VICPLAS

INNOVATION & EXCELLENCE

ANNUAL REPORT 2019

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

- The design, development and manufacture of sterile and non-sterile 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 ISO13485:2016 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 II Medical Device Manufacturing License in China and Accreditation certificate of foreign medical device manufacturer from Japan.

- 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 subsidiaries have quality certification of ISO9001:2015.

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, 2019 ("FY2019").

OVERVIEW

In FY2019, revenue of the Group increased by 14.1% to $80.2 million as the medical devices segment posted a 41.1% increase in revenue while the pipes and pipe fittings segment posted a 8.3% decline in revenue as compared to the financial year ended July 31, 2018 ("FY2018").

Overall, the Group recorded a higher profit after tax of $4.2 million for FY2019 as compared to a profit after tax of $3.6 million for FY2018.

Medical devices segment

Revenue for the medical devices segment increased to $45.0 million in FY2019 compared to $31.9 million in FY2018 as it continued to expand its global customer base and commercialised new projects.

In a pivotal turnaround, the medical devices segment reported a positive segmental result of $2.8 million for FY2019, an improvement of $3.4 million from a negative segmental result of $0.6 million in FY2018. This return to profitability was based on the increased revenue and efficiency improvements in its manufacturing plants.

Pipes and pipe fittings segment

Revenue for the pipes and pipe fittings segment declined 8.3% to $35.1 million in FY2019 from $38.3 million in FY2018. The segment operated in a tougher environment with intensified competition amidst a slowing economy. The segment's results, while positive, declined from $5.9 million in FY2018 to $3.9 million in FY2019.

OUTLOOK

Medical devices segment

The medical devices segment has evolved significantly from when it was last profitable in the financial year ended July 31, 2013. Its focus is still 100% on the medical devices sector but rather than having most of its revenue derived from a single customer for a single family of products in a single medical industry segment, it now has a much broader range of customers in different locations and manufactures a much wider range of products from components to full medical devices for an increasing number of medical industry segments such as Airway Management, Respiratory, Endoscopy, Drug Delivery and Vascular. It has a more diverse business that provides a wider and deeper range of services to its customers in order to sustain its efforts in capturing future growth opportunities.

With this stronger foundation, the medical devices segment will continue to focus on business development activities to grow its customer and revenue base. In tandem with expanding the pipeline of projects to be commercialised, the segment will seek continued improvements in plant utilisation and higher efficiency from its manufacturing processes as well as expanding its service offerings to customers.

Although the segment is once again profitable, its key challenge is the uncertainty arising from the ongoing trade tensions between the major economies. The segment continues to monitor this situation very closely and is in the process of expanding the Singapore manufacturing operations to provide a greater range of manufacturing options to customers.

Pipes and pipe fittings segment

The pipes and pipe fittings segment is expected to continue facing challenges in light of the increased competition and lower demand in the residential homes sector. While the segment expects to benefit from the HDB Home Improvement Programme, it is mindful that its products may not be used in every home undergoing the upgrading programme.

STATEMENT BY CHAIRMAN

In view of the weak market conditions in Singapore, the segment will continue to focus on civil engineering projects in Singapore, as well as regional growth and product expansion. As announced, the segment's joint venture had acquired a piece of land in Cambodia for a new manufacturing facility. Due to the current challenging market conditions in Cambodia, the segment will not proceed with building the manufacturing facility and will continue to sell products through distribution while exploring alternative use for the land.

The segment will continue to focus on prudent cost management and continuous improvement to gain manufacturing efficiencies.

Group

The Group will continue developing new business opportunities and strengthening the base for its future growth, though it may face challenges amidst uncertainties in the global economy.

DIVIDENDS

We have recommended a final dividend of 0.5 cents per ordinary share (one-tier tax exempt) and a special dividend of 0.25 cents per ordinary share (one-tier tax exempt) in respect of FY2019 for approval by shareholders at the Annual General Meeting to be held on November 28, 2019. The recommended dividends (final and special) amount to 0.75 cents per ordinary share (one-tier tax exempt).

The Group's ability to maintain its track record of 0.75 cents per ordinary share of total dividend in respect of a financial year is dependent on its business performance and fundamentals as well as its capital requirements to support the business. The final dividend of 0.5 cents per ordinary share recommended for FY2019 is the same as FY2018. In addition, as the medical devices segment has returned to profitability after five financial years of negative segmental results, a special dividend of 0.25 cents per ordinary share is recommended for FY2019.

Hence, the total dividend recommended in respect of FY2019 is 0.75 cents per ordinary share (which represents the fifth consecutive financial year in which the Group has maintained a total dividend of 0.75 cents per ordinary share in respect of a financial year, if the Board's recommendation is approved at the forthcoming Annual General Meeting). Accordingly, in respect of these five financial years, shareholders would have received dividends amounting to 3.75 cents per ordinary share in aggregate (which represents an annualised dividend yield of 8.4% based on the closing traded share price on SGX on October 30, 2019).

Also, we have received feedback from shareholders that dividend payments twice a year is preferred. Therefore, it is further recommended that the special dividend of 0.25 cents per ordinary share be paid on July 10, 2020 (with books closure date on July 1, 2020) separately from paying the final dividend of 0.5 cents per ordinary share on January 17, 2020 (with books closure date on January 8, 2020). By fixing and announcing the books closure dates and payment dates for both final and special dividends upfront, shareholders will have greater certainty regarding when they are entitled to receive dividends. Therefore, if and when both dividends are approved at the forthcoming Annual General Meeting, shareholders will benefit from knowing upfront their entitlements to dividend payments in 2020.

APPRECIATION

On behalf of the Board, we thank our customers, suppliers and shareholders for their longstanding support and trust, and appreciate and support the zeal and commitment of our management team and employees working together as they propel the Group forward.

YEO WICO
Chairman

OPERATIONAL AND FINANCIAL REVIEW

REVENUE

In FY2019, revenue for the Group increased by 14.1% to $80.2 million and profit after tax increased by 16.7% to $4.2 million, as compared to FY2018.

These increases were driven by the substantive progress made by the medical devices segment which grew its revenue by 41.1% to $45.0 million in FY2019 due to increased customer orders and achieved a positive segmental result of $2.8 million, as compared to the negative segmental result of $0.6 million in FY2018.

Revenue for the pipes and pipe fittings segment decreased by 8.3% to $35.1 million in FY2019 from $38.3 million in FY2018. While the segmental results remained positive at $3.9 million in FY2019, this was a decrease from $5.9 million in FY2018, due primarily to increased price competition and margin squeeze amidst the slowdown in residential home projects in Singapore.

Other income in FY2019 increased by $0.8 million due to more tools built for customers.

OPERATING EXPENSES

Raw materials and consumables used increased to $34.1 million in FY2019 from $29.1 million in FY2018 due to increased revenue in the medical devices segment and a margin squeeze in the pipes and pipe fittings segment. With the continued slowdown in residential home projects in Singapore, the pipes and pipe fittings segment is facing price competition for its products.

Employee benefits expense increased to $24.5 million in FY2019 from $21.3 million in FY2018 due to increased headcount and overtime in the medical devices segment to meet the higher revenue.

The changes in fair value of investment property of $0.5 million in FY2018 arose from the recognition of the fair value of the investment property in Singapore.

Other operating expenses decreased to $14.6 million in FY2019 from $15.0 million in FY2018 mainly due to lower foreign exchange loss and professional fees. The increase in other variable costs in the medical devices segment was offset by lower level of usage or activities in the pipes and pipe fittings segment, which resulted in an overall decrease in other operating expenses.

Income tax was a credit of $0.2 million in FY2019 as compared to a credit of $1.3 million in FY2018 mainly due to higher tax expense and lower recognition of deferred tax assets from unutilised tax losses in FY2019.

STATEMENT OF FINANCIAL POSITION

Cash and bank balances decreased to $4.1 million at the end of FY2019 from $7.9 million at the end of FY2018 as cash inflow from operating activities and bank borrowings in FY2019 was less than the cash outflow used for investing and financing activities such as the purchase of property, plant and equipment, the investment in a joint venture for the pipes and pipe fittings segment, the investment in an associate for the medical devices segment and payment of dividends.

Trade receivables increased to $24.5 million at the end of FY2019 from $18.4 million at the end of FY2018 due to higher sales in the medical devices segment.

Contract assets relate to revenue recognised prior to the date on which it is invoiced to the customer. In accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 15 *Revenue from Contracts with Customers*, when the Group is contractually restricted from redirecting the goods

OPERATIONAL AND FINANCIAL REVIEW

to another customer and has an enforceable right to payment for work done under the terms of the contracts with the customers, the revenue from such contracts is now required to be recognised over time (based on the amount of units produced) rather than at the point in time when good are delivered. It increased to $4.9 million at the end of FY2019 from $4.0 million at the end of FY2018 primarily due to the medical devices segment holding more goods at the end of FY2019 which are contractually restricted from redirection and with an enforceable right to payment.

Property, plant and equipment increased to $23.9 million at the end of FY2019 from $20.2 million at the end of FY2018 due to additions in the medical devices segment such as procuring of machines and automation equipment to support new projects and replacement of aging machines in the pipes and pipe fittings segment.

Joint venture increased to $1.8 million at the end of FY2019 from $1.2 million at the end of FY2018 due to additional capital injection made to the joint venture in Cambodia under the pipes and pipe fittings segment.

Associate increased to $0.2 million at the end of FY2019 due to the investment made for a 20% stake in a company based in United Kingdom under the medical devices segment.

Deferred tax assets increased to $2.9 million at the end of FY2019 from $2.5 million at the end of FY2018 due to the recognition of deferred tax assets from unutilised tax losses in Forefront (Xiamen) Medical Devices Co., Ltd, partially offset by the de-recognition of deferred tax assets in Forefront Medical Technology (Jiangsu) Co., Ltd as its tax losses were utilised.

Bank borrowings increased to $8.6 million at the end of FY2019 from $2.8 million at the end of FY2018 mainly due to additional banking facility utilised to finance the business expansion of the medical devices segment.

Trade and other payables increased to a total of $10.6 million at the end of FY2019 from a total of $10.2 million at the end of FY2018 due primarily to higher level of activities in the medical devices segment.

Overall, the net asset value of the Group increased to $60.5 million at the end of FY2019 from $58.8 million at the end of FY2018.

WORKING CAPITAL AND CASH FLOW

Net cash from operating activities for FY2019 increased to $2.1 million from $1.2 million mainly due to higher profits and depreciation of property, plant and equipment which were offset partially by higher working capital requirement to support the increase in sales in the medical devices segment and longer collection cycle in the pipes and pipe fittings segment.

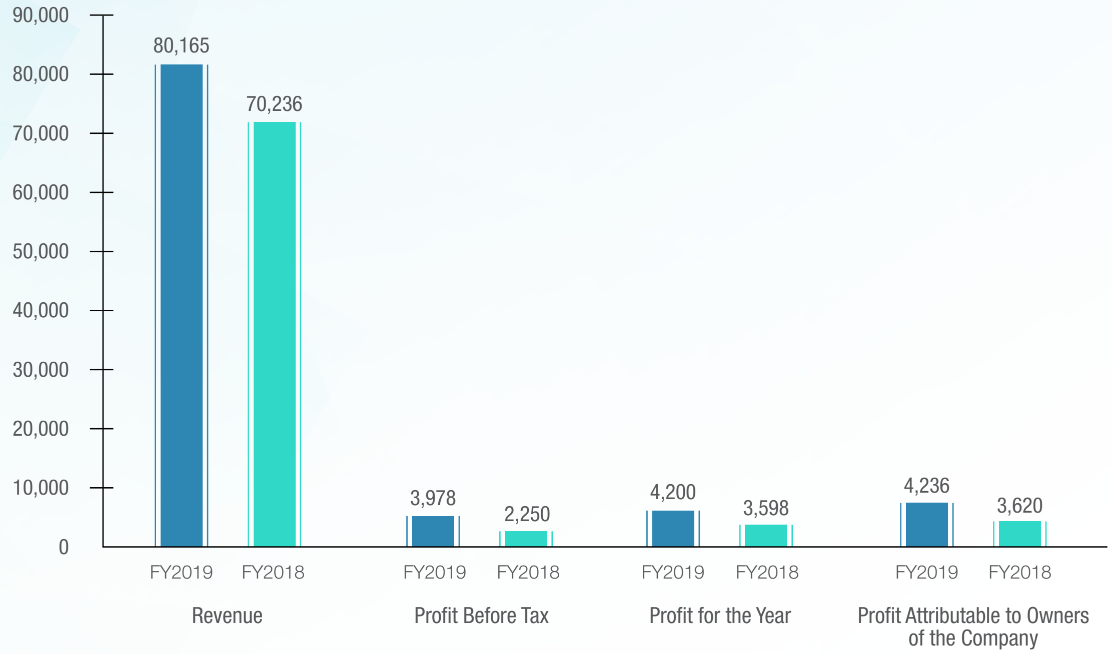
Net cash used in investing activities increased by $1.3 million in FY2019 mainly due to purchases of plant and machinery and deposit placed for purchase of plant and machinery in the medical devices segment.

Net cash from financing activities increased in FY2019 mainly due to the proceeds from bank borrowings.

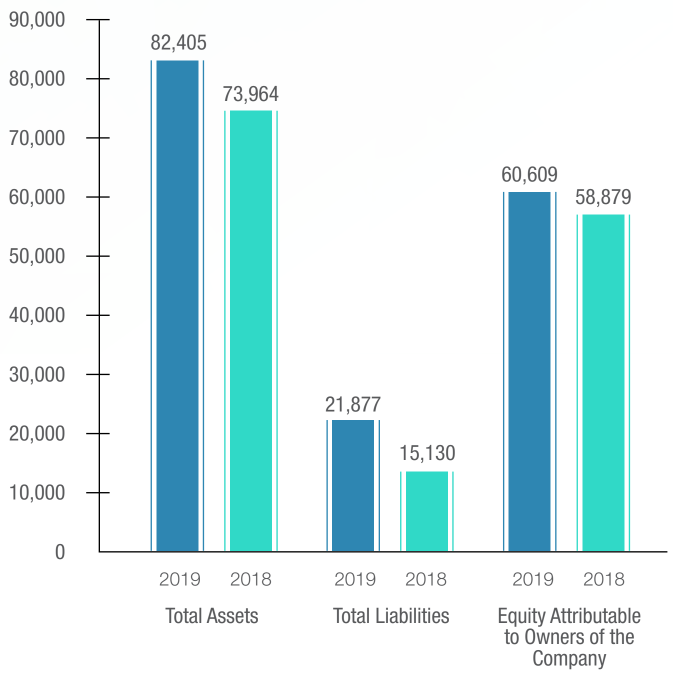
Overall, the Group had a cash balance of $4.1 million at the end of FY2019, a decrease of $3.8 million from $7.9 million at the end of FY2018, with bank borrowings and finance leases of $9.0 million at the end of FY2019. Although the Group no longer maintains a positive net cash position, the Group's debt to equity ratio remains low at 0.15 at the end of FY2019.

OPERATIONAL AND FINANCIAL REVIEW

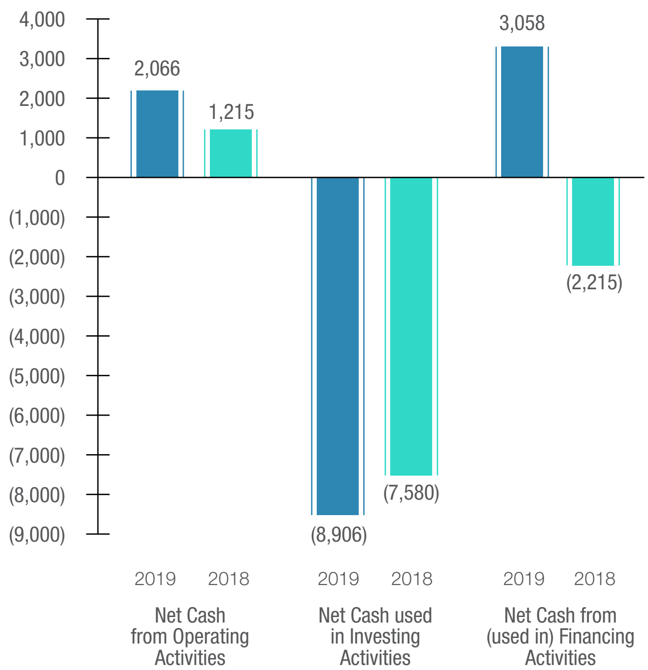
STATEMENT OF PROFIT OR LOSS ($'000)



STATEMENT OF FINANCIAL POSITION ($'000)



STATEMENT OF CASH FLOWS ($'000)




VICPLAS

BOARD OF DIRECTORS

YEO WICO

Yeo Wico, aged 52, 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 and Risk, 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 82, was appointed as a Non-Executive Director in June 2015. He was re-appointed as a Director at the Twentieth AGM of the Company held in November 2018. 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 Joint Group 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 60, was appointed as a Non-Executive Director in May 2010. He was re-elected as a Director at the Nineteenth AGM of the Company held in November 2017. He is Chairman of the Audit and Risk 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 of several public listed companies, namely MoneyMax Financial Services Ltd, Samko Timber Limited, Bull Will Co Ltd and Serial System Ltd. In the preceding five years, he was also an independent director of Ecowise Holdings Limited and 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 57, was appointed as a Non-Executive Director in October 2013. He was re-elected as a Director at the Nineteenth AGM of the Company held in November 2017. 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 33 years of business experience in the medical devices industry with experience in blue chip, SME's and start-up companies. Mr. Lee holds a MBA from Cranfield University, UK and a Degree 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 60, was appointed as a Non-Executive Director in November 2016. She was re-appointed as a Director at the Twentieth AGM of the Company held in November 2018. She serves as a member of the Audit and Risk 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 64, was appointed as Acting Group Chief Executive Officer in October 2014 and assumed the permanent role as Group Chief Executive Officer in November 2018. He 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 42, 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.

TOON CHIN LIANG

Toon Chin Liang, aged 41, 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.

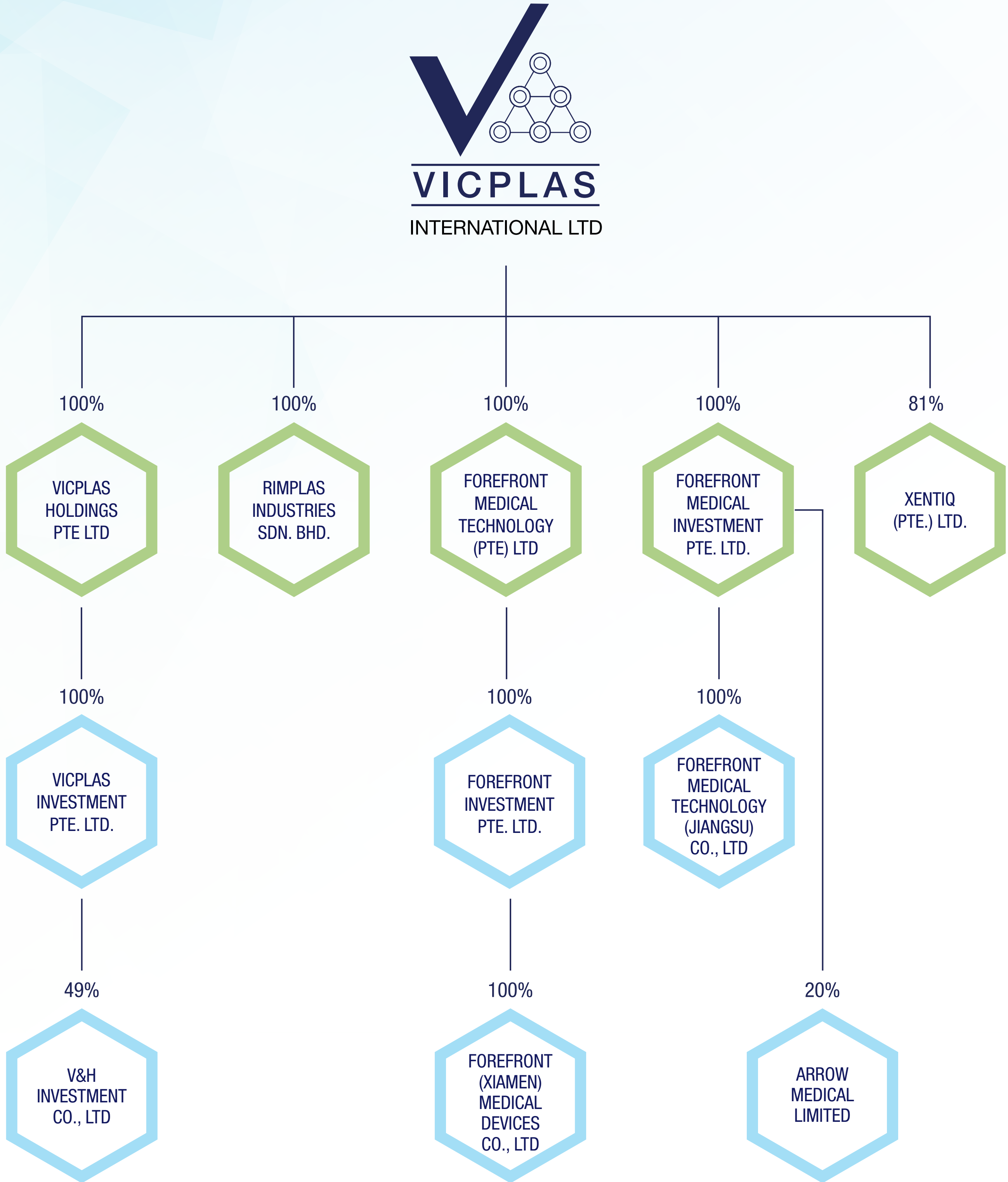
WALTER TARCA

Walter Tarca, aged 62, 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 more than 20 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.

GAN YING HUI

Gan Ying Hui, aged 40, 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 Singapore.

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

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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

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DBS Asia Central @ MBFC Tower 3
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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 2018 ("Code") where it is applicable and practical to the Group in the context of the Group's business and organisation structure.

The format of our report reflects the principles as set out in the Code in line with the amended Rule 710 of the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") that came into effect January 1, 2019.

The Company has generally adhered to the principles and provisions as set out in the Code and variations from any provision of the Code are explained in this report.

BOARD MATTERS

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 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. Five meetings of the Board were held during the financial year ended July 31, 2019 ("FY2019"). 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.

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 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.

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.

The Board is supported by four Board committees: Audit and Risk Committee ("ARC"), 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 FY2019	No. of scheduled meetings attended during FY2019				
		Yeo Wico	Ng Cher Yan	Christopher P. Lee	Robert Gaines-Cooper	Jane Rose Philomene Gaines-Cooper
Board	**5**	5	5	5	3	5
Audit and Risk Committee	**4**	4	4	4[(a)]	2[(a)]	4
Nominating Committee	**2**	2	2	2[(a)]	1[(a)]	2
Remuneration Committee	**2**	2	2	2[(a)]	1	2[(a)]
Strategy Committee	**1**	1	1[(a)]	1	-	1[(a)]

Notes:

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

The Board established the SC with written terms of reference. The SC is made up of three members, all of whom are non-executive directors and they are:

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

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.

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. An "independent" director[1] is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations[2], its substantial shareholder[3] or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company[4].

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 being Mrs. Jane Rose Philomene Gaines-Cooper.

1 Rule 1207(10B) of the SGX-ST Listing Rules requires the Board to identify in the company's annual report each director it considers to be independent.

2 The term "related corporation", in relation to the company, has the same meaning as currently defined in the Companies Act (Chapter 50) of Singapore, i.e. a corporation that is the company's holding company, subsidiary or fellow subsidiary.

3 A "substantial shareholder" is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the company, in line with the definition set out in section 2 of the Securities and Futures Act (Chapter 289) of Singapore.

4 A director who falls under the circumstances described in Rule 210(5)(d) of the SGX-ST Listing Rules is not independent. These circumstances apply to the following:

(i) a director being employed by the company or any of its related corporations for the current or any of the past three financial years;

(ii) a director who has an immediate family member who is, or has been in the past three financial years, employed by the company or any of its related corporations whose remuneration is determined by the Remuneration Committee;

(iii) a director who has been a director for an aggregate period of more than 9 years (whether before or after listing) and who continued appointment as an independent director has not been sought and approved in separate resolutions by

(A) all shareholders; and

(B) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the company, and associates of such directors and chief executive officers.

Rule 210(5)(d)(i) and (ii) of the SGX-ST Listing Rules come into effect from January 1, 2019.

Rule 201(5)(d)(iii) of the SGX-ST Listing Rules will come into effect on January 1, 2022. Prior to January 1, 2022, the corresponding Guideline 2.4 in the 2012 Code of Corporate Governance will continue to apply.

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/herself for retirement and re-election at the AGM immediately following his/her appointment. Thereafter, he/she 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. Yeo Wico and Mr. Ng Cher Yan. At the recommendation of the NC and as approved by the Board, both Mr. Yeo Wico and Mr. Ng Cher Yan will be seeking re-election as directors at this forthcoming AGM. Mr. Yeo Wico is an independent and non-executive director. If Mr. Yeo Wico is re-elected, he will remain as Chairman of the Board, the Chairman of the NC, a member of the ARC, the RC and the SC of the Company. Mr. Ng Cher Yan is also an independent and non-executive director. If Mr. Ng Cher Yan is re-elected, he will remain as the Chairman of the ARC, the Chairman of the RC and a member of the NC. Key information on Mr. Yeo Wico and Mr. Ng Cher Yan can be found on page 8 in this annual report. 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.

In the course of the financial year, the NC assessed the independence of Board members in light of Provision 2.1 of the Code and Practice Guidance 2 on criteria for director and also Guideline 2.4 of the 2012 Code of Corporate Governance (appointment of an independent director who has served beyond nine years from the date of his/her appointment, be subject to rigorous review).

The two independent directors, Mr. Yeo Wico and Mr. Ng Cher Yan, served as independent directors of the Company for more than nine years on the Board. The Board had engaged Foo Kon & Tan LLP to carry out an independent review of the contributions and independence of Mr. Yeo Wico and Mr. Ng Cher Yan and their review concluded that both Mr. Yeo Wico and Mr. Ng Cher Yan are suitable to be considered as independent directors for the purposes of the Code. The Board (with Mr. Yeo Wico and Mr. Ng Cher Yan recused from deliberating their respective review) agreed that Mr. Yeo Wico and Mr. Ng Cher Yan had expressed their views independently at all times, objectively and constructively challenged the assumptions and viewpoints presented by the management and actively participated in deliberations at meetings. In this context, the Board is satisfied that the long tenure of Mr. Yeo Wico and Mr. Ng Cher Yan does not impair their independence and they are able to discharge their duties as directors independently and objectively. Mr. Yeo Wico and Mr. Ng Cher Yan remained independent in character and judgement and there are no relationships or circumstances which are likely to affect their judgement.

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 assumed the permanent role of Group Chief Executive Officer on November 1, 2018. He has been part of the senior management team of the Group and he does not sit on the Board.

Our Chairman and our 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

The Board established the NC with written terms of reference. The NC is made up of three members, all of whom are non-executive directors and they are:

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 determines annually, and as and when circumstances require, whether a director is independent having regard to the circumstances set forth in Provision 2.1 of the Code. In determining the independence of directors annually, the NC has reviewed and is of the view that Mr. Yeo Wico and Mr. Ng Cher Yan 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 as a whole and the contribution of each director 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 in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgement in the best interests of the Company.

The NC and the Board in principle support limiting the number of directorships to not more than six directorships in other public listed companies that an independent director can effectively serve. 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. 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.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board established the RC with written terms of reference. The RC is made up of three members, all of whom are non-executive directors and they are:

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

The RC recommends to the Board a framework of remuneration for the Board and key management personnel and determines 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 7: Level and Mix of Remuneration

The current framework for non-executive directors' fee on a per annum basis is as follows:

Role	Member	Chairman
Board of Directors	$35,000	$20,000
Audit and Risk Committee	$7,500	$7,500
Nominating Committee	$2,500	$2,500
Remuneration Committee	$2,500	$2,500
Strategy Committee	$7,500	$7,500

Principle 8: Disclosure of Remuneration

The remuneration paid to each of the directors, the top five key management personnel (including the Group Chief Executive Officer) for the year ended July 31, 2019 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
Ng Cher Yan	-	-	100	100
Christopher P. Lee	-	-	100	100
Jane Rose Philomene Gaines-Cooper	-	-	100	100

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 (Chapter 50) of Singapore ("Act") or the Company's Constitution. Nonetheless, as a matter of openness and transparency, the Company considers it good practice to table proposed grants of share options to any non-executive director at future AGMs 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 pages 30 and 33 in this annual report.

Remuneration band **Name of top five key management personnel including the Group Chief Executive Officer**	**Salary**	**Bonus**	**Other Benefits**	**Total Remuneration**
	%	**%**	**%**	**%**
$500,000 to $749,999				
Cheng Liang	63	30	7	100
Walter Tarca	70	22	8	100
$250,000 to $499,999				
Cheng Hsheng @ Zhong Zixian	58	24	18	100
Gan Ying Hui	62	27	11	100
Toon Ching Liang, Aiken	66	25	9	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 31 to 33 in 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 FY2019.

Mr. Cheng Hsheng @ Zhong Zixian (Group Operations Director) is the son of Mr. Cheng Liang (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 FY2019. 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 including the Group Chief Executive Officer (who are not directors) for FY2019 is $1,884,000.

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 and the top five key management personnel (including the Group Chief Executive Officer) 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 and the top key management personnel (including the Group Chief Executive Officer) on a named basis could be disadvantageous to the Group's business interests, given the highly competitive industry conditions.

ACCOUNTABILITY AND AUDIT

Principle 9: 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 Company has an enterprise risk assessment report which provides an overview of the Group's key risks as well as the various mitigating controls to manage the risks. Current key risks of the Group and their mitigating controls are as follows:

Key risks	Mitigating controls
Global economic uncertainty	• Surveil economic environment • Offer alternative manufacturing option, such as Singapore
Credit risk	• Perform credit evaluation before accepting new customers • Review and monitor accounts receivables aging
Wrong investment decision	• Scrutinise payback period on investment, customer contractual arrangement and alternative uses for plant and equipment • Present all proposals for major investments to Board for evaluation and approval before proceeding
Increasing competition	• Increase product range and provide quality goods and services to customers to improve and maintain customer relationship

The internal auditor assists management to update the enterprise risk assessment report on a biennial basis. The enterprise risk assessment report is presented to and approved by the ARC.

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

The Board has received assurance from the Group Chief Executive Officer and the 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 ARC 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 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 ARC, 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, 2019.

Principle 10: Audit Committee

The Audit Committee was renamed as the Audit and Risk Committee effective from January 1, 2019 to better reflect the scope and responsibilities of the committee.

The ARC comprises three members, all of whom are non-executive directors and two of whom are independent directors. The members of the ARC 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 ARC has written terms of reference and the key terms of reference of the ARC include the following duties:

- Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance.

- Reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems.

- Reviewing the assurance from the Chief Executive Officer and the Chief Financial Officer on the financial records and financial statements.

- Making recommendations to the Board on (i) the proposals to the shareholders on the appointment and removal of external auditor; and (ii) the remuneration and terms of engagement of the external auditor.

- Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function.

- Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

- Reviewing interested person transactions and related party transactions to ensure that they are on normal commercial terms, and that they do not prejudice the interests of the Company or its minority shareholders.

The ARC held four meetings during the financial year ended July 31, 2019. The ARC 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 ARC considered the significant issues and judgements in relation to the financial statements and the details of how these matters were addressed are set out on pages 35 to 38 of the annual report on key audit matters.

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 Senior Human Resources Manager.

External Audit and Auditor Independence

The ARC having reviewed the non-audit services provided by the external auditor to the Group and being satisfied that the fee of approximately $53,000 paid for the non-audit services in the financial year ended July 31, 2019 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 on note 32 to the financial statements, on page 107 of this annual report.

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

Internal Audit and Compliance

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 ARC 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 develop risks based audit plan for review and approval by the ARC.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholders Rights and Conduct of General Meetings
Principle 12: Engagement with Shareholders
Principle 13: Engagement with Stakeholders

The management makes a presentation to shareholders at every AGM on the Company's segmental business.

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 shareholders are given the opportunity to share their thoughts and ideas relating to matters which are the subject of the resolutions to be passed. The Chairman (together with the rest of the Board who are present), the Group Chief Executive Officer, the Chief Financial Officer and external auditor address questions raised by shareholders at the AGM.

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, 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 ARC 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 notice of AGM 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 are 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 will publish the minutes of general meetings of shareholders on its corporate website at www.vicplas.com.sg as soon as practicable.

More information on how the Group met its responsibilities with its key stakeholders can be found in the inaugural sustainability report for the financial year ended July 31, 2018, which was issued on July 30, 2019. In accordance with Rule 771A of the SGX-ST Listing Manual, the sustainability report for the financial year ended July 31, 2019 will be issued by December 31, 2019. The sustainability report covers the sustainability performance, activities and initiatives of the Group. Material issues and topics described in the sustainability report are selected in accordance with the Global Reporting Initiative ("GRI") Standards and their level of significance to the Group and covers both the pipes and pipe fittings segment and medical devices segment. A copy of the issued sustainability report is available on the Company's website.

ADDITIONAL INFORMATION

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 ARC and that the transactions are on an arm's length basis. All interested transactions are subject to review by the ARC 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 S$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 S$100,000)
	S$'000	**S$'000**
Venner Capital S.A. and subsidiaries and related parties	-	2,669

Confirmation by Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(6) of the Listing Manual.

Details	**Yeo Wico**	**Ng Cher Yan**
Date of appointment	June 10, 2008	May 3, 2010
Date of last re-appointment (if applicable)	November 28, 2016	November 28, 2017
Age	52	60
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr. Yeo has been in legal practice for well over two decades and a director of listed companies for more than a decade. In addition, he has acquired extensive knowledge and experience over the Group's business through different business cycles. He will continue to provide leadership and guidance as Board Chairman.	Mr. Ng is a practising Chartered Accountant and sits on the Board of several public listed companies. He provides valuable direction and insights to the Group's business from his vast experience.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director Chairman of the Board of Directors Chairman of the Nominating Committee Member of the Audit and Risk Committee Member of the Remuneration Committee Member of the Strategy Committee	Independent Director Chairman of the Audit and Risk Committee Chairman of the Remuneration Committee Member of the Nominating Committee
Professional qualifications	Please refer to the Director's biography on page 8 in this annual report	Please refer to the Director's biography on page 8 in this annual report
Working experience and occupation(s) during the past 10 years	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 & Solicitor of the Supreme Court of Singapore since 1992. In addition, Mr. Yeo was admitted as a non-practicing solicitor of Solicitors in England and Wales and as an Attorney and Counselor-at-Law in the State of New York. Mr. Yeo has been appointed by the Minister for Finance as a member of the Accounting Standards Council. Mr. Yeo serves as a Non-Executive Director of Netlink NBN Management Pte. Ltd. Mr. Yeo graduated from the National University of Singapore in 1991 and holds a LLB (Hons) degree.	Mr. Ng is currently practising as a Chartered Accountant. Mr. Ng 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 an Independent / Non-Executive Director of several public listed companies namely: • MoneyMax Financial Services Ltd • Samko Timber Limited • Bull Will Co., Ltd • Serial System Ltd
Shareholding interest in the listed issuer and its subsidiaries	10,021,738 Ordinary Shares 1,250,000 Options	3,217,390 Ordinary Shares

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries		Nil	Nil
Conflict of interest (including any competing business)		Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual has been submitted to the listed issuer		Yes	Yes
Other Principal Commitments[1] including Directorships [1] The term "Principal Commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.		Please refer to the Director's biography on page 8 in this annual report	Please refer to the Director's biography on page 8 in this annual report
The general statutory disclosures of the director are as follows:			
A.	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	☐Yes / ☒No	☐Yes / ☒No
B.	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	☐Yes / ☒No	☐Yes / ☒No
C.	Whether there is any unsatisfied judgment against him?	☐Yes / ☒No	☐Yes / ☒No

D.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	☐Yes / ☒No	☐Yes / ☒No
E.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	☐Yes / ☒No	☐Yes / ☒No In February 2017, a civil suit has been initiated by the Securities and Futures Investors Protection Centre of Taiwan against amongst others, Bull Will Co., Ltd ("Bull Will"), its directors, independent directors, supervisors, accounting supervisors, legal major shareholder and external auditors. The civil suit is currently in progress. Mr. Ng is a Non-Executive Director of Bull Will.
F.	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	☐Yes / ☒No	☐Yes / ☒No
G.	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	☐Yes / ☒No	☒Yes / ☐No On July 7, 2000, a summon was issued against Mr. Ng as a nominee director of SFL-Boiler Installation Pte Ltd ("SFL") relating to a failure by SFL to file annual return within the requisite period. Resolved upon payment of a fine of $1,200.

H.	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	☐Yes / ☒No	☐Yes / ☒No
I.	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	☐Yes / ☒No	☐Yes / ☒No
J.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	☐Yes / ☒No	☐Yes / ☒No
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	☐Yes / ☒No	☐Yes / ☒No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	☐Yes / ☒No	☐Yes / ☒No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	☒Yes / ☐No The director is or had been a director of trustee-manager(s) subject to licensing requirements. These trustee-manager(s) had been investigated in the ordinary course of business for failing to comply with licence conditions and quality of service standards under these licensing requirements, as well as laws and regulations governing their operational activities. These investigations have resulted in warnings or penalties (as applicable) imposed on such trustee-manager(s) which were neither material nor relate to this director in his personal capacity.	☐Yes / ☒No

	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	☐Yes / ☒No	☐Yes / ☒No
K.	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	☐Yes / ☒No	☐Yes / ☒No

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, 2019.

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 41 to 118 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, 2019, 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

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 directors and company in which interests are held	Shareholdings registered in name of directors			Share options to subscribe for ordinary shares		
The Company - Vicplas International Ltd	At beginning of financial year	At end of financial year	As at August 21, 2019	At beginning of financial year	At end of financial year	As at August 21, 2019
(Ordinary shares)						
Yeo Wico	8,771,738	8,771,738	8,771,738	2,500,000	2,500,000	2,500,000
Ng Cher Yan	3,217,390	3,217,390	3,217,390	-	-	-
Christopher P. Lee	2,250,000	2,250,000	3,000,000	750,000	750,000	-
Robert Gaines-Cooper[1]	18,854,200	18,854,200	18,854,200	-	-	-
Jane Rose Philomene Gaines-Cooper[1]	5,000,000	5,000,000	5,000,000	-	-	-

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

Name of directors and company in which interests are held	Shareholdings in which directors are deemed to have an interest		
The Company - Vicplas International Ltd	At beginning of financial year	At end of financial year	As at August 21, 2019
(Ordinary shares)			
Robert Gaines-Cooper[(1)]	280,852,441	280,852,441	280,852,441
Jane Rose Philomene Gaines-Cooper[(1)]	280,852,441	280,852,441	280,852,441

[(1)] Mr. Robert Gaines-Cooper is a director and Joint Group Chairman of Venner Capital S.A. ("Venner"). 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 Mrs. Jane Rose Philomene Gaines-Cooper is the protector under the trust. Mr. Robert Gaines-Cooper and Mrs. Jane Rose Philomene Gaines-Cooper are 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 and Mrs. Jane Rose Philomene Gaines-Cooper are deemed to have an interest in the Company and in all the subsidiaries of the Company.

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 beneficiary.

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, 2018	Exercised	Forfeited	Balance at July 31, 2019	Exercise price per share	Exercisable period
November 19, 2014	750,000	-	-	750,000	$0.073	November 20, 2015 to November 19, 2019
January 18, 2016	2,500,000	-	-	2,500,000	$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	-	(2,000,000)	11,000,000	$0.108	January 24, 2018 to January 23, 2027
Total	26,250,000	-	(2,000,000)	24,250,000		

In respect of options granted to employees of related corporations, no 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 decreased from 26,250,000 as at July 31, 2018 to 24,250,000 as at July 31, 2019.

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 employees	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 forfeited since commencement of the Plan to the end of financial year	Aggregate options outstanding as at the end of financial year
Cheng Liang	5,000,000	(2,500,000)	-	2,500,000
Cheng Hsheng	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
Eu Kok Hsian (Resigned on November 16, 2018)	2,000,000	-	(2,000,000)	-
	22,500,000	(3,500,000)	(2,000,000)	17,000,000

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).

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 directors	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	(8,500,000)	2,500,000
Ng Cher Yan	-	3,000,000	(3,000,000)	-
Christopher P. Lee	-	3,000,000	(2,250,000)	750,000
	-	17,000,000	(13,750,000)	3,250,000

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

November 1, 2019

Report on the Audit of 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, 2019, 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 41 to 118.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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, 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of 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 *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 12 to the financial statements)	
As at July 31, 2019, the Group's carrying value of total property, plant and equipment ("PPE") amounted to $23,885,000, of which $14,519,000 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. The medical devices segment has been incurring losses in the previous financial years and although the segment recorded a profit for the year ended July 31, 2019, there is a risk that the recoverable value of the PPE used in the medical devices segment may be lower than its carrying value, which will require an impairment charge to be recorded against those assets. The impairment assessment process involves significant management 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 rate and terminal growth rate.	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 rate and terminal growth rate. 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 rate. We have also assessed the appropriateness of the disclosures included in Notes 3 and 12 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 14 to the financial statements)	
As at July 31, 2019, 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 have 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 Notes 3 and 14 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 23 to the financial statements)	
The Group has recognised deferred tax assets amounting to $2,881,000 as at July 31, 2019 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.

Key audit matters	How the matter was addressed in the audit
	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 Notes 3 and 23 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 information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, 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

November 1, 2019

STATEMENTS OF FINANCIAL POSITION

July 31, 2019

	Note	Group			Company		
		July 31, 2019	July 31, 2018	August 1, 2017	July 31, 2019	July 31, 2018	August 1, 2017
		$'000	$'000 (Restated)	$'000 (Restated)	$'000	$'000	$'000
ASSETS							
Current assets							
Cash and cash equivalents	7	4,106	7,892	16,313	164	235	2,035
Trade receivables	8	24,452	18,448	18,498	-	-	-
Other receivables	9	2,617	2,116	2,567	36,750	38,148	37,047
Contract assets	10	4,947	4,008	2,208	-	-	-
Inventories	11	9,819	9,963	4,641	-	-	-
Total current assets		45,941	42,427	44,227	36,914	38,383	39,082
Non-current assets							
Property, plant and equipment	12	23,885	20,166	17,488	-	-	-
Investment property	13	6,502	6,502	6,020	-	-	-
Intangible assets	14	1,162	1,201	1,181	-	-	-
Deferred tax assets	23	2,881	2,500	1,500	-	-	-
Subsidiaries	15	-	-	-	40,766	40,469	40,222
Joint venture	16	1,795	1,168	-	-	-	-
Associate	17	239	-	-	-	-	-
Total non-current assets		36,464	31,537	26,189	40,766	40,469	40,222
Total assets		82,405	73,964	70,416	77,680	78,852	79,304
LIABILITIES AND EQUITY							
Current liabilities							
Bank borrowings	18	8,626	2,810	1,331	-	-	-
Contract liabilities	19	757	285	205	-	-	-
Trade payables	20	4,270	4,205	2,590	-	-	-
Other payables	21	6,318	5,979	5,202	1,432	1,547	1,294
Finance leases	22	225	172	254	-	-	-
Income tax payable		32	15	576	-	-	41
Total current liabilities		20,228	13,466	10,158	1,432	1,547	1,335

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

July 31, 2019

	Note	Group			Company		
		July 31, 2019	July 31, 2018	August 1, 2017	July 31, 2019	July 31, 2018	August 1, 2017
		$'000	$'000 (Restated)	$'000 (Restated)	$'000	$'000	$'000
Non-current liabilities							
Bank borrowings	18	-	-	15	-	-	-
Finance leases	22	113	142	314	-	-	-
Deferred tax liabilities	23	1,536	1,522	1,534	-	-	-
Total non-current liabilities		1,649	1,664	1,863	-	-	-
Capital and reserves							
Share capital	25	50,407	50,407	50,053	50,407	50,407	50,053
Treasury shares	25	(37)	(37)	(37)	(37)	(37)	(37)
Share option reserve	24	1,480	1,372	1,169	1,480	1,372	1,169
Currency translation reserve	26	(1,038)	(950)	(1,013)	-	-	-
Revaluation reserve	26	2,965	2,965	2,965	-	-	-
Retained earnings		6,832	5,122	5,281	24,398	25,563	26,784
Equity attributable to owners of the Company		60,609	58,879	58,418	76,248	77,305	77,969
Non-controlling interest		(81)	(45)	(23)	-	-	-
Total equity		60,528	58,834	58,395	76,248	77,305	77,969
Total liabilities and equity		82,405	73,964	70,416	77,680	78,852	79,304

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended July 31, 2019

	Note	Group 2019 $'000	Group 2018 $'000 (Restated)
Revenue	27	80,165	70,236
Other income	28	3,467	2,682
Changes in inventories of finished goods and work-in-progress		(97)	400
Raw materials and consumables used		(34,061)	(29,095)
Purchase of finished goods for resale		(2,060)	(2,476)
Employee benefits expense		(24,546)	(21,273)
Depreciation and amortisation expenses		(3,944)	(3,572)
Changes in fair value of investment property	13	-	482
Other operating expenses	29	(14,605)	(14,987)
Finance costs	30	(341)	(147)
Profit before tax		3,978	2,250
Income tax credit	31	222	1,348
Profit for the year	32	4,200	3,598
Other comprehensive (loss) income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations, representing other comprehensive (loss) income for the year, net of tax		(88)	63
Total comprehensive income for the year		4,112	3,661
Profit for the year attributable to:			
- Owners of the Company		4,236	3,620
- Non-controlling interests		(36)	(22)
		4,200	3,598
Total comprehensive income attributable to:			
- Owners of the Company		4,148	3,683
- Non-controlling interests		(36)	(22)
		4,112	3,661
Earnings per share (in cents):			
- Basic	33	0.84	0.72
- Diluted	33	0.84	0.72

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended July 31, 2019

	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, 2017 (previously reported)		50,053	(37)	1,169	(1,013)	2,965	4,900	58,037	(23)	58,014
Effects of changes in accounting policies	39	-	-	-	-	-	381	381	-	381
Balance at August 1, 2017 (restated)		50,053	(37)	1,169	(1,013)	2,965	5,281	58,418	(23)	58,395
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	2,950	2,950	(22)	2,928
Effects of changes in accounting policies	39	-	-	-	-	-	670	670	-	670
Profit for the year (restated)		-	-	-	-	-	3,620	3,620	(22)	3,598
Other comprehensive income for the year		-	-	-	63	-	-	63	-	63
Total		-	-	-	63	-	3,620	3,683	(22)	3,661
Transactions with owners, recognised directly in equity										
Issue of share capital	25	354	-	-	-	-	-	354	-	354
Dividends	38	-	-	-	-	-	(3,779)	(3,779)	-	(3,779)
Recognition of share-based payment	24	-	-	203	-	-	-	203	-	203
Total		354	-	203	-	-	(3,779)	(3,222)	-	(3,222)
Balance at July 31, 2018 (restated)		50,407	(37)	1,372	(950)	2,965	5,122	58,879	(45)	58,834
Balance at August 1, 2018 (previously reported)		50,407	(37)	1,372	(950)	2,965	4,071	57,828	(45)	57,783
Effects of changes in accounting policies	39	-	-	-	-	-	1,051	1,051	-	1,051
Balance at August 1, 2018 (restated)		50,407	(37)	1,372	(950)	2,965	5,122	58,879	(45)	58,834
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	4,236	4,236	(36)	4,200
Other comprehensive loss for the year		-	-	-	(88)	-	-	(88)	-	(88)
Total		-	-	-	(88)	-	4,236	4,148	(36)	4,112
Transactions with owners, recognised directly in equity										
Dividends	38	-	-	-	-	-	(2,526)	(2,526)	-	(2,526)
Recognition of share-based payment	24	-	-	108	-	-	-	108	-	108
Total		-	-	108	-	-	(2,526)	(2,418)	-	(2,418)
Balance at July 31, 2019		50,407	(37)	1,480	(1,038)	2,965	6,832	60,609	(81)	60,528

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended July 31, 2019

	Note	Share capital	Treasury shares	Share option reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000
Company						
Balance at August 1, 2017		50,053	(37)	1,169	26,784	77,969
Profit for the year, representing total comprehensive income for the year		-	-	-	2,558	2,558
Transactions with owners, recognised directly in equity						
Issue of share capital	25	354	-	-	-	354
Dividends	38	-	-	-	(3,779)	(3,779)
Recognition of share-based payment	24	-	-	203	-	203
Balance at July 31, 2018		50,407	(37)	1,372	25,563	77,305
Profit for the year, representing total comprehensive income for the year		-	-	-	1,361	1,361
Transactions with owners, recognised directly in equity						
Dividends	38	-	-	-	(2,526)	(2,526)
Recognition of share-based payment	24	-	-	108	-	108
Balance at July 31, 2019		50,407	(37)	1,480	24,398	76,248

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended July 31, 2019

	Group	
	2019	2018
	$'000	$'000 (Restated)
Operating activities		
Profit before income tax	3,978	2,250
Adjustments for:		
Loss allowance	103	255
Bad debts written off	137	-
Inventories written down to net realisable value, net	347	68
Amortisation of intangible assets	39	33
Depreciation of property, plant and equipment	3,905	3,539
(Gain) Loss on disposal of property, plant and equipment	(94)	9
Change in fair value of investment property	-	(482)
Interest income	(4)	(7)
Interest expense	341	147
Share-based payment expenses	108	203
Operating cash flows before movements in working capital	8,860	6,015
Trade receivables	(6,269)	(147)
Other receivables	614	575
Inventories	(240)	(5,533)
Contract assets	(939)	(1,800)
Trade payables	83	1,622
Other payables	(53)	768
Contract liabilities	472	80
Cash generated from operations	2,528	1,580
Interest paid	(340)	(147)
Interest received	4	7
Income taxes paid	(126)	(225)
Net cash from operating activities	2,066	1,215
Investing activities		
Purchase of property, plant and equipment (Note A)	(7,037)	(6,417)
Deposit for property, plant and equipment	(1,124)	(118)
Proceeds on disposal of property, plant and equipment	121	176
Addition to intangible assets	-	(53)
Investment in a joint venture	(627)	(1,168)
Investment in an associate	(239)	-
Net cash used in investing activities	(8,906)	(7,580)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended July 31, 2019

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Financing activities		
Proceeds from bank borrowings, net	5,816	1,464
Repayment of obligations under finance leases	(232)	(254)
Proceeds from exercise of share options	-	354
Dividends paid	(2,526)	(3,779)
Net cash from (used in) financing activities	3,058	(2,215)
Net decrease in cash and cash equivalents	(3,782)	(8,580)
Cash and cash equivalents at beginning of year	7,892	16,313
Effect of foreign exchange rate changes	(4)	159
Cash and cash equivalents at end of year (Note 7)	4,106	7,892

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of $7,694,000 (2018: $6,426,000) of which $519,000 (2018: $117,000) remain unpaid at year end and $255,000 (2018: nil) was acquired under finance lease. Cash payments of $7,037,000 (2018: $6,417,000) were made to purchase property, plant and equipment of which $117,000 (2018: $108,000) pertains to payment of prior year outstanding balance.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

July 31, 2019

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 15 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, 2019 were authorised for issue by the Board of Directors on November 1, 2019.

For all periods up to and including the year ended July 31, 2018, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended July 31, 2019 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 39.

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 SFRS(I)s.

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 SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION (cont'd)

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 SFRS(I)s). 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 SFRS(I) 9 *Financial Instruments*, or 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.

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 SFRS(I) 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 SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *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 SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATIONS (cont'd)

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 SFRS(I).

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.

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.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Interest income is recognised in profit or loss and is included in the "other income" line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other operating expenses" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers that the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Receivables from related parties are assessed for expected credit losses on an individual basis);

- Past-due status;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. 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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities and equity instruments (cont'd)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at fair value through profit or loss ("FVTPL"), are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income" or "other operating expenses" line item in profit or loss (Notes 28 and 29 respectively) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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.

The Group as lessee

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (cont'd)

The Group as lessee (cont'd)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 initially at its cost, including transaction costs. Subsequent to initial recognition, investment property 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

Intangible assets acquired separately

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. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

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)

ASSOCIATE AND JOINT VENTURE - An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5 *Non-current Asset Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 9 *Financial Instruments* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ASSOCIATE AND JOINT VENTURE (cont'd)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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 24. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION - Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The Group derives its revenue primarily from sale of goods and rendering of services.

Revenue is recognised over time for arrangements with customers for which:

- The Group's performance does not create an asset with an alternative use to the Group; and
- The Group has an enforceable right to payment for performance completed to date.

When one or both of the above conditions are not met, the Group recognises revenue when it has transferred control of the goods, which generally occurs upon delivery and passage of title to the customer.

Sale of goods

When the Group has an alternative use for the goods produced or does not have a legal enforceable right to payment for work completed to date (inclusive of a reasonable profit margin for work in progress inventory), revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the control and ownership of the goods;
- the Group has present right to payment for the goods transferred;
- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Group.

When the Group does not have an alternative use for the goods produced and has a legal enforceable right to payment (inclusive of a reasonable profit margin) for work completed to date, revenue is recognised over time based on the amount of units produced. Management considers that output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

Tooling and maintenance services

Revenue from tooling and maintenance services is recognised over time by reference to the stage of completion of the contract. The stage of completion of the contract is determined based on engineers' certification of each project's progress. When the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date, the Group recognises revenue to the amount in which the entity has a right to. Management considers that this output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

A contract asset is recognised for the cumulative revenue recognised but not yet invoiced whilst a contract liability is recognised for advance payments from customers which the Group needs to perform work to satisfy the performance obligations.

Rendering of services

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

Revenue 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 income 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Deferred tax is recognised on the 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX (cont'd)

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.

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.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (cont'd)

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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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 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 Group's 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.

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

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:

Calculation of expected credit loss and allowance for doubtful debts

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Any changes in the probability in default may result in a change in the loss allowance currently provided for.

The carrying amounts of trade receivables, other receivables and contract assets at the end of the reporting period are disclosed in Notes 8, 9 and 10 to the financial statements respectively.

Allowances for inventories

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 11 to the financial statements.

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

Key sources of estimation uncertainty (cont'd)

Useful lives of property, plant and equipment

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 12 to the financial statements.

Impairment of property, plant and equipment

In accordance with SFRS(I) 1-36 *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 cash 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 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 12 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 13 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 13 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 $32,000 (2018: $15,000; 2017: $576,000) and carrying amount of deferred tax is disclosed in Note 23 to the financial statements.

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

Key sources of estimation uncertainty (cont'd)

Deferred tax assets

The Group has recognised deferred tax asset amounting to $2,881,000 as at July 31, 2019, of which $381,000 was recognised during the financial year (Note 23) arising from unutilised tax losses of subsidiaries of $1,524,000 (cumulatively $11,524,000) based on the future estimated taxable income of the subsidiaries. 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.

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 of disposal 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.

The carrying amount of the investments in subsidiaries of the Company is disclosed in Note 15 to the financial statements.

The receivables due from the subsidiaries are tested for impairment in accordance with SFRS(I) 9 *Financial Instruments*. For the year ended July 31, 2019, management evaluated the recoverability and assessed that no loss allowance 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 (2018 and 2017: $1,084,000). Details of key factors considered in the impairment assessment are disclosed in Note 14 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		
	July 31, 2019	July 31, 2018	August 1, 2017	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000 (Restated)	$'000 (Restated)	$'000	$'000	$'000
Financial assets						
At amortised cost	29,123	26,935	35,580	36,894	38,363	39,062
Financial liabilities						
At amortised cost	19,193	12,985	9,443	1,368	1,483	1,246

(b) *Financial risk management policies and objectives*

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.

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

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

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

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

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		
	July 31, 2019	July 31, 2018	August 1, 2017	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
United States dollar ("USD")	5,197	2,916	1,604	14,063	5,840	9,587
Singapore dollar ("SGD")	-	-	40	36	1,061	2,728
Malaysia ringgit ("MYR")	30	39	28	-	-	-

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 before tax for the year will increase (decrease) by:

	USD impact			SGD impact			MYR impact		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Profit or loss	(887)	(292)	(798)	(4)	(106)	(269)	3	4	3

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

	USD impact			SGD impact			MYR impact		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Profit or loss	887	292	798	4	106	269	(3)	(4)	(3)

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 policies and objectives (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 bank loan and bills payable. The terms of repayment of bank loan and bills payable and their interest rates are shown in Note 18 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 22 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) Overview of Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at July 31, 2019, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of financial assets recorded in the consolidated statements of financial position.

In order to minimise credit risk, the Group has tasked its credit management committee to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Trade receivables and contract assets: lifetime ECL - not credit impaired Other receivables: 12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

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

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

(iii) Overview of Group's exposure to credit risk (cont'd)

The tables below detail the credit quality of the Group's and Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Group						
July 31, 2019						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	24,193	(285)	23,908
Trade receivables	8	Performing	Lifetime ECL	544	-	544
Other receivables	9	Performing	12-month ECL	2,617	-	2,617
Contract assets	10	(a)	Lifetime ECL (simplified approach)	4,947	-	4,947
					(285)	
July 31, 2018 (Restated)						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	18,136	(255)	17,881
Trade receivables	8	Performing	Lifetime ECL	567	-	567
Other receivables	9	Performing	12-month ECL	2,116	-	2,116
Contract assets	10	(a)	Lifetime ECL (simplified approach)	4,008	-	4,008
					(255)	
August 1, 2017 (Restated)						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	17,673	(22)	17,651
Trade receivables	8	Performing	Lifetime ECL	847	-	847
Other receivables	9	Performing	12-month ECL	2,567	-	2,567
Contract assets	10	(a)	Lifetime ECL (simplified approach)	2,208	-	2,208
					(22)	

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

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

(iii) Overview of Group's exposure to credit risk (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$'000	$'000	$'000
Company						
July 31, 2019						
Other receivables	9	Performing	12-month ECL	36,750	-	36,750
July 31, 2018						
Other receivables	9	Performing	12-month ECL	38,148	-	38,148
August 1, 2017						
Other receivables	9	Performing	12-month ECL	37,047	-	37,047

(a) For trade receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 8 and 10 include further details on the loss allowance for these assets respectively.

(iv) Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above and investments in these instruments. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

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

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

(iv) Credit risk management (cont'd)

Concentration risk is disclosed in Note 8 to the financial statements.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In addition, the Group is exposed to credit risk in relation to financial guarantees given to banks. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on. Further details are disclosed in Note 36 to the financial statements.

(v) 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.

Liquidity and interest risk analyses

Non-derivative financial assets

The Group's non-derivative financial assets of $29,123,000 (2018: $26,935,000; 2017: $35,580,000) are either repayable on demand or due within one year from the end of the reporting period and non-interest bearing.

The Company's non-derivative financial assets of $36,894,000 (2018: $38,363,000; 2017: $39,062,000) are either repayable on demand or due within one year from the end of the reporting period and non-interest bearing other than the 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.

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

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

(v) 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
Group					
July 31, 2019					
Non-interest bearing	-	10,229	-	-	10,229
Variable interest rate instruments	4.36	2,744	-	(115)	2,629
Fixed rate:					
- Finance leases	5.42	243	123	(28)	338
- Bank loans	3.79	6,224	-	(227)	5,997
		19,440	123	(370)	19,193
July 31, 2018 (Restated)					
Non-interest bearing	-	9,861	-	-	9,861
Variable interest rate instruments	4.46	1,875	-	(80)	1,795
Fixed rate:					
- Finance leases	6.19	192	154	(32)	314
- Bank loans	3.67	1,015	-	-	1,015
		12,943	154	(112)	12,985
August 1, 2017 (Restated)					
Non-interest bearing	-	7,529	-	-	7,529
Variable interest rate instruments	3.76	1,325	-	(49)	1,276
Fixed rate:					
- Finance leases	6.13	283	346	(61)	568
- Bank loans	10.88	59	17	(6)	70
		9,196	363	(116)	9,443

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

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

(v) 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					
July 31, 2019					
Financial liabilities					
Non-interest bearing	-	1,368	-	-	1,368
Contingent liabilities		24,727	-	(24,727)	-
July 31, 2018					
Financial liabilities					
Non-interest bearing	-	1,483	-	-	1,483
Contingent liabilities	-	15,985	-	(15,985)	-
August 1, 2017					
Financial liabilities					
Non-interest bearing	-	1,246	-	-	1,246
Contingent liabilities	-	15,985	-	(15,985)	-

(vi) 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 18 and 22 to the financial statements respectively and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings. The Group's overall strategy remains unchanged from prior year.

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	
	2019	2018
	$'000	$'000
Ultimate holding company		
Miscellaneous charges	(129)	(106)
Miscellaneous income	24	24
Subsidiaries of the ultimate holding company		
Sales of goods	2,669	2,136
Miscellaneous charges	(5)	(1)
Rental income	72	72
Miscellaneous income	109	55
Design services	83	393

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	
	2019	2018
	$'000	$'000
Entity in which a director is a partner		
Legal fees expense	(294)	(27)

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	
	2019	2018
	$'000	$'000
Short-term benefits	2,012	2,110
Post-employment benefits	70	81
Share-based payment	94	164
	2,176	2,355

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		
	July 31, 2019	July 31, 2018	August 1, 2017	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	4,106	7,892	14,237	164	235	2,035
Fixed deposits	-	-	2,076	-	-	-
Cash and cash equivalents in the statement of cash flows	4,106	7,892	16,313	164	235	2,035

The fixed deposits bear interest at Nil% (2018: 1.20%; 2017: 1.00%) per annum and for a term of Nil days (2018: 77 days, 2017: 365 days). The Group's fixed deposits are readily convertible to cash at minimal costs.

8 TRADE RECEIVABLES

	Group		
	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000 (Restated)	$'000 (Restated)
Outside parties	24,193	18,136	17,673
Loss allowance	(285)	(255)	(22)
	23,908	17,881	17,651
Subsidiaries of ultimate holding company	544	567	847
Total	24,452	18,448	18,498

The credit period on sale of goods is 30 to 90 days (July 31, 2018 and August 1, 2017: 30 to 90 days). No interest is charged on the outstanding balance.

8 TRADE RECEIVABLES (cont'd)

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.

As at end of the reporting period, 52.9% (July 31, 2018: 35.6%; August 1, 2017: 27.5%) of the Group's trade receivables amounting to $12,932,000 (July 31, 2018: $6,576,000; August 1, 2017: $5,095,000) was due from a range of six to seven third party customers.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provisional matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

Amount due from subsidiaries of ultimate holding company

For purpose of impairment assessment, amounts due from the subsidiaries of ultimate holding company are considered to have low credit risk as the timing for payment is controlled by the ultimate holding company taking into account cash flow management within the group of companies. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to lifetime ECL.

In determining the ECL, management has taken into account the financial position of the subsidiaries of ultimate holding company, adjusted for factors that are specific to the subsidiaries of ultimate holding company and general economic conditions of the industry in which the subsidiaries of ultimate holding company operate, in estimating the probability of default of the amount due from subsidiaries of the ultimate holding company as well as the loss upon default. Management determines the amount due from subsidiaries are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for amount due from subsidiaries of the ultimate holding company.

8 TRADE RECEIVABLES (cont'd)

Amount due from subsidiaries of ultimate holding company (cont'd)

The following table details the risk profile of trade receivables from contracts with third party customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Group Trade Receivables - days past due					
July 31, 2019	Not past due	< 3 months	3 - 6 months	6 - 12 months	> 12 months	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	0.23%	0.84%	5.34%	7.15%	38.53%	
Estimated total gross carrying amount at default	13,523	8,103	893	1,616	58	24,193
Lifetime ECL	(31)	(68)	(48)	(116)	(22)	(285)
						23,908

	Group Trade Receivables - days past due					
July 31, 2018	Not past due	< 3 months	3 - 6 months	6 - 12 months	> 12 months	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	0.32%	1.65%	3.56%	17.51%	16.27%	
Estimated total gross carrying amount at default	10,881	5,628	1,115	372	140	18,136
Lifetime ECL	(35)	(93)	(40)	(65)	(22)	(255)
						17,881

	Group Trade Receivables - days past due					
August 1, 2017	Not past due	< 3 months	3 - 6 months	6 – 12 months	> 12 months	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	*	*	*	*	0.04%	
Estimated total gross carrying amount at default	12,324	4,528	524	240	57	17,673
Lifetime ECL	*	*	*	*	(22)	(22)
						17,651

* Denotes not material.

8 TRADE RECEIVABLES (cont'd)

Amount due from subsidiaries of ultimate holding company (cont'd)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9 *Financial Instruments*:

Group	Life-time ECL - credit impaired
	$'000
Balance as at August 1, 2017	22
Loss allowance recognised in profit or loss during the year	255
Amounts written off	(22)
Balance as at July 31, 2018	255
Loss allowance recognised in profit or loss during the year	103
Amounts written off	(73)
Balance as at July 31, 2019	285

9 OTHER RECEIVABLES

	Group			Company		
	July 31, 2019	July 31, 2018	August 1, 2017	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Deposits	427	294	441	-	-	-
Other receivables due from subsidiaries of the Company	-	-	-	15,001	14,699	13,598
Dividend receivable from subsidiaries of the Company	-	-	-	21,729	23,429	23,429
Others	138	301	328	-	-	-
	565	595	769	36,730	38,128	37,027
Prepayments	1,921	1,332	990	20	20	20
VAT input	131	189	808	-	-	-
Total	2,617	2,116	2,567	36,750	38,148	37,047

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% (July 31, 2018: 2.50%; August 1, 2017: 3.00%) and repayable on demand.

9 OTHER RECEIVABLES (cont'd)

Other receivables and dividend receivable due from subsidiaries of the Company

For purpose of impairment assessment, other receivables and dividend receivable due from subsidiaries of the Company are considered to have low credit risk as the timing for payment is controlled by the Company taking into account cash flow management within the group of companies and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of the amount due from subsidiaries as well as the loss upon default. Management determines the amount due from subsidiaries are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables and dividend receivable due from subsidiaries of the Company.

10 CONTRACT ASSETS

	Group		
	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000
		(Restated)	(Restated)
Tooling and maintenance services	548	777	540
Sale of goods	4,399	3,231	1,668
	4,947	4,008	2,208

Amounts relating to tooling and maintenance services are balances due from customers when the Group recognises revenue from customers in line with a series of performance - related milestones in excess of the billings invoiced to date.

Amounts due from sale of goods arises from the requirement under SFRS(I) 15, whereby the Group is required to assess its contracts with customers to determine whether the revenue should be recognised over time or at a point in time. Under the terms of the contracts with certain customers, the Group is contractually restricted from redirecting the goods to another customer and has an enforceable right to payment for work done. Under the requirements of SFRS(I) 15, revenue from such contracts is now required to be recognised over time. Such revenue is recognised based on the amount of units produced. Under SFRS(I) 15, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset.

The increase in the Group's contract assets as at July 31, 2018 was attributable mainly to increase in customers' demands.

10 CONTRACT ASSETS (cont'd)

There was no significant change in the contract asset balance between July 31, 2017 and July 31, 2018.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the medical industry. None of the amounts due from customers at the end of the reporting period is past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

11 INVENTORIES

	Group		
	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000 (Restated)	$'000 (Restated)
Raw materials	5,111	6,049	2,636
Work-in-progress	1,179	1,006	242
Finished goods	4,089	3,121	1,908
Inventories written down to net realisable value	(560)	(213)	(145)
Total	9,819	9,963	4,641

Movement in the write-down of inventories to net realisable value:

	Group		
	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000
Balance at beginning of year	213	145	47
Additions during the year	480	160	139
Reversal during the year	(133)	(92)	(41)
Balance at end of year	560	213	145

Due to an increase in the demand for certain goods and a result of changes in consumer preferences, the Group reversed $133,000 (July 31, 2018: $92,000; August 1, 2017: $41,000), being part of inventories written down to net realisable value in the prior financial year, to the current year profit or loss. The reversal is included in "Other operating expenses".

12 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, 2017	2,496	8,309	10,644	30,953	1,912	46	54,360
Additions	50	51	1,149	1,471	17	3,688	6,426
Disposals	(4)	-	-	(729)	(175)	-	(908)
Written off	(17)	-	-	(241)	-	-	(258)
Reclassification	10	-	6	1,940	-	(1,956)	-
Exchange differences	-	18	(101)	(12)	-	-	(95)
At July 31, 2018	2,535	8,378	11,698	33,382	1,754	1,778	59,525
Additions	83	2	167	2,683	482	4,277	7,694
Disposals	-	-	-	(900)	(313)	-	(1,213)
Written off	(4)	-	-	(448)	-	-	(452)
Reclassification	13	-	44	4,655	-	(4,712)	-
Exchange differences	(5)	(8)	(32)	(67)	(1)	(5)	(118)
At July 31, 2019	2,622	8,372	11,877	39,305	1,922	1,338	65,436

12 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
Accumulated depreciation:							
At August 1, 2017	2,334	2,961	7,419	18,864	1,337	-	32,915
Depreciation	85	310	747	2,157	240	-	3,539
Disposals	-	-	-	(548)	(175)	-	(723)
Written off	(17)	-	-	(241)	-	-	(258)
Exchange differences	(9)	9	(98)	26	1	-	(71)
At July 31, 2018	2,393	3,280	8,068	20,258	1,403	-	35,402
Depreciation	67	315	859	2,450	214	-	3,905
Disposals	-	-	-	(900)	(286)	-	(1,186)
Written off	(4)	-	-	(448)	-	-	(452)
Exchange differences	(4)	(4)	(5)	(61)	(1)	-	(75)
At July 31, 2019	2,452	3,591	8,922	21,299	1,330	-	37,594
Impairment:							
At August 1, 2017, July 31, 2018 and July 31, 2019	80	-	498	3,357	22	-	3,957
Carrying amount:							
At July 31, 2019	90	4,781	2,457	14,649	570	1,338	23,885
At July 31, 2018	62	5,098	3,132	9,767	329	1,778	20,166
At August 1, 2017	82	5,348	2,727	8,732	553	46	17,488

12 PROPERTY, PLANT AND EQUIPMENT

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 $14,519,000 (July 31, 2018: $11,861,000; August 1, 2017: $8,480,000). 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, revenue growth rates, gross operating margins, working capital changes and terminal growth rates. The revenue 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% (July 31, 2018 and August 1, 2017: 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% (July 31, 2018 and August 1, 2017: 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 $134,000 (July 31, 2018: $328,000; August 1, 2017: $386,000) and $331,000 (July 31, 2018: $135,000; August 1, 2017: $180,000) respectively, in respect of assets held under finance leases.

Details of the leasehold property held by the Group as at July 31, 2019 and July 31, 2018 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 13).

The carrying amount of the portion of the leasehold property recognised as investment property (Note 13) 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 $4,586,000 (July 31, 2018: $4,856,000; August 1, 2017: $5,126,000) to secure banking facilities granted to the Group.

13 INVESTMENT PROPERTY

	Group		
	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000
Balance at beginning of year	6,502	6,020	6,020
Changes in fair value adjustment	-	482	-
Balance at end of year	6,502	6,502	6,020

The fair value of the Group's investment property is $6,502,000 (July 31, 2018: $6,502,000; August 1, 2017: $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, and not related to the Group. The valuation was arrived at principally by using the basis of market comparable approach. There has been no change to the valuation technique during the year.

The fair value was derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data and is classified under Level 2 of the fair value hierarchy.

There were no transfers between Levels during the year.

The property rental income from the Group's investment property which are leased out under operating leases amounted to $72,000 (July 31, 2018: $72,000) in current year. Direct operating expenses arising on the investment property amounted to $56,000 (July 31, 2018: $55,000) in current year.

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

14 INTANGIBLE ASSETS

Group

	Intellectual properties	Development costs	Customer relationships	Development rights	Software	Goodwill	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:							
At August 1, 2017	326	289	2,775	800	-	1,084	5,274
Addition	-	-	-	-	53	-	53
At July 31, 2018 and July 31, 2019	326	289	2,775	800	53	1,084	5,327
Accumulated amortisation:							
At August 1, 2017	230	-	1,097	253	-	-	1,580
Amortisation for the year	33	-	-	-	-	-	33
At July 31, 2018	263	-	1,097	253	-	-	1,613
Amortisation for the year	33	-	-	-	6	-	39
At July 31, 2019	296	-	1,097	253	6	-	1,652
Impairment:							
At August 1, 2017, July 31, 2018 and July 31, 2019	-	289	1,677	547	-	-	2,513
Carrying amount:							
At July 31, 2019	30	-	1	-	47	1,084	1,162
At July 31, 2018	63	-	1	-	53	1,084	1,201
At August 1, 2017	96	-	1	-	-	1,084	1,181

14 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		
	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000
Medical devices segment	1,084	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, operating margins, working capital changes and terminal growth rates. 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% (July 31, 2018 and August 1, 2017: 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% (July 31, 2018 and August 1, 2017: 13.1%).

As at July 31, 2019, 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.

15 SUBSIDIARIES

Company

	$'000
Cost:	
At August 1, 2017	48,240
Deemed investment arising from financial guarantee provided to a subsidiary	145
Deemed investment arising from share options granted under the Vicplas International Share Option Plan	102
At July 31, 2018	48,487
Deemed investment arising from financial guarantee provided to subsidiaries	239
Deemed investment arising from share options granted under the Vicplas International Share Option Plan	58
At July 31, 2019	48,784
Impairment:	
At August 1, 2017, July 31, 2018 and July 31, 2019	8,018
Carrying amount:	
At July 31, 2019	40,766
At July 31, 2018	40,469
At August 1, 2017	40,222

Details of the Company's subsidiaries as at the end of the reporting period are as follows:

Name of subsidiary and country of incorporation and operation	Principal activity	Proportion of Ownership interest and voting power held		
		2019	2018	2017
		%	%	%
Vicplas Holdings Pte. Ltd. [(a)] (Singapore)	Manufacturing, trading and distributing of pipes and pipe fittings	100	100	100
Rimplas Industries Sdn. Bhd. [(b)] (Malaysia)	Manufacturing and distributing of pipes and pipe fittings	100	100	100
Forefront Medical Investment Pte. Ltd. [(a)] (Singapore)	Sale of medical and pharmaceutical products	100	100	100
Forefront Medical Technology (Pte) Ltd [(a)] (Singapore)	Developing and manufacturing of medical devices	100	100	100
XentiQ (Pte.) Ltd. [(a)] (Singapore)	Project design and engineering services	81	81	81

15 SUBSIDIARIES (cont'd)

Name of subsidiary and country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held		
		2019	2018	2017
		%	%	%
Subsidiary of Forefront Medical Technology (Pte) Ltd				
Forefront Investment Pte. Ltd. [(a)] (Singapore)	Investment holding	100	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	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	100
Subsidiary of Vicplas Holdings Pte Ltd				
Vicplas Investment Pte. Ltd. [(a)] (Singapore)	Investment holding	100	100	100

Note:

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

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

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

16 JOINT VENTURE

	Group		
	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000
Cost of investment in joint venture	1,795	1,168	-

On October 18, 2018, Vicplas Investment Pte. Ltd., made a third partial capital injection of US$451,496 (approximately S$627,000) in V&H Investment Co., Ltd to fund the balance payment for the land located at National Road 3 within Kong Pisei District, Kampong Speu Province, Kingdom of Cambodia.

In the prior financial year, Vicplas Investment Pte. Ltd., made a partial capital injection of US$857,500 (approximately S$1,168,000) 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 the deposit for the land located at National Road 3 within Kong Pisei District, Kampong Speu Province, Kingdom of Cambodia.

Details of the joint venture at the end of the reporting period are as follows:

Name of company, country of incorporation and operations	Principal activity	Proportion of ownership interest and voting rights held by the Group		
		2019	2018	2017
		%	%	%
V&H Investment Co., Ltd (Cambodia)	Buying, selling and operating of self-owned or leased real estate	49	49	-

The above joint venture is accounted for using the equity method in these consolidated financial statements and is exempted from statutory audit in the country of domicile.

The summarised financial information of the joint venture are as follows:

V&H Investment Co., Ltd

	Group		
	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000
Current assets	251	260	-
Non-current assets	3,418	2,128	-
Current liabilities	(6)	(4)	-

16 JOINT VENTURE (cont'd)

The above amounts of assets and liabilities include the following:

	Group		
	July 31, 2019 $'000	July 31, 2018 $'000	August 1, 2017 $'000
Cash and cash equivalents	251	260	-
Current financial liabilities (excluding trade and other payables and provisions)	-	-	-

	Group		
	2019 $'000	2018 $'000	2017 $'000
Revenue	-	-	-
Loss for the year, representing total comprehensive loss for the year	-	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in V&H Investment Co., Ltd recognised in the consolidated financial statements:

	Group		
	July 31, 2019 $'000	July 31, 2018 $'000	August 1, 2017 $'000
Net assets of the joint venture	3,663	2,384	-
Proportion of the Group's ownership interest in V&H Investment Co., Ltd	49%	49%	-
Carrying amount of the Group's interest in V&H Investment Co., Ltd	1,795	1,168	-

17 ASSOCIATE

	Group
	July 31, 2019 $'000
Cost of investment in associate	239

On November 16, 2018, Forefront Medical Investment Pte. Ltd. ("Forefront"), a wholly-owned subsidiary of the Company acquired 20% interest in Arrow Medical Limited ("Arrow").

Summary financial information in respect of Arrow was not prepared as it was not significant to the financial statements.

18 BANK BORROWINGS

	Group July 31, 2019	Group July 31, 2018	Group August 1, 2017
	$'000	$'000	$'000
Secured - at amortised cost			
Bills payable to banks	2,629	1,795	1,276
Bank loans	5,997	1,015	70
	8,626	2,810	1,346
Less: Amount due for settlement within 12 months (shown under current liabilities)	(8,626)	(2,810)	(1,331)
Amount due for settlement after 12 months	-	-	15

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 4.23% to 4.60% (July 31, 2018: 4.22% to 4.49%; August 1, 2017: 2.80% to 3.44%) per annum. The carrying amount of the bills payable approximates its fair value due to its short-term maturity.

Bills payable are repayable between 2 to 5 months (July 31, 2018: 2 to 4 months; August 1, 2017: 1 to 3 months) from the date the bills are first issued.

During the financial year, a bank loan of $4,000,000 was raised with an average interest rate of 4.05% with repayment term within 6 months.

The bills payable and bank loans are secured by way of a legal mortgage over the Group's leasehold property and investment property as disclosed in Notes 12 and 13 respectively and a corporate guarantee of $24,727,000 (July 31, 2018 and August 1, 2017: $15,985,000) given by the Company.

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

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes			
	August 1, 2018	Financing cash flows	Finance expense (Note 30)	Acquisition	Interest paid	July 31, 2019
	$'000	$'000	$'000	$'000	$'000	$'000
Bills payable to banks	1,795	834	119	-	(119)	2,629
Bank loans	1,015	4,982	198	-	(198)	5,997
Finance leases (Note 22)	314	(232)	24	255	(23)	338
	3,124	5,584	341	255	(340)	8,964

18 BANK BORROWINGS (cont'd)

Reconciliation of liabilities arising from financing activities (cont'd)

	August 1, 2017	Financing cash flows	Non-cash changes Finance expense (Note 30)	Interest paid	July 31, 2018
	$'000	$'000	$'000	$'000	$'000
Bills payable to banks	1,276	519	107	(107)	1,795
Bank loans	70	945	11	(11)	1,015
Finance leases (Note 22)	568	(254)	29	(29)	314
	1,914	1,210	147	(147)	3,124

19 CONTRACT LIABILITIES

	Group July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000
Amounts related to tooling and maintenance services	757	285	205

Contract liabilities relating to tooling and maintenance contracts are balances due to customers under tooling and maintenance services. These arise when the billings made to customers exceed the revenue recognised to date.

There were no significant changes in the contract liability balances during the reporting period.

The amount of revenue recognised in the current reporting period which relates to brought-forward contract liabilities is $285,000 for the financial year ended July 31, 2019 and $205,000 for the financial year ended July 31, 2018.

20 TRADE PAYABLES

	Group July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000 (Restated)	$'000 (Restated)
Outside parties	4,270	4,203	2,590
Subsidiary of ultimate holding company	-	2	-
Total	4,270	4,205	2,590

The credit periods on purchases of goods is 30 to 120 days (July 31, 2018 and August 1, 2017: 30 to 120 days). No interest is charged on the outstanding balance.

21 OTHER PAYABLES

	Group			Company		
	July 31, 2019	July 31, 2018	August 1, 2017	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Outside parties	1,100	1,030	976	353	480	333
Accruals	4,584	4,351	3,645	740	728	595
Directors' fees	275	275	278	275	275	278
Ultimate holding company	-	-	40	-	-	40
	5,959	5,656	4,939	1,368	1,483	1,246
Provision for unutilised leave	359	323	263	64	64	48
Total	6,318	5,979	5,202	1,432	1,547	1,294

22 FINANCE LEASES

Group

	Minimum lease payments			Present value of minimum lease payments		
	July 31, 2019	July 31, 2018	August 1, 2017	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000	$'000	$'000	$'000
Amounts payable under finance leases:						
- Within one year	243	192	283	225	172	254
- In the second to fifth years inclusive	123	154	346	113	142	314
	366	346	629	338	314	568
Less: Future finance charges	(28)	(32)	(61)	-	-	-
Present value of lease obligations	338	314	568	338	314	568
Less: Amount due for settlement within 12 months (shown under current liabilities)				(225)	(172)	(254)
Amount due for settlement after 12 months				113	142	314

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 (July 31, 2018 and August 1, 2017: 2 to 5 years). For the year ended July 31, 2019, the average effective borrowing rate is 5.42% (July 31, 2018: 6.19%; August 1, 2017: 6.13%) 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.

23 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, 2017	607	1,127	(208)	8	(1,500)	34
Credit to profit or loss for the year (Note 31)	-	-	(12)	-	(1,000)	(1,012)
At July 31, 2018	607	1,127	(220)	8	(2,500)	(978)
Credit to profit or loss for the year (Note 31)	-	-	14	-	(381)	(367)
At July 31, 2019	607	1,127	(206)	8	(2,881)	(1,345)

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		
	2019	2018	2017
	$'000	$'000	$'000
Deferred tax liabilities	1,536	1,522	1,534
Deferred tax assets	(2,881)	(2,500)	(1,500)
	(1,345)	(978)	34

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of $13,188,000 (July 31, 2018 : $19,424,000; August 1, 2017 : $20,529,000) available to offset against future profits. A total cumulative deferred tax asset has been recognised in respect of such losses to the extent of $11,524,000, out of which deferred tax asset of $381,000 on unutilised tax losses of $1,524,000 was recognised during the financial year. No deferred tax assets has been recognised in respect of the remaining $1,664,000 (July 31, 2018 : $9,424,000; August 1, 2017 : $14,529,000) due to the unpredictability of future profit streams. With respect to the total unutilised tax losses, $3,188,000, $5,665,000, $1,418,000, $1,252,000 and $397,000 will expire in January 2020, January 2021, January 2023, January 2024 and January 2025 respectively while the remaining balance amounting to $1,146,000 does not have an expiry date but is subject to the agreement of the tax authorities and compliance with certain provisions of tax legislation.

23 DEFERRED TAX (cont'd)

At the end of the reporting period, the Group has unrecognised tax losses carry forward available for offsetting against future taxable income as follows:

	Group		
	2019	2018	2017
	$'000	$'000	$'000
Amount at beginning of year	9,424	14,529	15,412
Adjustment during the year	(3,575)	(78)	-
Additions during the year	1,186	1,600	949
Recognised as deferred tax assets	(1,850)	(4,000)	-
Utilised during the year	(3,521)	(2,752)	(1,832)
Amount at end of year	1,664	9,424	14,529

In addition to the above, the Group has deductible temporary differences amounting to $3,575,000 which has not been recognised due to the unpredictability of the reversal of the deductible temporary differences.

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 $1,322,000 (July 31, 2018 : $2,540,000; August 1, 2017 : $4,044,000). 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.

24 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 9 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.

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

	Group and Company					
	July 31, 2019	July 31, 2018	August 1, 2017	July 31, 2019	July 31, 2018	August 1, 2017
	'000	'000	'000	$	$	$
	Number of share options			Weighted average exercise price		
Outstanding at the beginning of the year	26,250	31,000	20,700	0.1104	0.1049	0.1012
Granted during the year	-	-	13,000	-	-	0.1080
Exercised during the year	-	(4,250)	(2,700)	-	0.0832	0.0913
Forfeited during the year	(2,000)	(500)	-	0.1080	0.0750	-
Outstanding at the end of the year	24,250	26,250	31,000	0.1196	0.1104	0.1049
Exercisable at the end of the year	9,700	4,800	3,100	0.1086	0.1112	0.0882

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.

24 SHARE OPTION RESERVE (cont'd)

SHARE-BASED PAYMENTS (cont'd)

The fair values for share options granted during the year July 31, 2017 were calculated using the Trinomial Option Pricing Model. The inputs into the model at the date of grant were as follows:

	2017
Weighted average share price	$0.108
Weighted average exercise price	$0.108
Expected volatility	44% to 48%
Expected life	5.5 to 7.5 years
Risk free rate	1.82% to 2.04%
Expected dividend yield	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 $108,000 and $50,000 (July 31, 2018: $203,000 and $101,000) respectively related to equity-settled share-based payment transactions during the year.

25 SHARE CAPITAL AND TREASURY SHARES

SHARE CAPITAL

	Group and Company					
	July 31, 2019	July 31, 2018	August 1, 2017	July 31, 2019	July 31, 2018	August 1, 2017
	'000	'000	'000	$'000	$'000	$'000
	Number of ordinary shares					
Issued and paid up:						
At beginning of year	505,677	501,427	498,727	50,407	50,053	49,807
Exercise of share options (Note 24)	-	4,250	2,700	-	354	246
At the end of the year	505,677	505,677	501,427	50,407	50,407	50,053

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.

25 SHARE CAPITAL AND TREASURY SHARES (cont'd)

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

As at July 31, 2019, participants of the share option scheme held options over 24,250,000 ordinary shares, of which 14,550,000 are unvested in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
750,000	November 19, 2019
2,500,000	January 18, 2021
10,000,000	January 18, 2026
11,000,000	January 23, 2027
24,250,000	

As at July 31, 2018, participants of the share option scheme held options over 26,250,000 ordinary shares, of which 21,450,000 are unvested in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
750,000	November 19, 2019
2,500,000	January 18, 2021
10,000,000	January 18, 2026
13,000,000	January 23, 2027
26,250,000	

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, 2027
31,000,000	

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 24 to the financial statements.

25 SHARE CAPITAL AND TREASURY SHARES (cont'd)

TREASURY SHARES

	Group and Company					
	July 31, 2019	July 31, 2018	August 1, 2017	July 31, 2019	July 31, 2018	August 1, 2017
	'000	'000	'000	$'000	$'000	$'000
	Number of ordinary shares					
At the beginning and end of the year	461	461	461	37	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.

26 CURRENCY TRANSLATION AND REVALUATION RESERVES

Revaluation reserve

The difference between the carrying amount of the property and its fair value at that date of transfer to investment property (Note 13) was recognised in revaluation reserve. 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.

27 REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 *Operating Segments* (Note 34). A disaggregation of the Group's revenue for the year is as follows:

	Group	
	2019	2018
	$'000	$'000 (Restated)
Segment revenue		
Pipes and pipe fittings segment	35,119	38,309
Medical devices segment	45,046	31,927
	80,165	70,236
Timing of revenue recognition		
At a point in time:		
Pipes and pipe fittings segment	35,119	38,309
Medical devices segment	4,616	5,347
	39,735	43,656
Over time:		
Medical devices segment	40,430	26,580
	80,165	70,236

The Group has applied the practical expedient allowed under SFRS(I) 15 paragraph 121 and has not disclosed information about performance obligations that are unsatisfied (or partially satisfied) as at the end of the reporting period as the performance obligations are part of contracts that have original expected duration of one year or less.

28 OTHER INCOME

	Group	
	2019	2018
	$'000	$'000
Gain on disposal of property, plant and equipment	94	-
Interest income from fixed deposits	4	7
Income from tooling and maintenance services	2,092	1,695
Miscellaneous income:		
- Outside parties	1,140	827
Rental income from subsidiaries of the ultimate holding company (Note 5)	72	72
Government grant	53	69
Others	12	12
	3,467	2,682

29 OTHER OPERATING EXPENSES

	Group	
	2019	2018
	$'000	$'000 (Restated)
Advertisement and marketing expenses	1,053	1,019
Audit fees	214	212
Bad debts written off	137	-
Computer expenses	65	97
Expenses from tooling and maintenance services	396	585
Factory consumables	581	461
Foreign exchange loss, net	37	424
Insurance	515	467
Inventories written down to net realisable value, net	347	68
Laboratory and testing	244	162
Loss allowance	103	255
Loss on disposal of property, plant and equipment	-	9
Professional fees	546	816
Packaging materials	416	450
Property tax	177	155
Rental of premises and equipment	1,151	1,327
Repair and maintenance	1,118	902
Sterilisation and decontamination	75	100
Transportation and freight	1,192	1,359
Travelling and entertainment	584	662
Upkeep of factory premises	449	515
Upkeep of vehicles	382	359
Water and electricity	2,083	2,201
Others	2,740	2,382
	14,605	14,987

30 FINANCE COSTS

	Group	
	2019	2018
	$'000	$'000
Interest on bank borrowings	317	118
Interest on obligations under finance leases	24	29
	341	147

31 INCOME TAX CREDIT

	Group	
	2019	2018
	$'000	$'000
Current tax expense	208	94
Adjustment in respect of over provision of current tax in prior years	(104)	(474)
Deferred tax credit relating to relating to the origination and reversal of temporary difference (Note 23)	(356)	(1,007)
Adjustment in respect of over provision of deferred tax in prior years (Note 23)	(11)	(5)
Withholding tax	41	44
Income tax credit for the year	(222)	(1,348)

Domestic income tax is calculated at 17% (2018: 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 credit for the year can be reconciled to the accounting profit as follows:

	Group	
	2019	2018
	$'000	$'000
		(Restated)
Profit before tax	3,978	2,250
Tax at the domestic income tax rate 17% (2018: 17%)	676	383
Tax effect of expenses that are not deductible for tax purposes	135	174
Tax effect of income that are not taxable in determining taxable profit	(293)	(152)
Tax exempt income	(21)	(12)
Corporate income tax rebate	-	(4)
Deferred tax asset not recognised	233	400
Deferred tax recognised from previous years unrecognised tax losses	(463)	(1,000)
Effect of utilisation of previously unrecognised tax losses	(880)	(688)
Withholding tax	41	44
Effect of different tax rates of subsidiaries operating in other jurisdictions	343	143
Overprovision in prior years - current tax	(104)	(474)
Overprovision in prior years - deferred tax	(11)	(5)
Others	122	(157)
Income tax credit for the year	(222)	(1,348)

32 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group	
	2019	2018
	$'000	$'000 (Restated)
Loss allowance		
Directors' remuneration:	103	255
Directors of the Company	275	319
Directors of the subsidiaries	280	287
Costs of defined contribution plans included in employee benefits expense	891	883
Audit fees:		
Auditor of the Company	165	165
Other auditor	49	47
Non-audit fees:		
Auditor of the Company	53	28
Cost of inventories recognised as an expense	58,950	50,275

33 EARNINGS PER SHARE

	Group	
	2019	2018
	$'000	$'000
Earnings		(Restated)
Earnings for the purposes of basic earnings per share profit for the year attributable to owners of the Company	4,236	3,620

	Group	
	2019	2018
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	505,217	503,262
Effect of dilutive potential ordinary shares:		
- Share-options	105	635
Weighted average number of ordinary shares for the purpose of diluted earnings per share	505,322	503,897
Earnings per share (cents) - basic	0.84	0.72
Earnings per share (cents) - diluted	0.84	0.72

34 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.

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

34 SEGMENT INFORMATION (cont'd)

Segment revenue and results:

	Group			
	Medical devices	Pipes and pipe fittings	Eliminations	Total
	$'000	$'000	$'000	$'000
2019				
Revenue				
External sales	45,046	35,119	-	80,165
Results				
Segment result	2,811	3,920	(601)	6,130
Unallocated corporate expense				(1,815)
Interest expense	(184)	(157)	-	(341)
Interest income	-	4	-	4
Profit before tax				3,978
Income tax credit				222
Profit for the year				4,200
Other information				
Capital expenditure	4,682	3,012	-	7,694
Depreciation and amortisation	2,031	1,913	-	3,944
Statement of financial position				
Assets				
Segment assets	45,624	36,596	-	82,220
Unallocated corporate assets (a)				185
Consolidated total assets				82,405
Liabilities				
Segment liabilities	13,135	7,310	-	20,445
Unallocated corporate liabilities (b)				1,432
Consolidated total liabilities				21,877

34 SEGMENT INFORMATION (cont'd)

Segment revenue and results: (cont'd)

	Group			
	Medical devices	Pipes and pipe fittings	Eliminations	Total
	$'000	$'000	$'000	$'000
2018				
(Restated)				
Revenue				
External sales	31,927	38,309	-	70,236
Results				
Segment result	(556)	5,864	(413)	4,895
Unallocated corporate expense				(2,505)
Interest expense	(31)	(116)	-	(147)
Interest income	-	7	-	7
Profit before tax				2,250
Income tax credit				1,348
Profit for the year				3,598
Other information				
Capital expenditure	5,174	1,305	-	6,479
Depreciation and amortisation	1,670	1,902	-	3,572
Statement of financial position				
Assets				
Segment assets	34,669	39,040	-	73,709
Unallocated corporate assets (a)				255
Consolidated total assets				73,964
Liabilities				
Segment liabilities	6,989	6,594	-	13,583
Unallocated corporate liabilities (b)				1,547
Consolidated total liabilities				15,130

34 SEGMENT INFORMATION (cont'd)

Segment revenue and results: (cont'd)

	Group			
	Medical devices	Pipes and pipe fittings	Eliminations	Total
	$'000	$'000	$'000	$'000
2017				
(Restated)				
Statement of financial position				
Assets				
Segment assets	28,600	39,761	-	68,361
Unallocated corporate assets (a)				2,055
Consolidated total assets				70,416
Liabilities				
Segment liabilities	4,911	5,775	-	10,686
Unallocated corporate liabilities (b)				1,335
Consolidated total liabilities				12,021

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

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

Geographical information

Revenue is analysed by the location of the reportable segment. Segment assets and capital expenditure are analysed by the geographical area in which the assets are located.

	Revenue		Non-current assets			Carrying amount of segment assets			Capital expenditure		
	2019	2018	2019	2018	2017	2019	2018	2017	2019	2018	2017
	$'000	$'000 (Restated)	$'000	$'000	$'000	$'000	$'000 (Restated)	$'000 (Restated)	$'000	$'000	$'000
Singapore	75,262	63,688	16,487	15,376	14,277	48,088	42,373	47,172	1,990	1,226	1,313
Malaysia	3,917	3,741	1,605	624	672	4,172	4,365	5,526	1,204	161	233
China	986	2,807	18,372	15,537	11,240	30,145	27,226	17,718	4,500	5,092	1,072
	80,165	70,236	36,464	31,537	26,189	82,405	73,964	70,416	7,694	6,479	2,618

34 SEGMENT INFORMATION (cont'd)

Information about major customer

Included in revenues arising from the sales of medical devices are revenues of approximately $29.7 million which arose from sales to the Group's two largest customers (July 31, 2018: $12.1 million from one largest customer). Apart from these customers, there was no other single customer that contributed more than 10% of the consolidated revenue for the years ended July 31, 2019 and July 31, 2018.

35 CAPITAL COMMITMENTS

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

		Group	
	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000
Commitment for acquisition of property, plant and equipment	449	715	196

36 CONTINGENT LIABILITIES

		Company	
	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000
Guarantee given to banks and financial institutions for credit facilities granted to subsidiaries (unsecured)	24,727	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 investment property as disclosed in Notes 12 and 13 and a corporate guarantee by the Company of $24,727,000 (July 31, 2018 and August 1, 2017: $15,985,000). The corporate guarantee by the Company with respect to certain assets under finance leases is disclosed in Note 22.

The Company has given undertakings to provide continuing financial support to certain of its subsidiaries with current liabilities exceeding their current assets by $40,892,000 (July 31, 2018: $37,958,000; August 1, 2017: $32,196,000) 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.

37 OPERATING LEASE ARRANGEMENTS

	Group	
	2019	2018
	$'000	$'000
The Group as lessee		
Minimum lease payments under operating leases recognised as an expense in the year	1,151	1,327

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

	Group		
	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000
Within one year	1,226	1,314	1,128
In the second to fifth year inclusive	1,832	2,778	3,408
After five years	5,798	5,982	5,882
	8,856	10,074	10,418

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.

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 (July 31, 2018 and August 1, 2017: $72,000).

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

	Group		
	July 31, 2019	July 31, 2018	August 1, 2017
	$'000	$'000	$'000
Within one year	72	24	72
In the second to fifth year inclusive	24	-	24
	96	24	96

38 DIVIDENDS

On December 21, 2017, a one-tier tax exempt final dividend of $0.005 per share was paid (total dividend $2,516,000) in respect of FY2017.

On April 12, 2018, a one-tier tax exempt interim dividend of $0.0025 per share was paid (total dividend $1,263,000) in respect of the FY2018.

On January 18, 2019, a one-tier tax exempt final dividend of $0.005 per share was paid (total dividend $2,526,000) in respect of FY2018.

Subsequent to July 31, 2019, the directors propose a one-tier tax exempt final dividend of $0.005 per ordinary share and a one-tier tax exempt special dividend of $0.0025 per ordinary share in respect of the financial year ended July 31, 2019 for approval by shareholders at the Annual General Meeting. The proposed dividends (one-tier tax exempt final and one-tier tax exempt special) amount to $0.0075 per ordinary share. The proposed dividends are not accrued as a liability for the current financial year in accordance with SFRS(I) 10 – *Events After The Reporting Period*.

39 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) (“SFRS(I)”) for the first time for financial year ended July 31, 2019 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (July 31, 2019). In the first set of SFRS(I) financial statements for the financial year ended July 31, 2019, an additional opening statement of financial position as at date of transition (August 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported Financial Reporting Standard in Singapore (“FRS”) amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (August 1, 2017) and as at end of last financial period under FRS (July 31, 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended July 31, 2018). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group’s and the Company’s previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers* which are effective at the same time. The Group did not apply any of the optional exemptions set out in SFRS(I) 1 as at the date of transition.

Management has not elected the transition exemption under SFRS(I) 9 *Financial Instruments* and full retrospective application and disclosures have been made.

39 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

Reconciliations of equity and total comprehensive income

The effects of initial application of SFRS(I) 9 and SFRS(I) 15 are presented and explained below.

Group

(i) Impact on the Statement of Financial Position as at August 1, 2017 (date of transition to SFRS(I))

	As previously reported under FRS	Initial application of SFRS(I) 15	Note	As adjusted under SFRS(I)
	$'000	$'000		$'000
Trade receivables	19,038	(540)	(a)	18,498
Contract assets	-	2,208	(a), (b)	2,208
Inventories	5,928	(1,287)	(c)	4,641
Trade payables	2,795	(205)	(d)	2,590
Contract liabilities	-	205	(d)	205
Retained earnings	4,900	381		5,281

(ii) Impact on the Statement of Financial Position as at July 31, 2018 (end of last period reported under FRS)

	As previously reported under FRS	Initial application of SFRS(I) 9	Note	Initial application of SFRS(I) 15	Note	As adjusted under SFRS(I)
	$'000	$'000		$'000		$'000
Trade receivables	19,376	(151)	(e)	(777)	(a)	18,448
Contract assets	-	-		4,008	(a), (b)	4,008
Inventories	11,992	-		(2,029)	(c)	9,963
Trade payables	4,490	-		(285)	(d)	4,205
Contract liabilities	-	-		285	(d)	285
Retained earnings	4,071	(151)		1,202		5,122

39 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

Reconciliations of equity and total comprehensive income (cont'd)

(iii) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended July 31, 2018 (last financial year reported under FRS)

	As previously reported under FRS	Initial application of SFRS(I) 9	Note	Initial application of SFRS(I) 15	Note	As adjusted under SFRS(I)
	$'000	$'000		$'000		$'000
Revenue	68,673	-		1,563	(b)	70,236
Changes in inventories of finished goods	1,142	-		(742)	(c)	400
Other operating expenses	(14,836)	(151)	(e)	-		(14,987)

Notes to the reconciliations:

SFRS(I) 15 *Revenue from Contracts with Customers*

(a) Under SFRS(I) 15, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset. This balance was previously recognised as part of trade receivables (amounts due from customers under construction contracts) and so has been reclassified. There was no impact on the statement of profit or loss as a result of these reclassifications.

(b) Previously revenue was recognised at a point in time when the Group transferred significant risks and rewards of ownership of the goods to the buyer. Under SFRS(I) 15, the Group has an enforceable right to payment for work done and revenue is recognised based on the amount of units produced. Under SFRS(I) 15, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset. SFRS(I) 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue'.

(c) When the Group does not have an alternative use for the goods produced and has a legal enforceable right of payment, any costs that were capitalised to inventories under the old FRS are expensed off in the profit and loss as and when incurred with the adoption of SFRS(I) 15.

(d) The contract liability balance includes an amount reclassified from trade payables as these were amounts due to customers under construction contracts. This had no impact on the statement of profit or loss.

SFRS(I) 9 *Financial Instruments*

(e) The application of the SFRS(I) 9 impairment requirements has resulted in additional loss allowance to be recognised.

39 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (cont'd)

Reconciliations of equity and total comprehensive income (cont'd)

(iv) Impact on the Statement of Cash Flows for the year ended July 31, 2018 (last financial year reported under FRS)

The transition to SFRS(I) and the initial application of SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Customers with Contracts* have not had a material impact on the statement of cash flows.

40 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application.

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases.*
- Amendments to SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures.*
- SFRS(I) INT 1-23 *Uncertainty over Income Tax Treatments.*
- Annual improvements to SFRS(I)s 2015-2017 cycle.

Effective date is deferred indefinitely

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

The management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INT and amendments to SFRS(I) 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:

SFRS(I) 16 *Leases*

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 are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

40 STANDARDS ISSUED BUT NOT EFFECTIVE (cont'd)

SFRS(I) 16 *Leases* (cont'd)

Management expects the adoption of the above SFRS(I) to have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, in particular on certain operating lease arrangements to be recorded in the statements of financial position. The Group's operating lease arrangements are disclosed in Note 37.

A preliminary assessment indicates that these arrangements will meet the definition of a lease under SFRS(I) 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases under SFRS(I) 16.

Management is currently assessing and has yet to complete the work on the possible impact of implementing SFRS(I) 16. It is therefore 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. Management does not plan to early adopt the above new SFRS(I) 16.

ANALYSIS OF SHAREHOLDINGS

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	S$ 50,605,185
Issued and Fully Paid-Up Capital (excluding Treasury Shares)	:	S$ 50,568,084
Number of Issued Shares (excluding Treasury Shares)	:	507,216,699
Number/Percentage of Treasury Shares and Subsidiary Holdings	:	461,000 (0.09%)
Class of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares)	:	One Vote Per Share

Distribution of shareholdings as at October 14, 2019

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	13	0.84	519	0.00
100 - 1,000	189	12.14	175,591	0.04
1,001 - 10,000	655	42.07	3,725,618	0.73
10,001 - 1,000,000	671	43.09	58,373,793	11.51
1,000,001 and above	29	1.86	444,941,178	87.72
Total	1,557	100.00	507,216,699	100.00

Twenty largest shareholders as at October 14, 2019

No.	Name of shareholders	No. of shares	%
1	Venner Capital S.A.	208,526,166	41.11
2	DBS Vickers Securities (S) Pte Ltd	73,327,306	14.46
3	Chua Kim Hua	22,695,000	4.47
4	Robert Gaines-Cooper	18,854,200	3.72
5	Cheng Liang	14,029,497	2.77
6	Yeo Wico	10,021,738	1.98
7	Lim Sim Moi	9,938,000	1.96
8	Loh Beng Seng	9,887,518	1.95
9	David Dangar Henry Honywood Curtis-Bennett	8,000,000	1.58
10	Ho Lai Heng	6,802,400	1.34
11	Maybank Kim Eng Securities Pte Ltd	6,743,557	1.33
12	UOB Kay Hian Pte Ltd	6,598,704	1.30
13	Irene Tay Gek Lim	6,376,738	1.26
14	Lim Boon Hock	5,853,785	1.15
15	Jane Rose Philomene Gaines-Cooper	5,000,000	0.98
16	Chua Jun Kai Marc (Cai Junkai)	3,954,400	0.78
17	Chua Eng Eng	3,535,000	0.70
18	Ng Cher Yan	3,217,390	0.63
19	Christopher Paul Lee	3,000,000	0.59
20	Nicos Nicolaides C	3,000,000	0.59
	Total	429,361,399	84.65

Based on the information available to the Company as at October 14, 2019, approximately 31.61% 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	55.37
CTX Treuhand AG, as trustee of the Bird Island Trust	-	280,852,441 [(2)]	280,852,441	55.37
Robert Gaines-Cooper	18,854,200	280,852,441 [(2)]	299,706,641	59.09
Jane Rose Philomene Gaines-Cooper	5,000,000	280,852,441 [(2)]	285,852,441	56.36

[(1)] "%" is based on 507,216,699 issued shares and disregarding the 461,000 shares held in treasury.

[(2)] Venner Capital S.A. is the controlling shareholder of the Company. Venner Capital S.A. is owned by the Bird Island Trust ("BIT"), 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, a Director of the Company, is the sole beneficiary under BIT. Mrs. Jane Rose Philomene Gaines-Cooper, a Director of the Company, is the protector under BIT and is the spouse of Mr. Gaines-Cooper. Mr. and Mrs. Gaines-Cooper are deemed to be interested in the shares of the Company owned by BIT through Venner Capital S.A..

NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-First 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 Thursday, November 28, 2019 at 3.00 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, 2019 and the Auditor's 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, 2019 to be paid on January 17, 2020 to shareholders of the Company whose names appear on the Register of Members or, as the case may be, the Depository Register, as holders of the shares, as at 5.00 p.m. on January 8, 2020. **(Resolution 2)**
   [See Explanatory Note 1]

3. To declare a special (one-tier tax exempt) dividend of S$0.0025 per share for the year ended July 31, 2019 to be paid on July 10, 2020 to shareholders of the Company whose names appear on the Register of Members or, as the case may be, the Depository Register, as holders of the shares, as at 5.00 p.m. on July 1, 2020. **(Resolution 3)**
   [See Explanatory Note 2]

4. To approve the Directors' fees of S$275,000.00 (2018: S$275,000.00) for the year ended July 31, 2019. **(Resolution 4)**

5. To re-elect Mr. Yeo Wico, 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 3]

6. 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 6)**
   [See Explanatory Note 4]

7. To re-appoint Deloitte & Touche LLP as Auditor and to authorise the Directors to fix its remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

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

8. Authority to allot and issue shares and convertible instruments **(Resolution 8)**

   "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 5]

9. Renewal of the Shareholders' Mandate for interested person transactions **(Resolution 9)**

"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 12, 2019 (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 6]

10. Renewal of the Share Purchase Mandate **(Resolution 10)**

"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 7]

11. Authority to grant options, and allot and issue shares pursuant to the Vicplas International Share Option Plan **(Resolution 11)**

"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 8]

12. Authority to issue new shares pursuant to the Vicplas International Ltd Scrip Dividend Scheme **(Resolution 12)**

"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 9]

By Order of the Board

Esther Au
Company Secretary
Singapore

November 12, 2019

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 Twenty-First 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 Twenty-First 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 72 hours before the time appointed for holding the Twenty-First Annual General Meeting.

Explanatory Notes:

1. Resolution 2 is to approve the payment of a final dividend in respect of the financial year ended July 31, 2019. The books closure date and payment date of the final dividend (in January 2020) have been specified to provide better certainty to shareholders.

2. Resolution 3 is to approve the payment of a special dividend in respect of the financial year ended July 31, 2019. The books closure date and payment date of the special dividend (in July 2020) have been specified to provide better certainty to shareholders. In addition, the payment timing has been scheduled in July 2020 so that subject to shareholders' approval of Resolutions 2 and 3, shareholders will receive dividends twice in 2020. This is in response to feedback from shareholders that dividend payments twice a year is preferred. Therefore, if and when both Resolutions 2 and 3 are passed, shareholders will benefit from knowing upfront their entitlements to dividend payments in 2020.

3. Resolution 5 is to re-elect Mr. Yeo Wico, who will be retiring by rotation under Article 115 of the Company's Constitution. Mr. Yeo is considered an Independent and Non-Executive Director. If he is re-elected, he will remain as Chairman of the Board, the Chairman of the Nominating Committee, a member of the Audit and Risk Committee, the Remuneration Committee and the Strategy Committee of the Company. Further information on Mr. Yeo can be found on page 8 and pages 24 to 29 of the Annual Report 2019. There are no material relationships (including immediate family relationships) between Mr. Yeo and the other Directors of the Company or the Company.

4. Resolution 6 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 and Risk Committee, the Chairman of the Remuneration Committee and a member of the Nominating Committee. Further information on Mr. Ng can be found on page 8 and pages 24 to 29 of the Annual Report 2019. There are no material relationships (including immediate family relationships) between Mr. Ng and the other Directors of the Company or the Company.

5. Resolution 8 is an Ordinary Resolution to empower the Directors, from the date of this Twenty-First 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 8 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 8 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. As at October 14, 2019, the Company had 461,000 treasury shares and no subsidiary holdings.

6. Resolution 9 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 Twenty-First 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 12, 2019. For more details, please refer to paragraph 2 of the Appendix to the Company's Circular to Shareholders dated November 12, 2019.

7. Resolution 10 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 10.

   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, 2019 and certain other assumptions, are set out in paragraph 3.7 of the Company's Circular to Shareholders dated November 12, 2019 and are for illustration only.

8. Resolution 11 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.

9. Resolution 12 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.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Twenty-First 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 Twenty-First Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Twenty-First 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, 2019 (the "**Final Dividend**"), the Share Transfer Books and Register of Members of the Company will be closed on January 9, 2020 for the purpose of determining Shareholders' entitlements to the Final Dividend. The Share Transfer Books and Register of Members will re-open on January 10, 2020.

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 January 8, 2020 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 January 8, 2020 will rank for the Final Dividend.

The Final Dividend, if approved at the Twenty-First Annual General Meeting to be held on November 28, 2019, will be paid on January 17, 2020.

Books Closure and Payment Date of Special Dividend

Subject to the approval of the shareholders of the Company ("**Shareholders**") to be obtained for the proposed special (one-tier tax exempt) dividend of S$0.0025 per share for the financial year ended July 31, 2019 (the "**Special Dividend**"), the Share Transfer Books and Register of Members of the Company will be closed on July 2, 2020 for the purpose of determining Shareholders' entitlements to the Special Dividend. The Share Transfer Books and Register of Members will re-open on July 3, 2020.

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 July 1, 2020 will be registered to determine Shareholders' entitlements to the Special Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the shares as at 5.00 p.m. on July 1, 2020 will rank for the Special Dividend.

The Special Dividend, if approved at the Twenty-First Annual General Meeting to be held on November 28, 2019, will be paid on July 10, 2020.

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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 Twenty-First 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 Twenty-First Annual General Meeting dated November 12, 2019.

*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 Twenty-First 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 Thursday, November 28, 2019 at 3.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions 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 adjourment 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, 2019 and the Auditor's Report thereon.		
2.	To declare a final (one-tier tax exempt) dividend of S$0.005 per share for the year ended July 31, 2019.		
3.	To declare a special (one-tier tax exempt) dividend of S$0.0025 per share for the year ended July 31, 2019.		
4.	To approve Directors' fees of S$275,000.00 (2018: S$275,000.00) for the year ended July 31, 2019.		
5.	To re-elect Mr. Yeo Wico as a Director pursuant to Article 115 of the Company's Constitution.		
6.	To re-elect Mr. Ng Cher Yan as a Director pursuant to Article 115 of the Company's Constitution.		
7.	To re-appoint Deloitte & Touche LLP as Auditor and to authorise the Directors to fix its remuneration.		
8.	To authorise the Directors to issue additional shares and convertible instruments.		
9.	To approve the renewal of the Shareholders' Mandate for interested person transactions.		
10.	To approve the renewal of the Share Purchase Mandate.		
11.	To authorise the grant of options, and the allotment and issuance of shares pursuant to the Vicplas International Share Option Plan.		
12.	To authorise the issuance of shares pursuant to the Vicplas International Ltd Scrip Dividend Scheme.		

Dated this __________________ 2019

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 72 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

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Company Registration No. 199805362R

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