CORPORATE INFORMATION

BOARD OF DIRECTORS : Chua Kim Hua  
Loh Beng Seng  
Cheng Liang  
Lim Hock Beng  
Ang Mong Seng

COMPANY SECRETARIES : Jennifer Lee Siew Jee (ACIS)  
Tan Cheng Siew @ Nur Farah Tan (ACIS)

REGISTERED OFFICE : 18 Fan Yoong Road  
Singapore 629795

SHARE REGISTRAR AND SHARE TRANSFER OFFICE : Lim Associates (Pte) Ltd  
10 Collyer Quay #19-08  
Ocean Building  
Singapore 049315

MANAGER, UNDERWRITER AND PLACEMENT AGENT : The Development Bank of Singapore Ltd  
6 Shenton Way  
DBS Building Tower One  
Singapore 068809

AUDITORS AND REPORTING ACCOUNTANTS : Deloitte & Touche  
Certified Public Accountants  
95 South Bridge Road #09-00  
Pidemco Centre  
Singapore 058717

SOLICITORS TO THE INVITATION : Shook Lin & Bok  
1 Robinson Road #18-00  
AIA Tower  
Singapore 048542

PRINCIPAL BANKER : United Overseas Bank Limited  
80 Raffles Place  
UOB Plaza 1  
Singapore 048624
DEFINITIONS

In this Prospectus, the accompanying Application Forms and, in relation to Electronic Applications, the instructions appearing on the screens of the ATMs of Participating Banks, the following definitions apply throughout where the context so admits:–

**Companies**

“Company” or “Vicplas” : Vicplas International Ltd  
“Group” or “Proforma Group” : Vicplas and its subsidiaries, assuming the group of companies had been in place since 1 August 1993  
“Vicplas Holdings” : Vicplas Holdings Pte Ltd  
“Vicplas Trading” : Vicplas Trading Pte Ltd

**General**

“Application Forms” : The official printed application forms to be used for the purpose of the Invitation and which form part of this Prospectus  
“Application List” : The list for the application to subscribe for the New Shares  
“ATM” : Automated teller machine  
“Audit Committee” : The audit committee of the Company  
“CDP” : The Central Depository (Pte) Limited  
“CIDB” : Construction Industry Development Board  
“CPF” : Central Provident Fund  
“DBS Bank” : The Development Bank of Singapore Ltd  
“Directors” : The directors for the time being of the Company, unless otherwise stated  
“Electronic Applications” : Applications for the Offer Shares made through an ATM of one of the Participating Banks in accordance with the terms and conditions of this Prospectus  
“EPS” : Earnings per Share  
“FY” : Financial year ended or ending 31 July  
“HDB” : Housing and Development Board  
“Invitation” : Invitation by the Company for the subscription of the New Shares, subject to and on the terms and conditions of this Prospectus  
“ISO” : International Standards Organisation, a world-wide federation of national standards bodies
"Issue Price" : $0.135 for each Offer Share, Reserved Share and Placement Share

"Manager", "Underwriter" and "Placement Agent" : DBS Bank

"Market Day" : A day on which the Stock Exchange is open for trading in securities

"N.A." : Not applicable

"New Shares" : 31,000,000 new Shares for which the Company will invite applications to subscribe, subject to and on the terms and conditions of this Prospectus

"NTA" : Net tangible assets

"Offer" : Offer by the Company to the public for subscription at the Issue Price

"Offer Shares" : 6,200,000 New Shares which are the subject of the Offer

"Participating Banks" : DBS Bank (including its POSBank Services division); Keppel TatLee Bank Limited ("KTB"); Oversea-Chinese Banking Corporation Limited ("OCBC") Group (comprising OCBC and Bank of Singapore Limited); Overseas Union Bank Limited ("OUB") Group (comprising OUB and International Bank of Singapore Limited); and United Overseas Bank Limited ("UOB") Group (comprising UOB, Chung Khiaw Bank Limited, Far Eastern Bank Limited and Industrial & Commercial Bank Limited)

"Placement" : Placement by the Company of the Placement Shares at the Issue Price

"Placement Shares" : The 24,800,000 New Shares which are the subject of the Placement (including the Reserved Shares)

"PSB" : Productivity & Standards Board of Singapore

"PVC" : Polyvinyl chloride

"Restructuring Exercise" : Restructuring exercise undertaken in connection with the Invitation, as described in page 25 of this Prospectus

"Reserved Shares" : Up to 3,100,000 New Shares reserved for subscription by the management, employees and business associates who have contributed to the success of the Group

"SCCS" : Securities Clearing & Computer Services (Pte) Ltd

"Securities Account" : Securities account maintained by a depositor with CDP

"SES" or "Stock Exchange" : Stock Exchange of Singapore Limited

"SESDAQ" : Stock Exchange of Singapore Dealing and Automated Quotation System
“Shares” : Ordinary shares of $0.05 each in the capital of the Company

“Sub-division of shares” : The sub-division of each ordinary share of $1.00 each in the existing authorised and issued paid-up share capital of the Company into 20 ordinary shares of $0.05 each in the capital of the Company

“uPVC” : Unplasticised polyvinyl chloride

“$, "$ and “cents” : Singapore dollars and cents respectively, unless otherwise stated

“RM” : Malaysian Ringgit

“%” or “per cent.” : Per centum

“g” : Gram

“kg” : Kilogram

“MT” : Metric tonne

“sq. ft.” : Square feet

“sq. m.” : Square metre

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

Any reference in this Prospectus and the Application Forms to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act (Chapter 50) of Singapore or any statutory modification thereof and used in this Prospectus and the Application Forms shall have the meaning assigned to it under the said Act or statutory modification, as the case may be.

Any reference in this Prospectus or the Application Forms to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Prospectus shall be a reference to Singapore time unless otherwise stated.
DETAILS OF THE INVITATION

LISTING ON SESDAQ

Application has been made to the Stock Exchange for permission to deal in, and quotation for, all the Shares already issued as well as the New Shares on SESDAQ. Such permission will be granted when the Company has been admitted to the Official List of SESDAQ. Acceptance of applications will be conditional upon permission being granted to deal in, and quotation for, all the issued Shares as well as the New Shares. Moneys paid in respect of any application accepted will be returned, without interest or any share of revenue or benefit arising therefrom and at the applicant's own risk, if the said permission is not granted.

The Stock Exchange assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of SESDAQ is not to be taken as an indication of the merits of the Invitation, the Company, its subsidiaries, the Shares or the New Shares.

The Directors of the Company individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other material facts the omission of which would make any statement in this Prospectus misleading.

No person is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by the Company or the Manager. Neither the delivery of this Prospectus and the Application Forms nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Company or the Group or any statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur, the Company may make an announcement of the same to the SES. All applicants should take note of any such announcement and, upon release of such an announcement, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Group. This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the New Shares or for any other purpose. This Prospectus does not constitute an offer, or invitation or solicitation, to subscribe for the New Shares in any jurisdiction in which such offer or invitation or solicitation is unauthorised or unlawful, nor does it constitute an offer or invitation or solicitation to any person to whom it is unlawful to make such offer or invitation or solicitation.

Copies of this Prospectus and the Application Forms and envelopes may be obtained on request, subject to availability, from:–

The Development Bank of Singapore Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809

and from DBS Bank branches (including its POSBank Services division), members of the Association of Banks in Singapore, members of the Stock Exchange and merchant banks in Singapore.

The Application List will open at 10.00 a.m. on 20 April 1999 and will remain open until 12.00 noon on the same day or for such further period or periods as the Directors may in their absolute discretion decide, subject to any limitation under all applicable laws.
TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION

Applications are invited for the subscription of the New Shares at the Issue Price subject to the following terms and conditions:–

1. Applications for the Offer Shares may be made by way of the Offer Shares Application Forms or by way of Electronic Applications. Applications for Placement Shares may only be made by way of the Placement Shares Application Forms, and applications for Reserved Shares may only be made by way of the Reserved Shares Application Forms. Applicants may not use their CPF Funds to apply for the New Shares.

2. ONLY ONE APPLICATION MAY BE MADE FOR THE BENEFIT OF ONE PERSON FOR EITHER THE OFFER SHARES OR THE PLACEMENT SHARES (OTHER THAN THE RESERVED SHARES) IN HIS OWN NAME. A PERSON SUBMITTING AN APPLICATION FOR THE OFFER SHARES BY WAY OF THE OFFER SHARES APPLICATION FORM MAY NOT SUBMIT ANOTHER APPLICATION BY WAY OF ELECTRONIC APPLICATION AND VICE VERSA. SUCH SEPARATE APPLICATIONS WILL BE DEEMED TO BE MULTIPLE APPLICATIONS AND SHALL BE REJECTED.

A PERSON, OTHER THAN AN APPROVED NOMINEE COMPANY, WHO IS SUBMITTING AN APPLICATION IN HIS OWN NAME SHOULD NOT SUBMIT ANY OTHER APPLICATIONS, WHETHER ON A PRINTED APPLICATION FORM OR THROUGH AN ELECTRONIC APPLICATION, FOR ANY OTHER PERSON. SUCH SEPARATE APPLICATIONS WILL BE DEEMED TO BE MULTIPLE APPLICATIONS AND SHALL BE REJECTED.

AN APPLICANT WHO HAS AGREED WITH THE PLACEMENT AGENT TO PURCHASE PLACEMENT SHARES (OTHER THAN FOR THE RESERVED SHARES) OR WHO OTHERWISE PURCHASES PLACEMENT SHARES FROM THE PLACEMENT AGENT SHALL NOT MAKE ANY SEPARATE APPLICATION FOR OFFER SHARES EITHER BY WAY OF THE OFFER SHARES APPLICATION FORM OR THROUGH AN ELECTRONIC APPLICATION. SUCH SEPARATE APPLICATIONS WILL BE DEEMED TO BE MULTIPLE APPLICATIONS AND SHALL BE REJECTED.

CONVERSELY, AN APPLICANT WHO HAS MADE AN APPLICATION FOR OFFER SHARES EITHER BY WAY OF THE OFFER SHARES APPLICATION FORM OR THROUGH AN ELECTRONIC APPLICATION SHALL NOT MAKE ANY SEPARATE APPLICATION FOR THE PLACEMENT SHARES (OTHER THAN FOR THE RESERVED SHARES). SUCH SEPARATE APPLICATIONS WILL BE DEEMED TO BE MULTIPLE APPLICATIONS AND SHALL BE REJECTED.

JOINT OR MULTIPLE APPLICATIONS WILL BE REJECTED. PERSONS SUBMITTING OR PROCURING SUBMISSIONS OF MULTIPLE SHARE APPLICATIONS (WHETHER FOR OFFER SHARES, PLACEMENT SHARES OR BOTH OFFER SHARES AND PLACEMENT SHARES) MAY BE DEEMED TO HAVE COMMITTED AN OFFENCE UNDER THE PENAL CODE (CHAPTER 224) OF SINGAPORE AND THE SECURITIES INDUSTRY ACT (CHAPTER 289) OF SINGAPORE AND SUCH APPLICATIONS MAY BE REFERRED TO THE RELEVANT AUTHORITIES FOR INVESTIGATION. MULTIPLE APPLICATIONS OR THOSE APPEARING TO BE OR SUSPECTED OF BEING MULTIPLE APPLICATIONS WILL BE LIABLE TO BE REJECTED AT THE DISCRETION OF THE COMPANY.

AN APPLICANT MAKING AN APPLICATION FOR THE RESERVED SHARES USING THE RESERVED SHARES APPLICATION FORM MAY SUBMIT ONE SEPARATE APPLICATION FOR OFFER SHARES IN HIS OWN NAME EITHER BY WAY OF THE OFFER SHARES APPLICATION FORM OR THROUGH AN ELECTRONIC APPLICATION OR SUBMIT ONE SEPARATE APPLICATION FOR PLACEMENT SHARES (OTHER THAN FOR THE RESERVED SHARES), PROVIDED HE ADHERES TO THE TERMS AND CONDITIONS OF THIS PROSPECTUS. SUCH SEPARATE APPLICATIONS WILL NOT BE TREATED AS MULTIPLE APPLICATIONS.
3. Applications will not be accepted from any person under the age of 21, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders and applicants whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks, as the case may be) bear post office box numbers.

4. The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification or, where the application is made by way of a printed Application Form, in the name(s) of approved nominee companies after complying with paragraph 5 below.

5. **Nominee applications may be made by approved nominee companies only.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies will be rejected.

6. For non-nominee applications, each applicant must maintain a Securities Account in his own name at the time of application. An applicant without an existing Securities Account in his own name at the time of application will have his application rejected (in the case of an application by way of an Application Form) or will not be able to complete his Electronic Application (in the case of an Electronic Application). An applicant with an existing Securities Account who fails to provide his Securities Account number or who provides an incorrect Securities Account number in section B of the Application Form or in his Electronic Application, as the case may be, is liable to have his application rejected. Subject to paragraph 7 below, an application may be rejected if the applicant’s particulars such as his name, NRIC or passport number, nationality and permanent residence status provided in his Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of his Electronic Application, as the case may be, differ from those particulars in his Securities Account as maintained with CDP. If the applicant possesses more than one individual direct Securities Account, his application will be rejected.

7. **If the address of an applicant stated on the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, the applicant must inform CDP of his updated address promptly, failing which the notification letter on successful allotment and/or allocation will be sent to his address last registered with CDP.**

8. The Company reserves the right to reject or accept, in whole or in part, or to scale down or ballot, any application without assigning any reason therefor, and no enquiry and/or correspondence on the decision of the Company will be entertained. This right applies to applications made by way of printed Application Forms and by way of Electronic Application. In deciding the basis of allotment and/or allocation, at the discretion of the Company, due consideration will be given to the desirability of allotting the New Shares to a reasonable number of successful applicants with a view to establishing an adequate market for the Shares.

9. The Company reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of applications by way of printed Application Forms, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance. The Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the terms and conditions of this Prospectus and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.
10. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to each successful applicant at his own risk, within 15 Market Days after the close of the Application List, a statement showing that his Securities Account has been credited with the number of New Shares allotted to him. This will be the only acknowledgement of application moneys received and is not an acknowledgement by the Company. Each applicant irrevocably authorises CDP to complete and sign on his behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the New Shares allotted to the applicant. This authorisation applies for applications made by way of printed Application Forms and by way of Electronic Applications.

11. By completing and delivering an Application Form and, in the case of an Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key on the ATM in accordance with the provisions herein, each applicant:–

(a) irrevocably offers to subscribe for the number of New Shares specified in his application (or such smaller number for which the application is accepted) at the Issue Price for each New Share and agrees that he will accept such Shares as may be allotted to him, in each case on the terms of, and subject to the conditions set out in, this Prospectus and the Memorandum and Articles of Association of the Company; and

(b) warrants the truth and accuracy of the information in his application.

12. Applications must be made in lots of 1,000 New Shares or higher integral multiples of 1,000 New Shares. Applications for any other number of New Shares will be rejected.

13. No Shares will be allotted on the basis of this Prospectus later than six months after the date of this Prospectus.

14. In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List. Any of the Reserved Shares not taken up by the employees and business associates of the Group will be made available to satisfy applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares. In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares under-subscribed shall be made available to satisfy applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

15. In the event of an over-subscription for the Offer Shares as at the close of the Application List and/or the number of Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares shall be determined by ballot, or otherwise as determined by the Directors and approved by the SES.

16. Acceptance of applications will be conditional upon the Company being satisfied that:–

(a) permission has been granted by the SES to deal in, and quotation for, all the existing Shares and the New Shares on a “when issued” basis on SESDAQ, and

(b) the Management and Underwriting Agreement and Placement Agreement referred to on page 93 of this Prospectus have become unconditional and have not been terminated.

17. Additional terms and conditions for applications by way of printed Application Forms are set out on pages 9 to 12 of this Prospectus.

18. Additional terms and conditions for Electronic Applications are set out on pages 12 to 16 of this Prospectus.
19. Each applicant irrevocably authorises CDP to disclose the outcome of his application, including the number of New Shares allotted to the applicant pursuant to his application, to authorised operators.

20. Any reference to the “applicant” in this section shall include a person applying for the Offer Shares by way of an Electronic Application or by way of the Offer Shares printed Application Form and a person applying for the Placement Shares through the Placement Agent.

21. No application will be held in reserve.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING PRINTED APPLICATION FORMS

Applications by way of printed Application Forms shall be made on, and subject to, the terms and conditions of this Prospectus, including but not limited to the terms and conditions appearing below and those set out under the section on “Terms and Conditions and Procedures for Application” found on pages 6 to 9 of this Prospectus, as well as the Memorandum and Articles of Association of the Company.

1. Applications for the Offer Shares must be made using the WHITE Application Forms and official envelopes “A” and “B” and applications for the Placement Shares (other than for the Reserved Shares) must be made using the BLUE Application Forms, accompanying and forming part of this Prospectus. Care must be taken to follow the instructions set out in the respective Application Forms and this Prospectus for the completion of the respective Application Forms. Applications which do not conform strictly to these instructions or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances may be rejected.

2. The Application Forms must be completed in English. Please type or write clearly in ink using BLOCK LETTERS. All spaces in an Application Form, except those under the heading “FOR OFFICIAL USE ONLY”, must be completed and the words “NOT APPLICABLE” or “N.A.” should be written in any space that is not applicable.

3. Individuals, corporations, approved nominee companies and trustees must give their names in full. Applications must be made, in the case of individuals, in their full names as appearing in their identity cards (if applicants have such identification documents) or passports and, in the case of corporations, in their full names as registered with a competent authority. Applicants, other than individuals, completing the Application Form under the hand of an official, must state the name and capacity in which that official signs. A corporation completing an Application Form is required to affix its Common Seal (if any) in accordance with its Memorandum and Articles of Association or the equivalent constitutive documents of the corporation. If an application by a corporate applicant is successful, a copy of its Memorandum and Articles of Association or its equivalent constitutive documents must be lodged with the Company’s Share Registrar. The Company reserves the right to require any applicant to produce documentary proof of identification for verification purposes.

4. (a) All applicants must complete Sections A and B and sign page 1 of the Application Form.

(b) All applicants are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, the applicant must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) Applicants who fail to make the required declaration in Paragraph 7(a) or 7(b) (as the case may be) on page 1 of the Application Form are liable to have their applications rejected.
5. Applicants may apply for the New Shares using cash only. Each application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a BANKER’S DRAFT, CASHIER’S ORDER or POSB CASHIER’S ORDER drawn on a bank in Singapore, made out in favour of “VICPLAS SHARE ISSUE ACCOUNT” crossed “A/C PAYEE ONLY”, or in the form of a DBS AUTOBANK CASHIER’S ORDER EQUIVALENT, with the name and address of the applicant written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. Remittances bearing “Not Transferable” or “Non Transferable” crossings will be rejected. No acknowledgement of receipt will be issued by the Company or the Manager for applications and application moneys received.

6. Individual applicants and corporate applicants, will be required to declare whether they are citizens or permanent residents of Singapore or corporations, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate constituted by any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporations. Approved nominee companies are required to declare whether the beneficial owner of the Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate constituted by any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation.

7. Unsuccessful applications and those not successfully balloted or accepted are expected to be returned to the applicants by ordinary post, at the risk of the applicants, within three Market Days after the close of the Application List, without interest or any share of revenue or other benefit arising therefrom. Where an application is rejected or accepted in part only, the full amount or the balance of the application moneys, as the case may be, will be refunded to the applicant by ordinary post at his own risk (without interest or any share of revenue or other benefit arising therefrom) within 14 days after the close of the Application List. Unsuccessful applicants using DBS Autobank Cashier’s Order Equivalent will have the full amount of their application moneys (without interest or any share of revenue or other benefit arising therefrom) automatically credited to their accounts maintained with DBS Bank.

8. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

9. In consideration of the Company having distributed the Application Form to the applicant and agreeing to close the Application List at 12.00 noon on 20 April 1999 or such later time or date as the Directors may, in their absolute discretion, decide and by completing and delivering the Application Form, each applicant agrees that:–

(a) his application is irrevocable;

(b) his remittance will be honoured on first presentation and that any moneys returnable may be held pending clearance of his payment and he will not be entitled to any interest or any share of revenue or other benefit arising therefrom;

(c) in respect of the New Shares for which his application has been received and not rejected, acceptance of his application shall be constituted by written notification by or on behalf of the Company and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Company;

(d) he will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of his application; and

(e) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that he irrevocably submits to the non-exclusive jurisdiction of the Singapore courts.
10. **Applications for Offer Shares**

(a) Applications for Offer Shares **must** be made using the **WHITE** Application Forms and **WHITE** official envelopes “A” and “B”.

(b) The applicant must:–

(i) enclose the **WHITE** Application Form, duly completed, together with the correct remittance in the **WHITE** envelope “A” which is provided;

(ii) in the appropriate spaces on the **WHITE** envelope “A”:–

(A) write his name and address;

(B) state the number of Offer Shares applied for;

(C) tick the relevant box to indicate the form of payment;

(D) affix adequate Singapore postage;

(iii) **SEAL WHITE ENVELOPE “A”;**

(iv) write, in the special box provided on the larger **WHITE** envelope “B” addressed to **DBS BANK, 6 SHENTON WAY #28-00, DBS BUILDING TOWER ONE, SINGAPORE 068809**, the number of Offer Shares for which the application is made; and

(v) insert **WHITE** envelope “A” into **WHITE** envelope “B”, seal **WHITE** envelope “B”, affix adequate Singapore postage on envelope “B” (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** at his own risk to **DBS BANK, 6 SHENTON WAY #28-00, DBS BUILDING TOWER ONE, SINGAPORE 068809**, so as to arrive by 12.00 noon on 20 April 1999 or such later time or date as the Directors may, in their absolute discretion, decide. Local Urgent Mail or Registered Post must **NOT** be used.

Applications that are illegible, incomplete or incorrectly completed or accompanied by an improperly drawn remittance are liable to be rejected.

(c) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

11. **Applications for Placement Shares (other than for the Reserved Shares)**

(a) Applications for Placement Shares (other than for the Reserved Shares) **must** be made using the **BLUE** Application Forms.

(b) The completed Placement Shares Application Form and the applicant’s remittance for the full amount payable in respect of the number of Placement Shares applied for must be enclosed and sealed in any envelope to be provided by the applicant. The sealed envelope must be despatched by **ORDINARY POST OR DELIVERED BY HAND** at the applicant’s own risk to **DBS Bank, 6 Shenton Way #28-00, DBS Building Tower One, Singapore 068809**, for the attention of Corporate Finance Services, to arrive by **12.00 noon on 20 April 1999** or such later time or date as the Directors may, in their absolute discretion, decide. Local Urgent Mail or Registered Post must **NOT** be used.

(c) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.
(d) Alternatively, the applicant may remit his application moneys by electronic transfer to the account of DBS Bank, Shenton Way Branch, Current Account No. 001-045570-2, in favour of “VICPLAS SHARE ISSUE ACCOUNT” for the number of Placement Shares applied for by 12.00 noon on 20 April 1999. Applicants who remit their application moneys via electronic transfer should send a copy of the telegraphic transfer advice slip to DBS Bank, 6 Shenton Way #28-00, DBS Building Tower One, Singapore 068809, for the attention of Corporate Finance Services, to arrive by 12.00 noon on 20 April 1999 or such later time or date as the Directors may, in their absolute discretion, decide.

12. Applications for Reserved Shares

(a) Applications for Reserved Shares must be made using the PINK Application Forms (“Priority Application Forms”).

(b) The completed Priority Application Form and the applicant’s remittance for the full amount payable in respect of the number of Reserved Shares applied for must be enclosed and sealed in an envelope to be provided by the applicant. The sealed envelope must be despatched by ORDINARY POST OR DELIVERED BY HAND at the applicant’s own risk to the Company’s registered office presently at 18, Fan Yoon Road, Singapore 629795, so as to arrive by 12.00 noon on 20 April 1999 or such later time or date as the Directors may, in their absolute discretion, decide. Local Urgent Mail or Registered Post must NOT be used. No acknowledgement or receipt will be issued for any application or remittance received.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks (the “Steps”). For illustrative purposes, the procedure for Electronic Applications at ATMs of DBS Bank is set out in the “Steps for Electronic Applications” appearing on page 16 of this Prospectus. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below carefully before making an Electronic Application. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks.

Any reference to the “Applicant” in these Terms and Conditions for Electronic Applications and the Steps shall mean the applicant who applies for the Offer Shares through an ATM of a Participating Bank. The Steps set out the actions that the Applicant must take to complete an Electronic Application through an ATM belonging to DBS Bank. The actions that the Applicant must take at the ATMs of the other Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of his Electronic Application transaction, the Applicant will receive an ATM transaction slip (“Transaction Record”), confirming the details of his Electronic Application. The Transaction Record is for the Applicant’s retention and should not be submitted with any printed Application Form.

An Applicant must have an existing bank account with, and be an ATM cardholder of, one of the Participating Banks before he can make an Electronic Application at the ATMs of that Participating Bank. An ATM card issued by one Participating Bank cannot be used to apply for the Offer Shares at an ATM belonging to any of the other Participating Banks. An Applicant who fails to use his own ATM card or who does not key in his own Securities Account number will have his application rejected.

An Applicant, including one who has a joint bank account with a Participating Bank, must use an ATM Card issued by him in his own name and must enter his own Securities Account number. An applicant who fails to use his own ATM Card or who does not key in his own Securities Account number will have his application rejected.

An Electronic Application shall be made on, and subject to, the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out under the section on “Terms and Conditions and Procedures for Application” found on pages 6 to 9 of this Prospectus, as well as the Memorandum and Articles of Association of the Company.
1. In connection with his Electronic Application for the Offer Shares, the Applicant is required to confirm statements to the following effect in the course of activating the ATM for his Electronic Application:

(a) that he has received a copy of this Prospectus and has read, understood and agreed to all the terms and conditions of application for the Offer Shares and this Prospectus prior to effecting the Electronic Application and agrees to be bound by the same;

(b) that he consents to the disclosure of his name, NRIC or passport number, address, nationality and permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable) and share application amount (the “Relevant Particulars”) from his account with that Participating Bank to the Share Registrar, SCCS, CDP, CPF, the Company and the Manager (the “Relevant Parties”); and

(c) that this application is his only application for the Offer Shares and it is made in his name and at his own risk.

His application will not be successfully completed and cannot be recorded as a completed transaction in the ATM unless he presses the “Enter” or “OK” or “Confirm” or “Yes” key. By doing so, the Applicant shall be treated as signifying his confirmation of each of the above three statements. In respect of statement 1(b) above, his confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key, shall signify and shall be treated as his written permission, given in accordance with the relevant laws of Singapore, including Section 47(4) of the Banking Act (Chapter 19) of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of his account(s) with that Participating Bank to the Relevant Parties.

2. An applicant may make an Electronic Application at an ATM of any Participating Bank for the Offer Shares using cash only by authorising such Participating Bank to deduct the full amount payable from his account with such Participating Bank.

3. The Applicant irrevocably agrees and undertakes to subscribe for and to accept the number of Offer Shares applied for as stated on the Transaction Record or any lesser number of Offer Shares that may be allotted to him in respect of his Electronic Application. In the event that the Company decides to allot any lesser number of such Offer Shares or not to allot any Offer Shares to the Applicant, the Applicant agrees to accept the decision as final. If the Applicant’s Electronic Application is successful, his confirmation (by his action of pressing the “Enter” or “OK” or “Confirm” or “Yes” key on the ATM) of the number of Offer Shares applied for shall signify and shall be treated as his acceptance of the number of Offer Shares that may be allotted to him and his agreement to be bound by the Memorandum and Articles of Association of the Company.

4. The Applicant irrevocably requests and authorises the Company to:

(a) register the Offer Shares allotted to him in the name of CDP for deposit into his Securities Account;

(b) send the relevant Share certificate(s) to CDP;

(c) return (without interest or any share of revenue or other benefit arising therefrom) the application moneys, should his Electronic Application not be accepted, by automatically crediting the Applicant’s bank account with his Participating Bank with the relevant amount within three Market Days after the close of the Application List; and

(d) return (without interest or any share of revenue or other benefit arising therefrom) the balance of the application moneys, should his Electronic Application be accepted in part only, by automatically crediting the Applicant’s bank account with his Participating Bank with the relevant amount within 14 days after the close of the Application List.
5. **BY MAKING AN ELECTRONIC APPLICATION, THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR THE OFFER SHARES AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT HE MAKES IS THE ONLY APPLICATION MADE BY HIM AS BENEFICIAL OWNER.**

THE APPLICANT SHALL MAKE ONLY ONE ELECTRONIC APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE NEW SHARES (OTHER THAN THE RESERVED SHARES), WHETHER AT THE ATMs OF ANY PARTICIPATING BANK OR ON THE PRESCRIBED PRINTED APPLICATION FORMS.

6. The Applicant irrevocably agrees and acknowledges that his Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, the Company and the Manager and if, in any such event, the Participating Banks and/or the Company and/or the Manager do not record or receive the Applicant's Electronic Application, or data relating to the Applicant's Electronic Application or the tape containing such data is lost, corrupt, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, the Applicant shall be deemed not to have made an Electronic Application and the Applicant shall have no claim whatsoever against the Participating Banks, the Company or the Manager for the Offer Shares applied for or for any compensation, loss or damage.

7. Electronic Applications shall close at 12.00 noon on 20 April 1999 or such other time as the Directors may in their absolute discretion decide.

8. All particulars of the Applicant in the records of his Participating Bank at the time he makes his Electronic Application shall be deemed to be true and correct and the relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in the particulars of the Applicant after the time of the making of his Electronic Application, the Applicant shall promptly notify his Participating Bank.

9. The Applicant must have sufficient funds in his bank account(s) with his Participating Bank at the time he makes his Electronic Application, failing which his Electronic Application will not be completed. Any Electronic Application made at ATMs of DBS Bank which does not strictly conform to the instructions set out in the Steps will be rejected. Any Electronic Application made at the ATMs of the other Participating Banks which does not strictly conform to the instructions set out on the ATM screens of such Participating Banks will be rejected.

10. **No reserve application will be kept.** Where an Electronic Application is not accepted, it is expected that the full amount of the application moneys will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to the Applicant by being automatically credited to the Applicant's account with the relevant Participating Bank within three Market Days of the close of the Application List. **Trading on a “when issued” basis, if applicable, is expected to commence after such refund has been made.** Where an Electronic Application is accepted in part only, the balance of the application moneys will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the Applicant by being automatically credited to the Applicant's account with his Participating Bank within 14 days after the close of the Application List.

If the Applicant's Electronic Application is made through the ATMs of DBS Bank's POSBank Services division, KTB or UOB Group and is unsuccessful, it is expected that a computer-generated notice will be sent to the Applicant by the relevant Participating Bank (at the address of the Applicant as stated in the records of the relevant Participating Bank at the date of his Electronic Application) by ordinary post at the Applicant's own risk within three Market Days after the close of the Application List. **If the applicant’s Electronic Application is made through the ATMs of OCBC Group, OUB Group or DBS Bank (other than those of its POSBank Services division) and is unsuccessful, no notification will be sent by the relevant Participating Bank.**
Applicants who make Electronic Applications through the ATMs of the following banks may check the provisional results of their Electronic Applications as follows:—

<table>
<thead>
<tr>
<th>Bank</th>
<th>Telephone</th>
<th>Available at ATM</th>
<th>Operating Hours</th>
<th>Service expected from</th>
</tr>
</thead>
<tbody>
<tr>
<td>DBS Bank</td>
<td>1800-222 2222</td>
<td>Autobanks or Autoview</td>
<td>24 hours a day</td>
<td>7.00 p.m. on the balloting day</td>
</tr>
<tr>
<td>KTB</td>
<td>222 8228</td>
<td>ATM</td>
<td>ATM-24 hours a day Phone Banking</td>
<td>ATM-Evening of the balloting day Phone Banking-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mon-Fri 0800-2200 Sat 0800-1500</td>
<td>8.00 a.m. on the day after the balloting day</td>
</tr>
<tr>
<td>OCBC</td>
<td>1800-363 3333</td>
<td>ATM</td>
<td>ATM-24 hours a day Phone Banking</td>
<td>Evening of the balloting day</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mon-Fri 0800-2200 Sat 0800-1500</td>
<td></td>
</tr>
<tr>
<td>OUB</td>
<td>1800-534 0100</td>
<td>Not available</td>
<td>ATM-24 hours a day Phone Banking</td>
<td>Evening of the balloting day</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mon-Fri 0800-2200 Sat 0800-1500</td>
<td></td>
</tr>
<tr>
<td>UOB</td>
<td>539 4419 539 3945</td>
<td>Not available</td>
<td>Phone Banking Mon-Fri 0900-1800</td>
<td>10.30 a.m. on the day after the balloting day</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sat 0900-1800</td>
<td></td>
</tr>
</tbody>
</table>

11. By making and completing an Electronic Application, the Applicant agrees that:—

(a) in consideration of the Company making available the Electronic Application facility, through the Participating Banks acting as agents of the Company at the ATMs of the Participating Banks:—

(i) his Electronic Application is irrevocable; and

(ii) his Electronic Application, the acceptance of his Electronic Application by the Company and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and he irrevocably submits to the non-exclusive jurisdiction of the Singapore courts.

(b) none of the Company, the Manager or the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to his Electronic Application to the Company or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 6 on page 14 of this Prospectus or to any cause beyond their respective controls;

(c) he will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of his application; and

(d) in respect of the Offer Shares for which his Electronic Application has been successfully completed and not rejected, acceptance of the Applicant's Electronic Application shall be constituted by written notification by or on behalf of the Company and not otherwise, notwithstanding any payment received by or on behalf of the Company.

12. The Applicant should ensure that his personal particulars as recorded by both CDP and the relevant Participating Banks are correct and identical. Otherwise his Electronic Application may be rejected. The Applicant should promptly inform CDP of any change in his address, failing which the notification letter on successful allotment will be sent to his address last registered with CDP.

13. The existence of a trust will not be recognised. Any electronic application by a trustee or trustees must be made in his/their own name(s) and without qualification. The Company will reject any application by any person acting as nominee.
Steps for Electronic Applications through ATMs of DBS Bank (other than those of its POSBank Services division)

An Applicant making an Electronic Application through a DBS Bank ATM will be viewing the following instructions on an ATM screen of DBS Bank. Certain words appearing on the screen are in abbreviated form ("A/c", "amt", "appln", ",", "I/C" and "No." refer to “Account”, “amount”, “application”, “and”, “NRIC” and “Number”, respectively). Instructions for Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank) may differ slightly from those represented below.

Steps for Offer Shares Application

Step 1: Insert your personal DBS BankCard

2: Enter your Personal Identification Number

3: Select “CASHCARD & MORE SERVICES”

4: Select “ELECT SECURITY / RIGHTS APPLN”

5: Select share application to “VICPLAS”

6: Press the “ENTER” key to acknowledge:

— You have read, understood & agreed to all terms of appln & Prospectus

— You consent to disclose your name, I/C No., address, nationality, CDP Securities A/c No., CPF Investment A/c No. & share appln amount from your DBS Account(s) to share registrars, SCCS, CDP, CPF, issuer(s)

— For FIXED price share appln, this is your only appln and it is made in your own name and at your own risk

7: Select the DBS Bank account (Autosave/Current/Savings/Savings Plus) from which to debit your application moneys

8: Enter the number of Offer Shares you wish to apply for using cash

9: Select your nationality

10: Enter your own 12-digit CDP Securities Account number. (Note: This step will be omitted automatically if your CDP Securities Account number has already been stored in DBS Bank’s records)

11: Check the details of your share application, your NRIC/passport number and CDP Securities Account number on the screen and press the “ENTER” key to confirm application

12: Remove the Transaction Record for your reference and retention only
INDICATIVE TIMETABLE FOR LISTING

In accordance with the Stock Exchange's News Release of 28 May 1993 on the trading of initial public offering shares on a “when issued” basis, an indicative timetable is set out below for the reference of applicants:–

<table>
<thead>
<tr>
<th>Indicative date/time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 April 1999, 12 noon</td>
<td>Closing date and time for applications</td>
</tr>
<tr>
<td>21 April 1999</td>
<td>Balloting of applications, if necessary</td>
</tr>
<tr>
<td>22 April 1999, 9.00 a.m.</td>
<td>Commence trading on a “when issued” basis</td>
</tr>
<tr>
<td>3 May 1999</td>
<td>Last day of trading on a “when issued” basis</td>
</tr>
<tr>
<td>4 May 1999, 9.00 a.m.</td>
<td>Commence trading on a “ready” basis</td>
</tr>
<tr>
<td>11 May 1999</td>
<td>Settlement date for all trades done on a “when issued” basis and for all trades done on a “ready” basis on 4 May 1999</td>
</tr>
</tbody>
</table>

The above timetable is only indicative as it assumes that the closing of the Application List is 20 April 1999, the date of admission of the Company to the Official List of the SESDAQ will be 22 April 1999, the Stock Exchange’s shareholding spread requirement will be complied with and the New Shares will be issued and fully paid up prior to 22 April 1999. The actual date on which the Shares will commence trading on a “when issued” basis will be announced when it is confirmed by the SES.

The above timetable and procedure may be subject to such modifications as the SES may in its discretion decide, including the decision to permit trading on a “when issued” basis, the commencement date of such trading. All persons trading in the Shares on a “when issued” basis do so at their own risk. In particular, persons trading in the Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, if applicable, have been allotted with or are otherwise beneficially entitled to. Such persons are also exposed to the risk of having to cover their net sell positions earlier if “when issued” trading ends sooner than the indicative date mentioned above. Persons who have a net sell position traded on a “when issued” basis should close their position on or before the first day of “ready” basis trading.

Investors should consult the SES’s announcement on the “ready” listing date on the Internet (at the SES website http://www.ses.com.sg), INTV or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.
PROSPECTUS SUMMARY

The information contained in this summary is derived from and should be read in conjunction with the full text of this Prospectus.

The Company: Vicplas International Pte Ltd was incorporated in Singapore on 30 October 1998 as a private company limited by shares. It changed its name to Vicplas International Ltd on 6 April 1999, in line with the change of its status to a public limited company. The Company and its subsidiaries are principally engaged in the manufacture and distribution of proprietary products including uPVC pipes, pipe fittings and electrical conduits in Singapore.

The Invitation

Size: 31,000,000 New Shares, comprising 6,200,000 Offer Shares, up to 3,100,000 Reserved Shares and a minimum of 21,700,000 Placement Shares, which will, upon registration in the name of CDP or its nominee, rank pari passu in all respects with the then existing issued Shares, save that they will not be entitled to the dividends declared in respect of the financial year ended 31 July 1998.

Price: $0.135 for each Offer Share, Reserved Share and Placement Share.

Purpose of the Invitation: The Directors consider that the listing of the Company and the quotation of the Shares on the SESDAQ will enhance the Company’s public image and enable the Company to tap equity funds to finance its business expansions. It will also provide members of the public, management, staff and business associates of the Group an opportunity to participate in the equity of the Company.

Use of Proceeds: The net proceeds from the issue of the New Shares are estimated to be $3.7 million. The Company proposes to utilise the net proceeds of the Invitation as follows:

(i) approximately $3.5 million to finance (a) the purchase of new manufacturing equipment including machinery and moulds; and/or (b) future business expansion; and

(ii) the balance of approximately $0.2 million to be used for working capital.

Pending the deployment of funds, the proceeds will be added to the Group’s working capital, or used to reduce bank borrowings, or used for investment in short-term money market instruments as may be determined by the Directors.

Reserved Shares: Up to 3,100,000 Reserved Shares will be reserved for employees, business associates and those who have contributed to the success of the Group. In the event that any of the Reserved Shares are not taken up, they will be made available to satisfy the applications for Placement Shares or, in the event of an under-subscription for the Placement Shares, to satisfy applications made for Offer Shares.

Listing Status: The Shares will be quoted on SESDAQ, subject to admission of the Company to the Official List of SESDAQ and permission for dealing in and for quotation of the Shares being granted by the SES.
ISSUE STATISTICS

Issue Price for each New Share $0.135

NET TANGIBLE ASSETS

NTA per Share based on the Group’s audited consolidated NTA as at 31 July 1998:–

(a) before adjusting for the estimated net proceeds from the issue of the New Shares (based on the pre-Invitation share capital of 100,000,000 Shares) 5.28 cents

(b) after adjusting for the estimated net proceeds from the issue of the New Shares (based on the post-Invitation share capital of 131,000,000 Shares) 6.84 cents

Premium of Issue Price per Share over the Group’s audited consolidated NTA per Share as at 31 July 1998:–

(a) before adjusting for the estimated net proceeds from the issue of the New Shares (based on the pre-Invitation share capital of 100,000,000 Shares) 155.7%

(b) after adjusting for the estimated net proceeds from the issue of the New Shares (based on the post-Invitation share capital of 131,000,000 Shares) 97.4%

EARNINGS

Historical audited net earnings per Share of the Group for the financial year ended 31 July 1998 based on the pre-Invitation share capital of 100,000,000 Shares 2.62 cents

Forecast net earnings per Share of the Group for the financial year ending 31 July 1999 based on the weighted average share capital of 107,750,000(1) Shares 2.29 cents

NET OPERATING CASH FLOW(2)

Historical net Group operating cash flow per Share for the financial year ended 31 July 1998 based on the pre-Invitation share capital of 100,000,000 Shares 3.72 cents

Forecast net Group operating cash flow per Share for the financial year ending 31 July 1999 based on the weighted average share capital of 107,750,000(1) Shares 3.38 cents

PRICE EARNINGS RATIO

Historical price earnings ratio based on the historical Group net earnings per Share of the Group (based on the pre-Invitation share capital of 100,000,000 Shares) for the financial year ended 31 July 1998 5.15 times

Forecast price earnings ratio based on the forecast Group net earnings per Share of the Group (based on the weighted average share capital of 107,750,000(1) Shares) for the financial year ending 31 July 1999 5.90 times

Note:–
(1) Weighted average share capital is computed on the assumption that the Company has the use of the net proceeds from the issue of New Shares with effect from May 1999.
(2) Net operating cash flow is defined as net profit after tax with provision for depreciation added back.
PRICE TO NET OPERATING CASH FLOW

Historical price to net operating cash flow based on the historical Group net operating cash flow per Share (based on the pre-Invitation share capital of 100,000,000 Shares) for the financial year ended 31 July 1998 3.63 times

Forecast price to net operating cash flow based on the forecast Group net operating cash flow per Share (based on the weighted average share capital of 107,750,000(1) Shares) for the financial year ending 31 July 1999 3.99 times

Note:–
(1) Weighted average share capital is computed on the assumption that the Company has the use of the net proceeds from the issue of New Shares with effect from May 1999.
(2) Net operating cash flow is defined as net profit after tax with provision for depreciation added back.
### SUMMARY OF PROFORMA GROUP FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Prospectus, including the Accountants’ Report set out on pages 61 to 75 of this Prospectus.

#### Operating Results of the Proforma Group\(^{(1)}\)

<table>
<thead>
<tr>
<th>$’000</th>
<th>Proforma</th>
<th>Unaudited for seven months ended 28 February 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>FY1996</td>
<td>FY1997</td>
</tr>
<tr>
<td>Sales</td>
<td>5,724</td>
<td>7,323</td>
</tr>
<tr>
<td>Investment income</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other income</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Earnings before depreciation,</td>
<td>640</td>
<td>2,448</td>
</tr>
<tr>
<td>interest and taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>(396)</td>
<td>(900)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(52)</td>
<td>(180)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>192</td>
<td>1,368</td>
</tr>
<tr>
<td>Taxation</td>
<td>(73)</td>
<td>(374)</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>119</td>
<td>994</td>
</tr>
<tr>
<td>Extraordinary item</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Profit attributable to shareholders</td>
<td>119</td>
<td>994</td>
</tr>
<tr>
<td>EPS (cents)(^{(2)})</td>
<td>0.12</td>
<td>0.99</td>
</tr>
</tbody>
</table>

**Notes:**

1. The financial results of the Proforma Group for the period under review have been prepared on the basis that the Proforma Group has been in existence throughout the period under review.

2. For comparative purposes, EPS for the period under review have been computed based on the profit after taxation and the pre-Invitation share capital of 100,000,000 Shares.
Financial Position of the Proforma Group⁽¹⁾

<table>
<thead>
<tr>
<th>$’000</th>
<th>FY1996</th>
<th>FY1997</th>
<th>FY1998</th>
<th>Unaudited as at 28 February 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>1,623</td>
<td>5,421</td>
<td>5,671</td>
<td>5,617</td>
</tr>
<tr>
<td>Current assets</td>
<td>3,030</td>
<td>4,215</td>
<td>6,947</td>
<td>7,600</td>
</tr>
<tr>
<td>Less: Current liabilities</td>
<td>(3,185)</td>
<td>(4,346)</td>
<td>(4,280)</td>
<td>(4,043)</td>
</tr>
<tr>
<td>Net current (liabilities)/assets</td>
<td>(155)</td>
<td>(131)</td>
<td>2,667</td>
<td>3,557</td>
</tr>
</tbody>
</table>

Non-current liabilities:
- Long term debts : — (2,043) (1,864) (1,804)
- Deferred income tax : (105) (307) (331) (331)
- Hire purchase creditors : (254) (537) (867) (761)
- Total non-current liabilities : (359) (2,887) (3,062) (2,896)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity</td>
<td>1,109</td>
<td>2,403</td>
<td>5,276</td>
<td>6,278</td>
</tr>
</tbody>
</table>

NTA per Share (cents)⁽²⁾ : 1.11 2.40 5.28 6.28

Notes:–
(1) The financial results of the Proforma Group for the period under review have been prepared on the basis that the Proforma Group has been in existence throughout the period under review.
(2) For comparative purposes, NTA per Share for the period under review have been computed based on the pre-Invitation share capital of 100,000,000 Shares.
GENERAL INFORMATION ON THE GROUP

SHARE CAPITAL

The Company was incorporated in Singapore on 30 October 1998 under the Companies Act (Chapter 50) as a private limited company under the name of Vicplas International Pte Ltd. On 6 April 1999, the name of the Company was changed to Vicplas International Ltd in connection with the Company’s conversion to a public company limited by shares.

As at 20 November 1998, the authorised share capital of the Company was $100,000 comprising 100,000 ordinary shares of $1.00 each and the issued and paid-up share capital of the Company was $2.00 comprising 2 ordinary shares of $1.00 each.

At the Extraordinary General Meeting held on 5 April 1999, the shareholders of the Company approved, inter alia, the following:

(a) sub-division of each ordinary share of $1.00 each in the existing authorised and issued paid-up share capital of the Company into 20 ordinary shares of $0.05 each in the capital of the Company;

(b) an increase in its authorised share capital from $100,000 divided into 2,000,000 ordinary shares of $0.05 each to $20,000,000 divided into 400,000,000 ordinary shares of $0.05 each;

(c) the Restructuring Exercise to consolidate companies within the Group, details of which are set out on page 25 of this Prospectus;

(d) the conversion of the Company into a public limited company;

(e) the adoption of a set of new Articles of Association of the Company;

(f) the issue of New Shares which are the subject of the Invitation.

At the Extraordinary General Meeting held on 12 April 1999, the shareholders of the Company approved the following:

Subject to the provisions of Section 161 of the Companies Act, Cap. 50 and the provisions of the revised Articles of Association of the Company upon their becoming effective, the Directors are authorised with effect from the date of listing and quotation of all the issued shares of the Company on the SES to allot and issue such further shares in the capital of the Company at any time and from time to time thereafter to such persons and on such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares proposed to be issued shall not exceed 50 per cent. of the issued share capital of the Company immediately prior to the proposed issue, provided that the aggregate number of such shares to be issued other than on a pro-rata basis to the then existing shareholders of the Company shall not exceed 20 per cent. of the issued share capital of the Company immediately prior to the said issue.

Details of the issued and paid-up capital of the Company since 30 October 1998, being the date of incorporation of the Company, are as follows:

<table>
<thead>
<tr>
<th>Number of Shares</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued and fully paid ordinary shares of $1.00 each as at 30 October 1998</td>
<td>2</td>
</tr>
<tr>
<td>Subdivision of 2 ordinary shares of $1.00 each into 40 ordinary shares of $0.05 each</td>
<td>40</td>
</tr>
<tr>
<td>Issue of shares of $0.05 each pursuant to the Restructuring Exercise</td>
<td>99,999,960</td>
</tr>
<tr>
<td>Pre-Invitation share capital</td>
<td>100,000,000</td>
</tr>
<tr>
<td>New Shares to be issued for the Invitation</td>
<td>31,000,000</td>
</tr>
<tr>
<td>Post-Invitation share capital</td>
<td>131,000,000</td>
</tr>
</tbody>
</table>
The authorised share capital and the shareholders’ funds of the Company as at 31 July 1998 before and after adjustments to reflect the increase in authorised share capital, Sub-division of shares and the issue of New Shares are set forth below.

<table>
<thead>
<tr>
<th></th>
<th>As at 31 July 1998</th>
<th>As adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Authorised Share Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares of $1.00 each</td>
<td>100,000</td>
<td>—</td>
</tr>
<tr>
<td>Ordinary shares of $0.05 each</td>
<td>—</td>
<td>20,000,000</td>
</tr>
<tr>
<td><strong>Shareholders’ Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued and paid-up share capital</td>
<td>2</td>
<td>6,550,000</td>
</tr>
<tr>
<td>Share premium</td>
<td>0</td>
<td>2,410,509</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>8,960,509</td>
</tr>
</tbody>
</table>

**SHAREHOLDERS**

The shareholders of the Company and their respective shareholdings immediately before and after the Invitation are set out below:

<table>
<thead>
<tr>
<th>Before Invitation</th>
<th>After Invitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Shares</td>
<td>%</td>
</tr>
<tr>
<td>VICPLAS</td>
<td></td>
</tr>
<tr>
<td>Directors</td>
<td></td>
</tr>
<tr>
<td>Chua Kim Hua</td>
<td>32,881,000</td>
</tr>
<tr>
<td>Loh Beng Seng</td>
<td>20,000,012</td>
</tr>
<tr>
<td>Cheng Liang</td>
<td>22,118,998</td>
</tr>
<tr>
<td>Lim Hock Beng</td>
<td>—</td>
</tr>
<tr>
<td>Ang Mong Seng</td>
<td>—</td>
</tr>
<tr>
<td>Others</td>
<td></td>
</tr>
<tr>
<td>Chan, Doris Sue Ching</td>
<td>24,999,990</td>
</tr>
<tr>
<td>Public</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>100,000,000</td>
</tr>
</tbody>
</table>

**MORATORIUM**

To demonstrate their commitment to the Group, Messrs Chua Kim Hua, Loh Beng Seng, Cheng Liang and Chan, Doris Sue Ching, who will collectively own 100,000,000 Shares representing 76.4% of the Company’s share capital after the Invitation, do not intend to realise or transfer any part of their interests in the Company for a period of 12 months after the Company is listed on the SESDAQ and in the 12 months thereafter shall not reduce their aggregate shareholdings to below 51 per cent. of the enlarged share capital of the Company.
RESTRUCTURING EXERCISE

Corporate Restructuring

In connection with the Invitation, the following Restructuring Exercise was carried out:–

(i) the acquisition by the Company of the entire issued share capital of Vicplas Holdings of 1,400,000 shares of $1.00 each held by Messrs Chua Kim Hua, Loh Beng Seng, Cheng Liang and Chan, Doris Sue Ching for a total consideration of $5,275,509. The consideration was satisfied by the issue of 99,999,960 shares of $0.05 each in the capital of the Company at a premium of approximately 0.28 cents each to Messrs Chua Kim Hua, Loh Beng Seng, Cheng Liang and Chan, Doris Sue Ching in proportion to their shareholdings in Vicplas Holdings. The consideration was arrived at based on the adjusted audited NTA of Vicplas Holdings as at 31 July 1998, taking into account the issue of 100,000 new ordinary shares of $1.00 each in the capital of Vicplas Holdings for a cash consideration of $100,000 subsequent to 31 July 1998;

(ii) the acquisition by the Company of the entire issued share capital of Vicplas Trading of 50,000 ordinary shares of $1.00 each held by Messrs Loh Beng Seng and Cheng Liang for a total cash consideration of $2.00. The audited NTA of Vicplas Trading was nil as at 31 July 1998; and

(iii) the sale of 2,881,012 Shares by Mr Cheng Liang to Mr Chua Kim Hua. The sale consideration was based on a discount of about 10% to the Issue Price.

GROUP STRUCTURE

![Group Structure Diagram]

Note:–
(1) Currently dormant

HISTORY AND BUSINESS

HISTORY

The history of the Group dates back to early 1993. The founder of the company, Mr Loh Beng Seng, the Managing Director, together with Mr Cheng Liang, an executive Director and other shareholders, incorporated Vicplas Marketing Pte Ltd. Prior to that, Mr Loh was working as a marketing manager with an established local plastic manufacturing company for more than 18 years before he resigned to pursue his own business interests. The company initially operated from a small rented factory of approximately 8,000 sq. ft. in Tuas with only a staff strength of less than 10 employees. With an initial share capital of approximately $500,000, it invested in three injection moulding machines to manufacture and supply a series of uPVC sanitary and plumbing pipe fittings for supply to the building and construction industry. By 1995, its machines were operating on 24-hour production runs in order to cope with the increasing business volume.

Being a new entrant, the company embarked on an aggressive marketing programme to gain market share and to build a core customer base. Its commitment towards quality products, efficient service and prompt delivery earned the Group a good reputation in the construction industry. The Group continued to increase its investment in injection moulding machines as it expanded its range of uPVC pipe fittings.
Capitalising on the experience and expertise of the shareholders and dedicated management team, the Group continued to register growth in sales. Recognising the rapid growth of business and to cope with space constraints, the Group relocated its entire operations to its current factory premises at 18 Fan Yoong Road in December 1996. Its current premises, which are leased from the Jurong Town Corporation, have a built-in area of approximately 22,000 sq. ft. The current lease will expire in end 2008 and may be renewed for another 30 years subject to fulfillment of certain conditions. To better reflect the activities of the Group, Vicplas Marketing Pte Ltd was renamed Vicplas Holdings Pte Ltd in October 1997.

In mid-1997, the Group scaled new heights when it began producing uPVC pipes and profile trunking for use in soil, waste and vent applications, underground drainage systems, cable laying, electrical cable encasing and sub-soil drainage applications. The wider range of products offered have enabled the Group to establish a new customer base as well as cater to the growing demands from existing customers.

By early 1998, the Group had vertically extended its operations to include material formulation and palletising of plastic resin besides manufacturing uPVC products. The Group had previously relied on third parties for the supply of uPVC compound. A substantial portion of its monthly material consumption of approximately 500 MT of uPVC compound is produced in-house.

The Group continued to expand its product range to include plastic parts for electrical installation such as corrugated conduits, electrical conduits and accessories in early 1998.

In August 1998, Vicplas Holdings was awarded the ISO 9002 certification, an important milestone in its history. The certification further attests to the Group's continuous efforts and commitment towards providing reliable and quality products as well as efficient service to its customers.

Vicplas International was incorporated in October 1998 under the Companies Act (Chapter 50) as an investment holding private limited company in Singapore as part of the restructuring undertaken prior to the listing of the Group.

The Directors are of the view that the Group is today one of the major players in the local market for the manufacture and supply of quality uPVC pipes and fittings to the local construction industry in Singapore. The Group has the capability to produce a wide range of plastic products ranging from very small plastic parts weighing 5g to large plastic parts weighing 3.5kg each. It currently has a regular staff strength of 30 people. The Directors attribute the Group's success to their good understanding of the plastic industry and the needs of its customers.

**BUSINESS**

**Principal Activities**

The Group is primarily engaged in the manufacture and distribution of proprietary products including uPVC pipes, pipe fittings and electrical conduits in Singapore. In addition, the Group is also engaged in the trading of products and components which complement its range of product mix. It has experienced rapid expansion since its early days and currently has a customer base of more than 200 customers.

**Product range**

The Group carries a wide range of plastic building products. The Group's main proprietary products can be broadly categorised into the following applications:

*Sanitary and plumbing*

- soil, waste and vent system
- rain water downpipe system
- underground drainage system
The Group was initially engaged in the manufacture and supply of uPVC pipe fittings in its early years of operation. Over the years, the Group invested in a number of moulds and machinery. Currently, the Group has the capability to manufacture and supply a wide range of uPVC pipe fittings and pipes for use in the soil, waste and vent systems, underground drainage systems and rainwater downpipe systems. The Group works closely with some of its end-user customers to continually explore new ideas and design specifications.

Save in respect of customised products, all of its products which are manufactured for sanitary and plumbing applications are in compliance with the Singapore Standards Specification 213 (for above ground pipes and pipe fittings) and 272 (for underground pipes and pipe fittings) stipulated by PSB and are widely used in new public residential and industrial building projects as well as public upgrading works in Singapore and are increasingly being used in the new private residential projects. The Group distributes its products to a wide network of more than 100 sanitary and plumbing contractors and hardware dealers and stockists in Singapore, which forms its core customer base since its incorporation in 1993.

The Group manufactures and supplies more than 400 types of uPVC pipe fittings and pipes to provide the sanitary contractors with flexibility in the choice of combination of pipes and pipe fittings that constitute the soil, waste and vent stacks.

The Group also manufactures and supplies uPVC pipe fittings and pipes which can be used to constitute the underground drainage system. The underground drainage system ensures the smooth flow of sewage from the households/buildings to the manhole for further discharge.

The rainwater downpipe system supplied by the Group is advocated for rainwater and balcony area water discharge in high rise buildings. Its products are widely used in new public residential projects and some of the new private residential projects. The pipes supplied by the Group have various diameters, ranging from three inches to 10 inches, so as to cater to the different volumes of water discharge from buildings. The rainwater downpipe system was based on design specifications stipulated by the Housing and Development Board. The Group began to manufacture and supply rain water downpipe fittings in 1997. The strong demand for this new product had prompted the Group to promote the rainwater downpipe system in 1998 to the private sector.

Sale of proprietary products for sanitary and plumbing applications accounted for approximately 65% of the turnover of the Group in FY1998.

**Cable Laying**

— cable pipes and cover plates

As part of its continuing efforts to enlarge and diversify its customer base, the Group had, in mid-1997, tapped on its existing product knowledge to widen its product range to include uPVC products for cable laying installation. The products carried by the Group include uPVC cable pipes and cover plates. The electrical cable pipes and telecommunication pipes are manufactured in accordance with the relevant standards stipulated by the local authorities. uPVC pipes are mainly used as protection for the underground electrical and telecommunication cables in Singapore.

The Group distributes its products mainly to cable laying contractors for use in major electrical power, telecommunications and broadcasting cable installation works commissioned by various local authorities of Singapore including Power Grid and Telecommunications Authority of Singapore and corporate bodies including Singapore Telecommunications, Singapore Cable Vision and the Starhub telecommunications consortium. uPVC pipes generally serve as a framework for the cable installation and as a protection against future excavation and soil movement besides allowing for future connections/extensions to be made.

Sale of proprietary products for cable laying installation accounted for approximately 7% of the turnover of the Group in FY1998. Recognising the growth potential of the infrastructure industry as a result of the liberalisation of telecommunications and broadcasting network, the Group is committed to becoming one of the market leaders for the supply of uPVC products to the industry.
Electrical

— electrical conduits and accessories
— flexible corrugated conduits and accessories

The Group continually seeks new business opportunities. In early 1998, it expanded into the supply of uPVC products for electrical applications, namely electrical conduits and accessories and flexible corrugated conduits.

The flexible corrugated conduits are generally used in certain acute angled areas and overhanging ceilings due to the non suitability of rigid conduits for such purposes. These products are more widely used in private residential projects and commercial projects compared with public projects and they are generally more costly compared with rigid conduits. The Group manufactures and supplies a range of more than 50 types of electrical conduits and accessories. The electrical conduits and accessories serve to protect the electrical wiring system when encased in concrete. The electrical products are in compliance with the British Standards Specifications 6099, 4607, 4662 and EN50086-1.

Sale of proprietary products for electrical applications accounted for approximately 3% of the turnover of the Group in FY1998. The Group will continue to introduce a wider range of electrical conduits and accessories including electrical housings to complement its existing range of products and to meet the needs of its customers. The Group is optimistic of the growth prospects for this business segment as it seeks to expand its customer base further.

New Products

Solvent cement

Solvent cement is a fast-setting PVC cement used for the bonding of uPVC pipes and pipe fittings (pressure & non pressure application), electrical conduits and accessories.

The Group used to source for this product from external suppliers for trading purposes. With its proven saleability, the Group has commenced in-house formulation of this product since September 1998. The solvent cement is marketed under the brand name “Vicplas”.

Polyethylene pipes

The Group is fully committed to continual product development. It has recently completed a study on the product and market feasibility for polyethylene pipes. Polyethylene pipes are widely used as encasing for underground fibre optic telecommunications cable network and are being preferred over uPVC pipes because of their smooth surface, thus reducing friction against the cables. They are also available in long lengths, which reduce the number of connections required.

The Group intends to build on its existing product knowledge, facilities and customer base to launch the new product. The Group is currently exploring the feasibility of having a strategic alliance with a foreign company to supply these polyethylene pipes to telecommunications companies. By entering into the strategic alliance, the Group is able to capitalise on the expertise and track record of its partner in its foray into this new business area. Meanwhile, the Group has submitted a tender for supply of polyethylene pipes to a telecommunication company. In addition, the Group intends to manufacture these polyethylene pipes in future.

Extruded Grazing Gasket

Extruded grazing gaskets are used for sealing aluminium alloy windows and doors. The Group has completed a market feasibility study and noted that there is demand for these gaskets from the building construction industry. The Group plans to launch the product in mid-1999.
Production Planning

At present, the Group’s manufacturing activities are mainly undertaken at its plant in Fan Yoon Road, Singapore. All of its production lines operate round-the-clock in two 12-hour shifts, except on Sundays and public holidays, to cope with the increasing demand. This also allows the Group to achieve greater economies of scale by lowering the marginal unit cost of production.

The ultimate production output is dependent on its mould availability and production capacity. The Group currently operates more than 100 moulds, supported by several injection moulding machines and extrusion machines. Accordingly, production planning and scheduling is vital to optimise the daily production output of each of its products. The Group keeps close track of its order books and inventory levels through a computerised system to facilitate its production planning and scheduling.

Manufacturing Process

![Diagram of manufacturing process]

- PVC Resin
- Multiple Additives
- Extrusion*/Injection**
- Quality Inspection
- Packing & Storage

* Applicable for manufacture of pipes
** Applicable for manufacture of fittings

Mixing

The main raw material, plastic resin, is mixed with a formulation of multiple additives. The composition of mixture is governed by the standard specifications stipulated for each of the product. The mixture is blended using a high speed mixer. Frictional heat created by the rotary blades induces the melting process. The mixture, which is also known as uPVC compound, is then dried and fed into the extrusion machines. The uPVC compound can also be palletised into granules before being fed into the injection moulding machines. In some cases, the powder form of the uPVC compound is used in the injection moulding machines.

In the earlier years of its operations where the volume of sales was lower, the Group had relied on external supplies of premix uPVC compound for its manufacturing process for cost efficiency reasons. With the increased volume of sales, the Group has invested in an extrusion machine and currently has the capability to undertake in-house formulation of uPVC compound, resulting in greater cost savings.

Injection Moulding

Plastic injection mould is a basic tool which is used to mass produce plastic components through a process called plastic injection moulding. Injection moulding involves the mounting of a mould on an injection moulding machine to produce the desired component. Each set of steel moulds can withstand injection processes of up to a million shots in its life span. The production process for moulded plastic products is largely semi-automated.

Currently the Group has several injection moulding machines with clamping forces ranging from 100 tons to 550 tons. The clamping force represents the force that holds the parts of the mould together during the injection process. The capacity of the injection moulding machine used depends largely on the size and weight of the plastic component. Higher tonnage moulding machines are generally required to produce larger sized plastic components.
At the final stage of the processing cycle in injection moulding, the moulds are then cooled to solidify the melted plastic compound in the mould cavity to form plastic parts with the desired shapes. The entire moulding process takes between 10 seconds to 220 seconds depending on the size of the plastic component moulded and the type of plastic resin used. The plastic component is then removed from the moulds and subjected to quality inspection. Mass production commences only after the trial production run passes the quality inspection tests. The finished goods are then packed or stored for delivery to the customers.

**Extrusion**

Whilst the injection moulding process caters for the manufacture of uPVC pipe fittings, the extrusion process caters for the manufacture of uPVC pipes. The extruder normally comes in various dimensions, ranging from barrels with 0.5 inch to 12 inches of inner diameter. The extruder can be used to produce uPVC pipes, profile trunking, corrugated conduits, cable cover plates and grazing gaskets.

uPVC compound is normally loaded into the hopper and conveyed into the barrel where it is heated and melted. The melted material is then shaped into the desired sizes and cooled to solidify the melted compound.

The extrusion process involves pulling the molten compound through a vacuum sizing tank. During the process, the molten compound is held against the sizing sleeves of the extruder. The compound, while still held against the sizing sleeves, is then cooled with chilled water, resulting in the hardening of the outer diameter of the pipe. Air is then channelled through the inner diameter of the pipe to achieve the desired thickness for the pipe. When the pipe fully hardens, it is extruded from the machine and subjected to quality inspection before mass production commences.

**Trading**

The Group also, to a small extent, engages in the trading of plastic raw materials, namely plastic resin. These raw materials are imported from overseas. Small-scale local industries with low consumption of plastic resin forms the majority of its trading customers. The Group sells complementary products such as copper pipes and fittings, gate valves and valves as part of its efforts to provide a one-stop service to its customers.
### Business Capacity and Facilities

The injection moulding and extrusion plants in Singapore have a production capacity of approximately 190 kg of output per hour and approximately 670 kg of output per hour respectively.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Injection Moulding</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production Capacity (MT)$^{(1)}$</td>
<td>729</td>
<td>1,180</td>
<td>1,180</td>
</tr>
<tr>
<td>Utilisation Rate (%)</td>
<td>82%</td>
<td>86%</td>
<td>93%</td>
</tr>
<tr>
<td><strong>Extrusion Moulding</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production Capacity (MT)$^{(1)}$</td>
<td>—</td>
<td>2,490</td>
<td>4,181</td>
</tr>
<tr>
<td>Utilisation Rate (%)</td>
<td>—</td>
<td>88%</td>
<td>96%</td>
</tr>
</tbody>
</table>

**Note:**

1. Based on 24-hour day and 5 1/2-day week production runs

Total production capacity of the Group increased from 729 MT in FY1996 to 5,361 MT in FY1998 following the Group's continued investments in machinery, especially in extrusion moulding machinery. Besides the increase in production capacity, utilisation rate of the machines, comprising injection moulding and extrusion moulding machines also increased from 82% in FY1996 to about 95% in FY1998, in line with the growth in the Group's turnover and the increase in the range of products manufactured by the Group.

### Quality assurance

The Group embraces a comprehensive set of quality management policies and continually strives to achieve greater levels of production efficiency through process improvements, technology upgrading and training of its workers, to meet the stringent quality standards demanded by its customers. Save in respect of customised products, all the products manufactured are in compliance with the manufacturing standard specifications recognised by the PSB and Setsco Services Pte Ltd, a standard testing body in Singapore.

Quality control functions are undertaken by its Quality Control Division. The quality control procedures adopted by the Group in the production process include the following:

(a) **Incoming quality assurance**

This procedure involves the inspection of supplies to ensure that they are consistent with the purchase specifications. Supplies which do not conform to the Group's purchase specifications are rejected.

(b) **Inprocess quality control**

Inspections are carried out at various stages of the production process. Samples are randomly selected at various stages of production for testing and inspection to ensure that the products conform to the specifications and quality standards.

(c) **Outgoing quality assurance**

This procedure involves conducting a final inspection on the finished goods prior to the packaging and delivery of the products. This is to ensure that the products are in conformity with the required standards specifications.
The Group’s commitment towards providing quality services and products has been further endorsed with the award of ISO 9002 certification to Vicplas Holdings in August 1998. Internal quality audits are carried out at prescribed intervals to ensure that the quality procedures comply with the ISO requirements. The Group targets to attain 100% customer acceptance rate for its products. During the last three financial years, the rejection rates for its products have been negligible.

Marketing and Distribution

The Group’s marketing efforts is undertaken by a sales team of six marketing personnel and headed by the Managing Director, Mr Loh Beng Seng. Each sales personnel is assigned to serve a group of customers to better understand the customers’ needs and changes in the market. Its sales personnel is trained in all product groups to achieve greater mobility in staff deployment.

All of the Group’s manufactured products are marketed under the brand name “VICPLAS”. The Group is one of the HDB-approved material suppliers of uPVC pipes and pipe fittings, sanitary and plumbing accessories, electrical conduits and accessories and solvent cement to the HDB’s building programme. It has a clientele network of more than 200 building contractors, sub-contractors, hardware dealers, stockists and property developers. The Group advertises its products in trade publications such as the CIDB Directory, Yellow Pages and Trade Publication to increase the awareness and knowledge of its products.

The Group supplies to both private and public building projects in Singapore, with public building projects accounting for the majority of its turnover during the past three financial years. The mechanical and electrical contractors normally invite various materials suppliers to submit quotations upon award of contract by the developer to them. The marketing team keeps itself abreast of new tenders for upcoming building projects through various channels including industrial publications and newspapers. The contracts for the supply of uPVC pipes and pipe fittings and electrical accessories are normally secured on a “project by project” basis. A project contractor normally appoints one or two principal material suppliers, who must in turn be approved by the project consultants or authorised project representatives. Each building project normally takes between 12 and 20 months before completion. The aggregate quantities of supplies required is normally not provided for in the contract. The contractors will at intermittent intervals, stipulate the quantity of supplies required.

All public contracts are awarded through open tenders. Besides contracts from HDB, the Group also participates and tenders for public projects of Singapore Powers for the supply of uPVC pipes, cable cover plates and polyethylene ducts for fibre optic cable installation. The Group is registered with CIDB under the category L4 for the supply of pipes. The L4 classification enables the Group to tender for public projects with contract values of up to $5 million. Supply contracts are normally awarded based on unit price quotations submitted by the materials supplier.

In the last three financial years, the Group has supplied uPVC pipes and pipe fittings or electrical accessories to mainly subcontractors who have undertaken the following projects:

Public projects
New building projects for
Bukit Panjang Neighbourhood 5
Choa Chu Kang Neighbourhood 2
Jurong West Neighbourhood 6
Sembawang Neighbourhood 5
Sengkang Neighbourhood 1, 2

HDB Upgrading projects for
Balam Road
Bukit Ho Swee
Everton Park
Geylang East Precinct
Sin Ming Estate
Toa Payoh Lorong 1
Upper Aljunied
Private projects
Astoria Park
Kentish Court
Kentish Green
Kentish View
Parkview
Sim Ville

The Group is currently supplying its products to mainly subcontractors who are undertaking the following major projects:

Public projects
- Ang Mo Kio Reconstruction 11, 12
- Bukit Merah Reconstruction 30, 32, 33, 41, 46, 47
- Bukit Panjang Neighbourhood 1, 2, 4, 6
- Choa Chu Kang Neighbourhood 6
- Clementi Neighbourhood 3, 4
- Depot Road Reconstruction 19
- Jurong West Neighbourhood 2, 6
- Kim Tian Road Reconstruction 35
- Punggol Road Neighbourhood 2
- Sembawang Neighbourhood 3, 4, 5
- Sengkang Neighbourhood 1, 2, 3
- Telok Blangah Reconstruction 20
- Woodlands Neighbourhood 5

Private projects
- Aquarius by the Park
- Rivervale
- Sengkang Executive Condominium
- The Seletar Springs
- Villa Verde

Credit Control Policy

The Group generally conducts a review of the financial profile of its customers before extending credit sales to them. In addition, the Group also evaluates the customer's market reputation, its shareholders and management, as well as the projects the customer has on hand. In line with industry norm, credit terms extended by the Group are usually between 120 to 150 days. Credit limits to customers are reviewed constantly, taking into account their payment records and projects on hand. Only a negligible percentage of its sales, predominantly to walk-in customers, are done on a cash basis.

Collection of trade debts is monitored on a weekly basis. For customers who exceeded their credit terms, the Group normally follows up with telephone calls, letter of reminder and, if necessary, letter of demand. In the past three financial years, the amount of bad trade debts written off and provided for amounted to $69,000, $1,000 and $273,000 respectively, representing 1.2%, 0.01% and 2.0% of turnover in their respective years.

The Directors do not anticipate the bad debt situation to worsen significantly during this period of economic downturn as the Group only extends credit sales to customers which it is familiar with and have good payment records in the past. The Group also constantly monitors its customers' payment schedules to ensure timely payment.

Inventory Management

The Group has over 22,000 sq. ft. of manufacturing, warehousing and office space in Singapore. The Group maintains a prudent inventory management system to minimise holding costs. It keeps track of its inventory levels and movements through a computerised inventory system which provides the Group with on-line information on the stock levels and thus facilitates efficient scheduling and planning of the production of each product. The system also provides the Group with important feedback on the saleability and demand for its products.

Stock-taking exercises for all its inventories are conducted semi-annually to help the Group to monitor its physical stock levels besides acting as a check against the information in its computerised inventory system.
The Group is committed to providing prompt delivery service to its customers. With its statistical database and experience, the Group strives to maintain a well balanced stock level of high demand products to facilitate meeting urgent orders.

**Design and Development**

The Group continually seeks to explore new products besides developing improved designs for existing applications based on feedback from its customers.

Unlike custom injection moulding business which is essentially volume-driven, innovation forms the impetus of growth for the Group. Its close collaboration with some of its major end customers enables the Group to identify and address the specific needs of its customers. These new products generally fetch high margins in their initial period of introduction. The Group is fully committed to expand its range of proprietary products. The Group currently conducts small scale design and development jointly with industrial designers and free-lance mould and product designers. The Group's design and development expenditures were insignificant (less than $20,000) in the past three financial years and such expenditures were not capitalised.

uPVC pipes and fittings have been in use in Singapore for more than 30 years and the production technology for such products has remained significantly the same. The management keep themselves abreast with new developments in the plastic industry through industry publications as well as exhibitions and regular interactions with established machine suppliers.

**Staff Training and Education**

The Group places significant emphasis on staff development. In-house training programmes such as production management skills, production scheduling and material requisition planning are conducted periodically to upgrade the skills of its staff. Professionals from various institutions, including Singapore Polytechnic, are invited to conduct in-house training in the areas of polymer engineering and chemical process technology to staff on an ad-hoc basis.

The Group also sponsors its employees for external training courses on management skills, information technology and plastic materials as part of its continual effort to upgrade their skills. In addition, the close relationships with its major customers and suppliers have enabled the Group to acquire technical guidance on new products and production methods.

The Group believes that progressive training and upgrading of skills are essential to increase productivity. In FY1998, direct training expenses incurred were insignificant as most of the training courses were conducted in-house.

**Year 2000 Compliance**

Year 2000 ("Y2K") compliance requires the Group's computer systems to correctly process information relating to date and time data including, but not limited to, calculation, comparing and sequencing from, into and between the 20th and 21st centuries and the years 1999 and 2000, including leap year calculations. It also requires the Group computer systems to properly exchange with external information technology systems, the said date and time data.

The Group's computer systems are personal computers for internal use, mainly for accounting, inventory and data management functions and these systems are not linked to any external systems of its suppliers or customers. Thus, the Y2K problem should have no material impact on the Company's business, cost and revenues. The Group started reviewing all its computer equipment, software applications and inventory systems since 1998 and all equipment and systems have been confirmed to be Y2K compliant by their respective vendors. There was no cost incurred for its review of the Y2K compliance exercise. The management is aware that non compliance is likely to result in errors in its accounts and inventory control and delays in order processing.
Trademarks

All of the Group’s manufactured products are marketed under the VICPLAS product trademark (as shown below). Application for the registration of this product trademark with the Registry of Trademarks and Patents in Singapore (“the Registry”) was made on 21 May 1996. The trademark agents of the Group has informed the Directors that this product trademark has been advertised in the 27 November 1998 issue of the Government Gazette and the Registry has not received any objection to the said registration. The Directors expect the Registry to issue the certificate of registration for this product trademark in the next few months.

![VICPLAS Trademark](image)

In addition, an application was also submitted on 21 May 1996 for the registration of the Group’s logo (as shown below) as a trademark with the Registry. The use of the Group’s logo is limited to its letterheads and stationery and to date has not been used on its products, save for a single batch of tin cans for solvent cement which were inadvertently stamped with the Group’s logo. The Directors have confirmed that all future products of the Group, including future batches of tin cans for solvent cement, will only carry the Group’s product trademark (shown above). The Group’s trademark agents have also informed the Directors that the application is still being processed by the Registry and that they have been informed by the Registry that arrangements are currently being made for the Government Gazette advertisement of the said logo. The Directors note that the Registry will issue the certificate of registration after a two-month period following the said advertisement provided that no valid objection is received by the Registry.

![VICPLAS Logo](image)

The rights to trademarks in Singapore have a lifespan of 10 years with effect from the date of application for their registration. However, such registration may be renewed for further periods of 10 years, subject to compliance with the then prevailing rules and regulations.

Corporate Governance Practices and Principles

Present

The business and operations of the Group are presently under the management and close supervision of the two Executive Directors, Messrs Loh Beng Seng and Cheng Liang. Generally, management of the day-to-day manufacturing operations of the Group is overseen by Mr Cheng Liang, while Mr Loh Beng Seng manages the marketing aspects as well as overall administration affairs, including financial matters, of the Group. The two Executive Directors are also the only authorised signatories to all the bank accounts maintained by the Group.

The non-executive Director, Mr Chua Kim Hua, who is also substantially interested in the equity of the Company, has been acting as advisor and consultant to the Company and constantly reviews the business direction and affairs of the Group.
Future

The Executive Directors will continue to manage the operations of the Company and its subsidiaries and the Audit Committee will provide the necessary checks and balances as set out below:

The Audit Committee will assist the Board with regards discharging its responsibility to safeguard the Company’s assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with an overall objective to ensure that the management has created and maintained an effective control environment in the Company, and that the management demonstrates and stimulates the necessary aspect of the Group’s internal control structure among all parties.

The Audit Committee would provide a channel of communication between the Board, the management, and the external auditors on matters relating to audit.

In particular, the Audit Committee will:

(a) review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their audit report, their management letter and the management’s response;

(b) review the half-year and annual financial statements and balance sheet and profit and loss accounts before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;

(c) review the internal control and procedures and ensure co-ordination between the external auditors and the management, reviewing the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary);

(d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(e) consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

(f) review transactions falling within the scope of Chapter 9A and Clause 1006 of the SES Listing Manual;

(g) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee; and

(h) generally undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

MAJOR SUPPLIERS

The Group’s purchases comprise (a) raw material such as plastic resin and additives; (b) plastic compound; and (c) uPVC pipes and fittings which it does not manufacture.

As an ISO 9002 certified company, the Group must adhere to stringent procurement procedures. Suppliers are assessed based on criteria such as reliability in delivery and product quality before being appointed an approved supplier by the Group. For purchase of plastic resin, the suppliers are required to adhere to standard specifications stipulated in the certificate of analysis which they have to produce to the Group. Terms of payment to suppliers vary according to the price and size of purchases, urgency of supply and relationships with the suppliers.
The suppliers which accounted for five per cent. or more of the Proforma Group’s purchases for each of the past three financial years ended 31 July 1998 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Percentage of Total Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hon Kheng Industries (S) Pte Ltd (“Hon Kheng”)</td>
<td>0.3</td>
</tr>
<tr>
<td>Kiantek Hardware Pte Ltd (“Kiantek”)</td>
<td>7.3</td>
</tr>
<tr>
<td>King Wan Construction Pte Ltd (“King Wan”)</td>
<td>1.5</td>
</tr>
<tr>
<td>Kwong Yu Industries (Singapore) Private Limited (“Kwong Yu”)</td>
<td>15.8</td>
</tr>
</tbody>
</table>

Most of the raw materials, in particular plastic resin, are widely and easily available in the market and are imported. As plastic resin is a generic product, the Group secures its supply of raw materials from numerous sources which offer the most competitive rates and is not dependent on a single supplier.

Prior to FY1998, the Group did not carry out in-house compound formulation and it purchased plastic compound mainly from Kwong Yu. As the Group currently carries out such formulation in-house, purchases of these compound from Kwong Yu decreased accordingly from 41.2% in FY1997 to 9.3% in FY1998 of the Group’s total purchases.

Purchases from the other three suppliers listed above, being Hon Kheng, Kiantek and King Wan, are primarily uPVC pipes and fittings which the Group does not manufacture. The Group purchases such parts on its customers’ behalf to complement its existing range of products. As there are many suppliers supplying such similar items, the Group is not dependent on a single supplier.

Mr Chua Kim Hua, the Chairman of Vicplas, is a shareholder and also the Chairman of King Wan. Further details of the related party transactions are disclosed on pages 44 to 45 of this Prospectus.

Save as disclosed above, none of the Directors or substantial shareholders have any interest, direct or indirect, in the above suppliers.

**MAJOR CUSTOMERS**

The Group has a customer base of more than 200 customers comprising mainly sanitary, plumbing, electrical and infrastructure contractors, hardware dealers and stockists. The Group has long-standing relationships with its customers, many of whom have been with the Group since it commenced business.

The customers which accounted for five per cent. or more of the Proforma Group’s turnover for each of the past three financial years ended 31 July 1998 are:

<table>
<thead>
<tr>
<th></th>
<th>Percentage of Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Batulim Construction Co Pte Ltd (“Batulim”)</td>
<td>—</td>
</tr>
<tr>
<td>China Construction (South Pacific) Development Co. Pte Ltd (“CCD”)</td>
<td>—</td>
</tr>
<tr>
<td>Kenly Plumbing Pte Ltd (“Kenly”)</td>
<td>4.9</td>
</tr>
<tr>
<td>King Wan Construction Pte Ltd (“King Wan”)</td>
<td>14.2</td>
</tr>
</tbody>
</table>
With a customer base of more than 200 customers, the Group is not overly dependent on any single customer. Given the nature of the construction industry, the projects and tenders secured by each customer can vary in terms of size. A customer who has secured a large project in any one year would likely have larger orders, thus resulting in higher transactions with the Group on that year. The year-to-year fluctuations as shown above demonstrates this trend.

Sales to Batulim and CCD increased in FY1998 largely due to the Group’s higher business volume in FY1998.

Sales to Kenly declined from 15.6% in FY1997 to 7.1% in FY1998 mainly due to the 86.1% increase in the Group’s turnover in FY1998 compared to FY1997.

Sales to King Wan declined from 22.1% in FY1997 to 13.8% in FY1998 largely due to the Group’s higher business volume.

Mr Chua Kim Hua, the Chairman of Vicplas, is a shareholder and also the Chairman of King Wan. Further details of the related party transactions are disclosed on pages 44 to 45 of this Prospectus.

Save as disclosed above, none of the Directors or substantial shareholders have any interest, direct or indirect, in the above customers and the Group is not dependent on any single customer to the extent of 20 per cent. or more of its operating profit in the financial year ended 31 July 1998.

TURNOVER AND PROFITABILITY

Review of Past Performance by Activities

The distribution of the Group’s turnover, profit before tax, and fixed assets employed by activity for the past three years are provided below. This analysis should be read in conjunction with the Accountant’s Report as set out on pages 61 to 75 of this Prospectus.

<table>
<thead>
<tr>
<th>Turnover by activities</th>
<th>FY1996</th>
<th>FY1997</th>
<th>FY1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>3,434</td>
<td>5,605</td>
<td>10,004</td>
</tr>
<tr>
<td>Trading</td>
<td>2,290</td>
<td>1,718</td>
<td>3,625</td>
</tr>
<tr>
<td>Total</td>
<td>5,724</td>
<td>7,323</td>
<td>13,629</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit before tax by activities</th>
<th>FY1996</th>
<th>FY1997</th>
<th>FY1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>210</td>
<td>1,343</td>
<td>3,431</td>
</tr>
<tr>
<td>Trading</td>
<td>(18)</td>
<td>25</td>
<td>165</td>
</tr>
<tr>
<td>Total</td>
<td>192</td>
<td>1,368</td>
<td>3,596</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Profit before tax margin by activities</th>
<th>FY1996</th>
<th>FY1997</th>
<th>FY1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>6.1</td>
<td>24.0</td>
<td>34.3</td>
</tr>
<tr>
<td>Trading</td>
<td>n.a</td>
<td>1.5</td>
<td>4.6</td>
</tr>
<tr>
<td>Total</td>
<td>3.4</td>
<td>18.7</td>
<td>26.4</td>
</tr>
</tbody>
</table>
Manufacturing

The Group is principally engaged in the manufacture and supply of uPVC pipes and pipe fittings for sanitary and plumbing, cable laying and electrical applications.

In FY1996, the Group recorded a turnover of $3.43 million from its manufacturing division. The Group was then principally engaged in the manufacture and sale of uPVC pipe fittings for sanitary and plumbing applications. The manufacturing division recorded an increase in turnover from $3.43 million in FY1996 to $5.61 million in FY1997 as there was improved contribution from sale of both existing and new uPVC pipe fittings and new uPVC pipes for sanitary and plumbing applications. The Group had begun to manufacture and supply uPVC pipes for sanitary and plumbing and electrical applications in FY1997 following its successful experimentation and test runs on the new products. The sales contribution for its electrical products was not significant in FY1997. As a result of higher turnover and after having settled in at the new premises and gone through the startup stage, productivity and production efficiency improved significantly. Thus, the Group recorded profit before tax of $1.34 million for its manufacturing activities.

In FY1998, the manufacturing division recorded significantly higher turnover of $10.00 million. The sharp increase was due mainly to improved sales across all product categories, including its newly introduced electrical products. During the financial year, the Group also began to manufacture and supply uPVC products for cable laying installation. Profit before tax margin further improved significantly due to economies of scale, following the sharp increase in turnover. Consequently, profit before tax increased by 155.5% to $3.43 million.

Trading

The trading activities of the Group were mainly conducted to complement the range of products carried by the Group. As part of its service to its customers, the Group would assist its customers to source for complementary products such as copper pipes or other uPVC pipes and pipe fittings.

In FY1996, the Group recorded a turnover of $2.29 million from its trading division. In FY1997, the turnover dropped to $1.72 million, representing a decline of 25.0% compared with FY1996. Trading volume dropped as the Group was able to manufacture and supply a wider range of products, thus reducing the need to source for some of these products from external parties. Nevertheless, profit before tax was higher at $25,000 in FY1997 compared to a loss of $18,000 in FY1996 as there were higher mark ups for the trading goods.

In FY1998, turnover from the trading activities increased to $3.63 million following higher demand for complementary products such as copper pipes and fittings and contribution from the sale of plastic resin. The Group began to sell small quantities of plastic resin since early 1998. Profit before tax of $165,000 was registered on the back of the 111.0% increase in turnover as the increase in cost efficiency more than offset the lower mark up recorded for trading goods in FY1998.

Total assets employed by activities

Virtually all the assets of the Group are deployed to its manufacturing activities which contributed an average of 70.0% and 96.8% of the Group’s average turnover and profit before tax in the past three financial years respectively.

Review of Past Performance by Geographical Regions

Between FY1996 to FY1998, virtually all of the Group’s sales were within Singapore.
COMPETITION

The plastic injection moulding/ extrusion business for the local construction and infrastructure industry is highly competitive and is dominated by a few major players with many small sized companies. There are presently more than eight uPVC pipes and pipe fittings suppliers and five electrical conduits and accessories suppliers who are registered with the CIDB in the various classifications, ranging from L1 to L5. Due to the fragmented nature of the building and construction industries and the lack of publicly available industry statistics nor publications on contracts awarded, it is difficult to assess the market share of the Group.

The Group is principally engaged in the manufacture and distribution of uPVC pipes and pipe fittings which, in the opinion of the Directors, is currently dominated by several local players including the Group, Splendour Corporation Pte Ltd, Iplex Asia Pte Ltd and Singa Plastics Ltd. However, a number of the Group’s competitors do not compete directly with the Group as they currently supply to a different client base. The Directors believe that the Group is able to compete effectively with the other players in Singapore as it offers a wider range of uPVC products to cater to general and specialised mechanical and electrical contract works. The Directors believe that the Group is one of the major suppliers of uPVC pipes and pipe fittings to the public sector, namely HDB. The Group has an established distribution network of more than 200 customers in Singapore.

The Group has also expanded rapidly into the manufacture and distribution of electrical conduits and accessories and corrugated conduits in early 1998. The Group competes with other major manufacturers of similar electrical products including King Wai Industries (S) Pte Ltd, MK Electric (S) Pte Ltd and Greenland Plastics Ind (S) Pte Ltd.

Over the years, the Group has proven itself to be a reliable supplier of uPVC pipes and pipe fittings and has carved for itself a niche market in Singapore’s public construction sector. The Directors believe that the Group has the following competitive strengths:

(a) Experienced Management Team

The Directors believe that the expertise, extensive experience and contacts of its experienced management team and their in-depth knowledge of the plastic injection moulding industry have been instrumental to the success and growth of the Group over the years. Mr Loh Beng Seng, founder of the Group, has more than 24 years of experience in the plastic industry. He is supported by a team of experienced management staff, some of whom have been involved in the building and construction industry for more than 15 years. The Group will continue to capitalise on the strengths of its human resources at all levels and to bring the Group to its next phase of growth.

(b) Quality Products and Service Reliability

The Group implements stringent quality assurance policies to ensure that its products are consistently of high standards of quality and reliability. The Group has experienced negligible rejection rates for its products for the past three financial years. The award of the ISO 9002 certification to Vicplas Holdings for its quality management systems further testifies to its commitment towards quality. The Group’s emphasis on product quality, good service and timely delivery of products have built up the Group’s reputation amongst its customers and have won their continued support over the years. Save in respect of customised products, all of its products are manufactured in accordance with the relevant standards specification adopted by the PSB and Setsco Services Pte Ltd, a standard testing body in Singapore and have passed the strict quality checks conducted by its major end customers, including the HDB.

The Group normally stocks a wide range of its products so as to satisfy spot demands. With efficient production scheduling and inventory management, the Group has been able to satisfy customer orders promptly on short notice. The high level of customer satisfaction is evidenced by the level of repeat orders from long-standing customers.

Repeat customers accounted for 62.4%, 85.7% and 80.6% of the Group’s turnover in FY1996, FY1997 and FY1998 respectively.
(c) **Extensive Product Range**

Currently, the Group carries more than 400 types of uPVC products. The Directors believe that the Group is one of the few suppliers that carries a comprehensive product range for electrical, sanitary and plumbing applications. The Group continuously seeks to embrace new and improved production techniques to improve production efficiency. Tapping on the staff’s extensive knowledge of the plastic industry, the Group works closely with its customers to develop new products and improve designs of existing products to meet market demand.

The Group currently supplies uPVC pipes and pipe fittings for numerous applications including the soil, waste and vent systems; underground drainage and sewage systems; rainwater discharge systems, cable laying purposes and electrical conduits and accessories. As part of its customer service, the Group also sources and supplies certain other complementary mechanical and electrical materials including copper pipes and pipe fittings and valves. The supply of ancillary products to its customers results in added convenience, in particular, to its customers who seek one-stop service. This has given the Group a competitive edge over many of its competitors which, as far as the Directors are aware, currently only concentrate on supplying items for specific applications.

**VULNERABILITY TO SPECIFIC FACTORS**

The Group's business may be adversely affected by the following factors:–

**Dependence on the Singapore Market and the HDB**

Currently, virtually all the Group’s sales is derived from Singapore. As a result, the Group is directly vulnerable to adverse economic conditions of the Singapore market, particularly the construction and infrastructure industry. Nevertheless, at an opportune time and taking into consideration the regional economic and market conditions, the Directors intend to expand to countries like Malaysia, Brunei and Hong Kong.

The Group deals mainly with subcontractors who tender for projects from main contractors who in turn tender for public projects from statutory bodies such as HDB. As a result, the Group could be considered to be indirectly dependent on the number and size of HDB projects available in a particular year.

**Dependence on key management**

The Group’s continued growth depends, to a large extent, on the continued services of key executives and management team. The key executives, namely, Messrs Loh Beng Seng and Cheng Liang, have been instrumental to the success of the Group. In order to demonstrate their continued support and commitment to the Group, the above executive Directors, who are also substantial shareholders of the Company, have each entered into three-year service agreements with the Group.

**Exposure to the building and construction industry**

The Group’s business is subject to the cyclical fluctuations of the building and construction industry in Singapore, being its key market. With the regional economic slowdown and the Singapore economy growth markedly lower by 1.5% in 1998, construction growth moderated to 3.9% in 1998, down from a robust 15% in 1997. However, public sector construction spending is expected to maintain between $7.8 billion and $8.9 billion in 1999, underpinning the construction sector. In particular, the public sector is expected to award between $5.0 billion and $5.7 billion worth of building contracts, dominated by HDB’s building developments. HDB has plans to build around 29,000 new flats in 1999\(^{(1)}\).

Given that many of its customers are involved in undertaking mechanical and electrical works for the public sector, namely HDB, and cable laying and installation works for Power Grid, Power Gas, Telecommunications Authority of Singapore and Singapore Cable Vision, the Group is well-positioned to benefit from the higher infrastructure and public housing spending. The Group is cognizant that competition would intensify during this difficult economic environment. Accordingly, the Group strives to enhance its competitiveness in terms of cost, production efficiency and product innovation.

**Fluctuation in cost of raw materials**

Plastic resin is the main raw material, constituting approximately 95% of the total raw material content used in production. Any material increase in the price of plastic resin would affect the cost of production of the Group which will in turn affect the Group's profit margins.

Notwithstanding the short track record that the Group has with its suppliers, it has forged close relationships with them and this has enabled the Group to purchase raw material supplies at competitive prices. In general, the suppliers normally absorb minor fluctuations in raw material prices. In the event of any substantial increase in raw material prices, the Group will negotiate with its customers to revise its prices to take into account such price increases.

The Group normally orders its raw materials on a monthly basis due to the limited trade financing facilities available to the Group. Substantial increases in raw material prices may affect the profits of the Group to the extent of contracts secured prior to the price increase.

The Group monitors closely the market supply and demand for raw materials and manages its raw materials, work-in-progress and finished goods inventory to reduce the impact of any potential price fluctuations. If the Group expects an increase in raw material prices in the short term, it will increase its raw materials inventory or place advance orders with its suppliers to minimise the impact of such increase.

**Low entry barrier**

As the technology involved in the manufacture of the products is easily available, the barrier for new entrants is relatively low. However, the Group is confident that it is able to stay ahead of its existing and potential competitors given the quality of its products and the comprehensive product range that it currently offers and the close working relationships with its customers. The Group is committed to capitalise on its in-house expertise to continually introduce new designs and products as well as improve on existing products, a move that requires much investment in time and effort.

**Foreign exchange exposure**

The Group's sales and purchases are mainly denominated in Singapore dollars. The Group's indirect exposure to foreign currency arises as the prices of raw materials, which are quoted in United States dollars, are settled in the Singapore currency equivalent of United States dollars. The Group will continue to monitor its indirect foreign exchange exposure closely and take appropriate action including entering into forward forex contracts, where necessary.

For the last three financial years, the Proforma Group's foreign exchange gains and losses were as follows:

<table>
<thead>
<tr>
<th>$'000</th>
<th>FY1996</th>
<th>FY1997</th>
<th>FY1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange gain</td>
<td>—</td>
<td>—</td>
<td>88</td>
</tr>
<tr>
<td>% of Proforma Group’s profit before tax</td>
<td>—</td>
<td>—</td>
<td>n.m.</td>
</tr>
</tbody>
</table>

*n.m. : not meaningful*

The foreign exchange gains and losses pertain to realised and unrealised gains/losses arising from the translation of foreign currency trading transactions into Singapore dollars.
INTERESTED PERSON TRANSACTIONS

Save as disclosed below, no Director, substantial shareholder or Executive Officer was or is interested in any material transaction undertaken within the last three financial years by the Group.

(a) Purchases from and sales to Rimplas Industries Sdn Bhd ("Rimplas")

In order to meet its customers’ demands, the Group from time to time engages Rimplas, a Malaysian company in which the substantial shareholders of Vicplas are principally interested, to contract manufacture uPVC pipe fittings and other uPVC products to supplement its own production. Rimplas presently carries out the business of manufacturing uPVC pipes and fittings in Johor Bahru, Malaysia but the Directors note that it currently does not compete with the Group (see pages 47 to 48 on potential conflict of interests). The shareholders of Rimplas are the substantial shareholders of Vicplas, namely, Messrs Chua Kim Hua, Loh Beng Seng, Cheng Liang and Chan Doris Sue Ching ("Substantial Shareholders") and an individual, Mr Ooi Cheang Cheang. All transactions with Rimplas were carried out on arm's length basis and on commercial terms. The Group’s purchases from Rimplas in terms of value and percentage of the Group’s total purchases since Rimplas commenced its operation in March 1997 were as follows:–

<table>
<thead>
<tr>
<th></th>
<th>FY1997(1)</th>
<th>FY1998</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>%</td>
</tr>
<tr>
<td>Purchases</td>
<td>39</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Note:–
(1) For five months from March 1997 to July 1997

The Group intends to continue engaging Rimplas for the purpose of the aforesaid contract manufacturing for as long as the Group requires its services, in particular when the Group requires additional production capacity to meet its customers’ increased orders and when it is more cost-effective to do so.

On the other hand, the Group also sells certain raw materials such as PVC compound to Rimplas. All transactions with Rimplas were carried out on arm’s length basis and on normal commercial terms. The Group’s sales to Rimplas in terms of value and percentage of the Group’s total sales since Rimplas commenced its operation in March 1997 were as follows:–

<table>
<thead>
<tr>
<th></th>
<th>FY1997(1)</th>
<th>FY1998</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>%</td>
</tr>
<tr>
<td>Sales</td>
<td>52</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Note:–
(1) For five months from March 1997 to July 1997

The Group is expected to continue to sell raw materials to Rimplas on arm’s length basis and on normal commercial terms.

In addition to the above transactions, in FY1998:–

(a) Vicplas Holdings purchased a palletising machine from Rimplas for a purchase consideration of approximately $104,000. The purchase consideration of the machine was based on Rimplas’ cost of acquiring the palletising machine from a Malaysian company which was then undergoing liquidation. This Malaysian company and its directors are not related to the directors of Rimplas and Vicplas Holdings; and

(b) Vicplas Holdings sold two injection moulding machines to Rimplas for approximately $60,000. The sale price of the machine was based on a premium of about $12,000 above the net book value of the injection moulding machine as at 31 July 1998 of $47,800.
(b) **Purchases from and sales to King Wan Construction Pte Ltd (“King Wan”)**

Mr Chua Kim Hua, who is the Chairman and non-executive Director of the Company, is also the major shareholder of King Wan, holding 25 per cent. equity interest in King Wan. The other shareholders of King Wan are Mr Chua’s brothers, niece and daughter. King Wan is one of the major sanitary and plumbing contractors in Singapore which is principally engaged in the supply and installation of sanitary and plumbing products. It is both a major customer of and supplier to the Group. The Group sources for certain sanitary and plumbing products from King Wan where it is commercially more expedient to do so to supplement the Group’s existing range of products in its bid to provide one-stop supply to its customers. These transactions are invoiced based on cost plus nominal administrative and handling charges of between five and ten per cent., which is in line with market practice. None of these products were produced by the Group.

The Group supplies a wide range of sanitary and plumbing products for various projects undertaken by King Wan. Sales to King Wan are based on published price lists for the Group’s products and are on terms no more favourable than those extended to third parties. The credit term extended to King Wan is in line with the credit policy of the Group. The value of the purchases and sales between the Group and King Wan and as a percentage of the Group’s total purchases and sales respectively are as follows:–

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>%</td>
<td>$’000</td>
<td>%</td>
<td>$’000</td>
<td>%</td>
</tr>
<tr>
<td>Purchases</td>
<td>57</td>
<td>1.6</td>
<td>169</td>
<td>5.2</td>
<td>536</td>
<td>7.8</td>
</tr>
<tr>
<td>Sales</td>
<td>814</td>
<td>14.2</td>
<td>1,616</td>
<td>22.1</td>
<td>1,875</td>
<td>13.5</td>
</tr>
</tbody>
</table>

The Group’s profit before tax derived from the above transactions with Rimplas and King Wan did not exceed 40% of its total profit before tax in the last three financial years.

(c) **Rental of machines from King Wan**

Vicplas Holdings has been leasing various items of equipment used in uPVC pipe fittings manufacturing processes, namely an extrusion system, a mixer, a downstream equipment, a cooling system and a sleeve socket, from King Wan for its manufacturing activities since early 1997.

The rental expenses paid by the Group to King Wan are as follows:–

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td></td>
<td>$’000</td>
<td></td>
<td>$’000</td>
<td></td>
</tr>
<tr>
<td>Rental of machines</td>
<td>—</td>
<td></td>
<td>108</td>
<td></td>
<td>103</td>
<td></td>
</tr>
</tbody>
</table>

As at 31 July 1998, the outstanding rental commitments amounted to approximately $0.94 million.

For purposes of formalising their leasing arrangements, Vicplas Holdings and King Wan entered into a leasing agreement to regulate the continued rental of the said equipment with effect from 1 August 1998. The leasing agreement is consistent with the existing leasing agreement between King Wan and the finance company which provides financing for the above-mentioned machinery. Under the terms of the said leasing agreement:–

(i) monthly leasing charges of approximately $9,200 are payable by Vicplas Holdings to King Wan for the remaining period of the lease of approximately 3 years. The monthly rentals were arrived at based on the total cost of the equipment after taking into account the financing charges, estimated residual value of the equipment at the end of the lease period and the rentals paid by the Group up to 31 July 1998;

(ii) either party may terminate the leasing agreement at any time by giving three (3) months’ notice in writing to the other party; and
(iii) Vicplas Holdings has an option to purchase the said equipment (aa) at any time after March 2000 during the lease period at such price, being the aggregate of the outstanding lease commitments and the option exercise price; or (bb) at the end of the lease period at the option exercise price. The option exercise price payable by Vicplas Holdings is approximately $608,000, which is equivalent to the estimated residual value of the equipment at the end of the lease period. The total lease charges and option exercise price payable by Vicplas Holdings represent the aggregate cost of the machines and financing charges of approximately $1.15 million paid by King Wan. An interest of 4.5 per cent. per annum (computed with effect from 1 August 1998 up to the date of exercise of the option to purchase) is also payable on the option exercise price.

The rental rates are based on arm's length basis and are comparable to market rental rates.

(d) Rental of warehousing space from King Wan

In February 1998, the Group entered into an informal arrangement with King Wan to use approximately 3,000 sq. ft. of King Wan's premises at Sungei Kadut for a monthly fee of approximately $3,000. The warehousing space was increased to approximately 10,000 sq. ft. for a total monthly fee of $9,300 in August 1998. The fee was agreed based on arm's length basis and was comparable to market rate. The space was used mainly as warehouse for some of the Group's raw materials and finished products.

The annual fees paid to King Wan in the past three financial years and as a percentage of the Group's profit before tax are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees</td>
<td>$'000</td>
<td>%</td>
<td>$'000</td>
</tr>
<tr>
<td></td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

The arrangement was for a period commencing February 1998 and ended January 1999. The Group did not continue with the arrangement thereafter.

Vicplas Holdings entered into an agreement to lease from King Wan approximately 9,897 sq. ft. of King Wan's premises at 22, Jurong Port Road for a one-year period commencing 1 February 1999, at an annual rental of $100,956, on the terms and conditions set out in the said lease agreement. Under the terms of the lease agreement, either party may terminate the lease agreement at any time by giving three (3) months' notice in writing to the other party. The leased premises is used to house the Group's manufacturing and warehousing activities. The rental structure is based on arm's length basis and the rental rate of approximately $0.85 per sq ft per month is lower than the rental rate of $1.00 appraised by an independent appraiser, Wong Kum Sek Valuers & Property Consultants.

The lease agreement is for a period of one year and renewable thereafter. The lease is a temporary measure and will be terminated as soon as feasible.

(e) Purchases from Mazda Plastic Factory (Pte) Ltd (“MPFL”)

MPFL processes and sells all types of uPVC compound mainly for the cable industry. The Group used to source part of its supply of uPVC compound from MPFL, a company owned by two siblings of Ms Chan, Doris Sue Ching, a substantial shareholder of the Company, being Mr Michael Chan (82.5%) and Ms Brenda Chan (17.5%). The Group has since discontinued its purchase of uPVC compound from MPFL when the Group undertook in-house material formulation in early 1998.
In FY1998, the Group purchased some plastic resin from MPFL to satisfy temporary shortage of raw materials pending the arrival of their raw material orders. All transactions with MPFL will be discontinued upon listing. However, in the event that the Group needs to purchase plastic resin from MPFL to satisfy temporary shortages in future, all the transactions with MPFL will be carried out based on the internal control procedures described below.

The value of purchases from MPFL and as a percentage of the Group’s total purchases are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>$22,000</td>
<td>$110,000</td>
<td>$194,750</td>
</tr>
<tr>
<td>%</td>
<td>0.6%</td>
<td>3.5%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Note:–
(1) includes a one-off purchase of machinery of $75,000

The internal control procedures of the Group will ensure that the transactions between the Group and Rimplas, King Wan and MPFL are conducted at arm’s length and on commercial terms. Such internal controls include the following:

(a) all related party transactions shall be summarised and submitted to the Audit Committee of the Company for regular and periodic review. Judgement as to whether the terms are at arm’s length shall be based on the following considerations:

(i) when buying from a related party, the prices and terms of at least two other competitive offers from third parties, contemporaneous in time. The purchase price shall not be higher than the most competitive price of the two other competitive offers from third parties; and

(ii) when selling to a related party, the prices and terms of at least two other successful sales to third parties, contemporaneous in time. The sale price shall not be lower than the lowest sale price of the other two successful sales to third parties; and

(b) before any agreement or arrangement which is not in the ordinary course of business of the Company or its subsidiaries is transacted, prior approval must be obtained from two independent non-executive directors. Any decision to proceed with such an agreement or arrangement would be recorded for review by the Audit Committee of the Company. Should the transactions exceed the thresholds stated in the SES Listing Manual, necessary actions will be taken to satisfy SES’ requirements.

The considerations in sub-paragraph (a)(i) and (a)(ii) above will allow for variation from the prices and terms of the comparative offers or, as the case may be, sales to the extent that the volume of trade, creditworthiness of the buyer, differences in service reliability or other relevant factors render justifiable and whether or not a comparative offer or, as the case may be, sale, contemporaneous in time, shall be judged with reference to the volatility of the market for the goods and services in question.

The Audit Committee will approve the internal control procedures and arrangements for all future related party transactions to ensure that they are carried out on an arms’ length basis and on normal commercial terms and will not be prejudicial to the Company’s shareholders. Ratification of the records for all the related party transactions to ensure that they comply with the internal control procedures will be carried out by the Audit Committee during its periodic review. The review includes the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee.

The Company will comply with the provisions of Chapter 9A of the Listing Manual in respect of all future related persons transactions and if required under the SES Listing Manual or the Act, the Company will seek shareholders’ approval for such transactions. If a member of the Audit Committee has an interest in a transaction, he will abstain from participating in the review and approval process in relation to that transaction.
POTENTIAL CONFLICT OF INTERESTS

Rimplas Industries Sdn Bhd ("Rimplas")

Rimplas was incorporated in Malaysia on 28 June 1994 and commenced operations in March 1997. The substantial shareholders of Vicplas, namely Messrs Chua Kim Hua, Loh Beng Seng, Cheng Liang and Chan, Doris Sue Ching (together the “Substantial Shareholders”) are also the substantial shareholders of Rimplas. The shareholdings of Rimplas are as follows:

<table>
<thead>
<tr>
<th>Percentage shareholding in Rimplas (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chua Kim Hua</td>
</tr>
<tr>
<td>Loh Beng Seng</td>
</tr>
<tr>
<td>Cheng Liang</td>
</tr>
<tr>
<td>Chan, Doris Sue Ching</td>
</tr>
<tr>
<td>Ooi Cheang Cheang</td>
</tr>
</tbody>
</table>

Messrs Chua Kim Hua, Loh Beng Seng and Cheng Liang are also directors in Rimplas.

Rimplas is primarily engaged in similar businesses as the Group, namely the manufacturing of uPVC pipes and fittings for the Malaysian market. From time to time, the Group engages Rimplas to contract manufacture uPVC pipe fittings and other uPVC products to supplement its own production. Apart from selling to the Group, Rimplas also sells its products and services to third parties. Rimplas’ sales to these third parties were nil and $444,757 in FY1997 and FY1998 respectively.

A summary of Rimplas’ profit and loss and balance sheet statements since it commenced operations in March 1997 are as follows:

<table>
<thead>
<tr>
<th>FY1997(1)</th>
<th>FY1998(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>31</td>
</tr>
<tr>
<td>Loss before tax</td>
<td>(189)</td>
</tr>
<tr>
<td>Loss after tax</td>
<td>(189)</td>
</tr>
<tr>
<td>Net tangible (liabilities)/assets</td>
<td>(188)</td>
</tr>
</tbody>
</table>

Foreign exchange rate used

Average rate (profit & loss statement) RM1.00 : $0.565 RM1.00 : $0.441
Year end rate (balance sheet) RM1.00 : $0.564 RM1.00 : $0.417

Note:–
(1) For four months from March 1997 to 30 Jun 1997
(2) For 13 months from 1 July 1997 to 31 July 1998
(3) Taking into account the capital injection of $582,000 in December 1997

The Group’s purchases from Rimplas and its value as a percentage of the Group’s total purchases since Rimplas’ commencement of operation are as follows:

<table>
<thead>
<tr>
<th>FY1997(1)</th>
<th>FY1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>$’000</td>
<td>%</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Group’s purchases from Rimplas</td>
<td>39</td>
</tr>
</tbody>
</table>

Note:–
(1) For five months from March 1997 to July 1997
The Group presently does not market or sell its products into the Malaysian market, whether directly or indirectly through distributors. However, in view of the potential offered by the Malaysian market in the long term, the Group is currently looking into expanding its business into Malaysia. At the appropriate time, after taking into consideration the economic and market conditions, the Group intends to set up its operations in Malaysia to manufacture as well as to market its products.

In order to mitigate any potential conflict of interests, Rimplas will undertake that, upon the listing of Vicplas on SESDAQ, it will not compete with the Group in Singapore or any other territory save for Malaysia (whether through the marketing/sale of its products in such territories or otherwise). In addition, the Substantial Shareholders and Rimplas have on 12 April 1999 granted Vicplas the option:

(i) to acquire the business undertaking or assets of Rimplas based on the last audited net book value. The Substantial Shareholders have also undertaken that upon the exercise of the Business Option by Vicplas, they will procure that Rimplas will be liquidated or will remain dormant and will not engage in similar business as the Group; or

(ii) to acquire the Substantial Shareholders’ equity interests in Rimplas based on the last audited net tangible asset value, subject to Vicplas obtaining prior approval from the relevant Malaysian authorities and other approvals required, as the case may be,

including the date upon the establishment of the Group’s operation in Malaysia, or upon Rimplas being profitable, and are perpetual so long as Rimplas carries on the same business.

A feasibility study will be submitted to the Board of Directors (excluding Directors who have an interest in the transaction) for consideration. In accordance with Chapter 9A and where the prescribed thresholds require, the Independent Directors will be advised by an independent financial adviser on whether the transaction will be in the interest of the Company and its shareholders. The Company will comply with the provisions of Chapter 9A of the Listing Manual in respect of the transaction and if required under the SES Listing Manual or Companies Act (Chapter 50), the Company will seek shareholders’ approval for the transaction.

**Mazda Plastic Factory (Pte) Ltd (“MPFL”)**

The Group currently undertakes material formulation of uPVC compound and palletising, mainly for in-house consumption. However, it may also sell some of the uPVC compound in the near future, though this is not expected to be significant as it is not a principal activity of the Group. As such, the potential conflict of interests is not material and would be mitigated for the following reasons:

(i) Ms Chan, Doris Sue Ching is a passive investor in Vicplas and does not participate or have control over the management of the Group; and

(ii) Ms Chan, Doris Sue Ching is not involved in any decision making process of the Group in respect of MPFL. Additionally, she will undertake not to refer any business that can be undertaken by the Group to MPFL.

**Anfoo Singapore Pte Ltd**

Mr Chua Len Chuan, who is the Operations Manager of the Group, is a director and major shareholder (50%) of Anfoo Singapore Pte Ltd (“Anfoo”). Anfoo was set up by Mr Chua prior to him joining the Group and is principally engaged in the trading of specialised uPVC pipes and pipe fittings which are in compliance with the Japanese Industrial Standard Specifications. The Group does not manufacture, trade or warehouse these parts which are mainly for very specific industrial applications. It sources for these specialised uPVC pipes and pipe fittings from, amongst others, Anfoo, to the extent these complementary products are required by its customers from time to time. The Group charges its customers commission for rendering such services. The value of purchases from Anfoo amounted to approximately $4,800 in FY1998. The Directors do not expect future purchases from Anfoo to be material. To ensure that all transactions with Anfoo are carried out on arm’s length basis and on commercial terms, the Group will obtain at least two other bids from third party suppliers.
The Directors are of the view that the potential conflict of interests are mitigated as Mr Chua Len Chuan is responsible for the overall management of the production plants and is not involved in the purchasing and sales functions of the Group. In addition, he is not involved in the daily operations and decision making process of Anfoo and he will undertake not to refer any business that can be undertaken by the Group to Anfoo.

DIRECTORS, MANAGEMENT AND STAFF

Directors

The Board of Directors is entrusted with the responsibility for the overall management of the Group. The Directors' particulars are listed below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Address</th>
<th>Current Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chua Kim Hua</td>
<td>59</td>
<td>108 Chestnut Drive, Singapore 679326</td>
<td>Chairman</td>
</tr>
<tr>
<td>Loh Beng Seng</td>
<td>52</td>
<td>145, Lorong Ah Soo, #08-137, Singapore 530145</td>
<td>Managing Director</td>
</tr>
<tr>
<td>Cheng Liang</td>
<td>43</td>
<td>118 Saraca Road Singapore 807413</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Lim Hock Beng</td>
<td>59</td>
<td>47 Soo Chow Rise Singapore 575488</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Ang Mong Seng</td>
<td>49</td>
<td>Blk 523 Jurong West St 52 #12-233 Singapore 640523</td>
<td>Independent Director</td>
</tr>
</tbody>
</table>

None of the Directors are related to each other.

Messrs Lim Hock Beng and Ang Mong Seng are the independent Directors. The Audit Committee comprises Messrs Lim Hock Beng, Ang Mong Seng and Loh Beng Seng. Mr Lim Hock Beng will be the Chairman of the Audit Committee.

Management

The day-to-day operations of the Group are entrusted to the Executive Directors and an experienced and qualified team of Executive Officers responsible for the different functions of the Group. The particulars of the Executive Officers are set out below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Address</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chua Len Chuan</td>
<td>38</td>
<td>Blk 299 Bt Batok St 22 #09-20 Singapore 650299</td>
<td>Operations Manager</td>
</tr>
<tr>
<td>Tan Siew Kiang</td>
<td>42</td>
<td>12 Shepherds Drive Singapore 149005</td>
<td>Financial Controller</td>
</tr>
<tr>
<td>Lau Seng Khin</td>
<td>46</td>
<td>Blk 111 Toa Payoh #08-350 Singapore 310111</td>
<td>Assistant Production Manger</td>
</tr>
<tr>
<td>Tan Wee Kiat</td>
<td>27</td>
<td>Blk 105 Woodlands St 13 #12-192 Singapore 730105</td>
<td>Assistant Sales Manager</td>
</tr>
<tr>
<td>Ng Lian Seng</td>
<td>42</td>
<td>Blk 810 Yishun Ring Road #11-4181 Singapore 760810</td>
<td>Assistant Technical Manager</td>
</tr>
</tbody>
</table>

49
Staff

As at 31 July 1998, the Group had 30 full-time employees. The employees are not unionised. Relationship between management and staff is good and there have not been any industrial disputes in the Company or its subsidiaries since they commenced operations.

Directors’ Remuneration

The remuneration of the Directors on an aggregate basis and in remuneration bands for FY1997 and FY1998 are as follows:–

(a) Aggregate Directors’ Remuneration

<table>
<thead>
<tr>
<th></th>
<th>FY1997</th>
<th>FY1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Directors</td>
<td>622</td>
<td>385</td>
</tr>
<tr>
<td>Non-Executive Directors</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>622</td>
<td>385</td>
</tr>
</tbody>
</table>

(b) Number of Directors in Each Remuneration Bands

<table>
<thead>
<tr>
<th>Executive Directors</th>
<th>Non-Executive Directors</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY1997</td>
<td>FY1998</td>
<td></td>
</tr>
<tr>
<td>$500,000 and above</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>$250,000 to $499,999</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>$0 to $249,999</td>
<td>—</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

SERVICE AGREEMENTS

On 6 April 1999, the Company entered into separate service agreements (“Service Agreements”) with Messrs Loh Beng Seng and Cheng Liang for an initial period of three years and renewable thereafter. The Service Agreements may be terminated by either party giving not less than six months’ of written notice to the other party.

Under the Service Agreements, Messrs Loh Beng Seng and Cheng Liang will be paid a monthly salary of $11,000 and $9,000 respectively and shall be entitled to an annual increment in salary of 10% or such higher percentage as may be approved by the Board of Directors. They would each be entitled to a Director’s fee of $20,000 per annum and a one-month annual wage supplement and a profit sharing incentive based on the Group’s consolidated profit after tax and minority interests but before extraordinary items (“PAT”) as reflected in its audited statements for the relevant financial year in accordance with the following scale:–

<table>
<thead>
<tr>
<th>PAT</th>
<th>Percentage to be applied for profit sharing incentive for each of the Executive Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than $2 million up to $3 million</td>
<td>3.5% of PAT</td>
</tr>
<tr>
<td>More than $3 million up to $4.5 million</td>
<td>4.0% of PAT</td>
</tr>
<tr>
<td>More than $4.5 million</td>
<td>5% of PAT</td>
</tr>
</tbody>
</table>

Save as disclosed, none of the Directors or Executive Officers is entitled to participate in any profit sharing scheme.
Had the Service Agreements been in place for FY1998, the aggregate remuneration payable to the Directors of the Company would have been $533,604 instead of $384,704 and the profit before tax of the Group for FY1998 would have been $3.45 million instead of $3.60 million. The Directors’ remuneration of $533,604 represents approximately 13.4% of the profit before tax of the Group (with Directors’ remuneration added back) in FY1998 had the Service Agreements been in effect for FY1998.

PROPERTIES AND FIXED ASSETS

Properties

The Group currently owns the following property:–

<table>
<thead>
<tr>
<th>Location</th>
<th>Area</th>
<th>Tenure/Unexpired term</th>
<th>Cost (include leasehold improvements)</th>
<th>Accumulated depreciation $’000</th>
<th>Net book value as at 31st July 1998 $’000</th>
<th>Valuation (open market value) $’000</th>
<th>Surplus/(deficit) arising on valuation $’000</th>
<th>Surplus/(deficit) taken into books $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 Fan Yoon Road, Singapore 629795</td>
<td>4,535.3 sq. m. 30 years/10 1/3 years</td>
<td>2,959</td>
<td>601</td>
<td>2,358</td>
<td>2,200</td>
<td>(158)</td>
<td>Nil</td>
<td></td>
</tr>
</tbody>
</table>

The deficit from the revaluation of leasehold property at 18, Fan Yoon Road in September 1998 of approximately $158,000 has not been taken up in the accounts for FY1998 as Deloitte & Touche, the auditors for Vicplas, are of the view that the deficit is not of a permanent nature and the said property is currently being used by the company for its manufacturing and operational activities. The property is solely for the company’s use and not for investment or re-sale purposes. Furthermore, the Directors have taken the view that the diminution in value is temporary in nature. In addition, Deloitte & Touche are also of the view that write down would not be required for the leasehold property for the financial year ending 31 July 1999 for the same reasons described above. This accounting treatment is fair and complies with the Statement of Accounting Standard No. 14.

The Group leases the following property:–

<table>
<thead>
<tr>
<th>Description/Location</th>
<th>Gross Area</th>
<th>Tenure</th>
<th>Annual Rental</th>
<th>Lessor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factory at 22 Jurong Port Road, Singapore</td>
<td>9,897 sq ft</td>
<td>1 year</td>
<td>$100,956</td>
<td>King Wan Construction Pte Ltd</td>
</tr>
</tbody>
</table>

The Group does not own any redevelopment properties.

Fixed Assets

Fixed assets comprise mainly leasehold property, plant and machinery such as injection moulding machines and extrusion moulding machines.

There has been no material acquisition since 31 July 1998.

FINANCE

The growth of the Group has been financed through a combination of shareholders’ equity, retained earnings, external borrowings from financial institutions, and other credit facilities. The Group has secured adequate bank facilities to finance its operations. As at 31 July 1998, the Company and its subsidiaries had total borrowings (including hire purchases) of $3.37 million on a secured basis, and has no unsecured borrowings.
**Fixed Assets**

The fixed assets of the Group increased from $1.62 million in FY1996 to $5.67 million in FY1998. The increase in fixed assets was due mainly to the acquisition of the leasehold property at 18 Fan Yoong Road in September 1996 and purchase of extrusion and injection moulding machines following the Group’s growth in turnover.

**Current Assets**

The current assets of the Group increased from $3.03 million in FY1996 to $6.95 million in FY1998, in line with the expansion of the Group’s business. The growth in current assets was due primarily to the increase in inventories from $74,000 in FY1996 to $1.82 million in FY1998 and increase in trade debtors from $2.39 million in FY1996 to $4.89 million in FY1998. These increases were in line with the Group’s rapid growth in sales which rose by more than 138.1% from $5.72 million in FY1996 to $13.63 million in FY1998. The higher inventories were also partly due to the higher proportion of products being manufactured by the Group in-house instead of being traded.

Despite the build up of inventory in recent years in anticipation of higher demand for its products as evidenced in the significant increase in turnover, the Directors do not foresee the Company’s products to suffer from obsolescence as uPVC products are non-perishable and are not susceptible to rapid change in technology. In addition, the Group does not keep high stock levels for slow-moving items.

There were no write-offs of inventory in the past three financial years.

**Current Liabilities**

Current liabilities of the Group also increased from $3.19 million in FY1996 to $4.28 million in FY1998 due partly to the increase in trade creditors from $1.83 million in FY1996 to $2.16 million in FY1998, which is in line with the increase in turnover. Current portion of bank loans, overdraft and hire purchase also saw an increase of $388,000. Income tax and dividend payable increased sharply from negligible amount in FY1996 to $1.09 million, in line with the profitability of the Group’s operations. However, these were offset by lower other payables which declined from $1.10 million in FY1996 to $389,000 in FY1998. Working capital was negative in FY1996 and FY1997 as the Group had committed a significant amount of cash for the acquisition of some of its fixed assets.

**Non-current Liabilities**

Long term liabilities increased from $359,000 in FY1996 to $3.06 million in FY1998, due mainly to the term loan drawn down to finance the purchase of the leasehold factory premise at Fan Yoong Road. Non-current portion of hire purchases also increased following the purchase of additional machinery to cope with the increase in turnover.

**Shareholders’ Equity**

Shareholders’ equity increased over the past three financial years due mainly to the increase in capital contribution by the shareholders and plough back of revenue reserves.

**REVIEW OF PAST PERFORMANCE**

**Review of Consolidated Earnings**

A review of the year to year earnings performance of the Proforma Group for the past three financial years is set out below:–
FY1997 vs FY1996

The Group recorded a turnover of approximately $7.32 million in FY1997, representing an increase of approximately 27.9% compared with FY1996. The increase in turnover was attributed mainly to improved sales recorded from its manufacturing activities, which offset the decline in its trading activities. Its manufacturing division recorded an increase in turnover from approximately $3.43 million in FY1996 to approximately $5.61 million in FY1997. The increase was attributed mainly to the sales contribution from both its existing and new uPVC pipe fittings as well as new uPVC pipes for sanitary and plumbing applications. Following the success of its experiments, the Group had also begun to manufacture and sell uPVC pipes for sanitary and plumbing and electrical applications in FY1997. Amongst the new products, the demand for the uPVC pipe fittings for sanitary and plumbing applications, in particular those that constitute the rainwater downpipe systems, was the highest when its end customer, HDB, advocated the use of those pipes in its housing projects. The relocation to bigger premises in late 1996 has also enabled the Group to house more machines and inventory, thus facilitating the acceptance of larger order books resulting in economies of scale. Its trading division recorded a decline in turnover from approximately $2.29 million in FY1996 to approximately $1.72 million in FY1997. With the continual investments in moulds and machinery, the Group was able to manufacture and supply a wider range of products, including those that previously had to be sourced from external parties, resulting in a lower turnover recorded by its trading division.

The Group recorded a profit before tax of approximately $1.37 million in FY1997 compared with approximately $192,000 in FY1996, due mainly to the higher turnover and significantly higher gross margins recorded by the manufacturing division. Gross margins improved significantly due to material cost savings as resin prices dropped from an average $2.01 per kg in FY1996 to an average $1.46 per kg in FY1997. Material costs dropped despite the increase in sales. Productivity and production efficiency have improved significantly as a result of economies of scale after having settled in at the new premises and gone through the startup stage. Raw material wastage was further minimised following the implementation of cost control measures within the organisation. The increase in gross margins more than offset the sharp increase of approximately more than 100% in operating expenses due to mainly higher depreciation which increased by 127.3% following to the purchases of the factory premise at Fan Yoong Road and additional machinery, and the higher directors’ remuneration and salary expenses. The Group had to increase its production and frontline staff to cope with the increasing volume of sales. There were also significantly higher financial expenses which increased from $52,000 in FY1996 to $180,000 in FY1997 due to the interest charges on the bank loan taken to finance the acquisition of its premises and hire purchases taken up for additional machinery.

Consequently, the Group recorded a higher profit after tax of approximately $994,000 in FY1997 compared with approximately $119,000 in FY1996. The tax expense of approximately $374,000 represented an effective tax rate of approximately 27.3%.

FY1998 vs FY1997

The Group recorded a turnover of approximately $13.63 million in FY1998, representing an increase of approximately 86.1% compared with $7.32 million in FY1997. The increase in turnover was attributed mainly to robust sales recorded from its manufacturing activities. The manufacturing division recorded an increase in turnover from approximately $5.61 million in FY1997 to approximately $10.00 million in FY1998 as sales across all product categories improved. The Group also recorded sales contribution from the newly introduced uPVC products for cable laying installation. Turnover from the trading activities also increased from approximately $1.72 million in FY1997 to approximately $3.63 million in FY1998, due mainly to higher demand for complementary products such as copper pipes and fittings and contribution from the sale of plastic resin. The Group started selling small quantities of plastic resin from early 1998.
The Group recorded a profit before tax of approximately $3.60 million in FY1998 compared with approximately $1.37 million in FY1997. The higher profits was in line with the higher turnover and overall increase in operating margins recorded by its manufacturing division as a result of greater economies of scale as fixed costs and overheads such as hire of equipment, factory rental and repair and maintenance were spread over significantly higher turnover. Interest expense increased by 54.4% from $180,000 in FY1997 to $278,000 in FY1998. The increase was due to (a) full year effect of the term loan drawn down to finance the purchase of the factory premise; and (b) the increase in interest payable for trust receipts as the Group carried out more purchases overseas. Nevertheless, other operating expenses increased by only 10.6% despite an 86.1% increase in turnover as depreciation expense increased at a lesser rate of 22.6% to $1.10 million compared to $900,000 in FY1997 and the increase in staff salary expenses from $275,000 in FY1997 to $441,000 in FY1998 were offset by lower directors’ fees and remuneration which reduced from $622,000 in FY1997 to $385,000 in FY1998. The Group also invested in a palletising machine to undertake material formulation and palletising of plastic resin. Since early 1998, the Group formulated uPVC compound for in-house consumption instead of sourcing the raw material supplies from external parties, resulting in further material cost savings for the Group. The savings were not significant in FY1998, but the Directors expect its contribution to increase in future. As a matter of prudence, the Group provided $273,000 for doubtful debts in view of the downturn in economy.

The Group recorded a higher profit after tax of $2.62 million in FY1998 compared with $994,000 in FY1997. The tax expense of $979,000 represented an effective tax rate of approximately 27.2%. The effective tax rate was higher than the statutory tax rate due to non-allowable items.

**Unaudited seven months ended 28 February 1999**

The Group achieved a turnover $8.25 million in the first seven months of FY1999, representing 55.2% of the forecast turnover of $14.94 million. Disruptions in construction activities in the months of January and February 1999 caused by the rainy season, have affected sales. The Group also stopped its production for seven days in February 1999 as a result of the Chinese New Year festive holidays.

Profit before tax of $1.39 million was registered over the same period, representing 41.0% of the forecast profit before tax of $3.39 million. Profit before tax was affected by (a) lower turnover; (b) lower proportion of sales derived from manufactured products which generally command higher profit margins; and (c) reduction in prices for certain fittings and pipes of between 3% and 10% due to intense competition.

**PROSPECTS AND FUTURE PLANS**

The Directors expect that in FY1999, on the bases and assumptions set out on page 56 of this Prospectus and in the absence of any unforeseen circumstances, the Group should be able to achieve profit before tax of $3.39 million and profit after tax of $2.47 million, on a turnover of $14.94 million.

The Singapore economy grew by 1.5% in 1998, markedly down from the growth of 8% registered in 1997. Growth decelerated steadily throughout the year and it slipped into recession in the second half of 1998. In line with the general slowdown, the construction sector, which is the Group’s key market, was also adversely affected. Construction growth moderated to 3.9% in 1998, down from a robust 15% in 1997. Public sector construction demand in 1998 was $10.5 billion, representing about 70% of total construction demand. The main thrust behind public building construction was HDB’s residential projects. HDB awarded about $3.3 billion worth of contracts to build around 28,000 new units in 1998.(1)

---

1 Construction Economics Report Fourth Quarter 1998
Despite forecasting that total value of contracts to be awarded will reduce from $15.1 billion in 1998 to between $10.8 billion and $13.2 billion in 1999. CIDB expects public sector construction demand to continue to underpin construction demand in Singapore. It forecast public sector to award between $7.8 billion and $8.9 billion worth of projects in 1999. In particular, with HDB’s plan to construct around 29,000 new flats in 1999, building projects worth between $5.0 billion and $5.7 billion is expected in 1999.  

Specifically, Finance Minister, Mr Richard Hu announced in his budget that for financial year 1999, (a) $1.7 billion will be allocated for upgrading of HDB flats and capital-related expenditure; and (b) $1.4 billion will be used for improving land transport system through LRT and MRT.  

Sales to public building projects accounted for the majority of the turnover of the Group for the last three financial years. Given that many of its customers are involved in undertaking mechanical and electrical works for the public sector, namely HDB, and cable laying and installation works for Power Grid, Power Gas, Telecommunications Authority of Singapore and Singapore Cable Vision, the Group is positioned to benefit from the higher infrastructure and public housing spending.

The Group’s immediate plans are to expand its market share and customer base through offering a wider range of proprietary products for various applications. It will continue to capitalise on the manufacturing skills and the expertise of the management staff in the production of existing products to introduce new products. Its close relationships with its customers have enabled the Group to identify and address its customers’ needs.

Since early 1998, the Group undertook in-house material formulation and palletising of plastic resin. Currently, the PVC compound produced by the Group is mainly for in-house consumption. The Group plans to capitalise on its experience and in-house expertise to undertake material formulation and palletising for other applications, including electrical insulation, window and door gaskets and other pipe fittings.

As part of its continuing efforts to explore new business opportunities, the Directors plan to implement the following:–

(a) the Group will continue to expand its existing range of products;

(b) the Group will evaluate, from time to time, the feasibility and viability of expanding its business and operations in the region, including the forming of strategic alliances with foreign companies; and

(c) the Group, having ventured into the local cable industry in 1997, will continue to strengthen its sales force to increase its pace of penetration into this industry, a segment which is expected to benefit substantially from the increased government expenditure on infrastructure works.

DIVIDENDS

The Company does not plan to declare dividends in respect of the financial year ending 31 July 1999.

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1 Construction Economics Report Fourth Quarter 1998
2 The Business Times, 27 February 1999
BASES AND ASSUMPTIONS UNDERLYING THE PROFIT FORECAST

(i) There will be no material changes in the existing political, socio-economic and legal conditions in the countries in which the Company operates which will adversely affect the plastic manufacturing industry in general.

(ii) There will be no significant disruptions to the Company’s activities arising from industrial disputes or any other causes.

(iii) There will be no material changes in the bases and rates of taxation, tariffs and duties in Singapore from those as at 31 July 1998.
LETTER FROM THE REPORTING ACCOUNTANTS ON THE CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 JULY 1999

13 April 1999

The Board of Directors
Vicplas International Ltd
18 Fan Yoong Road
Singapore 629795

Dear Sirs

This letter has been prepared for inclusion in the prospectus to be dated 13 April 1999 (the "Prospectus") in connection with the invitation in respect of 31,000,000 new ordinary shares of $0.05 each in the capital of Vicplas International Ltd (the “Company”) comprising 6,200,000 Offer Shares at $0.135 per share by way of public offer; up to 3,100,000 Reserved Shares of $0.135 per share by way of offer to employees and business associates of the Group; and 21,700,000 Placement Shares at $0.135 per share by way of placement payable in full on application.

We have examined the forecast of the Company and its subsidiaries (the “Group”) for the financial year ending 31 July 1999 as set out on pages 54 and 55 of this Prospectus under “Future Plans and Prospectus” in accordance with Singapore Standards on Auditing applicable to the examination of prospective financial information. The Directors are solely responsible for the forecast including the assumptions as set out on page 56 of the Prospectus on which it is based. The forecast includes results shown by unaudited consolidated interim financial statements for the seven months ended 28 February 1999.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast. Further, in our opinion, the forecast, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, is consistent with the accounting policies normally adopted by the Company and the Group, and is presented in accordance with Statements of Accounting Standard.

Yours faithfully

Deloitte & Touche
Certified Public Accountants
Singapore
The Directors confirm that the unaudited proforma consolidated balance sheet as at 28 February 1999 and profit and loss statement of the Group for the seven months ended 28 February 1999 set out below have been prepared on the basis of accounting policies consistent with those appearing in the Accountants’ report as set out on pages 61 to 75 of this Prospectus.

### UNAUDITED PROFORMA CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE SEVEN MONTHS ENDED 28 FEBRUARY 1999

<table>
<thead>
<tr>
<th></th>
<th>$’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>8,245</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>1,387</td>
</tr>
<tr>
<td>Taxation</td>
<td>(385)</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>1,002</td>
</tr>
</tbody>
</table>

### UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEET AS AT 28 FEBRUARY 1999

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>5,617</td>
</tr>
<tr>
<td>Current assets</td>
<td>7,600</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(4,043)</td>
</tr>
<tr>
<td>Net current assets</td>
<td>3,557</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>(2,896)</td>
</tr>
<tr>
<td></td>
<td>6,278</td>
</tr>
</tbody>
</table>

Represented by:–

Shareholders’ equity

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>5,000</td>
</tr>
<tr>
<td>Share premium</td>
<td>276</td>
</tr>
<tr>
<td>Accumulated profits</td>
<td>1,002</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>6,278</td>
</tr>
</tbody>
</table>
LETTER FROM THE REPORTING ACCOUNTANTS IN RELATION TO THE
UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEET
AS AT 28 FEBRUARY 1999 AND PROFIT AND LOSS STATEMENT
FOR THE SEVEN MONTHS ENDED 28 FEBRUARY 1999

13 April 1999

The Board of Directors
Vicplas International Ltd
18 Fan Yoong Road
Singapore 629795

Dear Sirs

This letter has been prepared for inclusion in the prospectus to be dated 13 April 1999 (the
"Prospectus") in connection with the invitation in respect of 31,000,000 new ordinary shares of
$0.05 each in the capital of Vicplas International Ltd (the "Company") comprising 6,200,000 Offer
Shares at $0.135 per share by way of public offer; up to 3,100,000 Reserved Shares of $0.135 per
share by way of offer to employees and business associates of the Group; and 21,700,000 Placement
Shares at $0.135 per share by way of placement payable in full on application.

We have reviewed the unaudited proforma consolidated balance sheet of Vicplas International Ltd
and its subsidiaries (the "Group") as at 28 February 1999 and the proforma consolidated profit and
loss statement for the seven months ended 28 February 1999, as set out on page 58 of the
Prospectus. These unaudited proforma consolidated balance sheet and profit and loss statement are
the responsibility of the Company's directors. Our responsibility is to issue a report on the unaudited
proforma consolidated balance sheet and profit and loss statement based on our review.

A review of the interim financial information consists principally of obtaining an understanding of the
system for the preparation of interim financial information, applying analytical review procedures to
financial data, making inquiries of persons responsible for financial and accounting matters. It is
substantially less in scope than an examination in accordance with Singapore Standards on Auditing
and Statements of Auditing Practice, the objective of which is the expression of an opinion regarding
the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the
financial information set out on page 58 of the Prospectus for it to be in conformity with Statements
of Accounting Standard.

Yours faithfully

Deloitte & Touche
Certified Public Accountants
Singapore
DIRECTORS' REPORT

13 April 1999

The Shareholders
Vicplas International Ltd
18 Fan Yoong Road
Singapore 629795

Dear Sirs,

This report has been prepared for inclusion in the Prospectus to be dated 13 April 1999 in connection with the Invitation by Vicplas International Ltd (the “Company”) in respect of 31,000,000 new ordinary shares of $0.05 each in the capital of the Company by way of public offer.

On behalf of the Directors of the Company, I report that, having made due inquiry in relation to the interval between 31 July 1998, the date to which the last audited accounts of the Company were made up, and the date hereof:–

(a) the business of the Company and its subsidiaries has, in the opinion of the Directors, been satisfactorily maintained;

(b) no circumstances have, in the opinion of the Directors, arisen since the last Annual General Meeting of the Company which would adversely affect the trading or the value of the assets of the Company or any of its subsidiaries;

(c) the current assets of the Company and of its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) no contingent liabilities have arisen by reason of any guarantees given by the Company or any of its subsidiaries; and

(e) there have been no changes in the published reserves or any unusual factors affecting the profit of the Company and its subsidiaries since the last audited accounts.

Yours faithfully
for and on behalf of the
Board of Directors

Chua Kim Hua
Chairman
Vicplas International Ltd
ACCOUNTANTS’ REPORT

13 April 1999

The Board of Directors
Vicplas International Ltd
18 Fan Yoong Road
Singapore 629795

Dear Sirs

A. INTRODUCTION

This report has been prepared for inclusion in the prospectus to be dated 13 April 1999 (the “Prospectus”) in connection with the invitation in respect of 31,000,000 new ordinary shares of $0.05 each in the capital of Vicplas International Ltd (“the Company”) comprising 6,200,000 Offer Shares at $0.135 per share by way of public offer; up to 3,100,000 Reserved Shares at $0.135 per share by way of offer to employees and business associates of the Group; and a minimum of 21,700,000 Placement Shares at $0.135 per share by way of placement payable in full on application.

The Company was incorporated in Singapore on 30 October 1998 as a private limited company under the name of Vicplas International Pte Ltd. On 6 April 1999, the Company was converted into a public limited company and its name was changed to Vicplas International Ltd.

The principal activities of the Company is that of an investment holding company.

At the date of incorporation, the authorised share capital of the Company was $100,000 divided into 100,000 ordinary shares of $1.00 each. Two subscribers’ shares of $1.00 each were issued at the date of incorporation.

The Vicplas International Ltd Group (“Vicplas Group”) was formed as a result of the Restructuring Exercise undertaken for the purpose of the Company’s listing on the Stock Exchange of Singapore Limited. The Restructuring Exercise involved the following transactions:–

(i) the acquisition by the Company of the entire issued share capital of Vicplas Holdings Pte Ltd (“Vicplas Holdings”) of 1,400,000 shares of $1.00 each held by Messrs Chua Kim Hua, Loh Beng Seng, Cheng Liang and Ms Chan, Doris Sue Ching for a total consideration of $5,275,509. The consideration was satisfied by the issue of 99,999,960 shares of $0.05 each in the capital of the Company at a premium of approximately 0.28 cents each to Messrs Chua Kim Hua, Loh Beng Seng, Cheng Liang and Ms Chan, Doris Sue Ching in proportion to their shareholdings in Vicplas Holdings. The consideration was arrived at based on the adjusted audited net tangible assets (“NTA”) of Vicplas Holdings as at 31 July 1998, taking into account the issue of 100,000 new shares of $1.00 each in the capital of Vicplas Holdings for a cash consideration of $100,000 subsequent to 31 July 1998;

(ii) the acquisition by the Company of the entire issued share capital of Vicplas Trading Pte Ltd (“Vicplas Trading”) of 50,000 shares of $1.00 each held by Messrs Loh Beng Seng and Cheng Liang for a total cash consideration of $2.00. The audited NTA of Vicplas Trading was nil as at 31 July 1998; and

(iii) the sale of 2,881,012 shares by Mr Cheng Liang to Mr Chua Kim Hua. The sale consideration was based on a discount of about 10% to the Issued Price.
A. INTRODUCTION (Cont’d)

At an Extraordinary General Meeting held on 5 April 1999, the shareholders of the Company approved, *inter alia*, the following:

(i) the sub-division of each ordinary share of $1.00 each in the existing authorised and issued paid-up share capital of the Company into 20 ordinary shares of $0.05 each in the capital of the Company;

(ii) an increase in its authorised share capital from $100,000 divided into 2,000,000 ordinary shares of $0.05 each to $20,000,000 divided into 400,000,000 ordinary shares of $0.05 each;

(iii) the Restructuring Exercise to consolidate companies within the Group, details are set out on page 25 of this Prospectus;

(iv) the conversion of the Company into a public limited company;

(v) the adoption of a set of new Articles of Association of the Company;

(vi) the issue of the New Shares which are the subject of the Invitation; and

(vii) that pursuant to Section 161 of the Companies Act, the Directors be authorised to allot and issue Shares from time to time for such purposes and upon such terms and conditions, as the Directors shall in their absolute discretion deem fit, provided that the aggregate number of Shares issued pursuant to such authority shall not exceed 10% of the issue share capital of the Company for the time being.

B. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The particulars of the subsidiaries in the Proforma Group which have been included in the preparation of the Proforma Statement of Group Results and Proforma Statement of Group Balance Sheets for each of the financial years ended 31 July 1994 to 1998 and Proforma Statement of Net Assets as at 31 July 1998 are as follows:

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Place and Date of Incorporation</th>
<th>Issued and Paid-Up Capital</th>
<th>Effective Equity Interest held by the Group %</th>
<th>Principal Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vicplas Holdings Pte Ltd</td>
<td>Singapore 1 April 1993</td>
<td>S$1,400,000</td>
<td>100</td>
<td>Manufacturing, trading and distributing of uPVC pipes and fittings.</td>
</tr>
<tr>
<td>Vicplas Trading Pte Ltd</td>
<td>Singapore 24 November 1987</td>
<td>S$50,000</td>
<td>100</td>
<td>Dormant.</td>
</tr>
</tbody>
</table>
B. BASIS OF PRESENTATION OF FINANCIAL INFORMATION (Cont'd)

The financial information set out in this report is expressed in Singapore dollars and shows the Proforma Statement of Group Results and Proforma Statement of Group Balance Sheets for each of the financial years ended 31 July 1994 to 1998 and the Proforma Statement of Net Assets as at 31 July 1998. The Proforma Statement of Group Results, Proforma Statement of Group Balance Sheets and Proforma Statement of Net Assets have been prepared on the assumption that the current Group structure as outlined above had been in existence throughout the period under review, or since the dates of incorporation or formation of the companies in the Group, if later. The financial information is based on the following and has been prepared on the basis of accounting policies set out in Section G after making such adjustments which we considered necessary:

(a) audited financial statements of Vicplas Holdings for the financial years ended 31 July 1994 to 1998;

(b) audited financial statements for the period from 1 November 1997 to 31 July 1998 and management accounts of Vicplas Trading for the financial years ended 31 July 1994 to 1997 and for the period from 1 August 1997 to 31 October 1997.

All material inter-company transactions and balances have been eliminated in the preparation of the Proforma Statement of Group Results, Proforma Statement of Group Balance Sheets and Proforma Statement of Net Assets.

There were no audit qualifications made to the audited financial statements of the companies within the Proforma Group in the last five financial years ended 31 July 1998.

As at 31 July 1998, the financial year end of all the subsidiaries within the Group is co-terminous.

Deloitte & Touche Singapore has acted as auditors of the Company since the date of incorporation on 30 October 1998 and Vicplas Holdings for the financial year ended 31 July 1998.

Chew Whye Lee & Co. Singapore acted as auditors of Vicplas Holdings for the accounting periods ended 31 July 1994 to 31 July 1997. They also acted as auditors of Vicplas Trading for the accounting periods ended 31 October 1994 to 31 October 1997 and for the accounting period from 1 November 1997 to 31 July 1998. For the financial statements of the subsidiaries not audited by us during the accounting periods covered by this report, we have performed a review or such audit work as we considered necessary on those financial statements and management accounts used, and are satisfied that the financial statements and management accounts are appropriate and proper for inclusion in the Proforma Statement of Group Results, Proforma Statement of Group Balance Sheets and Proforma Statement of Net Assets.
C. PROFORMA STATEMENT OF GROUP RESULTS

The Proforma Statement of Group Results for each of the five financial years up to 31 July 1998 prepared on the basis set out in paragraph B above, after making such adjustments as we considered appropriate, are as follows:

<table>
<thead>
<tr>
<th>Notes</th>
<th>Year Ended 31 July</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
</tr>
<tr>
<td>Turnover</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>2,679</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>Income tax</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>(19)</td>
</tr>
<tr>
<td>Profit attributable to Group</td>
<td></td>
</tr>
<tr>
<td>—</td>
<td>354</td>
</tr>
</tbody>
</table>

Notes:

1. Turnover

Turnover represents the invoiced value of goods sold less sales returns.

2. Profit Before Income Tax

Profit before income tax has been arrived at after charging (crediting):

<table>
<thead>
<tr>
<th>Notes</th>
<th>Year Ended 31 July</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
</tr>
<tr>
<td>Directors’ remuneration</td>
<td>216</td>
</tr>
<tr>
<td>Auditors’ remuneration</td>
<td>3</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment</td>
<td>193</td>
</tr>
<tr>
<td>Interest expense to non-related parties</td>
<td>50</td>
</tr>
<tr>
<td>Provision for doubtful receivables — trade</td>
<td>—</td>
</tr>
<tr>
<td>Bad receivables written off — trade</td>
<td>—</td>
</tr>
<tr>
<td>Bad receivables written off — others</td>
<td>—</td>
</tr>
<tr>
<td>Plant and equipment written off</td>
<td>—</td>
</tr>
<tr>
<td>Foreign exchange gain</td>
<td>—</td>
</tr>
<tr>
<td>Preliminary expenses written off</td>
<td>8</td>
</tr>
<tr>
<td>Bad receivables recovered — trade</td>
<td>—</td>
</tr>
<tr>
<td>Gain on disposal of plant and equipment</td>
<td>—</td>
</tr>
</tbody>
</table>
C. PROFORMA STATEMENT OF GROUP RESULTS (Cont’d)

3. Income Tax

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Current tax</td>
<td>13</td>
<td>118</td>
<td>—</td>
<td>172</td>
<td>955</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>6</td>
<td>26</td>
<td>73</td>
<td>202</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>19</td>
<td>144</td>
<td>73</td>
<td>374</td>
<td>979</td>
</tr>
</tbody>
</table>

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 26% to profit before income tax as a result of non-allowable items.

4. Related Party Transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decision.

Some of the Company’s transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are without fixed repayment terms and interest unless stated otherwise.

Significant related party transactions:

| Year Ended 31 July |
|--------------------|------|------|------|------|------|
| $’000              | $’000| $’000| $’000| $’000| $’000|
| Sale of goods      | 448  | 653  | 814  | 1,668| 2,111|
| Purchase of goods  | 238  | 151  | 80   | 318  | 971  |
| Rental of factory  | —    | —    | —    | —    | 23   |
| Rental of equipment| —    | —    | —    | 108  | 103  |
| Sale of plant and equipment | — | — | — | — | 60 |
| Purchase of plant and equipment | — | — | — | — | 179 |

65
**D. PROFORMA STATEMENT OF GROUP BALANCE SHEETS**

The Proforma Group Balance Sheets for each of the five financial years up to 31 July 1998 based on the basis set out in paragraph B above, after making such adjustments as we considered appropriate, are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

| Property, plant and equipment | 1,078 | 1,044 | 1,623 | 5,421 | 5,671 |
| Current assets              | 1,174 | 2,067 | 3,030 | 4,215 | 6,947 |
| Less: Current liabilities   | (1,292) | (1,836) | (3,185) | (4,346) | (4,280) |
| Net current assets (liabilities) | (118) | 231 | (155) | (131) | 2,667 |

**Non-current liabilities:**

- Long term debts: 
  - (2,043) (1,864)
- Deferred income tax: 
  - (6) (32) (105) (307) (331)
- Hire purchase creditors: 
  - (418) (253) (254) (537) (867)

<table>
<thead>
<tr>
<th>Total non-current liabilities</th>
<th>(424)</th>
<th>(285)</th>
<th>(359)</th>
<th>(2,887)</th>
<th>(3,062)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Represented by:</td>
<td>536</td>
<td>990</td>
<td>1,109</td>
<td>2,403</td>
<td>5,276</td>
</tr>
</tbody>
</table>

**Shareholders’ equity**

| 536 | 990 | 1,109 | 2,403 | 5,276 |

The movements in the shareholders’ equity of the Company for each of the five financial years were as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

| Balance brought forward | (14) | 536 | 990 | 1,109 | 2,403 |
| Add (deduct):          |      |     |     |       |       |
| Profit attributable to Group | — | 354 | 119 | 994 | 2,617 |
| Issue of shares        | 550 | 100 | —   | 300  | 400   |
| Dividend               | —   | —   | —   | —    | (244) |
| Proforma adjustments   | —   | —   | —   | —    | 100   |
| Balance carried forward| 536 | 990 | 1,109 | 2,403 | 5,276 |

Proforma adjustments represent the issue of 100,000 ordinary shares of $1.00 each at par by Vicplas Holdings subsequent to 31 July 1998. These will be recorded in the financial statements of the subsidiary for the financial year ending 31 July 1999.
E. STATEMENT OF ADJUSTMENTS

<table>
<thead>
<tr>
<th></th>
<th>Year Ended 31 July</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
</tr>
</tbody>
</table>

Operating profit per aggregation of financial statements of proforma group

|                      | 21   | 496  | 194  | 1,325 | 3,637 |

Adjustments:

Overaccrual of expenses (reversal)

|                      | —    | 2    | —    | 41    | (41)  |

Preliminary expenses written (off) back

|                      | (2)  | —    | (2)  | 2     | —     |

Operating profit per proforma statement of group results

|                      | 19   | 498  | 192  | 1,368 | 3,596 |

Income tax per aggregation of financial statements of proforma group

|                      | —    | 131  | —    | 162   | 1,296 |

Adjustments:

Adjustment to reverse (over) under provision of income tax and deferred income tax in prior years

|                      | 19   | 13   | 73   | 212   | (317) |

Income tax per proforma statement of group results

|                      | 19   | 144  | 73   | 374   | 979   |
F. PROFORMA STATEMENT OF NET ASSETS

The Proforma Statement of Net Assets of the Group and the Company as at 31 July 1998 is set out below:

<table>
<thead>
<tr>
<th>Notes</th>
<th>Group $'000</th>
<th>Company $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>102</td>
<td>—</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>4,886</td>
<td>—</td>
</tr>
<tr>
<td>Other receivables and prepaid expenses</td>
<td>136</td>
<td>—</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,823</td>
<td>—</td>
</tr>
<tr>
<td>Total current assets</td>
<td>6,947</td>
<td>—</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>5,671</td>
<td>—</td>
</tr>
<tr>
<td>Investment in subsidiaries</td>
<td>—</td>
<td>5,276</td>
</tr>
<tr>
<td>Total</td>
<td>12,618</td>
<td>5,276</td>
</tr>
<tr>
<td><strong>LIABILITIES AND SHAREHOLDERS' EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loans and overdrafts</td>
<td>197</td>
<td>—</td>
</tr>
<tr>
<td>Trade payables</td>
<td>2,160</td>
<td>—</td>
</tr>
<tr>
<td>Other payables</td>
<td>390</td>
<td>—</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>844</td>
<td>—</td>
</tr>
<tr>
<td>Proposed dividends</td>
<td>244</td>
<td>—</td>
</tr>
<tr>
<td>Current portion of obligations under hire purchase contracts</td>
<td>445</td>
<td>—</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>4,280</td>
<td>—</td>
</tr>
<tr>
<td>Non-current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term bank loan</td>
<td>1,864</td>
<td>—</td>
</tr>
<tr>
<td>Deferred income tax</td>
<td>331</td>
<td>—</td>
</tr>
<tr>
<td>Obligations under hire purchase contracts</td>
<td>867</td>
<td>—</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>3,062</td>
<td>—</td>
</tr>
<tr>
<td>Shareholders’ equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Share premium</td>
<td>276</td>
<td>276</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>5,276</td>
<td>5,276</td>
</tr>
<tr>
<td>Total</td>
<td>12,618</td>
<td>5,276</td>
</tr>
</tbody>
</table>
G. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which have been adopted in arriving at the financial information set out in this report and which conform with accounting principles generally accepted in Singapore are as follows:

ACCOUNTING CONVENTION — The financial statements expressed in Singapore dollars are prepared under the historical cost convention.

BASIS OF CONSOLIDATION — The Proforma Statement of Group Results and Proforma Balance Sheets incorporate the financial statements of the Group’s subsidiaries made up to the respective year/period ends and have been prepared on the assumption that the current Group structure has been in existence throughout the period under review.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

INVESTMENT IN SUBSIDIARIES — Investment in subsidiaries is stated at cost less provision for any permanent impairment in value of investment.

INVENTORIES — Inventories are stated at the lower of cost (first-in-first out method) and net realisable value. In the case of finished goods, manufactured cost includes direct labour, materials and appropriate proportion of overheads.

FOREIGN CURRENCY TRANSACTIONS — Transactions in foreign currencies are recorded in Singapore dollars at the rate ruling at the date of transaction. At each balance sheet date, recorded monetary balances that are denominated in foreign currencies are reported at the rate ruling at the balance sheet date. All realised and unrealised exchange adjustment gains and losses are dealt with in the profit and loss statement.

ASSETS UNDER HIRE PURCHASE — Where assets are held under hire purchase agreements, the assets are capitalised in the financial statements and the corresponding obligation treated as liability. The assets so capitalised are depreciated in accordance with the company’s accounting policy on depreciation of property, plant and equipment. The total interest, being the difference between the total instalments payable and the capitalised amount, is charged to the profit and loss statement to give a constant rate of charge on the remaining balance of the obligation.

INCOME TAX — Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant timing differences.

DEPRECIATION — Depreciation is provided on gross carrying amounts in equal annual instalments over the estimated lives of the assets. The annual rates of depreciation are as follows:

- Plant and machinery — 10% to 20%
- Office equipment — 10%
- Motor vehicles — 20%
- Leasehold property — Lease term of 8½%
- Leasehold improvements — 20%

Fully depreciated assets still in use are retained in the financial statements.
H. NOTES TO PROFORMA STATEMENT OF GROUP NET ASSETS AS AT 31 JULY 1998

1. General

The Company is incorporated in the Republic of Singapore. The principal activity of the Company is that of investment holding.

2. Trade Receivables

<table>
<thead>
<tr>
<th>Description</th>
<th>Group $'000</th>
<th>Company $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside parties</td>
<td>4,794</td>
<td>—</td>
</tr>
<tr>
<td>Provision for doubtful receivables</td>
<td>(293)</td>
<td>—</td>
</tr>
<tr>
<td>Related parties</td>
<td>385</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,886</strong></td>
<td><strong>—</strong></td>
</tr>
</tbody>
</table>

Movements in above provision:

<table>
<thead>
<tr>
<th>Description</th>
<th>Group $'000</th>
<th>Company $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>83</td>
<td>—</td>
</tr>
<tr>
<td>Charge to profit and loss</td>
<td>273</td>
<td>—</td>
</tr>
<tr>
<td>Provision no longer required</td>
<td>(63)</td>
<td>—</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>293</td>
<td>—</td>
</tr>
</tbody>
</table>

3. Other Receivables and Prepaid Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Group $'000</th>
<th>Company $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related party</td>
<td>99</td>
<td>—</td>
</tr>
<tr>
<td>Deposits</td>
<td>32</td>
<td>—</td>
</tr>
<tr>
<td>Prepayments</td>
<td>2</td>
<td>—</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>136</strong></td>
<td><strong>—</strong></td>
</tr>
</tbody>
</table>

4. Inventories

<table>
<thead>
<tr>
<th>Description</th>
<th>Group $'000</th>
<th>Company $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods</td>
<td>1,078</td>
<td>—</td>
</tr>
<tr>
<td>Raw materials</td>
<td>745</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,823</strong></td>
<td><strong>—</strong></td>
</tr>
</tbody>
</table>
5. Property, Plant and Equipment

<table>
<thead>
<tr>
<th>Leasehold property and improvements $'000</th>
<th>Office equipment $'000</th>
<th>Plant and machinery $'000</th>
<th>Motor vehicles $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>2,945</td>
<td>158</td>
<td>3,557</td>
<td>439</td>
</tr>
<tr>
<td>Additions</td>
<td>14</td>
<td>32</td>
<td>1,572</td>
<td>89</td>
</tr>
<tr>
<td>Disposals</td>
<td>—</td>
<td>—</td>
<td>(416)</td>
<td>—</td>
</tr>
<tr>
<td>At end of year</td>
<td>2,959</td>
<td>190</td>
<td>4,713</td>
<td>528</td>
</tr>
<tr>
<td>Accumulated depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>316</td>
<td>26</td>
<td>1,138</td>
<td>198</td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>285</td>
<td>25</td>
<td>688</td>
<td>106</td>
</tr>
<tr>
<td>Disposals</td>
<td>—</td>
<td>—</td>
<td>(63)</td>
<td>—</td>
</tr>
<tr>
<td>At end of year</td>
<td>601</td>
<td>51</td>
<td>1,763</td>
<td>304</td>
</tr>
<tr>
<td>Net book value:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At beginning of year</td>
<td>2,629</td>
<td>132</td>
<td>2,419</td>
<td>241</td>
</tr>
<tr>
<td>At end of year</td>
<td>2,358</td>
<td>139</td>
<td>2,950</td>
<td>224</td>
</tr>
</tbody>
</table>

Plant and machinery with a total cost of $2,292,990 are under hire purchase agreements.

6. Investment in Subsidiaries

<table>
<thead>
<tr>
<th>Company</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unquoted equity shares, at cost</td>
<td>5,276</td>
</tr>
</tbody>
</table>

Details of the subsidiaries are as follows:

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Place and Date of Incorporation</th>
<th>Effective Equity Interest held by the Group %</th>
<th>Principal Activities</th>
<th>Cost of Investment $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vicplas Holdings Pte Ltd</td>
<td>Singapore</td>
<td>100</td>
<td>Manufacture, trading and distribution of uPVC pipes and fittings.</td>
<td>5,276</td>
</tr>
<tr>
<td>Vicplas Trading Pte Ltd</td>
<td>Singapore</td>
<td>100</td>
<td>Dormant.</td>
<td>—</td>
</tr>
</tbody>
</table>

5,276
### 7. Bank Loan and Overdrafts

<table>
<thead>
<tr>
<th></th>
<th>Group $'000</th>
<th>Company $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank loan (Note 10)</td>
<td>180</td>
<td>—</td>
</tr>
<tr>
<td>Bank overdrafts (Note 10)</td>
<td>17</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>197</td>
<td>—</td>
</tr>
</tbody>
</table>

### 8. Trade Payables

<table>
<thead>
<tr>
<th></th>
<th>Group $'000</th>
<th>Company $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside parties</td>
<td>1,090</td>
<td>—</td>
</tr>
<tr>
<td>Bills payables</td>
<td>880</td>
<td>—</td>
</tr>
<tr>
<td>Related party</td>
<td>190</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,160</td>
<td>—</td>
</tr>
</tbody>
</table>

### 9. Other Payables

<table>
<thead>
<tr>
<th></th>
<th>Group $'000</th>
<th>Company $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>162</td>
<td>—</td>
</tr>
<tr>
<td>Outside parties</td>
<td>95</td>
<td>—</td>
</tr>
<tr>
<td>Related parties</td>
<td>133</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>390</td>
<td>—</td>
</tr>
</tbody>
</table>

### 10. Long Term Bank Loan

<table>
<thead>
<tr>
<th></th>
<th>Group $'000</th>
<th>Company $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank loan</td>
<td>2,044</td>
<td>—</td>
</tr>
<tr>
<td>Less: Current portion of bank loan (Note 7)</td>
<td>(180)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Non-current portion</strong></td>
<td>1,864</td>
<td>—</td>
</tr>
</tbody>
</table>

The bank loan together with other bank facilities are secured by way of a legal mortgage over the Company’s leasehold property (Note 5). The bank facilities are also guaranteed by certain directors/shareholders for an amount up to $3,345,000.
11. Obligations under Hire Purchase Contracts

<table>
<thead>
<tr>
<th></th>
<th>Group $'000</th>
<th>Company $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within twelve months</td>
<td>520</td>
<td></td>
</tr>
<tr>
<td>Due after twelve months</td>
<td>992</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,512</td>
<td></td>
</tr>
<tr>
<td>Finance charges allocated to future periods</td>
<td>(200)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,312</td>
<td></td>
</tr>
<tr>
<td>Current portion</td>
<td>(445)</td>
<td></td>
</tr>
<tr>
<td>Non-current portion</td>
<td>867</td>
<td></td>
</tr>
</tbody>
</table>

The rate of interest is about 3% to 7% per annum.

12. Deferred Income Tax

This represents the tax effect of excess capital allowances over depreciation.

13. Share Capital

<table>
<thead>
<tr>
<th></th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised</td>
<td></td>
</tr>
<tr>
<td>100,000 ordinary shares of $ 1.00 each on incorporation</td>
<td>100</td>
</tr>
<tr>
<td>Subdivision of 100,000 ordinary shares of $1.00 each into 2,000,000 ordinary shares of $0.05 each</td>
<td>100</td>
</tr>
<tr>
<td>Increase in authorised share capital by the creation of an additional 398,000,000 ordinary shares of $0.05 each</td>
<td>19,900</td>
</tr>
<tr>
<td>400,000,000 ordinary shares of $0.05 each</td>
<td>20,000</td>
</tr>
</tbody>
</table>

Issued and paid-up

|                        |       |
| 2 ordinary shares of $ 1.00 each issued on incorporation | —     |
| Subdivision of 2 ordinary shares of $1.00 each into 40 ordinary shares of $0.05 each | —     |
| 99,999,960 ordinary shares issued in accordance with the Restructuring Exercise set out on page 25 of the Prospectus | 5,000 |
| 100,000,000 ordinary shares of $0.05 each issued | 5,000 |

14. Share Premium

The share premium balance arose due to the issue of 99,999,960 ordinary shares at a premium of approximately 0.28 cents each.
15. Commitments

As at 31 July 1998, the Group has the following commitments:

(a) factory lease of approximately $78,000 per annum, subject to annual revision until November 2008; and

(b) equipment rental of approximately $110,400 per annum until July 2001.

16. Subsequent Events

Subsequent to 31 July 1998 the subsidiary, Vicplas Holdings issued 100,000 ordinary shares of $1.00 each at par for cash for working capital purposes.

I. NET TANGIBLE ASSETS BACKING

The net tangible assets backing of the Group for each ordinary share of $0.05 is based on the net tangible assets of the Group as at 31 July 1998 and after taking into the account the following:

<table>
<thead>
<tr>
<th>NET TANGIBLE ASSETS</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net tangible assets as at 31 July 1998</td>
<td>5,276</td>
</tr>
<tr>
<td>Proceeds from the issue of Shares at $0.135 per share which is the subject of this Invitation</td>
<td>4,185</td>
</tr>
<tr>
<td>Less: Estimated issue expenses</td>
<td>(500)</td>
</tr>
<tr>
<td>Adjusted net tangible assets</td>
<td>8,961</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ISSUED SHARE CAPITAL</th>
<th>Number of Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued and fully paid ordinary shares of $1.00 each as at 31 July 1998</td>
<td>2</td>
</tr>
<tr>
<td>Sub-division of 2 ordinary shares of $1.00 each into 40 ordinary Shares of $0.05 each pursuant to the Stock Split</td>
<td>40</td>
</tr>
<tr>
<td>New shares issued pursuant to the restructuring exercise</td>
<td>99,999,960</td>
</tr>
<tr>
<td>Pre-Invitation share capital</td>
<td>100,000,000</td>
</tr>
<tr>
<td>New Shares which are subject of the Invitation</td>
<td>31,000,000</td>
</tr>
<tr>
<td>Post-Invitation share capital</td>
<td>131,000,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NET TANGIBLE ASSETS BACKING PER ISSUED AND FULLY PAID SHARE OF $0.05 EACH</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-flotation</td>
<td>5.28 cents</td>
</tr>
<tr>
<td>Post-flotation</td>
<td>6.84 cents</td>
</tr>
</tbody>
</table>
J. DIVIDENDS

The Company has not paid or proposed any dividend since incorporation.

No dividends were paid or proposed by any of the subsidiaries in the Proforma Group for the five preceding financial years except that Vicplas Holdings has declared a first and final dividend of 25.385 cents per ordinary share less tax on the ordinary shares of the company totalling $244,200 in respect of the financial year ended 31 July 1998.

K. AUDITED FINANCIAL STATEMENTS

No audited financial statements of the Company have been prepared for any period subsequent to 31 July 1998.

Yours faithfully

Deloitte & Touche
Certified Public Accountants
Singapore
INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. The names, ages, addresses and current occupations of the Directors of the Company and Executive Officers of the Group are set out on page 49 of this Prospectus.

2. Information on the business and working experience of the Directors is set out below:–

Chua Kim Hua was appointed to the Board of Directors in 1998. He is presently the non-executive Chairman of the Group. Mr Chua has more than 30 years of experience in the building and construction industry. His other business interests include property, agriculture, construction and trading businesses of the King Wan group of companies. Mr Chua is also actively involved in public service and was conferred the Long Service Award by the Ministry of Education. He is currently also the Vice Chairman of the Nam Soon Community Club and patron of the Citizens Consultative Committee for Bukit Batok.

Loh Beng Seng, co-founder of Vicplas Holdings, is the Managing Director of the Group. He is actively involved in the Group's business development, in particular, strategic planning, new product development, marketing and overall corporate management. Mr Loh also oversees the financial and accounting functions, in particular credit control, of the Group. Prior to founding Vicplas Holdings, Mr Loh has more than 18 years of experience in Singa Plastics Ltd, a company in the plastics industry which is principally engaged in the manufacture of a wide range of plastic products for households, industrial packaging, material handling besides providing custom moulding and mould fabrication services.

Cheng Liang, one of the co-founders of Vicplas Holdings, is an Executive Director of the Group. He is responsible for overseeing the manufacturing operations of the Group and the procurement of specialised machines and raw materials including chemicals and additives. Mr Cheng, together with Mr Loh Beng Seng, also oversees the financial and human resource functions of the Group. Prior to founding Vicplas Holdings, he was involved in tin smelting in Singapore and South Korea, tin trading on the London Metal Exchange and forex trading.

Lim Hock Beng joined the Company as an independent non-executive director in April 1999. He is currently the managing director of Aries Investments Pte Ltd and the Senior Advisor to Lim Associates (Pte) Ltd, a company which was founded by him in 1968 and has been providing comprehensive corporate secretarial services to private and public companies. He has more than 30 years of experience in corporate secretarial work and was the managing director of Lim Associates (Pte) Ltd for 27 years before he retired in 1995. He currently holds directorships in various companies including two listed companies.

Ang Mong Seng joined the Company as an independent non-executive director in April 1999. Mr Ang is a Member of Parliament for the Bukit Gombak constituency and has been the Chairman and Chief Executive Officer of Hong Kah Town Council since 1997. He has more than 21 years of experience in estate and property management. Prior to that, he was with the Sembawang Town Council between 1988 and 1996 and HDB between 1976 and 1987.

3. The list of present and past directorships of each Director for the last five years, excluding those held in the Company, is set out below:–

<table>
<thead>
<tr>
<th>Name</th>
<th>Present Directorships</th>
<th>Past Directorships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chua Kim Hua</td>
<td>Bandar Construction Co Pte Ltd</td>
<td>Eco Industrial Environmental Engineering Pte Ltd</td>
</tr>
<tr>
<td></td>
<td>Chua Kim Hua Investments Pte Ltd</td>
<td>Intercorp Solutions Pte Ltd</td>
</tr>
<tr>
<td></td>
<td>Hai Xin Investment Pte Ltd</td>
<td>King's Sin Hang Trading Pte Ltd</td>
</tr>
<tr>
<td></td>
<td>K&amp;W Mobile Loo Services Pte Ltd</td>
<td>Plus Link Industries Pte Ltd</td>
</tr>
<tr>
<td></td>
<td>King Wan Construction Pte Ltd</td>
<td>Prince Development Pte Ltd</td>
</tr>
<tr>
<td></td>
<td>King Wan Trading Pte Ltd</td>
<td>Sinocity Enterprises Pte Ltd</td>
</tr>
<tr>
<td></td>
<td>Kunshan Kinghwa Hardware &amp; Machinery Co Ltd</td>
<td></td>
</tr>
</tbody>
</table>

76
<table>
<thead>
<tr>
<th>Name</th>
<th>Present Directorships</th>
<th>Past Directorships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loh Beng Seng</td>
<td>Kepp Sett Co (Pte) Ltd, Rimplas Industries Pte Ltd, Rimplas Industries Sdn Bhd, Vicplas Holdings Pte Ltd, Vicplas Trading Pte Ltd</td>
<td>Vicplas Industries Pte Ltd</td>
</tr>
<tr>
<td>Ang Mong Seng</td>
<td>Poh Lian Holdings Ltd</td>
<td>Nil</td>
</tr>
</tbody>
</table>
4. Information on the business and working experience of the Executive Officers of the Group is given below:–

Mr Chua Len Chuan is the Operations Manager of Vicplas Holdings where he is responsible for the overall management of the production plants in Singapore. He joined the Group in early 1997 as an Assistant Operations Manager before being promoted to his current designation in 1998. Prior to joining Vicplas, he worked as a Production Manager with Overking Industrial Pte Ltd. He has extensive knowledge of uPVC materials and products and more than 20 years of experience in injection moulding, blow moulding and extrusion processes.

Ms Tan Siew Kiang is the Financial Controller of the Vicplas Group, responsible for the Group's finance and corporate affairs functions. Ms Tan joined the Group in April 1999 and prior to that, was the financial controller of Rhenus Transport (S) Pte Ltd, a German freight forwarding company for 17 years. Ms Tan holds a Bachelor of Accountancy (Hons.) degree from the then University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore.

Mr Lau Seng Khin is the Assistant Production Manager of Vicplas Holdings. His responsibilities include production planning, supervision of production personnel and utilisation of resources. He is also one of the ISO 9002 Steering Committee member. Prior to joining Vicplas in early 1998, he worked as a Senior Process Engineer with General Magnetics Pte Ltd. He has more than 25 years of working experience in servicing and repairing of injection moulds and injection moulding process. He also has extensive knowledge in plastic engineering and hot runner system moulding processes.

Mr Tan Wee Kiat is the Assistant Sales Manager of Vicplas Holdings. He has more than five years of experience in the building and construction industry. He is responsible for promoting and selling the Group's wide range of products in local markets. He currently manages more than 100 customer accounts and is actively prospecting and cultivating new customer accounts. He joined the Group in early 1997 as a Sales Executive and was recently promoted to the existing position.

Mr Ng Lian Seng is the Assistant Technical Manager of Vicplas Holdings. He is responsible for the formulating of uPVC compound used in manufacturing processes besides conducting testing and analysis on possible new applications. He is also responsible for trouble-shooting technical problems relating to pipe extrusion and profile trunking processes. He has more than 15 years of experience in the formulation and processing of PVC compound for manufacturing applications such as the injection moulding and extrusion processes. Mr Ng joined Vicplas Holdings in August 1998.

5. Save as disclosed below, none of the Executive Officers currently hold directorships or held any past directorships for the last five years:–

<table>
<thead>
<tr>
<th>Name</th>
<th>Present Directorships</th>
<th>Past Directorships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chua Len Chuan</td>
<td>Anfoo Singapore Pte Ltd</td>
<td>Great Cheers Industries (S) Pte Ltd</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sunplast Industrial (S) Pte Ltd</td>
</tr>
</tbody>
</table>

None of the Executive Officers has any shareholdings in the Company and its subsidiaries as at the date of this Prospectus.

6. No Director or Executive Officer is or was involved in any of the following events:–

(a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
(b) a conviction of any offence, other than a traffic offence, or a judgement, including findings in relation to fraud, misrepresentation or dishonesty, given against him, in any civil proceedings in Singapore or elsewhere, or any proceedings now pending which may lead to such a conviction or judgment, or aware of any criminal investigation pending against him;

(c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or governmental body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity; or

(d) an accusation of any criminal offence involving fraudulent or dishonest conduct or being, either in the past or at present, investigated for, or the subject of any investigation for, any such offence in Singapore or elsewhere.

7. The aggregate emoluments (including CPF contributions thereon) paid to the then existing Directors for services rendered in all capacities to the Company and its subsidiaries in FY1998 amounted to approximately $385,000. The aggregate emoluments payable to the present Directors in FY1999 under the arrangements in force at the date of this Prospectus, including the service agreements referred to on pages 50 to 51 of this Prospectus, is approximately $512,000.

8. Save as disclosed on pages 50 to 51 of this Prospectus, there are no existing or proposed service contracts between the Directors and the Company or any of its subsidiaries.

9. The Directors and Executive Officers are unrelated by blood or marriage to one another nor are they so related to any substantial shareholder of the Company.

10. No option to subscribe for shares in, or debentures of, the Company or any of its subsidiaries has been granted to, or was exercised by, any Director or Executive Officer within the last financial year.

11. No person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of the Company or its subsidiaries.

12. Save as disclosed on pages 43 to 46 of this Prospectus, no Director or expert is interested, directly or indirectly, in the promotion of, or in any assets acquired or disposed of by, or leased to, the Company or any of its subsidiaries within two years preceding the date of this Prospectus, or in any proposal for such acquisition or disposal or lease as aforesaid.

13. Save as disclosed on pages 43 to 46 of this Prospectus, no Director has any interest in any existing contract or arrangement which is significant in relation to the business of the Group taken as a whole.

14. Save as disclosed on pages 47 to 49 of this Prospectus, no Director, substantial shareholder or Executive Officer has any interest, direct or indirect, in any business carrying on a similar trade as the Company or any of its subsidiaries.

15. There is no shareholding qualification for Directors in the Articles of Association of the Company.
16. The interests of the Directors and substantial shareholders in the Shares as at the date of this Prospectus and as recorded in the Register of Directors’ Shareholdings and the Register of Substantial Shareholders maintained under the provisions of the Companies Act (Chapter 50) are as follows:

<table>
<thead>
<tr>
<th>Directors</th>
<th>Number of Shares registered in the names of Directors and substantial shareholder</th>
<th>Number of Shares in which the Directors and substantial shareholders are deemed to have an interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chua Kim Hua</td>
<td>32,881,000</td>
<td>32.9</td>
</tr>
<tr>
<td>Loh Beng Seng</td>
<td>20,000,012</td>
<td>20.0</td>
</tr>
<tr>
<td>Cheng Liang</td>
<td>22,118,998</td>
<td>22.1</td>
</tr>
<tr>
<td>Lim Hock Beng</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Ang Mong Seng</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Save as disclosed above, no Director has any interest in the Shares, including the New Shares which are the subject of this Invitation.

17. No sum has been paid or has been agreed to be paid to any Director or to any firm in which a Director is a partner in cash or in shares or otherwise by any person to induce him to become a Director in connection with the promotion or formation of the Company.

SHARE CAPITAL

18. As at the date of this Prospectus, there is only one class of shares in the capital of the Company. The rights and privileges attached to the Shares are stated in the Articles of Association of the Company. There are no founder, management or deferred shares.

19. Save as disclosed herein, there were no changes in the issued and paid-up share capital of the Company or any of its subsidiaries within the two years preceding the date of this Prospectus.

Vicplas

<table>
<thead>
<tr>
<th>Date of Issue</th>
<th>No. of shares issued</th>
<th>Par Value</th>
<th>Issue Price</th>
<th>Purpose of Issue</th>
<th>Consideration</th>
<th>Parties issued with Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 October 1998</td>
<td>2</td>
<td>$1.00</td>
<td>$1.00</td>
<td>Incorporation</td>
<td>$2.00 (cash)</td>
<td>Loh Beng Seng (1 share) Cheng Liang (1 share)</td>
</tr>
<tr>
<td>5 April 1999</td>
<td>99,999,960</td>
<td>$0.05</td>
<td>$0.0528</td>
<td>Restructuring Exercise</td>
<td>$5,275,509 (satisfied by the acquisition of the entire issued and paid-up capital of Vicplas Holdings and Vicplas Trading)</td>
<td>Chua Kim Hua (29,999,988 shares) Loh Beng Seng (19,999,992 shares) Cheng Liang (24,999,990 shares) Chan, Doris Sue Ching (24,999,990 shares)</td>
</tr>
</tbody>
</table>
Vicplas Holdings

<table>
<thead>
<tr>
<th>Date of Issue</th>
<th>No. of shares issued</th>
<th>Par Value</th>
<th>Issue Price</th>
<th>Purpose of Issue</th>
<th>Consideration</th>
<th>Parties issued with Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 July 1998</td>
<td>400,000</td>
<td>$1.00</td>
<td>$1.00</td>
<td>Capitalisation of amount owing to directors</td>
<td>$400,000 (cash)</td>
<td>Cheng Liang (265,000 shares) Loh Beng Seng (135,000 shares)</td>
</tr>
<tr>
<td>9 November 1998</td>
<td>100,000</td>
<td>$1.00</td>
<td>$1.00</td>
<td>Shareholding restructuring</td>
<td>$100,000 (cash)</td>
<td>Chua Kim Hua (85,000 shares) Chan, Doris Sue Ching (15,000 shares)</td>
</tr>
</tbody>
</table>

20. Save as disclosed above, no shares or debentures were issued or were agreed to be issued by the Company or its subsidiaries for cash or for a consideration other than cash during the past three years.

ARTICLES OF ASSOCIATION

21 (a). The following provisions of the Articles of Association of the Company relate to the remuneration, restrictions on voting rights and borrowing powers of the Directors:

Appointment, Retirement and Removal of Directors

Article 75

Subject as hereinafter provided, the Directors, all of whom shall be natural persons, shall not be less than two nor more than twelve (12) in number. The Company may by Ordinary Resolution from time to time vary the maximum number of Directors.

Article 76

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at General Meetings.

Article 88

The Company may by Ordinary Resolution appoint any person to be a Director either as an additional Director or to fill a casual vacancy. Without prejudice thereto the Directors shall also have power at any time so to do, but so that the total number of Directors shall not thereby exceed the maximum number fixed by or in accordance with these presents. Any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Article 89

At each Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Provided that no Director holding office as Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. For the avoidance of doubt, each Director (other than a Director holding office as Managing Director) shall retire at least once every three years.
Article 90

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot. A retiring Director shall be eligible for re-election.

Article 91

The Company at the meeting at which a Director retires under any provision of these presents may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:—

(a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or

(b) where such Director has given notice in writing to the Company that he is unwilling to be re-elected; or

(c) where the default is due to the moving of a resolution in contravention of the next following Article; or

(d) where such Director has attained any retiring age applicable to him as Director.

The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

Article 92

A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it, and any resolution moved in contravention of this provision shall be void.

Article 93

No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any General Meeting unless not less than eleven clear days and not more than forty-two days (inclusive of the date on which the notice is given) before the date appointed for the meeting there shall have been lodged at the Office notice in writing signed by some member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected, Provided that in the case of a person recommended by the Directors for election, not less than nine clear days' notice shall be necessary and notice of each and every such person shall be served on the members at least seven days prior to the meeting at which the election is to take place.
Article 94

The office of a Director shall be vacated in any of the following events, namely:–

(a) if he shall become prohibited or disqualified by the Statutes or any other law from acting as a Director; or

(b) if (not being a Director holding any executive office for a fixed term) he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer; or

(c) if he shall become bankrupt or have a receiving order made against him or shall make arrangement or composition with his creditors generally; or

(d) if he becomes of unsound mind, or if in Singapore or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or

(e) is absent, for more than six months and without leave of the Directors, from meetings of the Directors held during that period; or

(f) if he is removed by the Company in General Meeting pursuant to these presents.

Article 95

The Company may in accordance with and subject to the provisions of the Statutes, by Ordinary Resolution of which special notice has been given, remove any Director from office (notwithstanding any provision of these presents or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement) and appoint another person in place of a Director so removed from office, and any person so appointed shall be treated for the purpose of determining the time at which he or any other Director is to retire by rotation as if he had become a Director on the day on which the Director in whose place he is appointed was last appointed a Director.

Article 96

(A) Any Director may at any time by writing under his hand and deposited at the Office, or delivered at a meeting of the Directors, appoint any person (other than another Director or a person who has already been appointed alternate for another Director) to be his alternate Director and may in like manner at any time terminate such appointment. Such appointment, unless previously approved by a majority of the Directors, shall have effect only upon and subject to being so approved.

(B) The appointment of an alternate Director shall determine on the happening of any event which if he were a Director would cause him to vacate such office or if the Director concerned (below called “his principal”) ceases to be a Director.
Directors’ Remuneration

Article 77

The ordinary remuneration of the Directors, which shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The ordinary remuneration of the non-executive Directors shall be payable by a fixed sum and not by a commission on or percentage of profits or turnover.

Article 78

Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine, other than by a commission on or percentage of commission or turnover. Provided that such extra remuneration payable to non-executive Directors shall be by a fixed sum, and not by a commission on or a percentage of profits or turnover.

Article 79

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.

Article 80

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

Article 81

A Director may be party to or be in any way interested in any contract or arrangement or transaction to which the Company is a party or in which the Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Company or any subsidiary thereof) under the Company or any other company in which the Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

Article 86

The remuneration of a Managing Director shall from time to time be fixed by the Directors and may subject to these presents be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.
**Article 96(D)**

An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct.

**Restrictions on the Voting Rights of Directors**

**Article 100**

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

**Borrowing Powers of Directors**

**Article 108**

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(b) The following provisions of the Articles of Association of the Company relate to the transfer of shares and voting rights of members:

**Transfer of Shares**

**Article 33**

All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and each stock exchange upon which the shares in the Company may be listed. An instrument of transfer shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided that CDP shall not be required to sign, as transferee, any instrument of transfer relating to any transfer of shares to it during such period as the Directors may think fit. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.

**Article 34**

The Registers of Members and of Transfers may be closed at such times and for such periods as the Directors may from time to time determine, Provided Always that such Registers shall not be closed for more than thirty days in any year, and that the Company, shall give prior notice of each such closure, as may be required, to any stock exchange upon which the shares in the Company may be listed, stating the period and purpose or purposes for which such closure is made.
Article 35

(A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of any stock exchange on which the shares in the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

(B) The Directors may decline to register any instrument of transfer unless:–

(a) such fee not exceeding S$2.00 as the Directors may from time to time require is paid to the Company in respect thereof;

(b) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(c) the instrument of transfer is in respect of only class of shares.

Article 36

All instruments of transfer which are registered may be retained by the Company.

Article 37

The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Provided Always that:–

(a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

(b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and

(c) references herein to the destruction of any document include references to the disposal thereof in any manner.
Article 45

The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previous to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units (not being greater than the nominal amount of the shares from which the stock arose) as the Directors may from time to time determine.

Voting Rights of Members

Article 8

(A) In the event of preference shares being issued, the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.

(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

Article 9

(A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two or more persons holding at least one-third in nominal value of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.

(B) The provisions in Article 9(A) shall mutatis mutandis apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.
Article 46

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

Article 59

At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:–

(a) the chairman of the meeting; or

(b) not less than two members present in person or by proxy and entitled to vote; or

(c) any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(d) any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid on all the shares conferring that right,

Provided Always that no poll shall be demanded on the choice of the chairman of the meeting or on a question of adjournment. A demand for a poll may be withdrawn only with the approval of the meeting.

Article 60

Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

Article 61

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.
Article 62

A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman of the meeting may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

Article 63

Subject to any special rights or restrictions as to voting attached by or in accordance with these presents to any class of shares, on a show of hands every member who is present in person or by proxy shall have one vote, the chairman of the meeting to determine which proxy shall be entitled to vote where a member is represented by two proxies, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. A member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a member, or attend, vote or act at any meeting of the Company.

Article 64

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.

Article 65

Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.

Article 66

No member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum payable by him to the Company in respect of such shares remains unpaid.

Article 67

No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

Article 68

On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
Article 42

A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:–

(a) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty-eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of the Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;

Article 69

(A) A member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting, Provided that if a member shall nominate two proxies then the member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

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

Article 70

(A) An instrument appointing a proxy for any member shall be in writing in any usual or common form or in any other form which the Directors may approve and:–

(a) in the case of an individual member, shall be signed by the member or his attorney duly authorised in writing; and

(b) in the case of a member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorised officer of the corporation.

(B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument of proxy may be treated as invalid.
Article 71

An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not be required to be delivered again for the purposes of any subsequent meeting to which it relates.

Article 72

An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll and to speak at the meeting.

Article 73

A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

Article 74

Any corporation which is a member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat.

BANK BORROWINGS AND WORKING CAPITAL

22. Save as disclosed on page 51 of this Prospectus and in the Accountants’ Report, the Company and its subsidiaries had as at 31 July 1998, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptances credits, mortgages, charges, hire purchase commitments, guarantees or other contingent liabilities.

23. In the opinion of the Directors, the minimum amounts which must be raised by the issue of the New Shares in order to provide for the following items are as follows:–

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<th>Item</th>
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<td>(a) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the invitation;</td>
<td>Nil</td>
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<tr>
<td>(b) estimated preliminary expenses (including underwriting and placement commission) for the Invitation payable by the Company;</td>
<td>Nil</td>
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(c) the repayment of any money borrowed by the Company in respect of any of the foregoing matters; and Nil

(d) Working capital Nil

Total minimum amount which must be raised by the issue of New Shares Nil

No amount is required to be provided in respect of the matters aforesaid otherwise than out of the proceeds of this Invitation.

24. The Directors are of the opinion that, after taking into account the present banking facilities, the Group has adequate working capital for its present requirements.

MATERIAL CONTRACTS

25. The following contracts not being contracts entered into in the ordinary course of business of the Company and its subsidiaries (as the case may be) have been entered into by the Company and its subsidiaries (as the case may be) within the two years preceding the date of this Prospectus and are or may be material:–

(a) Leasing Agreement dated 27 November 1998 entered into between (1) King Wan as lessor and (2) Vicplas Holdings as lessee in connection with the rental of various items of equipment used in uPVC fitting manufacturing processes from King Wan for Vicplas Holdings’ manufacturing activities for a period of three (3) years commencing 1 August 1998. The rental amounts to approximately $110,400 per annum.

(b) Lease Agreement dated 1 February 1999 entered into between (1) King Wan as lessor and (2) Vicplas Holdings as lessee in connection with the lease of approximately 9,897 square feet of King Wan’s factory premises at 22, Jurong Port Road, Singapore for a period of one (1) year commencing 1 February 1999. The rental amounts to $100,956 per annum.

(c) Restructuring Agreement dated 5 April 1999 entered into between (1) Chua Kim Hua, (2) Loh Beng Seng, (3) Cheng Liang, (4) Chan Doris Sue Ching (together the “Vendors”), and (5) the Company, pursuant to which the Company acquired the entire issued and paid-up capital of Vicplas Holdings from the Vendors and in exchange, the Vendors acquired shares in the capital of Company.

(d) Share Option Agreement dated 12 April 1999 entered into between (1) the Substantial Shareholders and (2) the Company referred to on page 48.

(e) Business Option Agreement dated 12 April 1999 entered into between (1) Rimplas and (2) the Company referred to on page 48.

(f) An agreement dated 7 April 1999 made between (1) the Company and (2) CDP pursuant to which CDP agreed to act as central depository for the Company’s securities for trades in the securities of the Company through the SES.

(g) The Management and Underwriting Agreement dated 13 April 1999 made between (1) the Company and (2) DBS Bank referred to in paragraph 27(a) on page 93.

(h) The Placement Agreement dated 13 April 1999 made between (1) the Company and (2) DBS Bank referred to in paragraph 27(c) on page 93.
LITIGATION

26. There has been no legal or arbitration proceedings pending or threatened against any member of the Group which may have or have had during the previous 12 months, a significant effect on the Group's financial position. Neither the Company nor its subsidiaries are engaged in any litigation either as plaintiff or defendant in respect of any amounts or claims which are material in the context of this Invitation. The Directors are not aware of any proceedings pending or threatened against the Company or its subsidiaries or any facts likely to give rise to any proceedings which might materially affect the financial position of the Company or its subsidiaries.

MANAGEMENT AND UNDERWRITING ARRANGEMENTS

27. (a) Pursuant to the management and underwriting agreement (the “Management and Underwriting Agreement”) dated 13 April 1999, the Company appointed DBS Bank to manage the Invitation and underwrite the Offer Shares. DBS Bank will receive a management fee from the Company for its services rendered in connection with the Invitation.

(b) Pursuant to the Management and Underwriting Agreement, DBS Bank agreed to underwrite the Offer Shares for a commission of 1.5% of the Issue Price for each Offer Share.

(c) Pursuant to the placement agreement (the “Placement Agreement”) dated 13 April 1999, DBS Bank agreed to subscribe or procure subscriptions for the Placement Shares for a placement commission of 1.5% of the Issue Price for each Placement Share.

(d) Brokerage will be paid by the Company to members of the Stock Exchange, merchant banks and members of the Association of Banks in Singapore in respect of accepted applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at the ATMs of the relevant Participating Banks, at the rate of 1.0% of the Issue Price for each Offer Share and at a rate of 1.0% of the Issue Price of each Placement Share.

(e) Save as aforesaid, no commission, discount or brokerage, has been paid or other special terms granted within the two years preceding the date of this Prospectus or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company.

(f) The Management and Underwriting Agreement may be terminated by the Underwriter at any time on or before the closing of the Application List on the occurrence of certain events including, inter alia, changes in political, financial or economic conditions in Singapore or abroad which result, inter alia, in the Singapore stock market being materially and adversely affected.

(g) The Placement Agreement is conditional upon the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement.

MISCELLANEOUS

28. The nature of the business of the Company is stated on pages 26 to 36 of this Prospectus. At the date of this Prospectus, all the corporations listed below are by virtue of Section 6 of the Companies Act (Chapter 50) deemed to be related to the Company:–

Subsidiaries of the Company

Vicplas Holding Pte Ltd
Vicplas Trading Pte Ltd
29. The time of opening of the Application List is set out on page 5 of this Prospectus.

30. The amount payable on application is $0.135 for each Offer Share and Placement Share. There has been no previous issue of Shares by the Company or offer for sale of its Shares to the public within the two years preceding the date of this Prospectus.

31. Application moneys received by the Company in respect of successful applications (including successful balloted applications which are subsequently rejected) will be placed in a separate non-interest bearing account with DBS Bank (the “Receiving Bank”). In the ordinary course of business, the Receiving Bank will deploy these moneys in the interbank money market. Pursuant to an agreement contained in a letter dated 12 April 1999, the Company and the Receiving Bank have agreed that the Company will receive for its own account an aggregate of a 50% share of any net revenue in excess of $50,000 earned by the Receiving Bank from the deployment of such monies in the interbank money market. Any refund of all or part of the application moneys to unsuccessful or partially successful applicants will be made without any interest or any share of such revenue or any other benefits.

32. No property has been purchased or acquired or proposed to be purchased or acquired by the Company or its subsidiaries which is to be paid for wholly or partly out of the proceeds of the Invitation or the purchase or acquisition of which has not been completed at the date of the issue of this Prospectus other than property the contract for the purchase or acquisition whereof was entered into in the ordinary course of business of the Company or its subsidiaries, the contract not being made in contemplation of the Invitation nor the Invitation in consequence of the contract.

33. The estimated amount of the expenses of this Invitation and of the application for listing, including underwriting and placement commission, brokerage, management fee and all other incidental expenses in relation to this Invitation is approximately $500,000, which amount is payable by the Company. There has been no preliminary expenses in relation to this Invitation.

34. No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the date of this Prospectus or is proposed or intended to be paid or given to any promoter at any time.

35. Save as disclosed in this Prospectus, the Directors are not aware of any relevant material information including trading factors or risks not mentioned elsewhere in the Prospectus which is unlikely to be known or anticipated by the general public and which could materially affect the profits of the Company and its subsidiaries.

36. Save as disclosed in this Prospectus, the financial condition and operations of the Group are not likely to be affected by any of the following:–

(a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Group’s liquidity increasing or decreasing in any material way;

(b) material commitments for capital expenditures;

(c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and

(d) known trends or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income.
CONSENTS

37. The Auditors and Reporting Accountants have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of their Accountants’ Report and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus, profit forecast and management accounts.

38. The Manager, Underwriter and Placement Agent, the Solicitors to the Invitation, the Principal Banker and the Share Registrar have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion herein of their names in the form and context in which they appear in this Prospectus and to act in those capacities in relation to this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

39. Copies of the following documents may be inspected at the registered office of the Company at 18 Fan Yoong Road, Singapore 629795, during normal business hours for a period of six months from the date of this Prospectus:–

(a) the Memorandum and Articles of Association of the Company;
(b) the Accountants’ Report;
(c) the letters from the Reporting Accountants on the consolidated profit forecast for the financial year ending 31 July 1999 and in relation to the unaudited proforma consolidated balance sheet as at 28 February 1999 and profit and loss statement for the seven months ended 28 February 1999;
(d) the material contracts referred to on page 92 of this Prospectus;
(e) the letters of consent referred to on page 95 of this Prospectus;
(f) the audited accounts of the Company and its subsidiaries for the last two financial years ended 31 July 1997 and 31 July 1998;
(g) the service agreements referred to on pages 50 to 51 of this Prospectus.

STATEMENT BY DIRECTORS OF THE COMPANY

40. This Prospectus has been seen and approved by the Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other material facts the omission of which would make any statements herein misleading, and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and the Company and its subsidiaries. The Directors also confirm that the profit forecast for the financial year ending 31 July 1999 has been stated after due and careful enquiry.

STATEMENT BY DBS BANK

41. DBS Bank acknowledges that, to the best of its knowledge and belief, based on information furnished to it by the Group, this Prospectus constitutes a full and true disclosure of all the material facts about the Invitation and the Company and its subsidiaries., and it is not aware of any other facts the omission of which would make any statements herein misleading. It is also satisfied that the profit forecast for the financial year ending 31 July 1999 has been stated by the Directors after due and careful enquiry.
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