

Key audit matters	How the matter was addressed in the audit
Goodwill impairment assessment (Refer to note 13 to the financial statements) As at July 31, 2017, the Group has recorded goodwill of $1,084,000 which arose from the acquisition of XentiQ (Pte.) Ltd. ("XentiQ") in February 2016. The entire goodwill has been allocated to the medical devices segment CGU as the objective of the acquisition of XentiQ is to expand the existing capability of the medical devices segment beyond manufacturing polymer devices to electro-mechanical devices, for its existing and new customers. Goodwill is reviewed for impairment at least annually. An impairment arises when the recoverable amount is less than the carrying value of the goodwill. Management has assessed the recoverable amount of the CGU using VIU. The underlying assumptions of the financial projections to determine the VIU has been explained above.	We evaluated management's basis of allocating the goodwill to the medical devices segment CGU. All the procedures performed in the impairment assessment of PPE as set out above were also applicable in reviewing the impairment assessment of the goodwill as the underlying financial projections were the same. In addition, we also assessed the appropriateness of the disclosures included in the notes 3 and 13 to the financial statements in relation to the key sources of estimation uncertainty and the key assumptions used.
Recoverability of deferred tax assets recognised arising from the unutilised tax losses in Forefront Medical Technology (Jiangsu) Co., Ltd (Refer to note 19 to the financial statements) The Group has recognised deferred tax assets amounting to $1,500,000 as at July 31, 2017 arising primarily on unutilised tax losses of its subsidiary, Forefront Medical Technology (Jiangsu) Co., Ltd ("FJS"). These have been recognised on the basis that management expect FJS to realise the deferred tax assets. The estimates of the likely timing and level of future taxable profits together with future tax planning strategies require judgement and interpretation of tax law as well as estimating future profits determined based on significant management's judgement and estimation of the assumptions underlying the profit projections.	We obtained an understanding of the management's relevant control in preparing the future profit projections and performed walk-through of the relevant control. We checked management's profit projections model for arithmetic accuracy. We evaluated and challenged the key assumptions such as revenue growth rates and gross operating margins. We compared the historical financial performance of FJS against its prior year's budget to assess the reliability of management's estimates. We checked the estimated accumulated tax losses available to be utilised by FJS before their respective time bar period. We also performed a sensitivity analysis around the key drivers to the future profit projections, being the revenue growth rates and the gross operating margins. Based on the above procedures, we assessed management's estimates of the availability of future taxable profits in FJS to utilise the tax losses available before their respective time bar period. In addition, we also assessed the appropriateness of the disclosures included in the note 3 and note 19 to the financial statements in relation to the key sources of estimation uncertainty and the carried forward unutilised tax losses and their respective expiry dates.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the following sections included in the annual report, but does not include the financial statements and our auditor's report thereon:

- Statement by Chairman
- Operational and Financial Review
- Board of Directors
- Senior Management
- Organisation Structure
- Corporate Information
- Corporate Governance Report
- Directors' Statement
- Analysis of Shareholdings

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Panjabi Sanjay Gordhan.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

October 27, 2017

Statements of Financial Position

July 31, 2017

	Note	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	16,313	18,486	2,035	812
Trade receivables	8	19,038	16,607	-	-
Other receivables	9	2,567	3,198	37,047	39,899
Inventories	10	5,928	7,202	-	-
Total current assets		43,846	45,493	39,082	40,711
Non-current assets					
Property, plant and equipment	11	17,488	18,358	-	-
Investment property	12	6,020	6,020	-	-
Intangible assets	13	1,181	1,214	-	-
Deferred tax assets	19	1,500	1,544	-	-
Subsidiaries	14	-	-	40,222	40,033
Total non-current assets		26,189	27,136	40,222	40,033
Total assets		70,035	72,629	79,304	80,744
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	15	1,331	1,486	-	-
Trade payables	16	2,795	2,850	-	-
Other payables	17	5,202	5,758	1,294	1,901
Current portion of finance leases	18	254	337	-	-
Income tax payable		576	1,619	41	30
Total current liabilities		10,158	12,050	1,335	1,931
Non-current liabilities					
Bank borrowings	15	15	60	-	-
Finance leases	18	314	571	-	-
Deferred tax liabilities	19	1,534	1,530	-	-
Total non-current liabilities		1,863	2,161	-	-
Capital and reserves					
Share capital	21	50,053	49,807	50,053	49,807
Treasury shares	21	(37)	(37)	(37)	(37)
Share option reserve	20	1,169	1,039	1,169	1,039
Currency translation reserve	22	(1,013)	(818)	-	-
Revaluation reserve	22	2,965	2,965	-	-
Retained earnings		4,900	5,445	26,784	28,004
Equity attributable to owners of the Company		58,037	58,401	77,969	78,813
Non-controlling interest		(23)	17	-	
Total equity		58,014	58,418	77,969	78,813
Total liabilities and equity		70,035	72,629	79,304	80,744

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended July 31, 2017

	Note	Group 2017 $'000	Group 2016 $'000
Revenue	23	63,710	76,104
Other income	24	4,074	3,410
Changes in inventories of finished goods and work-in-progress		(392)	(1,100)
Raw materials and consumables used		(25,724)	(27,178)
Purchase of finished goods for resale		(2,115)	(3,662)
Employee benefits expense		(18,971)	(20,247)
Depreciation and amortisation expenses		(3,404)	(3,871)
Other operating expenses	25	(13,289)	(16,672)
Finance costs	26	(132)	(120)
Profit before tax		3,757	6,664
Income tax expense	27	(591)	(1,330)
Profit for the year	28	3,166	5,334
Other comprehensive loss, net of tax:			
Items that will not be subsequently reclassified to profit or loss:			
Revaluation of property	29	-	(97)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	29	(195)	(477)
Other comprehensive loss for the year, net of tax		(195)	(574)
Total comprehensive income for the year		2,971	4,760
Profit for the year attributable to:			
Owners of the company		3,206	5,381
Non-controlling interests		(40)	(47)
		3,166	5,334
Total comprehensive income attributable to:			
Owners of the company		3,011	4,807
Non-controlling interests		(40)	(47)
		2,971	4,760
Earnings per share (in cents):			
Basic	30	0.64	1.10
Diluted	30	0.64	1.10

See accompanying notes to financial statements.

Statements of Changes in Equity

Year ended July 31, 2017

	Note	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Revaluation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Balance at August 1, 2015		47,436	(37)	810	(341)	3,062	4,930	55,860	-	55,860
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	5,381	5,381	(47)	5,334
Other comprehensive loss for the year		-	-	-	(477)	(97)	-	(574)	-	(574)
Total		-	-	-	(477)	(97)	5,381	4,807	(47)	4,760
Transactions with owners, recognised directly in equity										
Issue of share capital	21	753	-	-	-	-	-	753	-	753
Dividends	35	-	-	-	-	-	(3,248)	(3,248)	-	(3,248)
Issue of shares under scrip dividend scheme	21	1,618	-	-	-	-	(1,618)	-	-	-
Recognition of share-based payment	20	-	-	229	-	-	-	229	-	229
Acquisition of a subsidiary	36	-	-	-	-	-	-	-	64	64
Total		2,371	-	229	-	-	(4,866)	(2,266)	64	(2,202)
Balance at July 31, 2016		49,807	(37)	1,039	(818)	2,965	5,445	58,401	17	58,418

Statements of Changes in Equity

Year ended July 31, 2017

	Note	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Revaluation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Balance at August 1, 2016		49,807	(37)	1,039	(818)	2,965	5,445	58,401	17	58,418
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	3,206	3,206	(40)	3,166
Other comprehensive loss for the year		-	-	-	(195)	-	-	(195)	-	(195)
Total		-	-	-	(195)	-	3,206	3,011	(40)	2,971
Transactions with owners, recognised directly in equity										
Issue of share capital	21	246	-	-	-	-	-	246	-	246
Dividends	35	-	-	-	-	-	(3,751)	(3,751)	-	(3,751)
Recognition of share-based payment	20	-	-	130	-	-	-	130	-	130
Total		246	-	130	-	-	(3,751)	(3,375)	-	(3,375)
Balance at July 31, 2017		50,053	(37)	1,169	(1,013)	2,965	4,900	58,037	(23)	58,014

Statements of Changes in Equity

Year ended July 31, 2017

	Note	Share capital	Treasury shares	Share option reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000
Company						
Balance at August 1, 2015		47,436	(37)	810	31,330	79,539
Profit for the year, representing total comprehensive income for the year		-	-	-	1,540	1,540
Transactions with owners, recognised directly in equity						
Issue of share capital	21	753	-	-	-	753
Dividends paid to shareholders						
- Cash	35	-	-	-	(3,248)	(3,248)
- Issue of shares under scrip dividend scheme	21	1,618	-	-	(1,618)	-
Recognition of share-based Payment	20	-	-	229	-	229
Balance at July 31, 2016		49,807	(37)	1,039	28,004	78,813
Profit for the year, representing total comprehensive income for the year		-	-	-	2,531	2,531
Transactions with owners, recognised directly in equity						
Issue of share capital	21	246	-	-	-	246
Dividends paid to shareholders						
- Cash	35	-	-	-	(3,751)	(3,751)
Recognition of share-based payment	20	-	-	130	-	130
Balance at July 31, 2017		50,053	(37)	1,169	26,784	77,969

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended July 31, 2017

	Group 2017 $'000	Group 2016 $'000
Operating activities		
Profit before income tax	3,757	6,664
Adjustments for:		
Reversal of allowance doubtful trade receivables	(91)	(96)
Allowance for inventory obsolescence	67	20
Inventories written down to net realisable value	31	30
Amortisation of intangible assets	33	33
Depreciation of property, plant and equipment	3,371	3,838
(Gain) Loss on disposal of property, plant and equipment	(36)	160
Interest income	(35)	(20)
Interest expense	132	120
Share-based payment expenses	130	229
Operating cash flows before movements in working capital	7,359	10,978
Trade receivables	(2,359)	2,186
Other receivables	565	303
Inventories	1,125	(36)
Trade payables	(113)	(897)
Other payables	429	582
Cash generated from operations	7,006	13,116
Interest paid	(132)	(120)
Interest received	35	20
Income taxes paid	(1,608)	(1,535)
Net cash from operating activities	5,301	11,481
Investing activities		
Purchase of property, plant and equipment (Note A)	(2,932)	(2,817)
Proceeds on disposal of property, plant and equipment	41	43
Net cash outflow from acquisition of a subsidiary (Note 36a)	-	(688)
Payment for second tranche purchase consideration of a subsidiary	(500)	-
Net cash used in investing activities	(3,391)	(3,462)

Consolidated Statement of Cash Flows

Year ended July 31, 2017

	Group	
	2017	2016
	$'000	$'000
Financing activities		
Repayment of bank borrowings	(198)	(621)
Proceeds from finance lease	-	225
Repayment of obligations under finance leases	(330)	(325)
Proceeds from exercise of share options	246	753
Dividends paid	(3,751)	(3,248)
Net cash used in financing activities	(4,033)	(3,216)
Net (decrease) increase in cash and cash equivalents	(2,123)	4,803
Cash and cash equivalents at beginning of year	18,486	14,001
Effect of foreign exchange rate changes	(50)	(318)
Cash and cash equivalents at end of year (Note 7)	16,313	18,486

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of $2,618,000 (2016 : $3,813,0000) of which $108,000 (2016 : $422,000) remain unpaid at year end, $nil (2016 : $241,000) was acquired under finance lease and $nil (2016 : $351,000) paid in prior year was utilised. Cash payments of $2,932,000 (2016 : $2,817,000) were made to purchase property, plant and equipment of which $422,000 (2016 : $18,000) pertains to payment of prior year outstanding balance.

See accompanying notes to financial statements.

Notes to Financial Statements

July 31, 2017

1 GENERAL

The Company (Registration No. 199805362R) is incorporated in Singapore with its principal place of business and registered office at 35 Joo Koon Circle, Singapore 629110. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended July 31, 2017 were authorised for issue by the Board of Directors on October 27, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value-in-use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purpose, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On August 1, 2016, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRSs that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*[1]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*[1]
- FRS 116 *Leases*[2]
- Amendments to FRS *40 Investment Property: Transfers of Investment Property*[1]
- INT FRS 122 *Foreign Currency Transactions and Advance Consideration*[1]
- INT FRS 123 *Uncertainty over Income Tax Treatments*[2]

1 Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
2 Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption, except for the following:

<u>FRS 109 *Financial Instruments*</u>

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for: (i) the classification and measurement of financial assets and financial liabilities; (ii) general hedge accounting; and (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows comprising solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each accounting period. Debt instruments that are held within a business model whose objective is achieved both by selling financial assets and by collecting contractual cash flows comprising solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of each accounting period. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 *Financial Instruments* (cont'd)

With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management is currently evaluating the potential impact of FRS 109 on the financial statements of the Group and of the Company in the period of initial application.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 115 *Revenue from Contracts with Customers* (cont'd)

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

Management anticipates that the initial application of the new FRS 115 will result in changes to the accounting policies relating to rendering of services. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the group's financial statements in the period of initial application as the management has yet to complete its detailed assessment.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will result in changes to the accounting policies relating to leases as the Group rents machineries and land for its operation. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION (cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition-date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRSs.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income or expense is recognised on an effective interest basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables".

Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investments have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Financial liabilities (cont'd)

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

CONSTRUCTION CONTRACTS - The Group accounts for income from tooling, moulding and maintenance services using construction contract method where the outcome of a construction contract can be estimated reliably, income and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract income is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract income, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as amounts due to construction contracts customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (cont'd)

The Group as lessee (cont'd)

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	-	10% to 33%
Leasehold property	-	Shorter of 50 years or lease term which is 56 years
Leasehold improvements	-	10% to 33%
Plant and equipment	-	10% to 33%
Motor vehicles	-	10% to 33%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Capital work-in-progress are leasehold improvements, plant and equipment under construction at the end of the reporting period and not yet available for use. No depreciation is charged on capital work-in-progress.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT (cont'd)

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

INVESTMENT PROPERTY - Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS

<u>Intangible assets acquired separately</u>

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

INTANGIBLE ASSETS (cont'd)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The costs of such intangible assets are their fair values at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The intangible assets pertain to intellectual properties and customer relationships acquired through an acquisition in prior years. These intangible assets are amortised on a straight-line basis over their useful lives. Management has assessed the appropriate useful lives to be 10 years and 4 years, respectively, for intellectual properties and customer relationships. The estimated useful lives and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 20. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share option reserve.

Fair value is measured using the Trinomial Option Pricing Model. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability exercise restrictions and behavioural considerations.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Sale of goods</u>

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

Rendering of services

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight line basis.

Income from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see above).

Income from the rendering of services that are of a short duration is recognised when the services are completed.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT OBLIGATIONS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX (cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profit against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly to equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

On the disposal of a foreign operation, (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of currency translation reserve.

SEGMENT REPORTING - An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is internally provided to the Acting Group Chief Executive Officer ("CEO") and the Board of Directors ("BOD"), who are the Group's chief operating decision makers. All operating segments' operating results are reviewed regularly by the CEO and BOD to make decision about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand, bank balances, and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Apart from those involving estimations (see below), the management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

<u>Allowances for doubtful receivables</u>

The Group makes allowances for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed. The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Notes 8 and 9 to the financial statements respectively.

<u>Allowances for inventories</u>

The management of the Group reviews the aging analysis of inventories at the end of each reporting period, and makes allowances for inventory items that are identified as obsolete and slow-moving. The management estimates the net realisable value for goods for resale based primarily on the latest selling prices and current market conditions. The carrying amount of the Group's inventories is disclosed in Note 10 to the financial statements.

<u>Useful lives of property, plant and equipment</u>

The Group depreciates its property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives reflect the management's estimate of the periods that the Group expects to derive future economic benefits from the use of the property, plant and equipment. Changes in the expected level of usage and technological development could impact the economic useful lives and residual values of these assets. Therefore, future revision to depreciation charges may arise. The carrying amount of the Group's property, plant and equipment is disclosed in Note 11 to the financial statements.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Impairment of property, plant and equipment

In accordance with FRS 36 *Impairment of Assets*, management performs an impairment assessment on the recoverable amount of the property, plant and equipment. The impairment assessment considered the recoverable amount of the property, plant and equipment using value-in-use at CGU level which is the smallest group of assets generating cash inflows independent of other CGUs that benefit from the use of the respective asset, through estimation of the forecasted discounted cash flows to be derived from the use of the assets. The results of impairment assessment led to a reversal of impairment loss amounting to $861,000 in the prior year as a result of certain uncertainties relating to presumption of continuing use of the previously impaired assets no longer exist at the end of the reporting period. No reversal of impairment loss is necessary in respect of the current year. The carrying amount of the Group's property, plant and equipment, and details of the key factors considered in the impairment assessment is disclosed in Note 11 to the financial statements.

Fair value of investment property

The Group's investment property is stated at fair value based on the valuation performed by independent professional valuer as disclosed in Note 12 to the financial statements. In determining the fair value of the investment property, the valuer has used and considered the income capitalisation method and market evidence of transaction prices of similar properties, which involve the making of certain assumptions and estimates. The professional valuer has exercised its judgment and is satisfied that the valuation method, assumptions and estimates are reflective of the prevailing conditions in Singapore, where the investment property is located. The carrying amount of investment property is disclosed in Note 12 to the financial statements.

Income tax

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of income tax payable as at year end was $576,000 (2016: $1,619,000) and carrying amount of deferred tax is disclosed in Note 19 to the financial statements.

Deferred tax assets

The Group has recognised deferred tax asset amounting to $1,500,000 in previous financial year (Note 19) arising from unutilised tax losses of a subsidiary of $6,000,000 based on the future estimated taxable income of the subsidiary. The estimation of the future taxable income requires considerable judgement. Actual results may differ from the forecast estimate impacting the future realisation of the deferred tax asset.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Impairment of investments in and receivables from subsidiaries

Management reviews the investments in the subsidiaries periodically with the view of assessing whether there is any indication of impairment. To determine whether the investments in the subsidiaries are impaired, management exercises judgement and makes estimation of the fair value less cost to sell or the value-in-use of those investments and the nature of the underlying assets of the CGU. The value-in-use calculation requires the management to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows.

The medical devices segment and pipes and pipe fittings segment are assessed as separate CGUs by the management to determine whether the investments in the subsidiaries require any impairment.

In previous financial year, a reversal of impairment loss amounting to $1,270,000 was recognised in profit or loss as a result of recovery of the recoverable amount of the subsidiary mainly due to the positive financial performance of the subsidiary. Management is confident that the allowance for impairment for all other subsidiaries, where necessary, is adequate.

The carrying amount of the investments in subsidiaries of the Company is disclosed in Note 14 to the financial statements.

The receivables due from the subsidiaries are tested for impairment whenever there is any objective evidence that these receivables may be impaired. For the year ended July 31, 2017, management evaluated the recoverability and assessed that no impairment was required, having regard to the historical and future performance and financial position of the relevant subsidiaries. The carrying amounts of the receivables due from subsidiaries are disclosed in Note 9 to the financial statements.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was $1,084,000 (2016: $1,084,000). Details of key factors considered in the impairment assessment is disclosed in Note 13 to the financial statements. No impairment loss was recognised during the financial year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables (including cash and cash equivalents), at amortised cost:				
- Cash and cash equivalents	16,313	18,486	2,035	812
- Trade receivables	19,038	16,607	-	-
- Other receivables (excluding prepayments and VAT input)	769	969	37,027	39,869
Total	36,120	36,062	39,062	40,681
Financial liabilities				
Amortised cost:				
- Bank borrowings	1,346	1,546	-	-
- Trade payables	2,668	2,650	-	-
- Other payables	4,939	5,511	1,246	1,846
- Finance leases	568	908	-	-
Total	9,521	10,615	1,246	1,846

(b) *Financial risk management objectives and policies*

The Group's overall policy with respect to managing risk arising in the normal course of the Group's business as well as that associated with financial instruments is to minimise the potential adverse effects of the financial performance of the Group. The key financial risks include market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. The policies for managing these risks are summarised below.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

Foreign currency risk occurs as a result of the Group's transactions that are not denominated in their respective functional currencies. These transactions are from the Group's ordinary course of business.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than its respective functional currencies. The currencies giving rise to this risk are primarily United States dollar, Singapore dollar and Malaysia ringgit. Foreign currency exposures are monitored by management on an ongoing basis. The effects on the Group's profit or loss arising from the effects of reasonably possible changes to foreign currency risk at the end of the reporting period are shown below.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(i) Foreign exchange risk management (cont'd)

The Company has certain investments in foreign subsidiaries whose net assets are exposed to currency translation risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Group				
United States dollar ("USD")	1,604	1,806	9,587	5,390
Singapore dollar ("SGD")	40	94	2,728	4,222
Malaysia ringgit ("MYR")	28	65	-	-

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, profit for the year will increase (decrease) by:

	USD impact		SGD impact		MYR impact	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Profit or loss	(798)	(358)	(269)	(413)	3	6

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, profit for the year will increase (decrease) by:

	USD impact		SGD impact		MYR impact	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Profit or loss	798	358	269	413	3	(6)

All monetary assets and monetary liabilities of the Company are denominated in Singapore dollars, which is also its functional currency. Accordingly, no foreign currency sensitivity is presented.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(ii) Interest rate risk management

Interest rate risk refers to the risk faced by the Group as a result of fluctuation in interest rates.

The Group's exposure to interest rate risk mainly arises from the fixed deposits, bank loan and bills payable. The terms of repayment of bank loan and bills payable and their interest rates are shown in Note 15 to the financial statements. The interest rate payable for the finance lease is fixed at the inception of the finance lease, and the impact of fluctuation in short-term interest rates on cash and deposits disclosed in Note 7 to the financial statements is relatively insignificant. Interest rate of the finance lease is disclosed in Note 18 to the financial statements.

As at the end of the reporting period, interest rate sensitivity analysis have not been presented as the impact on the Group's and the Company's profit or loss are not expected to be material.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a stringent procedure in extending credit terms to customer and monitoring its credit risk. Credit evaluations are performed on all customers requiring credit over a certain amount. Where appropriate, letters of credit, cash and/or advance payments are required for new customers and those with an unacceptable credit assessment.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's and the Company's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Notes 8 and 9 to the financial statements respectively.

(iv) Liquidity risk management

Liquidity risk arises when the Group is unable to meet its obligations towards other counterparties.

The Group finances its operations by a combination of bank borrowings and internally generated cash flows. Adequate lines of credit and availability of committed funding lines are maintained at all times to meet its obligations as and when they fall due.

The directors are of the opinion that liquidity risk is contained given that the Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities, and that if required, financing can be obtained from its lines of banking credit facilities.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) *Financial risk management objectives and policies (cont'd)*

(iv) Liquidity risk management (cont'd)

Liquidity and interest risk analyses

Non-derivative financial assets

The Group's non-derivative financial assets of $36,120,000 (2016: $36,062,000) are either repayable on demand or due within one year from the end of the reporting period and non-interest bearing other than the fixed deposits (Note 7).

The Company's non-derivative financial assets of $39,062,000 (2016: $40,681,000) are either repayable on demand or due within one year from the end of the reporting period and non-interest bearing other than the loan receivable from subsidiaries (Note 9).

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000
Group					
2017					
Non-interest bearing	-	7,607	-	-	7,607
Variable interest rate instruments	3.76	1,325	-	(49)	1,276
Fixed rate:					
- Finance lease liability	6.13	283	346	(61)	568
- Bank loan	10.88	59	17	(6)	70
		9,274	363	(116)	9,521
2016					
Non-interest bearing	-	8,161	-	-	8,161
Variable interest rate instruments	2.87	1,469	-	(41)	1,428
Fixed rate:					
- Finance lease liability	6.11	378	631	(101)	908
- Bank loan	10.88	59	73	(14)	118
		10,067	704	(156)	10,615

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(b) *Financial risk management objectives and policies (cont'd)*

(iv) Liquidity risk management (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000
Company					
2017					
Financial liabilities					
Non-interest bearing	-	1,246	-	-	1,246
Contingent liabilities	-	15,985	-	(15,985)	-
2016					
Financial liabilities					
Non-interest bearing	-	1,846	-	-	1,846
Contingent liabilities	-	15,985	-	(15,985)	-

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments other than the finance lease liability and bank borrowings which are due more than one year. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(c) *Capital management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the bank borrowings and finance leases as disclosed in Notes 15 and 18 to the financial statements respectively and equity attributable to owners of the Company, comprising issued capital and reserves. The Group's overall strategy remains unchanged from 2016.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Venner Capital S.A., incorporated in the Republic of Panama, which is also its ultimate holding company. The ultimate controlling party is Mr. Robert Gaines-Cooper whose interest in Company is held through Venner Capital S.A.

Some of the Company's transactions and arrangements are with the subsidiaries in the Group and of the ultimate holding company and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are therefore not disclosed in this note.

During the year, Group entities entered into the following transactions with group companies of the ultimate holding company:

	Group	
	2017	2016
	$'000	$'000
Ultimate holding company		
Miscellaneous income	23	17
Subsidiaries of the ultimate holding company		
Sales of goods	2,543	3,293
Miscellaneous charges	(62)	(43)
Rental income	72	72
Design services	200	79

6 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entities entered into the following transactions with related parties as follows:

	Group	
	2017	2016
	$'000	$'000
Entity in which a director has interest		
Sales of goods	7	23
Entity in which a director is a partner		
Legal fees expense	(25)	(165)

6 RELATED PARTY TRANSACTIONS (cont'd)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2017	2016
	$'000	$'000
Short-term benefits	2,204	2,321
Post-employment benefits	84	121
Share-based payment	108	229
	2,396	2,671

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Cash and cash equivalents	14,237	16,473	2,035	812
Fixed deposits	2,076	2,013	-	-
Total	16,313	18,486	2,035	812

The fixed deposits bear interest at 1.00% (2016: 0.90%) per annum and for a term of 365 days (2016: 365 days). The Group's fixed deposits are readily convertible to cash at minimal costs.

8 TRADE RECEIVABLES

	Group	
	2017	2016
	$'000	$'000
Outside parties	17,673	15,239
Allowance for doubtful trade receivables	(22)	(118)
	17,651	15,121
Amounts due from contract customers (Note 8A)	540	575
Subsidiaries of ultimate holding company	847	911
Total	19,038	16,607

The credit period on sale of goods is 30 to 90 days (2016: 30 to 90 days). No interest is charged on the outstanding balance.

8 TRADE RECEIVABLES (cont'd)

Included in the allowance for doubtful debts are specific trade receivables with a balance of $22,000 (2016: $118,000). Allowance for doubtful trade receivables is provided based on the assessment of outstanding debts more than 60 days after the credit term and by reference to past default experience.

Before accepting any new customer, the Group obtained customers' general profile from an external credit monitoring service provider to assess the potential customer's credit worthiness and defines credit limits to customer. Credit limits attributed to customer are reviewed periodically.

Included in the Group's trade receivable balance are debtors with a carrying amount of $5,327,000 (2016: $5,114,000) which are past due at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

As at end of the reporting period, 26.8% (2016: 22.4%) of the Group's trade receivables amounting to $5,095,000 (2016: $3,718,000) was due from six third party customers.

Below is an analysis of trade receivables:

	Group	
	2017	2016
	$'000	$'000
Not past due nor impaired (i)	13,711	11,493
Past due but not impaired (ii)	5,327	5,114
	19,038	16,607
Impaired receivables - individually assessed (iii)	22	118
Less: Allowance for doubtful debts (iv)	(22)	(118)
	-	-
Total trade receivables, net	19,038	16,607

(i) Based on the credit evaluation process performed by management, the receivables that are not past due and not impaired relate to customers that have been assessed to be creditworthy.

(ii) Aging of receivables that are past due but not impaired:

	Group	
	2017	2016
	$'000	$'000
< 3 months	4,528	4,408
3 months to 6 months	524	453
6 months to 12 months	218	226
> 12 months	57	27
	5,327	5,114

8 TRADE RECEIVABLES (cont'd)

(iii) These amounts are stated before any deduction for impairment losses.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. Accordingly, the management believes that there is no further credit allowance required in excess of the allowance for doubtful debts. The Group does not hold any collateral over these balances.

(iv) Movement in the allowance for doubtful debts:

	Group	
	2017	2016
	$'000	$'000
Balance at beginning of the year	118	243
Amounts written off during the year	(5)	(29)
Decrease in allowance recognised in profit or loss	(91)	(96)
Balance at end of the year	22	118

8A CONSTRUCTION CONTRACTS

	Group	
	2017	2016
	$'000	$'000
Contracts in progress at end of the reporting period:		
Amounts due from contract customers included in trade receivables (Note 8)	540	575
Amounts due to contract customers included in trade payables (Note 16)	(127)	(200)
	413	375
Contract costs incurred plus recognised profits (less recognised losses to date)	1,749	2,142
Less: Progress billings	(1,336)	(1,767)
	413	375

9 OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Deposits	441	391	-	-
Other receivables due from subsidiaries of the Company	-	-	13,598	12,690
Dividend receivable from subsidiaries of the Company	-	-	23,429	27,179
Others	328	578	-	-
	769	969	37,027	39,869
Prepayments	990	638	20	30
VAT input	808	1,591	-	-
Total	2,567	3,198	37,047	39,899

In determining the recoverability of receivables from the subsidiaries, the Company considers the financial strength and historical and future performance of the subsidiaries. Accordingly, the management believes that no allowance for doubtful debts is required.

The dividend receivable due from subsidiaries of the Company are unsecured, interest-free and repayable on demand while other receivables due from subsidiaries of the Company are unsecured, bear interest rate of 3.00% (2016: 3.00%) and repayable on demand.

10 INVENTORIES

	Group	
	2017	2016
	$'000	$'000
Raw materials	2,636	3,407
Work-in-progress	454	365
Finished goods	2,838	3,430
Total	5,928	7,202

During the year, the cost of inventories recognised as an expense includes $31,000 (2016: $30,000) in respect of write down to net realisable value.

During the year, an allowance for inventory of $67,000 (2016: $20,000) was recognised to profit or loss as a result of inventory obsolescence.

11 PROPERTY, PLANT AND EQUIPMENT

Group

	Office equipment	Leasehold property	Leasehold improvements	Plant and equipment	Motor vehicles	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:							
At August 1, 2015	2,421	8,288	10,094	27,883	1,859	461	51,006
Additions	114	-	420	2,226	270	783	3,813
Acquired on acquisition of a subsidiary (Note 36b)	36	-	-	-	-	-	36
Disposals	(9)	-	-	(379)	(215)	-	(603)
Written off	-	-	(18)	(279)	-	-	(297)
Reclassification	-	-	416	821	-	(1,237)	-
Exchange differences	(38)	(30)	(291)	(384)	(1)	(7)	(751)
At July 31, 2016	2,524	8,258	10,621	29,888	1,913	-	53,204
Additions	28	58	107	1,426	-	999	2,618
Disposals	(47)	-	-	(1,148)	-	-	(1,195)
Written off	(3)	-	-	-	-	-	(3)
Reclassification	4	-	21	878	-	(903)	-
Exchange differences	(10)	(7)	(105)	(91)	(1)	(50)	(264)
At July 31, 2017	2,496	8,309	10,644	30,953	1,912	46	54,360

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group

	Office equipment	Leasehold property	Leasehold improvements	Plant and equipment	Motor vehicles	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation:							
At August 1, 2015	2,052	2,356	5,717	16,979	1,031	-	28,135
Depreciation	244	312	1,294	1,727	261	-	3,838
Disposals	(8)	-	-	(177)	(215)	-	(400)
Written off	-	-	(18)	(279)	-	-	(297)
Exchange differences	(16)	(9)	(207)	(152)	(3)	-	(387)
At July 31, 2016	2,272	2,659	6,786	18,098	1,074	-	30,889
Depreciation	123	305	706	1,965	272	-	3,371
Disposals	(46)	-	-	(1,144)	-	-	(1,190)
Written off	(3)	-	-	-	-	-	(3)
Exchange differences	(12)	(3)	(73)	(55)	(9)	-	(152)
At July 31, 2017	2,334	2,961	7,419	18,864	1,337	-	32,915
Impairment:							
At August 1, 2015	104	-	543	4,149	22	-	4,818
Reversal of impairment	(24)	-	(45)	(792)	-	-	(861)
At July 31, 2016 and July 31, 2017	80	-	498	3,357	22	-	3,957
Carrying amount:							
At July 31, 2017	82	5,348	2,727	8,732	553	46	17,488
At July 31, 2016	172	5,599	3,337	8,433	817	-	18,358

11 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group carried out a review of the recoverable amount of plant and equipment having regard to its ongoing operations with indications of impairment. The plant and equipment with indicator of impairment amounts to $8,480,000 (2016: $8,823,000). The recoverable amount of the relevant assets has been determined on the basis of their value-in-use through estimation of the forecasted cash flows to be derived from the use of the assets. The key assumptions used for the value-in-use calculation are those relating to the discount rate, growth rates and expected capital expenditure. The growth rates are based on the contracted and estimates of projected customer orders. The Group prepares the cash flow forecasts derived from the most recent financial budgets approved by management for the next five years. The growth rate used to extrapolate the cash flows of the CGU beyond the forecast period is 1% (2016: 1%), which does not exceed the long–term growth rate for the relevant markets. The discount rate used in measuring value-in-use is 13.1% (2016: 13.1%). Based on the impairment assessment performed in current year, there was no impairment required.

The carrying amounts of the Group's plant and equipment and motor vehicles include amounts of $386,000 (2016: $716,000) and $180,000 (2016: $234,000) respectively, in respect of assets held under finance leases.

Details of the leasehold property held by the Group as at July 31, 2017 are set out below:

Location	Description	Area	Tenure
35 Joo Koon Circle Singapore 629110	Leasehold factory and office	14,906 sq metre	Lease term of 56 years from February 1, 2000

The leasehold property is used in both the manufacturing and sale of the Group's products as well as to earn rental income. Accordingly, the portion that is held to generate rental income has been classified as investment property (Note 12).

The carrying amount of the portion of the leasehold property recognised as investment property (Note 12) has been determined based on the space area used for generating rental income over the total available space area. The portion of the leasehold building that is held in use by the Group is carried at cost less accumulated depreciation and any accumulated impairment loss.

There is a legal mortgage over the leasehold property having a carrying amount of approximately $5,126,000 (2016: $5,392,000) to secure banking facilities granted to the Group.

12 INVESTMENT PROPERTY

	Group	
	2017	2016
	$'000	$'000
Balance at beginning of year	6,020	6,137
Changes in fair value adjustment	-	(117)
Balance at end of year	6,020	6,020

The fair value of the Group's investment property is $6,020,000 (2016: $6,020,000) and has been determined on the basis of valuation carried out at the end of the reporting period by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. The valuation was arrived at principally by using the basis of income capitalisation approach. In estimating the fair value, the highest and best use of the property is its current use.

12 INVESTMENT PROPERTY (cont'd)

The fair value at the investment property falls under level 3 of the fair value hierarchy and there were no transfers between the respective levels during the year. Details of significant unobservable inputs used in the fair value measurement are as follows:

Valuation technique	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Income capitalisation approach	Capitalisation rate	6.5% (2016: 7%)	The estimated fair value would increase if the capitalisation rate were lower.
	Rental rate per square feet		
	- Office	$1.68 (2016: $1.70)	The estimated fair value would increase if the rental rate per square feet were higher.
	- Production	$1.68 (2016: $1.60)	

The property rental income from the Group's investment property which are leased out under operating leases amounted to $72,000 (2016: $105,000) in current year. Direct operating expenses arising on the investment property amounted to $52,000 (2016: $50,000) in current year.

There is a legal mortgage over the investment property to secure banking facilities granted to the Group.

13 INTANGIBLE ASSETS

Group

	Intellectual properties	Development costs	Customer relationships	Development rights	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
At August 1, 2015, July 31, 2016 and July 31, 2017	326	289	2,775	800	1,084	5,274
Accumulated amortisation:						
At August 1, 2015	164	-	1,097	253	-	1,514
Amortisation for the year	33	-	-	-	-	33
At July 31, 2016	197	-	1,097	253	-	1,547
Amortisation for the year	33	-	-	-		33
At July 31, 2017	230	-	1,097	253	-	1,580
Impairment:						
At August 1, 2015, July 31, 2016 and July 31, 2017	-	289	1,677	547	-	2,513
Carrying amount:						
At July 31, 2017	96	-	1	-	1,084	1,181
At July 31, 2016	129	-	1	-	1,084	1,214

13 INTANGIBLE ASSETS (cont'd)

Goodwill acquired in a business combination is allocated, at acquisition to the CGU that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follow:

	Group	
	2017	2016
	$'000	$'000
Medical devices segment	1,084	1,084

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU is determined through value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and gross operating margins. The growth rates are based on the contracted and estimates of projected customer orders.

The Group prepares the cash flow forecasts derived from the most recent financial budgets approved by management for the next five years. The growth rate used to extrapolate the cash flows of the CGU beyond the forecast period is 1%, which does not exceed the long–term growth rate for the relevant markets. The discount rate used in measuring value-in-use is 13.1%.

As at July 31, 2017, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

Based on the value-in-use calculations, management is of the opinion that no impairment on goodwill is necessary as the recoverable amount is higher than its carrying amount.

14 SUBSIDIARIES

Company

	$'000
Cost:	
At August 1, 2015	50,425
Acquisition of a subsidiary (Note 36a)	1,355
Deemed investment arising from financial guarantee provided to a subsidiary	152
Deemed investment arising from share options granted under the Vicplas International Share Option Plan	106
At July 31, 2016	52,038
Deemed investment arising from financial guarantee provided to a subsidiary	148
Deemed investment arising from share options granted under the Vicplas International Share Option Plan	41
At July 31, 2017	52,227
Impairment:	
At August 1, 2015	13,275
Reversal of impairment	(1,270)
At July 31, 2016 and July 31, 2017	12,005
Carrying amount:	
At July 31, 2017	40,222
At July 31, 2016	40,033

Details of the Company's subsidiaries at July 31, 2017 are as follows:

Name of subsidiary and country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held 2017 %	2016 %
Vicplas Holdings Pte Ltd [a] (Singapore)	Manufacturing, trading and distributing of pipes and pipe fittings	100	100
Rimplas Industries Sdn. Bhd. [b] (Malaysia)	Manufacturing and distributing of pipes and pipe fittings	100	100
Forefront Medical Investment Pte. Ltd. [a] (Singapore)	Sale of medical and pharmaceutical products	100	100

14 SUBSIDIARIES (cont'd)

Name of subsidiary and country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held 2017 %	2016 %
Forefront Medical Technology (Pte) Ltd [(a)] (Singapore)	Developing and manufacturing of medical devices	100	100
XentiQ (Pte.) Ltd. [(a)] (Singapore)	Project design and engineering services	81	81
Subsidiary of Forefront Medical Technology (Pte) Ltd			
Forefront Investment Pte. Ltd. [(a)] (Singapore)	Investment holding	100	100
Subsidiary of Forefront Investment Pte. Ltd.			
Forefront (Xiamen) Medical Devices Co., Ltd [(b)] (People's Republic of China)	Manufacturing and assembly of medical devices	100	100
Subsidiary of Forefront Medical Investment Pte. Ltd.			
Forefront Medical Technology (Jiangsu) Co., Ltd [(b)] (People's Republic of China)	Manufacturing and assembly of medical devices	100	100
Subsidiary of Vicplas Holdings Pte Ltd			
Vicplas Investment Pte. Ltd. [(a)] [(c)] (Singapore)	Investment holding	100	-

Note:

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by overseas practices of Deloitte & Touche Tohmatsu Limited.

(c) Newly incorporated during the year

14 SUBSIDIARIES (cont'd)

Summary financial information in respect of each of the Group's subsidiaries was not prepared as the Group has no material non-controlling interests.

As at July 31, 2017, the management estimated the recoverable amount of its investment in subsidiaries approximates its value-in-use. In previous financial year, a reversal of impairment loss amounting to $1,270,000 was recognised in profit or loss as a result of recovery of the recoverable amount of the subsidiary mainly due to the positive financial performance of the subsidiary. Other than the reversal of impairment recognised in the previous financial year as disclosed, management is confident that the allowance for impairment for all other subsidiaries, where necessary is adequate.

15 BANK BORROWINGS

	Group	
	2017	2016
	$'000	$'000
Secured – at amortised cost		
Bills payable to banks	1,276	1,428
Bank loan	70	118
	1,346	1,546
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,331)	(1,486)
Amount due for settlement after 12 months	15	60

Bills payable are repayable within one year. As the amounts are due for settlement within 12 months, they are shown under current liabilities.

Bills payable bear interest at rates ranging from 2.80% to 3.44% (2016: 2.39% to 2.88%) per annum. The carrying amount of the bills payable approximates its fair value due to its short-term maturity.

Bills payable are repayable between 1 to 3 months (2016: 1 to 5 months) from the date the bills are first issued.

The bills payable are secured by way of a legal mortgage over the Group's leasehold property and investment property as disclosed in Notes 11 and 12 respectively and a corporate guarantee of $15,985,000 (2016 : $15,985,000) given by the Company.

In the previous financial year, the bank loan of $150,000 was raised on September 23, 2015 with an interest rate of 10.88% (2016: 10.88%). Repayments commenced on November 3, 2016 on a monthly basis and will continue until October 1, 2018. The loan is secured by guarantees from certain directors of a subsidiary.

The fair values of the Group's bank borrowings approximate their carrying amounts.

16 TRADE PAYABLES

	Group	
	2017	2016
	$'000	$'000
Outside parties	2,668	2,647
Subsidiaries of ultimate holding company	-	3
Amount due to contract customers (Note 8A)	127	200
Total	2,795	2,850

The credit periods on purchases of goods is 30 to 120 days (2016: 30 to 120 days). No interest is charged on the outstanding balance.

17 OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Outside parties	976	1,435	333	809
Accruals	3,645	3,801	595	762
Directors' fees	278	275	278	275
Ultimate holding company	40	-	40	-
	4,939	5,511	1,246	1,846
Provision for unutilised leave	263	247	48	55
Total	5,202	5,758	1,294	1,901

18 FINANCE LEASES

Group

	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Amounts payable under finance leases:				
Within one year	283	378	254	337
In the second to fifth years inclusive	346	631	314	571
	629	1,009	568	908
Less: Future finance charges	(61)	(101)	-	-
Present value of lease obligations	568	908	568	908
Less: Amount due for settlement within 12 months (shown under current liabilities)			(254)	(337)
Amount due for settlement after 12 months			314	571

18 FINANCE LEASES (cont'd)

It is the Group's policy to lease certain of its plant and equipment and motor vehicles under finance leases. The average lease term is 2 to 5 years (2016: 2 to 5 years). For the year ended July 31, 2017, the average effective borrowing rate is 6.13% (2016: 6.11%) per annum. Interest rates are fixed at the contract date, and thus expose the Group to interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair values of the Group's lease obligations approximate their carrying amounts.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets and corporate guarantee from the Company.

19 DEFERRED TAX

The following are the major deferred tax liabilities and (assets) recognised by the Group and the movements thereon, during the current and prior reporting periods:

	Revaluation of investment property	Accelerated tax depreciation	Provision	Revaluation of assets	Tax losses	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At August 1, 2015	627	1,037	81	8	(1,500)	253
Charge (Credit) to:						
Profit or loss for the year (Note 27)	-	62	(315)	-	-	(253)
Other comprehensive income for for the year (Note 29)	(20)	-	-	-	-	(20)
Exchange difference	-	6	-	-	-	6
At July 31, 2016	607	1,105	(234)	8	(1,500)	(14)
Charge to:						
Profit or loss for the year (Note 27)	-	22	4	-	-	26
Exchange difference	-	-	22	-	-	22
At July 31, 2017	607	1,127	(208)	8	(1,500)	34

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group	
	2017	2016
	$'000	$'000
Deferred tax liabilities	1,534	1,530
Deferred tax assets	(1,500)	(1,544)
	34	(14)

19 DEFERRED TAX (cont'd)

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of $20,654,000 (2016: $21,412,000) available to offset against future profits. In 2015, a deferred tax asset has been recognised in respect of $6,000,000 of such losses. No deferred tax assets has been recognised in respect of the remaining $14,654,000 (2016: $15,412,000) due to the unpredictability of future profit streams. With respect to the total unutilised tax losses, $2,760,000, $7,900,000, $5,390,000, $3,235,000 and $912,000 will expire in January 2019, January 2020, January 2021, January 2022 and January 2023 respectively.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of foreign subsidiaries for which deferred tax liabilities have not been recognised is $4,044,000 (2016: $4,858,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

20 SHARE OPTION RESERVE

SHARE-BASED PAYMENTS

The share option reserve arises on the grant of share options to employees under the employee share option plan. Further information about share-based payments to employees is disclosed below.

The Company has a share option scheme for the following participants of the Group:

(a) Group employees who hold such rank as may be designated by the Board of Directors from time to time;

(b) Non-Executive Directors who, in the opinion of the Board of Directors, have contributed or will contribute to the success of the Group; and

(c) Associated company employees who hold such rank as may be designated by the Board of Directors from time to time and who, in the opinion of the Board of Directors, have contributed or will contribute to the success of the Group.

The Vicplas International Shares Option Plan ("VISOP") is administered by the Board of Directors.

Options are exercisable at a price based on the volume weighted average price for the shares of the Company on the Singapore Exchange Securities Trading Limited for the three consecutive trading days preceding the date of grant. The vesting period is 1 to 10 years. If the options remain unexercised after a period of 5 to 10 years from the date of grant, the options expire. Options are forfeited if the participant of the share option scheme leaves the Group before the options are exercised.

Share options granted under the VISOP carry no rights to dividends and no voting rights until the options become vested and are exercised.

20 SHARE OPTION RESERVE (cont'd)

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2017	2016	2017	2016
	'000	'000	$	$
	Number of share options		Weighted average exercise price	
Outstanding at the beginning of the year	20,700	15,750	0.1012	0.0713
Granted during the year	13,000	15,000	0.1080	0.1150
Exercised during the year	(2,700)	(10,050)	0.0913	0.0749
Outstanding at the end of the year	31,000	20,700	0.1049	0.1012
Exercisable at the end of the year	3,100	1,950	0.0882	0.0719

In 2017, 13,000,000 options were granted on January 23, 2017. The estimated fair values of the options granted on that date ranges from $0.022 to $0.024.

In 2016, 15,000,000 options were granted on January 18, 2016. The estimated fair values of the options granted on that date ranges from $0.018 to $0.031.

The fair values for share options granted during the year were calculated using the Trinomial Option Pricing Model. The inputs into the model at the date of grant were as follows:

	2016	2017
Weighted average share price	$0.115	$0.108
Weighted average exercise price	$0.115	$0.108
Expected volatility	35% to 54%	44% to 48%
Expected life	3 to 9.5 years	5.5 to 7.5 years
Risk free rate	1.38% to 2.29%	1.82% to 2.04%
Expected dividend yield	6.47% to 6.58%	7.14%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 10 years. The expected life used in the model had been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group and the Company recognised total expenses of $130,000 and $89,000 (2016: $229,000 and $123,000) respectively related to equity-settled share-based payment transactions during the year.

21 SHARE CAPITAL AND TREASURY SHARES

SHARE CAPITAL

	Group and Company			
	2017	2016	2017	2016
	'000	'000	$'000	$'000
	Number of ordinary shares			
Issued and paid up:				
At beginning of year	498,727	473,044	49,807	47,436
Exercise of share options (Note 20)	2,700	10,050	246	753
Scrip dividend scheme	-	15,633	-	1,618
At the end of the year	501,427	498,727	50,053	49,807

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends when declared by the Company.

Share options over ordinary shares granted under employee share option scheme:

As at July 31, 2017, participants of the share option scheme held options over 31,000,000 ordinary shares, of which 27,900,000 are unvested in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
500,000	April 1, 2021
1,500,000	March 27, 2019
2,250,000	November 19, 2019
3,750,000	January 18, 2021
10,000,000	January 18, 2026
13,000,000	January 23, 2022
31,000,000	

As at July 31, 2016, participants of the share option scheme held options over 20,700,000 ordinary shares, of which 18,750,000 are unvested in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
1,200,000	April 1, 2021
2,250,000	March 27, 2019
2,250,000	November 19, 2019
5,000,000	January 18, 2021
10,000,000	January 18, 2026
20,700,000	

Share options granted under the share option scheme carry no rights to dividends and no voting rights. Further details of the share option scheme are contained in Note 20 to the financial statements.

21 SHARE CAPITAL AND TREASURY SHARES (cont'd)

TREASURY SHARES

	Group and Company			
	2017	2016	2017	2016
	'000	'000	$'000	$'000
	Number of ordinary shares			
At the beginning and end of the year	461	461	37	37

In prior years, the Company paid $37,000 to acquire 461,000 of its own shares through market purchase. These shares are held as treasury shares. There are no shares being repurchased during the year.

22 CURRENCY TRANSLATION AND REVALUATION RESERVES

Revaluation reserve

In the previous financial year, the revaluation reserve of $2,965,000 net of tax effect of $97,000, arose on the changes in fair value of investment property (Note 12). The difference between the carrying amount of the property and its fair value at that date of transfer was recognised in other comprehensive income. When the investment property is subsequently disposed, the revaluation reserve may be transferred to retained earnings.

Currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of currency translation reserve.

23 REVENUE

An analysis of the Group's revenue for the year, is as follows:

	Group	
	2017	2016
	$'000	$'000
Sales of goods	63,710	76,104

24 OTHER INCOME

	Group	
	2017	2016
	$'000	$'000
Gain on disposal of property, plant and equipment	36	-
Interest income from fixed deposits	35	20
Income from tooling, mould and maintenance services	3,078	2,638
Miscellaneous income:		
Ultimate holding company (Note 5)	23	17
Outside parties	622	484
Foreign exchange gain, net	25	-
Rental income from subsidiaries of the ultimate holding company (Note 5)	72	72
Rental income from outside parties	29	33
Reversal of allowance for doubtful trade receivables	91	96
Government grant	63	50
	4,074	3,410

25 OTHER OPERATING EXPENSES

	Group 2017	Group 2016
	$'000	$'000
Advertisement and marketing expenses	997	912
Allowance for inventory obsolescence	67	20
Audit fees	212	203
Computer expenses	95	264
Expenses from tooling, mould and maintenance services	1,194	1,478
Factory consumables	343	438
Foreign exchange loss, net	-	920
Insurance	530	556
Inventories written down to net realisable value	31	30
Laboratory and testing	118	108
Loss on disposal of property, plant and equipment	-	160
Professional fees	604	796
Packaging materials	390	439
Property tax	158	147
Rental of premises and equipment	1,366	1,362
Repair and maintenance	581	738
Sterilisation and decontamination	177	439
Transportation and freight	1,075	1,600
Travelling and entertainment	645	910
Upkeep of factory premises	446	607
Upkeep of vehicles	290	230
Water and electricity	2,056	2,478
Others	1,914	1,837
	13,289	16,672

26 FINANCE COSTS

	Group 2017	Group 2016
	$'000	$'000
Interest on bank borrowings	76	72
Interest on obligations under finance leases	40	48
Others	16	-
	132	120

27 INCOME TAX EXPENSE

	Group 2017 $'000	Group 2016 $'000
Current tax	423	1,872
Adjustment in respect of under (over) provision of current tax in prior years	84	(367)
Deferred tax expense relating to the charge of temporary difference (Note 19)	22	62
Adjustment in respect of under (over) provision of deferred tax in prior years (Note 19)	4	(315)
Withholding tax	58	78
Income tax expense for the year	591	1,330

Domestic income tax is calculated at 17% (2016: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group 2017 $'000	Group 2016 $'000
Profit before tax	3,757	6,664
Tax at the domestic income tax rate 17% (2016: 17%)	639	1,133
Tax effect of exemption granted under productivity and innovation credit	(96)	(16)
Tax effect of expenses that are not deductible for tax purposes	164	52
Tax effect of income that are not taxable in determining taxable profit	(76)	(19)
Tax exempt income	(52)	(52)
Deferred tax asset not recognised	268	817
Effect of utilisation of previously unrecognised tax losses	(458)	-
Effect of tax rebate	(35)	(36)
Withholding tax	58	78
Effect of different tax rates of subsidiaries operating in other jurisdictions	137	50
Under (Over) provision in prior years - current tax	84	(367)
Under (Over) provision in prior years - deferred tax	4	(315)
Others	(46)	5
Income tax expense for the year	591	1,330

28 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group	
	2017	2016
	$'000	$'000
Audit fees paid to auditors:		
- Auditor of the Company	165	158
- Other auditor	47	45
Non-audit fees:		
- Auditor of the Company	28	30
Costs of defined contribution plans included in employee benefits expense	922	679
Cost of inventories recognised as an expense	45,493	49,328
Directors' fees included in employee benefits expense (Note 6)	278	275
Directors' remuneration included in employee benefits expense	332	215

29 COMPONENTS OF OTHER COMPREHENSIVE LOSS

Other comprehensive loss:

	Group	
	2017	2016
	$'000	$'000
Items that will not be subsequently reclassified to profit or loss		
Revaluation of property		
Loss arising during the year	-	(117)
Deferred tax liability arising on revaluation of property (Note 19)	-	20
	-	(97)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(195)	(477)
	(195)	(574)

30 EARNINGS PER SHARE

	Group	
	2017	2016
	$'000	$'000
Earnings		
Earnings for the purposes of basic earnings per share profit for the year attributable to owners of the Company	3,206	5,381
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	499,914	487,573
Effect of dilutive potential ordinary shares:		
Share-options	3,256	3,005
Weighted average number of ordinary shares for the purpose of diluted earnings per share	503,170	490,578
Earnings per share (cents) - basic	0.64	1.10
Earnings per share (cents) - diluted	0.64	1.10

31 SEGMENT INFORMATION

For management purposes, the Group is currently organised into two main business activities. The business activities are the basis on which the Group reports to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The two main business activities are as follows:

(a) Pipes and pipe fittings segment- Manufacturing, trading and distributing of pipes and pipe fittings

(b) Medical devices segment- Manufacturing and developing medical devices

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's profit or loss that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment to arrive at segment results.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of accounts payable and accruals.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

31 SEGMENT INFORMATION (cont'd)

The measurement basis of the Group's reportable segments is in accordance with its accounting policy as described in Note 2.

Segment revenue and results:

	Group			
	Medical devices	Pipes and pipe fittings	Eliminations	Total
	$'000	$'000	$'000	$'000
2017				
Revenue				
External sales	24,930	38,780	-	63,710
Results				
Segment result	(754)	7,536	(406)	6,376
Unallocated corporate expense				(2,522)
Interest expense	(59)	(73)	-	(132)
Interest income	-	35		35
Profit before tax				3,757
Income tax expense				(591)
Profit for the year				3,166
Other information				
Capital expenditure	1,272	1,346		2,618
Depreciation and amortisation	1,549	1,855		3,404
Statement of financial position				
Assets				
Segment assets	28,219	39,761		67,980
Unallocated corporate assets (a)				2,055
Consolidated total assets				70,035
Liabilities				
Segment liabilities	4,911	5,775		10,686
Unallocated corporate liabilities (b)				1,335
Consolidated total liabilities				12,021

31 SEGMENT INFORMATION (cont'd)

	Group			
	Medical devices	Pipes and pipe fittings	Eliminations	Total
	$'000	$'000	$'000	$'000
2016				
Revenue				
External sales	32,739	43,365	-	76,104
Results				
Segment result	(782)	10,919	(420)	9,717
Unallocated corporate expense				(2,953)
Interest expense	(40)	(80)	-	(120)
Interest income	-	20	-	20
Profit before tax				6,664
Income tax expense				(1,330)
Profit for the year				5,334
Other information				
Capital expenditure	1,890	1,923	-	3,813
Depreciation and amortisation	2,108	1,763	-	3,871
Statement of financial position				
Assets				
Segment assets	29,816	41,971	-	71,787
Unallocated corporate assets (a)				842
Consolidated total assets				72,629
Liabilities				
Segment liabilities	5,311	6,969	-	12,280
Unallocated corporate liabilities (b)				1,931
Consolidated total liabilities				14,211

(a) Unallocated corporate assets comprise of certain bank balances and certain prepayments.

(b) Unallocated corporate liabilities comprise of the accruals and provision for corporate expenses.

31 SEGMENT INFORMATION (cont'd)

Geographical information

Revenue is analysed by the location of the reportable segment. Segment assets and additions to property, plant and equipment are analysed by the geographical area in which the assets are located.

	Revenue		Non-current assets		Carrying amount of segment assets		Additions to property, plant and equipment	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Singapore	59,980	71,566	14,277	17,067	47,149	49,003	1,313	2,134
Malaysia	3,338	3,618	672	663	5,526	7,173	233	211
China	392	920	11,240	9,406	17,360	16,453	1,072	1,468
	63,710	76,104	26,189	27,136	70,035	72,629	2,618	3,813

Information about major customer

Included in revenues arising from the sales of medical devices are revenues of approximately $7.1 million (2016: $19.0 million) which arose from sales to the Group's largest customer. Apart from this largest customer, there was no other single customer that contributed more than 10% of the consolidated revenue for the years ended July 31, 2017 and 2016.

32 CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	Group	
	2017	2016
	$'000	$'000
Commitment for acquisition of property, plant and equipment	196	421

33 CONTINGENT LIABILITIES

	Company	
	2017	2016
	$'000	$'000
Guarantee given to banks and financial institutions for credit facilities granted to subsidiaries (unsecured)	15,985	15,985

The bankers' guarantee issued in favour of third parties are secured by way of a legal mortgage over the Group's leasehold property and a corporate guarantee by the Company of $15,985,000 (2016: $15,985,000) as disclosed in Notes 11 and 12 to the financial statements. The corporate guarantee by the Company with respect to certain assets under finance leases is disclosed in Note 18 to the financial statements.

The Company has given undertakings to provide continuing financial support to certain of its subsidiaries with current liabilities exceeding their current assets by $32,196,000 (2016: $30,167,000) to enable them to continue as going concerns and to meet their obligations for at least 12 months from the date of these financial statements.

34 OPERATING LEASE ARRANGEMENTS

	Group	
	2017	2016
	$'000	$'000
The Group as lessee		
Minimum lease payments under operating leases recognised as an expense in the year	1,366	1,362

At the end of the reporting period, the Group has outstanding commitments of non-cancellable operating leases, which fall due as follows:

	Group	
	2017	2016
	$'000	$'000
Within one year	1,128	1,157
In the second to fifth year inclusive	3,408	4,255
After five years	5,882	5,844
	10,418	11,256

Operating lease payments represent rentals payable by the Group for its factory space, office premises and equipment. Leases are negotiated for a term ranging from 5 to 56 years and rental is fixed over the duration of the lease.

34 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as lessor

The Group rents out part of its office premises to a subsidiary of the ultimate holding company and an outside party under operating leases. Rental income earned during the year was $72,000 (2016: $105,000).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group	
	2017	2016
	$'000	$'000
Within one year	72	24
In the second to fifth year inclusive	24	-
	96	24

35 DIVIDENDS

FY2016

On January 22, 2016, a one-tier tax exempt final dividend of $0.005 per share and special dividend of $0.0025 per share (cash dividend of $2,005,000 and scrip dividend of $1,618,000) was paid in respect of FY2015.

On March 31, 2016, a one-tier tax exempt interim dividend of $0.0025 per share was paid (total dividend $1,243,000) in respect of FY2016.

FY2017

On December 21, 2016, a one-tier tax exempt final dividend of $0.005 per share was paid (total dividend $2,499,000) in respect of FY2016.

On April 13, 2017, a one-tier tax exempt interim dividend of $0.0025 per share was paid (total dividend $1,252,000) in respect of the current financial year.

In respect of the current year, the directors propose a final dividend of $0.005 per ordinary share to be paid to shareholders in respect of the current financial year. The final dividend is one-tier tax exempt and is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements.

36 ACQUISITION OF A SUBSIDIARY

On February 19, 2016, the Group acquired 81% equity interest in XentiQ (Pte.) Ltd. ("XentiQ") for a cumulative consideration of $1,355,000, of which $870,000 was paid in 2016. This transaction has been accounted for by the acquisition method of accounting.

XentiQ is an entity incorporated in Singapore with its principal activity being product design and engineering services. The Group acquired XentiQ for various reasons, the primary reason being to expand the manufacturing capabilities of the Group's medical devices segment beyond polymer devices to electro-mechanical devices.

(a) Net cash outflow on acquisition of a subsidiary

	2016
	$'000
Consideration paid in cash	870
Consideration payable in the next financial year	485
	1,355
Less: Cash and cash equivalent balances acquired	(182)
Consideration payable	(485)
	688

(b) Identifiable assets acquired and liabilities assumed

	2016
	$'000
Assets	
Cash and cash equivalents	182
Trade receivables	249
Other receivables and prepaid expenses	32
Inventories	49
Property, plant and equipment	36
Total assets	548
Liabilities	
Trade payables	(34)
Other payables	(39)
Bank loan	(140)
Total liabilities	(213)
Net assets acquired and liabilities assumed	335

36 ACQUISITION OF A SUBSIDIARY (cont'd)

(c) Non-controlling interest

The non-controlling interest (19%) in XentiQ recognised at the acquisition date was measured by reference to the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets and amounted to $64,000.

(d) Goodwill arising on acquisition

	2016
	$'000
Consideration transferred	1,355
Add: Non-controlling interest	64
Less: Fair value of identifiable net assets acquired	(335)
Goodwill arising on acquisition	1,084

Goodwill arose from this acquisition after taking into consideration the benefit of expected synergies, revenue growth, future market development of XentiQ. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

(e) Impact of acquisitions on the results of the Group

The Group considers the impact on the business combination to be immaterial had it been effected on August 1, 2015.

37 SUBSEQUENT EVENT

Vicplas Investment Pte. Ltd., has made a partial capital injection of US$343,000 (approximately S$465,000) on September 7, 2017 in V&H Investment Co., Ltd, for 49% proportionate equity interest as a joint venture company in Cambodia that was incorporated on May 29, 2017 for the purpose of acquiring land and property for the new manufacturing facility in Cambodia. The partial capital injection is to fund the payment of deposit for the land located at National Road 3 within Kong Pisei District, Kampong Speu Province, Kingdom of Cambodia for the new manufacturing facility in Cambodia.

Analysis of Shareholdings

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	S$50,052,935
Issued and Fully Paid-Up Capital (excluding Treasury Shares)	:	S$50,015,834
Number of Issued Shares (excluding Treasury Shares)	:	500,966,699
Number/Percentage of Treasury Shares	:	461,000 (0.09%)
Number/Percentage of Subsidiary Holdings	:	NIL
Class Of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares)	:	One Vote Per Share

Distribution of shareholdings as at October 13, 2017

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	8	0.50	362	0.00
100 - 1,000	189	11.90	179,791	0.03
1,001 - 10,000	679	42.73	3,844,275	0.78
10,001 - 1,000,000	685	43.11	57,972,231	11.57
1,000,001 and above	28	1.76	438,970,040	87.62
Total	1,589	100.00	500,966,699	100.00

Twenty largest shareholders as at October 13, 2017

No.	Name of shareholders	No. of shares	%
1	Venner Capital S.A.	208,526,166	41.63
2	DBS Vickers Securities (S) Pte Ltd	72,595,421	14.49
3	Chua Kim Hua	22,695,000	4.53
4	Cheng Liang	14,029,497	2.80
5	Robert Gaines-Cooper	10,849,400	2.17
6	Lim Sim Moi	9,938,000	1.98
7	Loh Beng Seng	9,716,018	1.94
8	Liu Wenying	8,000,009	1.60
9	David Dangar Henry Honywood Curtis-Bennett	8,000,000	1.60
10	UOB Kay Hian Pte Ltd	7,379,000	1.47
11	DBS Nominees Pte Ltd	6,380,856	1.27
12	Irene Tay Gek Lim	6,376,738	1.27
13	Yeo Wico	6,021,738	1.20
14	Maybank Kim Eng Securities Pte Ltd	6,003,702	1.20
15	Ho Lai Heng	5,723,400	1.14
16	Jane Rose Philomene Gaines-Cooper	5,000,000	1.00
17	Chua Jun Kai Marc (Cai Junkai)	4,955,200	0.99
18	Hong Leong Finance Nominees Pte Ltd	3,953,623	0.79
19	Chua Eng Eng	3,535,000	0.71
20	Ng Cher Yan	3,217,390	0.64
	Total	422,896,158	84.42

Based on the information available to the Company as at October 13, 2017, approximately 33.35% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Analysis of Shareholdings

Substantial shareholders as shown in the Register of Substantial Shareholders

Name of substantial shareholders	No. of shares beneficially held by substantial shareholders	No. of shares in which the substantial shareholders are deemed to have an interest	Total no. of shares	% [1]
Venner Capital S.A.	280,852,441	-	280,852,441	56.06
CTX Treuhand AG, as trustee of the Bird Island Trust	-	280,852,441 [2]	280,852,441	56.06
Robert Gaines-Cooper	10,849,400	280,852,441 [3]	291,701,841	58.23

(1) "%" is based on 500,966,699 issued shares and disregarding the 461,000 shares held in treasury.

(2) Venner Capital S.A. is owned by the Bird Island Trust, a fully discretionary trust under Liechtenstein law, the trustee of which is CTX Treuhand AG, a trust company based in Liechtenstein. Mr. Robert Gaines-Cooper is presently the sole beneficiary and protector under the trust.

(3) Venner Capital S.A. is owned by the Bird Island Trust, a fully discretionary trust under Liechtenstein law, the trustee of which is CTX Treuhand AG, a trust company based in Liechtenstein. Mr. Robert Gaines-Cooper is presently the sole beneficiary and protector under the trust. Mr. Gaines-Cooper is deemed to be interested in the shares of the Company owned by the Bird Island Trust through Venner Capital S.A..

Notice of Nineteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of Vicplas International Ltd (the "**Company**") will be held at Devan Nair Institute for Employment and Employability, Event Hall 1 (Level 1), 80 Jurong East Street 21, Singapore 609607 on Tuesday, November 28, 2017 at 2.30 p.m. for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended July 31, 2017 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final (one-tier tax exempt) dividend of S$0.005 per share for the year ended July 31, 2017. **(Resolution 2)**

3. To approve the Directors' fees of S$278,137.00 (2016: S$275,000.00) for the year ended July 31, 2017. **(Resolution 3)**

4. To re-elect Mr. Ng Cher Yan, who is retiring by rotation pursuant to Article 115 of the Company's Constitution, and who, being eligible, offers himself for re-election. **(Resolution 4)**
   [See Explanatory Note 1]

5. To re-elect Mr. Christopher Paul Lee, who is retiring by rotation pursuant to Article 115 of the Company's Constitution, and who, being eligible, offers himself for re-election. **(Resolution 5)**
   [See Explanatory Note 2]

6. To re-appoint Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

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

7. Authority to allot and issue shares and convertible instruments **(Resolution 7)**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**") and the listing rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

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

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

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

Provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercise of any share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (i) above and this sub-paragraph (ii), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Constitution for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note 3]

8. Renewal of the Shareholders' Mandate for interested person transactions **(Resolution 8)**

"That:

(a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Chapter 9**"), for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into transactions falling within the types of interested person transactions described in the Appendix to the Company's Circular to Shareholders dated November 10, 2017 (the "**Circular**") with any party who is of the class of interested persons described in the Appendix to the Circular, provided that such transactions are made on normal commercial terms and will not be prejudicial to the interests of the Company and minority shareholders and in accordance with the guidelines and procedures for such interested person transactions as set out in the Appendix to the Circular;

(b) the approval given in paragraph (a) above (the "**Shareholders' Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate and/or this Resolution." [See Explanatory Note 4]

9. Renewal of the Share Purchase Mandate **(Resolution 9)**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"); and/or

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

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Prescribed Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST) as at that date);

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

(i) in the case of a Market Purchase: 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price of the Shares,

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the making of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase pursuant to the equal access scheme, as deemed to be adjusted for any corporate action which occurs after the relevant five Market Day period;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from the shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

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

(d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased by the Company pursuant to the Share Purchase Mandate in any manner as may be permitted under the Act; and

(e) the Directors of the Company 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 or necessary to give effect to the transactions contemplated by this Resolution." [See Explanatory Note 5]

10. Authority to grant options, and allot and issue shares pursuant to the Vicplas International Share Option Plan **(Resolution 10)**

"That approval be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provisions of the Vicplas International Share Option Plan (the "**Share Option Plan**") and to allot and issue from time to time such number of ordinary shares of the Company as may be required to be issued pursuant to the exercise of options under the Share Option Plan, provided that the aggregate number of new ordinary shares which may be issued pursuant to options to be granted under the Share Option Plan, when added to the number of new ordinary shares issued and issuable in respect of all options granted under the Share Option Plan, shall not exceed 15% of the total number of issued ordinary shares of the Company, excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited), from time to time." [See Explanatory Note 6]

11. Authority to issue new shares pursuant to the Vicplas International Ltd Scrip Dividend Scheme **(Resolution 11)**

"That pursuant to Section 161 of the Companies Act, Cap. 50, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares of the Company as may be required to be allotted and issued pursuant to the Vicplas International Ltd Scrip Dividend Scheme." [See Explanatory Note 7]

12. Affirmation of the grant of options made to Directors under the Vicplas International Share Option Plan **(Resolution 12)**

"That the grant or grants of share options heretofore to any Director of the Company as a participant of the Vicplas International Share Option Plan, be and are hereby approved and affirmed." [See Explanatory Note 8]

By Order of the Board

Esther Au
Company Secretary
Singapore

November 10, 2017

Notice of Nineteenth Annual General Meeting

Notes:

(a) (i) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Nineteenth Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(ii) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Nineteenth Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

(b) A proxy need not be a member of the Company.

(c) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company, 35 Joo Koon Circle, Singapore 629110, not less than 48 hours before the time appointed for holding the Nineteenth Annual General Meeting.

Explanatory Notes:

1. Resolution 4 is to re-elect Mr. Ng Cher Yan, who will be retiring by rotation under Article 115 of the Company's Constitution. Mr. Ng is considered an Independent and Non-Executive Director. If he is re-elected, he will remain as the Chairman of the Audit Committee, the Chairman of the Remuneration Committee and a member of the Nominating Committee. Key information on Mr. Ng can be found on page 8 of the Annual Report 2017. There are no material relationships (including immediate family relationships) between Mr. Ng and the other Directors of the Company or the Company.

2. Resolution 5 is to re-elect Mr. Christopher Paul Lee, who will be retiring by rotation under Article 115 of the Company's Constitution. Mr. Lee is considered a Non-Independent and Non-Executive Director. If he is re-elected, he will remain as the Chairman of the Strategy Committee. Key information on Mr. Lee can be found on page 8 of the Annual Report 2017.

3. Resolution 7 is an Ordinary Resolution to empower the Directors, from the date of this Nineteenth Annual General Meeting until the date of the next Annual General Meeting, to issue shares of the Company, to make or grant instruments convertible into shares, and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a *pro-rata* basis to shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time that Resolution 7 is passed after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when Resolution 7 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. As at October 13, 2017, the Company had 461,000 treasury shares and no subsidiary holdings.

4. Resolution 8 is an Ordinary Resolution to renew the Shareholders' Mandate for transactions with interested persons and empower the Directors of the Company, from the date of this Nineteenth Annual General Meeting until the date of the next Annual General Meeting, to enter into transactions falling within the types of interested person transactions described in the Appendix to the Company's Circular to Shareholders dated November 10, 2017. For more details, please refer to paragraph 2 of the Appendix to the Company's Circular to Shareholders dated November 10, 2017.

5. Resolution 9 is an Ordinary Resolution to renew, effective until the next Annual General Meeting, the Share Purchase Mandate for the Company to purchase or acquire its issued ordinary shares on the terms and subject to the conditions of Resolution 9.

   The Company intends to use internal resources or external borrowings or a combination of both to finance its purchase or acquisition of its ordinary shares. The amount of financing required for the Company to purchase or acquire its ordinary shares, and the impact of such purchase or acquisition on the Company's financial position cannot be ascertained as at the date of this Notice as these will depend on the number of ordinary shares purchased or acquired, whether the purchase or acquisition is made out of profits or capital, the price at which such ordinary shares were purchased or acquired and whether the ordinary shares purchased or acquired are held in treasury or cancelled.

   The financial effects of an assumed purchase or acquisition of such ordinary shares by the Company pursuant to the Share Purchase Mandate, based on the audited financial statements of the Group and the Company for the year ended July 31, 2017 and certain other assumptions, are set out in paragraph 3.7 of the Company's Circular to Shareholders dated November 10, 2017 and are for illustration only.

6. Resolution 10 is an Ordinary Resolution to empower the Directors of the Company to offer and grant options, and to allot and issue from time to time such number of ordinary shares of the Company as may be required to be issued pursuant to the exercise of options under the Vicplas International Share Option Plan, provided that the aggregate number of new ordinary shares which may be issued pursuant to options to be granted under the Vicplas International Share Option Plan, when added to the number of new ordinary shares issued and issuable in respect of all options granted under the Vicplas International Share Option Plan, shall not exceed 15% of the total number of issued ordinary shares of the Company, excluding treasury shares and subsidiary holdings, from time to time.

7. Resolution 11 is an Ordinary Resolution to empower the Directors of the Company to allot and issue ordinary shares of the Company pursuant to the Vicplas International Ltd Scrip Dividend Scheme to eligible members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

8. Resolution 12 is an Ordinary Resolution to affirm the grant of share options that have been made to Directors of the Company ("**Directors**") under the Vicplas International Share Option Plan (the "**Share Option Plan**").

   The Company supports the position that the holding of shares by non-executive Directors for the long term is to be encouraged as a means to better align their interests with those of shareholders. Consistent with this, the Share Option Plan (as approved by shareholders at an Extraordinary General Meeting of the Company on September 20, 2010) envisages participation by non-executive Directors.

   Accordingly, share options were granted in financial years 2011, 2014, 2015 and 2016 to certain Directors pursuant to the Share Option Plan. A total of 26,000,000 options were granted to Directors, of which 17,000,000 have been exercised, 1,500,000 have lapsed, and 7,500,000 are outstanding as at October 13, 2017. All share options granted to Directors have been disclosed in the Company's Annual Report for the respective financial years.

   These grants were to acknowledge the contributions made by the relevant Director to the success of the Company and/or the Group. As the share options granted to these Directors were not intended as an alternative to paying Directors' fees in cash or other form of emoluments in respect of their office, they were not required to be put to shareholders for further approval whether for the purposes of Section 169 of the Companies Act, Cap. 50 or the Company's Constitution.

   Nonetheless, as a matter of openness and transparency, the Company is of the view that it is good practice to table the affirmation resolution (as described above) at the forthcoming Annual General Meeting, as well as to table proposed grants of share options to any non-executive Director under the Share Option Plan at future Annual General Meetings for shareholders' approval.

Notice of Nineteenth Annual General Meeting

Personal Data Privacy:

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

BOOKS CLOSURE AND PAYMENT DATE OF FINAL DIVIDEND

Subject to the approval of the shareholders of the Company ("**Shareholders**") to be obtained for the proposed final (one-tier tax exempt) dividend of S$0.005 per share for the financial year ended July 31, 2017 (the "**Final Dividend**"), the Share Transfer Books and Register of Members of the Company will be closed on December 13, 2017 for the purpose of determining Shareholders' entitlements to the Final Dividend. The Share Transfer Books and Register of Members will re-open on December 14, 2017.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00, ASO Building, Singapore 048544 up to 5.00 p.m. on December 12, 2017 will be registered to determine Shareholders' entitlements to the Final Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the shares as at 5.00 p.m. on December 12, 2017 will rank for the Final Dividend.

The Final Dividend, if approved at the Nineteenth Annual General Meeting to be held on November 28, 2017, will be paid on December 21, 2017.

Proxy Form

VICPLAS INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
(Company Registration No. 199805362R)

Important

1. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the Nineteenth Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in Vicplas International Ltd, this form of proxy is not valid for use by them and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

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 Nineteenth Annual General Meeting dated November 10, 2017.

*I/We, ______________________________ (Name) ____________________ (NRIC/Passport No./UEN)

of ____ (Address)

being a *member/members of Vicplas International Ltd (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing the person, or either or both of the persons, referred to above, the Chairman of the Nineteenth Annual General Meeting of the Company (the "**Meeting**") as *my/our *proxy/proxies to attend, speak and vote for *me/us and on *my/our behalf at the Meeting, to be held at Devan Nair Institute for Employment and Employability, Event Hall 1 (Level 1), 80 Jurong East Street 21, Singapore 609607 on Tuesday, November 28, 2017 at 2.30 p.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 Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting as *he/they may think fit, as *he/they will on any other matter arising at the Meeting.

If no person is named in the above boxes, the Chairman of the Meeting shall be *my/our proxy to vote, for or against the Resolutions to be proposed at the Meeting as indicated hereunder, for *me/us and on *my/our behalf at the Meeting and at any adjournment thereof.

No.	Resolutions	For**	Against**
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended July 31, 2017 and the Auditors' Report thereon.		
2.	To declare a final (one-tier tax exempt) dividend of S$0.005 per share for the year ended July 31, 2017.		
3.	To approve Directors' fees of S$278,137.00 (2016: S$275,000.00) for the year ended July 31, 2017.		
4.	To re-elect Mr. Ng Cher Yan as a Director pursuant to Article 115 of the Company's Constitution.		
5.	To re-elect Mr. Christopher Paul Lee as a Director pursuant to Article 115 of the Company's Constitution.		
6.	To re-appoint Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration.		
7.	To authorise the Directors to issue additional shares and convertible instruments.		
8.	To approve the renewal of the Shareholders' Mandate for interested person transactions.		
9.	To approve the renewal of the Share Purchase Mandate.		
10.	To authorise the grant of options, and the allotment and issuance of shares pursuant to the Vicplas International Share Option Plan.		
11.	To authorise the issuance of shares pursuant to the Vicplas International Ltd Scrip Dividend Scheme.		
12.	To affirm the grant of options made to Directors under the Vicplas International Share Option Plan.		

Dated this ______________ 2017

Total Number of Ordinary Shares in:	No. of Ordinary Shares
CDP Register	
Register of Members	

____

Signature(s) of Member(s) or Common Seal

* Delete where inapplicable.

** The Resolutions will be voted by poll at the Meeting. Please indicate your vote "For" or "Against" with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Notes:

(a) (i) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(ii) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. 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, Cap. 50.

(b) A proxy need not be a member of the Company.

(c) Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

(d) A member should insert the total number of shares. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by the member.

(e) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company, 35 Joo Koon Circle, Singapore 629110, not less than 48 hours before the time appointed for holding the Meeting.

(f) The instrument appointing a proxy or proxies shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its common seal or under the hand of its attorney or duly authorised officer.

(g) 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 (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Vicplas International Ltd
Company Registration No. 199805362R

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