VICPLAS

Innovation & Excellence

Annual Report 2021

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 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.

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Statement By Chairman

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, 2021 ("FY2021").

OVERVIEW

In FY2021, the Group continued to grow both revenue and profit after tax, while navigating the challenges of Covid-19 and the uncertainties in the wider macro environment, to achieve its highest revenue and profit after tax.

Driven by strong growth in the medical devices segment and gradual recovery of the pipes and pipe fittings segment, the Group recorded an uplift in its revenue by 28.2% in FY2021 as compared to the financial year ended July 31, 2020 ("FY2020"). The medical devices segment, which contributed largely to the improvement, posted a 30.6% increase in revenue while the pipes and pipe fittings segment posted a 22.9% increase in revenue, as compared to FY2020.

Overall, the Group grew its profit after tax to S$10.4 million for FY2021, an increase of 112.5% from S$4.9 million in FY2020, again with the medical devices segment contributing significantly as discussed below.

Medical devices segment

The medical devices segment recorded strong revenue growth in FY2021, marking the fourth consecutive time that it has grown its revenue year on year. Despite the impact of the Covid-19 pandemic on the global economy, the segment continued to increase its revenue, expand its global customer base, and commercialise new projects. As a result, it achieved a 53.7% increase in segmental results to S$12.1 million in FY2021 from S$7.9 million in FY2020. Revenue for this segment also grew by 30.6% to S$80.2 million in FY2021 from S$61.4 million in FY2020.

It is heartening that the segmental results and revenue achieved by the medical devices segment in FY2021 are the highest ever. FY2021 also represents the third consecutive financial year with positive segmental results. The cumulative positive segmental results over these three years are substantially greater than the cumulative negative segmental results over the preceding five years. This transformation of the medical devices segment is testament to the Group's commitment to its vision of becoming a leading contract manufacturer in the global medical devices value chain and delivering growth over the long term.

Pipes and pipe fittings segment

In FY2021, the pipes and pipe fittings segment made a gradual recovery together with the construction industry in Singapore. Revenue increased by 22.9% to S$33.8 million in FY2021 from S$27.5 million in FY2020. Segmental results also grew by 23.2% to S$3.2 million in FY2021 from S$2.6 million in FY2020. While the segment continues to operate in a very competitive environment, which put pressure on its margins over the past few years, it improved its results as the construction industry gradually recovers.

(Note: The segmental results of both segments are before corporate expense, interest and tax as set out on page 106-109 of this annual report.)

OUTLOOK

Medical devices segment

The medical devices segment continued to perform well in FY2021, maintaining healthy growth in both its revenue and segmental results. While its growth rate can be expected to moderate after four consecutive financial years of growth (as the base becomes bigger), the outlook for the segment remains good. Globally, the medical technology contract manufacturing industry is growing due to factors such as the ageing population in developed markets and increasing demands for better healthcare in developing markets. The segment is well positioned to capitalise on these long-term trends. Nonetheless, this optimism must be tempered by caution in the face of a macro environment of some uncertainty due to current international trading conditions, geopolitical challenges and the on-going Covid-19 pandemic.

Looking ahead, the segment will continue enhancing the breadth and depth of its technological and manufacturing capabilities. This will take the form of targeted investments to deepen its capabilities, especially in areas like in-vitro diagnostics, medical extrusions and electro-mechanical devices. These are expected to help the segment grow its revenue streams. The segment will also broaden its global reach through capacity expansion. Plans in this area include an extension of the segment's manufacturing site in Changzhou, China and the possible establishment of a fifth manufacturing site in a location outside Asia (near USA).

Statement By Chairman

Pipes and pipe fittings segment
The pipes and pipe fittings segment recorded year-on-year growth in FY2021 in both revenue and segmental results as construction projects in Singapore gradually resumed. Although the construction industry in Singapore is gradually recovering from the impact of Covid-19, labour shortages and supply chain disruptions continue to cause delays in construction projects. This, coupled with increased operating costs and higher raw material prices, will continue to impact the revenue and results of the segment. Therefore the segment will continue to focus its growth on civil engineering projects and product expansion.

Group
The Group expects its revenue to continue growing into the financial year ending July 31, 2022 ("FY2022"). The Group's profit after tax in FY2022 may be impacted by increasing operating costs, disruptions in logistics/ supply chain, higher development and expansion costs as well as the reduction/cessation of Covid-19 related government subsidies.

While the Group remains cautiously optimistic for FY2022, it is keeping a vigilant watch on the challenges that may arise from the ongoing Covid-19 pandemic 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

In FY2020, the Group initiated voluntary disclosure of segmental breakdown in its half-year results to provide more information for our shareholders and the investment community to gain a better understanding of the Group's business and financial performance. In the same vein, we have embarked on further initiatives by commencing with voluntary provision of media release and presentation deck to supplement our FY2021 results announcement. At the forthcoming Annual General Meeting on November 24, 2021, which will again be held virtually in order to manage the risks of Covid-19 transmission, we look forward to interacting with our shareholders during the virtual question and answer session in real-time.

The Board has recommended a final dividend of S$0.0045 per ordinary share (one-tier tax exempt) in respect of FY2021 for approval by shareholders at this Annual General Meeting. This recommended dividend represents a 20% increase from the dividend paid in respect of FY2020 in recognition of the significantly higher profit after tax that the Group achieved in FY2021. With opportunities to keep growing the Group's medical devices segment, a larger portion of the Group's profits has been retained for re-investing to support such long-term growth.

Financial discipline is key to our success. This was exemplified during FY2021 when, notwithstanding the turmoil and challenging operating environment caused by the Covid-19 pandemic, we maintained sufficient financial capacity and liquidity to continue expanding our business. Our capacity to do so is due to financial resources that we have built up by constantly balancing short term rewards to our shareholders through paying dividends and re-investing for business growth in the long term interests of our shareholders. In the face of the ongoing Covid-19 pandemic and macro-economic uncertainties, it is also prudent to maintain sufficient capital within the business to meet working capital, cashflow and capital expenditure requirements.

APPRECIATION

On behalf of the Board, we thank our customers, suppliers and shareholders for their continued support and confidence in the Group. I would also like to thank our management team and employees for their dedication, commitment and can-do spirit in the past year. Above all, I wish for you and your loved ones to keep safe and well.

YEO WICO
Chairman

Operational and Financial Review

REVENUE

In FY2021, the Group's revenue increased by 28.2% to S$113.9 million from S$88.8 million in FY2020. This increase arose from higher revenue recorded across both the medical devices segment and the pipes and pipe fittings segment. The revenue for the medical devices segment reached S$80.2 million in FY2021, an increase of 30.6% from FY2020 due to increased orders from its customers. In addition, the revenue for the pipes and pipe fittings segment increased by 22.9% to S$33.8 million in FY2021 due to the gradual recovery in the construction industry in Singapore from the disruptions caused by the Covid-19 pandemic.

Other income increased by 32.4% in FY2021 due to more tools built for customers in the medical devices segment and foreign exchange gain, despite a S$0.9 million reduction in Covid-19 related government subsidies as compared to FY2020.

OPERATING EXPENSES

With the increase in revenue, the Group's raw materials and consumables used grew by 29.4% to S$51.9 million in FY2021. Similarly, employee benefits expense (including salary) rose by 26.4% to S$35.5 million in FY2021 as increased headcount and overtime were needed to meet customer demand, especially in the medical devices segment.

Depreciation and amortisation expenses increased by 11.5% to S$6.2 million in FY2021 primarily due to the increase in property, plant and equipment used in the medical devices segment.

Other operating expenses increased by 15.6% to S$14.2 million in FY2021 due to the increase in marketing expenses, factory consumables, laboratory and testing, tooling expenses, repairs and maintenance and other operational costs to support the increase in revenue.

As a result, the Group's profit before tax grew by 71.6% from S$7.2 million in FY2020 to S$12.3 million in FY2021.

The tax expense of S$1.9 million in FY2021 was 16.4% lower than FY2020 despite the increase in profit before tax due partly to the utilisation of past years' tax losses brought forward. The income tax expense in FY2020 also included the effects of utilising the deferred tax asset related to a subsidiary in China, which was lower in FY2021.

Overall, the Group grew its net profit after tax to S$10.4 million for FY2021, an increase of 112.5% from S$4.9 million in FY2020.

Operational and Financial Review

STATEMENT OF FINANCIAL POSITION

Trade receivables increased by 30.9% at the end of FY2021 to S$28.1 million due to higher revenue in both the medical devices segment and pipes and pipe fittings segment in FY2021 as compared to FY2020.

Contract assets relate to revenue recognised prior to the date on which it is invoiced to the customer in accordance with SFRS(I) 15 accounting standards. These increased by 70.3% to S$9.5 million at the end of FY2021 due to higher inventories in production and post-production in the medical devices segment for contracts whereby the revenue is to be recognised over time at the end of FY2021 as compared to the end of FY2020.

At the end of FY2021, the Group's inventories rose by 14.2% to S$16.7 million mainly due to higher inventory level in the medical devices segment to fulfil the increase in orders from customers.

Property, plant and equipment increased by 7.8% to S$34.6 million at the end of FY2021 mainly due to capital expenditure.

Right-of-use assets and Lease liabilities (total of both current and non-current) increased by 12.3% to S$6.0 million and 14.9% to S$5.9 million respectively at the end of FY2021 due to the renewal of rental contract for a facility in China.

Deferred tax assets decreased by 47.5% to S$0.6 million at the end of FY2021 due to it being used in offsetting the underlying tax losses related to past financial years against the taxable income in FY2021.

Trade and Other payables increased by 37.9% to a total of S$16.7 million at the end of FY2021 mainly due to the higher level of activities in the medical devices segment.

Deferred tax liabilities increased by 28.7% to S$2.5 million due to the increase in contract assets mentioned above, resulting in a higher future tax obligation.

Overall, the net asset value of the Group increased by 16.1% to S$71.6 million at the end of FY2021 from S$61.7 million at the end of FY2020.

WORKING CAPITAL AND CASH FLOW

Net cash from operating activities for FY2021 decreased to S$9.0 million from S$12.1 million despite higher profits mainly due to higher working capital requirements to support the increase in revenue.

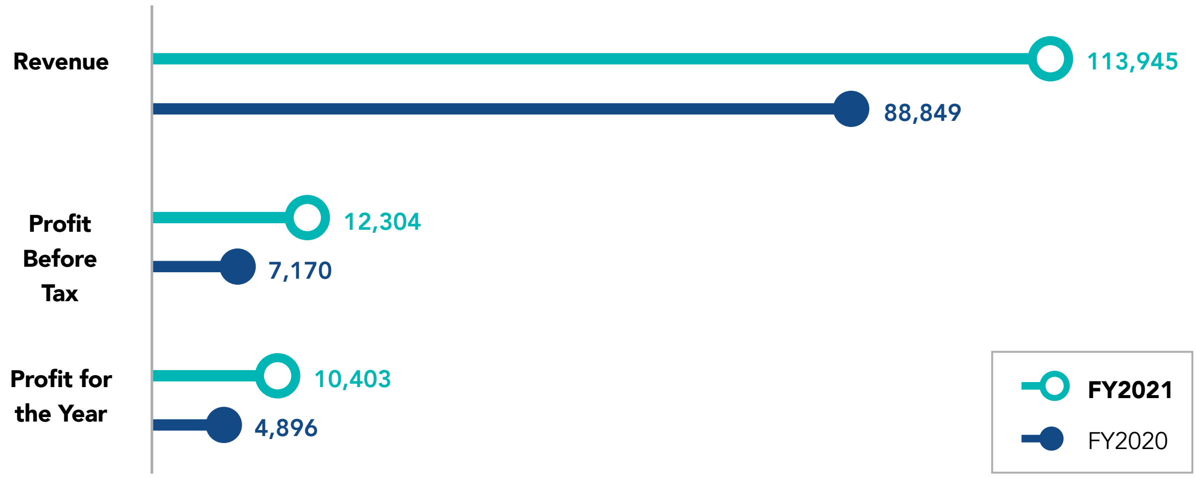
Net cash used in investing activities decreased by S$1.4 million in FY2021 mainly due to lower cash paid out for purchase of plant and machinery as part of the plant and equipment acquired that remained unpaid as at the end of FY2021.

Net cash from financing activities was S$1.9 million in FY2021 due to the proceeds from bank borrowings and lower dividend paid.

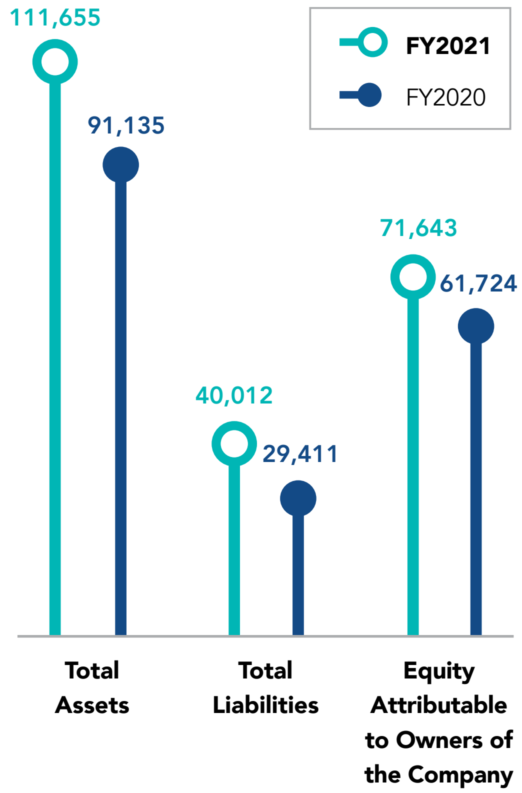
Overall, despite an increase in bank borrowings of S$5.0 million, the net cash (cash less bank borrowing) of the Group improved to negative S$3.8 million at the end of FY2021 as compared to negative S$4.2 million at the end of FY2020.

Operational and Financial Review

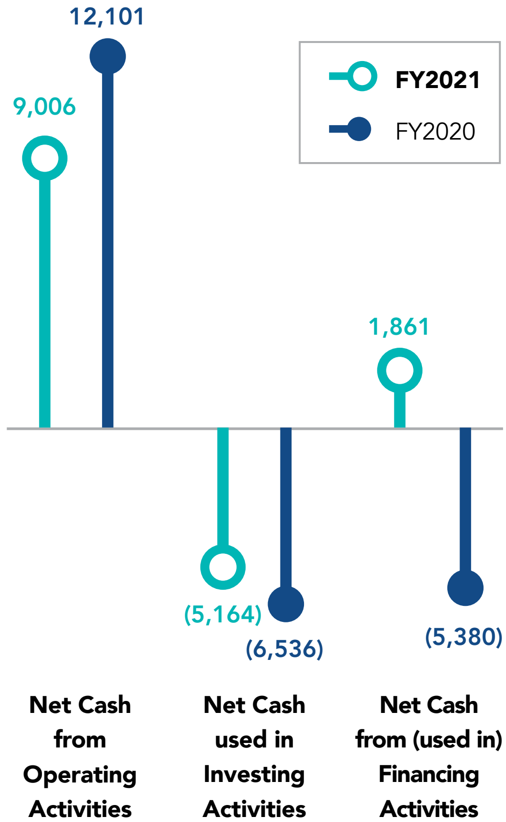
STATEMENT OF PROFIT OR LOSS (S$'000)



STATEMENT OF FINANCIAL POSITION (S$'000)



STATEMENT OF CASH FLOWS (S$'000)



Board of Directors

Yeo Wico

Yeo Wico, aged 54, 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 2019. 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

Ng Cher Yan, aged 62, 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 2019. He is Chairman of the Audit and Risk and Remuneration Committees and serves as a member of the Nominating Committee. Mr. Ng is currently practising as a Chartered Accountant. Mr. Ng holds a Bachelor of Accountancy degree from the National University of Singapore, and is a fellow member of the Institute of Singapore Chartered Accountants and also a member of the Institute of Chartered Accountants in Australia. Currently, Mr. Ng serves as Independent Non-Executive Director of several public listed companies, namely MoneyMax Financial Services Ltd, Samko Timber Limited and Serial System Ltd. In the preceding five years, he was also an independent director of Ecowise Holdings Limited, Bull Will Co Ltd and Mermaid Maritime Public Co Ltd. Mr. Ng was awarded the prestigious Pingat Bakti Masyarakat or the Public Service Award in 2007 and was awarded the Bintang Bakti Masyarakat or the Public Service Star Award in 2017 for his various community services.

Christopher P Lee

Christopher P Lee, aged 59, 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 34 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

Jane Rose Philomene Gaines-Cooper, aged 62, 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

Ng Beng Tiong, aged 57, was appointed as a Non-Executive Director in April 2021. He serves as a member of the Audit and Risk Committee. Mr. Ng is currently the Deputy Group Chief Executive Officer and Group Chief Operating Officer of ARA Asset Management Limited, a leading APAC real assets fund manager with a global reach. 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

Cheng Liang

Cheng Liang, aged 66, was appointed as Acting Group Chief Executive Officer in October 2014 and assumed the permanent role as Group Chief Executive Officer in November 2018. He is responsible for the overall management of the Group. He has been the Managing Director of the pipes and pipe fittings segment of the Group since January 2009 where he oversaw all operational aspects of the pipes and pipe fittings segment, including executing business strategies, manufacturing, procurement and sales and distribution. Mr. Cheng is a founding member of the Group and was previously an Executive Director of the Group from 1998 to 2008. His prior experiences include tin smelting in Singapore and South Korea, tin trading and forex trading.

Cheng Hsheng @ Zhang Zixian

Cheng Hsheng @ Zhang Zixian, aged 44, was appointed as Acting Group Operations Director in April 2015 and assumed the permanent role as Group Operations Director in April 2016. He is responsible for the operational aspects of the Group, as well as ensuring operational support for development of the Group's markets, products and businesses. He has been the Business Operations Director for pipes and pipe fittings segment since August 2012. Mr. Cheng began his career with the pipes and pipe fittings segment in 2001 as an Engineer and has held roles of increasing responsibilities in various functions, such as Production, Operations and Business Development. His other experiences also include compounding of specialty engineering plastics and elastomers.

Walter Tarca

Walter Tarca, aged 64, joined the Group in January 2016 as President of the Medical Devices Segment responsible for overall strategy and carries full P&L responsibility for the segment. Mr. Tarca brings a wealth of healthcare experience to the group having held senior leadership positions in businesses throughout the APAC region including China, Japan, India and South Korea. Mr. Tarca has lived in Asia for more than 20 years and has a successful track record of building and expanding health care businesses in a sustainable manner, focusing on collaborative customer relationships, operating excellence and an engaged workforce. Mr. Tarca has also held positions in general management, operations and finance in retail operations in Australia and in manufacturing of automotive components and child safety products for a leading global manufacturer. Mr. Tarca has a bachelor's degree in Economics from Adelaide University and is a Fellow, CPA.

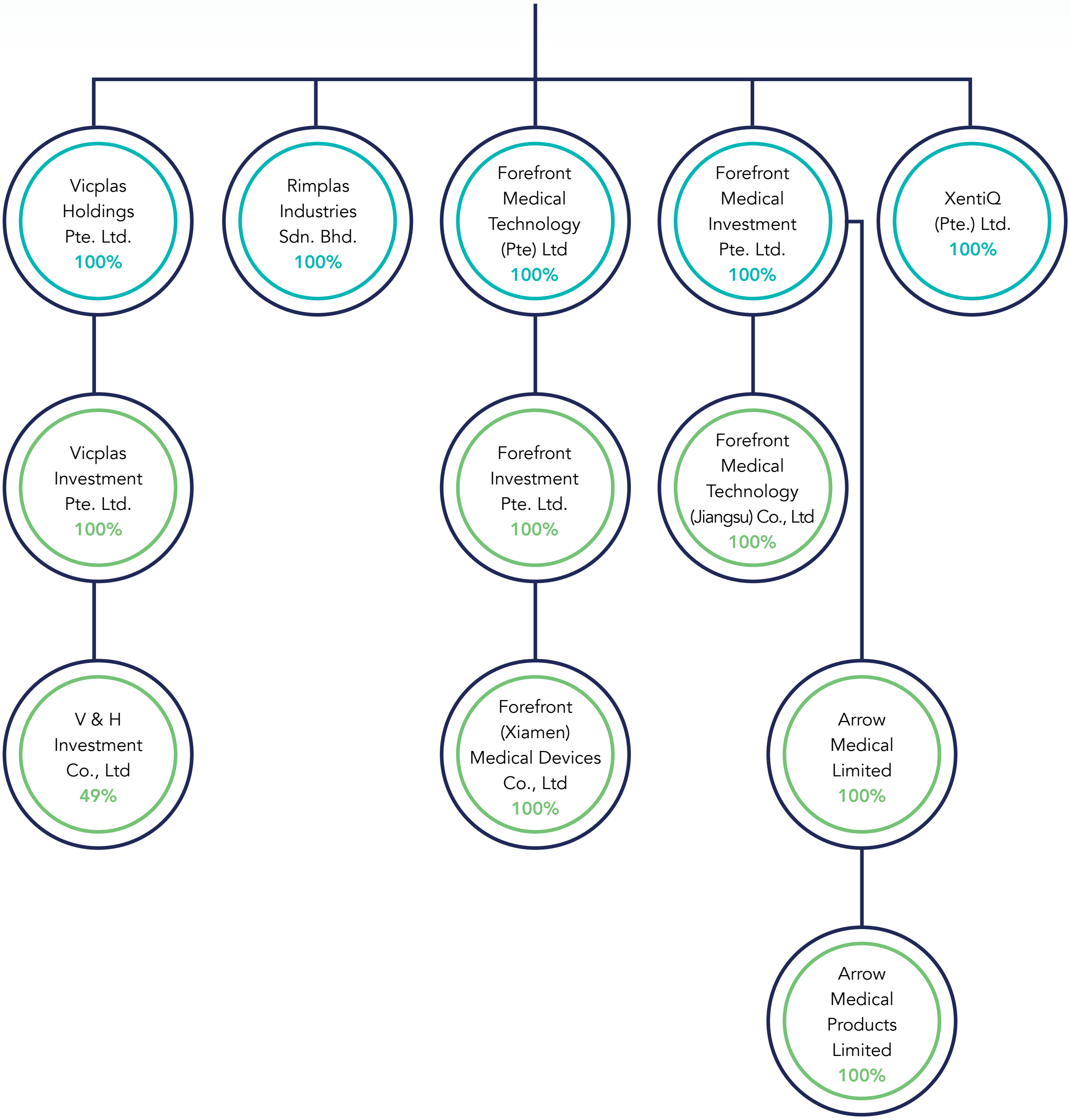
Gan Ying Hui

Gan Ying Hui, aged 42, re-joined the Group as Chief Financial Officer in April 2016. She joined the Group as Financial Controller in August 2008 and was promoted to CFO in August 2013 before she left in December 2014. Ms. Gan is responsible for the Group's financial functions including accounting, internal controls and auditing, financial and management reporting, tax, financial analysis, mergers and acquisition support and risk management. Prior to that, she was an audit manager with a "Big Four" Public Accounting firm in Singapore. Ms. Gan holds a Bachelor of Accountancy (Hons) from the Nanyang Technological University and is a Chartered Accountant of Singapore.

Toon Chin Liang

Toon Chin Liang, aged 43, 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 SECRETARIES

Ms. Esther Au Siew Peng, ACIS

REGISTERED OFFICE

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Telephone: (65) 62623888
Facsimile: (65) 63493877

SHARE REGISTRAR

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AUDITOR

Deloitte & Touche LLP
Chartered Accountants
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OUE Downtown 2
Singapore 068809

Audit Partner: Mr. Ronny Chandra
(Appointed with effect from FY2020)

PRINCIPAL BANKERS

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Singapore 018982

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

Corporate Governance Report

Corporate Governance Report

The Board of Directors ("**Board**") and the management of the Company are committed to maintaining high standards of corporate governance within the Company and its subsidiaries ("**Group**"). The Group has put in place and adopted various principles, policies and practices complying with the Code of Corporate Governance 2018 ("**Code**") where it is applicable and practical to the Group in the context of the Group's business and organisation structure. Accordingly, the Group has complied with the principles and provisions of the Code throughout the financial year ended July 31, 2021 ("**FY2021**") and explanations have been included in this report regarding such compliance where appropriate.

This report describes the corporate governance processes and practices of the Group that were in place throughout FY2021.

BOARD MATTERS

Principle 1: Board's Conduct of Affairs

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

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

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

(c) reviews management performance;

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

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

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

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

The Board meets at least four times a year and when necessary. Four scheduled meetings of the Board were held during FY2021. In addition to regular or scheduled meetings, ad-hoc meetings may be held by way of conference calls to deliberate on urgent and substantive matters. The Company's Constitution provides for Board meetings to be conducted by teleconference, videoconference or other methods of simultaneous communication by electronic, telegraphic or other similar means. Apart from Board meetings, matters are also put to the Board for approval by way of circulating resolutions in writing.

Corporate Governance Report

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

A newly appointed director will be provided with a formal letter of appointment setting out the director's duties and obligations and copies of the Company's annual report, Constitution, organisational charts, (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 include briefings on the Group's business and operations, and corporate governance practices. Where necessary, the Company will also provide training for first-time directors in areas such as accounting, legal and industry-specific knowledge.

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

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

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

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

Meetings	**No. of scheduled meetings held during FY2021**	**No. of scheduled meetings attended during FY2021**				
		Yeo Wico	**Ng Cher Yan**	**Christopher Paul Lee**	**Jane Rose Philomene Gaines-Cooper****	**Ng Beng Tiong***
Board	**4**	4	4	4	4	1
Audit and Risk Committee	**4**	4	4	4(a)	4	1
Nominating Committee	**2**	2	2	2(a)	2	1(a)
Remuneration Committee	**3**	3	3	3(a)	3	1(a)
Strategy Committee	**1**	1	1(a)	1	1	1(a)

Notes:

* Mr. Ng Beng Tiong was appointed as Non-Executive Independent director and a member of the ARC on April 28, 2021

** Following the appointment of Mr. Ng Beng Tiong as a member of the ARC, Mrs. Jane Rose Philomene Gaines-Cooper stepped down from the ARC on April 28, 2021

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

Corporate Governance Report

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

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

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

Principle 2: Board Composition and Guidance

There is a strong and independent element on the Board. As at July 31, 2021, the Board has five members, all of whom are non-executive directors. With the appointment of Mr. Ng Beng Tiong on April 28, 2021, three of the five directors 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.

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

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

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

Mr. Ng Beng Tiong was appointed a non-executive independent director and a member of the ARC on April 28, 2021, and he has offered himself for re-election under Article 119 of the Company's Constitution at the forthcoming Twenty-Third Annual General Meeting to be held on November 24, 2021. A brief profile of Mr. Ng Beng Tiong is set out in the "Board of Directors" section of this annual report.

The Board's adoption of the independence concept is in line with the definition of an "independent director" set out in the Code. An "independent" director 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.

Corporate Governance Report

The NC and the Board take into account the existence of relationships or circumstances, including those identified by the SGX-ST Listing Rule 210(5)(d) and the Code's Practice Guidance, that are relevant in determining a director's independence. 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.

The NC conducted its annual review of the directors' independence and is satisfied that the Company has complied with Rule 210(5)(c) of the Listing Manual of SGX-ST (which will take effect from 1 January 2022) which requires independent directors to consist of at least one-third of the Board. The Company also complies with Provision 2.3 of the Code which provides that non-executive directors make up a majority of the Board.

For FY2021, 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.

Both Mr. Yeo Wico and Mr. Ng Cher Yan have served more than nine years on the Board. Results of annual director performance evaluation for both Mr. Yeo Wico and Mr. Ng Cher Yan were positive. The Board (with Mr. Yeo Wico and Mr. Ng Cher Yan recused from deliberating their respective review) agreed that Mr. Yeo Wico and Mr. Ng Cher Yan had expressed their views independently at all times, objectively and constructively challenged the assumptions and viewpoints presented by the management and actively participated in deliberations at meetings. In this context, the Board is satisfied that the long tenure of Mr. Yeo Wico and Mr. Ng Cher Yan does not impair their independence and they are able to discharge their duties as directors independently and objectively. Mr. Yeo Wico and Mr. Ng Cher Yan remained independent in character and judgement and there are no relationships or circumstances which are likely to affect their judgement.

Taking into account of 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 them being in office for more than nine years.

In line with the SGX-ST Listing Rule 210(5)(d)(iii) (which will take effect from January 1, 2022), the continued appointment of an independent director who has served on the Board for an aggregate period of more than nine years will be subject to the approval of (i) all shareholders; and (ii) all shareholders, excluding shareholders who are directors and the Chief Executive Officer of the company (and their associates) ("**Two-Tier Voting**").

In this respect, the independent directors, namely, Mr. Yeo Wico and Mr. Ng Cher Yan, each of whom had served as an independent director for an aggregate period of more than nine years, will be subject to this Two-Tier Voting process at the forthcoming Twenty-Third Annual General Meeting to be held on November 24, 2021. Resolutions passed in accordance with a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of such resolutions or the retirement or resignation of the director, whichever the earlier. Brief profiles of Mr. Yeo Wico and Mr. Ng Cher Yan are set out in the "Board of Directors" section of this annual report.

Corporate Governance Report

Principle 3: Chairman and Chief Executive Officer

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

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

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

The NC and the Board are of the view that the appointment of a lead independent director is not necessary as the Board has sufficient independence given that (a) the Chairman and the Chief Executive Officer are separate persons; (b) the Chairman and the Chief Executive Officer are not family members; (c) the Chairman is not part of the management team; and (d) the Chairman is an independent director. Accordingly, no lead independent director needs to be or has been appointed.

Principle 4: Board Membership
Principle 5: Board Performance

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

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

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

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

The NC determines annually, and as and when circumstances require, whether a director is independent having regard to the circumstances set forth in Provision 2.1 of the Code. In determining the independence of directors annually, the NC has reviewed and is of the view that Mr. Yeo Wico, Mr. Ng Cher Yan and Mr. Ng Beng Tiong are independent. The NC also reviewed and is satisfied that the non-executive directors who sit on multiple boards have been able to devote time and attention to the affairs of the Company to fulfil their duties as directors of the Company.

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

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

Consistent with the Code, the Chairman of the NC is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent business judgement in the best interests of the Company.

The NC and the Board in principle support limiting the number of directorships to not more than six directorships in other public listed companies that an independent director can effectively serve. The NC and the Board are of the view that the effectiveness of each of the independent directors is best assessed by a qualitative assessment of the director's contributions as well as by taking into account each director's listed company board directorships, and any other relevant time commitments. All Board members have also confirmed that they are able to commit sufficient time for the scheduled meetings and other ad-hoc meetings, and devote appropriate time for such meetings. Such confirmations are taken into account in the NC's assessment of directors' contributions.

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

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

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

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

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

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

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

Principle 7: Level and Mix of Remuneration

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

Role	Member	Chairman
Board of Directors	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

Principle 8: Disclosure of Remuneration

The remuneration paid to each of the directors, the top five key management personnel including the Group Chief Executive Officer for the year ended July 31, 2021 are set out below:

Remuneration band Name of director	Salary	Bonus	Director's Fees	Total Remuneration
	%	%	%	%
Below S$250,000				
Yeo Wico	–	–	100	100
Ng Cher Yan	–	–	100	100
Christopher Paul Lee	–	–	100	100
Jane Rose Philomene Gaines-Cooper	–	–	100	100
Ng Beng Tiong	–	–	100	100

Share options may be granted pursuant to the Vicplas International Share Option Plan to acknowledge the contributions made by relevant non-executive directors (not being a controlling shareholder or his associate) to the success of the Company and/or the Group. The share options are not intended as an alternative to paying directors' fees in cash or other form of emoluments in respect of their office, and thus not required to be put to shareholders for further approval whether for the purposes of Section 169 of the Companies Act, (Chapter 50) of Singapore ("**Act**") or the Company's Constitution. Nonetheless, as a matter of openness and transparency, the Company considers it good practice to table proposed grants of share options to any non-executive director at future AGMs for shareholders' approval. There were no share option grants made to directors in the financial year under review. All share options granted to directors in previous financial years have been disclosed in the Company's Annual Report for the respective financial years. Information on the directors of the Company holding office at the end of the financial year and the share options held by them is set out in the Directors' Statement on pages 32 to 35 in this annual report.

Corporate Governance Report

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	63	32	5	100
Cheng Liang	61	35	4	100
S$250,000 to S$499,999				
Gan Ying Hui	61	31	8	100
Toon Ching Liang, Aiken	61	32	7	100
Cheng Hsheng @ Zhong Zixian	58	27	15	100

The Company adopts a remuneration policy for staff that is primarily performance based. Remuneration comprises a fixed and a variable component. The fixed component consists of a base salary, fixed allowance and an annual wage supplement. The variable component is in the form of a variable bonus that is linked to the Company's and the individual's performance. The Company also has in place the Vicplas International Share Option Plan to reward and retain eligible directors and employees whose services are vital to the Group's success. For information on the Vicplas International Share Option Plan, please refer to pages 33 to 35 in this annual report.

Other than Mr. Cheng Hsheng @ Zhong Zixian, there are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company for FY2021.

Mr. Cheng Hsheng @ Zhong Zixian (Group Operations Director) is the son of Mr. Cheng Liang (Group Chief Executive Officer) and his remuneration is within the band of S$250,000 to S$499,999. Details on the options under the Vicplas International Share Option Plan granted to him are on page 34 in this annual report. Other than Mr. Cheng Hsheng @ Zhong Zixian, there is no immediate family member of a director or the chief executive officer who is employed in the Group.

The aggregate remuneration paid to the top five key management personnel including the Group Chief Executive Officer (who are not directors) for FY2021 is approximately S$2,092,000.

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

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

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board recognises the importance of maintaining a sound system of internal controls, covering not only the financial, but also operational, compliance and information technology controls, including risk management, to safeguard shareholders' interests and the Group's assets. Procedures are in place to identify and manage major business risks and evaluate potential financial effects. During FY2021, the Board and the Audit and Risk Committee ("ARC") oversee the governance of risks and ensures that management maintains a sound system of risk management and internal controls to safeguard the interests of the Company and its stakeholders.

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

Key risks	Mitigating controls
Credit risk	• Perform credit evaluation before accepting new customers • Review and monitor accounts receivables aging
Wrong investment decision	• Scrutinise payback period on investment, customer contractual arrangement and alternative uses for plant and equipment • Present all proposals for major investments to Board for evaluation and approval before proceeding
Increasing competition / 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 internal control.

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, 2021.

Corporate Governance Report

Principle 10: Audit Committee

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

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

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

The ARC has written terms of reference and the key terms of reference of the ARC include the following duties:

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

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

- Reviewing the assurance from the 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. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The ARC held four meetings during the financial year ended July 31, 2021. The ARC reviews issues of accounting policy and presentation of external financial reporting as well as the internal financial control, for which the directors are responsible.

The ARC considered the significant issues and judgements in relation to the financial statements and the details of how these matters were addressed and concurred with the basis and conclusions included in the auditors' report with respect of the key audit matters for FY2021 as set out on page 38 in this annual report.

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

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 the financial year ended July 31, 2021 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 105 in this annual report.

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

Internal Audit and Compliance

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

SHAREHOLDER RIGHTS AND ENGAGEMENT

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

The management makes a presentation to shareholders at every annual general meeting on the Company's segmental business. The Board believes in regular, timely and effective communications with shareholders. In addition to the mandatory public announcements made through the SGXNet, timely release of the financial results provides shareholders with an overview of the Group's performances and operations. The principal forum for dialogue with shareholders remains the annual general meeting, during which shareholders are encouraged to raise questions and participate in discussions pertaining to the operations and financials of the Group. The shareholders are given the opportunity to share their thoughts and ideas relating to matters which are the subject of the resolutions to be passed. The Chairman (together with the rest of the Board who are present), the Group Chief Executive Officer, the Chief Financial Officer and external auditor address questions raised by shareholders at general meetings.

The Company also attends to enquiries from shareholders, analysts and the press on an ad-hoc basis. Such enquiries are handled by the management staff and independent director listed below in lieu of a dedicated investor relations team. Any queries and concerns regarding the Group can be conveyed to the following persons:

Ms. Gan Ying Hui, Chief Financial Officer

Telephone no.: 6349 3875
Facsimile no.: 6349 3877
Email: ganyinghui@vicplas.com.sg

Mr. Cheng Hsheng @ Zhong Zixian, Group Operations Director

Telephone no.:6349 3818
Facsimile no.: 6349 3877
Email: jaycheng@vicplas.com.sg

Corporate Governance Report

Mr. Cheng Liang, Group Chief Executive Officer

Telephone no.: 6349 3868
Facsimile no.: 6349 3877
Email: e_cheng@vicplas.com.sg

Mr. Ng Cher Yan, Independent Director and ARC Chairman

Telephone no.: 6349 3883
Facsimile no.: 6349 3877
Email: cy@plusllp.com

The Board ensures that issues or matters requiring shareholders' approval are tabled in the form of separate and distinct resolutions at general meetings on each distinct issue. Explanatory notes are included in the notice of general meetings to provide further information on the agenda items of general meetings. Resolutions tabled at general meetings are voted by poll and the number of votes cast for and against each resolution and the respective percentage will be disclosed. The Company will appoint an independent external party as scrutineer for the poll voting process. Prior to the commencement of the general meeting, the scrutineer would review the proxies and proxy process. Shareholders are informed of the voting process at each general meeting. Detailed results of the poll votes for each resolution will be promptly disclosed on the SGXNet after general meetings. The Company will publish the minutes of general meetings via the SGXNet and on its corporate website at www.vicplas.com.sg within one month after the general meetings.

In view of the Covid-19 situation, the forthcoming Twenty-Third Annual General Meeting ("**AGM**") to be held in respect of FY2021, will be convened and held by 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. 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 the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, will be put in place for the AGM.

More information on how the Group met its responsibilities with its key stakeholders can be found in the sustainability report for the financial year ended July 31, 2021 ("**2021 Sustainability Report**"), which will be issued by December 31, 2021. The sustainability report covers the sustainability performance, activities and initiatives of the Group. Material issues and topics described in the sustainability report are selected in accordance with the Global Reporting Initiative ("**GRI**") Standards and their level of significance to the Group and covers both the pipes and pipe fittings segment and medical devices segment. A copy of the 2021 Sustainability Report will be available on the Company's website by December 31, 2021.

ADDITIONAL INFORMATION

Dealings in Securities

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

Corporate Governance Report

Interested Person Transactions

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

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

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

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$'000	S$'000
Venner Capital S.A. and subsidiaries and related parties	–	1,335

Corporate Governance Report

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE FORTHCOMING TWENTY-THIRD ANNUAL GENERAL MEETING

Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information relating to the retiring directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Details	Ng Beng Tiong	Yeo Wico	Ng Cher Yan
Date of appointment	April 28, 2021	June 10, 2008	May 3, 2010
Date of last re-appointment (if applicable)	N/A	November 28, 2019	November 28, 2019
Age	57	54	62
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr. Ng Beng Tiong is a seasoned C-suite corporate executive with background in finance and banking. He is presently the Deputy Group Chief Executive Officer and Group Chief Operating Officer of ARA Asset Management Limited, a leading APAC real assets fund manager with a global reach. He had prior experience in serving as independent director on SGX-listed companies and is a Chartered Financial Analyst. He is able to provide valuable guidance and insights to the Group's business.	Mr. Yeo Wico has been in legal practice for well over two decades and a director of listed companies for more than a decade. In addition, he has acquired extensive knowledge and experience over the Group's business through different business cycles. He will continue to provide leadership and guidance as Board Chairman.	Mr. Ng Cher Yan is a practicing Chartered Accountant and sits on the Board of several public listed companies. He provides valuable direction and insights to the Group's business from his vast experience.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director Member of the Audit and Risk Committee	Independent Director Chairman of the Board of Directors Chairman of the Nominating Committee Member of the Audit and Risk Committee Member of the Remuneration Committee Member of the Strategy Committee	Independent Director Chairman of the Audit and Risk Committee Chairman of the Remuneration Committee Member of the Nominating Committee

Corporate Governance Report

Details	Ng Beng Tiong	Yeo Wico	Ng Cher Yan
Professional qualifications	Please refer to the Director's biography on page 8 in this annual report.	Please refer to the Director's biography on page 8 in this annual report.	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.	Please refer to the Director's biography on page 8 in this annual report.	Please refer to the Director's biography on page 8 in this annual report.
Shareholding interest in the listed issuer and its subsidiaries	400,000 Ordinary Shares of Vicplas International Ltd	11,271,738 Ordinary Shares of Vicplas International Ltd	3,217,390 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	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments[1] including Directorships 1 The term "Principal Commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.	Please refer to the Director's biography on page 8 in this annual report.	Please refer to the Director's biography on page 8 in this annual report.	Please refer to the Director's biography on page 8 in this annual report.

Corporate Governance Report

Details		Ng Beng Tiong	Yeo Wico	Ng Cher Yan
The general statutory disclosures of the director are as follows:				
A.	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	☐ Yes / ☒ No	☐ Yes / ☒ No	☐ Yes / ☒ No
B.	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	☐ Yes / ☒ No	☐ Yes / ☒ No	☐ Yes / ☒ No
C.	Whether there is any unsatisfied judgment against him?	☐ Yes / ☒ No	☐ Yes / ☒ No	☐ Yes / ☒ No
D.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	☐ Yes / ☒ No	☐ Yes / ☒ No	☐ Yes / ☒ No

Details		Ng Beng Tiong	Yeo Wico	Ng Cher Yan
E.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	☐ Yes / ☒ No	☐ Yes / ☒ No	☐ 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	☐ Yes / ☒ No	☐ Yes / ☒ No In February 2017, a civil suit has been initiated by the Securities and Futures Investors Protection Centre of Taiwan ("SFIPC") against amongst others, Bull Will Co., Ltd ("Bull Will"), its directors, independent directors, supervisors, accounting supervisors, legal shareholder and external auditors. Mr. Ng Cher Yan was a Non-executive Director of Bull Will. In June 2021, the suit was dismissed by the Taiwanese Court on the basis that they are without merit. SFIPC subsequently filed an appeal. The suit is currently in progress.
G.	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	☐ Yes / ☒ No	☐ Yes / ☒ No	☒ Yes / ☐ No On July 7, 2020, a Summon was issued against him as a nominee director of SFL-Boiler Installation Pte Ltd ("SFL") relating to a failure by SFL to file annual return within the requisite period. Resolved upon payment of a fine of S$1,200.

Corporate Governance Report

Details	Ng Beng Tiong	Yeo Wico	Ng Cher Yan
H. Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	☐ Yes / ☒ No	☐ Yes / ☒ No	☐ Yes / ☒ No
I. Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	☐ Yes / ☒ No	☐ Yes / ☒ No	☐ 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	☐ Yes / ☒ No	☐ Yes / ☒ No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	☐ Yes / ☒ No	☐ Yes / ☒ No	☐ Yes / ☒ No

Details		Ng Beng Tiong	Yeo Wico	Ng Cher Yan
	(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	☐ Yes / ☒ No The Director is or had been a director of trustee-manager(s) subject to licensing requirements. These trustee-manager(s) had been investigated in the ordinary course of business for failing to comply with licence conditions and quality of service standards under these licensing requirements as well as laws and regulations governing their operational activities. These investigations have resulted in warnings or penalties (as applicable) imposed on such trustee-manager(s) which were neither material nor relate to this Director in his personal capacity.	☐ Yes / ☒ No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	☐ Yes / ☒ No	☐ Yes / ☒ No	☐ Yes / ☒ No
K.	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	☐ Yes / ☒ No	☐ Yes / ☒ No	☐ 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, 2021.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 41 to 112 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, 2021, 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 (Appointed on April 28, 2021)

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 except as follows:

Name of directors and company in which interests are held	Shareholdings registered in name of directors			Share options to subscribe for ordinary shares	
The Company - Vicplas International Ltd	**At beginning of financial year or date of appointment, if later**	**At end of financial year**	**At August 21, 2021**	**At beginning of financial year or date of appointment, if later**	**At end of financial year**
(Ordinary shares)					
Yeo Wico	10,021,738	11,271,738	11,271,738	1,250,000	–
Ng Cher Yan	3,217,390	3,217,390	3,217,390	–	–
Christopher P. Lee	3,000,000	3,000,000	3,000,000	–	–
Jane Rose Philomene Gaines-Cooper(1)	5,000,000	5,000,000	5,000,000	–	–
Ng Beng Tiong	–	200,000	400,000	–	–

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Name of directors and company in which interests are held	Shareholdings in which directors are deemed to have an interest	
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 and Mrs. Jane Rose Philomene Gaines-Cooper is a protector of 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 BIT by a deed of appointment. Mrs. Jane Rose Philomene Gaines-Cooper is deemed to be interested in the shares of Venner owned by Bird Island Trust.

The directors' interest in the share options of the Company at August 21, 2021 were the same at July 31, 2021.

4 SHARE OPTIONS

(a) Vicplas International Share Option Plan

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

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

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

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

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

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

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

4 SHARE OPTIONS (CONT'D)

(b) Unissued Shares under option and options exercised

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

Number of options to subscribe for ordinary shares of the Company

Date of grant	Balance at August 1, 2020	Exercised	Balance at July 31, 2021	Exercise price per share	Exercisable period
January 18, 2016	1,250,000	(1,250,000)	–	$0.115	January 19, 2017 to January 18, 2021
January 18, 2016	10,000,000	(260,000)	9,740,000	$0.115	January 19, 2017 to January 18, 2026
January 23, 2017	10,000,000	(1,900,000)	8,100,000	$0.108	January 24, 2018 to January 23, 2027
Total	21,250,000	(3,410,000)	17,840,000		

In respect of options granted to employees of related corporations, no options were granted during the financial year. The total number of options granted from the commencement of the Plan which are outstanding at the end of the financial year has decreased from 21,250,000 as at July 31, 2020 to 17,840,000 as at July 31, 2021.

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

Name of employees	Aggregate options granted since commencement of the Plan to the end of financial year	Aggregate options exercised since commencement of the Plan to the end of financial year	Aggregate options forfeited since commencement of the Plan to the end of financial year	Aggregate options outstanding as at the end of financial year
Cheng Liang	5,000,000	(2,500,000)	–	2,500,000
Cheng Hsheng	3,000,000	(1,000,000)	–	2,000,000
Walter Tarca	10,000,000	(260,000)	–	9,740,000
Gan Ying Hui	2,500,000	(500,000)	–	2,000,000
	20,500,000	(4,260,000)	–	16,240,000

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

Directors' Statement

4 SHARE OPTIONS (CONT'D)

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

Name of 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)	–

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;

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

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.

Directors' Statement

6 AUDITOR

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

ON BEHALF OF THE DIRECTORS

Yeo Wico

Ng Cher Yan

October 29, 2021

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, 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 112.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at July 31, 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in the equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters	How the matter was addressed in the audit
Impairment assessment of 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, 2021, the Group's medical devices segment has property, plant and equipment ("PPE") and goodwill amounting to $21,796,000 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, amongst others, the revenue growth rates, discount rate and terminal growth rate.	We obtained an understanding of the management's relevant control around the valuation methodology and valuation model by performing walk-through of the relevant control. We 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 including those related to 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 to 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.

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

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ronny Chandra.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

October 29, 2021

Statements of Financial Position

JULY 31, 2021

	Note	Group		Company	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	9,869	4,481	69	100
Trade receivables	8	28,091	21,452	–	–
Other receivables	9	3,087	3,224	31,686	33,040
Contract assets	10	9,463	5,558	–	–
Income tax receivable		192	141	–	–
Inventories	11	16,693	14,612	–	–
Total current assets		67,395	49,468	31,755	33,140
Non-current assets					
Property, plant and equipment	12	34,634	32,128	–	–
Right-of-use assets	13	6,014	5,357	–	–
Intangible assets	14	1,240	1,287	–	–
Deferred tax assets	22	577	1,100	–	–
Subsidiaries	15	–	–	49,354	41,034
Joint venture	16	1,795	1,795	–	–
Total non-current assets		44,260	41,667	49,354	41,034
Total assets		111,655	91,135	81,109	74,174
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	17	5,038	8,634	–	–
Contract liabilities	18	990	1,422	–	–
Trade payables	19	8,637	5,054	–	–
Other payables	20	7,785	6,804	1,021	1,001
Lease liabilities	21	848	1,058	–	–
Income tax payable		350	209	12	–
Total current liabilities		23,648	23,181	1,033	1,001

Statements of Financial Position

JULY 31, 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
Non-current liabilities					
Bank borrowings	17	8,595	–	–	–
Other payables	20	234	221	–	–
Lease liabilities	21	5,085	4,105	–	–
Deferred tax liabilities	22	2,450	1,904	–	–
Total non-current liabilities		16,364	6,230	–	–
Capital and reserves					
Share capital	24	50,984	50,605	50,984	50,605
Treasury shares	24	(37)	(37)	(37)	(37)
Share option reserve	23	1,584	1,546	1,584	1,546
Currency translation reserve	25	(187)	(1,198)	–	–
Capital reserve	25	(169)	(169)	–	–
Statutory reserve	25	460	–	–	–
Revaluation reserve	25	2,965	2,965	–	–
Retained earnings		16,043	8,012	27,545	21,059
Equity attributable to owners of the Company		71,643	61,724	80,076	73,173
Non-controlling interests		–	–	–	–
Total equity		71,643	61,724	80,076	73,173
Total liabilities and equity		111,655	91,135	81,109	74,174

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED JULY 31, 2021

	Note	Group 2021 $'000	Group 2020 $'000
Revenue	26	113,945	88,849
Other income	27	6,921	5,227
Changes in inventories of finished goods and work-in-progress		667	1,455
Raw materials and consumables used		(51,943)	(40,154)
Purchase of finished goods for resale		(1,107)	(1,351)
Employee benefits expense		(35,476)	(28,070)
Depreciation and amortisation expenses		(6,204)	(5,565)
Impairment loss reversed (recognised) on financial assets		247	(306)
Other operating expenses	28	(14,220)	(12,304)
Finance costs	29	(526)	(611)
Profit before tax		12,304	7,170
Income tax expense	30	(1,901)	(2,274)
Profit for the year	31	10,403	4,896
Other comprehensive income (loss), net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations, representing other comprehensive income (loss) for the year, net of tax		1,011	(160)
Total comprehensive income for the year		11,414	4,736
Profit for the year attributable to:			
- Owners of the Company		10,403	4,984
- Non-controlling interests		–	(88)
		10,403	4,896
Total comprehensive income attributable to:			
- Owners of the Company		11,414	4,824
- Non-controlling interests		–	(88)
		11,414	4,736
Earnings per share (in cents):			
- Basic	32	2.04	0.98
- Diluted	32	2.00	0.98

See accompanying notes to financial statements.

Statements of Changes In Equity

YEAR ENDED JULY 31, 2021

	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Currency translation reserve $'000	Capital reserve $'000	Revaluation reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Group											
Balance at August 1, 2019		50,407	(37)	1,480	(1,038)	–	2,965	6,832	60,609	(81)	60,528
Total comprehensive income for the year:											
Profit for the year		–	–	–	–	–	–	4,984	4,984	(88)	4,896
Other comprehensive loss for the year		–	–	–	(160)	–	–	–	(160)	–	(160)
Total		–	–	–	(160)	–	–	4,984	4,824	(88)	4,736
Transactions with owners, recognised directly in equity:											
Issue of share capital		198	–	–	–	–	–	–	198	–	198
Dividends	36	–	–	–	–	–	–	(3,804)	(3,804)	–	(3,804)
Recognition of share-based payment	23	–	–	66	–	–	–	–	66	–	66
Acquisition of additional interests in subsidiary	25	–	–	–	–	(169)	–	–	(169)	169	–
Total		198	–	66	–	(169)	–	(3,804)	(3,709)	169	(3,540)
Balance at July 31, 2020		50,605	(37)	1,546	(1,198)	(169)	2,965	8,012	61,724	–	61,724

See accompanying notes to financial statements.

Statements of Changes In Equity

YEAR ENDED JULY 31, 2021

	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Currency translation reserve $'000	Capital reserve $'000	Statutory reserve $'000	Revaluation reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Total $'000
Group (cont'd)											
Balance at July 31, 2020		50,605	(37)	1,546	(1,198)	(169)	–	2,965	8,012	61,724	61,724
Total comprehensive income for the year:											
Profit for the year		–	–	–	–		–	–	10,403	10,403	10,403
Other comprehensive income for the year		–	–	–	1,011		–	–	–	–	1,011
Total		–	–	–	1,011		–	–	10,403	10,403	11,414
Transactions with owners, recognised directly in equity:											
Issue of share capital		379	–	–	–	–	–	–	–	379	379
Dividends	36		–	–	–	–	–	–	(1,912)	(1,912)	(1,912)
Recognition of share-based payment	23	–	–	38	–	–	–	–	–	38	38
Transfer to statutory reserve	25	–	–	–	–	–	460	–	(460)	–	–
Total		379	(37)	38	–	–	460	–	(2,372)	(1,495)	(1,495)
Balance at July 31, 2021		50,984	(37)	1,584	(187)	(169)	460	2,965	16,043	71,643	71,643

Statements of Changes In Equity

YEAR ENDED JULY 31, 2021

	Note	Share capital $'000	Treasury shares $'000	Share option reserve $'000	Retained earnings $'000	Total $'000
Company						
Balance at August 1, 2019		50,407	(37)	1,480	24,398	76,248
Profit for the year, representing total comprehensive income for the year		–	–	–	465	465
Transactions with owners, recognised directly in equity:						
Issue of share capital	24	198	–	–	–	198
Dividends	36	–	–	–	(3,804)	(3,804)
Recognition of share-based payment	23	–	–	66	–	66
Balance at July 31, 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

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED JULY 31, 2021

	Group 2021 $'000	Group 2020 $'000
Operating activities		
Profit before income tax	12,304	7,170
Adjustments for:		
Impairment loss (reversed) recognised on financial assets	(247)	306
Bad debts recovered	(89)	–
Inventories written down to net realisable value, net	419	5
Amortisation of intangible assets	65	84
Depreciation of property, plant and equipment	4,772	4,357
Depreciation of right-of-use assets	1,367	1,124
Gain on disposal of property, plant and equipment	(2)	(5)
Remeasurement loss on previously held associate	–	57
Negative goodwill on acquisition	–	(690)
Interest income	–	(1)
Interest expense	526	611
Write off of property, plant and equipment	17	1
Share-based payment expenses	38	66
Operating cash flows before movements in working capital	19,170	13,085
Trade receivables	(6,290)	3,007
Other receivables	506	(18)
Inventories	(1,823)	(4,495)
Contract assets	(3,905)	(611)
Trade payables	3,309	689
Other payables	(472)	393
Contract liabilities	(432)	665
Cash generated from operations	10,063	12,715
Interest paid	(315)	(373)
Interest received	–	1
Income taxes paid	(742)	(242)
Net cash from operating activities	9,006	12,101
Investing activities		
Purchase of property, plant and equipment (Note A)	(4,864)	(5,818)
Deposit for property, plant and equipment	(299)	(599)
Proceeds on disposal of property, plant and equipment	17	127
Addition to intangible assets	(18)	(209)
Net cash outflow from acquisition of subsidiary	–	(37)
Net cash used in investing activities	(5,164)	(6,536)
Financing activities		
Proceeds from (Repayment of) bank borrowings, net	4,999	(247)
Repayment of lease liabilities	(1,605)	(1,527)
Proceeds from exercise of share options	379	198
Dividends paid	(1,912)	(3,804)
Net cash from (used in) financing activities	1,861	(5,380)
Net increase in cash and cash equivalents	5,703	185
Cash and cash equivalents at beginning of year	4,481	4,106
Effect of foreign exchange rate changes	(315)	190
Cash and cash equivalents at end of year (Note 7)	9,869	4,481

Note A

During the year, the Group acquired property, plant and equipment with an aggregate cost of $6,215,000 (2020 : $5,662,000) of which $1,727,000 (2020 : $363,000) remained unpaid at year end. Cash payments of $4,864,000 (2020 : $5,818,000) were made to purchase property, plant and equipment of which $376,000 (2020 : $519,000) pertains to payment of prior year outstanding balance.

See accompanying notes to financial statements.

Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED JULY 31, 2021

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, 2021 were authorised for issue by the Board of Directors on October 29, 2021.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 reeivables 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.

<u>Amortised cost and effective interest method</u>

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Amortised cost and effective interest method (cont'd)

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

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

Significant increase in credit risk

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Significant increase in credit risk (cont'd)

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

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; 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 is no past due amounts.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Credit-impaired financial assets

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

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

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

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

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

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the 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.

Measurement and recognition of expected credit losses

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

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

LEASES

The Group as lessor

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.

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.

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 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

LEASES (cont'd)

The Group as lessee (cont'd)

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 are 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 a 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.

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

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are 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%

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment 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 post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

SHARE-BASED PAYMENTS - 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.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

Sale of goods

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

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

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

Tooling and maintenance services

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

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

Rendering of services

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

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

Current and deferred tax are recognised 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Useful lives of property, plant and equipment

The Group depreciates its property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives reflect the management's estimate of the periods that the Group expects to derive future economic benefits from the use of the property, plant and equipment. Changes in the expected level of usage and technological development could impact the economic useful lives and residual values of these assets. Therefore, future revision to depreciation charges may arise. The carrying amount of the Group's property, plant and equipment is disclosed in Note 12 to the financial statements.

Impairment of property, plant and equipment

In accordance with SFRS(I) 1-36 *Impairment of Assets*, management performs an impairment assessment on the recoverable amount of the property, plant and equipment. The impairment assessment considered the recoverable amount of the property, plant and equipment using value-in-use at cash CGU level which is the smallest group of assets generating cash inflows independent of other CGUs that benefit from the use of the respective asset, through estimation of the forecasted discounted cash flows to be derived from the use of the assets. The carrying amount of the Group's property, plant and equipment and details of the key factors considered in the impairment assessment are disclosed in Note 12 to the financial statements.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was $1,084,000 (2020 : $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 $350,000 (2020 : $209,000) and carrying amount of deferred tax is disclosed in Note 22 to the financial statements.

Deferred tax assets

The Group recognised deferred tax assets amounting to $577,000 as at July 31, 2021 (2020 : $1,100,000) arising from unutilised tax losses and other temporary differences of subsidiaries based on the future estimated taxable income of the subsidiaries. The estimation of the future taxable income requires considerable judgement. Actual results may differ from the forecast estimate impacting the future realisation of the deferred tax assets.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

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.

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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
At amortised cost (including cash and cash equivalents)	39,392	26,969	31,736	33,125
Financial liabilities				
At amortised cost	29,594	20,322	958	965
Lease liabilities	5,933	5,163	–	–
	35,527	25,485	958	965

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(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.

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	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Group				
United States dollar ("USD")	9,176	2,909	25,685	13,453
Singapore dollar ("SGD")	–	–	1,360	386
Malaysia ringgit ("MYR")	–	6	111	395

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.

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)

Foreign currency sensitivity (cont'd)

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	
	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Profit before tax	(1,651)	(1,054)	(136)	(39)	(11)	(39)

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.

(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 21 to the financial statements.

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

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

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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at July 31, 2021, 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.

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

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

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

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

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

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

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
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)	
July 31, 2020						
Trade receivables	8	(a)	Lifetime ECL (simplified approach)	21,239	(548)	20,691
Trade receivables	8	Performing	Lifetime ECL (simplified approach)	761	–	761
Other receivables	9	Performing	12-month ECL	1,036	–	1,036
Contract assets	10	(a)	Lifetime ECL (simplified approach)	5,558	–	5,558
					(548)	
Company						
July 31, 2021						
Other receivables	9	Performing	12-month ECL	31,667	–	31,667
July 31, 2020						
Other receivables	9	Performing	12-month ECL	33,025	–	33,025

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)

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

(iv) Credit risk management

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

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

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade 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 Group is exposed to credit risk in relation to financial guarantees given to banks. The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on. Further details are disclosed in Note 35 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(v) Liquidity risk management

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

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

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

Liquidity and interest risk analyses

Non-derivative financial assets

The Group's non-derivative financial assets of $39,392,000 (2020 : $26,969,000) 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 $31,736,000 (2020 : $33,125,000) are either repayable on demand or due within one year from the end of the reporting period and non-interest bearing other than the loan receivable from subsidiaries (Note 9).

Non-derivative financial liabilities

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (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, 2021						
Non-interest bearing	–	15,961	–	–	–	15,961
Variable interest rate instruments	2.83	5,186	9,119	–	(672)	13,633
Fixed rate:						
- Lease liabilities	4.51	1,011	2,642	5,429	(3,149)	5,933
		22,158	11,761	5,429	(3,821)	35,527
July 31, 2020						
Non-interest bearing	–	11,688	–	–	–	11,688
Variable interest rate instruments	2.83	8,878	–	–	(244)	8,634
Fixed rate:						
- Lease liabilities	4.26	1,154	1,503	5,740	(3,234)	5,163
		21,720	1,503	5,740	(3,478)	25,485

	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, 2021					
Financial liabilities					
Non-interest bearing	–	958	–	–	958
July 31, 2020					
Financial liabilities					
Non-interest bearing	–	965	–	–	965

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

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

(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.

(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 2020.

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:

	2021 $'000	2020 $'000
Bank borrowings	13,633	8,634
Less: Cash and cash equivalents	(9,869)	(4,481)
Net debt	3,764	4,153
Total equity	71,643	61,724
Adjusted net debt to adjusted equity ratio	0.05	0.07

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

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements for the financial years ended July 31, 2021 and 2020.

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 a protector of 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 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.

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

	Group	
	2021	2020
	$'000	$'000
Sale of goods	1,335	2,270
Rental income (Note 27)	65	72
Income from tooling and maintenance services	280	70

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	
	2021	2020
	$'000	$'000
<u>Entity in which a director is a partner</u>		
Legal fees expense	(63)	(151)

6 RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of directors and key management personnel

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

	Group	
	2021	2020
	$'000	$'000
Short-term benefits	2,259	1,986
Post-employment benefits	69	68
Share-based payment	34	57
	2,362	2,111

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	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash and bank balances	9,869	4,481	69	100

8 TRADE RECEIVABLES

	Group	
	2021	2020
	$'000	$'000
Outside parties	28,378	21,239
Loss allowance	(287)	(548)
	28,091	20,691
Subsidiaries of ultimate holding company	–	761
Total	28,091	21,452

As at August 1, 2019, the Group's trade receivables from contracts with customers amounted to $24,452,000 (net of loss allowance of $285,000).

The credit period on sale of goods is 30 to 90 days (2020 : 30 to 90 days). No interest is charged on the outstanding balance.

8 TRADE RECEIVABLES (CONT'D)

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

As at end of the reporting period, 49.6% (2020 : 58.9%) of the Group's trade receivables amounting to $13,927,000 (2020 : $12,630,000) was due from a range of seven (2020 : seven) third party customers.

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

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

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

Amount due from subsidiaries of ultimate holding company

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

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

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

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.

8 TRADE RECEIVABLES (CONT'D)

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

	Group Trade Receivables - days past due					
	Not past due $'000	< 3 months $'000	3 - 6 months $'000	6 - 12 months $'000	> 12 months $'000	Total $'000
July 31, 2021						
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
July 31, 2020						
Expected credit loss rate	0.14%	1.63%	10.80%	10.26%	14.29%	
Estimated total gross carrying amount at default	11,299	5,838	2,473	1,559	70	21,239
Lifetime ECL	(16)	(95)	(267)	(160)	(10)	(548)
						20,691

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 $'000	Collectively assessed Lifetime ECL – credit-impaired $'000	Total $'000
Balance as at August 1, 2019	54	231	285
Loss allowance recognised in profit or loss during the year	22	284	306
Amounts written off	(43)	–	(43)
Balance as at July 31, 2020	33	515	548
Loss allowance reversed in profit or loss during the year	22	(269)	(247)
Amounts written off	(14)	–	(14)
Balance as at July 31, 2021	41	246	287

8 TRADE RECEIVABLES (CONT'D)

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

During the period, the Group transferred $596,000 (2020 : $1,030,000) 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	
	2021	2020
	$'000	$'000
Transferred trade receivables	596	1,030
Secured borrowings (Note 17)	(596)	(1,030)
Net position	–	–

9 OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current				
Deposits	684	542	–	–
Other receivables due from subsidiaries of the Company	–	–	14,425	13,916
Dividend receivable due from subsidiaries of the Company	–	–	17,242	19,109
Government grant receivable	32	656	–	–
Others	748	494	–	–
	1,464	1,692	31,667	33,025
Prepayments	1,434	1,449	19	15
VAT input	189	83	–	–
Total	3,087	3,224	31,686	33,040

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% (2020 : 2.00% to 3.00%) and repayable on demand.

9 OTHER RECEIVABLES (CONT'D)

Other receivables and dividend receivable due from subsidiaries of the Company

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

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

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

10 CONTRACT ASSETS

	Group	
	2021 $'000	2020 $'000
Tooling and maintenance services	989	501
Sale of goods	8,474	5,057
Total	9,463	5,558

As at August 1, 2019, the Group's contract assets amounted to $4,947,000.

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

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

The increase in the Group's contract assets as at July 31, 2021 was attributable mainly to increase 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.

11 INVENTORIES

	Group	
	2021	2020
	$'000	$'000
Raw materials	12,837	9,437
Work-in-progress	1,420	1,980
Finished goods	3,420	3,760
Inventories written down to net realisable value	(984)	(565)
Total	16,693	14,612

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

	Group	
	2021	2020
	$'000	$'000
Balance at beginning of year	565	560
Additions during the year	494	132
Reversal during the year	(75)	(127)
Balance at end of year	984	565

Due to an increase in the demand for certain goods and a result of changes in consumer preferences, the Group reversed $75,000 (2020 : $127,000), being part of inventories written down to net realisable value in the prior financial year, to the current year profit or loss. The reversal is included in "Other operating expenses".

12 PROPERTY, PLANT AND EQUIPMENT

Group	Office equipment	Property	Property improvements	Plant and equipment	Motor vehicles	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:							
At July 31, 2019	2,622	8,372	11,877	39,305	1,922	1,338	65,436
Adoption of SFRS(I) 16	–	–	–	(125)	(351)	–	(476)
At August 1, 2019 (restated)	2,622	8,372	11,877	39,180	1,571	1,338	64,960
Additions	120	–	514	1,559	–	3,469	5,662
Acquisition of subsidiary	71	1,058	–	149	–	–	1,278
Disposals	–	–	–	(285)	–	–	(285)
Written off	(16)	–	–	(20)	(195)	–	(231)
Reclassification	28	–	187	3,045	–	(3,260)	–
Reclassified from investment property	–	6,502	–	–	–	–	6,502
Reclassified to right-of-use assets (Note 13)	–	–	–	–	(131)	–	(131)
Exchange differences	(5)	2	(154)	(277)	(1)	(20)	(455)
At July 31, 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)
Reclassification	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

Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED JULY 31, 2021

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 July 31, 2019	2,452	3,591	8,922	21,299	1,330	–	37,594
Adoption of SFRS(I) 16	–	–	–	(98)	(21)	–	(119)
At August 1, 2019 (restated)	2,452	3,591	8,922	21,201	1,309	–	37,475
Depreciation	87	432	905	2,843	90	–	4,357
Disposals	–	–	–	(163)	–	–	(163)
Written off	(16)	–	–	(19)	(195)	–	(230)
Exchange differences	(4)	(5)	(117)	(97)	(1)	–	(224)
At July 31, 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
Impairment:							
At August 1, 2019, July 31, 2020 and July 31, 2021	80	–	498	3,357	22	–	3,957
Carrying amount:							
At July 31, 2021	391	11,450	1,541	18,864	89	2,299	34,634
At July 31, 2020	221	11,916	2,216	16,229	19	1,527	32,128

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 \$21,796,000 (2020 : \$17,818,000). 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% (2020 : 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% (2020 : 13.1%). As at July 31, 2021, 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, 2021 and July 31, 2020 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

In December 2019, the property had been fully occupied by a subsidiary for manufacturing and sale of goods. Accordingly, the Group transferred the investment property back to property, plant and equipment in accordance with SFRS(I) 1-40 *Investment Property* as there was a change in use.

There is a legal mortgage over the property having a carrying amount of approximately \$10,557,000 (2020 : \$10,306,000) to secure banking facilities (Note 17) granted to the Group.

13 RIGHT-OF-USE ASSETS

The Group leases land, factory space, equipment and motor vehicles. The average lease term ranges from 1 to 36 years (2020 : 1 to 36 years).

	Leasehold land $'000	Factory space $'000	Equipment $'000	Motor vehicle $'000	Total $'000
Cost:					
At August 1, 2019	3,469	2,567	125	351	6,512
Reclassified from property, plant and equipment (Note 12)	–	–	–	131	131
Exchange differences	–	3	–	–	3
At July 31, 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
Accumulated depreciation:					
At August 1, 2019	–	–	98	21	119
Depreciation for the year	95	956	25	48	1,124
Exchange differences	–	46	–	–	46
At July 31, 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
Carrying amount:					
At July 31, 2021	3,279	2,394	–	341	6,014
At July 31, 2020	3,374	1,568	2	413	5,357

14 INTANGIBLE ASSETS

Group	Intellectual properties $'000	Development costs $'000	Customer relationships $'000	Development rights $'000	Software $'000	Goodwill $'000	Total $'000
Cost:							
At August 1, 2019	326	289	2,775	800	53	1,084	5,327
Addition	87	–	–	–	122	–	209
At July 31, 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
Accumulated amortisation:							
At August 1, 2019	296	–	1,097	253	6	–	1,652
Amortisation for the year	62	–	–	–	22	–	84
At July 31, 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
Impairment:							
At August 1, 2019, July 31, 2020 and July 31, 2021	–	289	1,677	547	–	–	2,513
Carrying amount:							
At July 31, 2021	19	–	1	–	136	1,084	1,240
At July 31, 2020	55	–	1	–	147	1,084	1,287

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	
	2021 $'000	2020 $'000
Medical devices segment	1,084	1,084

14 INTANGIBLE ASSETS (CONT'D)

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% (2020 : 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% (2020 : 13.1%).

As at July 31, 2021, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGU.

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

15 SUBSIDIARIES

Company	$'000
Cost:	
At August 1, 2019	48,784
Acquisition of additional interests in subsidiary (Note 37)	*
Deemed investment arising from financial guarantee provided to subsidiaries	227
Deemed investment arising from share options granted under the Vicplas International Share Option Plan	41
At July 31, 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
Impairment:	
At August 1, 2019 and July 31, 2020	8,018
Reversal of impairment	(8,018)
At July 31, 2021	–
Carrying amount:	
At July 31, 2021	49,354
At July 31, 2020	41,034

* Denotes less than $1,000

15 SUBSIDIARIES (CONT'D)

During the year, the Company reversed an impairment loss of $8,018,000 (2020 : $Nil) for its investment in subsidiaries, having regard to the subsidiaries' performances and the estimated recoverable amounts of these subsidiaries based on the value-in-use. The key assumptions used for the value-in-use calculation are 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	
		2021 %	2020 %
Vicplas Holdings Pte. Ltd. [(a)] (Singapore)	Manufacturing, trading and distributing of pipes and pipe fittings	100	100
Rimplas Industries Sdn. Bhd. [(b)] (Malaysia)	Manufacturing and distributing of pipes and pipe fittings	100	100
Forefront Medical Investment Pte. Ltd. [(a)] (Singapore)	Developing and manufacturing of medical devices	100	100
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 [(c)] (United Kingdom) (Note 37)	Manufacturing and assembly of medical devices	100	100
Subsidiary of Arrow Medical Limited			
Arrow Medical Products Limited [(d)] (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

15 SUBSIDIARIES (CONT'D)

Note:

(a) Audited by Deloitte & Touche LLP, Singapore.
(b) Audited by overseas practices of Deloitte & Touche Tohmatsu Limited.
(c) Audited by Deloitte & Touche LLP, Singapore for consolidation purposes.
(d) Subsidiary was part of the Arrow group and is not audited as it is immaterial.

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	
	2021	2020
	$'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	
		2021	2020
		%	%
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	
	2021	2020
	$'000	$'000
Current assets	251	251
Non-current assets	3,418	3,418
Current liabilities	(6)	(6)

16 JOINT VENTURE (CONT'D)

The above amounts of assets and liabilities include the following:

	Group	
	2021	2020
	$'000	$'000
Cash and cash equivalents	251	251
Current financial liabilities (excluding trade and other payables and provisions)	–	–

	Group	
	2021	2020
	$'000	$'000
Revenue	–	–
Loss for the year, representing total comprehensive loss for the year	–	–

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

	Group	
	2021	2020
	$'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	
	2021	2020
	$'000	$'000
Secured - at amortised cost		
Bills payable to banks	828	1,478
Bank loans	12,805	7,156
	13,633	8,634
Less: Amount due for settlement within 12 months (shown under current liabilities)	(5,038)	(8,634)
Amount due for settlement after 12 months	8,595	–

Bills payable are repayable between 4 to 6 months (2020 : 3 to 5 months) from the date the bills are first issued and bear interest rates ranging from 2.65% to 2.66% (2020 : 2.09% to 3.94%) 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 2.60% (2020 : 3.01% to 3.94%) per annum. As at the end of the reporting period, the bank loans include a credit guarantee amounting to $596,000 (2020 : $1,030,000) over the expected losses of trade receivables 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 (2020 : $21,985,000 and US$2,000,000) (Note 35) given by the Company.

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

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, 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

17 BANK BORROWINGS (CONT'D)

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

				Non-cash changes					
	August 1, 2019	Adoption of SFRS(I) 16	Financing cash flows	Finance expense (Note 29)	New lease liabilities	Exchange differences	Acquisition of subsidiary (Note 37)	Interest paid	July 31, 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bills payable to banks	2,629	–	(1,151)	159	–	–	–	(159)	1,478
Bank loans	5,997	–	904	214	–	–	255	(214)	7,156
Finance leases	338	(338)	–	–	–	–	–	–	–
Lease liabilities (Note 21)	–	6,374	(1,527)	238	122	(44)	–	–	5,163
	8,964	6,036	(1,774)	611	122	(44)	255	(373)	13,797

18 CONTRACT LIABILITIES

	Group	
	2021	2020
	$'000	$'000
Amounts related to tooling and maintenance services	990	1,422

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

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

The amount of revenue recognised in the current reporting period which relates to brought-forward contract liabilities is $1,422,000 for the financial year ended July 31, 2021 and $757,000 for the financial year ended July 31, 2020.

19. TRADE PAYABLES

	Group	
	2021	2020
	$'000	$'000
Outside parties	8,637	5,054

The credit periods on purchases of goods is 30 to 120 days (2020 : 30 to 120 days). No interest is charged on the outstanding balance.

20 OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Outside parties	1,038	1,071	49	155
Accruals	5,782	5,091	621	559
Directors' fees	270	251	288	251
Amount due to former shareholders of a subsidiary [a]	234	221	–	–
	7,324	6,634	958	965
Provision for unutilised leave	695	391	63	36
	8,019	7,025	1,021	1,001
Less : Amount due within 12 months	(7,785)	(6,804)	(1,021)	(1,001)
Amount due after 12 months	234	221	–	–

(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	
	2021	2020
	$'000	$'000
Maturity analysis:		
Year 1	1,011	1,154
Year 2 to 5	2,642	1,503
Year 6 onwards	5,429	5,740
Less: Unearned interest	(3,149)	(3,234)
	5,933	5,163
Analysed as:		
Current	848	1,058
Non-current	5,085	4,105
	5,933	5,163

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.

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, 2019	607	1,127	(206)	8	(2,881)	(1,345)
Charge to profit or loss for the year (Note 30)	–	(461)	145	284	2,028	1,996
Acquisition of subsidiary (Note 37)	153	–	–	–	–	153
Exchange differences	1	4	(5)	–	–	–
At July 31, 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

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	
	2021	2020
	$'000	$'000
Deferred tax liabilities	2,450	1,904
Deferred tax assets	(577)	(1,100)
	1,873	804

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses of $3,874,000 (2020 : $5,978,000) available to offset against future profits. A total cumulative deferred tax asset has been recognised in respect of such losses to the extent of $1,320,000 (2020 : $4,020,000). No deferred tax assets have been recognised in respect of the remaining $2,554,000 (2020 : $1,958,000) due to the unpredictability of future profit streams. With respect to the total unutilised tax losses, $750,000 and $780,000 will expire in January 2024 and January 2025 respectively while the remaining balance amounting to $2,344,000 does not have an expiry date but is subject to the agreement of the tax authorities and compliance with certain provisions of tax legislation.

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	
	2021	2020
	$'000	$'000
Amount at beginning of year	1,958	1,664
Adjustment during the year	–	131
Additions during the year	596	560
Utilised during the year	–	(397)
Amount at end of year	2,554	1,958

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 $2,635,000 (2020 : $2,278,000). 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 Shares Option Plan ("VISOP") is administered by the Board of Directors.

Options are exercisable at a price based on the volume weighted average price for the shares of the Company on the Singapore Exchange Securities Trading Limited for the three consecutive trading days preceding the date of grant. The vesting period is 1 to 9 years. If the options remain unexercised after a period of 5 to 10 years from the date of grant, the options expire. Options are forfeited if the participant of the share option scheme leaves the Group before the options are exercised.

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

23 SHARE OPTION RESERVE (CONT'D)

SHARE-BASED PAYMENTS (cont'd)

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

	Group and Company			
	2021	2020	2021	2020
	'000	'000	$	$
	Number of share options		Weighted average exercise price	
Outstanding at the beginning of the year	21,250	24,250	0.1118	0.1106
Exercised during the year	(3,410)	(2,000)	0.1111	0.0993
Forfeited during the year	–	(1,000)	–	0.1080
Outstanding at the end of the year	17,840	21,250	0.1119	0.1118
Exercisable at the end of the year	11,340	11,650	0.1112	0.1114

The weighted average share price at the date of exercise for share options exercised during the year was $0.111 (2020 : $0.084). The options outstanding at the end of the year have a weighted average remaining contractual life of 5.0 years (2020 : 6.0 years).

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

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

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

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

The Group and the Company recognised total expenses of $38,000 and $7,000 (2020 : $66,000 and $25,000) respectively related to equity-settled share-based payment transactions during the year.

24 SHARE CAPITAL AND TREASURY SHARES

SHARE CAPITAL

	Group and Company			
	2021	2020	2021	2020
	'000	'000	$'000	$'000
	Number of ordinary shares			
Issued and paid up:				
At beginning of year	507,677	505,677	50,605	50,407
Exercise of share options (Note 23)	3,411	2,000	379	198
At the end of the year	511,088	507,677	50,984	50,605

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, 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	

As at July 31, 2020, participants of the share option scheme held options over 21,250,000 ordinary shares, of which 9,600,000 are unvested in aggregate. The number of options and their expiry dates are as follows:

Number of options	Expiring on:
1,250,000	January 18, 2021
10,000,000	January 18, 2026
10,000,000	January 23, 2027
21,250,000	

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.

24 SHARE CAPITAL AND TREASURY SHARES (CONT'D)

TREASURY SHARES

	Group and Company			
	2021	2020	2021	2020
	'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 the prior financial year, 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. As a result of this acquisition, XentiQ became a wholly-owned subsidiary of the Group.

The following summarised the effect of the change in the Group's ownership interest in XentiQ on the equity attributable to equity holders of the Company.

	2020
	$'000
Consideration paid for acquisition on non-controlling interests	*
Carrying amount of non-controlling interest acquired	(169)
Increase in equity attributable to equity holders of the Company	(169)

* Denotes less than $1,000

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.

Due to a change in use of the investment property in the prior financial year, 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.

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	
	2021	2020
	$'000	$'000
Segment revenue – Sale of goods		
Medical devices segment	80,166	61,368
Pipes and pipe fittings segment	33,779	27,481
	113,945	88,849
Timing of revenue recognition		
At a point in time:		
Medical devices segment	12,433	5,655
Pipes and pipe fittings segment	33,779	27,481
	46,212	33,136
Over time:		
Medical devices segment	67,733	55,713
	113,945	88,849

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	
	2021	2020
	$'000	$'000
Foreign exchange gain, net	616	–
Gain on disposal of property, plant and equipment	2	5
Interest income from fixed deposits	–	1
Income from tooling and maintenance services	4,263	2,084
Miscellaneous income:		
- Outside parties	1,183	558
Rental income from subsidiaries of the ultimate holding company (Note 5)	65	72
Government grant	148	256
Covid-19 related government subsidies [a]	637	1,549
Negative goodwill on acquisition (Note 37(iv))	–	690
Others	7	12
	6,921	5,227

(a) Covid-19 related government subsidies mainly pertain to Jobs Support Scheme from the Singapore government and various subsidies from the China government.

In 2021, 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 assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Grant income is 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 is recognised as expenses. Grant income of $637,000 (2020 : $873,000) was recognised during the year.

28 OTHER OPERATING EXPENSES

	Group	
	2021	2020
	$'000	$'000
Advertisement and marketing expenses	822	713
Audit fees	228	221
Bad debts recovered	(89)	–
Computer expenses	154	115
Expenses from tooling and maintenance services	1,507	515
Factory consumables	722	614
Foreign exchange loss, net	–	330
Insurance	807	657
Inventories written down to net realisable value, net	419	5
Laboratory and testing	365	224
Professional fees	787	640
Packaging materials	392	368
Property tax	183	183
Remeasurement loss on previously held associate (Note 37(iv))	–	57
Rental of premises and equipment	–	95
Repair and maintenance	1,227	1,021
Sterilisation and decontamination	149	65
Transportation and freight	1,030	955
Travelling and entertainment	196	452
Upkeep of factory premises	567	464
Upkeep of vehicles	387	344
Water and electricity	2,154	2,035
Write off of property, plant and equipment	17	1
Others	2,196	2,230
	14,220	12,304

29 FINANCE COSTS

	Group	
	2021	2020
	$'000	$'000
Interest on bank borrowings and bills payable	315	373
Interest on lease liabilities	211	238
	526	611

30 INCOME TAX EXPENSE

	Group	
	2021	2020
	$'000	$'000
Current tax expense	823	69
Adjustment in respect of (over) under provision of current tax in prior years	(38)	71
Deferred tax expense relating to the origination and reversal of temporary difference (Note 22)	1,553	2,247
Adjustment in respect of over provision of deferred tax in prior years (Note 22)	(492)	(251)
Withholding tax	55	138
Income tax expense for the year	1,901	2,274

Domestic income tax is calculated at 17% (2020 : 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	Group	
	2021	2020
	$'000	$'000
Profit before tax	12,304	7,170
Tax at the domestic income tax rate 17% (2020 : 17%)	2,092	1,219
Tax effect of expenses that are not deductible for tax purposes	83	555
Tax effect of income that are not taxable in determining taxable profit	(129)	(260)
Tax exempt income	(45)	–
Deferred tax asset not recognised	113	187
Effect of utilisation of previously unrecognised tax losses	–	(99)
Withholding tax	55	138
Effect of different tax rates of subsidiaries operating in other jurisdictions	363	755
(Over) Under provision in prior years - current tax	(38)	71
Over provision in prior years - deferred tax	(492)	(251)
Others	(101)	(41)
Income tax expense for the year	1,901	2,274

31 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Group	
	2021 $'000	2020 $'000
Directors' remuneration:		
Directors of the Company	270	251
Directors of the subsidiaries	87	262
Costs of defined contribution plans included in employee benefits expense	946	935
Audit fees:		
Auditor of the Company	175	175
Other auditor	53	46
Non-audit fees:		
Auditor of the Company	40	39
Cost of inventories recognised as an expense	79,131	62,334

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

	Group	
	2021 $'000	2020 $'000
Depreciation of right-of-use assets	1,367	1,124
Interest on lease liabilities	211	238

32 EARNINGS PER SHARE

	Group	
	2021 $'000	2020 $'000
Earnings		
Earnings for the purposes of basic earnings per share profit for the year attributable to owners of the Company	10,403	4,984
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	509,228	507,001
Effect of dilutive potential ordinary shares:		
- Share-options	11,797	3
Weighted average number of ordinary shares for the purpose of diluted earnings per share	521,025	507,004
Earnings per share (cents) - basic	2.04	0.98
Earnings per share (cents) - diluted	2.00	0.98

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.

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.

Notes to The Financial Statements

FOR THE FINANCIAL YEAR ENDED JULY 31, 2021

33 SEGMENT INFORMATION (CONT'D)

Segment revenue and results:

	Group			
	Medical devices $'000	Pipes and pipe fittings $'000	Eliminations $'000	Total $'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				(526)
Interest income				–
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

33 SEGMENT INFORMATION (CONT'D)

Segment revenue and results: (cont'd)

	Group			
	Medical devices $'000	Pipes and pipe fittings $'000	Eliminations $'000	Total $'000
2020				
Revenue				
External sales	61,368	27,481	–	88,849
Results				
Segment result	7,857	2,574	(629)	9,802
Unallocated corporate expense				(2,022)
Interest expense	(253)	(358)	–	(611)
Interest income	–	1	–	1
Profit before tax				7,170
Income tax expense				(2,274)
Profit for the year				4,896
Other information				
Capital expenditure	4,653	1,009	–	5,662
Depreciation and amortisation	3,365	2,200	–	5,565
Statement of financial position				
Assets				
Segment assets	55,204	35,816	–	91,020
Unallocated corporate assets [a]				115
Consolidated total assets				91,135
Liabilities				
Segment liabilities	18,240	10,170	–	28,410
Unallocated corporate liabilities [b]				1,001
Consolidated total liabilities				29,411

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

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

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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Singapore	107,927	82,312	20,229	19,979	63,950	51,685	1,607	1,896
Malaysia	2,530	2,600	1,491	1,922	4,959	4,670	29	53
China	171	3,008	20,915	18,359	39,919	32,541	4,289	3,578
United Kingdom	3,317	929	1,625	1,407	2,827	2,239	290	135
	113,945	88,849	44,260	41,667	111,655	91,135	6,215	5,662

Information about major customer

Included in revenue arising from the sales of medical devices are revenues of approximately $42.2 million (2020 : $33.1 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, 2021 and July 31, 2020.

34 CAPITAL COMMITMENTS

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

	Group	
	2021 $'000	2020 $'000
Commitment for acquisition of property, plant and equipment	1,631	322

35 CONTINGENT LIABILITIES

	Company	
	2021 $'000	2020 $'000
Guarantee given to banks and financial institutions for credit facilities granted to subsidiaries (unsecured)	29,727	24,727

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 U$2,000,000 (2020 : $21,985,000 and U$2,000,000).

The Company has given undertakings to provide continuing financial support to certain of its subsidiaries with current liabilities exceeding their current assets by $34,860,000 (2020 : $39,344,000) 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 17, 2020, a one-tier tax exempt final dividend of S$0.005 per share was paid (total dividend S$2,536,000) in respect of FY2019.

On July 10, 2020, a one-tier tax exempt special dividend of S$0.0025 per share was paid (total dividend S$1,268,000) in respect of FY2019.

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

Subsequent to July 31, 2021, the directors propose a one-tier tax exempt final dividend of S$0.0045 per ordinary share in respect of the financial year ended July 31, 2021 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 BUSINESS COMBINATIONS

In the prior financial year, the Group, through the wholly-owned subsidiary, Forefront Medical Investment Pte. Ltd., completed the acquisition of an additional 80% of the issued and paid-up share capital of Arrow. Arrow was a 20% associate company of the Group and subsequent to completion of the acquisition, Arrow became a wholly-owned subsidiary of the Group through Forefront Medical Investment Pte. Ltd..

(i) Consideration transferred

	2020 $'000
Cash and total consideration	37

(ii) Acquisition related costs

The Group incurred acquisition related costs of $39,000 on legal fees. These costs have been included in 'other operating expenses'.

(iii) Assets acquired and liabilities assumed at the date of acquisition

	2020 $'000
Property, plant and equipment	1,278
Cash and cash equivalents	*
Trade receivables	339
Other receivables	20
Inventory	442
Trade payables	(259)
Other payables	(503)
Bank borrowings	(255)
Deferred tax liabilities	(153)
Net assets acquired and liabilities assumed	909

* Denotes less than $1,000

37 BUSINESS COMBINATIONS (CONT'D)

(iv) Negative goodwill arising on acquisition

	2020 $'000
Consideration transferred for 80% equity shares	37
Fair value of the previously owned 20% equity shares	182
Less: Fair value of identifiable net assets	(909)
	(690)

The remeasurement to fair value of the Group's existing 20% interest in Arrow resulted in a loss of $57,000. This amount had been recognised in 'other operating expenses' in the consolidated statement of profit or loss (Note 28).

Negative goodwill represented the excess of the fair value of the net assets acquired over the purchase consideration. This acquisition allowed the Group to diversify its production concentration risk and enable the Group to tap onto potential new business opportunities in Europe.

(v) Acquisition of subsidiary, net of cash used

	2020 $'000
Cash and cash equivalents acquired	*
Total consideration paid in cash	37
Net cash outflow on acquisition of subsidiary	(37)

* Denotes less than $1,000

(vi) Impact of acquisition on the result of the Group

Included in the profit for the year ended July 31, 2020 was a loss amounting to $173,000 attributable to the additional business generated by Arrow. Revenue for the period from Arrow amounted $929,000.

Had the business combination during the prior financial year been effected at August 1, 2019, the revenue and loss contribution would have been $2,076,000 and $154,000 respectively.

38 STANDARDS ISSUED BUT NOT EFFECTIVE

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

Effective for annual periods beginning on or after January 1, 2021

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

Effective for annual periods beginning on or after April 1, 2021

- Amendments to SFRS(I) 16: *Covid-19-Related Rent Concessions beyond June 30, 2021*

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 SFRS(I)s and amendments to SFRS(I) that are issued as at the date of authorisation of these financial statements but effective only in future periods may result in changes to the accounting policies relating to the financial instruments. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the company's financial statements in the period of initial application as the management has yet to complete its detailed assessment.

39 IMPACT OF COVID-19

During the year, the Covid-19 outbreak is ongoing and the impact of Covid-19 outbreak on the Group and the Company's assets and liabilities have been assessed and recognised in the consolidated financial statements as at July 31, 2021.

With the uncertainties in the global economy and the ongoing impact of the Covid-19 pandemic, the Group faces a challenging operating environment. Nevertheless, the Group will continue to keep a vigilant watch on the challenges that may arise from the ongoing Covid-19 pandemic and uncertainties in the wider macro environment. The Group will continue to exercise prudent cost management, while developing new business opportunities to strengthen its base for future growth.

Notwithstanding this, management has assessed that the Group and Company will be able to maintain sufficient liquidity to enable it to continue as a going concern for at least twelve months from the date of the authorisation of these financial statements.

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 25, 2021

Size of shareholdings	No. of shareholders	%	No. of Shares	%
1 - 99	36	1.25	1,885	0.00
100 - 1,000	244	8.49	212,004	0.04
1,001 - 10,000	1,119	38.95	7,100,696	1.39
10,001 - 1,000,000	1,449	50.44	89,786,954	17.57
1,000,001 and above	25	0.87	413,975,190	81.00
Total	2,873	100.00	511,076,699	100.00

Twenty largest shareholders as at October 25, 2021

No.	Name of shareholders	No. of shares	%
1	Venner Capital S.A.	208,526,166	40.80
2	DBS Vickers Securities (S) Pte. Ltd.	73,357,306	14.35
3	Jane Rose Philomene Gaines-Cooper	23,854,200	4.67
4	Cheng Liang	14,029,497	2.74
5	Yeo Wico	11,271,738	2.21
6	Lim Sim Moi	9,938,000	1.94
7	Irene Tay Gek Lim	7,676,738	1.50
8	DBS Nominees Pte. Ltd.	6,947,639	1.36
9	Ho Lai Heng	6,020,000	1.18
10	UOB Kay Hian Pte. Ltd.	5,619,104	1.10
11	David Dangar Henry Honywood Curtis-Bennett	5,100,000	1.00
12	CGS-CIMB Securities (Singapore) Pte. Ltd.	4,859,334	0.95
13	Loh Beng Seng	4,493,318	0.88
14	OCBC Securities Private Ltd.	4,014,466	0.79
15	Maybank Kim Eng Securities Pte. Ltd.	3,651,969	0.71
16	Phillip Securities Pte. Ltd.	3,584,191	0.70
17	Chua Kim Hua	3,393,400	0.66
18	Ng Cher Yan	3,217,390	0.63
19	Christopher Paul Lee	3,000,000	0.59
20	IFast Financial Pte. Ltd.	2,992,300	0.59
	Total	405,546,756	79.35

Based on the information available to the Company as at October 25, 2021, approximately 32.03% 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 25, 2021

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-Third Annual General Meeting

The Twenty-Third Annual General Meeting of Vicplas International Ltd is being convened, and will be held, by 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 will also be made available on 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-Third Annual General Meeting of Vicplas International Ltd (the "**Company**") will be convened and held by way of electronic means on Wednesday, November 24, 2021 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, 2021 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, 2021 to be paid on January 21, 2022 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, 2022. [See Explanatory Note 1] **(Resolution 2)**

3. To approve the Directors' fees of S$270,411.00 (2020: S$250,644.00) for the year ended July 31, 2021. **(Resolution 3)**

4. To re-elect Mr. Ng Beng Tiong, who is retiring pursuant to Article 119 of the Company's Constitution, and who, being eligible, offers himself for re-election. [See Explanatory Note 2] **(Resolution 4)**

5. To re-elect Mr. Yeo Wico, who is retiring by rotation pursuant to Article 115 of the Company's Constitution, and who, being eligible, offers himself for re-election. [See Explanatory Note 3] **(Resolution 5)**

6. To re-elect Mr. Ng Cher Yan, who is retiring by rotation pursuant to Article 115 of the Company's Constitution, and who, being eligible, offers himself for re-election. [See Explanatory Note 3] **(Resolution 6)**

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

Notice of Twenty-Third Annual General Meeting

AS SPECIAL BUSINESS

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

8. "Tier-1" approval for Mr. Yeo Wico **(Resolution 8)**

   "That for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (which will take effect from January 1, 2022), and subject to and contingent upon the passing of Resolution 5 (relating to Mr. Yeo Wico's re-election as a Director) by shareholders of the Company, and the passing of Resolution 9 (relating to his "Tier-2" approval) by shareholders of the Company (excluding the Directors and the Chief Executive Officer of the Company and their respective associates (as defined in the Listing Manual of the SGX-ST)):

   (a) the continued appointment of Mr. Yeo Wico as an independent Director be and is hereby approved; and

   (b) such approval shall continue in force until (i) the retirement or resignation of Mr. Yeo Wico as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution, whichever is the earlier." [See Explanatory Note 4]

9. "Tier-2" approval for Mr. Yeo Wico **(Resolution 9)**

   "That for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the Singapore Exchange Securities Trading Limited (which will take effect from January 1, 2022), and subject to and contingent upon the passing of Resolution 5 (relating to Mr. Yeo Wico's re-election as a Director) and Resolution 8 (relating to his "Tier-1" approval) by shareholders of the Company:

   (a) the continued appointment of Mr. Yeo Wico as an independent Director be and is hereby approved; and

   (b) such approval shall continue in force until (i) the retirement or resignation of Mr. Yeo Wico as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution, whichever is the earlier." [See Explanatory Note 4]

10. "Tier-1" approval for Mr. Ng Cher Yan **(Resolution 10)**

   "That for the purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (which will take effect from January 1, 2022), and subject to and contingent upon the passing of Resolution 6 (relating to Mr. Ng Cher Yan's re-election as a Director) by shareholders of the Company, and the passing of Resolution 11 (relating to his "Tier-2" approval) by shareholders of the Company (excluding the Directors and the Chief Executive Officer of the Company and their respective associates (as defined in the Listing Manual of the SGX-ST)):

   (a) the continued appointment of Mr. Ng Cher Yan as an independent Director be and is hereby approved; and

   (b) such approval shall continue in force until (i) the retirement or resignation of Mr. Ng Cher Yan as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution, whichever is the earlier." [See Explanatory Note 4]

Notice of Twenty-Third Annual General Meeting

11. "Tier-2" approval for Mr. Ng Cher Yan **(Resolution 11)**

"That for the purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the Singapore Exchange Securities Trading Limited (which will take effect from January 1, 2022), and subject to and contingent upon the passing of Resolution 6 (relating to Mr. Ng Cher Yan's re-election as a Director) and Resolution 10 (relating to his "Tier-1" approval) by shareholders of the Company:

(a) the continued appointment of Mr. Ng Cher Yan as an independent Director be and is hereby approved; and

(b) such approval shall continue in force until (i) the retirement or resignation of Mr. Ng Cher Yan as a Director; or (ii) the conclusion of the third Annual General Meeting of the Company following the passing of this Resolution, whichever is the earlier." [See Explanatory Note 4]

12. Authority to allot and issue shares and convertible instruments **(Resolution 12)**

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

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

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

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

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

Provided that:

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

Notice of Twenty-Third Annual General Meeting

(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 5]

13. Renewal of the Interested Person Transactions Mandate **(Resolution 13)**

"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, 2021 (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 6]

14. Renewal of the Share Purchase Mandate **(Resolution 14)**

"That:

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

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

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

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

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

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

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

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

(c) in this Resolution:

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

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

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

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

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the making of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, 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;

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

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution." [See Explanatory Note 7]

15. Authority to issue shares pursuant to the Vicplas International Ltd Scrip Dividend Scheme **(Resolution 15)**

"That pursuant to Section 161 of the Companies Act, Cap. 50, authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares of the Company as may be required to be allotted and issued pursuant to the Vicplas International Ltd Scrip Dividend Scheme." [See Explanatory Note 8]

16. Adoption of the Vicplas International Share Option Plan 2021 **(Resolution 16)**

"That:

(a) a share option plan to be known as the "Vicplas International Share Option Plan 2021" (the "**VISOP 2021**"), the rules of which, for the purposes of identification, have been subscribed to by the Chairman of the Meeting, under which options ("**Options**") to acquire ordinary shares of the Company ("**Shares**") will be granted pursuant to the VISOP 2021 to eligible selected employees and officers of the Company and its subsidiaries (including Directors of the Company) and other eligible selected participants, details of which are set out in the Company's Circular to Shareholders dated November 2, 2021, be and is hereby approved;

(b) the Directors of the Company be and are hereby authorised:

(i) to establish and administer the VISOP 2021;

(ii) to modify and/or alter the VISOP 2021 from time to time and at any time, provided that such modification and/or alteration is effected in accordance with the provisions of the VISOP 2021; and

(iii) to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the VISOP 2021; and

(c) the Directors of the Company be and are hereby authorised to offer and grant Options in accordance with the provisions of the VISOP 2021 and to allot and issue from time to time such number of Shares as may be required to be delivered pursuant to the exercise of Options under the VISOP 2021, provided that the aggregate number of new 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 (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 9]

By Order of the Board

Esther Au
Company Secretary
Singapore

November 2, 2021

Notice of Twenty-Third Annual General Meeting

Notes:

(a) The Twenty-Third Annual General Meeting of the Company ("**Annual General Meeting**") is being convened, and will be held, by 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 will also be made available on the Company's website at the URL https://www.vicplas.com/investor-relations. Printed copies will not be despatched to members.

(b) Alternative arrangements relating to attendance at the Annual General Meeting 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 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 by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated November 2, 2021. This announcement may be accessed at the SGX website at the URL https://www.sgx.com/securities/company-announcements, and will also be made available on the Company's website at the URL https://www.vicplas.com/investor-relations.

(c) **As a precautionary measure due to the COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** 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 will also be made available on the Company's website at the URL https://www.vicplas.com/investor-relations. A member may also appoint the Chairman of the Meeting as his/her/its proxy via the online process through the pre-registration website for the Annual General Meeting at the URL https://conveneagm.sg/vicplasagm.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the instrument of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on November 12, 2021 (being seven working days before the date of the Annual General Meeting).

(d) The Chairman of the Meeting, as proxy, need not be a member of the Company.

Notice of Twenty-Third Annual General Meeting

(e) The instrument appointing the Chairman of the Meeting as proxy 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 8 Robinson Road #03-00, ASO Building, Singapore 048544; 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/vicplasagm,

  in any case not less than 72 hours before the time appointed for the Annual General Meeting.

  A member who wishes to submit an instrument appointing a proxy 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 by email to the email address provided above. A member may also appoint the Chairman of the Meeting as proxy via the online process through the pre-registration website at the URL https://conveneagm.sg/vicplasagm.

  Due to the COVID-19 situation in Singapore, members are strongly encouraged to submit completed instruments appointing a proxy electronically via email or via the online process through the pre-registration website.

(f) The Annual Report 2021 and the Circular to Shareholders dated November 2, 2021 (in relation to the proposed renewal of the interested person transactions mandate, the proposed renewal of the share purchase mandate and the proposed adoption of the Vicplas International Share Option Plan 2021) 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 2021 may be accessed by clicking on the hyperlink for "FY2021 PDF" under "Annual Reports"; and

  (ii) the Circular to Shareholders dated November 2, 2021 may be accessed by clicking on the hyperlink for "Circular of AGM PDF" under "Annual General Meeting – November 24, 2021".

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

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

Notice of Twenty-Third Annual General Meeting

Explanatory Notes:

1. Resolution 2 is to approve the payment of a final dividend in respect of the financial year ended July 31, 2021. The record date and payment date of the final dividend (in January 2022) have been specified to provide better certainty to shareholders.

2. Resolution 4 is to re-elect Mr. Ng Beng Tiong, who was appointed as a Director on April 28, 2021 and will be retiring under Article 119 of the Company's Constitution. Mr. Ng Beng Tiong is considered an Independent and Non-Executive Director. If he is re-elected, he will remain as a member of the Audit and Risk Committee of the Company. Further information on Mr. Ng Beng Tiong can be found on page 8 and pages 26 to 31 of the Annual Report 2021 under the sections "Board of Directors" and "Additional Information on Directors Seeking Re-election at the Forthcoming Twenty-Third Annual General Meeting".

3. Resolution 5 is to re-elect Mr. Yeo Wico who will be retiring by rotation under Article 115 of the Company's Constitution. Mr. Yeo Wico is considered an Independent and Non-Executive Director. If he is re-elected (and continues to be considered as independent if the requisite approvals for such independent status under Resolutions 8 and 9 are obtained), he will remain as Chairman of the Board, the Chairman of the Nominating Committee and a member of each of the Audit and Risk Committee, the Remuneration Committee and the Strategy Committee of the Company.

   Resolution 6 is to re-elect Mr. Ng Cher Yan who will be retiring by rotation under Article 115 of the Company's Constitution. Mr. Ng Cher Yan is considered an Independent and Non-Executive Director. If he is re-elected (and continues to be considered as independent if the requisite approvals for such independent status under Resolutions 10 and 11 are obtained), he will remain as the Chairman of the Audit and Risk Committee, the Chairman of the Remuneration Committee and a member of the Nominating Committee of the Company.

   Further information on Mr. Yeo Wico and Mr. Ng Cher Yan can be found on page 8 and pages 26 to 31 of the Annual Report 2021 under the sections "Board of Directors" and "Additional Information on Directors Seeking Re-election at the Forthcoming Twenty-Third Annual General Meeting".

4. Resolutions 8 to 11 are all Ordinary Resolutions. Resolutions 8 and 9, and Resolutions 10 and 11, are to approve the continued appointment of each of Mr. Yeo Wico and Mr. Ng Cher Yan, respectively, as an independent Director for the purposes of Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), which will take effect from January 1, 2022. This Rule provides that a Director will not be independent if he has been a Director for an aggregate period of more than nine years and his continued appointment as an independent Director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders excluding the Directors and the Chief Executive Officer ("**CEO**") of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST).

Notice of Twenty-Third Annual General Meeting

Both Mr. Yeo Wico and Mr. Ng Cher Yan, who are each seeking re-election as a Director at the Annual General Meeting under Resolutions 5 and 6, respectively, are independent Directors who have each served beyond an aggregate of nine years on the Board (Mr. Yeo Wico joined the Board on June 10, 2008, while Mr. Ng Cher Yan joined the Board on May 3, 2010). The Company is accordingly seeking, subject to the passing of (in the case of Mr. Yeo Wico) Resolution 5 and (in the case of Mr. Ng Cher Yan) Resolution 6, the requisite approvals from shareholders of the Company under Rule 210(5)(d)(iii)(A) and (B) for each of Mr. Yeo Wico's and Mr. Ng Cher Yan's continued appointment as an independent Director from January 1, 2022. If obtained, the requisite approvals will remain in force until the earlier of (i) the retirement or resignation of Mr. Yeo Wico or, as the case may be, Mr. Ng Cher Yan, as a Director; and (ii) the conclusion of the third Annual General Meeting of the Company following the passing of (in the case of Mr. Yeo Wico) Resolutions 8 and 9 and (in the case of Mr. Ng Cher Yan) Resolutions 10 and 11. Otherwise, Mr. Yeo Wico and Mr. Ng Cher Yan will be regarded as non-independent from January 1, 2022.

If Resolution 5 is passed but the 2-tier vote comprising Resolutions 8 and 9 are not passed, Mr. Yeo Wico will be re-designated as a Non-Independent Non-Executive Director with effect from January 1, 2022. If Resolution 6 is passed but the 2-tier vote comprising Resolutions 10 and 11 are not passed, Mr. Ng Cher Yan will be re-designated as a Non-Independent Non-Executive Director with effect from January 1, 2022. If the respective 2-tier vote approvals comprising Resolutions 8 to 11 are not passed, based on the current composition of the Board (three independent Directors and two non-independent Directors), independent Directors would not comprise at least one-third of the Board as required under Rule 210(5)(c) of the Listing Manual of the SGX-ST, which will take effect from January 1, 2022. In such event, the Company will review the composition of the Board and take such steps as may be necessary to ensure compliance with Rule 210(5)(c) of the Listing Manual of the SGX-ST which requires at least one-third of the Board to comprise independent Directors. The Company will make the appropriate announcement(s) in the event of any changes to the composition of the Board, in accordance with the Listing Manual of the SGX-ST.

Under Rule 210(5)(d)(iii)(A), all shareholders of the Company may vote on Resolutions 8 and 10.

In compliance with Rule 210(5)(d)(iii)(B), the Directors and the CEO of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST), will abstain from voting on Resolutions 9 and 11. The Company will disregard any votes cast by the Directors and the CEO of the Company, and their respective associates, in respect of their holdings of shares (if any) on Resolution 9 and 11. The Chairman of the Meeting will accept appointment as proxy for any other shareholder of the Company to vote in respect of Resolutions 9 and/or 11, where such shareholder has given specific instructions in a validly completed and submitted instrument of proxy as to voting, or abstentions from voting, in respect of Resolutions 9 and/or 11.

If Resolution 8 is not passed, Resolution 9 will be withdrawn. If Resolution 5 is not passed, both Resolutions 8 and 9 will be withdrawn.

If Resolution 10 is not passed, Resolution 11 will be withdrawn. If Resolution 6 is not passed, both Resolutions 10 and 11 will be withdrawn.

Notice of Twenty-Third Annual General Meeting

5. Resolution 12 is an Ordinary Resolution to empower the Directors, from the date of this Annual General Meeting until the date of the next Annual General Meeting, to issue shares of the Company, to make or grant instruments convertible into shares, and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a *pro-rata* basis to shareholders.

   For the purpose of determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time that Resolution 12 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 12 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. As at October 25, 2021, the Company had 461,000 treasury shares and no subsidiary holdings.

6. Resolution 13 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 date of the next Annual General Meeting, to enter into transactions falling within the types of interested person transactions described in the Appendix to the Company's Circular to Shareholders dated November 2, 2021. For more details, please refer to paragraph 2 of the Appendix to the Company's Circular to Shareholders dated November 2, 2021.

7. Resolution 14 is an Ordinary Resolution to renew, effective until the next Annual General Meeting, the Share Purchase Mandate for the Company to purchase or acquire its issued ordinary shares on the terms and subject to the conditions of Resolution 14.

   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, 2021 and certain other assumptions, are set out in paragraph 3.7 of the Company's Circular to Shareholders dated November 2, 2021 and are for illustration only.

8. Resolution 15 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.

Notice of Twenty-Third Annual General Meeting

9. Resolution 16 is an Ordinary Resolution to approve the adoption of the VISOP 2021, and to empower the Directors of the Company to offer and grant options under the VISOP 2021 and allot and issue ordinary shares of the Company pursuant to the exercise of options granted under the VISOP 2021, provided that the aggregate number of new shares which may be issued pursuant to options granted under the VISOP 2021 does not exceed 15% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

   Please refer to the Company's Circular to Shareholders dated November 2, 2021 for more details.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company 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 Chairman of the Meeting as proxy 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.

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, 2021 (the "**Final Dividend**"), the Share Transfer Books and Register of Members of the Company will be closed on January 12, 2022 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, 2022.

Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00, ASO Building, Singapore 048544 up to 5.00 p.m. on January 11, 2022 will be registered to determine Shareholders' entitlements to the Final Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Shares as at 5.00 p.m. on January 11, 2022 will rank for the Final Dividend.

The Final Dividend, if approved at the Annual General Meeting to be held on November 24, 2021, will be paid on January 21, 2022.

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

Proxy Form

IMPORTANT:

1. The Twenty-Third Annual General Meeting of the Company ("**Annual General Meeting**") is being convened, and will be held, by 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 will also be made available 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 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 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 by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated November 2, 2021. This announcement may be accessed at the SGX website at the URL https://www.sgx.com/securities/company-announcements, and will also be made available on the Company's website at the URL https://www.vicplas.com/investor-relations.
3. **As a precautionary measure due to the COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Annual General Meeting.**
4. CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on November 12, 2021 (being seven working days before the date of the Annual General Meeting).
5. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting.

Personal Data Privacy

By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated November 2, 2021.

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

of ____ (Address)

being a *member/members of Vicplas International Ltd (the "**Company**") hereby appoint the Chairman of the Meeting as *my/our proxy to attend, speak and vote for *me/us and on *my/our behalf at the Annual General Meeting of the Company to be convened and held by way of electronic means on Wednesday, November 24, 2021 at 3.00 p.m. (Singapore time) and at any adjournment thereof.

*I/We direct the Chairman of the Meeting to vote for or against, or to 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, 2021 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, 2021.			
3	To approve Directors' fees of S$270,411.00 (2020: S$250,644.00) for the year ended July 31, 2021.			
4	To re-elect Mr. Ng Beng Tiong as a Director pursuant to Article 119 of the Company's Constitution.			
5	To re-elect Mr. Yeo Wico as a Director pursuant to Article 115 of the Company's Constitution.			
6	To re-elect Mr. Ng Cher Yan as a Director pursuant to Article 115 of the Company's Constitution.			
7	To re-appoint Deloitte & Touche LLP as Auditor and to authorise the Directors to fix its remuneration.			
8	"Tier-1" approval for Mr. Yeo Wico's continued appointment as an independent Director.			
9	"Tier-2" approval for Mr. Yeo Wico's continued appointment as an independent Director.			
10	"Tier-1" approval for Mr. Ng Cher Yan's continued appointment as an independent Director.			
11	"Tier-2" approval for Mr. Ng Cher Yan's continued appointment as an Independent Director.			
12	To authorise the Directors to issue additional shares and convertible instruments.			
13	To approve the renewal of the Interested Person Transactions Mandate.			
14	To approve the renewal of the Share Purchase Mandate.			
15	To authorise the issuance of shares pursuant to the Vicplas International Ltd Scrip Dividend Scheme.			
16	To approve the adoption of the Vicplas International Share Option Plan 2021.			

* Delete where inapplicable.

** Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy 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 the Chairman of the Meeting as your proxy 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 the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this ________________2021

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) **As a precautionary measure due to the COVID-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** This Proxy Form may be accessed at the SGX website at the URL https://www.sgx.com/securities/company-announcements, and will also be made available on the Company's website at the URL https://www.vicplas.com/investor-relations. A member may also appoint the Chairman of the Meeting as his/her/its proxy via the online process through the pre-registration website for the Annual General Meeting at the URL https://conveneagm.sg/vicplasagm.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the instrument of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on November 12, 2021 (being seven working days before the date of the Annual General Meeting).

(b) The Chairman of the Meeting, as proxy, need not be a member of the Company.

(c) 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 appointing the Chairman of the Meeting as proxy will be deemed to relate to all the shares held by the member.

(d) The instrument appointing the Chairman of the Meeting as proxy 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 8 Robinson Road #03-00, ASO Building, Singapore 048544; 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/vicplasagm,

in any case not less than 72 hours before the time appointed for the Annual General Meeting.

A member who wishes to submit an instrument appointing a proxy 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 by email to the email address provided above. A member may also appoint the Chairman of the Meeting as proxy via the online process through the pre-registration website at the URL https://conveneagm.sg/vicplasagm.

Due to the COVID-19 situation in Singapore, members are strongly encouraged to submit completed instruments appointing a proxy electronically via email or via the online process through the pre-registration website.

(e) The instrument appointing the Chairman of the Meeting as proxy must, if submitted by post or electronically via email, be 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/vicplasagm, be authorised by the appointor via the online process through the website. Where the instrument appointing the Chairman of the Meeting as proxy 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/vicplasagm, be authorised via the online process through the website. Where an instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument appointing a proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument appointing a proxy, failing which the instrument may be treated as invalid.

(f) The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy 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.

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

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VICPLAS

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