VICPLAS

Innovation & Excellence

ANNUAL REPORT 2022

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, Forefront Medical Investment Pte. Ltd. and XentiQ (Pte.) Ltd. in Singapore; Forefront (Xiamen) Medical Devices Co., Ltd and Forefront Medical Technology (Jiangsu) Co., Ltd in China; and Arrow Medical Limited in the United Kingdom.

  All the subsidiaries have quality certifications of EN ISO13485:2016 and, with the exception of XentiQ (Pte.) Ltd., are registered under the United States Food and Drug Administration (FDA) as a "contract manufacturer for medical devices" and Accreditation certificate of foreign medical device manufacturer from Japan Ministry of Health, Labour and Welfare. Forefront Medical Investment Pte. Ltd. additionally has a Class A, B, C, D Medical Device manufacturer license registered under Health Science Authority (HSA) Singapore and is ISO14001:2015, ISO45001:2018 and ISO50001:2018 certified. Forefront Medical Technology (Jiangsu) Co., Ltd additionally has a Class II Medical Device Manufacturing License in China.

- 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. Vicplas Holdings Pte. Ltd. additionally is ISO14001:2015, ISO45001:2018 and ISO50001:2018 certified.

CONTENTS

STATEMENT BY CHAIRMAN

Dear Shareholders,

On behalf of the Board, I 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, 2022 ("FY2022").

OVERVIEW

In FY2022, the Group continued to grow its revenue, which increased to S$130.8 million as compared to S$113.9 million for the year ended July 31, 2021 ("FY2021"). This was driven by higher revenue from both medical devices and pipes and pipe fittings segments, despite headwinds from the ongoing Covid-19 pandemic and uncertainties in the wider macro environment.

The revenue for the medical devices segment was S$92.6 million in FY2022, an increase of 15.5% from FY2021 due to increased orders from its customers. The pipes and pipe fittings segment also recorded an increase of 13.1% in revenue from FY2021, to S$38.2 million in FY2022, due to the gradual recovery in the construction industry from the disruptions caused by the Covid-19 pandemic.

Overall, the Group recorded a profit before tax of S$11.0 million, which was a decrease of 10.5% from S$12.3 million in FY2021, and a profit after tax of S$8.8 million for FY2022, which was a decrease of 15.0% compared to S$10.4 million for FY2021.

The Group, in particular the medical devices segment, is continuing to invest intensively as it scales up its global manufacturing footprint to meet both current and future customer demand, as indicated by the continuing high depreciation and amortisation expenses. Therefore, the Group has initiated disclosure of adjusted EBITDA as it could serve as an additional metric for evaluating the Group's operating performance. The Group's adjusted EBITDA for FY2022 was S$18.3 million as compared to S$18.6 million in FY2021. This was a smaller decrease in percentage terms of 1.5% as compared to the percentage decrease in profit after tax as mentioned above.

(Note: Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation; and excludes unrealised foreign exchange.)

Medical devices segment

The medical devices segment continued its growth momentum of recent years with sales of S$92.6 million, an increase of 15.5% over FY2021 – which was achieved notwithstanding disruptions and delays arising from the Covid-19 pandemic. The segment also faced increased operating costs mainly due to the effects of rising supply chain costs and other disruptions caused by the Covid-19 pandemic, as well as higher costs associated with business expansion through increasing manufacturing facility capacity and bringing onboard additional technical and business development resources to meet current and future demand. Given these circumstances, the segmental result of S$10.2 million was commendable, albeit a decrease of 15.3% from FY2021.

In FY2022, the medical devices segment achieved its highest ever revenue to date, and had a fourth consecutive year of positive segmental results despite a challenging macro environment. The continuation of the segment's growth momentum is a result of its sound strategy and execution ability as it progresses towards its vision of becoming a leading contract manufacturer in the global medical devices value chain. The increasing customer orders stem from the growing confidence that customers have in the medical devices segment as a trusted contract manufacturing partner and its ability to deliver on their expectations for the long term.

Pipes and pipe fittings segment

The pipes and pipe fittings segment concluded FY2022 with higher sales of S$38.2 million, an increase of 13.1% over FY2021, alongside the recovery of the construction industry in Singapore. The segmental result of S$4.5 million was a 42.0% improvement over FY2021 despite higher material and overheads cost.

The pipes and pipe fittings segment is well-known for providing high quality and reliable products in Singapore. Its PVC piping systems are widely found in residential homes across Singapore. In addition, the segment has focused on supplying to government and private sector civil engineering projects.

As Singapore transforms into a greener and more sustainable city, the need for green building products is becoming increasingly important. Currently, this segment is the only PVC pipes and pipe fittings producer in Singapore certified with three Green Marks by Singapore Green Building Council ("SGBC").

(Note: The segmental results of the medical devices segment and pipes and pipe fittings segment are before corporate interest and tax expenses as set out on page 111-114 of this annual report.)

OUTLOOK

Medical devices segment

In FY2022, the segment further expanded its global customer base, commercialised new projects, and expanded its manufacturing footprint with the completion of a sizeable extension to its Changzhou manufacturing plant to meet increasing demand. The Changzhou plant extension is expected to start contributing to revenue

STATEMENT BY CHAIRMAN

in the first half of the financial year ending July 31, 2023 ("FY2023").

The segment is also actively negotiating for a suitable site in Juarez, Mexico, to initiate its fifth manufacturing location to provide greater flexibility and choice for its customers.

The segment has continued to focus on building specialised capabilities to improve its collaboration and offerings to its global customer base, and prioritising efficiency improvements at its manufacturing plants. The current expectation for the medical devices segment is for its positive revenue momentum to continue, and to further grow its customer base, coupled with planned improvements in product mix, plant efficiency and utilisation. Nonetheless, this optimism must be tempered by some caution in the face of a macro environment of some uncertainty due to current international trading conditions and inflationary concerns, and the segment's continued investment in capability improvement and expansion of its global manufacturing footprint.

Pipes and pipe fittings segment

During FY2022, the pipes and pipe fittings segment focused on the pipeline of civil engineering projects relating to the building of new townships as more public housing units are expected to be released over the next few years. With a manufacturing presence in Singapore, the segment is well positioned to support customers as the domestic construction industry continues its growth momentum. The segment will continue its focus on civil engineering projects as well as product expansion beyond the built environment. Whilst the segment expects higher revenue from the brightened outlook, it also continues to face increasing competition and cost pressures.

The segment also plans to attain its fourth SGBC Green Mark by the end of FY2023, which will strengthen its leading position in the built environment by anticipating and meeting demand for green building materials in Singapore.

Group

The Group expects its revenue to continue growing in FY2023 with the continued expansion of the medical device segment and the enhanced outlook for the pipes and pipe fittings segment as the construction sector in Singapore improves. The Group's profit after tax in FY2023 may also be impacted by increasing operating costs due to inflationary pressures, continued disruptions in logistics and supply chains, and higher development and expansion costs.

While the Group remains cautiously optimistic for FY2023, it is keeping a vigilant watch on the challenges that may arise from the ongoing Covid-19 pandemic, inflationary pressures, and uncertainties in the wider macro environment. The Group will continue to exercise prudent cost management, while developing new business opportunities, and strengthening its base for future growth.

SHAREHOLDERS

The Group will continue to enhance its voluntary disclosure as part of its efforts to increase transparency to allow shareholders and the investment community to gain a better understanding of its business and financial performance. Accordingly, the Group has initiated disclosure of its adjusted EBITDA in FY2022.

The Directors recommend a final dividend of S$0.0045 per ordinary share (one-tier tax exempt) in respect of FY2022 for approval by shareholders at the Annual General Meeting to be held on November 24, 2022 ("AGM").

In view of opportunities to keep growing the Group's medical devices segment, the majority of the profit recorded for FY2022 has been retained in the business to support such growth in the long term interest of shareholders. In addition, the Group is mindful of the uncertainties in the macro environment as well as the Group's working capital, cashflow and capital expenditure requirements. The Group continues to take all of these considerations into account in striving for a balance between rewarding shareholders and maintaining sufficient capital to grow the business. As the Group continues to grow albeit at a lower but still encouraging level of profitability in view of the macro environment, the Board is recommending maintaining the same dividend rate as FY2021.

APPRECIATION

On behalf of the Board and the Company, I would like to record our appreciation to our non-executive director Mr. Christopher Lee, who is retiring at the end of the upcoming AGM for his years of service and contributions. At the same time, we also wish to thank our customers, suppliers, business associates, and shareholders for their continued support and confidence in the Group. Lastly, I would also like to thank the management team and employees for their continued dedication, commitment and hard work. I am confident that as a team, we will continue to persevere in an uncertain macro environment as we forge ahead.

YEO WICO
Chairman

OPERATIONAL AND FINANCIAL REVIEW

REVENUE

In FY2022, the Group's revenue increased to S$130.8 million as compared to S$113.9 million for FY2021 driven by higher revenue from both medical devices and pipes and pipe fittings segments.

The revenue for the medical devices segment was S$92.6 million in FY2022, an increase of 15.5% from FY2021 due to increased orders from its customers. The pipes and pipe fittings segment also recorded an increase of 13.1% in revenue from FY2021 to S$38.2 million in FY2022, due to the gradual recovery in the construction industry from the disruptions caused by the Covid-19 pandemic.

Other income decreased by 15.1% in FY2022 mainly due to the absence of Covid-19 related government subsidies in FY2022 as compared to S$0.6 million of such subsidies that were received in FY2021 and a S$0.3 million decrease in income from tooling, mould and maintenance services as compared to FY2021.

OPERATING EXPENSES

With the increase in revenue, the Group's raw materials and consumables used increased by 22.1% which was greater than the rate of increase in revenue, mainly due to the increase in raw materials cost.

Employee benefits expense (including salary) increased by 17.9% due to increased headcount and overtime, especially in the medical devices segment, to meet the higher revenue and investment in medtech talents to meet future demand.

Impairment of financial assets of S$0.1 million relates to a loss allowance for expected credit losses on trade receivables.

Other operating expenses increased by 4.5% mainly due to the rise in electricity tariffs and higher cost of repairs and maintenance to support the increase in revenue.

Finance costs increased by S$0.3 million due to increase in bank borrowings to finance a higher amount of working capital to support a greater scale of business and the rising interest rate environment.

Income tax expense increased by 14.0% in FY2022 despite the lower profit after tax as the Group had utilised most of its past years' tax losses brought forward in FY2021.

Overall, the Group recorded profit before tax of S$11.0 million, a decrease by 10.5% from S$12.3 million in FY2021, and profit after tax of S$8.8 million for FY2022, a decrease of 15.0% compared to S$10.4 million for FY2021. The Group's adjusted EBITDA for FY2022 was S$18.3 million, which was a smaller decrease in percentage terms of 1.5% compared to S$18.6 million for FY2021. The Group, in particular the medical devices segment, is continuing to invest intensively as it scales up its global manufacturing footprint to meet both current and future customer demand, as indicated by the continuing high depreciation and amortisation expenses. Accordingly, the Group has initiated disclosure of adjusted EBITDA as it could serve as an additional metric for evaluating the Group's operating performance.

OPERATIONAL AND FINANCIAL REVIEW

STATEMENT OF FINANCIAL POSITION

Trade receivables increased by 19.6% to S$33.6 million at the end of FY2022 due to higher revenue in both the medical devices segment and pipes and pipe fittings segment in FY2022 as compared to FY2021.

Contract assets decreased by 18.1% to S$7.7 million at the end of FY2022 due to lower inventories in production and post-production in the medical devices segment for contracts whereby the revenue is to be recognised over time as at July 31, 2022 as compared to July 31, 2021.

Inventories increased by 41.6% to S$23.6 million at the end of FY2022 mainly due to higher inventory level in the medical devices segment in order to fulfil the increase in orders from the customers and higher buffer stock in light of the uncertainties in global logistics.

Property, plant and equipment increased by 17.8% to S$40.8 million at the end of FY2022 mainly due to capital expenditure for the Changzhou plant extension.

Right-of-use asset and Lease liabilities (total of both current and non-current) increased by 46.3% to S$8.8 million and 46.0% to S$8.7 million respectively at the end of FY2022 due to the renewal of rental contract for an existing facility and the addition of a new rental contract for the Changzhou plant extension.

Total bank borrowings (current and non-current) increased by 41.9% to S$19.3 million at the end of FY2022 mainly due to the capital expenditure required for the Changzhou plant extension, as well as higher working capital required to support the higher revenue.

Trade and other payables increased by 17.3% to a total of S$19.5 million at the end of FY2022 mainly due to higher level of activities in the medical devices segment.

Overall, the net asset value of the Group increased by 9.3% to S$78.3 million at the end of FY2022 from S$71.6 million at the end of FY2021.

WORKING CAPITAL AND CASH FLOW

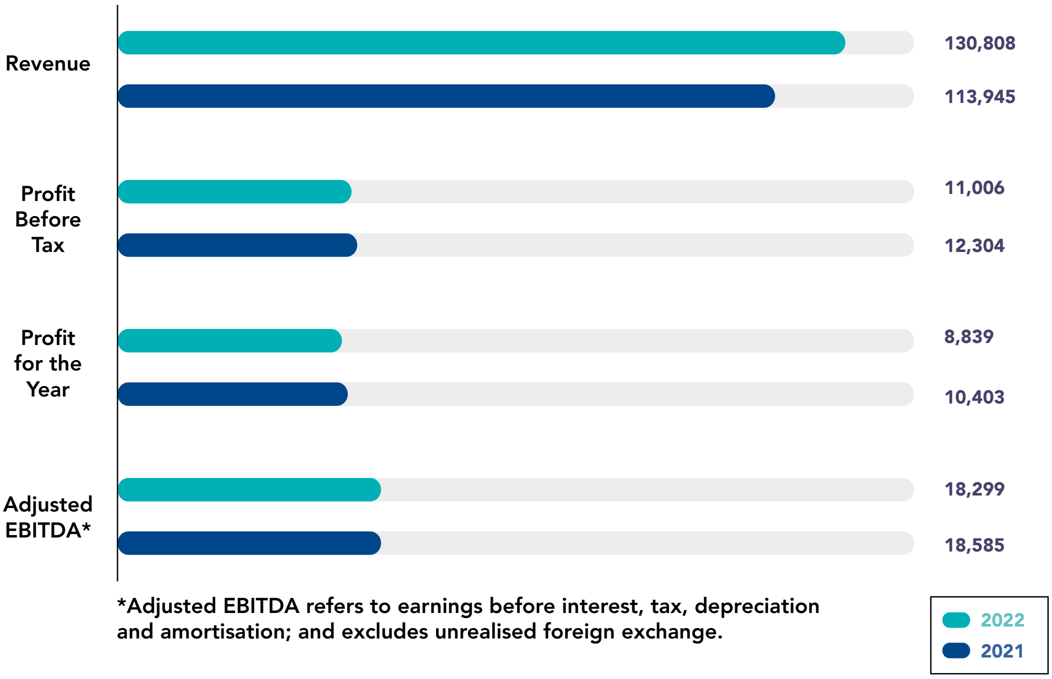
Net cash from operating activities for FY2022 increased by 8.2% as compared to FY2021 despite lower profit before income tax mainly due to the cashflow from decreased contract assets and increased total of trade and other payables more than offset the cashflow used in increased total of trade receivables and inventories.

Net cash used in investing activities increased to S$12.8 million in FY2022 mainly due to the renovation of the Changzhou plant extension and increase in purchase of plant and machinery for the medical devices segment.

Net cash from financing activities decreased by 12.4% in FY2022 due to increased repayments of lease liabilities, higher dividends paid and lower proceeds from exercise of share options, partially offset by the increase in proceeds from bank borrowings.

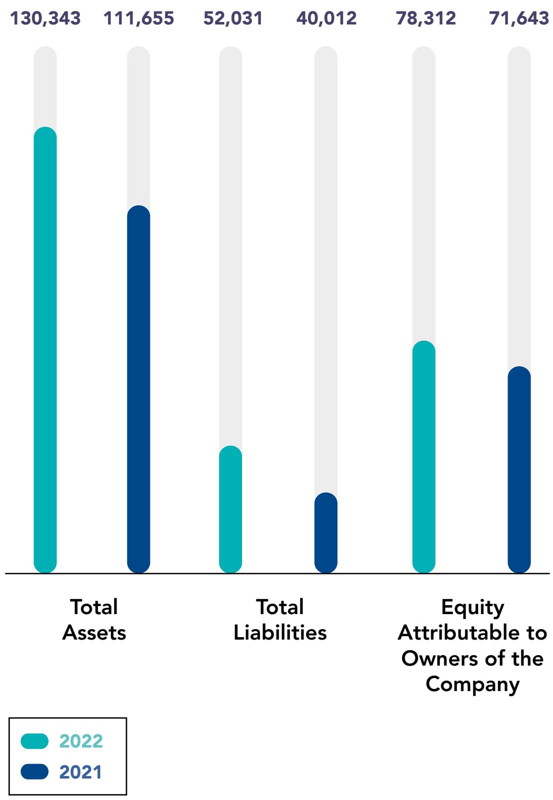
OPERATIONAL AND FINANCIAL REVIEW

STATEMENT OF PROFIT OR LOSS (S$'000)

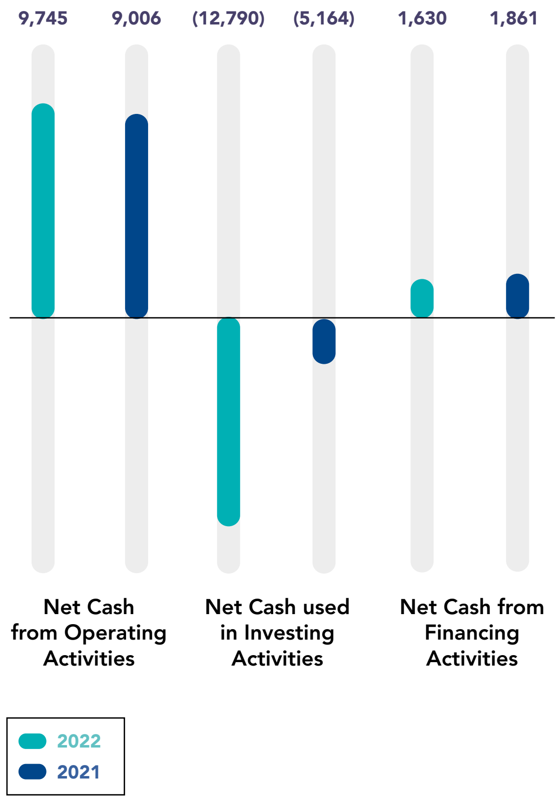


*Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation; and excludes unrealised foreign exchange.

STATEMENT OF FINANCIAL POSITION (S$'000)



STATEMENT OF CASH FLOWS (S$'000)




VICPLAS

BOARD OF DIRECTORS

YEO WICO, aged 55, was appointed as a Non-Executive Director in June 2008. He was re-elected as a Director at the Annual General Meeting ("AGM") of the Company held in November 2021. 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 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 also serves as a Non-Executive Director of NetLink NBN Management Pte. Ltd. (the trustee-manager of NetLink NBN Trust) and Changi Airports International Pte. Ltd.. He was previously an independent non-executive director of CitySpring Infrastructure Management Pte. Ltd., the then trustee-manager of CitySpring Infrastructure Trust (now known as Keppel Infrastructure Trust) and a non-executive director of SP Services Limited (a wholly-owned subsidiary of Singapore Power Limited).

He is appointed by the Minister-in-Charge of the Monetary Authority of Singapore as a member of the Appeal Advisory Panels constituted under the Business Trusts Act, Financial Advisers Act, Insurance Act, Securities and Futures Act and Trust Companies Act. In addition, he is appointed by the Minister for Finance as a member of the Income Tax Board of Review. He is also a member of the Corporate Law Advisory Panel, which is a standing advisory panel to the Accounting and Corporate Regulatory Authority. He has completed his terms of service as a member of the Accounting Standards Council.

NG CHER YAN, aged 63, was appointed as a Non-Executive Director in May 2010. He was re-elected as a Director at the AGM of the Company held in November 2021. 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 Chartered Accountants in Australia and New Zealand. Currently, Mr. Ng serves as Independent Non-Executive Director of several public listed companies, namely MoneyMax Financial Services Ltd, Samko Timber Limited and Serial System Ltd. In the preceding five years, he was also a Non-Executive Director of Bull Will 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, aged 60, was appointed as a Non-Executive Director in October 2013. He was re-elected as a Director at the AGM of the Company held in November 2020. He is Chairman of the Strategy Committee. Mr. Lee is currently Chief Executive Officer of Summit Medical Ltd. He was previously the Chief Executive Officer of Venner Medical International Inc (a subsidiary of Venner Capital S.A.) and before that, the Deputy Group Chief Executive Officer of LMA International N.V., a public company that was previously listed on the Singapore Exchange Securities Trading Limited. 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. He has more than 35 years of business experience in the medical devices industry with experience in blue chip, SME's and start-up companies. Mr. Lee holds an 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.

JANE ROSE PHILOMENE GAINES-COOPER, aged 63, was appointed as a Non-Executive Director in November 2016. She was re-elected as a Director at the AGM of the Company held in November 2020. She serves as a member of the Remuneration, Nominating and Strategy Committees. Mrs. Gaines-Cooper is currently the President, a Director and Group Chairman of Venner Capital S.A. and was previously a Non-Executive 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.

NG BENG TIONG, aged 58, was appointed as a Non-Executive Director in April 2021. He was re-elected as a Director at the AGM of the Company held in November 2021. He serves as a member of the Audit and Risk Committee. Mr. Ng stepped down as the Deputy Group Chief Executive Officer and Group Chief Operating Officer of ARA Asset Management Limited, a leading APAC real assets fund manager, in May 2022. He was previously an independent non-executive director of Micro-Mechanics (Holdings) Limited and Sim Siang Choon Limited, and Finance Director and board member of Low Keng Huat (Singapore) Limited. Mr. Ng holds a Master of Engineering (Software Engineering) (First Class Honours) from Imperial College, London. He is a CFA charterholder and a member of the Singapore Institute of Directors.

SENIOR MANAGEMENT

WALTER TARCA, aged 65, joined the Group in January 2016 as President of the Medical Devices Segment. Mr. Tarca assumed the role as Group Chief Executive Officer in August 2022 and is responsible for the overall strategy and management of the Group, in addition Mr. Tarca will continue his responsibilities as President of the Medical Devices Segment. He 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 by focusing on innovation and collaborative customer relationships, intensive operational 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.

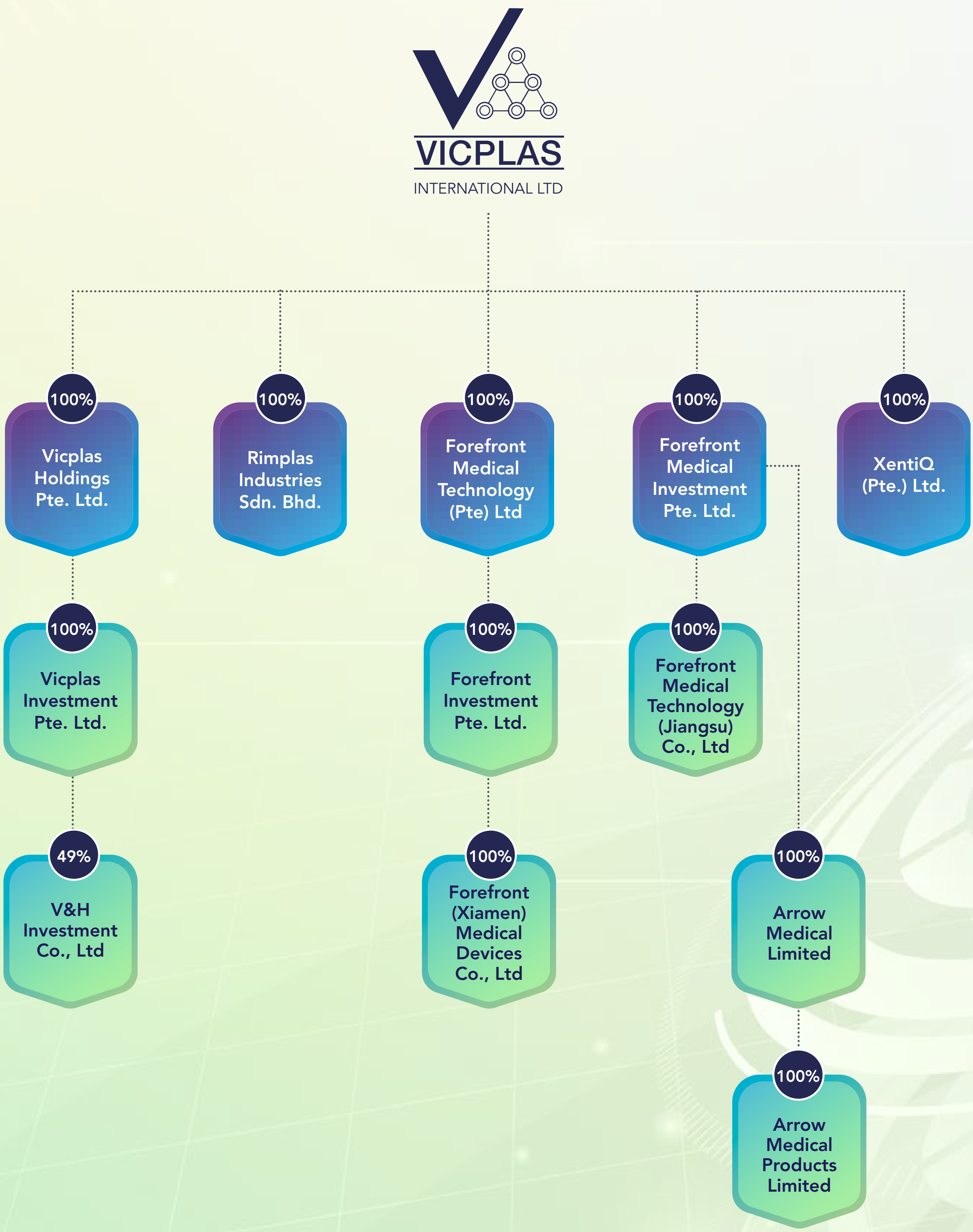
CHENG LIANG, aged 67, stepped down as Group Chief Executive Officer in July 2022. He resumed the role as Managing Director of the pipes and pipe fittings segment of the Group, a position he has held since January 2009, where he oversees all operational aspects of the pipes and pipe fittings segment including 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, aged 45, 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.

GAN YING HUI, aged 43, 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. She was previously 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.

TOON CHIN LIANG, aged 44, joined the medical devices segment of the Group in May 2014 as the Quality, Assurance and Regulatory Affairs Director and subsequently as the Technical Director in May 2015. Prior to joining the Group, he was the Quality Engineering Manager in one of the largest Swiss pharmaceutical and medical devices company.

ORGANISATION STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Yeo Wico
Non-executive Independent Chairman

Mr. Ng Cher Yan
Non-executive Independent Director

Mr. Christopher P. Lee
Non-executive Director

Mrs. Jane Rose Philomene Gaines-Cooper
Non-executive Director

Mr. Ng Beng Tiong
Non-executive Independent Director

AUDIT COMMITTEE

Mr. Ng Cher Yan
Chairman

Mr. Yeo Wico
Member

Mr. Ng Beng Tiong
Member

REMUNERATION COMMITTEE

Mr. Ng Cher Yan
Chairman

Mr. Yeo Wico
Member

Mrs. Jane Rose Philomene 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

Mrs. Jane Rose Philomene Gaines-Cooper
Member

COMPANY SECRETARY

Ms. Chew Pei Tsing, ACIS

REGISTERED OFFICE

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

SHARE REGISTRAR

B.A.C.S. Private Limited
77 Robinson Road #06-03
Robinson 77
Singapore 068896

AUDITOR

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

Audit Partner: Ms. Kong Lai San
(Appointed with effect from FY2022)

PRINCIPAL BANKERS

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

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

CORPORATE GOVERNANCE

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.

This report describes the corporate governance processes and practices of the Group that were in place for the financial year ended July 31, 2022 ("**FY2022**") with specific references to the principles and provisions of the Code. The Company has complied with the principles as set out in the Code and substantially all the provisions as set out therein, and deviations from any provision of the Code are explained in this report.

BOARD MATTERS

Principle 1: Board's Conduct of Affairs – *The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

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, make decisions objectively 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 and holds management accountable for 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;

(f) provides oversight in the proper conduct of the Group's business, including putting in place a code of conduct and ethics, setting appropriate tone-from-the-top and desired organisational culture and ensuring proper accountability within the Group; and

(g) considers sustainability issues (e.g., environment, social and governance factors) as part of its strategy formulation.

In the discharge of its functions, the Board is supported by four Board committees: Audit and Risk Committee ("**ARC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Strategy Committee ("**SC**"), which provide independent oversight of management, and which also serve to ensure there are appropriate checks and balances. Each Board committee is guided by specific written terms of reference.

CORPORATE GOVERNANCE REPORT

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 manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Board also reviews the financial statements and annual reports, and authorises announcements of financial results. The Board believes that a high standard of disclosure is the key to raising the level of corporate governance.

The Board meets at least four times a year and when necessary. Five scheduled meetings of the Board were held during FY2022. 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, video conference 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 and/or notation by way of circulating resolutions in writing together with supporting documentation. The directors attend and actively participate in Board and Board committee meetings. Where a director has an interest in a matter which may conflict with his/her duties to the Company, such director declares the interest to the Board and abstains himself/herself from the discussions and decisions involving the issues of conflict.

The 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. During the year, the directors were also briefed on, among other developments, changes to the listing rules of the SGX-ST pertaining to new disclosures relating to climate change, and various practice guidance issued by the SGX-ST on topical issues such as the new reporting format for interim financial results. The external auditors update the directors on the new or revised financial reporting standards on an annual basis.

Pursuant to new Rule 720(7) of the Listing Manual (which took effect on January 1, 2022), all directors will have to undergo training on sustainability matters as prescribed by the SGX-ST (unless the NC is of the view that training is not required because the relevant director has expertise in sustainability matters), and a confirmation that the directors have attended the mandatory sustainability training has to be provided in the first sustainability report for the financial year commencing on or after January 1, 2022, which, in relation to the Company, will be in respect of the financial year commencing on August 1, 2022.

A newly appointed director will be provided with a formal letter of appointment setting out the director's duties and obligations (including his/her role as executive, non-executive and/or independent director) and copies of the Company's annual report, Constitution, organisational charts, (upon request) corporate practices and policies 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 and incoming senior executives 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.

In accordance with Rule 210(5)(a) of the Listing Manual, if a newly appointed director has no prior experience as a director of a company listed on SGX-ST, he/she is required to attend courses and training organised by institutions such as Singapore Institute of Directors, or other training institutions in areas such as accounting, legal and industry-specific knowledge where appropriate, in connection with their duties, at the Company's expense. He/she will also be encouraged to attend, at the Company's expense, courses relating to the Singapore regulatory environment and audit essentials.

CORPORATE GOVERNANCE REPORT

Where there are changes in the Board membership or senior executive appointments in the Group, appropriate announcements are made by the Company via SGXNet in accordance with applicable requirements of the Listing Manual which include, in the case of cessation of directors or key management persons, detailed reason(s) for the cessation.

During FY2022, no new director was appointed.

Management prepares and distributes the agenda and full set of Board papers to all directors before the Board meetings to ensure that directors can consider and study them and, where necessary, obtain further information and explanation. Management also provides directors with complete, adequate and timely information, including quarterly management accounts and information on salient developments and material transactions, on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities. Where necessary, directors 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 appointment or removal of the company secretary is subject to the approval of the Board.

The attendance of the directors and committee members at the meetings of the Board, various Board committees and the Annual General Meeting ("**AGM**") held during the financial year are as follows:

Meetings	**No. of scheduled meetings held during FY2022**	**No. of scheduled meetings attended during FY2022**				
		Yeo Wico	**Ng Cher Yan**	**Christopher Paul Lee***	**Jane Rose Philomene Gaines-Cooper**	**Ng Beng Tiong**
Board	**5**	5	5	5	5	5
Audit and Risk Committee	**4**	4	4	4[(a)]	4[(a)]	4
Nominating Committee	**2**	2	2	1[(a)]	2	2[(a)]
Remuneration Committee	**3**	3	3	3[(a)]	3	3[(a)]
Strategy Committee	**1**	1	1[(a)]	1	1	1[(a)]
Annual General Meeting	**1**	1	1	1	1	1

Notes:

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

* Mr. Christopher Paul Lee will be retiring at the forthcoming AGM to be held on November 24, 2022 pursuant to Article 115 of the Company's Constitution, and will not be seeking re-election at the forthcoming AGM.

The non-executive directors and/or independent directors, led by the independent Chairman or other independent director, as appropriate, meet regularly without the presence of management, and the chairman of such meetings will feedback to the Board as appropriate.

The SC comprises three members, all of whom are non-executive directors. The members of the SC as at the date of this report are:

Mr. Christopher Paul Lee (Chairman, Non-executive Director)
Mr. Yeo Wico (Member, Independent Director)
Mrs. Jane Rose Philomene Gaines-Cooper (Member, Non-executive Director)

CORPORATE GOVERNANCE REPORT

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 an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

There is a strong and independent element on the Board. As at July 31, 2022, the Board has five members, all of whom are non-executive directors. Three of the five directors, including the Chairman of the Board, are independent directors and they are Mr. Yeo Wico, Mr. Ng Cher Yan and Mr. Ng Beng Tiong. Details of the directors' shareholdings in the Company are set out in the Directors' Statement at pages 35 to 39 in this annual report.

The NC is of the view that the current Board size is adequate, taking into consideration the nature and scope of the Group's operations. 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 also 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 as described above, so as to avoid groupthink and foster constructive debate. From a gender diversity perspective, the Board has female representation, being Mrs. Jane Rose Philomene Gaines-Cooper.

Provision 2.4 of the Code provides that an issuer should disclose its board diversity policy and progress made towards implementing such policy, including objectives. The Board believes in diversity and values the benefits diversity can bring to the Board in its deliberations and the Board's effectiveness. Various aspects of diversity such as age, gender, tenure, experience, background and skillsets of its members, allow different perspectives to be brought into Board discussions and review of the Group's operations. Although an explicit policy on Board diversity has not been formalised, in practice, the Board observes and applies the key tenets of diversity to ensure that the Board will have an appropriate level of diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. In this regard, the Board, supported by the NC, endeavours to include female candidates in its search pool. In line with the recent Listing Manual amendments (which took effect from January 1, 2022), the Company will formalise and maintain a Board diversity policy that addresses gender, skills and experience, and any other relevant aspects of diversity, and provide the relevant disclosures in its annual report next year.

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 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 retiring at the forthcoming AGM to be held on November 24, 2022 pursuant to Article 115 of the Company's Constitution are Mrs. Jane Rose Philomene Gaines-Cooper and Mr. Christopher Paul Lee. Mr. Christopher Paul Lee will not be seeking re-election at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

At the recommendation of the NC and as approved by the Board, Mrs. Jane Rose Philomene Gaines-Cooper will be seeking re-election as a director at the forthcoming AGM. Mrs. Jane Rose Philomene Gaines-Cooper is a non-independent and non-executive director. The NC recommends the re-election and re-appointment of Mrs. Jane Rose Philomene Gaines-Cooper after assessing her contributions, performance (including attendance, preparedness and participation) and her effectiveness as a director. The Board has accepted the NC's recommendation. Mrs. Jane Rose Philomene Gaines-Cooper had abstained from deliberating on her own re-nomination as a director. If Mrs. Jane Rose Philomene Gaines-Cooper is re-elected, she will remain as a member of each of the NC, the RC and the SC of the Company. Detailed information on Mrs. Jane Rose Philomene Gaines-Cooper (including information as set out in Appendix 7.4.1 of the Listing Manual) can be found in the "Board of Directors" and "Additional Information on Director Seeking Re-election at the Forthcoming Twenty-Fourth Annual General Meeting" sections on pages 8 and 30 to 34 in this annual report.

The Board has adopted a concept of independence that is in line with the definition of an "independent" director set out in the Code, having regard also to the relevant provisions of the Listing Manual and where relevant, the Practice Guidance accompanying the Code ("**Practice Guidance**"). Under the Code, an "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholder 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. Under Rule 210(5)(d) of the Listing Manual, a director will not be independent if such individual is employed by the issuer or any of its related corporations in the current or any of the past three financial years, or if such individual has any immediate family member who is employed or has been employed by the issuer or any of its related corporations in the current or any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the issuer, or if a director who has been a director for an aggregate period of more than nine years and whose 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 chief executive officer of the issuer, and their respective associates.

The NC and the Board, in its deliberation of the independence of a director, takes into account the existence of relationships or circumstances, including those identified by Rule 210(5)(d) of the Listing Manual, Provision 2.1 of the Code and its accompanying Practice Guidance, that are relevant in determining a director's independence. The NC conducted its annual review of the directors' independence for FY2022 and the Board, having taken into account the views of the NC, is satisfied that the Company had complied with Rule 210(5)(c) of the Listing Manual (which took effect on January 1, 2022) which requires independent directors to make up at least one-third of the Board. The independent directors make up a majority of the Board.

The process of determining whether a director is independent includes the use of a declaration form on independence which each independent director is required to complete and submit to the NC for its annual review. The results of the self-assessment are then collated by the company secretary and reported to the NC and the Board.

For FY2022, the NC assessed the independence of Mr. Yeo Wico, Mr. Ng Cher Yan and Mr. Ng Beng Tiong, and was satisfied that there was no relationship or other factors (such as financial assistance, past association, business dealings, relationship with the Group or the Group's management), which would impair or compromise their independent judgement or which would deem them not to be independent. Each independent director abstained from the determination of his own independence.

Particular attention has been given to the review and assessment of the independence of directors who have served on the Board beyond nine years from his/her date of appointment.

Both Mr. Yeo Wico and Mr. Ng Cher Yan have served more than nine years on the Board from the date of their respective first appointments to the Board. Results of the annual director performance evaluation for both Mr. Yeo Wico and Mr. Ng Cher Yan were positive. After a rigorous review and based on their respective declarations, the NC was satisfied that Mr. Yeo Wico and Mr. Ng Cher Yan do not have relationships or circumstances that are likely to affect or that could affect their judgement that could compromise their independence on board matters.

CORPORATE GOVERNANCE REPORT

In compliance with Rule 210(5)(d)(iii)(A) and (B) of the Listing Manual (which took effect on January 1, 2022), requisite approvals had been obtained from the shareholders through a two-tier voting process at the AGM held on November 24, 2021 for Mr. Yeo Wico and Mr. Ng Cher Yan for them to continue as independent directors, notwithstanding that Mr. Yeo Wico and Mr. Ng Cher Yan have each served as independent directors of the Company for an aggregate term of more than nine years. Having obtained the requisite approvals, the continued appointment of Mr. Yeo Wico and Mr. Ng Cher Yan as independent directors of the Company shall remain in force until the earlier of the following: (i) the retirement or resignation of the relevant director; or (ii) the conclusion of the third AGM of the Company following the passing of the relevant ordinary resolutions at the AGM held on November 24, 2021 at which the requisite approvals were obtained.

The Board (with Mr. Yeo Wico and Mr. Ng Cher Yan abstained 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.

Taking into account the above, the Board confirms that each of Mr. Yeo Wico and Mr. Ng Cher Yan, continues to be considered as an independent director, notwithstanding each of them being in office for an aggregate term of more than nine years.

Principle 3: Chairman and Chief Executive Officer – ***There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

The positions of Chairman and Group Chief Executive Officer are held by separate persons in order to maintain an effective segregation of duties and an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

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.

During FY2022, Mr. Cheng Liang was the Group Chief Executive Officer. Mr. Cheng Liang stepped down as Group Chief Executive Officer on July 31, 2022. Mr. Walter Tarca was first appointed as Deputy Group Chief Executive Officer on February 1, 2022, before he assumed the role of Group Chief Executive Officer on August 1, 2022 as the successor to Mr. Cheng Liang. Mr. Cheng Liang remains in the role of Managing Director for the pipes and pipe fittings segment after stepping down as Group Chief Executive Officer. Mr. Walter Tarca has been a part of the senior management team of the Group prior to his appointment as Group Chief Executive Officer, and he does not sit on the Board.

The Chairman and the Group Chief Executive Officer (Mr. Cheng Liang, up till July 31, 2022 and Mr. Walter Tarca from August 1, 2022) are not related.

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 Group Chief Executive Officer are separate persons; (b) the Chairman and the Group 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. Accordingly, no lead independent director needs to be or has been appointed.

CORPORATE GOVERNANCE REPORT

Principle 4: Board Membership – *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

Principle 5: Board Performance – *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

The NC comprises three members, all of whom are non-executive directors and the majority of whom, including the NC Chairman, are independent. The members of the NC as at the date of this report 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 has written terms of reference and the key terms of reference of the NC include making recommendations to the Board on relevant matters relating to:

- The review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the Group Chief Executive Officer and key management personnel.

- The process and criteria for evaluation of the performance of the Board, its Board committees and directors.

- The review of training and professional development programmes for the Board and its directors.

- The appointment and re-appointment of directors (including alternate directors, if any).

The number of meetings held by the NC and the attendance of its members are set out in the table of meetings on page 15 in this annual report.

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 nominations for re-appointment, 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. Potential candidates may be identified by external channels or through contacts or recommendations. 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 in core competencies such as accounting or finance, business or management expertise, or industry knowledge and their potential contributions to the Board. The NC will also take into consideration whether a candidate had previously served on the board of companies with adverse track records or a history of irregularities, and assess whether a candidate's resignation from the board of any such company would cast any doubt on his ability to act as a director of the Company. Candidates would be considered against objective criteria, having due regard to 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, its accompanying Practice Guidance and Rule 210(5)(d) of the Listing Manual. In determining the independence of directors annually, the NC has reviewed and is of the view that Mr. Yeo Wico, Mr. Ng Cher Yan and Mr. Ng Beng Tiong are independent.

CORPORATE GOVERNANCE REPORT

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 and its directors. The NC recommends for the Board's approval the objective performance criteria and process for the assessment of the performance and effectiveness of the Board as a whole and of each Board committee separately, and the contribution of the Chairman and each individual director to the Board, and conducts the assessments on an annual basis. To facilitate the annual assessments, the NC has put in place a process whereby directors are requested to complete an evaluation questionnaire on an annual basis. The performance criteria in respect of the performance of the Board and Board committees include assessments of the Board's size and composition, access to information, processes and accountability, and the performance criteria in respect of the Board committees' performance include assessment of the discharge of their responsibilities as 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 his/her 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 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 and the Board support in principle the limiting of the number of directorships that an independent director can effectively serve, to not more than six other public listed companies. The NC and the Board are of the view that the effectiveness of each of the 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 directorships and any other relevant principal 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 and attention 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 has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.*

The RC comprises three members, all of whom are non-executive directors and the majority of whom, including the RC Chairman, are independent. The members of the RC as 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 RC has written terms of reference and the key terms of reference of the RC include reviewing and making recommendations to the Board on:

- The framework of remuneration for the Board and key management personnel.
- The specific remuneration packages for each director as well as for the key management personnel.

The number of meetings held by the RC and the attendance of its members are set out in the table of meetings on page 15 in this annual report.

CORPORATE GOVERNANCE REPORT

The RC recommends to the Board a framework of remuneration for the Board and key management personnel and determines the remuneration packages for directors, the Group 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 to provide good operational stewardship of the Company and to manage the Company for the long term. The RC achieves this objective by ensuring that individual performance and reward are reflective of the business objectives of the Group and that all aspects of remuneration are fair. The RC also reviews the Company's obligations arising in the event of termination of the Group 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. No remuneration consultants were engaged during FY2022.

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 by the directors, responsibilities and contribution from the directors and market practice.

Principle 7: Level and Mix of Remuneration – ***The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

Principle 8: Disclosure of Remuneration – ***The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.***

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

Role	Member	Chairman
Board	S$40,000	S$20,000
Audit and Risk Committee	S$7,500	S$7,500
Nominating Committee	S$2,500	S$2,500
Remuneration Committee	S$2,500	S$2,500
Strategy Committee	S$7,500	S$7,500

The remuneration of each of the directors for FY2022, in accordance with the above framework for non-executive directors' fee, are set out below:

Name of director	Salary	Bonus	Director's Fees	Total Remuneration
	S$	S$	S$	S$
Yeo Wico	–	–	82,500	82,500
Ng Cher Yan	–	–	62,500	62,500
Christopher Paul Lee	–	–	55,000	55,000
Jane Rose Philomene Gaines-Cooper	–	–	52,500	52,500
Ng Beng Tiong	–	–	47,500	47,500

Shareholders' approval will be sought for payment of the FY2022 directors' fees of S$300,000 in aggregate at the forthcoming AGM to be held on November 24, 2022.

CORPORATE GOVERNANCE REPORT

Share options may be granted pursuant to the Vicplas International Share Option Plan 2021 (the "**VISOP 2021**"), which was adopted at the AGM held on November 24, 2021, 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 1967 of Singapore 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 was no share option granted under the VISOP 2021 to directors in the financial year under review. All share options granted to directors in previous financial years under the Vicplas International Share Option Plan (which has since expired) have been disclosed in the Company's Annual Report for the respective financial years. Since January 1, 2021, there are no outstanding share options held by directors under the Vicplas International Share Option Plan.

The remuneration paid to the top five key management personnel, including the Group Chief Executive Officer for FY2022, are set out below:

Remuneration band

Name of top five key management personnel including the Group Chief Executive Officer	Salary	Bonus	Other Benefits	Total Remuneration
	%	%	%	%
S$500,000 to S$749,999				
Walter Tarca[(a)]	62	33	5	100
Cheng Liang[(b)]	65	30	5	100
S$250,000 to S$499,999				
Gan Ying Hui	61	32	7	100
Toon Chin Liang, Aiken	61	32	7	100
Cheng Hsheng	59	26	15	100

Notes:

(a) Mr. Walter Tarca was appointed as Group Chief Executive Officer on August 1, 2022. He is also the President of the medical devices segment.

(b) During FY2022, Mr. Cheng Liang was the Group Chief Executive Officer. Mr. Cheng Liang stepped down as Group Chief Executive Officer on July 31, 2022, and continues as Managing Director for the pipes and pipe fittings segment.

The aggregate remuneration paid to the top five key management personnel including the Group Chief Executive Officer (who are not directors) for FY2022 is approximately S$2,177,000.

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, which would align the interests of employees with the interests of shareholders and other stakeholders and therefore promote the long term success of the Company. The Company also has in place the VISOP 2021 to reward and retain eligible employees whose services are vital to the Group's success. For information on the VISOP 2021, please refer to pages 36 to 38 in this annual report.

CORPORATE GOVERNANCE REPORT

For FY2022, other than Mr. Cheng Hsheng, there is no employee in the Company or any of its principal subsidiaries whose remuneration exceeds S$100,000 during the year and who is related to a director or the Group Chief Executive Officer or substantial shareholder of the Company. Mr. Cheng Hsheng (Group Operations Director) is the son of Mr. Cheng Liang (Group Chief Executive Officer for FY2022) and his remuneration is within the band of S$250,000 to S$350,000. Details on the options granted to him under the Vicplas International Share Option Plan are on page 38 in this annual report. Mr. Cheng Liang stepped down as Group Chief Executive Officer on July 31, 2022.

Mr. Walter Tarca's son is employed as a senior customer service executive by a wholly-owned subsidiary of the Company and his remuneration does not exceed S$100,000 for FY2022. Mr. Walter Tarca was appointed as Group Chief Executive Officer on August 1, 2022.

Other than the above, there is no immediate family member of a director or the Group Chief Executive Officer or substantial shareholder of the Company who is employed in the Group. No employees of the Company or any of its principal subsidiaries are substantial shareholders of the Company.

Provision 8.1 of the Code provides that the amounts of remuneration of each individual director be disclosed (as set out in the table above relating to directors' fees) and the remuneration of at least the top five key management personnel (who are not directors) be disclosed in bands not wider than S$250,000. Due to competitive reasons and confidentiality and sensitivity of remuneration matters, the Company has disclosed only the remuneration mix and remuneration band of 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 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 is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.*

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. During FY2022, the Board and the ARC oversaw the governance of risks, ensured that management maintained a sound system of risk management and internal controls to safeguard the interests of the Company and its stakeholders, and determined the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.

The Company maintains 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 / Operational disruptions	• Surveil economic environment • Diversify manufacturing locations • Develop new products / source of revenue

CORPORATE GOVERNANCE REPORT

Key risks	Mitigating controls
Credit risks	• Perform credit evaluation before accepting new customers • Review and monitor aging of accounts receivables
Wrong investment decisions	• Scrutinise payback period on investments, customer contractual arrangements and alternative uses for plants and equipment • Present all proposals for major investments to Board for evaluation and approval before proceeding
Increasing competition / Loss of potential projects	• Increase product range • Continually update technologies and bring new technologies in-house • 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 and the Board members in attendance.

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

During the year under review, the Board, together with the ARC, also paid particular attention to monitoring the Group's risk of becoming subject to, or violating, any sanctions-related law or regulation and, where appropriate, to ensuring timely and accurate disclosure to the SGX-ST and other relevant authorities. The Company has assessed that the Group has no known exposure or nexus to sanction-related risk as at July 31, 2022 and will continue to monitor the risks/exposure it faces on an ongoing basis.

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 and the Board had 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, 2022. For the year under review, no material weaknesses in the systems of risk management and internal controls were identified by the Board or the ARC.

Principle 10: Audit Committee – *The Board has an Audit Committee which discharges its duties objectively.*

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 independent directors. The members of the ARC as at the date of this report are:

Mr. Ng Cher Yan (Chairman, Independent Director)
Mr. Yeo Wico (Member, Independent Director)
Mr. Ng Beng Tiong (Member, Independent Director)

CORPORATE GOVERNANCE REPORT

All members of the ARC have relevant accounting, audit committee or related financial management expertise and experience. None of the ARC members was a former partner of the Company's existing external auditor, Deloitte & Touche LLP, within the two years of his ceasing to be a partner or has any financial interest in the firm.

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 Group 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, and ensuring that the Company publicly discloses, and clearly communicates to employees, the existence of its Whistle-Blowing Policy and procedures for raising such concerns.

The number of meetings held by the ARC and the attendance of its members are set out in the table of meetings on page 15 in this annual report. The ARC also meets with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually.

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. During the financial year under review, the ARC considered the significant issues and judgements in relation to the financial statements, and the details of how these matters were addressed and concurred with, as well as the basis for the conclusions to these matters, are included in the auditor's report with respect to the key audit matters for FY2022 as set out on page 41 in this annual report.

The Company has a Whistle-Blowing Policy in place which sets out the procedures for a whistle-blower to make a report to the Company on misconduct or wrongdoing relating to the Company or its officers. The Whistle-Blowing Policy covers employees (both permanent and temporary) of the Group and all external parties who have a business relationship with the Group (including, but not limited to, customers, suppliers and contractors). The policy and procedures provide them with well-defined and accessible channels for them to report, in good faith and confidence, their concerns about possible misconduct or wrongdoing relating to the Company or its officers and/or improprieties in financial reporting or other matters, and ensures that there will be independent investigation of such matters and appropriate follow-up action. Whistle-blowers may email their concerns to concerns@vicplas.com.sg. This email account is monitored by the Group Human Resources Director, who then notifies the ARC of any whistle-blowing reports received. The ARC is responsible for the oversight and monitoring of whistle-blowing, and oversees the policy and its related procedures. Whistle-blowing reports made in good faith will be investigated by an independent person/persons. The Company is committed to ensuring that all whistle-blowing reports received, including the identity of the whistle-blower, are kept strictly confidential and that the whistle-blower is protected against detrimental or unfair treatment.

CORPORATE GOVERNANCE REPORT

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 S$40,000 paid for the non-audit services in FY2022 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 in note 31 to the financial statements, on page 110 in this annual report.

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

Internal Audit and Compliance

The Group outsourced its internal audit function to Foo Kon Tan Advisory Services Pte. Ltd. ("**Foo Kon Tan**"), a reputable accounting firm that is not affiliated to the external auditor. According to Foo Kon Tan, the internal audit was led by its Partner who holds a Certified Internal Auditor qualification from the Institute of Internal Auditors, and has over 17 years of internal audit and risk advisory experience. With regard to the internal audit performed by Foo Kon Tan in relation to the Group, the Partner was assisted and supported by a team of suitably qualified auditors and such internal audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

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 control systems. The ARC decides on the appointment and termination of the internal auditor and approves its remuneration. 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, and has appropriate standing within the Company.

Based on the above, the ARC is satisfied that the internal audit function is independent, effective and adequately resourced.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholders Rights and Conduct of General Meetings – *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

Principle 12: Engagement with Shareholders – *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

The Company's policy on investor relations is to treat all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and to allow for an ongoing exchange of views so as to actively engage and promote regular, timely and effective communications with shareholders. In addition to the mandatory public announcements made via 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. At the AGM, the management team also makes a presentation to shareholders on the Group's business. 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 and the Chief Financial Officer are present to address questions raised by shareholders at general meetings, and the external auditor of the Company is also present to address shareholders' questions about the conduct of audit and the preparation and content of the auditor's report.

CORPORATE GOVERNANCE REPORT

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 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
Email: ganyinghui@vicplas.com.sg

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

Mr. Walter Tarca, Group Chief Executive Officer (as of August 1, 2022)
Telephone no.: 6349 3868
Email: walter.tarca@forefrontmedical.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, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled, the Company will explain the reasons and material implications in the notice of general meeting. Explanatory notes are included in the notice of general meetings to provide further information on the agenda items of general meetings to enable shareholders to make an informed decision and participate effectively in and vote at general meetings.

Resolutions tabled at general meetings are voted by poll. The Company will appoint an independent external party as scrutineer for the poll voting process for the purpose of directing and supervising the count of the votes cast through proxy and in person. Prior to the commencement of the general meeting, the scrutineer would review the proxies and proxy process and also ensure that satisfactory procedures of the voting process are in place. Shareholders are informed of the voting process at each general meeting. Detailed results of the poll votes for each resolution (i.e., number of votes cast for and against each resolution and the respective percentage) will be promptly disclosed at general meetings and on SGXNet after general meetings.

Provision 11.4 of the Code provides that a company's constitution should allow for absentia voting at general meetings of shareholders. The Company's constitution currently does not, however, permit shareholders to vote at general meetings in absentia (such as via mail, email or fax), due to concerns with authentication of shareholder identity and costs of implementation, bearing in mind that the Company would need to implement preventive measures to guard against errors, fraud and other irregularities. The Company is of the view that despite its deviation from Provision 11.4 of the Code, all shareholders are treated fairly and equitably to enable them to exercise their shareholders' rights, and shareholders nevertheless have the opportunity to communicate their views on matters affecting the Company, even where they are not in attendance at general meetings. For example, shareholders may appoint proxies to attend, speak and vote, on their behalf, at the respective general meetings.

The Company will publish the minutes of general meetings via SGXNet and on its corporate website at the URL www.vicplas.com.sg within one month after the general meetings. The minutes will record substantial and relevant comments and queries from shareholders relating to the agenda of the general meeting, and responses from the Board and management.

During the financial year under review, the Company's Twenty-Third AGM in respect of the financial year ended July 31, 2021 ("**2021 AGM**") was convened and held by way of electronic means on November 24, 2021 pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**Order**") and the checklist jointly issued by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation which gave guidance to listed and non-listed entities on the conduct of general meetings amid the evolving COVID-19 situation ("**Checklist**"). The alternative arrangements put in place for the conduct of 2021 AGM pursuant to the Order and the Checklist were published by the Company on its corporate website and SGXNET. The alternative arrangements included attendance by shareholders at the 2021

CORPORATE GOVERNANCE REPORT

AGM via electronic means (under which verified shareholders could observe and/or listen to the 2021 AGM proceedings via live audio-visual webcast or live audio-only stream), submission of questions by shareholders to the chairman of the meeting in advance of, or at, the 2021 AGM, addressing of substantial and relevant questions prior to, or at, the 2021 AGM by the Company, and exercise of shareholders' voting rights at the 2021 AGM by appointing the chairman of the meeting as proxy to vote according to their specified voting instructions.

The Company's forthcoming Twenty-Fourth AGM in respect of FY2022 to be held on November 24, 2022, will also be convened and held by way of electronic means pursuant to the Order and the Checklist. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of, or at, the AGM, addressing of substantial and relevant questions prior to, or at, the AGM, and voting at the AGM (i) live by the member or his/her/its duly appointed proxy(ies) (other than the chairman of the meeting) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on the member's behalf at the AGM, will be put in place for the AGM. To facilitate high levels of shareholder engagement, real-time electronic communication and real-time electronic voting will be conducted during the AGM for shareholders and proxy(ies) attending the AGM via electronic means. The Company will adhere to the SGX-ST's guiding principle to provide answers to shareholders' questions within reasonable timelines. Please refer to the Notice of the FY2022 AGM of the Company, which may be accessed at the Company's corporate website at the URL https://www.vicplas.com/investor-relations, for more information.

Provision 11.6 of the Code provides that an issuer should have a dividend policy and communicate it to shareholders. The Company does not, however, have a stated policy of distributing a fixed amount or percentage of earnings by way of dividend annually. Rather, in fixing a dividend for any year, the Company considers a number of factors, including the macro environment and the Group's working capital, cashflow and capital expenditure requirements. Over the years, the Company has established a track record of paying dividends in striving for a balance between rewarding shareholders and maintaining sufficient capital to grow the business. The Company is of the view that despite its deviation from Provision 11.6 of the Code, shareholders have the opportunity to communicate their views on matters relating to dividends, including the dividend payout in any given year, and due consideration is given to such feedback.

MANAGING STAKEHOLDER RELATIONSHIPS

Principle 13: Engagement with Stakeholders – ***The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

The Company has arrangements in place to identify and engage with its key stakeholders, and to manage its relationships with key stakeholders of the Group. Key stakeholders are identified through Board and management discussions, and the Group's stakeholders include shareholders and investors, employees, contractors and suppliers, and government agencies and regulators. The Company actively engages with such key stakeholders through various channels to ensure that the business interests of the Group are aligned with the needs and interests of the stakeholders.

More information on how the Group met its responsibilities with its key stakeholders can be found in the sustainability report for FY2022 ("**2022 Sustainability Report**"), which will be issued by November 30, 2022. 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 the medical devices segment. A copy of the 2022 Sustainability Report will be available on the Company's website at the URL https://www.vicplas.com/investor-relations by November 30, 2022.

The Company maintains a current corporate website at the URL https://www.vicplas.com/ to communicate and engage with the Group's key stakeholders.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION

Dealings in Securities

The Company has a policy governing dealings in the Company's securities by the directors and executives of the Group which is based on the best practices set out in Rule 1207(19) of the Listing Manual. The Company's internal Code of Best Practices on Securities Transactions ("**Internal Code**") emphasises that the law on insider dealing is applicable at all times notwithstanding that there may be certain window periods for them to deal in the shares of the Company. The Internal Code also enables the Company to monitor such share transactions by requiring directors and executives to report to the Company whenever they deal in the Company's shares. In addition, the directors, executives, key officers and employees of the Group are advised not to deal in the Company's shares for short term considerations, while in possession of price or trade sensitive non-public information, and during the period one month prior to the announcement of the Company's half year and full year results, respectively.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons (as that term is defined in the Listing Manual) are reported on in a timely manner to the ARC and that the transactions are on an arm's length basis and on normal commercial terms and hence not prejudicial to the interests of the Company and its minority shareholders. All interested person transactions are subject to review by the ARC to ensure compliance with the established procedures.

Renewal of the Company's interested person transactions mandate 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 Listing Manual.

Name of interested person	Nature of relationship	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	Venner Capital S.A. is a controlling shareholder of the Company	-	1,255

Material Contracts

No material contracts to which the Company or any of its subsidiaries is a party and which involve the interests of the Group Chief Executive Officer, any director or controlling shareholder subsisted at the end of FY2022, or have been entered into since the end of the previous financial year.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-ELECTION AT THE FORTHCOMING TWENTY-FOURTH ANNUAL GENERAL MEETING

Pursuant to Rule 720(6) of the Listing Manual, the information relating to the retiring director seeking re-election at the forthcoming AGM as set out in Appendix 7.4.1 to the Listing Manual is set out below:

Details	**Jane Rose Philomene Gaines-Cooper**
Date of Appointment	November 28, 2016
Date of last re-appointment (if applicable)	November 26, 2020
Age	63
Country of principal residence	Jersey, Channel Islands
The Board's comments on this appointment (including rationale, selection criteria, board diversity consideration, and the search and nomination process)	Mrs. Jane Rose Philomene Gaines-Cooper has more than thirty years of business experience in the medical devices industry, including her pioneering role in the success of the original laryngeal mask medical device. She is able to contribute relevant knowledge and experience to the Group's business. She also brings diversity to the Board from a gender diversity perspective.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Director Member of each of the Nominating, Remuneration and Strategy Committees
Professional qualifications	Please refer to the Director's biography on page 8 in this annual report.
Working experience and occupation(s) during the past 10 years	Please refer to the Director's biography on page 8 in this annual report.
Shareholding interest in the listed issuer and its subsidiaries	23,854,200 ordinary shares of Vicplas International Ltd.
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	Mrs. Jane Rose Philomene Gaines-Cooper is currently President, Group Chairman and a director of Venner Capital S.A. ("Venner"), the immediate holding company of the Company. Venner 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. Mrs. Jane Rose Philomene Gaines-Cooper is the protector under the BIT. Since December 5, 2019, she was named as the sole appointed beneficiary of the BIT by a deed of appointment. Mrs. Jane Rose Philomene Gaines-Cooper is deemed to be interested in the shares of Venner owned by the BIT.
Conflict of interest (including any competing business)	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

CORPORATE GOVERNANCE REPORT

Details		Jane Rose Philomene Gaines-Cooper
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.
Disclosure on the following matters concerning the Director:		
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
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

CORPORATE GOVERNANCE REPORT

Details		Jane Rose Philomene Gaines-Cooper
C.	Whether there is any unsatisfied judgment against him?	☐ 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
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
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
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

CORPORATE GOVERNANCE REPORT

Details		Jane Rose Philomene Gaines-Cooper
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
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
J.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	
	(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
	(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
	(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

CORPORATE GOVERNANCE REPORT

Details		Jane Rose Philomene Gaines-Cooper
	(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
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

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, 2022.

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 44 to 115 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, 2022, 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
Jane Rose Philomene Gaines-Cooper
Ng Beng Tiong

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 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 paragraph 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 1967 except as follows:

Name of directors and company in which interests are held	Shareholdings registered in name of directors		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	At beginning of financial year	At end of financial year
(Ordinary shares)				
Yeo Wico	11,271,738	11,271,738	-	-
Ng Cher Yan	3,217,390	3,217,390	-	-
Christopher P. Lee	3,000,000	3,000,000	-	-
Jane Rose Philomene Gaines-Cooper(1)	5,000,000	23,854,200	-	-
Ng Beng Tiong(2)	200,000	-	-	400,000

DIRECTORS' STATEMENT

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	
Related corporation - Venner Capital S.A.	At beginning of financial year	At end of financial year
(Ordinary shares)		
Jane Rose Philomene Gaines-Cooper[(1)]	4,000	4,000

(1) Venner Capital S.A. ("Venner") is the immediate holding company of the Company. Mrs. Jane Rose Philomene Gaines-Cooper is the protector under 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. Since December 5, 2019, she was named as the sole appointed beneficiary of the Bird Island Trust by a deed of appointment. Mrs. Jane Rose Philomene Gaines-Cooper is deemed to be interested in the shares of Venner owned by the Bird Island Trust.

(2) The shares are held by Watten Portfolio Pte. Ltd., a company wholly-owned by Mr. Ng Beng Tiong. By virtue of Section 7 of the Singapore Companies Act 1967, Mr. Ng Beng Tiong is deemed to have an interest in the Company.

The directors' interest in the shares and share options of the Company at August 21, 2022 were the same at July 31, 2022.

4 SHARE OPTIONS

(a) Vicplas International Share Option Plan

The 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 for a 10 year duration and has since expired. The expiry of the Plan does not affect the options which have been granted and accepted under the Plan, regardless of whether such options have been exercised (whether fully or partially) or not.

The Vicplas International Share Option Plan 2021 (the "VISOP 2021") was adopted at the Annual General Meeting held on November 24, 2021.

The Plan was and VISOP 2021 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 was and VISOP 2021 is designed to reward and retain employees of the Group whose services are vital to the Group's well-being and success. They will also provide a means for the Company to give recognition to non-executive directors and associated company employees who have contributed to the success and development of the Company and/or the Group.

DIRECTORS' STATEMENT

4 SHARE OPTIONS (cont'd)

(a) Vicplas International Share Option Plan (cont'd)

Under the VISOP 2021, as was the case with 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 volume weighted average price of a Share on the Singapore Exchange Securities Trading Limited for the three consecutive trading 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 and VISOP 2021, 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 VISOP 2021, and to allot and issue such number of Shares pursuant to the exercise of options under the Plan and VISOP 2021, provided that the aggregate number of new Shares allotted and issued under the Plan and VISOP 2021 shall not exceed 15%, respectively, of the total number of issued Shares excluding treasury shares and subsidiary holdings.

(b) Unissued Shares under option and options exercised

The number of Shares available under the Plan and VISOP 2021 shall not exceed 15%, respectively, of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company. No option has been granted under the Plan after it expired. The number of outstanding share options at year end under the Plan and VISOP 2021 are as follows:

Number of options to subscribe for ordinary shares of the Company

Date of grant	Balance at August 1, 2021	Exercised	Granted	Balance at July 31, 2022	Exercise price per share	Exercisable period
January 18, 2016	9,740,000	(250,000)	-	9,490,000	$0.115	January 19, 2017 to January 18, 2026
January 23, 2017	8,100,000	(200,000)	-	7,900,000	$0.108	January 24, 2018 to January 23, 2027
January 11, 2022	-	-	5,600,000	5,600,000	$0.227	January 12, 2023 to January 11, 2032
Total	17,840,000	(450,000)	5,600,000	22,990,000		

In respect of options granted to employees of related corporations, a total of 5,600,000 options were granted during the financial year under the VISOP 2021. The total number of options granted from the commencement of the Plan and VISOP 2021 which are outstanding at the end of the financial year has increased from 17,840,000 as at July 31, 2021 to 22,990,000 as at July 31, 2022.

450,000 Shares were issued during the financial year ended July 31, 2022 by virtue of the exercise of options.

Holders of the above share options have no right to participate by virtue of the option in any share issue of any other company. No employee has received 5% or more of the total options under VISOP 2021.

DIRECTORS' STATEMENT

4 SHARE OPTIONS (cont'd)

(b) Unissued Shares under option and options exercised (cont'd)

The following employees have received 5% or more of the total options available under the 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	(510,000)	-	9,490,000
Gan Ying Hui	2,500,000	(500,000)	-	2,000,000
	20,500,000	(4,510,000)	-	15,990,000

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

(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	(11,000,000)	-
Ng Cher Yan	-	3,000,000	(3,000,000)	-
Christopher P. Lee	-	3,000,000	(3,000,000)	-
	-	17,000,000	(17,000,000)	-

No share option was granted under the VISOP 2021 to directors of the Company during the financial year.

5 AUDIT AND RISK COMMITTEE

The Audit and Risk 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 Mr. Ng Beng Tiong (independent non-executive director).

The Audit and Risk 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;

DIRECTORS' STATEMENT

5 AUDIT AND RISK COMMITTEE (cont'd)

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

c) the audit plans of the external auditors;

d) the consolidated financial statements of the Group and financial statements of the Company before their submission to the directors of the Company and external auditor's report on those financial statements;

e) 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;

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

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

The Audit and Risk 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 and Risk Committee.

The Audit and Risk 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.

6 AUDITOR

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

ON BEHALF OF THE DIRECTORS

Yeo Wico

Ng Cher Yan

October 28, 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VICPLAS INTERNATIONAL LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2022, 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 44 to 115.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)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, 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VICPLAS INTERNATIONAL LTD

Key audit matters	How the matter was addressed in the audit
Impairment assessment of property, plant and equipment and goodwill used in medical devices segment (Refer to Notes 12 and 14 to the financial statements respectively)	
As at July 31, 2022, the Group's medical devices segment has property, plant and equipment ("PPE") and goodwill amounting to $27,751,000 and $1,084,000 respectively. 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. There is a risk that the recoverable value of the PPE and goodwill used in the medical devices segment may be lower than its carrying value, requiring an impairment charge to be recorded against those assets. The impairment assessment process involves significant management 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 the revenue growth rates, discount rate and terminal growth rate.	We obtained an understanding of the management's relevant controls around the valuation methodology and valuation model by performing walk-through of the relevant controls. We evaluated management's basis of determining all subsidiaries in the medical devices segment as one CGU and the allocation of the goodwill to the medical devices segment CGU. We checked management's valuation model for arithmetic accuracy. We evaluated and challenged the key assumptions included in the future cash flow forecast, such as revenue growth rates, discount rate and terminal growth rate. We engaged our valuation specialist to review the reasonableness of the discount rate used in determining the VIU. We challenged the cash flow forecasts used, with comparison to recent performance, trend analysis and market expectations, including retrospective reviews of prior year's forecasts against actual results. We performed a sensitivity analysis around the key drivers to the future cash flow forecast, being the revenue growth rates, the discount rate and the terminal growth rate. We have assessed the appropriateness of the disclosures included in Notes 3, 12 and 14 to the financial statements in relation to the key sources of estimation uncertainty and the key assumptions used.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VICPLAS INTERNATIONAL LTD

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VICPLAS INTERNATIONAL LTD

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

- 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 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 Ms. Kong Lai San.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

October 28, 2022

STATEMENTS OF FINANCIAL POSITION

July 31, 2022

	Note	Group		Company	
		2022	2021	2022	2021
		$'000	$'000	$'000	$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	8,888	9,869	71	69
Trade receivables	8	33,589	28,091	-	-
Other receivables	9	3,070	3,087	29,816	31,686
Contract assets	10	7,749	9,463	-	-
Income tax receivable		323	192	-	-
Inventories	11	23,640	16,693	-	-
Total current assets		77,259	67,395	29,887	31,755
Non-current assets					
Property, plant and equipment	12	40,806	34,634	-	-
Right-of-use assets	13	8,801	6,014	-	-
Intangible assets	14	1,539	1,240	-	-
Deferred tax assets	22	143	577	-	-
Subsidiaries	15	-	-	49,846	49,354
Joint venture	16	1,795	1,795	-	-
Total non-current assets		53,084	44,260	49,846	49,354
Total assets		130,343	111,655	79,733	81,109
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	17	12,956	5,038	-	-
Contract liabilities	18	658	990	-	-
Trade payables	19	10,442	8,637	-	-
Other payables	20	8,881	7,785	1,106	1,021
Lease liabilities	21	1,311	848	-	-
Income tax payable		1,263	350	-	12
Total current liabilities		35,511	23,648	1,106	1,033

See accompanying notes to financial statements.

STATEMENTS OF FINANCIAL POSITION

July 31, 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Non-current liabilities					
Bank borrowings	17	6,393	8,595	-	-
Other payables	20	208	234	-	-
Lease liabilities	21	7,353	5,085	-	-
Deferred tax liabilities	22	2,566	2,450	-	-
Total non-current liabilities		16,520	16,364	-	-
Capital and reserves					
Share capital	24	51,034	50,984	51,034	50,984
Treasury shares	24	(37)	(37)	(37)	(37)
Share option reserve	23	1,871	1,584	1,871	1,584
Currency translation reserve	25	(394)	(187)	-	-
Capital reserve	25	(169)	(169)	-	-
Statutory reserve	25	655	460	-	-
Revaluation reserve	25	2,965	2,965	-	-
Retained earnings		22,387	16,043	25,759	27,545
Total equity		78,312	71,643	78,627	80,076
Total liabilities and equity		130,343	111,655	79,733	81,109

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended July 31, 2022

	Note	Group 2022 $'000	Group 2021 $'000
Revenue	26	130,808	113,945
Other income	27	5,875	6,921
Changes in inventories of finished goods and work-in-progress		2,315	667
Raw materials and consumables used		(63,440)	(51,943)
Purchase of finished goods for resale		(853)	(1,107)
Employee benefits expense		(41,830)	(35,476)
Depreciation and amortisation expenses		(6,066)	(6,204)
Impairment loss recognised (reversed) on financial assets		(90)	247
Other operating expenses	28	(14,855)	(14,220)
Finance costs	29	(858)	(526)
Profit before tax		11,006	12,304
Income tax expense	30	(2,167)	(1,901)
Profit for the year	31	8,839	10,403
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		(207)	1,011
Total comprehensive income for the year		8,632	11,414
Earnings per share (in cents):			
- Basic	32	1.73	2.04
- Diluted	32	1.70	2.00

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended July 31, 2022

	Note	Share capital	Treasury shares	Share option reserve	Currency translation reserve	Capital reserve	Statutory reserve	Revaluation reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Balance at August 1, 2020		50,605	(37)	1,546	(1,198)	(169)	-	2,965	8,012	61,724
Total comprehensive income for the year:										
Profit for the year		-	-	-	-	-	-	-	10,403	10,403
Other comprehensive income for the year		-	-	-	1,011	-	-	-	-	1,011
Total		-	-	-	1,011	-	-	-	10,403	11,414
Transactions with owners, recognised directly in equity:										
Issue of share capital	24	379	-	-	-	-	-	-	-	379
Dividends	36	-	-	-	-	-	-	-	(1,912)	(1,912)
Recognition of share-based payment	23	-	-	38	-	-	-	-	-	38
Transfer to statutory reserve	25	-	-	-	-	-	460	-	(460)	-
Total		379	-	38	-	-	460	-	(2,372)	(1,495)
Balance at July 31, 2021		50,984	(37)	1,584	(187)	(169)	460	2,965	16,043	71,643
Balance at August 1, 2021		50,984	(37)	1,584	(187)	(169)	460	2,965	16,043	71,643
Total comprehensive income for the year:										
Profit for the year		-	-	-	-	-	-	-	8,839	8,839
Other comprehensive loss for the year		-	-	-	(207)	-	-	-	-	(207)
Total		-	-	-	(207)	-	-	-	8,839	8,632
Transactions with owners, recognised directly in equity:										
Issue of share capital	24	50	-	-	-	-	-	-	-	50
Dividends	36	-	-	-	-	-	-	-	(2,300)	(2,300)
Recognition of share-based payment	23	-	-	287	-	-	-	-	-	287
Transfer to statutory reserve	25	-	-	-	-	-	195	-	(195)	-
Total		50	-	287	-	-	195	-	(2,495)	(1,963)
Balance at July 31, 2022		51,034	(37)	1,871	(394)	(169)	655	2,965	22,387	78,312

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended July 31, 2022

	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Retained earnings $'000	Total $'000
Company						
Balance at August 1, 2020		50,605	(37)	1,546	21,059	73,173
Profit for the year, representing total comprehensive income for the year		-	-	-	8,398	8,398
Transactions with owners, recognised directly in equity:						
Issue of share capital	24	379	-	-	-	379
Dividends	36	-	-	-	(1,912)	(1,912)
Recognition of share-based payment	23	-	-	38	-	38
Balance at July 31, 2021		50,984	(37)	1,584	27,545	80,076
Profit for the year, representing total comprehensive income for the year		-	-	-	514	514
Transactions with owners, recognised directly in equity:						
Issue of share capital	24	50	-	-	-	50
Dividends	36	-	-	-	(2,300)	(2,300)
Recognition of share-based payment	23	-	-	287	-	287
Balance at July 31, 2022		51,034	(37)	1,871	25,759	78,627

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended July 31, 2022

	Group	
	2022	2021
	$'000	$'000
Operating activities		
Profit before income tax	11,006	12,304
Adjustments for:		
Impairment loss recognised (reversed) on financial assets	90	(247)
Bad debts recovered	-	(89)
(Write back of) Inventories written down to net realisable value, net	(439)	419
Direct write off of inventories	213	-
Amortisation of intangible assets	75	65
Depreciation of property, plant and equipment	4,926	4,772
Depreciation of right-of-use assets	1,065	1,367
Gain on disposal of property, plant and equipment	(56)	(2)
Interest expense	858	526
Write off of property, plant and equipment	-	17
Share-based payment expenses	287	38
Operating cash flows before movements in working capital	18,025	19,170
Trade receivables	(5,671)	(6,290)
Other receivables	165	506
Inventories	(6,849)	(1,823)
Contract assets	1,714	(3,905)
Trade payables	1,458	3,309
Other payables	2,815	(472)
Contract liabilities	(332)	(432)
Cash generated from operations	11,325	10,063
Interest paid	(507)	(315)
Income taxes paid	(1,073)	(742)
Net cash from operating activities	9,745	9,006
Investing activities		
Purchase of property, plant and equipment (Note A)	(12,323)	(4,864)
Deposit for property, plant and equipment	(165)	(299)
Proceeds on disposal of property, plant and equipment	72	17
Addition to intangible assets	(374)	(18)
Net cash used in investing activities	(12,790)	(5,164)

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended July 31, 2022

	Group	
	2022	2021
	$'000	$'000
Financing activities		
Proceeds from (Repayment of) bank borrowings, net	5,716	4,999
Repayment of lease liabilities	(1,836)	(1,605)
Proceeds from exercise of share options	50	379
Dividends paid	(2,300)	(1,912)
Net cash from financing activities	1,630	1,861
Net (decrease) increase in cash and cash equivalents	(1,415)	5,703
Cash and cash equivalents at beginning of year	9,869	4,481
Effect of foreign exchange rate changes	434	(315)
Cash and cash equivalents at end of year (Note 7)	8,888	9,869

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of $10,999,000 (2021: $6,215,000) of which $402,000 (2021: $1,727,000) remained unpaid at year end. Cash payments of $12,323,000 (2021: $4,864,000) were made to purchase property, plant and equipment of which $1,726,000 (2021: $376,000) pertains to payment of prior year outstanding balance.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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 principal activities of the joint venture are disclosed in Note 16 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, 2022 were authorised for issue by the Board of Directors on October 28, 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("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) 16 *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.

Adoption of new and revised Standards – On August 1, 2021, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior years.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16: *Interest Rate Benchmark Reform – Phase 2*

In the current year, the Group adopted the Phase 2 amendments *Interest Rate Benchmark Reform: Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16*. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates ('IBOR') to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark as at July 31, 2022, there is no impact on opening equity balances as a result of the retrospective application.

The Phase 2 amendments provide practical relief from certain requirements in SFRS(I) standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- The change is necessary as a direct consequence of the reform; and
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e., the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Details of the non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the Group to manage the risks relating to the reform and the accounting impact are disclosed in Note 4.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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 structured entities) controlled by the Company (its subsidiaries). Control is achieved when 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, the results 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.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

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.

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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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 and joint venture 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.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities 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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit of loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATIONS (cont'd)

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. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When 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.

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.

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation of convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are measured subsequently 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

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 assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), 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.

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 and the Company recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables, contract assets as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial instrument.

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. However, if 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

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.

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; or
- an actual or expected significant deterioration in the operating results of the debtor; or
- 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 foregoing, 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 or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Company considers the changes in the risk that the specified debtor will default on the contract.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

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 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 debtor; 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.

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 debtor 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

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 guarantee contracts, the exposure includes the amount of drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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.

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the subsidiaries in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the subsidiaries or any other party.

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, except for assets for which the simplified approach was used.

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 entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS (cont'd)

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.

Financial liabilities measured subsequently 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.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

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 period, 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 27 and 28 respectively) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its property.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

The Group as lessee assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold land	-	36 years
Factory space	-	2 to 5 years
Equipment	-	2 years
Motor vehicle	-	2 to 4 years

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 and weighted average 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 stated at cost less accumulated depreciation and accumulated impairment losses.

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

Office equipment	-	10% to 33%
Property	-	50 to 56 years
Property 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

GOODWILL - Goodwill is initially recognised and measured as set out in the business combinations accounting policy.

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

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in Note 14. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

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 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets 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 the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When 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 pre-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 and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL (cont'd)

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 to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

JOINT VENTURE - 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 joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment 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 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 joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the 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 joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in 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) 1-36 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in 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 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

JOINT VENTURE (cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture. When the Group retains an interest in the former 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 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 joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that 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 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 joint venture is disposed of.

When the Group reduces its ownership interest in 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 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 the effect of the time value of money is material).

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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

SHARE-BASED PAYMENTS - Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 23.

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 reserves.

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.

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.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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 to which the Group expects to be entitled 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

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.

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.

Tooling and maintenance services

Other income 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 other income 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.

Rendering of services

Income from providing financial guarantee is recognised in the Company's 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

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.

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

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are recognised 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 accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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

INCOME TAX – The 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 net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX (cont'd)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. 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 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. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interest in joint venture, 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 laws and rates that have been enacted or substantively enacted by the end of the reporting period.

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.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and 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 Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated 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 are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items 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 foreign exchange translation reserve in 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 or a partial disposal of an interest in a joint arrangement), all of the accumulated exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners the Company are reclassified to profit or loss.

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

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (cont'd)

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, 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. partial disposals of associates or joint arrangements 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

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 and bank balances 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, management is required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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 may 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

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.

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

Allowances for inventories

Inventory is valued at the lower of the actual cost or net realisable value. Net realisable value is based primarily on the latest selling prices and current market conditions. The Group reviews its inventory levels in order to identify slow-moving and obsolete items which have a market price that is lower than its carrying amount. The Group then estimates the amount of inventory loss as an allowance on inventory. The carrying amount of the Group's inventories is disclosed in Note 11 to the financial statements.

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 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 are disclosed in Note 12 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

Key sources of estimation uncertainty (cont'd)

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 (2021: $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.

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 $1,263,000 (2021: $350,000) and carrying amount of deferred tax is disclosed in Note 22 to the financial statements.

Impairment of investments in 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Financial assets				
At amortised cost (including cash and cash equivalents)	44,166	39,392	29,873	31,736
Financial liabilities				
At amortised cost	38,140	29,594	1,019	958
Lease liabilities	8,664	5,933	-	-
	46,804	35,527	1,019	958

(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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Group				
United States dollar ("USD")	7,544	9,176	24,901	25,685
Singapore dollar ("SGD")	-	-	54	1,360
Malaysia ringgit ("MYR")	21	-	-	111

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	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Profit before tax	(1,736)	(1,651)	(5)	(136)	2	(11)

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, there will be an equal and opposite effect on profit before tax as shown above.

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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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 loans and bills payable. The terms of repayment of bank loans and bills payable and their interest rates are shown in Note 17 to the financial statements.

The interest rate payable for lease liabilities are fixed at the inception of the lease. Interest rate of the lease liabilities is disclosed in Note 4(b)(v) to the financial statements.

The impact of fluctuation in short-term interest rates on cash is relatively insignificant.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit before tax for the year ended July 31, 2022 would decrease/increase by $47,062 (2021 : $17,268). This is mainly attributable to the Group's exposure to variable interest rates on its interest-bearing bank loans.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group is exposed to Singapore Swap Offer Rate (SOR) and London IBOR ("LIBOR").

The key risk for the Group arising from the transition is interest rate basis risk. If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of existing interest rate benchmarks, there are significant uncertainties with regards to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and is not captured by the Group's interest rate risk management strategy.

Non-derivative financial liabilities

The Group's IBOR exposures to non-derivative financial liabilities as at July 31, 2022 included bank loans indexed to SOR and LIBOR. The Group is still in the process of communication with the counterparties for all SOR and LIBOR indexed exposures and specific changes have yet been agreed.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

(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, 2022, 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.

The Group's and Company's cash and bank balances are held with creditworthy financial institutions.

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

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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, 2022						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	33,949	(360)	33,589
Other receivables	9	Performing	12-month ECL	1,689	-	1,689
Contract assets	10	(a)	Lifetime ECL (simplified approach)	7,749	-	7,749
					(360)	
July 31, 2021						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	28,378	(287)	28,091
Other receivables	9	Performing	12-month ECL	1,432	-	1,432
Contract assets	10	(a)	Lifetime ECL (simplified approach)	9,463	-	9,463
					(287)	
Company						
July 31, 2022						
Other receivables	9	Performing	12-month ECL	29,802	-	29,802
July 31, 2021						
Other receivables	9	Performing	12-month ECL	31,667	-	31,667

(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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

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

(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 debtor 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.

Concentration risk is disclosed in Notes 8 and 9 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. The amount of the allowance on cash and cash equivalents is negligible.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks for borrowings of its subsidiaries. The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called upon, irrespective of the likelihood of the guarantee being exercised. Further details are disclosed in Note 35 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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)

Liquidity and interest risk analyses

Non-derivative financial assets

The Group's non-derivative financial assets of $44,166,000 (2021: $39,392,000) 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 $29,873,000 (2021: $31,736,000) are either repayable on demand and non-interest bearing other than the loan receivable from subsidiaries (Note 9).

Non-derivative financial liabilities

The Company has provided corporate guarantees to certain banks in respect of the banking facilities granted to its subsidiaries amounting to $26,985,000 and US$2,000,000 (2021 : $26,985,000 and US$2,000,000).

The maximum amount that the Company could be forced to settle under the corporate guarantee contract if the full guaranteed amount is claimed by the counterparty to the guarantee is disclosed above. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
Group						
July 31, 2022						
Non-interest bearing	-	18,791	-	-	-	18,791
Variable interest rate instruments	4.21	9,808	-	-	(395)	9,413
Fixed rate:						
- Bank loans	1.74	4,085	6,619	-	(768)	9,936
- Lease liabilities	4.75	1,679	5,040	5,245	(3,300)	8,664
		34,363	11,659	5,245	(4,463)	46,804
July 31, 2021						
Non-interest bearing	-	15,961	-	-	-	15,961
Variable interest rate instruments	2.94	3,557	-	-	(103)	3,454
Fixed rate:						
- Bank loans	1.93	1,825	8,929	-	(575)	10,179
- Lease liabilities	4.51	1,011	2,642	5,429	(3,149)	5,933
		22,354	11,571	5,429	(3,827)	35,527

	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, 2022					
Financial liabilities					
Non-interest bearing	-	1,019	-	-	1,019
July 31, 2021					
Financial liabilities					
Non-interest bearing	-	958	-	-	958

(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 lease liabilities, other payables and bank borrowings which are due more than one year. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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

(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 Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of debt, which includes the bank borrowings (Note 17) and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

The capital structure of the Company consists of equity comprising issued capital, reserves and retained earnings.

The Group's net debt to equity ratio as at the end of the reporting period are as follows:

	2022	2021
	$'000	$'000
Bank borrowings	19,349	13,633
Less: Cash and cash equivalents	(8,888)	(9,869)
Net debt	10,461	3,764
Total equity	78,312	71,643
Adjusted net debt to adjusted equity ratio	0.13	0.05

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

Some of its subsidiaries are required to maintain a certain tangible net worth as required under their respective loan arrangements with banks. These externally imposed capital requirements have been complied with as at the respective reporting dates.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Venner Capital S.A. ("Venner"), incorporated in the Republic of Panama, which is also its ultimate holding company. Mrs. Jane Rose Philomene Gaines-Cooper is the protector under 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. Since December 5, 2019, she was named as the sole appointed beneficiary of the BIT by a deed of appointment. Mrs. Jane Rose Philomene Gaines-Cooper is deemed to be interested in the shares of Venner owned by the BIT.

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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS (cont'd)

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

	Group	
	2022	2021
	$'000	$'000
Sale of goods	1,255	1,335
Rental income (Note 27)	72	65
Income from tooling and maintenance services	-	280

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	
	2022	2021
	$'000	$'000
Entity in which a director is a partner		
Legal fees expense	(146)	(63)

Compensation of directors and key management personnel

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

	Group	
	2022	2021
	$'000	$'000
Short-term benefits	2,389	2,259
Post-employment benefits	69	69
Share-based payment	20	34
	2,478	2,362

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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash and bank balances	8,888	9,869	71	69

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

8 TRADE RECEIVABLES

	Group	
	2022	2021
	$'000	$'000
Outside parties	33,949	28,378
Loss allowance	(360)	(287)
Total	33,589	28,091

As at August 1, 2020, the Group's trade receivables from contracts with customers amounted to $21,452,000 (net of loss allowance of $548,000).

The credit period on sale of goods is 30 to 90 days (2021: 30 to 90 days). No interest is charged on the outstanding balance.

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, 49.3% (2021: 49.6%) of the Group's trade receivables amounting to $16,547,000 (2021: $13,927,000) was due from seven (2021: 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 provision 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.

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, 2022	Not past due	< 3 months	3 - 6 months	6 - 12 months	> 12 months	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	0.66%	0.86%	0.50%	9.76%	13.69%	
Estimated total gross carrying amount at default	23,563	9,159	201	420	606	33,949
Lifetime ECL	(156)	(79)	(1)	(41)	(83)	(360)
						33,589

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

8 TRADE RECEIVABLES (cont'd)

	Group					
	Trade Receivables - days past due					
July 31, 2021	Not past due	< 3 months	3 - 6 months	6 - 12 months	> 12 months	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Expected credit loss rate	0.56%	1.24%	5.99%	4.11%	8.45%	
Estimated total gross carrying amount at default	18,970	7,924	951	462	71	28,378
Lifetime ECL	(107)	(98)	(57)	(19)	(6)	(287)
						28,091

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	Collectively assessed		
	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	Total
	$'000	$'000	$'000
Balance as at August 1, 2020	515	33	548
Amounts written off	-	(14)	(14)
Amounts recovered	-	(19)	(19)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	(269)	41	(228)
Balance as at July 31, 2021	246	41	287
Amounts written off	-	(17)	(17)
Amounts recovered	-	(24)	(24)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	53	61	114
Balance as at July 31, 2022	299	61	360

During the period, the Group transferred $1,340,000 (2021: $596,000) of trade receivables to an unrelated entity. As part of the transfer, the Group provided the transferors a credit guarantee over the expected losses of those receivables. Accordingly, the Group continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see Note 17). At the end of the reporting period, the carrying amount of the transferred receivables and the associated liabilities are as follows:

	Group	
	2022	2021
	$'000	$'000
Transferred trade receivables	1,340	596
Secured borrowings (Note 17)	(1,340)	(596)
Net position	-	-

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

9 OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current				
Deposits	770	684	-	-
Other receivables due from subsidiaries of the Company	-	-	14,913	14,425
Dividend receivable due from subsidiaries of the Company	-	-	14,889	17,242
Government grant receivable	32	32	-	-
Others	919	748	-	-
	1,721	1,464	29,802	31,667
Prepayments	1,170	1,434	14	19
VAT input	179	189	-	-
Total	3,070	3,087	29,816	31,686

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 ranging from 2.00% to 3.00% (2021: 2.00% to 3.00%) and repayable on demand.

Other receivables (deposits and others)

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period 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 expected credit losses for these receivables, management has taken into account the historical default experience and the financial position of the counterparties and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Management determines the other receivables are subject to immaterial credit loss.

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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

10 CONTRACT ASSETS

	Group	
	2022	2021
	$'000	$'000
Tooling and maintenance services	739	989
Sale of goods	7,010	8,474
Total	7,749	9,463

As at August 1, 2020, the Group's contract assets amounted to $5,558,000.

Amounts relating to tooling and maintenance services are balances due from customers when the Group recognises other income 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 decrease in the Group's contract assets as at July 31, 2022 was attributable mainly to decrease in customers' demands.

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. The amount of the allowance on contract assets is negligible.

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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

11 INVENTORIES

	Group	
	2022	2021
	$'000	$'000
Raw materials	17,555	12,837
Work-in-progress	2,303	1,420
Finished goods	4,327	3,420
Inventories written down to net realisable value	(545)	(984)
Total	23,640	16,693

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

	Group	
	2022	2021
	$'000	$'000
Balance at beginning of year	984	565
Additions during the year	9	494
Reversal during the year	(448)	(75)
Balance at end of year	545	984

Due to an increase in the demand for certain goods and a result of changes in consumer preferences, the Group reversed $448,000 (2021: $75,000), 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".

NOTES TO FINANCIAL STATEMENTS
July 31, 2022

12 PROPERTY, PLANT AND EQUIPMENT

Group

	Office equipment	Property	Property improvements	Plant and equipment	Motor vehicles	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:							
At August 1, 2020	2,820	15,934	12,424	43,351	1,244	1,527	77,300
Additions	184	-	156	1,949	-	3,926	6,215
Disposals	-	-	-	(10)	(116)	-	(126)
Written off	-	-	(14)	(142)	-	-	(156)
Transfer from capital work-in progress	99	-	26	2,975	-	(3,100)	-
Reclassified from right-of-use assets (Note 13)	-	-	-	125	137	-	262
Exchange differences	64	57	741	1,215	1	(54)	2,024
At July 31, 2021	3,167	15,991	13,333	49,463	1,266	2,299	85,519
Additions	66	27	111	1,997	-	8,798	10,999
Disposals	-	-	-	(1,250)	(44)	-	(1,294)
Written off	-	-	(55)	(184)	-	-	(239)
Transfer from capital work-in progress	19	-	60	5,192	-	(5,271)	-
Reclassified from right-of-use assets (Note 13)	-	-	-	-	131	244	375
Exchange differences	(18)	(139)	(24)	(218)	(7)	-	(406)
At July 31, 2022	3,234	15,879	13,425	55,000	1,346	6,070	94,954

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group

	Office equipment	Property	Property improvements	Plant and equipment	Motor vehicles	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation:							
At August 1, 2020	2,519	4,018	9,710	23,765	1,203	-	41,215
Depreciation	126	526	971	3,117	32	-	4,772
Disposals	-	-	-	(3)	(108)	-	(111)
Written off	-	-	(14)	(125)	-	-	(139)
Reclassified from right-of-use assets (Note 13)	-	-	-	125	27	-	152
Exchange differences	51	(3)	627	363	1	-	1,039
At July 31, 2021	2,696	4,541	11,294	27,242	1,155	-	46,928
Depreciation	148	514	621	3,617	26	-	4,926
Disposals	-	-	-	(1,242)	(44)	-	(1,286)
Written off	-	-	(55)	(184)	-	-	(239)
Reclassified from right-of-use assets (Note 13)	-	-	-	-	27	-	27
Exchange differences	(10)	(16)	(24)	(114)	(1)	-	(165)
At July 31, 2022	2,834	5,039	11,836	29,319	1,163	-	50,191
Impairment:							
At August 1, 2020, July 31, 2021 and July 31, 2022	80	-	498	3,357	22	-	3,957
Carrying amount:							
At July 31, 2022	320	10,840	1,091	22,324	161	6,070	40,806
At July 31, 2021	391	11,450	1,541	18,864	89	2,299	34,634

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group carried out a review of the recoverable amount of plant and equipment attributable to the medical devices segment amounting to $27,751,000 (2021: $21,796,000). 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 and terminal growth rate. 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% (2021: 1%), which does not exceed the long-term growth rate for the relevant markets. The discount rate used in measuring value-in-use is 9.5% (2021: 9.5%).

As at July 31, 2022, 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 plant and equipment is necessary as the recoverable amount is higher than its carrying amount.

Details of the property held by the Group as at July 31, 2022 and July 31, 2021 are set out below:

Location	Description	Area	Tenure
35 Joo Koon Circle Singapore 629110	Factory and office	14,906 sq metre	56 years from February 1, 2000

There is a legal mortgage over the property having a carrying amount of approximately $9,689,000 (2021: $10,557,000) to secure banking facilities (Note 17) granted to the Group.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

13 RIGHT-OF-USE ASSETS

The Group leases land, factory space, equipment and motor vehicles. The average lease term ranges from 1 to 35 years (2021: 1 to 36 years).

	Leasehold land	Factory space	Equipment	Motor vehicle	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At August 1, 2020	3,469	2,570	125	482	6,646
Additions	-	2,029	-	79	2,108
Derecognised	-	(1,589)	-	-	(1,589)
Reclassified to property, plant and equipment (Note 12)	-	-	(125)	(137)	(262)
Exchange differences	-	39	-	-	39
At July 31, 2021	3,469	3,049	-	424	6,942
Additions	-	4,210	-	-	4,210
Reclassified to property, plant and equipment (Note 12)	-	(244)	-	(131)	(375)
Exchange differences	-	(33)	-	-	(33)
At July 31, 2022	3,469	6,982	-	293	10,744
Accumulated depreciation:					
At August 1, 2020	95	1,002	123	69	1,289
Depreciation for the year	95	1,229	2	41	1,367
Derecognised	-	(1,589)	-	-	(1,589)
Reclassified to property, plant and equipment (Note 12)	-	-	(125)	(27)	(152)
Exchange differences	-	13	-	-	13
At July 31, 2021	190	655	-	83	928
Depreciation for the year	95	940	-	30	1,065
Reclassified to property, plant and equipment (Note 12)	-	-	-	(27)	(27)
Exchange differences	-	(23)	-	-	(23)
At July 31, 2022	285	1,572	-	86	1,943
Carrying amount:					
At July 31, 2022	3,184	5,410	-	207	8,801
At July 31, 2021	3,279	2,394	-	341	6,014

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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, 2020	413	289	2,775	800	175	1,084	5,536
Addition	-	-	-	-	18	-	18
At July 31, 2021	413	289	2,775	800	193	1,084	5,554
Addition	-	334	-	-	40	-	374
At July 31, 2022	413	623	2,775	800	233	1,084	5,928
Accumulated amortisation:							
At August 1, 2020	358	-	1,097	253	28	-	1,736
Amortisation for the year	36	-	-	-	29	-	65
At July 31, 2021	394	-	1,097	253	57	-	1,801
Amortisation for the year	19	-	-	-	56	-	75
At July 31, 2022	413	-	1,097	253	113	-	1,876
Impairment:							
At August 1, 2020, July 31, 2021 and July 31, 2022	-	289	1,677	547	-	-	2,513
Carrying amount:							
At July 31, 2022	-	334	1	-	120	1,084	1,539
At July 31, 2021	19	-	1	-	136	1,084	1,240

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

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	
	2022	2021
	$'000	$'000
Medical devices segment	1,084	1,084

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

The recoverable amount of the CGU is determined through value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rate, revenue growth rates and terminal growth rate. 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% (2021: 1%), which does not exceed the long–term growth rate for the relevant markets. The discount rate used in measuring value-in-use is 9.5% (2021: 9.5%).

As at July 31, 2022, 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

15 SUBSIDIARIES

Company

	$'000
Cost:	
At August 1, 2020	49,052
Deemed investment arising from financial guarantee provided to subsidiaries	271
Deemed investment arising from share options granted under the Vicplas International Share Option Plan	31
At July 31, 2021	49,354
Deemed investment arising from financial guarantee provided to subsidiaries	280
Deemed investment arising from share options granted under the Vicplas International Share Option Plan	212
At July 31, 2022	49,846
Impairment:	
At August 1, 2020	8,018
Reversal of impairment	(8,018)
At July 31, 2021 and July 31, 2022	-
Carrying amount:	
At July 31, 2022	49,846
At July 31, 2021	49,354

In 2021, the Company reversed an impairment loss of $8,018,000 for its investment in subsidiary, having regard to the subsidiary's performance and the estimated recoverable amount of the subsidiary based on the value-in-use. The key assumptions used for the value-in-use calculation were disclosed in Note 12.

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 2022	2021
		%	%
Vicplas Holdings Pte. Ltd. [(a)] (Singapore)	Manufacturing, trading and distributing of pipes and pipe fittings	100	100
Rimplas Industries Sdn. Bhd. [(b)]	Manufacturing and distributing of pipes and pipe fittings	100	100
Forefront Medical Investment Pte. Ltd. [(a)] (Singapore)	Developing and manufacturing of medical devices	100	100

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

15 SUBSIDIARIES (cont'd)

Name of subsidiary and country of incorporation and operation	Principal activity	Proportion of ownership interest and voting power held 2022 %	2021 %
Forefront Medical Technology (Pte) Ltd [(a)] (Singapore)	Developing and manufacturing of medical devices	100	100
XentiQ (Pte.) Ltd. [(a)] (Singapore)	Project design and engineering services	100	100
Subsidiary of Forefront Medical Technology (Pte) Ltd			
Forefront Investment Pte. Ltd. [(a)] (Singapore)	Investment holding	100	100
Subsidiary of Forefront Investment Pte. Ltd.			
Forefront (Xiamen) Medical Devices Co., Ltd [(b)] (People's Republic of China)	Manufacturing and assembly of medical devices	100	100
Subsidiary of Forefront Medical Investment Pte. Ltd.			
Forefront Medical Technology (Jiangsu) Co., Ltd [(b)] (People's Republic of China)	Manufacturing and assembly of medical devices	100	100
Arrow Medical Limited (United Kingdom) [(c)]	Manufacturing and assembly of medical devices	100	100
Subsidiary of Arrow Medical Limited			
Arrow Medical Products Limited [(c)] (United Kingdom)	Manufacturing and assembly of medical devices	100	100
Subsidiary of Vicplas Holdings Pte. Ltd.			
Vicplas Investment Pte. Ltd. [(a)] (Singapore)	Investment holding	100	100

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

15 SUBSIDIARIES (cont'd)

Note:

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

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

(c) Not required to be audited in the country of incorporation and not material to the results of the Group.

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

16 JOINT VENTURE

	Group	
	2022	2021
	$'000	$'000
Cost of investment in joint venture	1,795	1,795

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	
		2022	2021
		%	%
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	
	2022	2021
	$'000	$'000
Current assets	251	251
Non-current assets	3,418	3,418
Current liabilities	(6)	(6)

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

16 JOINT VENTURE (cont'd)

The above amounts of assets and liabilities include the following:

	Group	
	2022	2021
	$'000	$'000
Cash and cash equivalents	251	251
Current financial liabilities (excluding trade and other payables and provisions)	(6)	-

During 2022 and 2021, there was no revenue nor profit or loss recognised by the joint venture.

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	
	2022	2021
	$'000	$'000
Net assets of the joint venture	3,663	3,663
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	1,795

17 BANK BORROWINGS

	Group	
	2022	2021
	$'000	$'000
Secured - at amortised cost		
Bills payable to banks	2,220	828
Bank loans	17,129	12,805
	19,349	13,633
Less: Amount due for settlement within 12 months (shown under current liabilities)	(12,956)	(5,038)
Amount due for settlement after 12 months	6,393	8,595

Bills payable are repayable between 1 to 5 months (2021: 4 to 6 months) from the date the bills are first issued and bear interest rates ranging from 2.65% to 5.74% (2021: 2.65% to 2.66%) per annum.

The carrying amount of the bills payable approximates its fair value due to its short-term maturity.

Bank loans are repayable within one year to five years and bear interest rates ranging from 2.00% to 4.63% (2021: 2.00% to 2.60%) per annum. As at the end of the reporting period, the bank loans include cash received on the transfer of trade receivables with credit guarantee to an unrelated party amounting to $1,340,000 (2021: $596,000) as disclosed in Note 8 to the financial statements.

The bills payable and bank loans are secured by way of a legal mortgage over the Group's property as disclosed in Note 12 and a corporate guarantee of $26,985,000 and US$2,000,000 (2021: $26,985,000 and US$2,000,000) (Note 35) given by the Company.

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

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

17 BANK BORROWINGS (cont'd)

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, 2021	Financing cash flows	Finance expense (Note 29)	New lease liabilities	Exchange differences	Interest paid	July 31, 2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bills payable to banks	828	1,392	106	-	-	(106)	2,220
Bank loans	12,805	4,324	401	-	-	(401)	17,129
Lease liabilities (Note 21)	5,933	(1,836)	351	4,210	6	-	8,664
	19,566	3,880	858	4,210	6	(507)	28,013

			Non-cash changes				
	August 1, 2020	Financing cash flows	Finance expense (Note 29)	New lease liabilities	Exchange differences	Interest paid	July 31, 2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bills payable to banks	1,478	(650)	82	-	-	(82)	828
Bank loans	7,156	5,649	233	-	-	(233)	12,805
Lease liabilities (Note 21)	5,163	(1,605)	211	2,110	54	-	5,933
	13,797	3,394	526	2,110	54	(315)	19,566

18 CONTRACT LIABILITIES

	Group	
	2022	2021
	$'000	$'000
Amounts related to tooling and maintenance services	658	990

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 other income recognised to date.

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

The amount of other income recognised in the current reporting period which relates to brought-forward contract liabilities is $990,000 for the financial year ended July 31, 2022 and $1,422,000 for the financial year ended July 31, 2021.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

19 TRADE PAYABLES

	Group	
	2022	2021
	$'000	$'000
Outside parties	10,442	8,637

The credit periods on purchases of goods is 30 to 120 days (2021: 30 to 120 days). No interest is charged on the outstanding balance.

20 OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Outside parties	1,564	1,038	55	67
Accruals	6,277	5,782	664	621
Directors' fees	300	270	300	270
Amount due to former shareholders of a subsidiary [(a)]	208	234	-	-
	8,349	7,324	1,019	958
Provision for unutilised leave	740	695	87	63
	9,089	8,019	1,106	1,021
Less: Amount due within 12 months	(8,881)	(7,785)	(1,106)	(1,021)
Amount due after 12 months	208	234	-	-

(a) Amount due to former shareholders of a subsidiary is unsecured, interest-free and is expected to be repaid by December 31, 2030 subject to the financial performance conditions of the subsidiary.

21 LEASE LIABILITIES (The Group as lessee)

Lease liabilities (*Disclosure required by SFRS(I) 16*)	Group	
	2022	2021
	$'000	$'000
Maturity analysis:		
Year 1	1,679	1,011
Year 2 to 5	5,040	2,642
Year 6 onwards	5,245	5,429
	11,964	9,082
Less: Unearned interest	(3,300)	(3,149)
	8,664	5,933
Analysed as:		
Current	1,311	848
Non-current	7,353	5,085
	8,664	5,933

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's accounting function.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

22 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 property	Accelerated tax depreciation	Provision	Revaluation of assets	Tax losses	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At August 1, 2020	761	670	(66)	292	(853)	804
Charge to profit or loss for the year (Note 30)	-	667	(355)	226	523	1,061
Exchange differences	9	4	(5)	-	-	8
At July 31, 2021	770	1,341	(426)	518	(330)	1,873
Charge to profit or loss for the year (Note 30)	-	370	(35)	(81)	317	571
Exchange differences	4	(16)	(9)	-	-	(21)
At July 31, 2022	774	1,695	(470)	437	(13)	2,423

Certain deferred tax assets and deferred tax 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	
	2022	2021
	$'000	$'000
Deferred tax liabilities	2,566	2,450
Deferred tax assets	(143)	(577)
	2,423	1,873

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of $2,377,000 (2021: $3,621,000) available to offset against future profits. A total cumulative deferred tax asset has been recognised in respect of such losses to the extent of $76,000 (2021: $1,320,000). No deferred tax assets have been recognised in respect of the remaining $2,301,000 (2021: $2,554,000) due to the unpredictability of future profit streams. The total unutilised tax losses do not have an expiry date but are subject to the agreement of the tax authorities and compliance with certain provisions of tax legislation.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

22 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	
	2022	2021
	$'000	$'000
Amount at beginning of year	2,554	1,958
Adjustment during the year	(253)	-
Additions during the year	-	596
Amount at end of year	2,301	2,554

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of foreign subsidiaries for which deferred tax liabilities have not been recognised is $4,536,000 (2021: $2,635,000). 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.

23 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 Share Option Plan 2021 ("VISOP 2021"), as with its predecessor, the Vicplas International Share Option Plan ("Plan"), is administered by the Board of Directors. The expiry of the Plan does not affect the options which have been granted and accepted under the Plan, regardless of whether such options have been exercised (whether fully or partially) or not. No option has been granted under the Plan after its expiration on September 19, 2020.

Options are exercisable at a price based on the volume weighted average price of a share of the Company on the Singapore Exchange Securities Trading Limited for the three consecutive trading days immediately 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 Plan and the VISOP 2021 carry no rights to dividends and no voting rights until the options become vested and are exercised.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

23 SHARE OPTION RESERVE (cont'd)

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

	Group and Company			
	2022	2021	2022	2021
	'000	'000	$	$
	Number of share options		Weighted average exercise price	
Outstanding at the beginning of the year	17,840	21,250	0.1119	0.1118
Exercised during the year	(450)	(3,410)	0.1115	0.1111
Granted during the year	5,600	-	0.2268	-
Outstanding at the end of the year	22,990	17,840	0.1399	0.1119
Exercisable at the end of the year	13,840	11,340	0.1112	0.1112

The weighted average share price at the date of exercise for share options exercised during the year was $0.1119 (2021: $0.111). The options outstanding at the end of the year have a weighted average remaining contractual life of 4.0 years (2021: 5.0 years).

In 2017, 13,000,000 options were granted on January 23, 2017, with the estimated fair values of the options granted on that date ranging from $0.022 to $0.024. In 2022, 5,600,000 options were granted on January 11, 2022, with the estimated fair values of the options granted on that date being $0.1422.

The fair values for share options granted during the year July 31, 2017 and January 11, 2022 were calculated using the Trinomial Option Pricing Model. The inputs into the model at the date of grant were as follows:

	2022	2017
Weighted average share price	$0.227	$0.108
Weighted average exercise price	$0.227	$0.108
Expected volatility	76%	44% to 48%
Expected life	7.5 years	5.5 to 7.5 years
Risk free rate	1.67%	1.82% to 2.04%
Expected dividend yield	2.02%	7.14%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 10 years and 7.5 years for share options granted during the year July 31, 2017 and January 11, 2022 respectively. 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 $287,000 and $75,000 (2021: $38,000 and $7,000) respectively related to equity-settled share-based payment transactions during the year.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

24 SHARE CAPITAL AND TREASURY SHARES

SHARE CAPITAL

	Group and Company			
	2022	2021	2022	2021
	'000	'000	$'000	$'000
	Number of ordinary shares			
Issued and paid up:				
At beginning of year	511,088	507,677	50,984	50,605
Exercise of share options (Note 23)	450	3,411	50	379
At the end of the year	511,538	511,088	51,034	50,984

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

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

As at July 31, 2022, participants of the share option scheme held options over 22,990,000 ordinary shares, of which 9,150,000 are unvested in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
9,490,000	January 18, 2026
7,900,000	January 23, 2027
5,600,000	January 11, 2032
22,990,000	

As at July 31, 2021, participants of the share option scheme held options over 17,840,000 ordinary shares, of which 6,500,000 are unvested in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
9,740,000	January 18, 2026
8,100,000	January 23, 2027
17,840,000	

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 23 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

24 SHARE CAPITAL AND TREASURY SHARES (cont'd)

TREASURY SHARES

	Group and Company			
	2022	2021	2022	2021
	'000	'000	$'000	$'000
	Number of ordinary shares			
At the beginning and end of the year	461	461	37	37

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

25 RESERVES

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.

Capital reserve

In 2020, the Group acquired the remaining 19% of the issued share capital of XentiQ (Pte.) Ltd ("XentiQ") from its non-controlling interest for a cash consideration of $2. The difference between the consideration paid for the acquisition of the non-controlling interest and the carrying amount of non-controlling interest acquired was recognised as capital reserve.

Statutory reserve

This represents local statutory reserve required to be maintained by China tax regulations for the China entities.

Revaluation reserve

The difference between the carrying amount of the property and its fair value at that date of transfer to investment property was recognised in revaluation reserve. When the investment property is subsequently disposed, the revaluation reserve may be transferred to retained earnings.

In 2020, due to a change in use of the investment property, it had been reclassified to property, plant and equipment at fair value. As such, when the property is subsequently disposed, the revaluation reserve may be transferred to retained earnings.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

26 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 33).

A disaggregation of the Group's revenue for the year is as follows:

	Group	
	2022	2021
	$'000	$'000
Segment revenue – Sale of goods		
Medical devices segment	92,601	80,166
Pipes and pipe fittings segment	38,207	33,779
	130,808	113,945
Timing of revenue recognition		
At a point in time:		
Medical devices segment	10,287	12,433
Pipes and pipe fittings segment	38,207	33,779
	48,494	46,212
Over time:		
Medical devices segment	82,314	67,733
	130,808	113,945

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.

27 OTHER INCOME

	Group	
	2022	2021
	$'000	$'000
Foreign exchange gain, net	-	616
Gain on disposal of property, plant and equipment	56	2
Income from tooling and maintenance services	4,011	4,263
Miscellaneous income:		
- Outside parties	1,613	1,183
Rental income from subsidiaries of the ultimate holding company (Note 5)	72	65
Government grant	120	148
Covid-19 related government subsidies [a]	-	637
Others	3	7
	5,875	6,921

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

27 OTHER INCOME (cont'd)

(a) Covid-19 related government subsidies mainly pertain to Jobs Support Scheme from the Singapore government and various subsidies from the China government. In FY2021, the Group received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore government as part of the government's measures to support businesses during the period of economic uncertainty impacted by Covid-19. The Group complied with the conditions attached to the grants and the grants had been received. Grant income was recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate was recognised as expenses.

28 OTHER OPERATING EXPENSES

	Group	
	2022	2021
	$'000	$'000
Advertisement and marketing expenses	647	822
Audit fees	265	228
Bad debts recovered	-	(89)
Computer expenses	123	154
Expenses from tooling and maintenance services	1,030	1,507
Factory consumables	774	722
Foreign exchange loss, net	41	-
Insurance	960	807
(Write back of) Inventories written down to net realisable value, net	(439)	419
Direct write off of inventories	213	-
Laboratory and testing	372	365
Professional fees	901	787
Packaging materials	444	392
Property tax	183	183
Repair and maintenance	1,462	1,227
Sterilisation and decontamination	103	149
Transportation and freight	921	1,030
Travelling and entertainment	186	196
Upkeep of factory premises	599	567
Upkeep of vehicles	469	387
Water and electricity	3,403	2,154
Write off of property, plant and equipment	-	17
Others	2,198	2,196
	14,855	14,220

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

29 FINANCE COSTS

	Group	
	2022	2021
	$'000	$'000
Interest on bank borrowings and bills payable	507	315
Interest on lease liabilities	351	211
	858	526

30 INCOME TAX EXPENSE

	Group	
	2022	2021
	$'000	$'000
Current tax:		
Current tax expense	1,536	823
Adjustment in respect of prior years	9	(38)
Deferred tax:		
Deferred tax expense relating to the origination and reversal of temporary difference (Note 22)	585	1,553
Adjustment in respect of prior years	(14)	(492)
Withholding tax	51	55
Income tax expense for the year	2,167	1,901

Domestic income tax is calculated at 17% (2021: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

30 INCOME TAX EXPENSE (cont'd)

The total income tax expense for the year can be reconciled to the accounting profit as follows:

	Group	
	2022	2021
	$'000	$'000
Profit before tax	11,006	12,304
Tax at the domestic income tax rate 17% (2021: 17%)	1,871	2,092
Tax effect of expenses that are not deductible for tax purposes	83	83
Tax effect of income that are not taxable in determining taxable profit	-	(129)
Tax exempt income	(47)	(45)
Deferred tax asset (not recognised) recognised	(15)	113
Withholding tax	51	55
Effect of different tax rates of subsidiaries operating in other jurisdictions	342	363
Adjustment in respect of prior years - current tax	9	(38)
Adjustment in respect of prior years - deferred tax	(14)	(492)
Others	(113)	(101)
Income tax expense for the year	2,167	1,901

31 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group	
	2022	2021
	$'000	$'000
Directors' remuneration:		
Directors of the Company	300	270
Directors of the subsidiaries	97	87
Costs of defined contribution plans included in employee benefits expense	1,092	946
Audit fees:		
Auditor of the Company	199	175
Other auditor	66	53
Non-audit fees:		
Auditor of the Company	39	40
Cost of inventories recognised as an expense	61,977	79,131

Amount recognised in profit or loss relating to leases (The Group as lessee)

	Group	
	2022	2021
	$'000	$'000
Depreciation of right-of-use assets	1,065	1,367
Interest on lease liabilities	351	211

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

32 EARNINGS PER SHARE

	Group	
	2022	2021
	$'000	$'000
Earnings		
Earnings for the purposes of basic earnings per share profit for the year attributable to owners of the Company	8,839	10,403

	Group	
	2022	2021
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	511,022	509,228
Effect of dilutive potential ordinary shares:		
- Share options	8,251	11,797
Weighted average number of ordinary shares for the purpose of diluted earnings per share	519,273	521,025
Earnings per share (cents) - basic	1.73	2.04
Earnings per share (cents) - diluted	1.70	2.00

33 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.

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

33 SEGMENT INFORMATION (cont'd)

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.

Segment revenue and results:

	Group			
	Medical devices	Pipes and pipe fittings	Eliminations	Total
	$'000	$'000	$'000	$'000
2022				
Revenue				
External sales	92,601	38,207	-	130,808
Results				
Segment result	10,229	4,503	(676)	14,056
Unallocated corporate expense				(2,192)
Interest expense	(404)	(465)	11	(858)
Profit before tax				11,006
Income tax expense				(2,167)
Profit for the year				8,839
Other information				
Capital expenditure	9,229	1,770	-	10,999
Depreciation and amortisation	4,138	1,928	-	6,066
Statement of financial position				
Assets				
Segment assets	91,742	38,517	-	130,259
Unallocated corporate assets [(a)]				84
Consolidated total assets				130,343
Liabilities				
Segment liabilities	29,461	21,465	-	50,926
Unallocated corporate liabilities [(b)]				1,105
Consolidated total liabilities				52,031

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

33 SEGMENT INFORMATION (cont'd)

	Group			
	Medical devices	Pipes and pipe fittings	Eliminations	Total
	$'000	$'000	$'000	$'000
<u>2021</u>				
Revenue				
External sales	80,166	33,779	-	113,945
Results				
Segment result	12,073	3,172	(586)	14,659
Unallocated corporate expense				(1,829)
Interest expense	(238)	(299)	11	(526)
Profit before tax				12,304
Income tax expense				(1,901)
Profit for the year				10,403
Other information				
Capital expenditure	5,821	394	-	6,215
Depreciation and amortisation	4,214	1,990	-	6,204
Statement of financial position				
<u>Assets</u>				
Segment assets	71,776	39,793	-	111,569
Unallocated corporate assets [(a)]				86
Consolidated total assets				111,655
<u>Liabilities</u>				
Segment liabilities	25,619	13,361	-	38,980
Unallocated corporate liabilities [(b)]				1,032
Consolidated total liabilities				40,012

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

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

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

33 SEGMENT INFORMATION (cont'd)

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	
	2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Singapore	123,930	107,927	19,718	20,229	68,302	63,950	891	1,607
Malaysia	2,637	2,530	2,049	1,491	4,818	4,959	1,085	29
China	507	171	29,799	20,915	54,099	39,919	8,890	4,289
United Kingdom	3,734	3,317	1,518	1,625	3,124	2,827	133	290
	130,808	113,945	53,084	44,260	130,343	111,655	10,999	6,215

Information about major customer

Included in revenue arising from the sales of medical devices are revenues of approximately $56.0 million (2021: $42.2 million) which arose from sale to the Group's largest customer. Apart from this customer, there was no other single customer that contributed more than 10% of the consolidated revenue for the years ended July 31, 2022 and 2021.

34 CAPITAL COMMITMENTS

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

	Group	
	2022	2021
	$'000	$'000
Commitment for acquisition of property, plant and equipment	472	1,631

35 CONTINGENT LIABILITIES

	Company	
	2022	2021
	$'000	$'000
Guarantee given to banks and financial institutions for credit facilities granted to subsidiaries (unsecured)	29,761	29,727

The bankers' guarantee issued in favour of third parties are secured by way of a legal mortgage over the Group's property as disclosed in Note 12 and a corporate guarantee by the Company of $26,985,000 and US$2,000,000 (2021: $26,985,000 and US$2,000,000).

NOTES TO FINANCIAL STATEMENTS

July 31, 2022

35 CONTINGENT LIABILITIES (cont'd)

The Company has given undertakings to provide continuing financial support to certain of its subsidiaries with current liabilities exceeding their current assets by $36,537,000 (2021: $34,860,000) 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.

36 DIVIDENDS

On January 15, 2021, a one-tier tax exempt final dividend of $0.00375 per share was paid (total dividend $1,912,000) in respect of FY2020.

On January 21, 2022, a one-tier tax exempt final dividend of $0.0045 per share was paid (total dividend $2,300,000) in respect of FY2021.

Subsequent to July 31, 2022, the directors propose a one-tier tax exempt final dividend of $0.0045 per ordinary share in respect of the financial year ended July 31, 2022 for approval by shareholders at the Annual General Meeting. 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*.

37 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective:

Effective for annual periods beginning on or after January 1, 2022

- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

Effective for annual periods beginning on or after January 1, 2023

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*

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.*

Management anticipates that the adoption of the above 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.

ANALYSIS OF SHAREHOLDINGS

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	$51,034,384
Issued and Fully Paid-Up Capital (excluding Treasury Shares)	:	$50,997,284
Number of Issued Shares (excluding Treasury Shares)	:	511,076,699
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 10, 2022

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	37	1.38	1,931	0.00
100 - 1,000	239	8.90	205,401	0.04
1,001 - 10,000	1,061	39.52	6,646,890	1.30
10,001 - 1,000,000	1,320	49.16	83,157,940	16.27
1,000,001 and above	28	1.04	421,064,537	82.39
Total	2,685	100.00	511,076,699	100.00

Twenty largest shareholders as at October 10, 2022

No.	Name of shareholders	No. of shares	%
1	Venner Capital S.A.	208,526,166	40.80
2	DBS Vickers Securities (S) Pte Ltd	73,327,306	14.35
3	Jane Rose Philomene Gaines-Cooper	23,854,200	4.67
4	Cheng Liang	14,029,497	2.74
5	DBS Nominees Pte Ltd	13,344,502	2.61
6	Yeo Wico	11,271,738	2.21
7	Lim Sim Moi	9,938,000	1.94
8	UOB Kay Hian Pte Ltd	7,085,604	1.39
9	Ho Lai Heng	6,020,000	1.18
10	CGS-CIMB Securities (Singapore) Pte Ltd	5,825,400	1.14
11	David Dangar Henry Honywood Curtis-Bennett	5,100,000	1.00
12	Maybank Securities Pte. Ltd.	4,480,969	0.87
13	Loh Beng Seng	4,318,318	0.84
14	Phillip Securities Pte Ltd	3,565,847	0.70
15	Chua Kim Hua	3,393,400	0.66
16	IFast Financial Pte Ltd	3,365,300	0.66
17	Citibank Nominees Singapore Pte Ltd	3,266,400	0.64
18	Ng Cher Yan	3,217,390	0.63
19	Christopher Paul Lee	3,000,000	0.59
20	Lim Boon Hock	2,765,585	0.54
	Total	409,695,622	80.16

Based on the information available to the Company as at October 10, 2022, approximately 31.82% 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 as at October 10, 2022

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	54.95
CTX Treuhand AG, as trustee of the Bird Island Trust	-	280,852,441[2]	280,852,441	54.95

[1] "%" is based on 511,076,699 issued shares and disregarding the 461,000 shares held in treasury.

[2] 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. Mrs Jane Rose Philomene Gaines-Cooper is the protector under the BIT. Since December 5, 2019, she was named as the sole appointed beneficiary of the BIT by a deed of appointment. Previously, the late Mr Robert Gaines-Cooper was the sole beneficiary of the BIT until his passing on November 19, 2019.

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

The Twenty-Fourth Annual General Meeting of Vicplas International Ltd is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice of Annual General Meeting and the Proxy Form will be sent to members by electronic means via publication on the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL https://www.vicplas.com/investor-relations. Printed copies of this Notice of Annual General Meeting and the Proxy Form will not be despatched to members.

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of Vicplas International Ltd (the "**Company**") will be convened and held by way of electronic means on Thursday, November 24, 2022 at 3.00 p.m. (Singapore time) 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, 2022 and the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final (one-tier tax exempt) dividend of S$0.0045 per share for the year ended July 31, 2022, to be paid on January 20, 2023 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 11, 2023. [See Explanatory Note 1] **(Resolution 2)**

3. To approve the Directors' fees of S$300,000.00 (2021: S$270,411.00) for the year ended July 31, 2022. **(Resolution 3)**

4. To re-elect Mrs. Jane Rose Philomene Gaines-Cooper, who is retiring by rotation pursuant to Article 115 of the Company's Constitution, and who, being eligible, offers herself for re-election. [See Explanatory Note 2] **(Resolution 4)**

5. To note the retirement of Mr. Christopher Paul Lee as Director of the Company pursuant to Article 115 of the Company's Constitution at the conclusion of this Annual General Meeting. [See Explanatory Note 3]

6. To re-appoint Deloitte & Touche LLP as Auditor and to authorise the Directors to fix its remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

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

7. Authority to allot and issue shares and convertible instruments **(Resolution 6)**

   "That pursuant to Section 161 of the Companies Act 1967 of Singapore (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

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

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

at any time and upon such terms and conditions and for such purposes and to such 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 were issued and 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 4]

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

8. Renewal of the Interested Person Transactions Mandate **(Resolution 7)**

"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 2, 2022 (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 "**IPT 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 IPT Mandate and/or this Resolution." [See Explanatory Note 5]

9. Renewal of the Share Purchase Mandate **(Resolution 8)**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act 1967 of Singapore (the "**Companies 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 Companies 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**");

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

(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, and deemed to be adjusted for any corporate action which occurs during the relevant five Market Day period and the date 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;

"**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;

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

(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 Companies 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 6]

10. Authority to grant options, and allot and issue shares, pursuant to the Vicplas International Share Option Plan 2021 **(Resolution 9)**

"That authority 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 2021 (the "**VISOP 2021**") 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 VISOP 2021, provided that the aggregate number of new ordinary shares which may be issued pursuant to options to be granted under the VISOP 2021, when added to the total number of new ordinary shares allotted and issued and/or to be allotted and issued pursuant to options granted under the VISOP 2021, shall not exceed 15% of the total number of issued 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 7]

11. Authority to issue shares pursuant to the Vicplas International Ltd Scrip Dividend Scheme **(Resolution 10)**

"That pursuant to Section 161 of the Companies Act 1967 of Singapore, 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 8]

By Order of the Board

Chew Pei Tsing
Company Secretary
Singapore

November 2, 2022

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

Notes:

(a) The Twenty-Fourth Annual General Meeting of the Company ("**Annual General Meeting**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice of Annual General Meeting and the Proxy Form will be sent to members by electronic means via publication on the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL https://www.vicplas.com/investor-relations. Printed copies will not be despatched to members.

(b) As the Annual General Meeting will be conducted in an electronic format, members, including CPF and SRS investors, will not be able to attend the Annual General Meeting in person. Alternative arrangements relating to:

(i) attendance at the Annual General Meeting by members, including CPF and SRS investors, via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream);

(ii) submission of questions to the Chairman of the Meeting by members, including CPF and SRS investors, in advance of, or "live" at, the Annual General Meeting, addressing of substantial and relevant questions prior to, or "live" at, the Annual General Meeting; and

(iii) voting at the Annual General Meeting (1) "live" by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; (2) "live" by the CPF or SRS investor via electronic means if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators; or (3) by the member, or the CPF or SRS investor, appointing the Chairman of the Meeting as proxy to vote on their behalf at the Annual General Meeting,

are set out in the accompanying Company's announcement dated November 2, 2022. This announcement may be accessed at the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL https://www.vicplas.com/investor-relations.

(c) A member who wishes to exercise his/her/its voting rights at the Annual General Meeting may:

(i) (where the member is an individual) vote "live" via electronic means at the Annual General Meeting, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the Annual General Meeting on his/her/its behalf; or

(ii) (whether the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Annual General Meeting.

CPF and SRS investors:

(i) who wish to vote "live" via electronic means at the Annual General Meeting as proxies appointed by their respective CPF Agent Banks or SRS Operators, should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(ii) who wish to appoint the Chairman of the Meeting as proxy to vote on their behalf at the Annual General Meeting, should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on November 14, 2022 (being seven working days before the date of the Annual General Meeting).

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

(d) (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 Annual General Meeting. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

(ii) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the 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 instrument appointing a proxy(ies) 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 instrument.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

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

(f) The Proxy Form for the Annual General Meeting may be accessed at the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL https://www.vicplas.com/investor-relations. Alternatively, in lieu of the Proxy Form, a member may appoint a proxy(ies) via the online process through the pre-registration website for the Annual General Meeting at the URL https://conveneagm.sg/vicplasagm2022.

(g) The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

(i) if submitted by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

(ii) if submitted electronically, be submitted:

(1) via email to the Company's Share Registrar at main@zicoholdings.com; or

(2) via the online process through the pre-registration website for the Annual General Meeting at the URL https://conveneagm.sg/vicplasagm2022,

in each case, by 3.00 p.m. on November 21, 2022, being 72 hours before the time appointed for holding the Annual General Meeting.

A member who wishes to submit an instrument appointing a proxy(ies) by post or via email must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it via email to the email address provided above. A member who wishes to submit an instrument appointing a proxy(ies) via the pre-registration website must complete and authorise the appointment using the online process through the pre-registration website at the URL provided above.

Members are encouraged to submit completed instruments appointing a proxy(ies) electronically via email or via the online process through the pre-registration website.

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

(h) The Annual Report 2022 and the Circular to Shareholders dated November 2, 2022 (in relation to the proposed renewal of the interested person transactions mandate and the proposed renewal of the share purchase mandate) have been published on the Company's website at the URL https://www.vicplas.com/investor-relations, and may be accessed as set out below:

(i) the Annual Report 2022 may be accessed by clicking on the hyperlink for "Annual Report FY2022" under "Annual Reports"; and

(ii) the Circular to Shareholders dated November 2, 2022 may be accessed by clicking on the hyperlink for "Circular of AGM PDF" under "Annual General Meetings – November 24, 2022".

These documents may also be viewed on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

(i) Any reference to a time of day is made by reference to Singapore time.

Explanatory Notes:

1. Resolution 2 is to approve the payment of a final dividend in respect of the financial year ended July 31, 2022. The record date and payment date of the final dividend (in January 2023) have been specified to provide better certainty to shareholders.

2. Resolution 4 is to re-elect Mrs. Jane Rose Philomene Gaines-Cooper, who will be retiring by rotation under Article 115 of the Company's Constitution. Mrs. Gaines-Cooper is considered a Non-Independent and Non-Executive Director. If she is re-elected, she will remain as a member of each of the Nominating Committee, the Remuneration Committee and the Strategy Committee of the Company. Mrs. Gaines-Cooper is President, Group Chairman and a director of Venner Capital S.A.. There are no material relationships (including immediate family relationships) between Mrs. Gaines-Cooper and the other Directors of the Company. Further information on Mrs. Gaines-Cooper can be found on pages 8 and 30 to 34 of the Annual Report 2022 under the sections "Board of Directors" and "Additional Information on Director Seeking Re-election at the Forthcoming Twenty-Fourth Annual General Meeting".

3. Mr. Christopher Paul Lee, who will be retiring by rotation under Article 115 of the Company's Constitution, will not be seeking re-election as Director of the Company at this Annual General Meeting. Accordingly, Mr. Lee will step down from the Board, and will cease to be Chairman of the Strategy Committee, at the conclusion of this Annual General Meeting.

4. Resolution 6 is an Ordinary Resolution to empower the Directors, from the date of this Annual General Meeting until the conclusion 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 6 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 were issued and are outstanding or subsisting at the time when Resolution 6 is passed; and (b) any subsequent bonus issue, consolidation or subdivision of shares. As at October 10, 2022, the Company had 461,000 treasury shares and no subsidiary holdings.

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

5. Resolution 7 is an Ordinary Resolution to renew the IPT Mandate for transactions with interested persons and empower the Directors of the Company, from the date of this Annual General Meeting until the conclusion 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 2, 2022. For more details, please refer to paragraph 2 of the Appendix to the Company's Circular to Shareholders dated November 2, 2022.

6. Resolution 8 is an Ordinary Resolution to renew, effective until the date of 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 8.

   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, 2022 and certain other assumptions, are set out in paragraph 3.7 of the Company's Circular to Shareholders dated November 2, 2022 and are for illustration only.

7. Resolution 9 is an Ordinary Resolution to empower the Directors of the Company to offer and grant options under the VISOP 2021 and 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 VISOP 2021, provided that the aggregate number of new ordinary shares which may be issued pursuant to options to be granted under the VISOP 2021, when added to the total number of new ordinary shares allotted and issued and/or to be allotted and issued pursuant to options granted under the VISOP 2021, shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

8. Resolution 10 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) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (a) 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 the appointment of the proxy(ies) for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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**"); (b) warrants that where the member discloses the personal data of the member's proxy(ies) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) for the Purposes; and (c) 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.

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

Record Date 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$0.0045 per share for the financial year ended July 31, 2022 (the "**Final Dividend**"), the Share Transfer Books and Register of Members of the Company will be closed on January 12, 2023 for the purpose of determining Shareholders' entitlements to the Final Dividend. The Share Transfer Books and Register of Members will re-open on January 13, 2023.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 up to 5.00 p.m. on January 11, 2023 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 of the Company as at 5.00 p.m. on January 11, 2023 will rank for the Final Dividend.

The Final Dividend, if approved at the Annual General Meeting to be held on November 24, 2022, will be paid on January 20, 2023.

This page has intentionally been left blank.

VICPLAS INTERNATIONAL LTD

PROXY FORM

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

Important

1. The Twenty-Fourth Annual General Meeting of the Company ("**Annual General Meeting**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of Annual General Meeting and this Proxy Form will be sent to members by electronic means via publication on the SGX website at the URL https://www.sgx.com/securities/company-announcements and on the Company's website at the URL https://www.vicplas.com/investor-relations. Printed copies will not be despatched to members.
2. Alternative arrangements relating to attendance at the Annual General Meeting by members, including CPF and SRS investors, via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting by members, including CPF and SRS investors, in advance of, or "live" at, the Annual General Meeting, addressing of substantial and relevant questions prior to, or "live" at, the Annual General Meeting and voting at the Annual General Meeting (i) "live" by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; (ii) "live" by the CPF or SRS Investor via electronic means if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators; or (iii) by the member, or the CPF or SRS investor, appointing the Chairman of the Meeting as proxy to vote on their behalf at the Annual General Meeting, are set out in the accompanying Company's announcement dated November 2, 2022. This announcement may be accessed at the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL https://www.vicplas.com/investor-relations.
3. A member who wishes to exercise his/her/its voting rights at the Annual General Meeting may:
   (i) (where the member is an individual) vote "live" via electronic means at the Annual General Meeting, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the Annual General Meeting on his/her/its behalf; or
   (ii) (whether the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Annual General Meeting.
4. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).
5. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF and SRS investors. CPF and SRS investors:
   (i) who wish to vote "live" via electronic means at the Annual General Meeting as proxies appointed by their respective CPF Agent Banks or SRS Operators, should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
   (ii) who wish to appoint the Chairman of the Meeting as proxy to vote on their behalf at the Annual General Meeting, should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on November 14, 2022 (being seven working days before the date of the Annual General Meeting).

Personal Data Privacy

By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated November 2, 2022.

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

of ____ (Address)

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

Name	Address	Email Address^	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	Email Address^	NRIC/Passport No.	Proportion of Shareholdings (%)

^ Appointed proxy(ies) (other than the Chairman of the Meeting) will be prompted via email (within 2 business days after the Company's receipt of a validly completed and submitted instrument appointing a proxy(ies)) to pre-register at the pre-registration website at the URL https://conveneagm.sg/vicplasagm2022, in order to access the live audio-visual webcast or live audio-only stream of the Annual General Meeting.

or if no person is named in the above boxes, the Chairman of the Meeting, as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company, to be convened and held by way of electronic means on Thursday, November 24, 2022 at 3.00 p.m. (Singapore time) and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the Annual General Meeting as indicated hereunder.

No.	Resolutions	For**	Against**	Abstain**
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended July 31, 2022 and the Auditor's Report thereon.			
2.	To declare a final (one-tier tax exempt) dividend of S$0.0045 per share for the year ended July 31, 2022.			
3.	To approve the Directors' fees of S$300,000.00 (2021: S$270,411.00) for the year ended July 31, 2022.			
4.	To re-elect Mrs. Jane Rose Philomene Gaines-Cooper as a Director pursuant to Article 115 of the Company's Constitution.			
5.	To re-appoint Deloitte & Touche LLP as Auditor and to authorise the Directors to fix its remuneration.			
6.	To authorise the Directors to issue additional shares and convertible instruments.			
7.	To approve the renewal of the Interested Person Transactions Mandate.			
8.	To approve the renewal of the Share Purchase Mandate.			
9.	To authorise the grant of options and the allotment and issuance of shares pursuant to the Vicplas International Share Option Plan 2021.			
10.	To authorise the issuance of shares pursuant to the Vicplas International Ltd Scrip Dividend Scheme.			

* Delete where inapplicable.
** Voting will be conducted by poll. If you wish your proxy/proxies to vote all your shares "For" or "Against" a resolution, please tick (✓) within the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish your proxy/proxies to abstain from voting on a resolution, please tick (✓) within the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that your proxy/proxies is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the Annual General Meeting.

Dated this ______________ 2022

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

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

PLEASE READ NOTES OVERLEAF

Notes:

(a) A member who wishes to exercise his/her/its voting rights at the Annual General Meeting may:

(i) (where the member is an individual) vote "live" via electronic means at the Annual General Meeting, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the Annual General Meeting on his/her/its behalf; or

(ii) (whether the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Annual General Meeting.

This Proxy Form for the Annual General Meeting may be accessed at the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL https://www.vicplas.com/investor-relations. Alternatively, in lieu of this Proxy Form, a member may appoint a proxy(ies) via the online process through the pre-registration website for the Annual General Meeting at the URL https://conveneagm.sg/vicplasagm2022.

(b) (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 Annual General Meeting. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

(ii) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the 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 instrument appointing a proxy(ies) 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 instrument.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

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

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

(e) The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

(i) if submitted by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

(ii) if submitted electronically, be submitted:

(1) via email to the Company's Share Registrar at main@zicoholdings.com; or

(2) via the online process through the pre-registration website for the Annual General Meeting at the URL https://conveneagm.sg/vicplasagm2022,

in each case, by 3.00 p.m. on November 21, 2022, being 72 hours before the time appointed for holding the Annual General Meeting.

A member who wishes to submit an instrument appointing a proxy(ies) by post or via email must first download, complete and sign this Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it via email to the email address provided above. A member who wishes to submit an instrument appointing a proxy(ies) via the pre-registration website must complete and authorise the appointment using the online process through the pre-registration website at the URL provided above.

Members are encouraged to submit completed instruments appointing a proxy(ies) electronically via email or via the online process through the pre-registration website.

(f) Completion and submission of the instrument appointing a proxy(ies) does not preclude a member from attending, speaking and voting at the Annual General Meeting. A member who accesses the Annual General Meeting via the live audio-visual webcast or live audio-only stream of the Annual General Meeting proceedings may revoke the appointment of a proxy(ies) at any time before voting commences and in such an event, the Company reserves the right to terminate the proxy(ies)' access to the live audio-visual webcast and live audio-only stream of the Annual General Meeting proceedings.

(g) The instrument appointing a proxy(ies) must, if submitted by post or electronically via email, be signed under the hand of the appointor or of his/her attorney duly authorised in writing or, if submitted electronically via the online process through the pre-registration website at the URL https://conveneagm.sg/vicplasagm2022, be authorised by the appointor via the online proxy appointment process through the pre-registration website. Where the instrument appointing a proxy(ies) is executed by a corporation, it must, if submitted by post or electronically via email, be executed either under its seal or under the hand of its duly authorised officer or attorney or, if submitted electronically via the online process through the pre-registration website at the URL https://conveneagm.sg/vicplasagm2022, be authorised by the appointor via the online proxy appointment process through the pre-registration website. Where an instrument appointing a proxy(ies) is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing a proxy(ies) is submitted by post, be lodged with the instrument appointing a proxy(ies) or, if the instrument appointing a proxy(ies) is submitted electronically via email, be emailed with the instrument appointing a proxy(ies), failing which the instrument appointing a proxy(ies) may be treated as invalid.

(h) The Company shall be entitled to reject the instrument appointing a proxy(ies) if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy(ies) (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(ies) lodged or submitted, if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

(i) Any reference to a time of day is made by reference to Singapore time.

Vicplas International Ltd
Company Registration No. 199805362R

35 Joo Koon Circle Singapore 629110
Tel: 65-6262 3888
Fax: 65-6349 3877
Email: vicplas@vicplas.com.sg
Website: www.vicplas.com

Designed & Produced by
+65 6880 2828 Xpress