

Annual Reports and Related Documents::

Issuer & Securities

Issuer/ Manager	ENVICTUS INTERNATIONAL HOLDINGS LIMITED
Securities	ENVICTUS INTERNATIONAL HLDGLTD - SG1CF4000007 - BQD
Stapled Security	No

Announcement Details

Announcement Title	Annual Reports and Related Documents
Date & Time of Broadcast	05-Jan-2018 06:15:42
Status	New
Report Type	Annual Report
Announcement Reference	SG180105OTHRRP6R
Submitted By (Co./ Ind. Name)	S SURENTHIRARAJ AND KOK MOR KEAT
Designation	COMPANY SECRETARIES
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please refer to the attachments.

Additional Details

Period Ended	30/09/2017
Attachments	<p>📄 Envictus AR2017.pdf</p> <p>📄 Envictus_Appendix2017.pdf</p> <p>Total size =3568K</p>

Like 0

Tweet



Share



ENVICTUS

**ENVICTUS
INTERNATIONAL
HOLDINGS LIMITED**

ANNUAL REPORT
2017



**STRENGTHENING
OUR PORTFOLIO**

TABLE OF CONTENTS



TRADING AND FROZEN
FOOD DIVISION



FOOD SERVICES
DIVISION



CORPORATE
PROFILE

2

FINANCIAL
HIGHLIGHTS

28

BOARD OF
DIRECTORS

36

STATISTICS OF
SHAREHOLDINGS

144

KEY
MILESTONES

10

RISK
FACTORS

30

KEY
MANAGEMENT

39

NOTICE OF ANNUAL
GENERAL MEETING

146

MESSAGE FROM
THE CHAIRMAN

14

GROUP
STRUCTURE

34

CORPORATE
GOVERNANCE

41

• PROXY FORM

REVIEW OF
OPERATIONS

18

CORPORATE
INFORMATION

35

FINANCIAL
STATEMENTS

55



NUTRITION
DIVISION



FOOD PROCESSING
DIVISION



CORPORATE PROFILE



Listed on SGX Catalist (previously known as the SGX-SESDAQ) on 23 December 2004 and **upgraded to the Mainboard on 18 June 2009, Envictus International Holdings Limited (“Envictus” or “the Group”)**, is an established Food and Beverage (“F&B”) Group. The Group has an established portfolio of businesses and brands operating under its key business divisions.

Founded in 1997, the Group started as a manufacturer and distributor of sweetened condensed milk and evaporated milk and in the years following its listing, has evolved into a diversified F&B player vide several acquisitions. In June 2014, the Group unlocked shareholders’ value in the business through the disposal of its investment in the Dairies and Packaging divisions and the relevant intellectual properties to Asahi Group Holdings Southeast Asia Pte. Ltd.

The Group’s current business divisions comprise Trading and Frozen Food, Food Services (Texas Chicken, San Francisco Coffee and The Delicious Group), Nutrition as well as Food Processing. The Food Processing Division’s business segments are Bakery, Butchery, Beverages, and Contract Packing for Dairy and Juice-based drinks.

Envictus’ operating facilities are located in Malaysia and New Zealand. Apart from Malaysia, the Group’s products can be found elsewhere such as New Zealand, Australia, China, Dubai, Singapore, Pacific Islands, Brunei, Thailand, Indonesia, Cambodia, Papua New Guinea, Maldives, Maradi Niger, Bahrain, Korea and Japan. The Group’s products are traded under various brand names like San Francisco Coffee, Gourmessa, Polygold, Daily Champ, Hearty Bake, Horleys, Sculpt, Replace, Covet, Pro-Fit, Air Champ and Power Champ.

Helmed by an experienced management team of industry veterans who possess a wide range of expertise in strategic planning, business development, operational and production skills, the Group is well-positioned to tap on its established standing in the F&B industry to further enhance its strong brand names.



TRADING AND FROZEN FOOD DIVISION

With over **50 years** of track record, Pok Brothers Sdn Bhd (“Pok Brothers”) is a household name today and is also one of Malaysia’s leading frozen food and premium food wholesaler.

Pok Brothers started as a general store business in Petaling Jaya in 1963 and from this humble beginning, it has successfully transformed itself into one of the leading frozen food companies in Malaysia. As a premium food wholesaler, Pok Brothers imports and distributes food products, both in raw and processed form, with particular emphasis on servicing the hospitality and consumer-based food industry. Its products include frozen/chilled beef and lamb cut, dairy products, seafood, condiments, vegetables, bakery products and cold cuts among many others. Its major clients include the major 5-star hotels, airlines, cruise ships, hyper/supermarkets, bakeries, butcheries, fast-food chains, grocery stores, food processors and other wholesalers. Pok Brothers is the sole distributor of major imported brands like Lamb-Weston, Emmi, Devondale, Dr. Oetker, Pritchitt and other imported brands as well. Pok Brothers is also an appointed importer and distributor of proprietary goods for several American restaurant chains in Malaysia.

Most of Pok Brothers’ supplies are sourced internationally, in particular, from the United States, Europe, Australia, New Zealand and Brazil.



It operates out of Glenmarie, Shah Alam in Selangor, and has branches in Penang, Johor, Pahang and Langkawi to cover the length and breadth of Peninsular Malaysia. All the facilities have cold room and dry store facilities as well as refrigerated trucks.

To meet the rising demand for space from the Food Services Division and accommodate future expansion plans of the Group, Pok Brothers constructed a new warehouse on a plot of land in Selangor Halal Hub, Pulau Indah. Construction of the warehouse was completed in October 2017. This facility will complement the existing warehouse in Glenmarie, which will continue to serve as the central point of distribution in Klang Valley.



CORPORATE PROFILE



FOOD SERVICES DIVISION

| Texas Chicken

On 10 July 2012, the Group signed an exclusive 10-year International Multiple Unit Franchise Agreement with US-based Cajun Global LLC for exclusive rights to develop and operate Texas Chicken restaurants in Malaysia and Brunei from 2013 to 2022. This marked the Group's maiden foray into the fast food segment. These restaurants serve American-styled, big juicy full-flavoured fried chicken, french fries, honey butter biscuits, mashed potatoes, coleslaw, burgers and sundae, to name a few.

This partnership has expanded Envictus' portfolio and enabled the Group to tap on synergistic opportunities in its existing Trading and Frozen Food Division. In addition, this expansion is part of Envictus' growth strategy to increase the presence of its identity and brand in its key market in Malaysia and later on to neighbouring countries in Asia.

Texas Chicken sets itself apart from the competition, given the substantial attention paid to ingredient sourcing and good quality control to ensure freshness of food at all times. All spices and seasoning for Texas Chicken's great tasting chicken are imported directly from USA for consistency in flavour to ensure that guests who visit Texas Chicken restaurants in Malaysia enjoy the same great taste created 60 years ago by the founder – Mr. George W. Church, Sr. The attention to detail is seen right down to the choice of the key ingredient – chicken

freshly procured from local farms – cooked using an exclusive technique for a juicy and crunchy bite. In addition, Texas Chicken's signature 8-piece cut ensures that customers enjoy bigger chicken portions at greater value.

Since the opening of the first outlet at Aeon Bukit Tinggi Shopping Centre, located in Bandar Bukit Tinggi township, Klang on 31 January 2013, Envictus has leveraged on the robust demand for the Texas Chicken restaurant concept by growing its presence at a good pace to reach a total of 42 outlets to-date including our flagship store in Suria KLCC, a premium mall in Malaysia. During the financial year, the Group opened a total of eleven outlets largely within the Klang Valley area in Malaysia.

Total number of outlets : 5

Locations	2013
Aeon Bukit Tinggi Shopping Centre, Klang	31 January
Sri Gombak, Batu Caves	1 March
Sunway Pyramid Shopping Mall, Subang Jaya	12 July
The Mines Shopping Mall, Seri Kembangan	19 July
Kajang	12 December

Total number of outlets : 8

Locations	2014
Klang Parade, Klang	14 March
Kuala Lumpur International Airport 2, Sepang	3 May
Main Place, Subang Jaya	26 May
Jaya Shopping Centre, Petaling Jaya	26 June
Tesco Extra Cheras, Kuala Lumpur	17 July
Mid Valley Megamall	29 October
IOI City Mall, Putrajaya	20 November
Wangsa Walk Mall, Wangsa Maju	18 December



Total number of outlets : 9

Locations	2015
Geo Hotel, Kuala Lumpur	12 February
Damansara Uptown	19 March
Tesco Setia Alam, Shah Alam	11 June
KL Festival City Mall, Setapak	9 July
Tesco Extra Jenjarom, Selangor	30 September
PJ New Town	8 October
Evolve Concept Mall, Ara Damansara	5 November
Star Avenue Lifestyle Mall, Shah Alam	12 December
Midpoint Shopping Centre, Pandah Indah	15 December

Total number of outlets : 11

Locations	2016
M3 Residency Mall, Taman Melati, Setapak	28 January
Tesco Lukut, Port Dickson	25 February
Taman Sri Serdang, Sri Kembangan	14 April
SS15 Courtyard, Subang Jaya	28 April
Utropolis Marketplace, Glenmarie	19 May
Bandar Puchong Jaya	27 June
Seremban Gateway	15 November
KL Sogo	29 November
Sunway Velocity Mall, Sunway Velocity	8 December
Laman Rimbunan, Kepong	16 December
Nilai	27 December

Total number of outlets : 9

Locations	2017
Avenue Mall, Penang	19 January
Samila Business Center, Alor Setar	20 April
Raja Uda, Butterworth, Penang	29 August
Ikon Connaught, Cheras	21 September
Taiping Sentral Mall, Perak	25 September
Sungai Buloh	29 September
Bandar Baru Ampang	23 October
1 Utama Shopping Centre	27 October
Suria KLCC	29 November

* Updated as at 8 December 2017

| San Francisco Coffee

On 28 March 2016, Envictus acquired 85% shareholding in Lyndarahim Ventures Sdn Bhd (“LVSB”) which holds 100% investment in San Francisco Coffee Sdn Bhd (“SFCSB”), a specialty coffee chain business that serves house roasted coffee in Malaysia. SFCSB was then operating 28 specialty coffee outlets and two licensed outlets in Malaysia under its own brand name “San Francisco Coffee”, which were supported by its central roasting plant and kitchen located in Kuala Lumpur. On 19 August 2016, Envictus acquired the remaining 15% shareholding in LVSB.

Through this strategic acquisition, SFCSB enjoys lower costs from internal sourcing within Envictus’ Trading and Frozen Food Division, Bakery and Butchery businesses, while these divisions derive synergistic benefits from higher production output through the supply of its premium products to complement the specialty coffee chain business. This investment is also part of Envictus’ growth strategy to increase the presence of its identity and brand in its key market in Malaysia and later on to neighbouring countries in Asia.



CORPORATE PROFILE

One of the major initiatives undertaken upon the acquisition is a rebranding exercise which introduced new concept and design of upcoming stores. The rebranding exercise was completed and announced to the public on 8 August 2017 at The Envictus headquarters in Petaling Jaya with introduction of SF Coffee's brand new logo. The brand promises to act as mood modulators for customers once they step in the outlet by satisfying the five senses and creating a pleasant cafe experience.

This initiative will allow SFCSB to become more competitive in the industry while maintaining the brand assurance of freshly roasted and high quality coffee.

SFCSB has since expanded and it now operates 38 wholly-owned specialty coffee outlets to-date (as at 8 December 2017). SFCSB's coffee outlets can be found in the following prominent office buildings and malls:- The Intermark, Menara AIA, Menara Citibank, Menara Milenium, Menara TM, Menara Dayabumi, Suria KLCC, Genting Sky Avenue, Mid Valley Megamall, Publika Solaris among others.

| The Delicious Group

The Delicious Group became part of Envictus Group on 30 November 2016. Subsequently, a rebranding exercise of Delicious into a new lifestyle restaurant serving hearty Western and Asian-fusion cuisine was being implemented. The name Delicious was maintained as it is well-known and holds sentimental value for their existing customers as it has garnered a strong reputation for quality, presentation and value. This new concept offers more than just good food. Delicious outlets are places where one can find comfort, peace and laughter with their dining experience. Using fresh and premium ingredients, Delicious believe in offering tasty, wholesome food at reasonable prices. Renovation for the new 'Grand Cafe' concept in 1 Utama Shopping Centre was completed in March 2017, offering customers great food in a relaxed ambience.



On 24 October 2017, Delicious renovated its second Grand Café. This outlet in Bangsar Village II is situated in the center of the most affluent residential area in Kuala Lumpur and is the flagship store under the Delicious chain. With an area of 4,939 sq ft, this outlet offers a range of dining experiences – from cosy corner to leisure alfresco and relaxing dining floor to refreshing bar section. It also offers a wide selection of pizzas with 11 different flavours for diners.

On 14 December 2017, Delicious completed its renovation of its third Grand Café at St. Mary Place. Situated next to the Golden Triangle, this outlet offers a unique and large alfresco dining area, a buffet area which can be converted to a bar seating arrangement, as well as a comfy cosy corner to unwind. There is live music in the evening to serenade the diners.

With the completion of renovation at St. Mary Place, the Group owns and operates three Grand Café under its Delicious brand.





NUTRITION DIVISION

Naturalac Nutrition Limited (“NNL”), a marketer of **branded sports nutritional food and beverages** including products marketed to athletes and mass consumer markets trades under the Horleys™ brand name and other proprietary brands such as Sculpt™ (a weight management product tailored for women) and Replace™ (an isotonic sports drink in powdered format).

The key benefits of these products are in the areas of weight management (both muscle mass gain and weight loss through satiety control), energy delivery and hydration. Most recently, NNL also launched a range of nut milks under the Covet™ brand name. The Covet range is manufactured by Envictus Dairies NZ Limited, another subsidiary in Envictus Group.

NNL became a “virtual” company in 2002 in order to enable its management to focus its efforts on key areas of marketing and product development. As such, this marketing company outsources many of its key functions including manufacturing, distribution and selling to third party providers, both in New Zealand and Australia. This lean business model, akin to popular sports apparel brands, has provided NNL with the needed flexibility and speed in delivering high quality products to its customers, while focusing and leveraging on its key competency in product development, advertising and promotion and customer service. This model has reduced the need for substantial resources, both financial and non-financial, otherwise required for setting up of processing and production centres.

By concentrating on its core competencies, NNL has been able to significantly shorten the time required for product development, from concept to market. This ability is considered an edge over its competitors. In New Zealand, NNL’s products are primarily distributed through the route channels (gyms, health food shops, specialty stores and specialty nutrition shops) and retail channels (supermarkets, oil and convenience retail outlets) whilst its Australian sales are made predominantly through the route channels.



CORPORATE PROFILE



FOOD PROCESSING DIVISION

I Bakery

De-luxe Food Services Sdn Bhd, which is located in Meru, Klang, manufactures premium frozen bakery products for supply to hotels, bakeries, restaurants, cafes and supermarkets under its brand name Hearty Bake. It also supplies its products to Subway Malaysia and TGIF Japan. Hearty Bake products are being produced in different fabrication stages, called convenience stages in order to better cater to the needs of our customers. Customers have the option to buy raw dough, par baked, pre-proven, thaw and serve bakery products.

In addition to the frozen bakery range produced by De-luxe Food Services Sdn Bhd, the Group also produces and distributes fresh breads and buns through the Family Bakery Group, consisting of Family Bakery Sdn Bhd and Daily Fresh Bakery Sdn Bhd.

On 30 October 2017, the Group entered into a conditional share sale agreement for the proposed disposal of Family Bakery Group and its intellectual property rights under “Family” and “Daily Fresh” brands for RM1.5 million. The disposal was completed on 18 December 2017.



I Butchery

Gourmessa Sdn Bhd (“Gourmessa”) which is located in Glenmarie, Shah Alam, manufactures and processes cold cuts, sausages, portion control meat and smoked salmon for distribution to supermarkets, hotels and restaurants. Its Gourmessa brand of quality cold cuts and sausages are well distributed and displayed in most supermarkets and hypermarket chains across Malaysia. Gourmessa also plans to expand to export market.

The operations of Gourmessa was affected by the limited capacity of its present leased facility in Glenmarie. Therefore, plans were put in place for relocation of the facility to Selangor Halal Hub, Pulau Indah whereby bigger production facilities were built to cater for increased demand. Construction of the new facility was completed in October 2017. Gourmessa will be relocating to its new manufacturing facility after obtaining the relevant certification and approval. This would include obtaining the Certificate of Fitness (CF) and undergoing a two months trial production run for compliance with FSSC 2200 Food Safety System version four certification. Thereafter, it will seek approval from Department of Islamic Development Malaysia (JAKIM), Department of Veterinary Services (DVS) and Ministry of Health before relocating to our new plant in Pulau Indah in March 2018. Meanwhile, production will continue in Glenmarie.

I Beverages

Polygold Beverages Sdn Bhd is a manufacturer of canned and bottled beverages based in Seremban, Negeri Sembilan. Its plant produces both carbonated and non-carbonated drinks under the brand names of Poly and Polygold. In addition, it also produces Air Champ energy drink and Power Champ isotonic sports drink.

I Contract Packing

The Group entered into the ready-to-drink segment by way of joint venture partnership in Envictus Dairies NZ Limited (“EDNZ”) with four other shareholders to establish New Zealand’s first state-of-the-art, UHT Aseptic PET bottling line for dairy, juice and water products with the official opening of its plant on 1 September 2011. Since then, EDNZ has built a solid platform for Aseptic PET contract bottling for a range of approximately twenty large and small clients who are selling their own branded aseptic beverage products in the Oceania and Asia regions.

EDNZ has developed significant intellectual property around product development, ingredient handling and batching, fresh milk processing including standardising, batching (from powders, pastes and purees), heat treatments (UHT, pasteurising and milk heat stability), PET injection moulding, blow moulding, aseptic filling, sleeve labelling, case packing, palletising, warehouse systems, logistics, QA and lab testing. EDNZ has developed other competencies which are quite unique such as lactase enzyme dosing (for lactose free products), custom bottle shapes and ATP commercial sterility testing for Aseptic beverages.

The plant, located at Whakatū Industrial Park, near Hastings, is ideally-suited for bottling operations with its existing resources, including substantial bore water rights, trade waste discharge rights and close proximity to Napier Port.

The plant currently produces UHT white milk for the China and Taiwan markets, flavoured milk (typically chocolate, coffee, strawberry and banana) for Australasia, pet milk (a lactose free formulation suitable for cats and dogs) and fruit juice (typically from apple or kiwifruit - fresh or concentrate) for local and Asian markets. In the past two years, it has been producing a range of non-dairy alternative nut milks including almond, coconut and macadamia. It has also developed and launched its ready-to-drink sports nutrition beverage including isotonic drinks, milk protein drinks (includes Horleys Protein Hit), weight loss water and pre-workout drinks. The plant continues to focus on new product offerings to meet the increase in consumer demand for more aseptically bottled beverages.



KEY MILESTONES

2004

DECEMBER

Etika International Holdings Limited (“EIHL”) was listed on SGX-SESDAQ (now known as SGX Catalist) on 23 December 2004.

2006

FEBRUARY

Made first acquisition pursuant to listing - Pok Brothers Group - one of Malaysia’s leading frozen food and premium food wholesaler, on 8 February 2006, vide our wholly-owned subsidiary, Etika Foods (M) Sdn Bhd.

2007

FEBRUARY

Acquired Naturalac Nutrition Limited (“NNL”) based in New Zealand vide our wholly-owned subsidiary, Etika (NZ) Limited on 8 February 2007.

JULY

Completed acquisition of a canned beverage manufacturing plant by Etika Beverages Sdn Bhd on 3 July 2007.

2009

MARCH

Entered JV in New Zealand vide Etika Dairies NZ Limited, our newly incorporated subsidiary in New Zealand for an initial stake of 50.7% on 18 March 2009, which was later increased to 60.7% in December 2009.

2009

JUNE

Upgraded to SGX Mainboard on 18 June 2009.

2010

OCTOBER

Acquired 100% equity interest in Family Bakery Sdn Bhd, Daily Fresh Bakery Sdn Bhd and Hot Bun Food Industries Sdn Bhd on 1 October 2010; makes entry into the manufacturing and distribution of fresh baked breads and buns.

2012

JULY

Signed an International Multiple Unit Franchise Agreement with US-based Cajun Global LLC on 10 July 2012 for exclusive rights to develop and operate “Texas Chicken” restaurants in Malaysia and Brunei over next 10 years from 2013 to 2022.

2013

JANUARY

Increased equity holding in Etika Dairies NZ Limited from 60.7% to 63.4% vide a wholly-owned subsidiary, Etika (NZ) Limited on 18 January 2013.

MARCH

Increased equity holding in Pok Brothers (Johor) Sdn Bhd from 81.8% to 100% vide a wholly-owned subsidiary of the Group, Pok Brothers Sdn Bhd on 25 March 2013.

2014

FEBRUARY

Increased equity holding in Etika Dairies NZ Limited from 63.4% to 72.3% vide a wholly-owned subsidiary, Etika (NZ) Limited on 27 February 2014.

JUNE

Change of name of its wholly-owned subsidiary, Etika Beverages Sdn Bhd to Polygold Beverages Sdn Bhd with effect from 10 June 2014.

Disposed dairies and packaging businesses and the relevant intellectual property to Asahi Group Holdings Southeast Asia Pte Ltd on 30 June 2014 for US\$328,787,704.

JULY

Acquisition of two shelf companies, Polygold Foods Sdn Bhd (“PFSB”) and Polygold Marketing Sdn Bhd (“PMSB”) by Etika Industries Holdings Sdn Bhd on 1 July 2014. The principal activity of PFSB is manufacturing of food products whereas PMSB’s principal activity is marketing and distribution of food and beverage products.

Change of company name of Etika International Holdings Limited to Envictus International Holdings Limited with effect from 15 July 2014.

Change of names of subsidiaries in Malaysia with effect from 16 July 2014 as follows:-

- (a) From Etika Foods (M) Sdn Bhd to Envictus Foods (M) Sdn Bhd
- (b) From Etika Industries Holdings Sdn Bhd to Polygold Holdings Sdn Bhd

2014

AUGUST

Change of name of its wholly-owned subsidiary, Etika IT Services Sdn Bhd to Envictus IT Services Sdn Bhd with effect from 14 August 2014.

SEPTEMBER

Acquired a shelf company, namely Glenland Sdn Bhd on 3 September 2014. Its principal activity is investment holding.

OCTOBER

Acquired a shelf company, namely Gourmessa Sdn Bhd by Envictus Foods (M) Sdn Bhd on 1 October 2014. Its principal activity is manufacturing and distribution of convenient value-added frozen food.

Change of names of subsidiaries in New Zealand with effect from 23 October 2014 as follows:-

- (a) From Etika (NZ) Limited to Envictus NZ Limited
- (b) From Etika Dairies NZ Limited to Envictus Dairies NZ Limited

NOVEMBER

Change of names of subsidiaries as follows:-

- (a) From Etika Capital (Labuan) Inc. to Envictus Capital (Labuan) Inc. with effect from 29 October 2014
- (b) From Etika Foods International Inc. to Envictus Foods International Inc. with effect from 29 October 2014
- (c) From Etika Brands Pte Ltd to Envictus Brands Pte Ltd with effect from 11 November 2014

2015

JUNE

The Group had an internal group restructuring exercise to streamline its Trading and Frozen Food and Others Divisions.

The Group structure was reorganised as follows:-

- (a) Envictus Foods (M) Sdn Bhd ("EFMSB") has transferred 100% of its equity interest in Family Bakery Sdn Bhd to De-luxe Food Services Sdn Bhd ("DFSSB") on 1 June 2015
- (b) EFMSB has transferred 100% of its equity interest in Hot Bun Food Industries Sdn Bhd to Platinum Appreciation Sdn Bhd on 1 June 2015
- (c) Pok Brothers Sdn Bhd has transferred 100% of its equity interest in DFSSB to EFMSB on 1 June 2015
- (d) The Company transferred 100% of its equity interest in Polygold Beverages Sdn Bhd to Polygold Holdings Sdn Bhd on 18 May 2015
- (e) The Butchery business of DFSSB was transferred to Gourmessa Sdn Bhd on 8 January 2015
- (f) EFMSB has transferred 100% of its equity interest in Daily Fresh Bakery Sdn Bhd to DFSSB on 23 June 2015

2015

OCTOBER

Acquired leasehold property with a 99-year lease expiring on 26 May 2017 located at 11, Jalan 225, 46100 Petaling Jaya, Selangor Darul Ehsan from Continental Oasis Sdn Bhd to cater for future office space requirement.

NOVEMBER

Acquired a shelf company, namely Dominate Marketing Sdn Bhd by EFMSB on 17 November 2015. Its principal activity is wholesaling and trading of food products.

DECEMBER

Polygold Beverages Sdn Bhd, a wholly-owned subsidiary of the Company, acquired eight plots of land with 99-year lease expiring on 24 February 2017 in Selangor Halal Hub, Pulau Indah on 10 December 2015.

Platinum Appreciation Sdn Bhd ("PASB"), a wholly-owned subsidiary of the Company together with Brothers Coffee Ventures Sdn Bhd entered into a conditional sale and purchase agreement with Prinsip Lagenda Sdn Bhd and Datuk Abdul Rahim bin Mohd Zin on 14 December 2015 to acquire the entire issued and paid-up share capital of Lyndarahim Ventures Sdn Bhd ("LVSB") in relation to the acquisition of San Francisco Coffee Sdn Bhd.

KEY MILESTONES

2016

FEBRUARY

On 12 February 2016, the Company completed its share consolidation exercise of every five existing issued ordinary shares into one ordinary share in the capital of the Company for compliance with minimum trading price of S\$0.20 as a continuing listing requirement for issuers listed on the Mainboard of SGX-ST.

MARCH

Platinum Appreciation Sdn Bhd (“PASB”) completed 85% acquisition of the entire issued and paid-up share capital of LVSB on 28 March 2016.

JUNE

Change of name of wholly-owned subsidiary, Platinum Appreciation Sdn Bhd to Envictus Food Services Sdn Bhd with effect from 21 June 2016.

AUGUST

Envictus Food Services Sdn Bhd increased its shareholding in LVSB from 85% to 100% on 19 August 2016 by acquiring the balance of 15% from Brothers Coffee Ventures Sdn Bhd.

SEPTEMBER

Incorporation of new subsidiary company in Singapore known as Envictus QSR Pte Ltd on 6 September 2016 for investment holding purposes.

NOVEMBER

Envictus Food Services Sdn Bhd, a wholly-owned subsidiary of the Company acquired The Delicious Group Sdn Bhd (“TDGSB”), which is engaged in the business as a café and restaurant operator on 30 November 2016.

2017

MARCH

Incorporation of new subsidiary in Indonesia, PT Quick Service Restaurant (“PTQSR”) on 21 March 2017 following the subscription of its shares by the Company’s wholly-owned subsidiaries, Envictus QSR Pte Ltd and Envictus Capital (Labuan) Inc. PTQSR is principally engaged in fast food restaurant business.

OCTOBER

Change of name of its wholly-owned subsidiary, Polygold Foods Sdn Bhd to Envictus Dairies Marketing Sdn Bhd (“EDMSB”), with effect from 17 October 2017. The principal activity of EDMSB is to serve as a distribution company for sales and marketing of dairy food and beverages.

De-luxe Food Services Sdn Bhd, a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement with Marco Flagship Sdn Bhd and Wong Ng Moh Tian @ Wong Moh Tian on 30 October 2017 for the sale of:

- (i) 100% of the issued and paid-up share capital in Family Bakery Sdn Bhd; and
- (ii) 100% of the issued and paid-up share capital in Daily Fresh Bakery Sdn Bhd with the intellectual property rights of ‘Family’ and ‘Daily Fresh’ brands for RM1.5 million.

The disposal was completed on 18 December 2017.

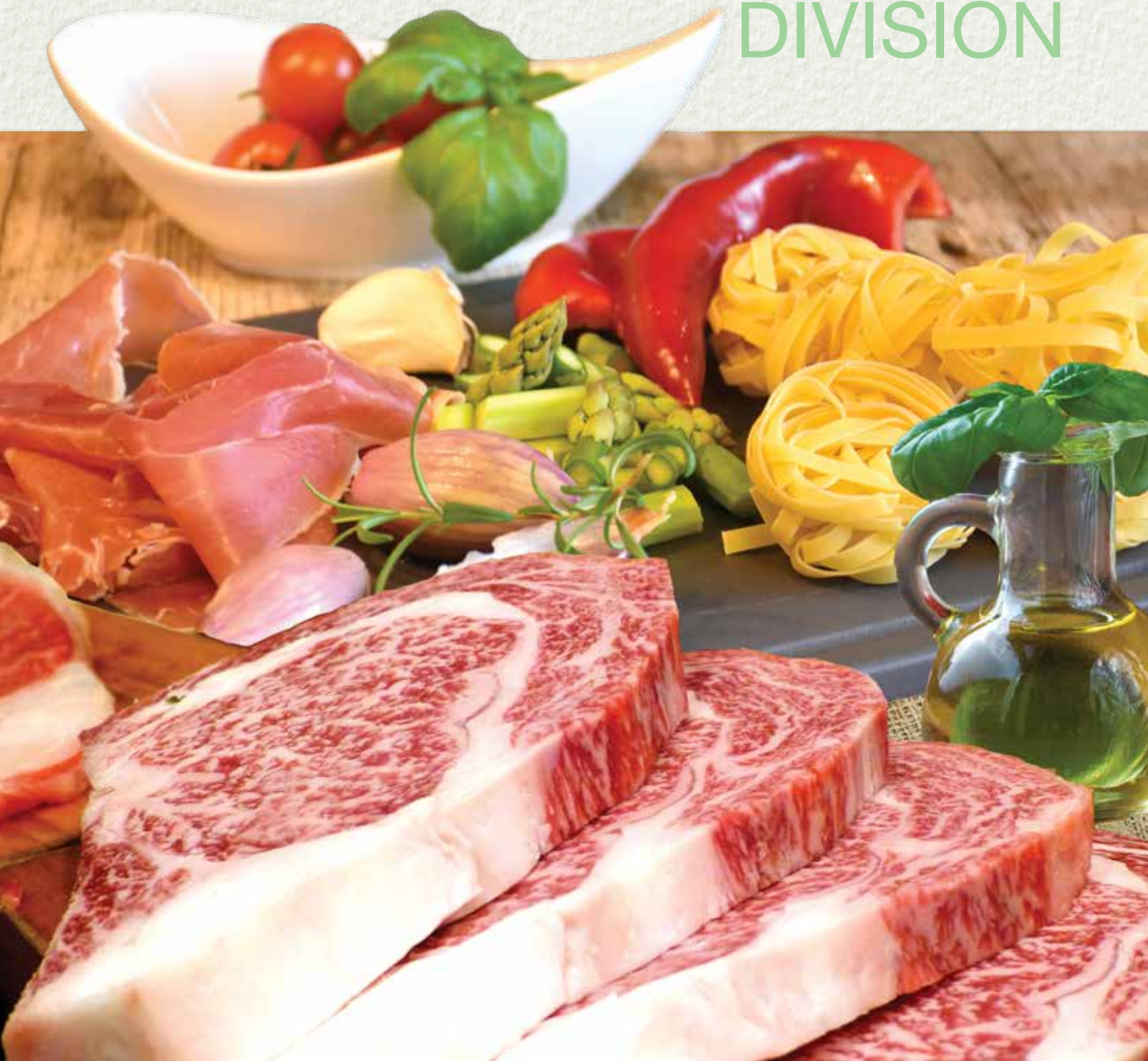
2017

NOVEMBER

Polygold Holdings Sdn Bhd, a wholly-owned subsidiary of the Company entered into a conditional share sale agreement on 15 November 2017 for the proposed acquisition of 100% of the total issued and paid-up shares of Motivage Sdn Bhd for a consideration of RM24 million, to be satisfied by a combination of cash and the allotment and issuance of 15,775,210 shares in the capital of the Company.



TRADING AND FROZEN FOOD DIVISION



MESSAGE FROM THE CHAIRMAN



DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Envictus International Holdings Limited, it is my great pleasure to present to you the Annual Report for the full year ended 30 September 2017 (“FY2017”).

DATO' JAYA J B TAN,
NON-EXECUTIVE CHAIRMAN

MESSAGE FROM THE CHAIRMAN

Group's revenue growing 13.1% to RM410.3 million for FY2017 as compared to RM362.7 million in the previous year ("FY2016").



Group's Revenue
RM410.3 million
2016: RM362.7 million

REVIEW OF FINANCIAL PERFORMANCE

Our strategy to develop new revenue streams and bring quality F&B products that appeal to evolving consumer taste and preferences has continued to bear fruit, with the Group's revenue growing 13.1% to RM410.3 million for FY2017 as compared to RM362.7 million in the previous year ("FY2016").

The robust topline growth of RM47.6 million was mainly driven by our fastest growing Food Services Division, a strong testimony of the wide market acceptance of Texas Chicken. Concurrently, we also saw revenue contributions from the San Francisco Coffee chain and the newly acquired Delicious restaurants business.

The Food Services Division's topline continued its strong showing, achieving a significant 60.2% growth to RM129.1 million in FY2017, up from RM80.6 million in FY2016. This was driven by an expansion of Texas Chicken, with the opening of 11 additional new restaurant outlets during the year under review. Concurrently, the San Francisco Coffee chain, which has grown to 37 stores from 28 reported last year, posted an additional sales of RM12.6 million to the division's revenue. The newly acquired Delicious restaurants business also contributed an additional RM6.2 million to topline growth in FY2017.

Despite weak market sentiment and amidst strong competition, both the Food Processing and Trading and Frozen Food Divisions achieved marginally higher sales to reach RM76.2 million and RM170.9 million respectively in FY2017. The Food Processing segment experienced better sales performance of its Contract Packing for Dairy and Juice based drinks business, which more than offset the lower revenue from the beverage business, as this division saw a lower demand arising from the continued slowdown of China market and ongoing keen competition in the local market. Overall, an improved performance of these three divisions more than offset the decline in revenue from the Nutrition Division, which reported sales of RM34.2 million in FY2017.

During the year, we continued to invest in the growth of Texas Chicken and San Francisco Coffee and incurred operational costs including a rebranding exercise for our newly acquired Delicious restaurants business. At the same time, we took impact from a one-off impairment loss for our quoted investments in Yamada, which applied for trading suspension on the Singapore

Exchange on 6 September 2017 due to various factors, including its inability to produce its financial statements and a fire incident that has destroyed certain financial documents and IT/Computer hardware.

Correspondingly, the Group posted a loss after tax of RM53.5 million in FY2017, against a profit after tax of RM1.5 million in FY2016.

The Group's balance sheet remained robust with cash and cash equivalents of RM48.9 million while shareholders' equity was RM305.3 million as at 30 September 2017.

NURTURING NEW INCOME STREAMS, UNLOCKING VALUE

We are pleased that Texas Chicken remains a 'star performer' within the Food Services division. Leveraging on Texas Chicken's strong branding, we have continued to expand during the year, opening 11 additional new restaurant outlets and another three stores recently, in Bandar Baru Ampang, 1 Utama Shopping Centre and Suria KLCC which is our flagship store located in a premium mall in Malaysia, to reach the current 42 stores. Apart from a growing number of stores, revenue was also driven by the success of the operations executions, marketing strategy and limited offers. To us, this represents a strong endorsement of the good market acceptance of its product quality, value, and brand recognition.

San Francisco Coffee too has made good progress, growing from 28 outlets at acquisition to 38 to date (including one new outlet opened in Sg. Buloh in November), with plans to open twelve new stores in FY2018. Notably, San Francisco Coffee has made good progress following its rebranding, refreshed menu and new concepts. In line with its rebranding, the new concept will enable this gourmet retail chain to make a presence in malls and lifestyle market, diversifying from the current niche market which focuses mainly on office buildings.

We have also completed the rebranding exercise of our latest acquisition, the Delicious Group, which became part of the Envictus Group in November 2016, thereby successfully 'transforming' Delicious into a new lifestyle restaurant concept serving Western and Asian-fusion cuisine. We've renovated two restaurants during the year under review, with a third, Delicious St Mary, expected to be ready for business before Christmas this year.

MESSAGE FROM THE CHAIRMAN

Indeed, our expansion into Texas Chicken and San Francisco Coffee chain has proven to be successful, and is also part of our growth strategy to increase the presence of the Group's identity and brands in Malaysia and later to its neighboring countries. At the same time, we are able to extract value and improve margins from these past acquisitions by enhancing product offerings, sharing of resources and tapping on R&D assistance from other business divisions. We have adopted the same strategy for The Delicious Group which was acquired during the year under review.

Notably, to meet the rising demand for space from the Food Services Division and accommodate future expansion plans of the Group, Pok Brothers has completed the construction of a new warehouse in Selangor Halal Hub, Pulau Indah in October 2017. This facility will complement the existing warehouse in Glenmarie, which will continue to serve as the central point of distribution in Klang Valley. In addition, Gourmessa will also be relocating its operations to its newly constructed factory building in this Hub in the second quarter of FY2018. Given the enlarged facility, there will also be a focus on export sales from the second quarter of 2018 onwards, and upon obtaining its halal certification. There are opportunities for the Food Services Division to further tap on the supply of cold cuts, sausages, portion control meat and smoked salmon, from Gourmessa.

Overall, apart from prudent expansion of our business segments, we will also look for opportunities to unlock value through selective divestments. On 18 December 2017, we have completed the disposal of our non-profitable wholly-owned Family Bakery Sdn Bhd and Daily Fresh Bakery Sdn Bhd, which are primarily involved in the manufacture and distribution of fresh-baked breads and buns as well as the trading of cakes and biscuits. The divestment will enable the management team to focus their time and resources to the Group's core business divisions.

OUTLOOK AND PROSPECTS

The year ahead is not without its challenges. With a clear focus on driving profitability by extracting greater value and synergies amongst our four business segments, we are confident of our resilience and ability to ride it through well.

For Food Services, we will continue to leverage on Texas Chicken's brand and its ability to improve site selections and rental terms by opening at least 11 stores in the north and south of Peninsular Malaysia, if not more, for the next 12 months. This, together with Texas Chicken's ability to negotiate for better prices of most food costs and constant sourcing of suppliers to complement its growing business, will ensure greater price and market competitiveness.

As for San Francisco Coffee, we are confident that with the completion of the re-branding exercise, this initiative will allow it to become more competitive in the industry while maintaining the brand assurance of freshly roasted and high quality coffee. At the same time, the Group will continue to nurture the newly-acquired Delicious business, fine tuning its concept and ambience where feasible, to enhance our customers' dining experience.

As for the Nutrition Division, the re-launch of product range and our new E-commerce initiative will be top on our priority to capitalise on rapidly growing opportunities.

The Food Processing Division continues to be pressured by factors such as increasing raw material import prices due to the weak Ringgit, lacklustre consumer sentiment and intense competition. To mitigate these challenges, we have implemented cost controls and price increase for certain products and are in the midst of executing strategies to diversify into other markets, as well as focusing on new product offerings to drive revenue potential.

WORD OF APPRECIATION

At this point, I would like to express my deepest appreciation to my fellow Board members for their invaluable counsel and insight in overseeing the Group. My heartfelt thanks to our management and staff for their dedication and hard work in bringing us to where we are today, as well as our business associates, partners, suppliers and loyal customers for their generous support over the years.

I would like to take the opportunity to welcome back Mr Khor Sin Kok, our Deputy Group CEO, who was one of the key management involved in the setting up of Etika Dairies. We believe that given his extensive experience, in-depth knowledge and understanding of the Group, Mr Khor would be an asset to Envictus.

To our shareholders who continue to stand behind us, I would like to extend my deepest gratitude for maintaining your faith in us.

IN CLOSING

Despite the challenging retail environment, we remain cautiously optimistic on the long-term F&B prospects for Southeast Asia, supported by improving consumer sentiment, a widening middle class and increasing consumption power. We are excited to be on a journey to further enhance Envictus' market position as a preeminent regional F&B group, and continually create value for all our stakeholders.



FOOD SERVICES DIVISION



REVIEW OF OPERATIONS



13.1%
growth

in the Group
revenue was mainly
contributed by the
Food Services
Division



Food Services
Division posted
60.2% higher
revenue of RM129.1
million



Significant sales
growth by Contract
Packing business
of **35.7% to
RM23.2 million**

Financial year ended 30 September 2017 was a year of expansion to boost revenue streams and further extract synergies and value between our four business segments.

The Group's core business segments are as follows:

1. Trading and Frozen Food Division;
2. Food Services Division – Texas Chicken, San Francisco Coffee and Delicious restaurants businesses;
3. Nutrition Division; and
4. Food Processing Division comprising of:
 - Bakery;
 - Butchery;
 - Beverages; and
 - Contract Packing for Dairy and Juice based drinks.

Envictus remains committed to delivering quality F&B products to meet evolving consumer taste and establishing ourselves as a preeminent regional F&B group.

CONSOLIDATED INCOME STATEMENT

The Group recorded a revenue of RM410.3 million as compared to RM362.7 million in the previous corresponding year. The 13.1% growth in the Group revenue was mainly contributed by the Food Services Division.

Food Services Division posted 60.2% higher revenue of RM129.1 million, against RM80.6 million in FY2016. The higher topline was driven mainly by Texas Chicken which achieved an increase in revenue of RM29.7 million, from RM70.2 million to RM99.9 million, as a result of higher sales from existing outlets and the opening of eleven new restaurant outlets. The improved sales performance by Texas Chicken was attributed to market acceptance of its products quality, value and brand recognition.

San Francisco Coffee chain with 37 stores and the newly acquired Delicious restaurants business have also contributed an additional RM12.6 million and RM6.2 million respectively to the Division's revenue.

Revenue from the Food Processing Division grew marginally from RM75.1 million to RM76.2 million, which was primarily due to the improved performance by our Contract Packing for Dairy and Juice based drinks business that recorded a significant sales growth of 35.7% to RM23.2 million on the back of higher sales volume from existing and new customers. However, the Division was impacted by the beverages business which recorded lower sales of RM12.2 million, against RM17.7 million in the preceding year, amid lower demand arising from the continued slowdown of the China market and ongoing competition in the local market.

Trading and Frozen Food Division's revenue rose by 0.2% from RM170.6 million to RM170.9 million despite the weak consumers' sentiment and the ever increasing food costs and the shortages of meat and dairy products.



Nutrition Division's revenue declined from RM36.3 million to RM34.2 million, on the back of stronger competition from the Australian and New Zealand brands as well as the US brands. Moreover, the Malaysian sales channel has significantly dropped due to weak market sentiment.

The Group's gross profit margin improved from 30.4% to 33.1% year-on-year on the back of higher sales contribution from the Food Services Division which derives higher margin from their products.

Other operating income came to RM16.7 million, which was 33.0% lower than RM24.9 million in previous corresponding year. The reduction in the operating income was mainly due to the one-off gain of RM9.6 million on the disposal of land and building in Indonesia in FY2016. The other operating income comprises mainly the income from held-for-trading investments of RM6.1 million, reversal of over provision of incidental costs on disposal of subsidiaries of RM2.8 million, foreign currency fluctuation gain of RM1.9 million and rental income from corporate building of RM1.6 million.

Operating expenses rose by 54.6% to RM197.0 million from RM127.4 million, mainly as a result of the impairment loss for a quoted investment amounting to RM32.9 million (which includes RM15.5 million fair value adjustment previously recognised in the fair value reserve now recycled to the profit or loss) in Yamada Green Resources Limited ("Yamada") – a major grower, manufacturer and supplier of fresh and processed agricultural products in China, which was listed on the Mainboard of Singapore Exchange in 2010. Yamada applied for trading suspension on the Singapore Exchange on 6 September 2017 due to various factors including its inability to produce its financial statements and a fire incident that has destroyed certain financial documents and IT/Computer hardware.

Additionally, higher operating expenses was also due to increase in selling and marketing expenses as well as administrative expenses, rising by 49.5% and 14.8%, respectively to support the expansion of Texas Chicken restaurants and San Francisco Coffee chain businesses, as well as covering the operating costs of the newly acquired Delicious restaurants businesses.

REVIEW OF OPERATIONS

Finance costs increased from RM4.2 million to RM5.0 million, mainly due to higher bank borrowings to partially finance the acquisition of Pulau Indah land and the investment in quoted investment, coupled with additional hire purchase facilities utilised to finance the set-up costs of the new outlets.

The Group recorded an income tax expense of RM4.1 million, mainly due to profits generated by certain subsidiaries and the non-availability of group relief for losses incurred by certain subsidiaries.

Overall, the Group registered a loss after tax of RM53.5 million, as compared to a profit after tax of RM1.5 million in the previous corresponding financial year.

STATEMENTS OF FINANCIAL POSITION

Under the Group's non-current assets, the increase of RM60.9 million in property, plant and equipment was largely attributed to the construction of factory buildings and set up costs for the new outlets of RM56.2 million and RM23.1 million, respectively. Investment properties increased by RM3.9 million mainly due to the reclassification from property, plant and equipment for the land and building leased out to a third party. Intangible assets rose by RM2.2 million which was mainly from the identified goodwill and brand value of RM1.7 million arising from the acquisition of Delicious restaurants business. The Group's investment in available-for-sale financial assets declined significantly by RM16.8 million following the recognition of impairment loss arising from the trading suspension of the quoted investment listed on the Singapore Exchange. As a result, these components have contributed to an overall increase in non-current assets by RM49.8 million.

Inventories increased by RM0.9 million resulting from higher stocks holding which is in line with the increase in sales and additional outlets under the Food Services Division. Trade and other receivables increased by RM2.6 million due mainly to deposits and prepayments paid for setting up the new outlets, as well as receivables of a newly acquired subsidiary. Part of the cash and bank balances together with the RM39.3 million proceeds from the disposal of held-for-trading investments were utilised for the construction of factory buildings, set-up costs for new restaurant outlets and acquisition of a subsidiary. These have resulted in an overall decline in the current assets by RM41.6 million.

The Group's current liabilities declined by RM2.5 million largely due to reduction of bank borrowings of RM5.7 million, following a lower usage of trade line facilities during the financial year. The increase in finance lease payables by RM1.6 million was largely utilised to finance the set-up costs for new outlets. The construction of factory buildings and set-up costs of the new outlets has resulted the trade and other payables to increase by RM1.8 million.

The Group's non-current liabilities increased by RM47.7 million primarily due to higher bank borrowings of RM46.0 million to finance the construction of factory buildings, coupled with an increase of RM1.5 million in finance lease payables to fund the set-up costs of new outlets.

CASHFLOW POSITION

The Group recorded a net decrease in cash and cash equivalents of RM9.6 million for the current financial year ended 30 September 2017.

The profit generated from operations before working capital changes came to RM6.2 million and collection from trade and other receivables amounted to RM2.7 million. These were utilised for the settlement of trade and other payables of RM4.5 million, built-up of inventories of RM2.7 million, income tax payment of RM2.5 million and interest payment of RM1.3 million, thereby resulting in net cash used in operating activities of RM2.1 million.

During the financial year, the Group utilised RM81.4 million mainly for the purchase of property, plant and equipment. Cash amounting to RM43.8 million were largely raised from the sale of held-for-trading investments, dividend and interest received. These resulted in net cash of RM37.6 million used in investing activities.

Net cash generated from financing activities of RM30.2 million resulted from the drawdown of bank borrowings of RM126.0 million to finance the construction of factory buildings and additional trade line facilities taken. This amount was reduced by RM95.8 million for the settlement of bank borrowings, hire-purchase payables and interest.



SEGMENTAL REVIEW BY BUSINESS DIVISIONS

BUSINESS SEGMENTS	FY2017	FY2016
	RM'000	RM'000
REVENUE		
Trading and Frozen Foods	170,907	170,577
Food Services	129,088	80,647
Food Processing	76,178	75,102
Nutrition	34,158	36,348
	410,331	362,674
(LOSS)/ PROFIT BEFORE TAX		
Trading and Frozen Foods	11,967	10,882
Food Services	(13,486)	(8,194)
Food Processing	(13,818)	(8,517)
Nutrition	(1,309)	374
Unallocated	(32,794)	8,967
	(49,440)	3,512

The Group's businesses comprise of the Trading and Frozen Food, Food Services, Nutrition and Food Processing divisions. The Trading and Frozen Food Division contributed 41.7% of total revenue. This was followed by the Food Services, Food Processing and Nutrition Divisions which contributed 31.5%, 18.6% and 8.2% to total revenue respectively. Overall, the Group made a loss before tax of RM49.4 million.

TRADING AND FROZEN FOOD DIVISION

The Trading and Frozen Food Division's revenue grew marginally by 0.2% to RM170.9 million from RM170.6 million, despite the weak consumers' sentiment and challenging market conditions. The Division posted a profit before tax of RM12.0 million as compared to RM10.9 million due mainly to lower advertising and promotion spending as well as a decrease in interest costs, which resulted from lower usage of trade line facilities during the financial year.

Segmental assets increased by 8.6% from RM117.6 million to RM127.7 million mainly attributed from the increase in property, plant and equipment for the construction of factory building. Segmental liabilities also increased from RM42.5 million to RM47.9 million primarily due to higher bank borrowings to finance the construction of factory building.



FOOD SERVICES DIVISION

The Food Services Division comprises of Texas Chicken, San Francisco Coffee and Delicious restaurants businesses.

The Division posted a robust 60.2% growth in topline to RM129.1 million from RM80.6 million, which was boosted mainly by Texas Chicken, which saw its revenue grew from RM70.2 million to RM99.9 million, on the back of the opening of eleven new restaurant outlets, and improved sales performance by existing outlets, attributed to market acceptance of its products quality, value and brand recognition.

San Francisco Coffee chain and the newly acquired Delicious restaurants businesses contributed an additional RM12.6 million and RM6.2 million revenue respectively to the Division. However, the Division posted a loss before tax of RM13.5 million as compared to RM8.2 million in the previous financial year, as a result of higher selling, marketing and administrative expenses to support the expansion of the Division's businesses.

The increase in property, plant and equipment following the opening new outlets during the financial year contributed mainly to the increase in the segmental assets which rose from RM57.5 million to RM79.0 million. Segmental liabilities increased by 27.8% to RM35.9 million from RM28.1 million principally due to higher payables and additional hire-purchase facilities to finance the set-up costs for new restaurant outlets.

REVIEW OF OPERATIONS



NUTRITION DIVISION

The sports nutrition and dietary supplements business posted a lower revenue of RM34.2 million as compared to RM36.3 million a year ago. The lower sales was primarily due to more competitively priced US brands as well as a significant increase in dealings by Australian and New Zealand brands as they compete to retain market share. Additionally, the Division's market share has declined in the key New Zealand supermarket channel which is due to aggressive competitor promotional programmes. The Malaysian sales channel has significantly declined due to weak market sentiment. The Division recorded a loss before tax of RM1.3 million as compared to a profit before tax of RM0.4 million in the previous financial year.

Segmental assets had decreased by 7.2% to RM20.6 million from RM22.2 million, principally attributable to the decrease in property, plant and equipment and lower inventories level. Segmental liabilities reduced to RM4.1 million from RM5.0 million largely due to the settlement of bank borrowing during the financial year.

FOOD PROCESSING DIVISION

The Group's Food Processing Division comprises of the Bakery, Butchery, Beverages and Contract Packing for Dairy and Juice based drinks businesses.

The Division has achieved a slight growth in sales of 1.5% from RM75.1 million to RM76.2 million. This was primarily driven by better performance of Contract Packing for Dairy and Juice based drinks business which has contributed significant sales growth of 35.7%, from RM17.1 million to RM23.2 million on the back of higher sales volume from existing and new customers. However, the Division was impacted by revenue from the beverages business which fell from RM17.7 million to

RM12.2 million amid lower export and local sales arising from the continued slowdown of the China market and ongoing price war amongst the local competitors. As a result, the Division incurred a loss before tax of RM13.8 million as compared to RM8.5 million in the previous financial year.

Segmental assets moved up by 19.6% from RM132.2 million to RM158.1 million largely due to increase in property, plant and equipment for the construction of factory building while segmental liabilities increased by 99.6% from RM28.5 million to RM56.9 million mainly due to the corresponding higher borrowings.

PERFORMANCE REVIEW BY GEOGRAPHICAL SEGMENTS

GEOGRAPHICAL SEGMENTS	FY2017	FY2016
	RM'000	RM'000
REVENUE		
Malaysia	346,894	304,495
New Zealand	45,832	31,176
Australia	9,318	18,589
China	4,518	6,465
Asean (excluding Malaysia)	956	937
Others	2,813	1,012
	410,331	362,674

The Group recorded an overall increase in revenue of RM47.6 million. Malaysia remained the Group's core market, contributing RM346.9 million or 84.5% of total revenue. This was followed by New Zealand which contributed RM45.8 million or 11.2% of the topline and Australia accounting for RM9.3 million or 2.3% of revenue. China contributed RM4.5 million or 1.1% of revenue while the rest was from Asean (excluding Malaysia) and others with individually insignificant revenue.

MALAYSIA

Malaysia continued to be the Group's key growth market, contributing 84.5% to the Group revenue. Revenue rose by 13.9%, from RM304.5 million in FY2016 to RM346.9 million in FY2017, due largely to higher sales volume generated by the Food Services Division which opened eleven additional Texas Chicken outlets and San Francisco Coffee stores respectively, coupled with revenue contribution from the newly-acquired Delicious restaurants businesses.

NEW ZEALAND & AUSTRALIA

Revenue rose by 10.8%, from RM49.8 million to RM55.2 million, driven by the Contract Packing for Dairy and Juice based drinks business which achieved higher sales volume from existing and new customers.

CHINA

Revenue declined by RM1.9 million or 30.1% mainly due to lower export sales resulting from the continued economic slowdown in China and keen competition.

PROSPECTS AND GROWTH PLANS

Trading and Frozen Food Division

With the slight recovery of the Malaysian Ringgit over the last few quarters, the currency has remained range bound against the US Dollar. However, food costs continue to increase, particularly due to the inability to obtain supplies of meat and dairy products. The increased costs and the implementation of the GST have resulted in tightening of spending by consumers.

Prices of lamb and mutton from Australia and New Zealand continue to increase due to the shortage of animals, which pushed farmers to demand higher prices. Although the price for lamb shoulder has declined due to lower demand from China, obtaining the required supply quantity is difficult. Moreover, the suspension of importation from three plants in Australia by the Department of Islamic Development Malaysia has made sourcing for beef difficult, although the price of beef has been stable.

The main supplier for cheese and butter from Australia has temporarily suspended production due to the severe shortage of milk. Efforts to source from other countries were also challenged due to the same reason or prices quoted are generally significantly higher. As a result, the revenue for cheese and butter was impacted.

Pok Brothers has completed the construction of its new warehouse facility in the Selangor Halal Hub in Pulau Indah. The move to the new premises in December will cater for future expansion and growth. The existing facility in Glenmarie will continue to serve as the central distribution point for Klang Valley. Moving forward, the Division expects the operating costs associated with a bigger facility to impact the bottom line until the contribution of new revenue streams. Additionally, unless there is an improvement on the food supplies, the next twelve months will be very challenging for the Division to maintain or improve its performance.

Food Services Division

Prices of most raw materials have been stable following the slight recovery of the Malaysia Ringgit against the US Dollar. Consumers' sentiment remains weak after the implementation of the GST which triggered an increase in prices of goods and services compounded with the increase in toll charges, reduced rebates for electricity charges as well as higher fuel price. All these factors have resulted in a slower retail market with consumers tightening their expenditures. Despite these factors, Texas Chicken is able to sustain healthy sales due to market acceptance of its brand, products quality, value and services.



REVIEW OF OPERATIONS



Texas Chicken operates

41 stores
to date

For Texas Chicken, bone-in-chicken price from one of its major suppliers has increased slightly while others remained unchanged based on existing contracts. Higher rebates have been obtained from certain suppliers upon achieving the targeted volume. Overall, Texas Chicken should be able to negotiate for better prices of most food costs as it will be in a better bargaining position when volume grows in tandem with the increasing number of outlets. The Division also constantly source for new suppliers to complement its growing business to ensure the lowest prices are obtained.



San Francisco Coffee operates

37 stores
in total at the end of
FY2017

The topline of existing stores continues to strengthen on the back of successful operations executions, marketing strategy and limited time offers together with the growing number of outlets. Supported by the continuing brand strength of Texas Chicken, the fast food chain has been attracting offers from malls and shop lots in and outside the Klang Valley. As a result, Texas Chicken has been able to improve the site selections and rental terms.

For the current quarter, Texas has opened three new stores located in Cheras, Taiping and Sungai Buloh. During the financial year 2017, it opened a total of eleven stores and has recently opened another two stores in Bandar Baru Ampang and 1 Utama Shopping Centre, bringing a total of 41 stores to date. For the next twelve months, Texas is expected to continue to open at least the same number of stores, if not more, subject to availability of suitable sites.

In respect of San Francisco Coffee, prices of most raw materials have been stable since the slight recovery of the Ringgit against the US Dollar. Sourcing for alternative suppliers has

yielded some positive results for imported raw materials like syrups, local cups and lids. Milk price remains stable.

Competition has heated up with the openings of new coffee chains including Doutor, Costa and Paul Coffee from Japan, United Kingdom and France respectively, as well as local homegrown brand, Espresso Lab, which has started to compete with San Francisco Coffee by targeting office buildings. Prices of its drinks are on par with major competitors while food prices are lower to drive traffic to the stores.

To celebrate San Francisco Coffee's 20th anniversary in August 2017, the coffee chain launched a new logo, accompanied with a refreshed menu as well as new store concepts, which will enable the brand to make a presence in malls and lifestyle market, diversifying from the current niche market that focuses mainly on office buildings.

For the financial year ended 2017, San Francisco Coffee has opened eleven stores, with latest store opened at Melawati Mall in July 2017. It also bought over a franchise store, bringing the total number of stores to 37. It also planned to open another twelve stores for the next twelve months.

Nutrition Division

Dairy ingredients in the form of milk powders and highly specialised whey proteins make up a significant component of the Division's costs. International prices for milk powder has remained relatively stable in recent months, reflecting a continuation of the widely-held view that the worldwide supply position has reached



an equilibrium level. Prices for specialised whey proteins purchased for the manufacture of Horleys products do not always directly follow the price trends for Whole and Skim milk. After a period of rising prices for these ingredients, they have now stabilised. The company predominantly draws their specialised protein ingredients exclusively from Fonterra Cooperative, New Zealand's preeminent dairy product supplier. All remaining raw materials and packaging requirements are actively tendered via the company's contracted powder products manufacturer on an open book costing basis.

The Division markets their range of sports nutrition and weight management products under the Horleys brand. The Horleys brand has been losing market share in the key New Zealand supermarket channel and currently holds 23%¹ market share of New Zealand key accounts. The aggressive promotional programme activated by key competitor, Vitaco, continues to be the primary reason for the loss of market share.

In the traditional channel for sales of sports and weight management supplements being gyms, health food and supplement shop channel, Horleys has lost market share for some period. This has been primarily due to more competitively priced US brands as well as significant increase in dealing by Australian and New Zealand brands as they fight desperately to retain market share.

The Horleys marketing team have reviewed each of Horleys product sub ranges and are progressively relaunching these ranges to better address consumer needs and strengthen and simplify the 'call outs' on the product labels. To date, the team has completed the re-launch of the 'Training Series' product range which are entry level products sold primarily in supermarkets as well as the 'Sculpt' women's shaping protein range. While it is early to gauge the response to the new products, there seems to be an improved uptake to date.

The current focus is on the redevelopment of products within the Elite range which are targeted at heavier users. The planned relaunch of this range is scheduled for the first quarter of 2018 calendar year. The marketing team is also developing an exciting new E-Commerce strategy which will ensure Horleys enjoy a significant share of the rapidly growing opportunities.

Bakery

Wheat price, which forms a huge portion of raw material cost, has stabilised in the current quarter even though global demand is increasing. However, the weak Malaysia Ringgit, coupled with higher fuel price has resulted in an indirect increase in wheat and other raw materials prices like sugar, butter and yeast, which indirectly impacted the margins. The depressed margins were further compounded by the capping of the fuel price by the Malaysian government to prevent the price from falling further when sold to the industrial users. Cost saving exercises are being carried out to mitigate the high cost and the efficiency of production is being closely monitored to ensure lower production costs.



Consumers spending remain weak following the implementation of the GST coupled with an increase in toll charges, reduction in rebates on electricity charges and the lifting of subsidies for cooking oil. Most grocers and retailers have temporarily delayed expansion plans and reduced promotional activities. In addition, new products that taste better and more crispy have been developed to compete effectively with its competitors and penetrate into hotels and restaurants.

To control costs, measures have been undertaken to improve process efficiencies and controlling wastages and returns. Price increase for certain existing products has been implemented to mitigate the escalating costs of raw materials and labour. As the industry experiences labour shortage, the Bakery business will focus on the production of frozen dough that will provide the Division a competitive edge in the market. To lift revenue, new products have been developed mainly for the hotels and a new retail concept for Thaw & Serve products, which are packed in trays for convenience stores. The Division is making in-roads into the hotel, restaurants and café industry by securing numerous new customers. It has also penetrated the overseas markets, with several orders from a couple of countries.

¹ reference obtained from Aztec Data dated 25 June 2017 Bakery

REVIEW OF OPERATIONS

Taking into account the competitiveness and escalating costs of raw materials and labour, the Group has decided to dispose its companies, Family Bakery Sdn Bhd and Daily Fresh Bakery Sdn Bhd, which are involved in the production and distribution of the lower end bread and bun segment. The disposal was completed on 18 December 2017.

Butchery

The continued increase in prices of imported meat has weighed down on the Division's revenue and profit margins. Selling prices have been very competitive and are also controlled by the Price Control and Anti-Profiteering Act. However, with newer and more efficient machineries and equipment, there were savings in production costs to mitigate the impact of the increased costs. The home grown Gourmessa brand's retail pack of 100 grams has been successful in capturing a substantial market share under the cold meats segment and will be launching a new packaging to sustain its market position. In addition, Gourmessa has appointed a distributor in Singapore to distribute its products to the supermarkets, independent grocery stores, restaurant and hotels, from the next quarter onwards.

Gourmessa will be relocating to its newly constructed factory building in the Selangor Halal Hub, located in Pulau Indah in second quarter of FY2018. With the bigger facility, the limitation of production capacity has been addressed and the Company can now focus on export sales from the second quarter onwards after getting its halal certification from the Department of Islamic Development Malaysia (JAKIM).

The initial high operating costs associated with a bigger factory and distribution costs will impact the bottomline in the near future.



Beverages

To mitigate the weak demand from both the local and overseas markets, the management took a prudent step and scaled down the operations from the last quarter of FY2017.

Contract Packing for Dairy and Juice Based Drinks

Demand for PET Aseptic co-packing continues to grow within Australia and New Zealand. The demand is mostly coming from traditional tetra brik offerings such as Up and Go and Nippys which have recently converted to PET.

There are several new players entering the PET Aseptic market both in New Zealand and Australia including new co-packers. The new players include some of our existing co-pack customers who will take production in-house.

Some of EDNZ flavoured milk customers are exiting the market due to poor margins resulting from high milk costs and transport costs in New Zealand.

EDNZ still enjoys strong demand for supply of high value added Aseptic PET bottled products, particularly for Asia. However, competition from new manufacturers can be expected to impact the market in late 2018 as they come online and offer competing services.

Computerisation

As the group continues to grow and expands rapidly in Food Services Division, there is a need for real time and accurate information by the management for better decision making process. The new cloud POS system will be the standard platform to assist the Group in achieving the overall operation efficiency. We expect with vast enhancements in the POS system will provide better internal controls, improve operating efficiencies, accord accountabilities and better visibility in over-viewing operations. New technologies will be introduced to integrate with cloud POS system which are expected to be deployed in financial year 2018 to further improve the overall business operation efficiencies and lowering operating cost while giving an improvement to a better customer experience in store.

Human Resource

The Group's total staff count was approximately 2,000 as at 30 September 2017.



NUTRITION

DIVISION



FINANCIAL HIGHLIGHTS

	FY2013	FY2014	FY2015	FY2016	FY2017
KEY FINANCIAL INFORMATION					
Revenue (RM'000)					
- Continuing [®]	296,895	306,789	327,357	362,674	410,331
- Discontinued [®]	684,882	540,891	-	-	-
Total	981,777	847,680	327,357	362,674	410,331
Profit/(Loss) after tax (RM'000)					
- Continuing [®]	(47,388)	(72,353)*	(3,562)	1,456	(53,541)^
- Discontinued [®]	52,488	610,021**	-	-	-
Total	5,100	537,668	(3,562)	1,456	(53,541)
Shareholders' equity (RM'000)	273,026	346,766	373,533	350,514	314,855
Total equity (RM'000)	273,592	343,826	367,394	342,199	305,280
Weighted average number of shares	118,225,782 [#]	124,525,438 [#]	126,143,289 [#]	126,143,289	126,143,289
KEY FINANCIAL RATIO					
Earnings/(Loss) per share (RM sen)	6.3 [#]	435.7 [#]	(0.3) [#]	2.3	(41.5)
Return on equity (%)	18.3	188.2**	1.5	2.2	(13.7)
Dividend per share (RM sen)	6.6 [#]	392.0 [#]	-	-	-
Net assets value per share (RM)	2.3 [#]	2.8 [#]	2.9 [#]	2.7	2.4

* Includes the one time gain from disposal of relevant intellectual property and impairments of plant and equipment and intangible assets of RM34,248,000 and RM44,673,000 respectively.

** Includes the one time gain from disposal of subsidiaries of RM573,276,000.

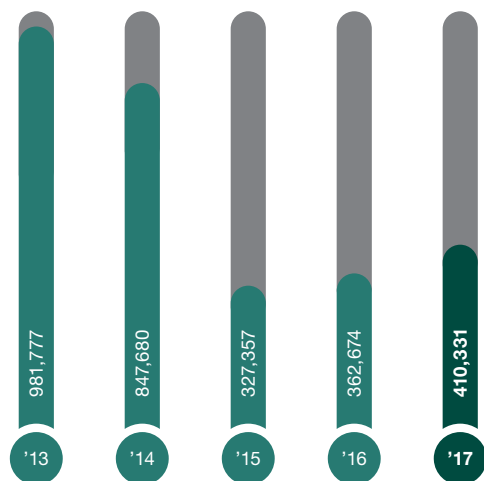
[®] For FY2013, the revenue and profit/(loss) after tax have been disaggregated for comparative purposes due to discontinued operations in FY2014.

[#] The weighted average number of shares have been adjusted to reflect the effect of Share Consolidation with every five existing shares consolidated to one share in FY2016.

[^] Includes the impairment loss of RM32,870,000 in respect of its available-for-sale financial asset.

FINANCIAL HIGHLIGHTS

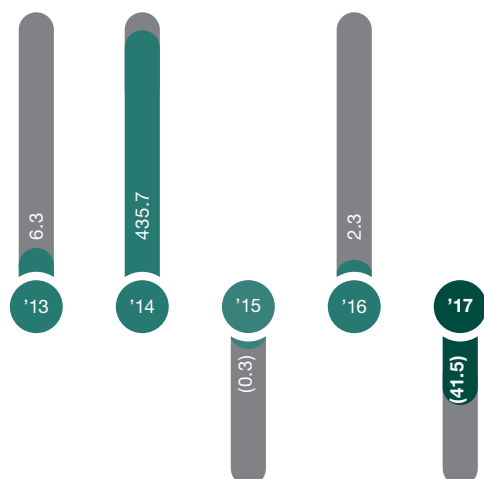
Revenue (RM'000)



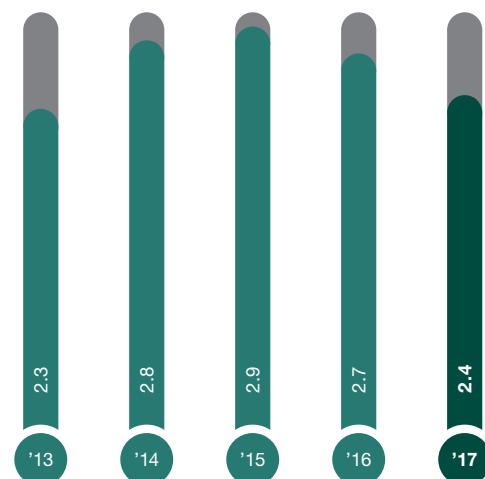
Profit/(loss) after tax (RM'000)



Earnings/(loss) per share (EPS) (RM sen)



Net assets value per share (RM)



RISK FACTORS

THE FOLLOWING IS AN OVERVIEW OF ENVICTUS' RISK FACTORS, WITH BRIEF DESCRIPTION OF THE NATURE AND EXTENT OF THE GROUP'S EXPOSURE TO THESE RISKS. WE STRIVE TO PROVIDE REASONABLE ASSURANCE TO OUR STAKEHOLDERS BY INCORPORATING SOUND MANAGEMENT CONTROL INTO OUR DAILY OPERATIONS, ENSURING COMPLIANCES WITH LEGAL REQUIREMENTS, AND SAFEGUARDING THE INTEGRITY OF THE GROUP'S FINANCIAL REPORTING AS WELL AS RELATED DISCLOSURES.

ECONOMIC RISKS

Changes in the economic conditions within and outside of Malaysia where the Group's main operations are based may have material adverse impact on the demand for the Group's products, consequently affecting the operations and financial performance of the Group. While the Group operates in a fairly defensive F&B industry, the Group is not completely shielded from the impact of world economic crisis.

BUSINESS RISKS

Any significant increase in the prices of our raw materials would have an adverse impact on our profitability

The raw materials we utilise for the manufacture of our products within our subsidiaries comprise substantially of whey protein concentrate, milk powder, liquid fresh milk, margarine, yeast, salt, sugar, vitamins, raw meat, flour, palm olein and packaging material (such as paper and plastic packaging, cans, labels and cartons). In order to ensure that we are able to efficiently deliver quality products to our customers at competitive prices, we need to obtain sufficient quantities of good quality raw materials at acceptable prices and in a timely manner. As such, we typically enter into forward supply contracts. In the event that our suppliers are unable to fulfill our raw material needs, we may not be able to seek alternative sources of supply in a timely manner or may be subject to higher costs from alternative suppliers. This may adversely affect our ability to meet our customers' orders and our profitability in the event that we are unable to pass on such costs to our customers.

Our failure to meet adequate health and hygiene standards will lead to a loss in customer confidence

Our products are manufactured under very stringent quality control processes and the Group stresses quality and hygiene as a top priority. If there is any incidence of contamination or food poisoning in any of our subsidiaries, our Group may face criminal prosecution under the Food Act 1983 (including its sub regulation Food Hygiene Regulations 2009) in Malaysia, Animal Products Act 1999 New Zealand, Food Act 1981 New Zealand or other relevant regulations in jurisdictions to which our products are exported to, a loss in customer confidence and a negative impact on our reputation. Accordingly, our prospects as well as our financial condition will be adversely affected.

It is also possible that the relevant authorities may impose directives as a result of health and hygiene issues to carry out certain remedial actions which may impact on our operations. Failure to comply with such directives may result in our operations/licenses being suspended and/or revoked, which will have a material adverse impact on our reputation and financial performance.

To mitigate this risk, our operations are International Organization for Standardization (ISO) and Hazard Analysis and Critical Control Point (HACCP) accredited by international certification bodies and we also subscribe to Good Manufacturing Practice (GMP). We have also met the Malaysian Standard on Halal Food MS 1500 : 2009 and therefore issued with the Halal certification from JAKIM (Department of Islamic Development Malaysia). This JAKIM requirement also extends to the material usage in our operations from suppliers which need to be Halal certified. Failure to comply with JAKIM regulations would lead to suspension or revocation of the Halal Certificate issued to us and this will have a serious impact on our reputation and financial performance.

We may be subject to product liability claims if our products are found to be unfit for consumption

If our products are found to be unfit for consumption and consumers suffer damage, injury or death as a result of consuming or coming into contact with our products, we may be required to compensate the consumer for any injury or death. The Group's profitability would be adversely affected if the amount payable under the insurance policies covering the Group is not sufficient to meet the compensation amount payable. Accordingly, our reputation, prospects, and financial condition will also be adversely affected.

Possible changes in consumer taste may lead to lower demand and sales of our products

Being in the F&B industry, the nature of our business is highly dependent on consumer preferences. We strive to achieve the highest quality in the products we offer. However, the level of market acceptance of our products ultimately relies on consumer taste and lifestyle. The younger affluent generation now has higher purchasing power and is willing to pay a premium for products which cater to their individual desires. Also, the current consumer trend towards healthier lifestyle and organic products may pose threats to our Group's business if we are not flexible enough to adapt and cater to the trend.

An outbreak of disease in livestock, such as cows, goats and chickens, and food scares may lead to loss of consumer confidence in our products

Any outbreak of disease in livestock and food scares may have an adverse impact on the business of our Group as it may lead to loss in consumer confidence and reduction in consumption of the particular food or related products concerned. It may also affect our Group's sources of supply of raw materials, such as milk powder or raw meat, from that particular area, resulting in our Group having to source for alternative supplies which may be more costly or have negative impact on our production processes and output.

We depend on key management personnel and the loss of such personnel may adversely affect our Group's operations

The Group's success to date has been due largely to the contributions of its management teams and employees. As such, the Group's continued success is dependent on its ability to retain the services of such personnel. There is no certainty that the Group will be able to retain or integrate new personnel into the Group or identify or employ qualified personnel. Accordingly, the loss of the services of these key personnel or the inability to attract additional qualified persons may negatively affect the Group's business, financial condition, results of operations and future development.

REGIONAL EXPANSION RISKS

The Group now has its operation base in Malaysia and New Zealand. However, we are still constantly seeking new business opportunities overseas. Thus, the Group will focus equally on international expansion for future growth. However, there are considerable risks associated with this regional expansion strategy.

Ability to extract synergies and integrate new investment

In acquisition, the Group faces challenges arising from being able to integrate newly acquired businesses with our own existing operations, managing businesses in new markets where we have limited experience. There is no assurance that synergies can be created from the new acquisitions and that the returns generated from the new ventures will meet the management's expectations.

Ability to make further acquisitions

Although we are constantly looking for new opportunities that could contribute to our future growth, there is no assurance that there will be sound acquisition opportunities available as there are constraint factors such as competition from other investors, government policies, political considerations, and last but not least, sincere sellers with sound business deals.

RISK FACTORS

FINANCIAL RISKS

Credit risks

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. While the Group faces the normal business risk associated with ageing collections, it has adopted a prudent accounting policy of making specific provisions once trade debts are deemed not collectible. Nonetheless, a delay or default in payment and/or significant increase in the incidence of bad trade receivables would have a material and adverse impact on our financial position and performance.

Foreign currency risks

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the entity's functional currency. The currencies giving rise to this risk are primarily Ringgit Malaysia, United States dollar, Singapore dollar, New Zealand dollar, Australian dollar, Hong Kong dollar and Indonesian rupiah. Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level and hedging through currency forward exchange contracts is done where appropriate.

Interest rate risks

The Group's exposure to changes in interest rates relates primarily to bank borrowings and fixed deposits. The Group strives to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings. The objective for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if the interest rates fall. In the event of any substantial increase in interest rates, cash borrowings obligations may be extended and our financial performance may be affected.

Liquidity risks

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of our overall prudent liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet its working capital requirements. Short-term funding is obtained from overdraft and trade facilities from banks and finance leases from financial institutions. As such, we are subject to risks normally associated with debt financing, including the risk that our cash flows will be insufficient to meet required payment of principals and interest. In addition, while in the past our cash flows from our operations and financing activities had been sufficient to meet our payments obligations for borrowings and interest, there is however no assurance that we are able to do so in the future. In such event, we may be required to raise additional capital, debt or other forms of financing for our working capital. If any of the aforesaid events occur and we are unable for any reason to raise additional funds to meet our working capital requirements, our business, financial performance and position will be adversely affected.

Equity price risks

The Group is exposed to equity price risks arising from equity investments classified as either available-for-sale financial assets or held-for-trading financial assets. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale equity investments.



FOOD PROCESSING DIVISION

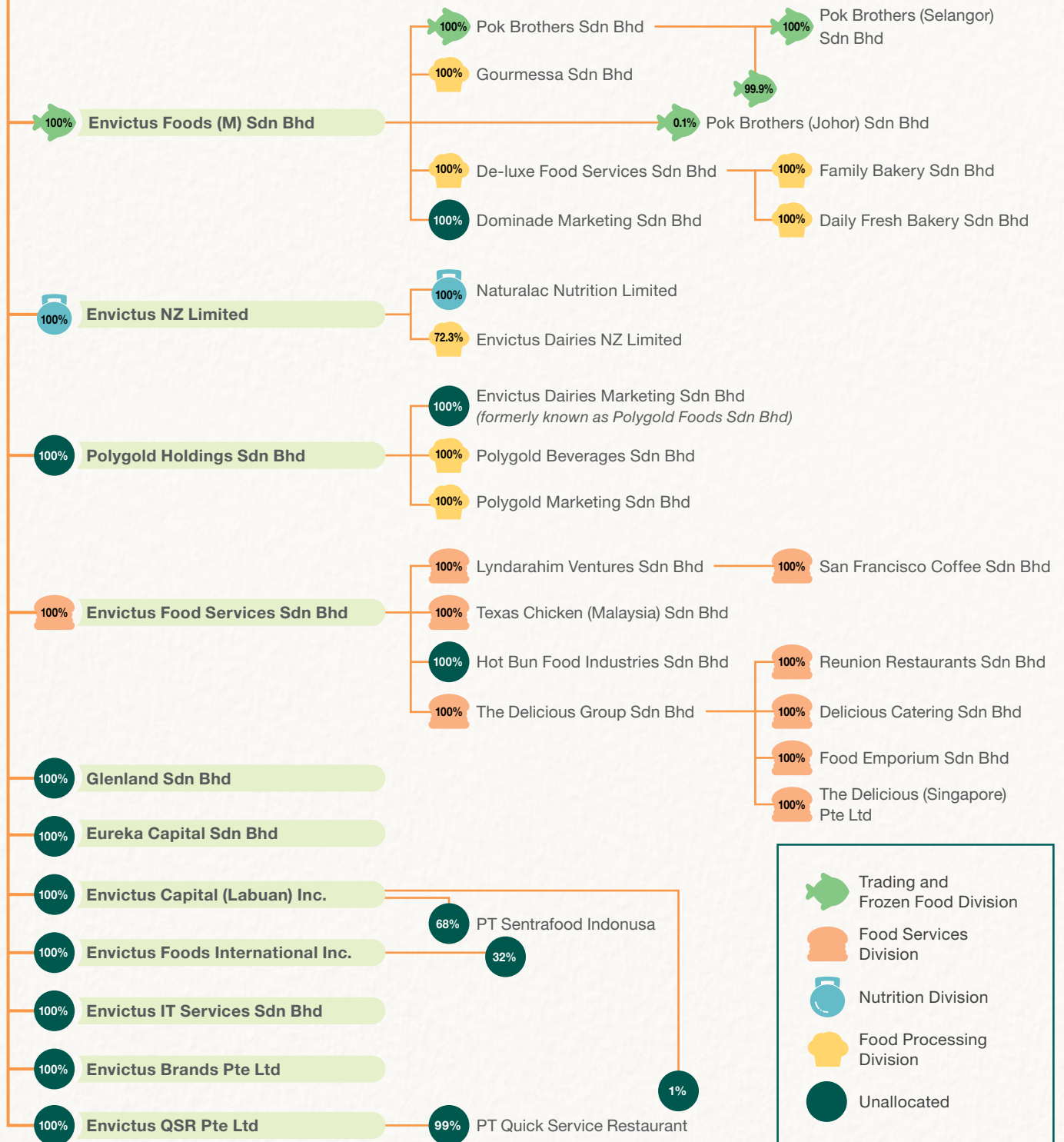


GROUP STRUCTURE



ENVICTUS

ENVICTUS INTERNATIONAL HOLDINGS LIMITED



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Jaya J B Tan

Non-Executive Chairman

Datuk Sam Goi Seng Hui

Non-Executive Vice-Chairman

Dato' Kamal Y P Tan

Group Chief Executive Officer

Mah Weng Choong

Independent Director

John Lyn Hian Woon

Independent Director

Teo Chee Seng

Independent Director

COMPANY SECRETARIES

S Surenthiraraj @ S Suresh

Kok Mor Keat

REGISTERED OFFICE

SGX Centre II, #17-01
4 Shenton Way, Singapore 068807
Telephone: (65) 6361 9883
Facsimile: (65) 6538 0877

SHARE REGISTRAR

**Boardroom Corporate & Advisory Services
Pte Ltd**

50 Raffles Place, Singapore Land Tower, #32-01
Singapore 048623

INDEPENDENT AUDITOR

BDO LLP

**Public Accountants and Chartered
Accountants**

600 North Bridge Road
#23-01 Parkview Square, Singapore 188778
Partner-in-charge: Poh Chin Beng
(Appointed since the financial year ended 30 September 2017)

PRINCIPAL BANKERS

**Maybank Islamic Berhad
HSBC Amanah Malaysia Berhad
Malayan Banking Berhad
OCBC Al-Amin Bank Berhad**

SOLICITORS

**Morgan Lewis Stamford LLC
Hutabarat Halim & Rekan**

BOARD OF DIRECTORS



DATO' JAYA J B TAN

Non-Executive Chairman

COMMITTEE:

Member of Audit Committee

Member of Remuneration Committee

Member of Nominating Committee

Dato' Jaya J B Tan is the Non-Executive Chairman of the Company and was appointed to the Board since 23 December 2003. He graduated from the University of Arizona and is a Mechanical Engineer by training. He has extensive experience in forestry, property development, food retail operations, trading and financial services. Previously, he has served as Chairman of several companies quoted on the stock exchanges of Malaysia, United Kingdom, Singapore, Australia and India.

Currently, Dato' Jaya is the Executive Chairman of Lasseters International Holdings Limited, a company listed on the Singapore Stock Exchange ("SGX"). He is also the Chairman of Cypress Lakes Group Limited, a public company in Australia and the Vice Chairman of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Dato' Jaya was last re-elected as Director at the Annual General Meeting ("AGM") held in January 2016. Dato' Jaya is the brother of Dato' Kamal Y P Tan.



DATUK SAM GOI SENG HUI

Non-Executive Vice-Chairman

Datuk Sam Goi Seng Hui joined the Board of Envictus International Holdings Limited as Vice-Chairman and Non-Executive Director on 9 January 2013.

He is the Executive Chairman of Tee Yih Jia Group and SGX Mainboard-listed GSH Corporation Limited.

Established in 1969, Tee Yih Jia Group is a global food and beverage group with operations in Singapore, Malaysia, USA, Europe and China, and exports to over 80 countries worldwide. GSH Corporation Limited is a developer of premium residential and commercial properties in the region, as well as the owner and operator of Sutera Harbour Resort, marina and golf course in Kota Kinabalu. In 2017, the group also expanded its presence into China, investing over RMB200 million in Henan Zhongyuan Group. With over 1,000 tenants generating a combined turnover of more than RMB60 billion, it is the largest frozen food logistics and warehouse hub in Zhengzhou in the Henan Province.

Apart from these core businesses, Datuk Sam Goi has investments across a range of listed and private entities in numerous industries, such as food and beverage, entertainment real estate, consumer essentials, recycling, distribution and logistics. Datuk Sam Goi also serves as Vice Chairman of Mainboard-listed JB Foods Limited, and Director of Tung Lok Restaurants (2000) Ltd.

He was named "Businessman of the Year" at the Singapore Business Awards (2014) and conferred the Public Service Star (Bar) (BBM (L)) at the 49th National Day Awards by the president of Singapore for his contributions to the community. Datuk Sam Goi was also conferred the State Award of Panglima Gemilang Darjah Kinabalu (PGDK), which carries the title of Datuk, from the Head of State of Sabah for his social and business contributions to Kota Kinabalu. In 2015, he was awarded the "SG50 Outstanding Chinese Business Pioneers Award" and received the Long Service Award from Singapore's People's Action Party. Datuk Sam Goi was also awarded the Asia Enterprise Asia's Lifetime Achievement Award in 2015 and the Asian Strategy & Leadership Institute's Lifetime Achievement Award in 2016. In 2017, he was honoured for his contributions and success as an overseas Chinese by the People's Tribune Magazine in Beijing, China.

Datuk Sam Goi is also a member of the Singapore University of Technology and Design (SUTD) Board of Trustee, and Chairman of Ulu Pandan Citizens Consultative Committee.

Datuk Sam Goi was re-elected as Director of the Company at the AGM held in January 2016. He will retire at the forthcoming AGM and will offer himself for re-election.

BOARD OF DIRECTORS



DATO' KAMAL Y P TAN

Group Chief Executive Officer

Dato' Kamal Y P Tan is the Group Chief Executive Officer of the Company and was appointed to the Board on 23 December 2003. He was appointed as the Executive Director of the Company upon its listing on 23 December 2004 and has been re-designated to the current position since 20 January 2009.

Dato' Kamal is an Economics graduate from the London School of Economics and has held board positions with companies listed on the stock exchanges in Malaysia, Singapore, Australia, United Kingdom and India.

Currently, Dato' Kamal is also the Non-Executive Director of another company listed on the Singapore Stock Exchange, namely Lasseters International Holdings Limited. He is a Director of Cypress Lakes Group Limited, a public company in Australia and is a Board member of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Dato' Kamal was re-elected as Director at the AGM held in January 2017. Dato' Kamal is the brother of Dato' Jaya J B Tan.

TEO CHEE SENG

Independent Director

COMMITTEE:

Chairman of Remuneration Committee
Chairman of Nominating Committee
Member of Audit Committee



Mr Teo Chee Seng was appointed Independent Director of the Company on 3 August 2004. He holds a Bachelor of Law (Hons) degree from the University of Singapore and is a lawyer in the Singapore private practice for more than 30 years.

Mr Teo acts as the legal consultant to Tzu Chi Foundation, Taiwan's biggest charity organisation which is also an United Nations NGO.

Apart from the present directorship of the Company, Mr Teo is the Independent Director of Lasseters International Holdings Limited and Soilbuild Construction Group Ltd, companies listed on the Singapore Stock Exchange and United Overseas Australia Ltd, which is listed on both Singapore and Australia stock exchanges and UOA Development Bhd, a company listed on the Bursa Malaysia.

Mr Teo was re-elected as Director of the Company at the AGM held in January 2015. He will retire at the forthcoming AGM and will offer himself for re-election.

BOARD OF DIRECTORS



JOHN LYN HIAN WOON

Independent Director

COMMITTEE:

Chairman of Audit Committee
Member of Remuneration Committee
Member of Nominating Committee

Mr John Lyn Hian Woon was appointed Independent Director on 3 August 2004. He holds a BSc degree in Mechanical Engineering from the University of Leeds, UK and an MBA from Washington State University.

Mr Lyn is currently the Chief Executive Officer of Indigo Investment Pte Ltd, a family office organization registered in Singapore. He is also a Director of Sirius International Holdings, an international school based in Kuala Lumpur.

Mr Lyn is a former Chairman of Vietnam Asset Management, an associate company of UOB Kay Hian, which manages Public-listed Funds for Vietnam. He has previously held the

position of Chief Executive Officer of Colonial Investment Pte. Ltd. and was responsible for management, strategic planning, investment and corporate restructuring. Prior to that, he was an investment banker with various financial institutions such as Chase Manhattan Bank, Citibank, Schrodgers Securities and HSBC James Capel with a total of 15 years of experience.

Apart from the directorship of the Company, Mr Lyn does not hold directorship in any other listed companies.

Mr Lyn was re-elected as Director of the Company at the AGM held in January 2017.



MAH WENG CHOONG

Independent Director

Mr Mah Weng Choong was appointed to the Board on 3 August 2004 as a Non-Executive Director and was re-designated to the position of Group Chief Operating Officer ("Group COO") on 13 May 2010. Mr Mah relinquished his position as Group COO of the Company following the completion of the disposal of the Group's dairies and packaging business to Asahi Group Holdings Southeast Asia Pte. Ltd. and was re-designated as Non-Executive Director with effect from 1 July 2014. Mr Mah was the Group COO of Etika Dairies Sdn Bhd from 30 June 2014 to 30 June 2015. On 1 October 2017, Mr Mah was re-designated from Non-Executive Director to Independent Director of the Company.

Mr Mah is a graduate in Science from the University of Malaya and is an industry veteran who spent more than 5 decades in companies involved in the manufacturing and distribution of sweetened condensed milk, ice-cream, UHT beverages, milk powder packing and other dairy-related products. Experienced and knowledgeable in setting up plants and strategic planning, Mr Mah is instrumental in the development and expansion plans of the dairies, packaging and beverage divisions of the Group since its inception.

Apart from the directorship of the Company, Mr Mah does not hold directorship in any other listed companies.

Mr Mah was last re-appointed as a Director at the AGM held in January 2016.

KEY MANAGEMENT

KHOR SIN KOK

Deputy Group Chief Executive Officer

Mr Khor Sin Kok was appointed as Deputy Group Chief Executive Officer on 1 February 2017. He holds a degree in Mechanical Engineering from the University of Leeds, UK and a Master degree in Business Administration majoring in Finance from Michigan State University, USA.

Mr Khor has previously worked for the Envictus Group from 1 November 1996 to 30 June 2014, the last position being the Deputy Group Chief Operating Officer of the Company. During his tenure with the Envictus Group, he was one of the key management involved in the setting up of the factory and business operations of Etika Dairies Sdn Bhd (“EDSB”), a company which was involved in the manufacturing of condensed milk and subsequently sold to Asahi Group Southeast Asia Holdings Pte. Ltd. (“Asahi”) in June 2014. Following the completion of the disposal to Asahi, Mr Khor was employed by EDSB as its Deputy Group Chief Operating Officer from 1 July 2014 to 31 December 2014.

Mr Khor has also worked in a Malaysian dairy division of a group listed on the SGX-ST in 1985 as Assistant Project Development Manager. During his 12 years tenure with the said company, he was involved in market research activities, project feasibility studies and implementation and manufacturing operations of various product lines like sweetened condensed milk, evaporated milk, milk powder packing, ice-cream, UHT beverages, sterilised and pasteurised products in plastic bottle and gable-top paper carton and can making plant.

BILLY LIM YEW THOON

Chief Financial Officer

Mr. Billy Lim joined Envictus as Chief Financial Officer on 1 March 2011. He is a Fellow member of the Association of Chartered Certified Accountants, a member of the Malaysia Institute of Accountants, a member of the Malaysian Institute of Corporate Governance, an Associate member of the Chartered Tax Institute of Malaysia and an Associate member of Institute of Internal Auditors.

Mr Lim brings with him a wealth of experience of more than 18 years in the audit practice and another 8 years in the commercial industry. He has also worked as the General Manager of Internal Audit for more than 3 years in a large public corporation listed on Bursa Malaysia Securities Berhad. His commercial experience includes monitoring of manufacturing and gaming operations located in Malaysia and overseas as well as participation in the negotiation and takeover of companies.

Prior to joining Envictus, Mr Lim was a Director of a consulting firm which has been providing consultancy and internal audit services to a Malaysian listed company. He was also a sole proprietor of a firm of practising accountants.

DATO' LAWRENCE POK YORK KEAW

Chief Executive Officer – Frozen Food Division

Dato' Lawrence Pok has extensive experience in the hotel and restaurant industry. He is the Chief Executive Officer of Envictus' Frozen Foods Division and had been with Pok Brothers Sdn Bhd (“PBSB”) since the mid 1960's. He was instrumental in building up PBSB from a mini-market trader to an importer of quality foods and distributor of a classic range of international branded products. Among others, his notable achievements include the expansion of PBSB's operations into the manufacturing of value added halal food products through the establishment of De-luxe Food Services Sdn Bhd (“DFSSB”) in the early 1980s. The products offered by DFSSB comprise of portion control meat, delicatessen meat, smoked salmon, bread and pastry products and many more were aimed to complement and enhance the business and service that were offered by PBSB then.

Dato' Lawrence Pok continued to head the operations of PBSB and its group following the acquisition by Envictus Group in 2006. He is currently overseeing the Trading and Frozen Food Division and Butchery sub-division undertaken by Gourmessa Sdn Bhd.

KEY MANAGEMENT

RICHARD ROWNTREE

Managing Director, Naturalac Nutrition Ltd

Mr Richard Rowntree has overall responsibility for the nutritional products business. Based in New Zealand, the business heritage is in the niche health & fitness centre sales. With the market's broader awareness of the role of supplementary nutrition to assist achieving personal performance goals future prospects for growth lie in further development of mass market channels in New Zealand and Australia. In a recent move to further diversify the sales base for the business the company has introduced a range of chilled nut milks to the market. Mr Rowntree also represents the group's interests in relation to ensuring the success of Envictus Dairies NZ Limited the aseptic UHT beverage manufacturing business based in New Zealand. The potential for growth of this business will draw on Mr Rowntree's extensive experience in international business development. Prior to his appointment to his current role with Naturalac Nutrition Ltd in March 2003, he had been employed in international business development senior management roles with a number of public-listed New Zealand based companies including Cerebos, Fletcher Challenge and (Heinz) Watties. Mr Rowntree has had previous experience in leading export business development into markets including United Kingdom, Australia, the Pacific Islands and a number of South East Asian countries.

NEIL MCGARVA

Chief Executive Officer, Envictus Dairies NZ Ltd

Mr Neil McGarva studied food science at Massey University and holds a Royal Society of Health Diploma in Public Health Inspection. He spent 10 years working for NZ Government as a food safety auditor and Environmental Health Officer.

In 1992, he established Pandoro Bakeries, an Artisan bread manufacturing factory in Auckland, New Zealand, expanding operations to multiple manufacturing sites Nationwide. In 2002, he established the Natural Pet Treat Company in Auckland, which continues today as a major manufacturer and exporter of quality natural pet foods. In 2006, he established New Zealand's first UHT Aseptic PET Bottling plant in Hawkes Bay. In 2009, he merged this operation with Envictus International Holdings Limited to form Etika Dairies NZ Ltd, now known as Envictus Dairies NZ Ltd, in 2014.

He is currently CEO of Envictus Dairies NZ Ltd, a contract manufacturer of ESL and shelf stable PET bottled plain and flavoured milk, protein drinks, juice, lactose free milk, drinking yoghurt, coconut milk and almond milk for domestic and export markets.

CORPORATE GOVERNANCE

THE DIRECTORS AND MANAGEMENT OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED (“ENVICTUS” OR THE “COMPANY”) AND ITS SUBSIDIARIES (COLLECTIVELY WITH THE COMPANY, THE “GROUP”) ARE COMMITTED TO MAINTAIN HIGH STANDARDS OF CORPORATE GOVERNANCE IN ORDER TO PROTECT THE INTERESTS OF ITS SHAREHOLDERS AS WELL AS ENHANCE CORPORATE PERFORMANCE AND BUSINESS SUSTAINABILITY. THE GROUP WILL CONTINUE TO UPHOLD GOOD CORPORATE GOVERNANCE PRACTICES CONSISTENT WITH THE PRINCIPLES OF THE CODE OF CORPORATE GOVERNANCE (THE “CODE”), WHICH FORMS PART OF THE CONTINUING OBLIGATIONS OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”)’S LISTING MANUAL.

THIS REPORT OUTLINES THE GROUP’S CORPORATE GOVERNANCE PROCESSES AND ACTIVITIES THAT WERE IN PLACE THROUGHOUT THE FINANCIAL YEAR, WITH SPECIFIC REFERENCE TO THE CODE AS REVISED BY THE MONETARY AUTHORITY OF SINGAPORE (“MAS”) ON 2 MAY 2012. DEVIATIONS FROM THE CODE, IF ANY, ARE EXPLAINED UNDER THE RESPECTIVE SECTIONS.

BOARD MATTERS

Principle 1 : The Board’s conduct of its affairs

The primary function of the Board of Directors (“the Board”) is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board oversees the business affairs of the Group and has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investments proposals, financial performance reviews and corporate governance practices.

In addition, the principal duties of the Board include:-

1. Providing entrepreneurial leadership and guidance on the overall long-term strategic plans and performance objectives as well as operational initiatives and to ensure that the necessary financial and human resources are in place to meet its objectives;
2. Reviewing the performance of the Group Chief Executive Officer (“Group CEO”) and senior management executives and ensures they are appropriately remunerated;
3. Reviewing the adequacy and effectiveness of the Group’s risk management and internal control systems, financial reporting and compliance, operational compliance and information technology controls;
4. Reviewing and approving key operational and business initiatives, major funding proposals, significant investment and divestment proposals, corporate or financial restructuring, share issuance and dividends, the Group’s annual budgets and capital expenditure, the Group’s operating and financial performance, risk management processes and systems, human resource requirements, the release of quarterly and full year financial results and other corporation actions;
5. Setting the Company’s values and standards and ensure that obligations to shareholders and other stakeholders are understood and duly met;
6. Considering sustainability issues such as environmental and social factors as part of its strategic formulation; and
7. Providing the management with advice on issues raised and at the same time monitors the performance of the management.

Independent Judgement

All directors exercise due diligence and independent judgement and make decisions objectively in the best interests of the Group.

Delegation by the Board

The Board has delegated certain of its functions to the Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”). These committees operate under a clearly defined terms of reference. The Chairman of the respective Committees reports the outcome of the Committees meetings to the Board.

CORPORATE GOVERNANCE

Key features of board processes

The dates of the Board and board committee meetings are scheduled in advance to assist the directors in planning their attendance. The Board meets at least three times a year and as warranted by particular circumstances. Ad-hoc meetings are also convened to deliberate on urgent and substantive matters. Telephone attendance and conference via audio-visual communication at Board and board committee meetings are allowed under the Company's Constitution.

Directors' attendance at Board and board committee meetings in FY2017

The attendance of the directors at meetings of the Board and Board committees is as follows:-

	Board	Audit Committee	Remuneration Committee	Nominating Committee
No. of meetings held in FY2017	5	4	1	1
Number of Meetings Attended				
Dato' Jaya J B Tan	5	4	1	1
Datuk Sam Goi Seng Hui	5	N/A	N/A	N/A
Dato' Kamal Y P Tan	5	N/A	N/A	N/A
Mah Weng Choong	5	N/A	N/A	N/A
Teo Chee Seng	5	4	1	1
John Lyn Hian Woon	5	4	1	1

N/A - not applicable as director is not a member of the committee.

Board approval

The Group has adopted a guideline setting forth matters that require the Board approval. The types of material transactions that require Board approval, among others, include:-

1. Announcements for the quarterly and full-year results;
2. Audited Financial Statements;
3. Convening of shareholders' meetings;
4. Declaration of interim dividends and proposal of final dividends;
5. Acceptance of financial facilities and issuance of corporate guarantee;
6. Annual operating and capital budgets;
7. Approval of material acquisition and disposal of assets; and
8. Interested person transactions.

Induction and training of directors

The Group conducts an orientation briefing to provide newly appointed directors with a better understanding of the Group's business activities, strategic direction and policies, key business risks, governance practices and Group culture to enable them to assimilate into their new roles. Upon the appointment of each director, the Company would provide a formal letter to the director setting out the director's duties and obligations. The directors will be encouraged, on the Company's expense, to attend appropriate training, conferences and seminars for them to stay abreast of relevant business developments and outlook.

The Board is briefed on recent changes on the accounting standards and regulatory updates. The Group CEO updates the Board at each meeting on business and strategic developments of the Group. As part of the Company's continuing education for directors, directors are provided with articles, reports and press releases relevant to the Group's business to keep them updated on current industry trends and issues.

No external training was attended by the directors in FY2017.

Principle 2 : Board composition and guidance

Presently, the Board of Directors (“the Board”) of Envictus comprises the following directors:-

Name	Age	Date of First Appointment	Date of Last Re-Election / Re-Appointment	Designation
Dato’ Jaya J B Tan	70	23.12.2003	27.01.2016	Non-Executive Chairman
Datuk Sam Goi Seng Hui	71	09.01.2013	27.01.2016	Non-Executive Vice-Chairman
Dato’ Kamal Y P Tan	65	23.12.2003	18.01.2017	Group Chief Executive Officer
Mah Weng Choong*	79	03.08.2004	27.01.2016	Independent Director
Teo Chee Seng	63	03.08.2004	29.01.2015	Independent Director
John Lyn Hian Woon	59	03.08.2004	18.01.2017	Independent Director

* Mr Mah Weng Choong was re-designated from Non-Executive Director to Independent Director on 1 October 2017.

Each year, the NC reviews the size and composition of the Board and board committees and the skills and core-competencies of its members to ensure an appropriate balance of skills and experience. These competencies include business acumen, legal, accounting and finance, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management. The Board considers its directors possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group’s businesses and the number of board committees, the Board considers the current board size as appropriate. The Board believes that the current composition and size provides sufficient diversity without interfering with efficient decision making. The directors’ academic and professional qualifications are presented under the section “Board of Directors” in this annual report.

Non-executive directors constructively challenge and help develop proposals on strategy and review the performance of the management in meeting agreed goals and objectives and the reporting of performance. They are encouraged to meet regularly without the presence of the management.

Independent Directors

Guideline 2.1 of the Code provides that there should be a strong and independent element on the Board, with independent directors making up to at least one-third of the Board. Guideline 2.2 further provides that the independent directors should make up at least half of the Board where:-

- (a) the Chairman of the Board (the “Chairman”) and the CEO is the same person;
- (b) the Chairman and the CEO are immediate family members;
- (c) the Chairman is part of the management; or
- (d) the Chairman is not an independent director.

In accordance with the Code, changes needed to comply with the requirement for independent directors to make up at least half of the boards in specified circumstances (as shown above) should be made at the Annual General Meetings (“AGMs”) following the end of financial year commencing on or after 1 May 2016.

For FY2017, the Board structure comprised of 4 non-independent directors and 2 independent directors. Hence, the Company has not complied with the requirement of having independent directors making up at least half of the Board. The Company has departed from the compliance of the Code for FY2017.

However, the Company has complied with the Code on 1 October 2017 after Mr Mah Weng Choong was re-designated from Non-Executive Director to Independent Director following the expiry of three financial years for his past employment with the Group. The current Board structure comprised of 3 non-independent directors and 3 independent directors.

CORPORATE GOVERNANCE

Directors' independence review

Director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere with the exercise of the director's independent business judgement in the best interests of the Company is considered independent.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent. For the purpose of determining the directors' independence, every director has provided declaration of their independence which is deliberated upon by the NC and the Board. After taking into account the views of the NC, the Board considers that the following directors are regarded non-independent directors of the Company for FY2017:-

Name of Directors	Reasons for Non-Independence
Dato' Jaya J B Tan	Dato' Jaya is not independent as he holds more than 10% of the Company's voting shares. Dato' Jaya is the brother of Dato' Kamal.
Dato' Kamal Y P Tan	Dato' Kamal is not independent as he is employed as the Group CEO and also holds more than 10% of the Company's voting shares. Dato' Kamal is the brother of Dato' Jaya.
Datuk Sam Goi Seng Hui	Datuk Goi is not independent as he holds a deemed interest of more than 10% of the Company's voting shares through Tee Yih Jia Food Manufacturing Pte. Ltd.
Mah Weng Choong	Mr Mah is not independent as he was employed by the Company up to 30 June 2014, a period which is within the past 3 financial years.

Save for the abovementioned directors, all the other directors on the Board are considered by the NC and the Board to be independent directors.

The Board also recognizes that independent directors may over time develop significant insights in the Group's business and operations and can continue to provide significant and valuable contribution objectively to the Board as a whole. When there are such directors, the Board will do a rigorous review of their continuing contribution and independence and may exercise its discretion to extend the tenures of these directors.

Independent directors, Mr John Lyn Hian Woon and Mr Teo Chee Seng, have each served on the Board for more than nine years. The NC has conducted a rigorous review of their contributions to the Board to determine if they have maintained their independence. The NC and the Board are satisfied with their continued independence in character and judgement in discharging their responsibilities as Directors of the Company with the utmost commitment to protect and uphold the interests of the Company and all shareholders, not just the substantial shareholders and found no evidence to indicate that the length of service has in any way affected their respective independence.

Mr Lyn and Mr Teo have also contributed significantly to the discussion on matters before the Board, which includes matters relating to the strategic direction and corporate governance of the Group, expressed individual viewpoints, debated issues, sought clarification as they deemed necessary including direct access to the Management and objectively scrutinised the Management. Having gained in-depth understanding of the business, operating environment and direction of the Group, they provided the Group with much needed experience and knowledge of the industry, impartial and autonomous views at all times and offered valuable advice. Both have independent income source apart from the fees received from the Group. Accordingly, the NC, with the concurrence of the Board, is satisfied that both Mr Lyn and Mr Teo have remained independent in their judgement and can continue to discharge their duties objectively.

When a director has multiple board representations, the NC also considers whether or not the director is able to and has adequately carried out his/her duties as a director of the Company. The NC is of the view that there is no current need to determine the maximum number of board representations a director should have as the NC is satisfied that the directors have been giving sufficient time and attention to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. Board and Board Committee meetings are scheduled in advance to facilitate the directors' scheduling of their commitments.

The NC is satisfied that all directors have discharged their duties adequately for the financial year ended 30 September 2017.

Currently, there is no alternate director on Board.

Principle 3 : Chairman and Chief Executive Officer

The Chairman and the CEO functions in the Company are assumed by different individuals. The Chairman is Dato' Jaya J B Tan and the Group CEO is Dato' Kamal Y P Tan. Dato' Jaya and Dato' Kamal are brothers. There is a clear division of responsibilities between the Chairman and the Group CEO, which ensures the balance of power and authority at the top of the Company.

The Chairman is responsible for the effective workings of the Board and promotes high standards of corporate governance. He ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with other directors and the key management. He also reviews Board papers before they are presented to the Board to ensure that information provided to the Board members is adequate. During the Board meetings, he facilitates effective contributions and constructive discussions on strategic issues and business planning from the executive and non-executive directors. He plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management at AGMs and other shareholders meetings.

The Group CEO is responsible for the running of the day-to-day business of the Group within the authorities delegated to him by the Board, ensuring implementation of policies and strategy across the Group as set by the Board, ensuring that the Chairman is kept apprised in a timely manner of issues faced by the Group and of any important events and developments and leading the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performances of its existing businesses.

The Board has consistently demonstrated it is able to exercise independent decision-making and because of this, the Board has not appointed a lead independent director to date. Notwithstanding this, it may appoint one in the interest of embracing recommended best practices. The Board is of the opinion the role of Dato' Kamal as Group CEO of the Company does not affect the independence of the Board.

Shareholders who wish to contact the independent directors to address any queries on the Company's affairs may access to the Company's website at www.envictus-intl.com/contact.

Principle 4 : Board membership

The members of the board committees of the Company are as follows:-

Directors	Audit Committee	Nominating Committee	Remuneration Committee
John Lyn Hian Woon	Chairman	Member	Member
Teo Chee Seng	Member	Chairman	Chairman
Dato' Jaya J B Tan	Member	Member	Member

NC composition

The NC comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the NC are as follows:-

Teo Chee Seng (Chairman)	Non-Executive, Independent
John Lyn Hian Woon (Member)	Non-Executive, Independent
Dato' Jaya J B Tan (Member)	Non-Executive

The NC has adopted its terms of reference that describes the responsibilities of its members.

The NC decides how the Board should be evaluated and selects a set of performance criteria that is linked to long-term shareholders' value, to be used for performance evaluation of the Board.

CORPORATE GOVERNANCE

The NC performs the following principal functions:-

- Reviews the structure, size and composition of the Board and make recommendations to the Board;
- Identifies candidates and reviews all nomination for the appointment and re-appointment of members of the Board;
- Determines annually whether or not a Director is independent in accordance with the guidelines of the Code;
- Decides how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval; and
- Assesses the effectiveness of the Board as a whole, as well as the contribution by each member of the Board.

The Board has power from time to time and at any time to appoint a person as a director to fill a casual vacancy or as an addition to the Board. Any new directors appointed during the year shall only hold office until the next Annual General Meeting ("AGM") and submit themselves for re-election and shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

Article 87 of Envictus' Constitution requires the Managing Director, Chief Executive Officer or President (or person holding an equivalent position) who is a director to be subject to retirement by rotation.

Article 91 of Envictus' Constitution requires one third of the Board to retire by rotation at every AGM. The directors must present themselves for re-nomination and re-election at regular intervals of at least once every three years.

In reviewing the nomination of the retiring directors, the NC considered the performance and contribution of each of the retiring directors, having regard not only to their attendance and participation at Board and Board Committee meetings but also the time and efforts devoted to the Group's business and affairs, especially the operational and technical contributions.

In considering the appointment of any new director, the NC ensures that the new director possesses the necessary skills, knowledge and experience that could facilitate the Board in the making of sound and well-considered decisions. For re-appointments, NC takes into account the individual director's past contributions and performance.

The NC has recommended the nomination of directors retiring pursuant to the Company's Constitution, namely Mr Teo Chee Seng (pursuant to Article 91) and Datuk Sam Goi Seng Hui (pursuant to Article 91) who will retire and submit themselves for re-election at the forthcoming Annual General Meeting. The NC is satisfied that both Mr Teo and Datuk Sam are properly qualified for re-election by virtue of their skills and experience and their contribution and guidance to the Board's deliberation.

Key information, directorships in other listed companies and other principal commitments of the Directors who held office during the financial year up to the date of this report are disclosed under "Board of Directors" section of the Annual Report.

Principle 5 : Board performance

The Board regularly reviews the performance of the Management in meeting agreed goals and objectives and monitors the reporting of performance.

The NC reviews on an annual basis the composition and skills of the Board and determines if it is adequate and appropriate having regard to the nature and scope of the Company's operations and the costs involved.

The NC assesses and makes recommendations to the Board as to whether retiring directors are suitable for re-election.

The NC has conducted a formal assessment of the effectiveness of the Board for the financial year under review. The NC reviewed the Board's performance informally with inputs from the other Board members and the Executive Directors. The evaluation exercise is carried out annually by way of a Board Assessment Checklist, which is circulated to the Board members for completion and thereafter, for the NC to review and determine the actions required to improve the corporate governance of the Company and the effectiveness of the Board and Board committees as a whole. The performance criteria for the Board/Board Committees evaluation are in respect of size and composition, directors' independence, Board's accountability, board process, internal controls, quality of agenda/board papers, standard of conduct and risk management etc.

The evaluation of the Chairman of the Board is undertaken by the RC and the NC and the results are reviewed by the Board. The assessment of the Chairman of the Board is based on his ability to lead, whether he established procedures to ensure the effective functioning of the Board and that the time devoted to board meetings were appropriate and are conducted in a manner that facilitate open communication and meaningful participation for effective discussion and decision making by the Board.

Principle 6 : Access to information

To assist the Board in its discharge of duties and responsibilities, Management is required to provide adequate and timely information to the Board on Group affairs and issues that require the Board's decision as well as on-going reports relating to operational and financial performance of the Group. Where a physical Board meeting is not possible, timely communication with members of the Board is effected through other means e.g. electronic mail and teleconferencing. Directors are also updated on initiatives and developments for the Group's business whenever possible on an on-going basis.

The Board has separate and independent access to the Company's senior management and the Company Secretaries. At least one of the Company Secretaries attends the Board and Board committee meetings and is responsible for ensuring that board procedures are followed in accordance with the constitution of the Company, and that applicable rules and regulations are complied with.

The Board is entitled to request from the Management and should be provided with such additional information as needed to make informed decisions. The Management shall provide the same in a timely manner. Information provided includes board papers and related materials, background or explanatory information related to matters brought before the Board, and copies of disclosure documents, budgets, forecasts and monthly internal financial statements. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained.

The appointment and removal of the Company Secretary are subject to the Board's approval.

Management will, upon direction by the Board, get independent professional advice in furtherance of their duties, at the Company's expense.

Principle 7 : Remuneration Committee

Principle 8 : Level and Mix of Remuneration

Principle 9 : Disclosure on Remuneration

The Remuneration Committee ("RC") comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee, namely:-

Teo Chee Seng (Chairman)	Non-Executive, Independent
John Lyn Hian Woon (Member)	Non-Executive, Independent
Dato' Jaya J B Tan (Member)	Non-Executive

The RC has adopted its terms of reference that describes the responsibilities of its members.

The role of the RC is to review and recommend remuneration policies and packages for directors and key executives and to disseminate proper information on transparency and accountability to shareholders on issues of remuneration of the executive directors of the Group and employees related to the executive directors and controlling shareholders of the Group.

The RC's review covers all aspect of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, long-term incentive schemes, including share schemes and benefits in kind. Recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. No Director is involved in deciding his own remuneration.

The Group CEO has entered into service agreement which link rewards with both corporate and individual performance to promote shareholders' interests, long-term success of the Group and risk management policies. The service agreements cover the terms of employment, specifically salary and other benefits. The RC has reviewed the Company's obligations arising in the event of termination of the Group CEO's contracts of service and is of the view that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The Company currently does not have contractual provisions to reclaim the incentive component of remuneration from the Group CEO and there are no excessively long or onerous removal clauses in the service agreement.

CORPORATE GOVERNANCE

Primary functions performed by RC:-

- Reviews and recommends to the Board, a framework of remuneration for the Board and key executives taking into account factors such as industry benchmark, the Group's and individual's performance;
- Reviews the level of remuneration that are appropriate to attract, retain and motivate the directors and key executives;
- Ensures adequate disclosure on directors' remuneration;
- Reviews and recommends to the Board the terms for renewal of directors' service contracts;
- Reviews and administers the Envictus Employee Share Option Scheme (the "Scheme") adopted by the Group and decides on the allocations and grants of options to eligible participants under the Scheme; and
- Recommends to the Board, the Executive Share Option Schemes or any long-term incentive schemes which may be set up from time to time and does all acts necessary in connection therewith.

The RC has the authority to seek appropriate external or other independent professional advice in the field of executive compensation as it considers necessary to carry out its duties. During the financial year, the RC did not require the service of an external remuneration consultant.

Remuneration paid to directors and the CEO

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of Group CEO and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

The Board concurred with the RC that the proposed directors' fees for the year ended 30 September 2017 payable to the Non-Executive Directors is appropriate taking into consideration the level of contributions by the directors and factors such as effort and time spent on the Board and Board Committees as well as the responsibilities and obligations of the Directors.

Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

Remuneration paid to the directors and the Group CEO for FY2017 is as follows:-

	Salary* (%)	Directors' Fees (%)	Bonus** (%)	Total Remuneration (%)
Directors				
Below S\$250,000				
Dato' Jaya J B Tan	-	100.0	-	100.0
Datuk Sam Goi Seng Hui	-	100.0	-	100.0
Mah Weng Choong	-	100.0	-	100.0
Teo Chee Seng	-	100.0	-	100.0
John Lyn Hian Woon	-	100.0	-	100.0
Group CEO				
S\$250,000 to below S\$500,000				
Dato' Kamal Y P Tan	81.7	-	18.3	100.0

Notes:

* Inclusive of benefits in kind, allowances and provident funds, where applicable.

** On receipt basis during FY2017.

The Company has not complied with Guideline 9.2 which requires the Company to disclose the exact details of remuneration of each individual Director and the Group CEO due to the competitive pressures in the talent market and maintaining confidentiality on such matters would be in the best interest of the Company.

The Company is not compliant with Guideline 9.3 of the Code which requires the Company to name and disclose the remuneration of the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. The Board is of the view that it is not in the interests of the Company to disclose the remuneration of the top five key management personnel (who are not Directors) within the bands of S\$250,000 each, the breakdown of each individual's remuneration and the aggregate total remuneration due to the sensitive and confidential nature of such information and disadvantages that this might bring which among others include group employment sensitivity, potential staff motivational and retention issues.

On the remuneration of the top five key management personnel, there were three of whom are in the less than S\$250,000 band and the remaining two of whom are in between S\$250,000 to S\$500,000 band.

There is no termination, retirement and post-employment benefits granted to Directors, the CEO and the top five key management personnel.

The Company does not use any contractual provisions to reclaim incentive components of remuneration from the Group CEO in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss of the Company.

The Group adopts a process where the executive directors and key management personnel are reviewed and assessed for individual performance against set performance targets. Performance against these targets is a key factor determining their remuneration. On an annual basis, the RC reviews and makes recommendation to the Board for changes relating to the remuneration of the Group CEO, which includes increment and bonus, and will then submit its recommendation to the Board for approval.

Immediate family members of Directors

Ms Tan San May, the daughter of Dato' Kamal Y P Tan, the Group CEO, is employed by Eureka Capital Sdn Bhd, a subsidiary of the Group, as Head of Bakery and Head of Cafe and has received remuneration during FY2017 in that capacity. Her total remuneration for FY2017 was between S\$50,000 and S\$100,000, comprising 91.2% salary and 8.8% bonus.

Envictus Employee Share Option Scheme (ESOS)

The ESOS was approved and adopted by its members at an Extraordinary General Meeting held on 8 November 2004. Details of the Company's ESOS and the options granted can be found in the Directors' Statement of this Annual Report.

Principle 10 : Accountability

The Board is accountable to shareholders for the stewardship of the Group. The Board updates shareholders on the operations and financial position of Envictus through quarterly and full-year results announcements as well as timely announcements of other matters as prescribed by the relevant rules and regulations. The management is accountable to the Board by providing the Board with the necessary financial information and updates on a timely basis in order that the Board may effectively discharge its duties and make a balanced and informed assessment of the Company's performance, financial position and prospects.

Presently, the management presents to the AC the quarterly and full-year results and the AC reports on the results to the Board for review and approval before releasing the results to the SGX-ST and public via SGXNET.

In presenting the annual financial statements and quarterly announcements to the shareholders, it is the aim of the Board to provide shareholders with detailed analysis and a balanced and understandable assessment of the Company's performance, position and prospects.

All of the directors and the Group CEO have given their undertakings that they shall each in the exercise of their powers and duties comply with the best of their abilities with the provisions of the Listing Manual of the SGX-ST and will procure the Company to do so.

For the financial year under review, the Group CEO and Chief Financial Officer have provided assurance to the Board on the integrity of the financial statements of the Group. The Board has also provided a negative assurance to the shareholders on the quarterly results.

CORPORATE GOVERNANCE

Principle 11 : Risk Management and Internal Controls

The Board reviews the risk profile of the Group and ensures that there are robust risk management policies and internal controls in place. The Board has delegated the responsibility for setting the direction of the Group's risk management strategy to Management. The key risks of the Group have been identified within a group risk framework that has been approved by Management and the AC.

The Group has established risk management policies, guidelines and control procedures to manage its exposure risks. Details of the various financial risk factors and the management of such risks are outlined in the financial statements.

It is part of the Board's role to ensure that there are adequate policies for risk management and internal controls and to oversee the effectiveness of the policies in achieving the Group's goals and objectives. The responsibility for implementing appropriate policies and procedures to achieve effective risk management and internal control is delegated to Senior Management. The overall framework established by Management is designed to enhance the soundness of the Group's financial reporting, risk management, compliance and internal control systems which include:-

- Process improvement initiatives undertaken by business units;
- Benchmarking against key risk indicators, such as loss reporting, exceptions reporting and management reviews;
- Annual formal evaluations by the heads of business units and support functions on the soundness, effectiveness and efficiency of the financial reporting, risk management;
- compliance and internal control systems in their respective areas of responsibility;
- Implementation of formal policies and procedures relating to the delegation of authority;
- Involvement of experienced and suitably qualified employees who take responsibility for important business functions; and
- Segregation of key functions that are deemed incompatible and that may give rise to a risk that errors or irregularities may not be promptly detected.

There is an organisational structure with clearly drawn lines of accountability and delegation of authority. There are documented procedures in place that cover management accounting, financial reporting, investment appraisal, information systems security, compliance and other risk management issues.

The systems that are in place are intended to provide guidance in managing and mitigating the business risks in safeguarding assets, maintenance of proper accounting records, the reliability of financial information, compliance with applicable legislation and best practice, but not absolute assurance against misstatements or losses.

A system of internal controls has been implemented for all companies within the Group. The controls are designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication is accurate and reliable.

While no system can provide absolute assurance against loss or misstatement, Management, in designing the controls, had taken into account the business risk, its likelihood of occurrence and the cost of protection. During the financial year, the AC, on behalf of the Board, has reviewed the effectiveness of the various systems in place by Management and is satisfied that there are adequate internal controls in the Group.

Based on the internal controls established and maintained by the Group, the work performed by the external auditors and the reviews conducted by the Management, the Board, with the concurrence of the AC is of the opinion that the Group's risk management and internal controls systems addressing financial, operational, compliance and information technology risks were adequate as at 30 September 2017.

In addition, for the financial year under review, the Group CEO and the CFO have provided assurance to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Principle 12 : Audit Committee

The Audit Committee (“AC”) comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the AC as at the date of this report are as follows:-

John Lyn Hian Woon (Chairman)	Non-Executive, Independent
Teo Chee Seng (Member)	Non-Executive, Independent
Dato’ Jaya J B Tan (Member)	Non-Executive

The principal responsibility of the AC is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the Group’s material internal controls, including financial, operational, compliance and risk management controls at least once annually, to safeguard the Company’s assets and maintain adequate accounting records, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group.

The AC has authority to investigate any matter within its terms of reference, gain full access to and co-operation by Management, exercise full discretion to invite any director or executive officer to attend its meetings, and gain reasonable access to resources to enable it to discharge its function properly.

The AC will meet with the external auditors without the presence of the Management at least once a year to review the scope and results of the audit and its cost effectiveness, as well as the independence and objectivity of the external auditors.

The AC has undertaken a review of all non-audit services provided by the external auditors and is of the opinion that the provision of such services would not affect the independence of the auditors.

The members of the AC will carry out their duties in accordance with the terms of reference which include the following:-

- review and discuss with external auditors before the audit commences, the nature and scope of the audit to ensure co-ordination where more than one audit firm is involved;
- review audit plans and results of the audit performed by the external auditors and ensure adequacy of the Group’s system of accounting controls;
- review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board of Directors;
- review the announcements of the financial results;
- review the Company’s material internal controls;
- review independence of the external auditors;
- review interested person transactions;
- review the co-operation given by the management to the external auditors; and
- review the appointment and re-appointment of external auditors of the Company’s and the audit fees.

The external auditors have full access to the AC who has the express power to conduct or authorise investigations into any matters within its terms of reference. Minutes of the AC meetings will be regularly submitted to the Board for its information.

The AC has reviewed the Group’s risk assessment, and based on the audit reports and management controls in place, is satisfied that there are adequate internal controls in the Group.

For the financial year under review, the Group has accrued an aggregate amount of audit fees of RM731,374, comprising audit fees of RM228,953 paid to auditors of the Company; and RM426,149 and RM76,272 paid to other auditors for audit fees and non-audit service fees, respectively. In compliance with Rule 1207(6) of the Listing Manual issued by Singapore Exchange Securities Trading Limited, the AC confirmed that it has undertaken a review of all non-audit services provided by the Auditors and they would not, in the AC’s opinion, affect the independence of the Auditors.

The Group has complied with Rules 712 and 715 of the Listing Manual in relation to its Auditors.

The AC has recommended the re-appointment of BDO LLP as Auditors for the ensuing year, subject to shareholders’ approval at the forthcoming AGM.

CORPORATE GOVERNANCE

The Group has put in place a whistle-blowing policy, endorsed by the AC where employees of the Group and outside parties may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions.

The AC is guided by the terms of reference which stipulate its principal functions. The Company will arrange to send its AC members to seminars for updates on Financial Reporting Standards, if required. The external auditors provides regular updates and briefings to the AC on changes or amendments to accounting standards to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Principle 13 : Internal Audit

The Board is cognizant of its responsibility for maintaining a sound system of internal controls to safeguard the shareholders' investment and the Group's assets and business. Envictus' auditors, BDO LLP, carry out, in the course of their statutory audit, a review of the effectiveness of Envictus' material internal controls, annually to the extent of their scope laid out in their audit plan.

Material non-compliance and internal control weaknesses noted during their audit and the auditors' recommendations are reported to the AC members. For FY2017, the Board with the concurrence of the AC, is of the view that the system of internal controls that has been maintained by Envictus' management throughout the financial year is adequate to meet the needs of Envictus having addressed the financial, operational and compliance risks. In an effort to further enhance and improve the Group's system of internal controls and risk management policies, internal audit will be carried out on companies within the Group identified by the AC and deemed necessary. The internal audit will be outsourced by the Company.

Principle 14 : Shareholder Rights

The Company is committed to treating all shareholders fairly and equitably. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on an accurate and timely basis via SGXNet, in particular, information relating to the Company's business development and financial performance which could have a material impact on the Company's share price so as to enable shareholders to make informed decisions in respect of their investments.

All shareholders receive the Company's annual report and notice of AGM within the prescribed notice period set out in the Company's Constitution and the prevailing laws and regulations. The notice is also released via SGXNet and published in local newspaper.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend and vote at general meetings on his/her behalf. On 3 January 2016, amendments to the Companies Act (Chapter 50) came into force, under which, among other things certain members defined as "relevant intermediary" are allowed to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the Central Provident Fund ("CPF") Board which purchases shares on behalf of the CPF investors.

Shareholders are given the opportunity to participate effectively and vote at general meetings where relevant rules and procedures governing such meeting are clearly communicated. All resolutions at general meetings of the Company will be voted by poll as required by Rule 730A(2) of the Listing Manual.

Principle 15 : Communication with Shareholders

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Besides the release of quarterly results, the Company ensures timely and adequate disclosure of information on material matters required by SGX-ST's Listing Manual through announcements via the SGXNET. The Company does not practice selective disclosure of material information.

The Company values dialogue sessions with its shareholders. The Group welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. Shareholders can submit their feedback and raise any questions to the Company's investor relation contact as provided in the Company's website, www.envictus-intl.com.

Dividend Policy

The Company does not have an official dividend policy. The amount of dividends, if any declared, will depend on the factors that include the Group's profit level, cash position and future cash needs. For FY2017, the Company did not declare any dividend.

Principle 16 : Conduct of shareholders meetings

The Group strongly encourages shareholders' participation during the AGM. All shareholders are encouraged to attend the AGM to ensure high level of accountability and to stay informed of the Group's strategies and visions. The Board of Directors, the AC members and other committee members, the CEO, auditors and the Company Secretary/Secretaries will be present and are available to address any questions from shareholders regarding the Group and its businesses.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend and vote at general meetings on his/her behalf. On 3 January 2016, amendments to the Companies Act (Cap. 50) came into force, under which, among other things certain members defined as "relevant intermediary" are allowed to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the Central Provident Fund ("CPF") Board which purchases shares on behalf of the CPF investors.

At the AGMs and other general meetings, separate resolutions are proposed for substantially separate issues for items of special business. Where appropriate, an explanation for any proposed resolution would be provided.

At the last AGM held by the Company, all Directors of the Company, legal advisor and external auditors, were present to address queries from the shareholders who attended the AGM and all resolutions were put to vote by poll. The results of the electronic poll voting were published instantaneously at the AGM.

The Company's Constitution does not allow a shareholder to vote in absentia due to concerns on authentication of shareholder's identity, other related security and integrity of the information.

Minutes of general meetings include substantial and relevant queries or comments from shareholders relating to the agenda of the meeting and responses from the Board and Management. These minutes would be available to shareholders upon their request.

Material Contracts

No material contracts were entered into between the Company or any of its subsidiaries involving the interests of any director, chief executive officer or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year up to the date of the financial statements except for related party transactions and director's remuneration as disclosed in the financial statements.

Interested Person Transactions

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

CORPORATE GOVERNANCE

The aggregate value of interested person transactions entered into during the year were as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000)
	RM	RM
Perinsu (Broker Insurans) Sdn Bhd	1,657,486	-
- Insurance premium	(or approximately S\$532,098)	
Tee Yih Jia Food Manufacturing Pte Ltd	963,323	-
- Purchase of goods and advertising and promotion income	(or approximately S\$309,253)	

Based on average exchange rate for the year ended 30 September 2017 of S\$1 = RM3.115

Dealings in Securities

The Company has adopted policies in relation to dealings in the Company securities which pursuant to the SGX-ST Best Practices Guide that are applicable to all its directors and officers. The Company and its officers should not deal with the Company's shares during the period commencing two weeks before the quarter results announcement for each of the first three quarters of the financial year and one month before the full-year results announcement, as the case may be, and ending on the date of the announcements of the relevant results.

Directors and key executives are also expected to observe the insider-trading laws at all times even when dealing with securities within the permitted trading period and are not to deal in the Company's securities on short-term considerations.

In the course of doing business for the Company and the Group or in discussion with one of customers, vendors or partners, directors and officers of the Company and the Group may become aware of material non-public information about that organisation. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to trade in the public securities of the Company. The discussion of this information is on a limited "need to know" basis internally and is not shared with anyone outside the Company or the Group. Directors and officers are not allowed to buy or sell the public securities of the affected organisations, including the Company, on the basis of such information, nor can this information be shared with others.

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST for the financial year ended 30 September 2017.

FINANCIAL STATEMENTS

DIRECTORS'
STATEMENT

56

CONSOLIDATED
STATEMENT OF CHANGES
IN EQUITY

67

INDEPENDENT
AUDITOR'S
REPORT

60

STATEMENT OF
CHANGES IN
EQUITY

69

STATEMENTS
OF FINANCIAL
POSITION

64

CONSOLIDATED
STATEMENT OF CASH
FLOWS

70

CONSOLIDATED STATEMENT
OF COMPREHENSIVE
INCOME

66

NOTES TO THE
FINANCIAL
STATEMENTS

72

DIRECTORS' STATEMENT

The Directors of Envictus International Holdings Limited (the “Company”) present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the “Group”) for the financial year ended 30 September 2017 and the statement of financial position and statement of changes in equity of the Company as at 30 September 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2017, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The Directors of the Company in office at the date of this report are:-

Dato' Jaya J B Tan	(Non-Executive Chairman)
Datuk Sam Goi Seng Hui	(Non-Executive Vice-Chairman)
Dato' Kamal Y P Tan	(Group Chief Executive Officer)
Mah Weng Choong	(Independent Director)
John Lyn Hian Woon	(Independent Director)
Teo Chee Seng	(Independent Director)

3. SHARE OPTIONS

At an Extraordinary General Meeting held on 8 November 2004, the shareholders approved the Envictus Employee Share Options Scheme (“ESOS”) granting share options to employees and Directors of the Group, including the controlling shareholder, namely Dato' Kamal Y P Tan.

On 22 January 2010, the Company's shareholders approved the amendments to the rules of the ESOS as contained in the Circular to Shareholders dated 5 January 2010 to be in line with the relevant laws and regulations of the Listing Manual following the transfer of the listing status from Catalist Board to the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) as well as to better clarify the terms and conditions of the ESOS.

On 24 September 2010, the Company's shareholders approved the participation of the other controlling shareholders, namely Dato' Jaya J B Tan and Tan Yet Meng, in the ESOS.

The Remuneration Committee is responsible for administering the ESOS. As at the date of the report, the members of the Remuneration Committee are Teo Chee Seng, John Lyn Hian Woon and Dato' Jaya J B Tan.

3. SHARE OPTIONS (CONTINUED)

Options granted pursuant to the ESOS are in respect of ordinary shares of the Company. Options exercised and cancelled during the financial year and options outstanding as at the end of the financial year under the ESOS were as follows:

Date of grant	Balance at 01.10.2016	Exercised	Lapsed/ Cancelled	Balance at 30.09.2017	Exercise price*	Exercise period
10.02.2010	30,600	-	30,600	-	S\$0.82	10.02.2012 to 09.02.2017
13.10.2010	2,378,000	-	-	2,378,000	S\$2.00	13.10.2012 to 12.10.2017
	2,408,600	-	30,600	2,378,000		

* The number of options above were granted and exercised prior to the share consolidation exercise of which every five existing shares were consolidated to one share on 12 February 2016. Unexercised options as at 12 February 2016 had been adjusted accordingly.

All of the above options were granted at a discount of 20% of the Market Price. The Market Price was equal to the weighted average price per share, calculated based on the total value of transactions in the share (the sum of each transacted price multiplied by the respective volume) divided by the volume transacted for the last three traded market days immediately preceding the offer date of that option, as determined by reference to the daily official list or other publication published by the SGX-ST and rounded up to the nearest whole cent in the event of fractional prices.

The information on Directors participating in the option schemes are as follows:-

Name	Aggregate options granted since commencement of the plan to 30.09.2017	Aggregate options exercised since commencement of the plan to 30.09.2017	Aggregate options exercised since commencement of the plan to 30.09.2016
Directors who are also controlling shareholders			
Dato' Kamal Y P Tan	8,000,000	5,500,000	5,500,000
Dato' Jaya J B Tan	6,000,000	3,900,000	3,900,000
Director			
Mah Weng Choong	4,000,000	2,090,000	2,090,000

There were no share options granted in the Company or its subsidiaries during the financial year under review.

These options do not entitle the holder to participate by virtue of the options, in any share issue of any other corporations.

DIRECTORS' STATEMENT

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraph 3 above.

5. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:-

	Shareholdings registered in the name of Directors and Nominees			Shareholdings in which Directors are deemed to have an interest		
	Balance as at 21.10.2017	Balance as at 30.09.2017	Balance as at 01.10.2016	Balance as at 21.10.2017	Balance as at 30.09.2017	Balance as at 01.10.2016
The Company						
				Number of ordinary shares		
Dato' Jaya J B Tan	19,757,472	19,757,472	19,757,472	20,190,214	20,190,214	20,190,214
Datuk Sam Goi Seng Hui	-	-	-	15,400,000	15,400,000	15,400,000
Dato' Kamal Y P Tan	19,700,214	19,700,214	19,700,214	20,247,472	20,247,472	20,247,472
Mah Weng Choong	6,287,444	6,287,444	6,287,444	-	-	-
John Lyn Hian Woon	17,200	17,200	17,200	-	-	-
Teo Chee Seng	30,000	30,000	30,000	-	-	-
			Balance as at 21.10.2017**	Balance as at 30.09.2017**		Balance as at 01.10.2016*
The Company						
				Number of options pursuant to Employee Share Options Scheme to subscribe for ordinary shares		
Dato' Jaya J B Tan			-	420,000		420,000
Dato' Kamal Y P Tan			-	500,000		500,000
Mah Weng Choong			-	382,000		382,000

By virtue of Section 7 of the Act, Dato' Jaya J B Tan and Dato' Kamal Y P Tan are deemed to have an interest in all related corporations of the Company.

* The number of options above were granted and exercised prior to the share consolidation exercise of which every five existing shares were consolidated to one share on 12 February 2016. Unexercised options as at 12 February 2016 have been adjusted accordingly.

Unexercised options have lapsed on expiry of the options on 12 October 2017 at 5.00 p.m.

6. AUDIT COMMITTEE

The Audit Committee ("AC") of the Company is chaired by John Lyn Hian Woon (an independent Director), and includes Teo Chee Seng (an independent director) and Dato' Jaya J B Tan, who are all non-executive directors. The AC has met five times since the last Annual General Meeting ("AGM") and has carried out its functions in accordance with section 201B(5), including reviewing the following, where relevant, with the executive Directors and external auditors of the Company:-

- (a) the audit plans of the external auditors;
- (b) the Company's and the Group's financial and operating results and accounting policies;
- (c) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;
- (d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by the management to the Company's external auditor;
- (f) the re-appointment of the external auditor of the Company;
- (g) review and approve interested person transactions;
- (h) review potential conflict of interests, if any;
- (i) 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 AC; and
- (j) generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

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

The audit committee has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

7. INDEPENDENT AUDITOR

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Dato' Jaya J B Tan
Non-Executive Chairman

Dato' Kamal Y P Tan
Group Chief Executive Officer

8 December 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Envictus International Holdings Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 64 to 143 which comprise:-

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2017;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

KEY AUDIT MATTER

AUDIT RESPONSE

1 Impairment of property, plant and equipment

As at 30 September 2017, the Group's property, plant and equipment amounted to RM256,871,000, net of accumulated brought forward impairment of RM18,221,000, representing 52% of the Group's total assets.

During the year, management carried out an impairment assessment of certain property, plant and equipment of the Group as there were indicators that those property, plant and equipment may be impaired.

In carrying out the impairment assessment, management has identified the cash generating units ("CGUs") to which the property, plant and equipment belongs and determined the recoverable amounts of the CGUs by estimating the expected discounted future cash flows. This required key assumptions to be made regarding the sales growth rate, gross margin and the discount rate.

Based on management's assessment, no further impairment loss was recognised during the current financial year.

Our audit procedures included, amongst others:-

- Evaluated management's impairment assessment of property, plant and equipment.
- Evaluated management's estimates applied in the value-in-use models by comparing the sales growth rate and gross margin against historical performance.
- Checked and compared the discount rate applied by management to external market and industry benchmarks.
- Performed sensitivity analysis to assess the extent of changes to the key assumptions that would cause the recoverable amount to be below the carrying amount of the property, plant and equipment.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER	AUDIT RESPONSE
<p>1 Impairment of property, plant and equipment (Continued)</p> <p>Due to significant management judgement and estimation involved in the impairment assessment, as well as the materiality of the carrying amount of the property, plant and equipment to the Group's financial statements, we have determined this area to be a key audit matter.</p>	

Refer to note 2.6, note 3.2(iii) and note 4 of the accompanying financial statements.

KEY AUDIT MATTER	AUDIT RESPONSE
<p>2 Impairment of intangible assets</p> <p>As at 30 September 2017, the Group's intangible assets amounted to RM32,842,000, comprising trademarks, franchise fees and goodwill mainly from the Nutrition, Food Services and Trading and Frozen Food business segments. Management is required to undertake an impairment review for intangible assets with indefinite useful lives such as trademarks and goodwill at least annually by comparing the carrying amounts of the CGUs to which the intangible assets belongs against the recoverable amounts.</p> <p>Management has determined the recoverable amounts using the value-in-use method by estimating the present value of the future cash flows from these CGUs and concluded that no impairment is required for the current financial year.</p> <p>We have determined the impairment of intangible assets as a key audit matter due to significant management judgement and estimate involved in the impairment assessment.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Evaluated management's key assumptions used in the impairment testing for intangible assets, including the sales growth rate, gross margin and discount rate. • Checked and compared the discount rate applied by management to external market and industry benchmarks. • Performed sensitivity analysis to assess the extent of changes to the key assumptions (i.e. the sales growth rate, gross margin and discount rate) that would cause the recoverable amount to be below the carrying amount of the intangible assets. • Evaluated the adequacy of the Group's disclosure in respect of its intangible assets impairment testing, including the key assumptions used and sensitivity to changes in those assumptions.

Refer to note 2.6, note 3.2(ii) and note 9 of the accompanying financial statements.

KEY AUDIT MATTER	AUDIT RESPONSE
<p>3 Impairment of available-for-sale financial assets</p> <p>The Group's policy is to recognise available-for-sale financial assets at fair value. Included in the Group's available-for-sale financial assets was a quoted security listed on the Singapore Stock Exchange ("AFS security") whose shares were suspended from trading in September 2017 subsequent to certain adverse events announced by the issuer of the AFS security.</p> <p>Consequently, management performed an evaluation of whether there is an indication of impairment for the AFS security, including assessing if the decline in the AFS security's fair value below its original cost is significant or prolonged.</p> <p>Based on management's assessment, an impairment loss on the AFS security of RM32,870,000 was recognised in profit or loss in the current financial year.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> • Evaluated management's basis for the recognition of impairment loss during the financial year, including the assessment of significant or prolonged decline in the fair value of the AFS security. • Obtained and read the revolving credit facility agreement and related correspondences from the banker of the Group to corroborate key judgements applied by management in determining the impairment on the fair value of the AFS security at the end of the reporting period.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER	AUDIT RESPONSE
3 Impairment of available-for-sale financial assets (Continued)	
We focused on this area as a key audit matter due to the significant judgement and estimation uncertainty arising from the impairment assessment of the AFS security.	<ul style="list-style-type: none">• Considered the adequacy of the Group's disclosure in respect of the impairment of investment in the AFS security in the accompanying financial statements.

Refer to note 3.2(i) and note 7 of the accompanying financial statements.

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Poh Chin Beng.

BDO LLP

Public Accountants and
Chartered Accountants
Singapore

8 December 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current assets					
Property, plant and equipment	4	256,871	195,930	-	1
Investment properties	5	27,563	23,702	-	-
Investments in subsidiaries	6	-	-	90,351	13,627
Available-for-sale financial assets	7	242	17,041	-	16,829
Deferred tax assets	8	721	1,067	-	-
Intangible assets	9	32,842	30,667	-	7
		318,239	268,407	90,351	30,464
Current assets					
Inventories	10	44,644	43,723	-	-
Trade and other receivables	11	59,252	56,669	279,541	290,687
Tax recoverable		573	2,291	-	1,127
Held-for-trading investments	12	23,413	57,278	23,413	57,278
Fixed deposits	13	14,225	13,821	-	-
Cash and bank balances	13	35,664	45,561	5,175	4,633
		177,771	219,343	308,129	353,725
Less:					
Current liabilities					
Trade and other payables	14	47,857	46,054	1,518	148,214
Bank borrowings	15	42,807	48,525	8,746	3,919
Finance lease payables	16	7,316	5,672	-	-
Current income tax payable		178	425	162	425
		98,158	100,676	10,426	152,558
Net current assets		79,613	118,667	297,703	201,167
Less:					
Non-current liabilities					
Provision for restoration costs		1,353	864	-	-
Bank borrowings	15	72,411	26,409	-	-
Finance lease payables	16	16,538	15,049	-	-
Financial guarantee contracts	17	-	-	3,522	1,606
Deferred tax liabilities	18	2,270	2,553	-	-
		92,572	44,875	3,522	1,606
Net assets		305,280	342,199	384,532	230,025

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Capital and reserves					
Share capital	19	111,406	111,406	111,406	111,406
Treasury shares	19	(183)	(183)	(183)	(183)
Foreign currency translation reserve	20	33,400	31,791	51,424	44,458
Fair value reserve	21	(7)	(15,727)	-	(15,107)
Share options reserve		9,507	9,507	9,507	9,507
Other reserve	22	(4,562)	(4,562)	-	-
Accumulated profits		165,294	218,282	212,378	79,944
Equity attributable to the owners of the Company		314,855	350,514	384,532	230,025
Non-controlling interests		(9,575)	(8,315)	-	-
Total equity		305,280	342,199	384,532	230,025

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 RM'000	2016 RM'000
Revenue	23	410,331	362,674
Cost of goods sold		(274,497)	(252,476)
Gross profit		135,834	110,198
Other operating income	25	16,686	24,922
Administrative expenses		(43,322)	(37,753)
Selling and marketing expenses		(92,090)	(61,589)
Warehouse and distribution expenses		(26,756)	(24,881)
Research and development expenses		(958)	(1,433)
Other operating expenses	25	(33,843)	(1,750)
Finance costs	24	(4,991)	(4,202)
(Loss)/Profit before income tax	25	(49,440)	3,512
Income tax expense	26	(4,101)	(2,056)
(Loss)/Profit for the financial year		(53,541)	1,456
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		1,051	(9,316)
Net fair value gain/(loss) on available-for-sale financial assets		30	(15,060)
Net fair value changes on available-for-sale financial assets reclassified to profit or loss		15,541	-
Other comprehensive income, net of tax RM Nil		16,622	(24,376)
Total comprehensive income for the financial year		(36,919)	(22,920)
(Loss)/Profit attributable to:			
Owners of the Company		(52,405)	2,863
Non-controlling interests		(1,136)	(1,407)
		(53,541)	1,456
Total comprehensive income attributable to:			
Owners of the Company		(35,659)	(20,625)
Non-controlling interests		(1,260)	(2,295)
		(36,919)	(22,920)
(Loss)/Earnings per share attributable to owners of the Company (RM sen)	27		
Basic		(41.54)	2.27
Diluted		(41.54)	2.27

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

Group	Attributable to owners of the Company										Total equity	
	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Share options reserve	Other reserve	Accumulated profits	Total	Non-controlling interests	Total		
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017												
At 1 October 2016	111,406	(183)	31,791	(15,727)	9,507	(4,562)	218,282	350,514	(8,315)	342,199		
Total comprehensive income for the year:												
Loss for the financial year	-	-	-	-	-	-	(52,405)	(52,405)	(1,136)	(53,541)		
Other comprehensive income:												
Exchange differences on translation of foreign operations	-	-	1,609	(434)	-	-	-	1,175	(124)	1,051		
Available-for-sale financial assets	-	-	-	15,571	-	-	-	15,571	-	15,571		
Total other comprehensive income	-	-	1,609	15,137	-	-	-	16,746	(124)	16,622		
Total comprehensive income	-	-	1,609	15,137	-	-	(52,405)	(35,659)	(1,260)	(36,919)		
Others:												
Fair value reserve transferred to retained earnings	-	-	-	583	-	-	(583)	-	-	-		
At 30 September 2017	111,406	(183)	33,400	(7)	9,507	(4,562)	165,294	314,855	(9,575)	305,280		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

Group	Attributable to owners of the Company									
	Share capital	Treasury shares	Foreign currency translation reserve	Fair value reserve	Share options reserve	Other reserve	Accumulated profits	Total	Non-controlling interests	Total equity
Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2016										
At 1 October 2015	111,406	(183)	40,219	(667)	9,507	(2,168)	215,419	373,533	(6,139)	367,394
Total comprehensive income for the year:										
Profit/(Loss) for the financial year	-	-	-	-	-	-	2,863	2,863	(1,407)	1,456
Other comprehensive income:										
Exchange differences on translation of foreign operations	-	-	(8,428)	-	-	-	-	(8,428)	(888)	(9,316)
Available-for-sale financial assets	-	-	-	(15,060)	-	-	-	(15,060)	-	(15,060)
Total other comprehensive income	-	-	(8,428)	(15,060)	-	-	-	(23,488)	(888)	(24,376)
Total comprehensive income	-	-	(8,428)	(15,060)	-	-	2,863	(20,625)	(2,295)	(22,920)
Changes in ownership interests in subsidiaries:										
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	1,497	1,497
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	(2,394)	-	(2,394)	(1,378)	(3,772)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	(2,394)	-	(2,394)	119	(2,275)
At 30 September 2016	111,406	(183)	31,791	(15,727)	9,507	(4,562)	218,282	350,514	(8,315)	342,199

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Note	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Share options reserve RM'000	Accumulated profits RM'000	Total equity RM'000
Company								
2017								
At 1 October 2016		111,406	(183)	44,458	(15,107)	9,507	79,944	230,025
Profit for the financial year		-	-	-	-	-	132,434	132,434
Other comprehensive income:								
Exchange differences on translation		-	-	6,966	(434)	-	-	6,532
Available-for-sale financial assets	7	-	-	-	15,541	-	-	15,541
Total other comprehensive income		-	-	6,966	15,107	-	-	22,073
Total comprehensive income for the financial year		-	-	6,966	15,107	-	132,434	154,507
At 30 September 2017		111,406	(183)	51,424	-	9,507	212,378	384,532
2016								
At 1 October 2015		111,406	(183)	51,404	-	9,507	59,268	231,402
Profit for the financial year		-	-	-	-	-	20,676	20,676
Other comprehensive income:								
Exchange differences on translation		-	-	(6,946)	-	-	-	(6,946)
Available-for-sale financial assets	7	-	-	-	(15,107)	-	-	(15,107)
Total other comprehensive income		-	-	(6,946)	(15,107)	-	-	(22,053)
Total comprehensive income for the financial year		-	-	(6,946)	(15,107)	-	20,676	(1,377)
At 30 September 2016		111,406	(183)	44,458	(15,107)	9,507	79,944	230,025

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 RM'000	2016 RM'000
Operating activities			
(Loss)/Profit before income tax		(49,440)	3,512
Adjustments for:			
Allowance for doubtful receivables		679	449
Allowance for doubtful receivables no longer required, now written back		(256)	(435)
Allowance for write-down of inventories		1,136	285
Amortisation of intangible assets		547	546
Depreciation of property, plant and equipment		22,777	15,990
Depreciation of investment properties		482	431
Dividend income		(2,321)	(3,375)
Fair value gain arising from held-for-trading investments		(3,417)	(217)
Foreign currency exchange gain, net		(1,591)	(5,153)
Gain on disposal of held-for-trading investments		(298)	(802)
Gain on disposal of assets held for sale		-	(9,559)
Gain on disposal of property, plant and equipment		(331)	(156)
Finance costs	24	4,991	4,202
Interest income		(1,284)	(1,587)
Inventories written off		1,286	173
Impairment loss on available-for-sale financial asset		32,870	-
Property, plant and equipment written off		685	1,466
Reversal of allowance for write-down of inventories		(285)	-
Write back of impairment on property, plant and equipment		-	(13)
Operating profit before working capital changes		6,230	5,757
Working capital changes:			
Inventories		(2,730)	(5,629)
Trade and other receivables		2,735	5,737
Trade and other payables		(4,588)	5,868
Cash generated from operations		1,647	11,733
Interest paid		(1,259)	(1,514)
Income tax paid, net		(2,477)	(5,332)
Net cash (used in)/generated from operating activities		(2,089)	4,887

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 RM'000	2016 RM'000
Investing activities			
Acquisition of held-for-trading investments		-	(1,059)
Acquisition of available-for-sale financial assets	7	-	(32,123)
Acquisition of subsidiaries, net of cash acquired	6.5	(139)	(17,456)
Dividends received		2,321	3,375
Interest received		1,284	1,587
Net changes in fixed deposits pledged to bank		247	-
Proceeds from disposal of held-for-trading investments		39,311	57,242
Proceeds from disposal of assets held for sale		-	14,426
Proceeds from disposal of property, plant and equipment		622	563
Purchase of intangible assets	9	(975)	(938)
Purchase of investment property		-	(24,133)
Purchase of property, plant and equipment	4	(80,322)	(58,359)
Net cash used in investing activities		(37,651)	(56,875)
Financing activities			
Acquisition of non-controlling interests		-	(3,772)
Interest paid		(3,732)	(2,688)
Repayment of finance lease obligations		(6,565)	(4,476)
Repayment of bank borrowings		(85,508)	(85,000)
Drawdown of bank borrowings		125,992	112,152
Net cash generated from financing activities		30,187	16,216
Net change in cash and cash equivalents		(9,553)	(35,772)
Cash and cash equivalents at beginning of the financial year		58,323	96,471
Effect of exchange rate changes		103	(2,376)
Cash and cash equivalents at end of the financial year	13	48,873	58,323

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL CORPORATE INFORMATION

Envictus International Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore with its registered office at SGX Centre II, #17-01, 4 Shenton Way, Singapore 068807. The Company’s registration number is 200313131Z. The principal place of business is located at 190 Clemenceau Avenue #06-08 Singapore Shopping Centre, Singapore 239924. The Company is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The principal activity of the Company is that of an investment holding company and providing management services to its subsidiaries.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (“FRS”) including related interpretations of FRS (“INT FRS”) and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (“functional currency”). The functional currency of the Company is Singapore Dollar. However, as the Group’s significant operations are in Malaysia, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Ringgit Malaysia (“RM”) which is the functional currency and the presentation currency of the significant components in Malaysia.

All financial information presented in RM has been rounded to the nearest thousand (“RM’000”) as indicated, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group’s application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

In the current financial year, the Group has adopted all the new or revised FRS that are relevant to their operations and effective for the current financial year. The adoption of these new or revised FRS did not result in any substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that may be relevant to the Group were issued but not yet effective, and have not been adopted early in the financial statements.

		Effective date (annual periods beginning on or after)
FRS 7 (Amendments)	: <i>Disclosure Initiative</i>	1 January 2017
FRS 40 (Amendments)	: <i>Transfer of Investment Property</i>	1 January 2018
FRS 102 (Amendments)	: <i>Clarification and Measurement of Share-based Payment Transactions</i>	1 January 2018
FRS 109	: <i>Financial Instruments</i>	1 January 2018
FRS 115	: <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 115 (Amendments)	: <i>Clarification of Revenue from Contracts with Customers</i>	1 January 2018
INT FRS 122	: <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
FRS 116	: <i>Leases</i>	1 January 2019
INT FRS 123	: <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

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

Except as disclosed below, management anticipates that the adoption of the above FRS and INT FRS in future periods, if applicable, will not have a material impact on the financial statements of the Group in the period of their initial adoption.

Adoption of IFRS-identical financial reporting standards

Singapore-incorporated companies listed on SGX-ST will be required to apply a new financial reporting framework identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018. The Group will adopt the new financial framework on 1 October 2018 and will apply the equivalent of IFRS 1 First-time Adoption of International Financial Reporting Standards to the transition. This will involve restating the comparatives for the financial year ending 30 September 2018 and the opening statements of financial position as at 1 October 2017 in accordance with the new framework. The Group is in the process of assessing the impact of transition, including the impact from the adoption of IFRS 9 and 15 which is expected to be similar to the impact of FRS 109 and 115 disclosed below, as well as other transitional adjustments that may be required or elected under IFRS 1.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 Financial Instruments (Continued)

Classification and measurement (Continued)

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for derecognition of financial assets and financial liabilities.

The Group has completed its preliminary assessment of the classification and measurement of its financial assets and liabilities, and expects that financial assets and liabilities currently measured at amortised cost will continue to qualify for measurement at amortised cost and at fair value through profit or loss upon adoption of this standard. The investment in quoted equity securities at fair value currently classified as available for sale would appear to satisfy the conditions for classification as at fair value through other comprehensive income when FRS 109 is adopted. Subsequently, all fair value changes will be recognised in OCI and will not be reclassified to profit or loss, even on disposal.

Impairment

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment loss allowances as well as interest revenue. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income, the Group will recognise (at a minimum) 12 months of expected losses in profit or loss.

Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition under the three-stage model or from initial recognition if the simplified model is applied.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model. The Group is still in the process of determining how it will estimate expected credit losses and the sources of forward-looking data.

Transition

The Group plans to adopt FRS 109 in the financial year beginning on 1 October 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year and will include additional financial statement disclosures in the financial year when FRS 109 is adopted.

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 115 Revenue from Contracts with Customers (Continued)

On initial adoption of this standard, the Group has preliminarily assessed that there will be no significant impact on the timing and pattern on the revenue recognition as disclosed in Note 2.14 to the financial statements. However, the Group is still in the process of making a detailed assessment on the revenue stream in respect of the trading and frozen food segment where FRS 115 will have a possible impact in respect of variable considerations and contract modifications.

The Group plans to adopt FRS 115 in the financial year beginning 1 October 2018 with full or cumulative retrospective effect in accordance with transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

FRS 116 Leases

FRS 116 supersedes FRS 17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116. FRS 116 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of FRS 116, there may be a potentially significant impact on the accounting treatment for leases, which the Group as lessee currently accounts for as operating leases. On adoption of FRS 116, the Group will be required to capitalise its rented premise for its restaurants and coffee outlets and office equipment on the statement of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments. The Group plans to adopt the standard in the financial year beginning 1 October 2019 using the modified retrospective in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that year.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting date as the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Non-controlling interests in the acquire that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to consolidated statement of comprehensive income or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries are stated at cost, less any accumulated impairment loss that has been recognised in the profit or loss.

Business combination from 1 October 2009

The acquisition of subsidiaries and businesses is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated statement of comprehensive income as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Business combination before 1 October 2009

In comparison to the above mentioned requirements, the following differences applied:-

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquirees' identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment losses.

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment is added to the carrying amount of the item if it is probable that the future economic benefits associated with the item, will flow to the Group, and the cost can be reliably measured. All other costs of servicing are recognised in the consolidated statement of comprehensive income as expenses when incurred.

Depreciation is calculated on the straight-line method so as to write off the depreciable amount of the property, plant and equipment over their estimated useful lives as follows:-

	Years
Leasehold land	52 - 81
Factory/office buildings	50
Plant and machinery	1.5 - 14.2
Cold room and freezer	5 - 10
Lab equipment	5 - 10
Furniture and fittings	3 - 10
Store equipment	5 - 10
Renovation	3 - 10
Motor vehicles	3 - 7
Office equipment	5 - 10
Computer system	3 - 5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment (Continued)

Assets under construction represent property, plant and equipment under construction, which is stated at cost less any impairment loss and is not depreciated. Assets under construction are reclassified to appropriate categories of property, plant and equipment when completed and ready for use and depreciation will commence at that time.

No depreciation is provided for freehold land.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

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

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.4 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of 50 to 52 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements are capitalised as additions and carrying amounts of the replaced components are written off to the profit or loss. The cost of maintenance, repairs and minor improvement are charged to the profit or loss when incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment at the date of reclassification and becomes its cost for accounting purposes.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2.5 Intangible assets

(i) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.2), the amount of any non-controlling interests in the acquiree over the acquisition date fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets (Continued)

(ii) *Trademarks*

Trademarks acquired by the Group have indefinite useful lives and are initially measured at cost less any accumulated impairment losses.

(iii) *Product licenses*

Product licenses are stated at cost less accumulated amortisation and any impairment losses. The useful life of the product licenses is 5 years, representing the period that benefits are expected to be received.

(iv) *Computer software*

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original costs of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised to the consolidated statement of comprehensive income using the straight-line method over their estimated useful lives of 5 years.

(v) *Franchise fees*

Franchise fees are initially capitalised at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost over their estimated useful lives of 10 to 20 years.

The amortisation period and amortisation method of intangible assets other than goodwill, patents and trademarks are reviewed at least at the end of each financial year. The effects of any revision are recognised in the consolidated statement of comprehensive income when the changes arise.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value as at the acquisition date.

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

2.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at the end of each financial year to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset (intangible assets with indefinite useful life and intangible assets not yet available for use) is required, the recoverable amounts are estimated.

An impairment loss is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent of other assets and groups of assets. Impairment loss is recognised in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of non-financial assets (Continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The fair value less cost to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value-in-use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each financial year as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment in value was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Reversals of impairment loss are recognised in the consolidated statement of comprehensive income. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating unit expected to benefit from the synergies of the business combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit including the goodwill, the impairment loss is recognised in the consolidated statement of comprehensive income and allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials, packing materials and finished goods are determined on the "first-in, first-out" basis and comprise original cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes cost of raw materials, direct labour, other direct costs and manufacturing overheads (based on normal operating capacity) but excludes borrowing cost.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution, at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made for obsolete, slow-moving and defective inventories.

2.8 Cash and bank balances

Cash and bank balances in the statements of financial position comprise cash on hand, demand deposit and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances, fixed deposit and bank overdrafts and excludes any deposits pledged. In the statements of financial position, bank overdrafts are presented within borrowings under current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

The Group and the Company classifies their financial assets as loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss. The classification depends on the nature and purpose for which the assets were acquired. Management determines the classification of the financial assets at initial recognition and re-evaluates this designation at the end of the financial year where allowed and appropriate.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active and market. Loans and receivables comprise “trade and other receivables excluding prepayments, GST receivables and advances to suppliers, and include “fixed deposit” and “cash and bank balances” in the statements of financial position.

After initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less impairment loss, if any.

(ii) *Financial assets at fair value through profit or loss (“FVTPL”)*

Financial assets are classified as FVTPL if the financial asset is either held-for-trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading investment if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group and the Company; or if it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee contract.

A financial asset which is not classified as held-for-trading may be designated as FVTPL upon initial recognition if the financial asset is managed as part of a group of financial instruments, with its performance being evaluated on a fair value basis, in accordance with the Group’s and the Company’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

FVTPL are stated at fair value, with any resultant gain or loss recognised in the profit or loss. The net gain or loss recognised in profit or loss incorporates unrealised foreign exchange gain or loss.

(iii) *Available-for-sale financial assets (“AFS”)*

Certain shares held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and accumulated in the fair value reserve.

Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received is recognised in the consolidated statement of comprehensive income. Where the sale relates to an available-for-sale financial asset, the cumulative gain or loss previously recognised in the fair value reserve is included in the consolidated statement of comprehensive income for the period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Effective interest method

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

Impairment

The Group assess at the end of each financial year whether there is objective evidence that a financial asset or a group of financial assets other than financial assets at FVTPL, is impaired and recognise as allowance for impairment when such evidence exists.

(i) Loans and receivables

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the consolidated statement of comprehensive income.

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

(ii) Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated statement of comprehensive income, is transferred from other comprehensive income to the profit or loss.

2.10 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities measured at amortised cost include trade and other payables (excluding GST payables and provision for employee benefits), bank borrowings, financial guarantee contracts and finance leases.

The accounting policies adopted for specific financial liabilities are set out below:-

(i) Trade and other payables

Trade and other payables are recognised initially at cost which represents the fair value of the consideration to be paid in the future less transaction cost, for goods received or services rendered, whether or not billed to the Group and the Company, and are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial liabilities (Continued)

(i) *Trade and other payables (Continued)*

Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

(ii) *Bank borrowings*

Borrowings are initially recognised at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is taken to the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the end of the financial year are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the financial year and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the end of the financial year are presented as non-current borrowings in the statements of financial position.

(iii) *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

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

Recognition and derecognition

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are derecognised when and only when the contractual obligation has been discharged, or cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the consolidated statement of comprehensive income.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Equity instruments and treasury shares

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Equity instruments and treasury shares (Continued)

When share capital recognised as equity is reacquired (“treasury shares”), the amount of consideration paid including any directly attributable incremental cost is presented as a deduction within equity, until they are subsequently cancelled, sold or reissued.

When the treasury shares are subsequently cancelled, the cost of the treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When the treasury shares are subsequently sold or reissued pursuant to the employee share options scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised as a change in equity of the Company.

2.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the management’s best estimate of the expenditure required to settle the obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of business of the Group. Revenue is presented, net of estimated customer returns, rebates, other similar allowances and sales related taxes. The Group’s revenue is in respect of external transactions only.

Sale of food and beverages from food services

Revenue from the operations of the food business is recognised net of discounts upon billing of food and beverages to the customers.

Revenue from sale of food, beverages and nutrition products

Revenue from the processing and distribution of food, beverages and nutrition products is recognised net of discounts and sales returns when the significant risks and rewards of ownership of the products have been transferred to the buyer upon passage of title to the customers, which generally coincides with their delivery and acceptance, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Revenue recognition (Continued)

Interest income

Interest income is recognised when earned, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

Rental income

Rental income under operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.15 Research and development expenses

Research and development expenses are recognised as expenses when incurred.

2.16 Employment benefits

Defined contribution plan

Contributions to defined contribution plans are recognised as an expense in the consolidated statement of comprehensive income in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

2.17 Leases

When the Group is the lessee of a finance lease

Leases in which the Group assume substantially all the risks and rewards incidental to ownership of the leased assets are classified as finance lease.

Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value at the inception of the lease and the present value of the minimum lease payment. Any initial direct costs are also added to the amount capitalised.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charge is recognised in the consolidated statement of comprehensive income.

Capitalised leased asset is depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the finance lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases (Continued)

When the Group is the lessee of an operating lease

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under the operating lease (net of any incentives received from the lessors) are recognised in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

2.18 Borrowing costs

Borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred using the effective interest method except for those costs that are directly attributable to the acquisition, construction or production of the qualifying assets.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

2.19 Income tax

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

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Current income taxes are recognised as an expense or income in the consolidated statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is recognised directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Income tax (Continued)

Deferred tax (Continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

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

Deferred tax is recognised as an expense or income in the consolidated statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:-

- (i) when the sales tax that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.20 Foreign currency transactions and translations

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

Exchange differences arising on the settlements of monetary items and on retranslation of monetary items are included in the consolidated statement of comprehensive income for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of comprehensive income for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Foreign currency transactions and translations (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company and the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates of the dates at the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

On disposal of a foreign operations, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

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

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders. Dividends proposed or declared after the end of the financial year are not recognised as a liability at the end of the financial year.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer who makes strategic decisions.

2.23 Share-based payment

The Company issues equity settled share-based payments to certain employees and directors.

The fair value of the employee services received in exchange for the grant of options is recognised as an expense in consolidated statement of comprehensive income with a corresponding increase in the share options reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of grant. In the valuation process, no account is taken of any performance conditions except of conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The expense recognised in the consolidated statement of comprehensive income at each reporting date reflects the manner in which the benefits will accrue to employees under the option plan over the vesting period. The consolidated statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Share-based payment (Continued)

When the options are exercised and new ordinary shares issued, the proceeds received (net of any attributable transaction costs) are credited to share capital, or to the treasury shares account, when treasury shares are reissued to employees. The share options reserve remained unchanged as a separate reserve when the options are exercised.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.24 Contingencies

A contingent liability is:-

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (ii) a present obligation that arises from past events but is not recognised because:-
 - a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - b. the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.25 Restoration costs

Provision for restoration costs is made based on the estimated cost of restoring the rented premises, arising from the use of such premises and in accordance to the stipulations in the tenancy agreements. The estimated costs of such restoration are included in the costs of property, plant and equipment.

The estimated restoration costs are reviewed and updated annually based on the latest cost of restoring a premise.

Provision for restoration costs is classified as current liabilities unless the tenancy agreement, for which the restoration is required, expire at least 12 months after the reporting date.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Critical judgements made in applying the accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty

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

(i) *Impairment of available-for-sale equity instruments*

At the end of each financial year, an assessment is made on whether there is objective evidence that an available-for-sale equity instrument is impaired. A significant or prolonged decline in the fair value of the security below its original cost is considered in determining whether the asset is impaired. In making this judgement, the Group evaluates among other factors, recent market information, historical share price movements, extent to which the fair value of an investment is less than its original costs.

The carrying amounts of the Group and the Company's available-for-sale equity instruments were approximately RM242,000 and RM Nil (2016: RM17,041,000 and RM16,829,000).

Further details of the impairment of available-for-sale equity instrument is as disclosed in Note 7 to the financial statements.

(ii) *Impairment of goodwill, trademarks and franchise fees*

The management determines whether goodwill, trademarks and franchise fees are impaired at least on an annual basis and as and when there is an indication that goodwill and trademarks may be impaired. Franchise fees are impaired when there is an indication that franchise fees may be impaired. This requires an estimation of the value-in-use of trademarks, franchise fees and the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill, trademarks and franchise fees as at 30 September 2017 were approximately RM16,464,000, RM12,740,000 and RM2,998,000 (2016: RM15,842,000, RM11,411,000 and RM2,621,000), respectively.

More details on the impairment testing of goodwill, trademarks and franchise fees are disclosed in Note 9 to the financial statements.

(iii) *Impairment of property, plant and equipment*

The Group carries out impairment assessment for certain property, plant and equipment where there is indication of an impairment. In carrying out the impairment assessment, management has identified the cash generating units ("CGUs") to which the property, plant and equipment belongs and determined the recoverable amounts of the CGUs by estimating the expected discounted future cash flows. Estimating the recoverable amounts requires the Group to determine a suitable sales growth rate, gross margin, discount rate and to make an estimate of the expected future cash flows from the cash-generating unit in order to calculate the present value of those cash flows.

The value-in-use calculations is most sensitive to the sales growth rate, gross margin and discount rate used for the discounted cash flow model. Changes to any of the key assumptions by 10% (2016: 10%) would not cause the carrying amounts of the respective cash-generating unit ("CGU") to be materially different from their recoverable amounts.

The carrying amount of property, plant and equipment as at 30 September 2017 was RM256,871,000 (2016: RM195,930,000).

(iv) *Income taxes*

The management has exercised significant estimates when determining the Group's and the Company's provisions for income taxes. These involve assessing the probabilities that deferred tax assets resulting from deductible temporary differences, unutilised tax losses and unabsorbed tax allowances, if any, can be utilised to offset future taxable income. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of action.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(iv) *Income taxes (Continued)*

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income.

Given the wide range of international business arrangements, the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate adjustments to tax income and expense in future periods. The Group and the Company establish reasonable provision for possible consequences of audits by the tax authorities of the respective countries.

The amount of such provisions and/or its subsequent reversals is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group and Company domicile. The carrying amounts of current income tax payable, deferred tax assets, tax recoverable and deferred tax liabilities of the Group and of the Company as at 30 September 2017 were approximately RM178,000, RM721,000, RM573,000 and RM2,270,000 (2016: RM425,000, RM1,067,000, RM2,291,000 and RM2,553,000), respectively.

(v) *Allowance for doubtful receivables*

The management establishes allowance for doubtful receivables on a case-by-case basis when they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers its historical experience and changes to its customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required.

The carrying amounts of the Group's and the Company's trade and other receivables excluding GST receivables, prepayments and advances to suppliers as at 30 September 2017 were approximately RM47,860,000 and RM279,496,000 (2016: RM49,271,000 and RM290,657,000), respectively.

(vi) *Inventories and related allowance*

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" method. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 30 September 2017 was approximately RM44,644,000 (2016: RM43,723,000).

(vii) *Impairment of investments in subsidiaries*

The Company follow the guidance of FRS 36 in determining whether investments in subsidiaries are impaired. This determination requires the assumption made regarding the duration and extent to which the recoverable amount of an investment in a subsidiary is less than its costs and the financial health of and near-term business outlook for the investment in subsidiary, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Management's assessment for impairment of investments in subsidiaries is based on the estimation of value-in-use of the cash-generating unit ("CGU") by forecasting the expected future cash flows for a period of up to five years, using a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Factory/ office buildings		Plant and machinery RM'000	Cold room and freezer RM'000	Lab equipment RM'000	Furniture and fittings		Store equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Computer system RM'000	Assets under construction		Total RM'000
			RM'000	RM'000				RM'000	RM'000						RM'000	RM'000	
2017																	
Cost																	
At 1 October 2016	10,053	72,576	21,677	85,123	6,791	540	10,602	24,527	25,824	12,114	5,601	1,865	5,680	282,973			
Additions	-	-	-	1,189	925	14	4,985	7,581	13,365	2,462	713	648	56,223	88,105			
Acquisition of subsidiaries	-	-	-	-	-	-	920	3,283	4,594	374	-	726	-	9,897			
Reclassification	-	-	462	(311)	-	-	213	(259)	2,193	-	(612)	595	(2,281)	-			
Transfer to investment properties (Note 5)	(1,520)	(443)	(2,677)	-	-	-	-	-	-	-	-	-	-	(4,640)			
Disposals	-	-	-	(169)	-	-	-	(34)	(52)	(2,232)	(27)	-	(8)	(2,522)			
Written off	-	-	-	(307)	(1)	-	(760)	(2,054)	(4,198)	(99)	(175)	(290)	-	(7,884)			
Currency realignment	-	-	-	506	-	3	9	-	-	1	-	28	-	547			
At 30 September 2017	8,533	72,133	19,462	86,031	7,715	557	15,969	33,044	41,726	12,620	5,500	3,572	59,614	366,476			
Accumulated depreciation																	
At 1 October 2016	-	840	2,227	30,645	2,363	276	4,051	7,493	9,234	7,883	2,806	1,004	-	68,822			
Depreciation for the financial year	-	975	428	7,655	1,011	114	1,338	2,343	6,019	1,828	848	218	-	22,777			
Acquisition of subsidiaries	-	-	-	-	-	-	774	2,991	4,517	374	-	651	-	9,307			
Reclassification	-	-	-	236	-	-	-	(236)	35	-	(596)	561	-	-			
Transfer to investment properties (Note 5)	-	(8)	(289)	-	-	-	-	-	-	-	-	-	-	(297)			
Disposals	-	-	-	-	-	-	-	(18)	-	(2,209)	(4)	-	-	(2,231)			
Written off	-	-	-	(305)	(1)	-	(697)	(1,970)	(3,685)	(99)	(170)	(272)	-	(7,199)			
Currency realignment	-	-	-	180	-	-	8	-	-	1	-	16	-	205			
At 30 September 2017	-	1,807	2,366	38,411	3,373	390	5,474	10,603	16,120	7,778	2,884	2,178	-	91,384			
Accumulated Impairment																	
At 1 October 2016/30 September 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,221
Net carrying amount																	
At 30 September 2017	8,533	70,326	17,096	29,399	4,342	167	10,495	22,441	25,606	4,842	2,616	1,394	59,614	256,871			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Factory/office buildings		Plant and machinery RM'000	Cold room and freezer RM'000	Lab equipment RM'000	Furniture and fittings		Store equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Computer system RM'000	Assets under construction		Total RM'000
			RM'000	RM'000				RM'000	RM'000						RM'000	RM'000	
2016																	
Cost																	
At 1 October 2015	10,053	-	15,906	81,175	5,955	435	5,673	12,935	13,724	11,386	2,825	2,057	-	-	162,124		
Additions	-	72,576	5,771	2,719	862	100	2,615	6,888	6,901	1,330	1,586	152	5,680	107,180			
Acquisition of subsidiaries	-	-	-	-	-	-	2,564	5,516	6,946	627	664	-	-	-	16,317		
Reclassification	-	-	-	-	-	-	(131)	(36)	(582)	(415)	-	-	-	-	-		
Disposals	-	-	-	(342)	-	-	(472)	(9)	(593)	(13)	(13)	-	-	-	(1,429)		
Written off	-	-	-	(52)	(26)	(278)	(209)	(1,702)	(43)	(43)	-	-	-	-	(2,950)		
Currency realignment	-	-	-	1,623	-	5	28	-	-	4	-	71	-	-	1,731		
At 30 September 2016	10,053	72,576	21,677	85,123	6,791	540	10,602	24,527	25,824	12,114	5,601	1,865	5,680	282,973			
Accumulated depreciation																	
At 1 October 2015	-	-	1,805	24,782	1,602	204	1,617	3,043	2,340	6,830	1,243	1,172	-	-	44,638		
Depreciation for the financial year	-	840	422	5,451	775	63	760	1,464	3,819	1,681	634	81	-	-	15,990		
Acquisition of subsidiaries	-	-	-	-	-	-	1,748	3,313	3,646	583	635	-	-	-	9,925		
Reclassification	-	-	-	-	-	5	(42)	(15)	(338)	(286)	-	-	-	-	-		
Disposals	-	-	-	(244)	-	-	(195)	(2)	(574)	(7)	(7)	-	-	-	(1,022)		
Written off	-	-	-	(49)	(14)	(100)	(90)	(554)	(37)	(640)	(37)	-	-	-	(1,484)		
Currency realignment	-	-	-	705	-	4	26	-	-	3	-	37	-	-	775		
At 30 September 2016	-	840	2,227	30,645	2,363	276	4,051	7,493	9,234	7,883	2,806	1,004	-	-	68,822		
Accumulated Impairment																	
At 1 October 2015	-	-	-	18,234	-	-	-	-	-	-	-	-	-	-	18,234		
Write back of impairment	-	-	-	(13)	-	-	-	-	-	-	-	-	-	-	(13)		
At 30 September 2016	-	-	-	18,221	-	-	-	-	-	-	-	-	-	-	18,221		
Net carrying amount																	
At 30 September 2016	10,053	71,736	19,450	36,257	4,428	264	6,551	17,034	16,590	4,231	2,795	861	5,680	195,930			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computer system RM'000
Company	
2017	
Cost	
At 1 October 2016	127
Currency realignment	4
At 30 September 2017	131
Accumulated depreciation	
At 1 October 2016	126
Depreciation for the financial year	1
Currency realignment	4
At 30 September 2017	131
Net carrying amount	
At 30 September 2017	-
2016	
Cost	
At 1 October 2015	131
Currency realignment	(4)
At 30 September 2016	127
Accumulated depreciation	
At 1 October 2015	116
Depreciation for the financial year	13
Currency realignment	(3)
At 30 September 2016	126
Net carrying amount	
At 30 September 2016	1

During the financial year, the Group acquired property, plant and equipment as follows:-

	2017 RM'000	2016 RM'000
Additions of property, plant and equipment	88,105	107,180
Acquired under finance lease	(9,698)	(11,598)
	78,407	95,582
Add: Changes in other payables	2,220	-
Less: Deposits paid in prior year	-	(36,359)
Less: Provision for restoration costs	(305)	(864)
Cash payments made to acquire property, plant and equipment	80,322	58,359

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Management has plans to relocate certain property, plant and equipment to a new factory building three years later. Therefore, management had reviewed and revised the useful lives of non-movable property, plant and equipment to three years. The revision in estimate has been applied on a prospective basis from 1 October 2016. The effect of the revision of useful lives on depreciation charge in the current and future periods are as below:-

	2017 RM'000	2018 RM'000	2019 RM'000
Increase in depreciation expense	2,606	2,606	2,606

Included in property, plant and equipment are the following assets acquired under finance lease arrangements:-

	Group	
	2017 RM'000	2016 RM'000
Net carrying amount		
Plant and machinery	951	307
Cold room and freezer	1,174	994
Furniture and fittings	4,704	3,011
Motor vehicles	3,734	962
Office equipment & computer system	520	579
Store equipment	12,777	10,391
Renovation	3,805	3,425
	27,665	19,669

Borrowing costs of RM602,000 (2016: Nil) which arose on the financing specifically entered into for the construction of the warehouse buildings were capitalised by the Group during the financial year.

Assets under construction represent expenditure for factory building in the course of construction (2016: expenditure for factory building in the course of construction and renovation costs of corporate office building).

The carrying amount of leasehold land, building and assets under construction of RM92,067,000 were pledged to a licensed bank as security for a banking facility granted to the Group (Note 15).

The following express conditions and restrictions on the Group's leasehold land (Pulau Indah) and assets under construction with net carrying amount of RM117,761,000:-

- (i) the land is designated as Selangor Halal Hub and shall be used only for industrial purposes;
- (ii) the industrial activities to be carried out shall be in compliance with the Halal Park guidelines and requirements, and in accordance with Islamic principles;
- (iii) shall only consist of industries whose activities are consistent and within the overall concept of the Selangor Halal Hub and must have been approved by the appropriate authorities; and
- (iv) any assignment, pledge and lease of land requires the consent of the appropriate authorities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 30 September 2017, information relating to the Group's freehold/leasehold properties are as follows:-

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
Trading and Frozen Food Division				
Lot 55, Hicom Glenmarie Industrial Park, Selangor, Malaysia	Warehouse	Office, warehouse, cold room and processing factory	68,674	43,200
Lot 1-3-1, Sri Kerjaya Apartment, Shah Alam, Selangor, Malaysia	Apartment	Staff quarters	-	883
Lot 1-3-3, Sri Kerjaya Apartment, Shah Alam, Selangor, Malaysia	Apartment	Staff quarters	-	893
49, Lorong Wong Ah Jang, Kuantan, Pahang, Malaysia	Shop office	Cold room and office	1,560	2,976
Lot 1237, Jalan Makloom, Pulau Pinang, Malaysia	Industrial land	Office, warehouse and cold room	12,202	16,860
3, Jalan Bertam 6, Taman Daya, 81100 Johor Bahru, Johor, Malaysia	Industrial warehouse	Cold room and office	2,400	3,300
1, Jalan Bertam 6, Taman Daya, 81100 Johor Bahru, Johor, Malaysia	Industrial warehouse	Cold room	4,690	3,200
7, Jalan Bertam 6, Taman Daya, 81100 Johor Bahru, Johor, Malaysia	Industrial warehouse	Cold room	2,400	2,400
Food Processing Division				
Lot 17225, Jalan Haruan 6, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan, Malaysia	Industrial land	Factory building	64,810	29,550
Lots nos. 76, 77, 78, 79, 80, 83, 84 and 85, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia	Industrial land	Lots nos. 76, 77, 78, 79, 80 and 85: Vacant Lots nos. 83 and 84: Construction of factory buildings	1,550,736	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

5. INVESTMENT PROPERTIES

	Group	
	2017	2016
	RM'000	RM'000
Cost		
At 1 October	24,133	-
Additions	-	24,133
Reclassification from property, plant and equipment (Note 4)	4,640	-
At 30 September	28,773	24,133
Accumulated depreciation		
At 1 October	(431)	-
Depreciation for the financial year	(482)	(431)
Reclassification from property, plant and equipment (Note 4)	(297)	-
At 30 September	(1,210)	(431)
Net carrying amount		
At 30 September	27,563	23,702

	Group	
	2017	2016
	RM'000	RM'000
Represented by:		
Freehold land	1,520	-
Leasehold land	16,556	16,452
Leasehold building	7,290	7,250
Factory building	2,197	-
	27,563	23,702

The following amounts are recognised in profit or loss:-

	Group	
	2017	2016
	RM'000	RM'000
Rental income from investment properties (Note 25)	1,594	1,282
Direct operating expenses arising from:		
- Rental-generating investment properties	493	285
- Non-rental-generating investment properties	703	957
	1,196	1,242

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancement.

During the financial year, the Group has reclassified the land and building from its property, plant and equipment to investment properties with a carrying amount of RM4,343,000 pursuant to the change in the usage of the freehold land and building.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

5. INVESTMENT PROPERTIES (CONTINUED)

As at 30 September 2017, the fair value of the Group's investment properties amounted to RM53,927,000 (2016: RM45,600,000).

The fair value of the office building was estimated based on management's estimation by using the direct sales comparison approach by making reference to market evidence of prices per square feet for comparable properties, adjusted for key attributes such as size, tenure, location, condition and prevailing market conditions.

In respect of the factory warehouse, the fair value was estimated with reference to the recent valuation by an independent professional valuer having experience in the location and category of this property.

Both fair values determined is based on the asset's highest and best use, which is in line with its actual use and according to the comparison valuation method within level 3 of the fair value hierarchy. The most significant input using this valuation method would be price per square feet.

The leasehold land and building with fair value as above is partially owner-occupied where the net book value of RM17,540,000 (2016: RM18,521,000) is included in property, plant and equipment (Note 4).

The carrying amount of leasehold land and building of RM23,846,000 were pledged to a licensed bank as security for a banking facility granted to the Group (Note 15).

Details of the Group's investment properties are as detailed below:-

Location	Description	Tenure	Unexpired lease term
No.11 Jalan 225, Petaling Jaya, 46100 Selangor Darul Ehsan, Malaysia	Office building	Leasehold	50 years
PT 4974, Jalan Haruan 8, Oakland Industrial Park, 70200 Seremban, Negeri Sembilan, Malaysia	Industrial land Factory building Warehouse	Freehold	-

6. INVESTMENTS IN SUBSIDIARIES

6.1 Investments in subsidiaries comprise:

	Company	
	2017	2016
	RM'000	RM'000
Unquoted equity shares in corporations, at cost	11,489	11,167
Issuance of financial guarantee contracts	4,732	1,837
Issuance of share options to Group's employees	641	623
Advances deemed as investments in subsidiaries*	73,489	-
	90,351	13,627

* During the financial year, amounts due from subsidiaries which are non-trade were reclassified as deemed investments in subsidiaries as the planned settlement is through capitalisation of debt through issuance of ordinary shares of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries

Name of company (Country of incorporation/ principal place of business)	Principal activities	Effective equity held by the Group	
		2017 (%)	2016 (%)
Held by the Company			
Polygold Holdings Sdn Bhd ⁽²⁾ (Malaysia)	Investment holding	100	100
Envictus Brands Pte Ltd ⁽¹⁾ (Singapore)	Collecting royalties for the brands that it owns	100	100
Envictus Capital (Labuan) Inc. ⁽²⁾ (Malaysia)	Intra-group lending and investment holding	100	100
Envictus Foods International Inc. ⁽²⁾ (Malaysia)	Investment holding	100	100
Envictus Foods (M) Sdn Bhd ⁽²⁾ (Malaysia)	Investment holding	100	100
Envictus IT Services Sdn Bhd ⁽²⁾ (Malaysia)	IT services	100	100
Envictus NZ Limited ⁽³⁾ (New Zealand)	Investment holding	100	100
Eureka Capital Sdn Bhd ⁽²⁾ (Malaysia)	Providing management services and property investment	100	100
Glenland Sdn Bhd ⁽²⁾ (Malaysia)	Investment holding	100	100
Envictus Food Services Sdn Bhd ⁽²⁾ (Malaysia)	Investment holding	100	100
Envictus QSR Pte Ltd ⁽¹⁾ (Singapore)	Investment holding	100	100
Held by the subsidiaries			
- Envictus Capital (Labuan) Inc.			
PT Sentrafood Indonusa ⁽⁴⁾⁽⁵⁾ (Indonesia)	Dormant	100	100
- Envictus Foods (M) Sdn Bhd			
Pok Brothers Sdn Bhd ⁽²⁾ (Malaysia)	Wholesalers of foodstuff, provisions and frozen meat	100	100
De-luxe Food Services Sdn Bhd ⁽²⁾ (Malaysia)	Manufacturer and distributor of bakery products	100	100
Gourmessa Sdn Bhd ⁽²⁾ (Malaysia)	Manufacturing of convenient value added frozen food	100	100
Dominade Marketing Sdn Bhd ⁽²⁾ (Malaysia)	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/ principal place of business)	Principal activities	Effective equity held by the Group	
		2017 (%)	2016 (%)
Held by the subsidiaries (Continued)			
- Polygold Holdings Sdn Bhd			
Polygold Beverages Sdn Bhd ⁽²⁾ (Malaysia)	Manufacturing and distribution of beverage products	100	100
Polygold Marketing Sdn Bhd ⁽²⁾ (Malaysia)	Marketing and distribution of food and beverage products	100	100
Envictus Dairies Marketing Sdn Bhd ^{(2) (8)} (Formerly known as Polygold Foods Sdn Bhd) (Malaysia)	Dormant	100	100
- Envictus NZ Limited			
Envictus Dairies NZ Limited ⁽³⁾ (New Zealand)	Manufacturing of dairies and water based products	72.3	72.3
Naturalac Nutrition Limited ⁽³⁾ (New Zealand)	Marketing of branded sport nutrition and weight management foods	100	100
- Envictus QSR Pte Ltd			
PT Quick Service Restaurant ⁽⁴⁾⁽⁶⁾ (Indonesia)	Operation of fast food restaurant business	100	-
- Pok Brothers Sdn Bhd			
Pok Brothers (Johor) Sdn Bhd ⁽²⁾ (Malaysia)	Wholesalers of foodstuff, provisions and frozen meat	100	100
Pok Brothers (Selangor) Sdn Bhd ^{(2) (7)} (Malaysia)	Dormant	100	100
- De-luxe Food Services Sdn Bhd			
Daily Fresh Bakery Sdn Bhd ⁽²⁾ (Malaysia)	Trading of cakes, breads, biscuits and confectioneries	100	100
Family Bakery Sdn Bhd ⁽²⁾ (Malaysia)	Manufacturing and trading of cakes, breads, biscuits and confectioneries	100	100
- Envictus Food Services Sdn Bhd			
Texas Chicken (Malaysia) Sdn Bhd ⁽²⁾ (Malaysia)	Quick service restaurant	100	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/ principal place of business)	Principal activities	Effective equity held by the Group	
		2017 (%)	2016 (%)
Held by the subsidiaries (Continued)			
- Envictus Food Services Sdn Bhd (Continued)			
Hot Bun Food Industries Sdn Bhd ⁽²⁾ (Malaysia)	Dormant	100	100
Lyndarahim Ventures Sdn Bhd ⁽²⁾ (Malaysia)	Investment holding	100	100
The Delicious Group Sdn Bhd ⁽²⁾ (Malaysia)	Café and restaurant operator	100	-
- Lyndarahim Ventures Sdn Bhd			
San Francisco Coffee Sdn Bhd ⁽²⁾ (Malaysia)	Operating a chain of specialty coffee outlets	100	100
- The Delicious Group Sdn Bhd			
Delicious Catering Sdn Bhd ⁽²⁾ (Malaysia)	Food catering services	100	-
Food Emporium Sdn Bhd ⁽²⁾ (Malaysia)	Café and restaurant operator	100	-
Reunion Restaurants Sdn Bhd ⁽²⁾ (Malaysia)	Dormant	100	-
The Delicious (Singapore) Pte Ltd ⁽¹⁾ (Singapore)	Dormant	100	-

(1) Audited by BDO LLP, Singapore, a member firm of BDO International Limited.

(2) Audited by BDO, Malaysia, a member firm of BDO International Limited.

(3) Audited by BDO Auckland, New Zealand, a member firm of BDO International Limited.

(4) Audited by Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan, a member of Crowe Horwath International.

(5) Envictus Capital (Labuan) Inc. and Envictus Foods International Inc. hold 68% and 32%, respectively.

(6) Envictus QSR Pte Ltd and Envictus Capital (Labuan) Inc. hold 99% and 1%, respectively.

(7) This subsidiary is in process of strike-off by the Register of Companies pursuant to section 551(1) of the Companies Act in Malaysia and its financial statement is not audited for the financial year ended 30 September 2017.

(8) This subsidiary has changed its company name with effective from 17 October 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.3 Non-controlling interest

Summarised financial information in relation to Envictus Dairies NZ Limited that has non-controlling interests ("NCI") of 27.7% (2016: 27.7%) that is material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:-

	2017 RM'000	2016 RM'000
Summarised Statement of Comprehensive Income for the financial year:		
Revenue	24,479	17,931
Loss before tax	(4,131)	(4,643)
Income tax credit/(expense)	32	(7)
Loss after tax allocated	(4,099)	(4,650)
Loss after tax allocated to NCI	(1,136)	(1,288)
Other comprehensive income allocated to NCI	(124)	(888)
Loss allocated to NCI, representing total comprehensive income allocated to NCI	(1,260)	(2,176)

In the previous financial year, the total loss allocated to NCI, representing total comprehensive income allocated to NCI as disclosed in the statement of comprehensive income included share of losses of Lyndarahim Ventures Sdn Bhd of RM119,000 prior to the acquisition of the remaining 15% equity interest.

	2017 RM'000	2016 RM'000
Summarised Statement of Cash Flows for the financial year:		
Cash flows from/(used in) operating activities	407	(1,947)
Cash flows used in investing activities	(245)	(418)
Cash flows from financing activities	1,093	2,425
Net cash inflows	1,255	60

	2017 RM'000	2016 RM'000
Summarised Statement of Financial Position as at 30 September:		
Assets:		
Current assets	4,980	3,374
Non-current assets	15,056	16,741
Total assets	20,036	20,115
Liabilities:		
Current liabilities	54,602	50,134
Net liabilities	(34,566)	(30,019)
Attributable to:		
Owners of the Company	(24,991)	(21,704)
Accumulated non-controlling interests	(9,575)	(8,315)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.4 Additional investment in subsidiaries in financial year 2017

- (i) On 21 March 2017, the Group incorporated a subsidiary company in Indonesia known as PT Quick Service Restaurant (“PTQSR”) by the subscription of 200 new shares in the capital of PTQSR at an issue price of Rp12,500,000 per share and for a total cash consideration of Rp2,500,000,000. PTQSR’s principal activity is the operation of fast food restaurant business.
- (ii) On 16 August 2017, Envictus Foods (M) Sdn Bhd (“EFMSB”), a wholly-owned subsidiary of the Company has subscribed for 15,000,000 new ordinary shares of RM0.10 each in the share capital of De-Luxe Food Services Sdn Bhd (“DFSSB”), the consideration was settled by way of capitalisation of the loan amount of RM1,500,000 owing by DFSSB to EFMSB.

6.5 Acquisition of investment in subsidiaries in financial year 2017

On 30 November 2016, the Group acquired 2,925,000 ordinary shares in The Delicious Group Sdn Bhd (“TDGSB”), representing 100% of equity interest in TDGSB for a total aggregate cash consideration of RM518,000.

TDGSB is principally engaged in the business as a café and restaurant operator. TDGSB has three wholly-owned subsidiaries in Malaysia, namely Reunion Restaurants Sdn Bhd, Delicious Catering Sdn Bhd, Food Emporium Sdn Bhd and another wholly-owned subsidiary in Singapore, namely The Delicious (Singapore) Pte Ltd.

The acquisition represents a strategic investment by the Group to expand its existing business to café and restaurant business operated by TDGSB. This will enable the enlarged group to achieve operational and business synergy and economies of scale.

The other business segments of the Group have also derived synergistic benefits from being able to supply their premium products to complement the restaurant business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

6.5 Acquisition of investment in subsidiaries in financial year 2017 (Continued)

The fair value of the identifiable assets and liabilities of TDGSB as at the acquisition date were as follows:-

	Fair value recognised on date of acquisition RM'000
Property, plant and equipment	590
Intangible assets – trademarks (Note 9)	1,329
Inventories	180
Trade and other receivables	1,658
Tax recoverable	101
Pledged fixed deposits	544
Cash and bank balances	379
	<hr/> 4,781 <hr/>
Trade and other payables	(4,241)
Provision for restoration and others	(439)
	<hr/> (4,680) <hr/>
Total identifiable net assets at fair value	101
Goodwill arising from acquisition*	417
Purchase consideration	<hr/> 518 <hr/>

From the date of acquisition, TDGSB has contributed RM6,160,000 revenue and RM5,933,000 loss net of tax to the Group. If the combination had taken place at the beginning of the financial year, the Group's revenue and loss, net of tax would have been RM412,320,000 and RM54,637,000.

Trademarks have been identified as an intangible assets arising from the acquisition.

Goodwill of RM417,000 arising from the acquisition is attributable to the growth potential of café and restaurant business operated by TDGSB and its future earnings.

None of the goodwill is expected to be deductible for tax purpose.

Transaction costs related to the acquisition of RM30,000 have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the financial year ended 30 September 2017.

The effects of the acquisition of the subsidiaries on cash flows are as follows:-

	RM'000
Total consideration for 100% equity interest acquired	518
Less: Cash and cash equivalents	<hr/> (379) <hr/>
Net cash outflow from acquisition	<hr/> 139 <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Quoted equity securities, at fair value				
At 1 October	17,041	165	16,829	-
Additions	-	32,123	-	32,123
Fair value gain/(loss) recognised directly in other comprehensive income	30	(15,060)	-	(15,107)
Cumulative fair value reserve recycled to profit or loss	15,541	-	15,541	-
Impairment loss for year (Note 25)	(32,870)	-	(32,870)	-
	(17,329)	-	(17,329)	-
Currency realignment	500	(187)	500	(187)
Total	242	17,041	-	16,829

The currency profiles of the available-for-sale financial assets as at 30 September are as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	242	212	-	-
Singapore dollar	-	16,829	-	16,829
	242	17,041	-	16,829

During the financial year, the Group recognised full impairment loss of RM32,870,000 in respect of its investment in Yamada Green Resources Limited ("Yamada") based on the following:-

- (i) A significant or prolonged decline in the fair value of the investment compared to its original cost;
- (ii) The sequence of events and adverse news announced by Yamada followed by the trading suspension of its quoted securities on the Singapore Exchange Securities Trading Limited (SGX-ST) since 16 September 2017 up to the date of these financial statements; and
- (iii) The Group and the Company had previously obtained a revolving credit facility from a bank to finance the acquisition of the quoted securities of Yamada which were then pledged to the bank as security, as disclosed in Note 15 to the financial statements.

On 16 October 2017, the bank requested full repayment of the total outstanding balance of the revolving credit facility of approximately SGD2,800,000 (equivalent to RM8,722,000), including interest, utilised to finance the acquisition of Yamada. The Company had on 17 October 2017 made full repayment of the total outstanding amount.

The quoted equity securities of Yamada Green Resources Limited have been pledged to a licensed bank as security for the banking facility granted to the Group and Company as disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

8. DEFERRED TAX ASSETS

	Group	
	2017	2016
	RM'000	RM'000
At 1 October	1,067	964
Currency realignment	19	44
Recognised in profit or loss	(365)	59
At 30 September	721	1,067

The following are the deferred tax assets recognised by the Group and movements thereon during the financial year:-

	Property, plant and equipment	Unutilised tax losses	Other deductible temporary differences	Total
	RM'000	RM'000	RM'000	RM'000
Group				
At 1 October 2015	363	447	154	964
Currency realignment	1	28	15	44
Recognised in profit or loss	5	15	39	59
At 1 October 2016	369	490	208	1,067
Currency realignment	-	15	4	19
Recognised in profit or loss	(4)	(417)	56	(365)
At 30 September 2017	365	88	268	721

	Group	
	2017	2016
	RM'000	RM'000
Deferred tax assets not recognised		
At 1 October	39,312	33,241
Deferred tax assets not recognised during the financial year	6,113	2,660
Acquisition of a subsidiary	-	3,411
Currency realignment	1,671	-
At 30 September	47,096	39,312

At the end of the financial year, the above deferred tax assets not recognised comprises unutilised tax losses and other temporary differences of approximately RM137,899,000 (2016: RM116,883,000) and RM48,291,000 (2016: RM45,017,000), respectively and are available for set-off against future taxable profits. No deferred tax asset has been recognised in respect of these items due to the unpredictability of the profit streams. The unutilised tax losses are subject to agreement by relevant tax authorities. These deductible temporary differences do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

9. INTANGIBLE ASSETS

	Goodwill	Trademarks	Computer software	Franchise fees*	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
2017					
Cost					
At 1 October 2016	27,619	23,362	2,236	3,467	56,684
Additions	205	-	118	652	975
Acquisition of subsidiaries	417	1,329	-	-	1,746
Written off	-	-	(17)	-	(17)
Currency realignment	168	-	8	-	176
At 30 September 2017	28,409	24,691	2,345	4,119	59,564
Accumulated amortisation					
At 1 October 2016	-	-	1,443	846	2,289
Amortisation for the financial year	-	-	272	275	547
Written off	-	-	(17)	-	(17)
Currency realignment	-	-	7	-	7
At 30 September 2017	-	-	1,705	1,121	2,826
Accumulated impairment					
At 1 October 2016	11,777	11,951	-	-	23,728
Currency realignment	168	-	-	-	168
At 30 September 2017	11,945	11,951	-	-	23,896
Net carrying amount					
At 30 September 2017	16,464	12,740	640	2,998	32,842

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

9. INTANGIBLE ASSETS (CONTINUED)

	Goodwill RM'000	Trademarks RM'000	Computer software RM'000	Franchise fees* RM'000	Total RM'000
Group					
2016					
Cost					
At 1 October 2015	15,271	20,062	1,575	2,893	39,801
Additions	-	-	364	574	938
Acquisition of subsidiaries	11,800	3,300	305	-	15,405
Currency realignment	548	-	(8)	-	540
At 30 September 2016	27,619	23,362	2,236	3,467	56,684
Accumulated amortisation					
At 1 October 2015	-	-	935	596	1,531
Acquisition of subsidiaries	-	-	218	-	218
Amortisation for the financial year	-	-	296	250	546
Currency realignment	-	-	(6)	-	(6)
At 30 September 2016	-	-	1,443	846	2,289
Accumulated impairment					
At 1 October 2015	11,229	11,951	-	-	23,180
Currency realignment	548	-	-	-	548
At 30 September 2016	11,777	11,951	-	-	23,728
Net carrying amount					
At 30 September 2016	15,842	11,411	793	2,621	30,667

* The remaining useful life of the franchise fees is between 5 to 20 years (2016: 6 to 20 years).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

9. INTANGIBLE ASSETS (CONTINUED)

	Computer software	
	2017	2016
	RM'000	RM'000
Company		
Cost		
At 1 October	267	276
Currency realignment	8	(9)
At 30 September	275	267
Accumulated amortisation		
At 1 October	260	213
Amortisation for the financial year	7	53
Currency realignment	8	(6)
At 30 September	275	260
Net carrying amount		
At 30 September	-	7

The amortisation of computer software and franchise fees is included in the "Administrative expenses" in the consolidated statement of comprehensive income.

During the financial year, the Group had paid franchise fees in relation to new stores of RM652,000 (2016: RM574,000) in accordance with the International Multiple Unit Franchise Agreement to develop and operate "Texas Chicken" restaurants for a period of 10 to 20 years in Malaysia.

During the financial year, the Group acquired trademarks in respect of the "The Delicious" restaurants with a fair value of RM1,329,000 as detailed in Note 6.5 to the financial statements.

Trademarks relate to various trademarks under the brand names of Horleys, San Francisco Coffee, Family and Daily Fresh acquired through business combinations in previous financial years.

The useful lives of the trademarks are estimated to be indefinite because based on the current market share of the trademarks, management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash flow for the Group. As such there is no amortisation of the costs of trademarks.

Impairment testing of goodwill trademarks and other intangible assets

Goodwill acquired in a business combination is allocated to the cash generating units ("CGUs") that are expected to benefit from that business combination.

The Group test the CGUs for impairment annually, or more frequently when there is an indication that the unit may be impaired.

For presentation purposes, the carrying amounts of goodwill, trademarks and other intangible assets allocated to the respective CGUs have been grouped to the following segments:-

- (a) Trading and Frozen Food Division;
- (b) Food Services Division; and
- (c) Nutrition Division

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

9. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill, trademarks and other intangible assets (Continued)

	Trading and Frozen Food RM'000	Food Services RM'000	Nutrition RM'000
2017			
Net carrying amount			
Goodwill	4,042	12,422	-
Trademarks	-	4,629	8,111
Franchise fees	-	2,998	-
2016			
Net carrying amount			
Goodwill	4,042	11,800	-
Trademarks	-	3,300	8,111
Franchise fees	-	2,621	-

The recoverable amount of the CGUs are determined from value-in-use calculations based on forecasts derived from the most recent cash flow projections approved by management covering a 5-year period or more, no growth is projected after the fifth year. The key assumptions for these value-in-use calculations are those regarding the discount rates, sales growth rates and gross margins.

	Trading and Frozen Food %	Food Services %	Nutrition %
2017			
Gross margin ⁽¹⁾	17.61	57.50 – 64.00	46.40
Sales growth rate ⁽²⁾	10.55	21.16 – 22.00	3.46
Discount rate ⁽³⁾	6.65	6.65	5.50
2016			
Gross margin ⁽¹⁾	17.40	44.50	44.74
Sales growth rate ⁽²⁾	12.00	31.09	2.67
Discount rate ⁽³⁾	6.65	6.65	5.50

⁽¹⁾ Average budgeted gross margin.

⁽²⁾ Average sales growth rate used to extrapolate cash flows for the 5-year period.

⁽³⁾ Pre-tax discount rate applied to the cash flow projections.

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for both the CGUs are most sensitive to the following assumptions:-

Budgeted gross margins – Gross margins are based on average values achieved in the five years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

Sales growth rates – The forecasted sales growth rates are based on management estimates with reference to the historical trend.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

9. INTANGIBLE ASSETS (CONTINUED)

Key assumptions used in the value-in-use calculations (Continued)

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (“WACC”). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group’s investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

Management believes that changes in any of the above key assumptions by 10% (2016:10%) would not cause the carrying amounts of the respective CGUs to be materially different from their recoverable amount.

The bank borrowings was fully repaid during the year and the trademark pledge was discharged at year end. In previous financial year, The Horleys trademark with a carrying amount of approximately RM8,111,000 has been pledged to a financial institution for banking facility granted to a subsidiary.

10. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
Finished goods	36,232	34,731
Raw materials	3,012	3,353
Packaging materials	2,820	3,419
Work in progress	238	23
Consumables	3,478	2,482
	45,780	44,008
Allowance for write-down of inventories	(1,136)	(285)
	44,644	43,723

Movements in the allowance for write-down of inventories are as follows:-

	Group	
	2017 RM'000	2016 RM'000
At 1 October	285	-
Allowance made during the financial year	1,136	285
Reversal of allowance no longer required	(285)	-
At 30 September	1,136	285

The cost of inventories recognised as an expense and included in “cost of goods sold” in the consolidated statement of comprehensive income amounted to RM253,321,000 (2016: RM242,411,000).

The allowance provided during the financial year of RM1,136,000 (2016: RM285,000) pertains to the slow moving inventories.

In previous financial year, the Group’s inventories with a carrying amount of approximately RM7,606,000 is subject to a floating charge for a banking facility granted to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current receivables				
Trade receivables	39,478	46,584	-	-
Allowance for doubtful trade receivables	(1,571)	(4,746)	-	-
	37,907	41,838	-	-
Other receivables	964	1,113	172	870
GST receivables	2,309	1,302	-	-
Allowance for doubtful other receivables	(27)	(38)	-	-
	3,246	2,377	172	870
Prepayments	9,083	5,801	45	30
Deposits	9,016	6,358	447	434
Advances to suppliers	-	295	-	-
	18,099	12,454	492	464
Due from subsidiaries				
- non-trade	-	-	327,119	354,925
Allowance for doubtful debts	-	-	(48,242)	(65,572)
	-	-	278,877	289,353
Total trade and other receivables	59,252	56,669	279,541	290,687

The trade amounts owing by third parties are repayable within the normal trade credit terms of 30 to 60 days (2016: 30 to 60 days). In the opinion of the management, based on the review of the trade receivables, including balances that are outstanding for more than 90 days, allowance for doubtful receivables as at 30 September 2017 is adequate.

The non-trade amounts due from subsidiaries are unsecured, interest-free, repayable on demand (2016: same terms) and are to be settled in cash, except for the amount due from a subsidiary of RM26,035,000 (2016: RM21,593,000) which bears interest at 5.55% (2016: 5.55%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in the allowance for doubtful trade receivables are as follows:-

	Group	
	2017 RM'000	2016 RM'000
At 1 October	4,746	4,406
Currency realignment	(57)	70
Acquisition of subsidiaries	-	314
Allowance made during the financial year	679	449
Write back of allowance no longer required	(245)	(435)
Doubtful trade receivables written off against allowance	(3,552)	(58)
At 30 September	1,571	4,746

Allowance for doubtful trade receivables which are individually determined to be impaired arose mainly from customers who have difficulty in settling the amount due. Write back of allowance no longer required is due to amount recovered during the financial year.

Movements in the allowance for doubtful other receivables are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 October	38	41	65,572	65,114
Reversal of allowance for doubtful debts	(11)	-	(17,831)*	-
Currency realignment	-	(3)	501	458
At 30 September	27	38	48,242	65,572

* The reversal of allowance for doubtful debts on amount due from subsidiaries of RM17,831,000 was mainly due to the capitalisation of debts through the issuance of shares of certain subsidiaries as disclosed in Note 32(v).

The currency profiles of the Group's and Company's trade and other receivables (excluding GST receivables, prepayments and advances to suppliers) as at 30 September are as follows:-

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Ringgit Malaysia	40,657	41,468	178,715	187,824
Singapore dollar	592	1,232	29,176	39,513
United States dollar	179	60	29,926	29,195
New Zealand dollar	5,132	4,817	40,443	31,249
Australian dollar	1,300	1,694	49	46
British Pound Sterling	-	-	872	825
Euro	-	-	-	2,005
Indonesian Rupiah	-	-	315	-
	47,860	49,271	279,496	290,657

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

12. HELD-FOR-TRADING INVESTMENTS

	Group and Company	
	2017	2016
	RM'000	RM'000
Quoted equity securities ⁽¹⁾	12,403	36,716
Unit trust ⁽²⁾	11,010	20,562
	23,413	57,278

⁽¹⁾ Traded in United States, Singapore and Hong Kong Stock Exchanges

⁽²⁾ Traded in various countries

The currency profiles of the Group's and Company's held-for-trading investments as at 30 September are as follows:-

	Group and Company	
	2017	2016
	RM'000	RM'000
Singapore dollar	10,969	17,293
United States dollar	6,012	33,094
Hong Kong dollar	2,662	3,641
Australian dollar	3,770	3,250
	23,413	57,278

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Fixed deposits	14,225	13,821	-	-
Cash and bank balances	35,664	45,561	5,175	4,633
Total	49,889	59,382	5,175	4,633
Pledged fixed deposits	(571)	(270)	-	-
Bank overdraft (Note 15)	(445)	(789)	-	-
Cash and cash equivalents, per consolidated statement of cash flows	48,873	58,323	5,175	4,633

Fixed deposits are placed for a period approximately 30 to 365 days (2016: 90 to 180 days) and the effective interest rates on the fixed deposits ranged from 2.95% to 6.75% (2016: 3.15% to 8.25%) per annum. The total fixed deposits of RM571,000 (2016: RM270,000) was pledged as security for the bank guarantee and payroll letter of credit facility.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

13. CASH AND CASH EQUIVALENTS (CONTINUED)

The currency profiles of the Group's and Company's fixed deposits and cash and bank balances as at 30 September are as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	30,062	39,449	3,170	660
Singapore dollar	1,817	2,747	1,738	2,639
United States dollar	32	1,060	30	1,055
New Zealand dollar	2,628	1,147	23	31
Australian dollar	287	412	111	110
Indonesian rupiah	14,960	14,429	-	-
Hong Kong dollar	103	138	103	138
	49,889	59,382	5,175	4,633

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Trade payables – third parties	19,850	21,403	-	-
GST payables	143	63	-	-
Provision for employee benefits	439	311	-	-
Other payables	11,729	7,662	12	284
Deposits received	787	358	-	-
Accruals	14,909	16,257	1,499	4,037
Due to subsidiaries – non-trade	-	-	7	143,893
Total trade and other payables	47,857	46,054	1,518	148,214

The average credit period on purchases of goods is 7 to 60 days (2016: 7 to 60 days).

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand (2016: same terms) to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

14. TRADE AND OTHER PAYABLES (CONTINUED)

The currency profiles of the Group's and Company's trade and other payables (excluding GST payables and provision for employee benefits) as at 30 September are as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	35,115	30,840	15	-
Singapore dollar	1,631	4,202	1,503	-
United States dollar	457	1,217	-	146,688
New Zealand dollar	6,460	7,755	-	1,369
Australian dollar	1,806	1,396	-	-
Euro	965	207	-	-
Swiss Franc	421	50	-	-
British Pound	380	-	-	-
Indonesian rupiah	40	13	-	157
	47,275	45,680	1,518	148,214

15. BANK BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
<i>Secured:</i>				
Banker's acceptance	24,886	36,933	-	-
Revolving credit	8,746	3,919	8,746	3,919
Bank overdraft	445	789	-	-
Offshore foreign currency loan	-	1,800	-	-
Term loans	8,730	5,084	-	-
	42,807	48,525	8,746	3,919
Non-current liabilities				
<i>Secured:</i>				
Term loans	72,411	26,409	-	-
Total bank borrowings	115,218	74,934	8,746	3,919

The carrying amounts of bank borrowings approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or drawdown near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

15. BANK BORROWINGS (CONTINUED)

The currency profiles of bank borrowings of the Group's and the Company's as at 30 September are as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	106,472	69,215	-	-
Singapore dollar	8,746	3,919	8,746	3,919
New Zealand dollar	-	1,800	-	-
	115,218	74,934	8,746	3,919

	Group		Company	
	2017	2016	2017	2016
	%	%	%	%
Effective interest rates				
Banker's acceptance	3.20 – 4.70	3.20 – 4.70	-	-
Revolving credit	3.10 to 3.35	3.20 to 3.25	3.10 to 3.35	3.20 to 3.25
Bank overdraft	7.65	7.65	-	-
Offshore foreign currency loan	-	5.06 – 5.87	-	-
Term loans	4.35 – 7.35	4.35 – 7.35	-	-

Non-current bank borrowings are repayable as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
After one year	9,685	6,936	-	-
Two to five years	28,517	12,223	-	-
After five years	34,209	7,250	-	-
	72,411	26,409	-	-

The Group's bank borrowings as at 30 September 2017 are secured against the following:-

- (a) Company's Corporate Guarantee, except for a secured term loan of RM102,000 (2016: RM131,000) (Note 17);
- (b) Pledge of leasehold land, building and assets under construction (Note 4 and Note 5);
- (c) Pledge of shares of a subsidiary;
- (d) Debenture comprising fixed and floating charge over all future and present assets of a subsidiary; and
- (e) Pledge of available-for-sale financial asset (Note 7).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

16. FINANCE LEASE PAYABLES

	Minimum lease payments RM'000	Future finance charges RM'000	Present value of lease payments RM'000
Group			
2017			
Within one year	8,485	(1,169)	7,316
After one year but within five years	17,849	(1,311)	16,538
	26,334	(2,480)	23,854
2016			
Within one year	6,741	(1,069)	5,672
After one year but within five years	16,394	(1,345)	15,049
	23,135	(2,414)	20,721

The finance lease terms range from 1 to 5 years (2016: 1 to 5 years). The effective interest rates charged during the financial year ranges from 2.50% to 5.77% (2016: 2.32% to 5.81%) per annum. Interest rates are fixed at the contract dates.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the leased assets (Note 4) and certain finance leases are secured by corporate guarantee (Note 17) issued by the Company.

The currency profiles of the Group's finance lease payables as at 30 September are denominated in Ringgit Malaysia.

17. FINANCIAL GUARANTEE CONTRACTS

	Company	
	2017 RM'000	2016 RM'000
At 1 October	1,606	1,897
Addition during the financial year	2,844	-
Amortisation during the financial year	(979)	(227)
Currency realignment	51	(64)
At 30 September	3,522	1,606

The Company provided corporate guarantee to banks for certain bank borrowings and finance lease payables of its subsidiaries. The balance as at 30 September 2017 of RM3,522,000 (2016: RM1,606,000) represents the fair value of financial guarantee contracts which was discounted at interest rates ranging from 2.85% to 6.50% (2016: 3.30% to 5.06%) per annum for over 1 to 9 years (2016: 1 to 12 years).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

18. DEFERRED TAX LIABILITIES

	Group	
	2017	2016
	RM'000	RM'000
At 1 October	2,553	3,402
Currency realignment	-	1
Recognised in profit or loss	(283)	(850)
At 30 September	2,270	2,553

The following are the deferred tax liabilities recognised by the Group and movements thereon during the financial year:-

	Fair value adjustments on property, plant and equipment	Property, plant and equipment	Other taxable temporary differences	Total
	RM'000	RM'000	RM'000	RM'000
Group				
At 1 October 2015	1,259	2,200	(57)	3,402
Currency realignment	-	-	1	1
Recognised in profit or loss	(1,259)	718	(309)	(850)
At 1 October 2016	-	2,918	(365)	2,553
Recognised in profit or loss	-	(35)	(248)	(283)
At 30 September 2017	-	2,883	(613)	2,270

19. SHARE CAPITAL AND TREASURY SHARES

Share capital	Group and Company			
	2017		2016	
	S\$'000	RM'000	S\$'000	RM'000
Issued and fully paid:				
At the beginning/end of the financial year	46,526	111,406	46,526	111,406

The Company has only one class of ordinary shares which carry no right to fixed income.

The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction.

Share capital does not have a par value. All of these newly issued ordinary shares rank pari-passu with the existing ordinary shares.

In the previous financial year, the Company had completed its share consolidation exercise with every five (5) existing shares consolidated to constitute one (1) consolidated share, so as to comply with the minimum trading price requirement as required by the Monetary Authority of Singapore and the SGX-ST.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

19. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

Movements in number of shares issued:-

	Group and Company	
	Number of ordinary shares	
	2017	2016
	'000	'000
At 1 October	126,385	631,927
Share consolidation	-	(505,542)
At 30 September	126,385	126,385

Treasury shares

Movement in treasury shares:-

	Group and Company			
	Number of treasury shares		Amount	
	2017	2016	2017	2016
	'000	'000	RM'000	RM'000
At 1 October	242	1,210	183	183
Share consolidation	-	(968)	-	-
At 30 September	242	242	183	183

The total amount paid to repurchase the shares has been deducted from shareholders' equity. The repurchased shares are held as treasury shares.

Share option reserve

Share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

Invictus Employee Share Options Scheme ("ESOS")

Statutory and other information regarding the ESOS is set out below:-

- (i) The Remuneration Committee ("the Committee") may at its discretion, fix the subscription price at a discount up to 20% off market price, or a price equal to the average of the last dealt market prices for the 5 consecutive market days immediately preceding the grant of the options.
- (ii) Consideration for the grant of an option is S\$1.00.
- (iii) Options can be exercised 1 year after grant for market price options and 2 years for discounted options.
- (iv) Options granted expire after 10 years for employees of the Group or such earlier date as may be determined by the Committee.
- (v) Options granted will lapse when participant ceases to be a full-time employee with the Group, subject to certain exceptions at the discretion of the Company.
- (vi) The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the ESOS, shall not exceed 15% of the issued share capital of the Company on the day preceding that date of grant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

19. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

Invictus Employee Share Options Scheme (“ESOS”) (Continued)

Information in respect of the share options granted under the ESOS is as follows:-

	2017		2016	
	Number of share options '000	Weighted average exercise price S\$	Number of share options '000	Weighted average exercise price S\$
Outstanding at 1 October	2,409	1.985	12,173	0.394
Cancelled	(31)	0.164	(130)	0.164
Share consolidation	-		(9,634)	
Outstanding at 30 September	2,378	2.00	2,409	1.985
Exercisable as at 30 September	2,378*	2.00	2,409	1.985

The fair value of share options as at the date of grant is estimated by an external independent valuer using the Binomial option-pricing model, taking into account the terms and conditions upon which the options were granted. The significant inputs into the model were share prices at date of grant, exercise price, yield, expected volatility, risk-free interest rate and option life expected.

* Unexercised options have lapsed on expiry of the options on 12 October 2017 at 5.00 p.m.

20. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve of the Group and the Company represents foreign exchange differences arising from the translation of the financial statements of foreign operations and the Company whose functional currencies are different from that of the Group’s presentation currency. This is non-distributable and the movements in this account are set out in the statements of changes in equity.

21. FAIR VALUE RESERVE

The fair value reserve represents the cumulative change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired. Movements in this reserve are set out in the statements of changes in equity.

22. OTHER RESERVE

The other reserve represents the premium paid for the acquisition of non-controlling interests in subsidiaries. Movements in this reserve are set out in the statements of changes in equity.

23. REVENUE

Revenue represents sale of food and beverages from food services as well as processing and distribution of food, beverages and nutrition products (Note 30).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

24. FINANCE COSTS

	Group	
	2017	2016
	RM'000	RM'000
Interest expense		
- Bank overdraft	47	42
- Banker's acceptance	1,138	1,362
- Term loans	1,966	1,356
- Revolving credit	246	18
- Offshore foreign currency loan	170	304
- Finance lease	1,350	1,027
- Others	74	93
	4,991	4,202

25. (LOSS)/PROFIT BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the financial statements, (loss)/profit before income tax is arrived at after charging/(crediting) the following:-

	Group	
	2017	2016
	RM'000	RM'000
Advertising and promotions	10,960	8,894
Allowance for doubtful receivables	679	449
Amortisation of intangible assets	547	546
Audit fees:		
- Auditor of the Company	229	215
- Other auditors	426	341
Non-audit fees:		
- Other auditors	76	95
Depreciation of:		
- Property, plant and equipment	22,777	15,990
- Investment properties	482	431
Directors' remuneration:		
- Directors of the Company	1,455	1,253
- Directors of the subsidiaries	1,896	1,698
Directors' fee of the Company	991	924
Inventories written off	1,286	173
Operating lease expense		
- Fixed portion	19,260	13,068
- Variable portion	1,821	1,308
Property, plant and equipment written off	685	1,466
Allowance for write down of inventories	1,136	285

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

25. (LOSS)/PROFIT BEFORE INCOME TAX (CONTINUED)

	Group	
	2017	2016
	RM'000	RM'000
Staff costs:		
- Salaries, bonuses and allowances	64,245	48,698
- Employer contributions to defined contribution plans	5,398	3,764
Impairment loss on available-for-sale financial asset (Note 7)	32,870	-
Allowance for doubtful receivables no longer required, now written back	(256)	(435)
Dividend income*	(2,321)	(3,375)
Fair value gain on held-for-trading investments, net*	(3,417)	(217)
Foreign currency exchange gain, net*	(1,936)	(5,697)
Write back of impairment on property, plant and equipment*	-	(13)
Reversal of allowance for write down of inventories	(285)	-
Reversal of overprovision of incidental costs relating to disposal of subsidiaries in prior years*	(2,842)	-
Gain on disposal of:		
- Held-for-trading investments	(298)	(802)
- Property, plant and equipment	(331)	(156)
- Assets held for sale	-	(9,559)
Interest income*	(1,284)	(1,587)
Rental income:*		
- Investment properties	(1,594)	(1,282)
- Others	(75)	(46)

* Included in other operating income.

** Included in other operating expenses.

26. INCOME TAX EXPENSE

	Group	
	2017	2016
	RM'000	RM'000
Current tax:		
- Current year	4,015	4,736
- Under/(Over) provision in prior years	4	(1,771)
	4,019	2,965
Deferred tax:		
- Current year	(89)	(44)
- Under/(Over) provision in prior years	171	(865)
	82	(909)
	4,101	2,056

The Group has significant operations in Malaysia, for which the corporate income tax rate applicable is 24% (2016: 24%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

26. INCOME TAX EXPENSE (CONTINUED)

The income tax expense varied from the amount of income tax expense determined by applying the Malaysia income tax rate of 24% (2016: 24%) to (loss)/profit before income tax as a result of the following differences:-

	Group	
	2017	2016
	RM'000	RM'000
(Loss)/Profit before income tax	(49,440)	3,512
Income tax calculated at Malaysia statutory tax rate of 24% (2016: 24%)	(11,866)	843
Effect of different tax rates in other countries	1,864	(1,460)
Expenses not deductible for tax purposes	11,336	9,184
Income not subject to tax	(3,629)	(6,928)
Tax incentives	(396)	(233)
Current tax under/(over) provided in prior years	4	(1,771)
Deferred tax under/(over) provided in prior years	171	(865)
Deferred tax assets not recognised	6,715	3,809
Utilisation of deferred tax assets not recognised	(886)	(1,149)
Withholding tax	818	626
Others	(30)	-
	4,101	2,056

27. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the Group's (loss)/profit after income tax attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2017	2016
(Loss)/Profit after income tax attributable to owners of the Company (RM'000)	(52,405)	2,863
Weighted average number of ordinary shares in issue during the financial year ('000)	126,143	126,143
Basic (loss)/earnings per share (RM sen)	(41.54)	2.27
Diluted (loss)/earnings per share (RM sen)	(41.54)	2.27

Diluted loss per share is the same as the basic loss per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the shares conversion would be to decrease the loss per share.

In the previous financial year, the basic earnings per share was the same as the diluted earnings per share because the potential ordinary shares for the year was anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
With related parties:				
- Insurance premium paid to a related party*	1,657	1,503	23	20
- Rental of premises paid to a related party*	110	660	-	-
- Purchase of goods from a related party*	940	992	-	-
- Recharge of advertising and promotion fee to a related party*	23	387	-	-
- Purchase of motor vehicles from a related party*	294	-	-	-
- Rental received from a related party*	158	-	-	-
With subsidiaries:				
- Management fees	-	-	(992)	(804)
- Dividend income	-	-	(151,113)	-
- Interest income	-	-	(1,399)	(985)
- Net settlement of liabilities on behalf for/(by) subsidiaries	-	-	5,557	(66,377)
- Advances to subsidiaries	-	-	(51,597)	(31,453)
- Repayment from subsidiaries	-	-	13,564	31,106
- Advances from subsidiaries	-	-	-	4,677

* A related party is a company where the Directors have beneficial interest or significant influence over the entity.

The remuneration of Directors and other members of key management of the Group and of the Company are as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	5,933	4,808	2,407	2,123
Post-employment benefits	303	255	39	24
	6,236	5,063	2,446	2,147
Analysed into:				
- Directors of the Company	2,446	2,147	2,446	2,147
- Directors of the subsidiaries	1,896	1,698	-	-
- Other key management personnel	1,894	1,218	-	-
	6,236	5,063	2,446	2,147

Certain directors and key management personnel were granted share options in 2010 in respect of their services to the Group and the Company under the share options scheme of the Company. Further details on the share options are set out in Note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

29. COMMITMENTS

29.1 Capital commitments

As at the end of the financial year, the Group had the following capital commitments:-

	Group	
	2017	2016
	RM'000	RM'000
Purchase of property, plant and equipment	34,665	82,194

29.2 Operating lease commitments – as lessee

As at the end of the financial year, there were operating lease commitments for rental payable in subsequent accounting periods as follows:-

	Group	
	2017	2016
	RM'000	RM'000
Within one year	18,580	11,942
Two to five years	27,225	12,317
More than five years	5,367	6,281
	51,172	30,540

As at the end of the financial year, the Group leases office premises and other operating facilities under operating leases. Leases are negotiated and rentals are fixed for a period of 1 to 10 years (2016: 1 to 10 years) with an option to renew at the prevailing market rates. Apart from the above lease commitment, the Group is required to pay contingent rentals based on percentage of sales derived from the operations at the rented premises.

29.3 Operating lease commitments – as lessor

As at the end of the financial year, there were non-cancellable operating lease commitments for rental receivable for premises in subsequent accounting periods as follows:-

	Group	
	2017	2016
	RM'000	RM'000
Within one year	1,580	1,407
Two to three years	366	1,759
	1,946	3,166

The above lease agreements expire within 1 to 2 years expiring in October 2018 and December 2018 (2016: 3 years expiring in December 2018). The current rent receivables under the leases are subject to revision after expiry with no provisions for contingent rent.

Upon expiry of the lease term, the lessee is granted an option to renew the tenancy for two years subject to compliance and observation of all the terms and conditions in the tenancy agreements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

30. SEGMENT INFORMATION

Business segments

A segment is a distinguishable component of the Group's business that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management has determined the operating segments based on the reports reviewed that are used to make strategic decisions.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments.

Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

The Group's businesses segments are as follows:-

- (a) Trading and Frozen Food Division – wholesalers of foodstuff, provisions and frozen meat;
- (b) Food Services Division – Texas Chicken, San Francisco Coffee and Delicious Restaurants;
- (c) Nutrition Division – marketing and distribution of branded sport nutrition and weight management food; and
- (d) Food Processing Division comprising of:
 - bakery;
 - butchery;
 - beverages; and
 - contract packing for dairy and juice-based drinks.

Intersegment sales

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation. Inter-segment pricing is determined on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

30. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Trading and Frozen Food RM'000	Food Services RM'000	Nutrition RM'000	Food Processing RM'000	Unallocated RM'000	Total RM'000
2017						
Revenue						
Total revenue	180,071	129,112	35,329	82,456	9,171	436,139
Intersegment revenue	(9,164)	(24)	(1,171)	(6,278)	(9,171)	(25,808)
Revenue from external customers	170,907	129,088	34,158	76,178	-	410,331
Results						
Segment results	12,923	(12,265)	(1,319)	(13,084)	(31,988)#	(45,733)
Interest income	189	76	10	79	930	1,284
Finance costs	(1,145)	(1,297)	-	(813)	(1,736)	(4,991)
Profit/(Loss) before income tax	11,967	(13,486)	(1,309)	(13,818)	(32,794)	(49,440)
Income tax	(2,476)	-	(417)	(376)	(832)	(4,101)
Profit/(Loss) after tax	9,491	(13,486)	(1,726)	(14,194)	(33,626)	(53,541)
Segment assets	127,715	78,994	20,609	158,131	110,561*	496,010
Segment liabilities	47,863	35,881	4,116	56,877	45,993®	190,730
Other information						
Capital expenditure	25,039	25,389	503	33,787	3,977	88,695
Depreciation and amortisation	1,947	9,556	2,369	7,883	2,051	23,806
Allowance for doubtful receivables	339	-	146	194	-	679
Property, plant and equipment written off	9	675	-	1	-	685
Allowance for write down of inventories	-	-	-	1,136	-	1,136
Reversal of overprovision of incidental costs relating to disposal of subsidiaries in prior years	-	-	-	-	2,842	2,842
Impairment of available-for- sale financial assets	-	-	-	-	32,870	32,870

Segment results from unallocated segment comprise mainly the impairment loss on available-for-sale financial asset during the financial year ended 30 September 2017.

* Included in unallocated segment assets is cash and bank balances, held-for-trading investments, property, plant and equipment and investment properties of the Company and certain subsidiaries amounting to RM21,245,000, RM23,413,000, RM25,216,000 and RM23,846,000 (2016: RM20,206,000, RM57,278,000, RM23,428,000 and RM23,702,000), respectively which are not attributable to the reporting segments.

® Included in unallocated segment liabilities is bank borrowings of the Company and certain subsidiaries amounting to RM8,746,000 and RM33,710,000 (2016: RM3,919,000 and RM31,361,000), respectively which are not attributable to the respective reporting segments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

30. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	Trading and Frozen Food RM'000	Food Services RM'000	Nutrition RM'000	Food Processing RM'000	Unallocated RM'000	Total RM'000
2016						
Revenue						
Total revenue	176,028	80,647	37,522	85,213	7,547	386,957
Intersegment revenue [#]	(5,451)	-	(1,174)	(10,111)	(7,547)	(24,283)
Revenue from external customers	170,577	80,647	36,348	75,102	-	362,674
Results (Restated)						
Segment results [#]	11,948	(7,334)	374	(8,082)	9,221 [^]	6,127
Interest income	363	51	-	62	1,111	1,587
Finance costs	(1,429)	(911)	-	(497)	(1,365)	(4,202)
Profit/(Loss) before income tax	10,882	(8,194)	374	(8,517)	8,967	3,512
Income tax	(2,599)	-	14	(747)	1,276	(2,056)
Profit/(Loss) after tax	8,283	(8,194)	388	(9,264)	10,243	1,456
Segment assets	117,565	57,527	22,161	132,202	158,295*	487,750
Segment liabilities	42,478	28,106	4,970	28,478	41,519 [@]	145,551
Other information						
Capital expenditure	5,193	22,322	664	62,093	47,433	137,705
Depreciation and amortisation	2,368	6,409	2,313	4,548	1,329	16,967
Allowance for doubtful receivables	382	-	-	67	-	449
Property, plant and equipment written off	41	1,423	-	2	-	1,466
Write back of impairment on property, plant and equipment	-	-	-	(13)	-	(13)

[^] Segment results from unallocated segment comprise mainly gain on disposal of assets held for sale during the financial year ended 30 September 2016.

[#] Comparative figures for segment revenue and results have been restated to better reflect the performance of the operating segments and to include inter-segment revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

30. SEGMENT INFORMATION (CONTINUED)

Geographical segments

The Group's business segments operate in three main geographical areas. Revenue is based on the country in which the customer is located. Segment non-current assets consist primarily of non-current assets other than financial instruments and deferred tax assets. Segment non-current assets are shown by geographical area in which the assets are located.

	Malaysia RM'000	China RM'000	Asean (excluding Malaysia)* RM'000	New Zealand RM'000	Australia RM'000	Others* RM'000	Total RM'000
2017							
Revenue							
External revenue	346,894	4,518	956	45,832	9,318	2,813	410,331
Segment non-current assets	293,107	-	-	24,169	-	-	317,276
2016							
Revenue							
External revenue	304,495	6,465	937	31,176	18,589	1,012	362,674
Segment non-current assets	224,607	-	-	25,692	-	-	250,299

* Comprise countries with individually insignificant revenue and assets

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's activities expose the Group to financial risks (including credit risk, foreign currency risk, interest rate risk, liquidity risk and equity price risk) arising in the normal course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The management is responsible for setting the objectives and underlying principles of financial risks management for the Group. The management continually monitors the Group's financial risk management process to ensure that an appropriate balance between risk and control is achieved.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

31.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.1 Credit risk (Continued)

The age analysis of trade receivables that are past due are as follows:-

	Gross receivables 2017 RM'000	Impaired 2017 RM'000	Gross receivables 2016 RM'000	Impaired 2016 RM'000
Group				
Past due 1 day to 3 months	15,582	-	18,820	-
Past due over 3 to 6 months	2,123	-	1,769	-
Past due over 6 to 12 months	-	-	1,420	-
Past due over 12 months	90	1,571	12	4,746
	17,795	1,571	22,021	4,746

Based on historical default rates, the Group believes that no impairment is necessary in respect of trade receivables past due as the Group has a credit policy to maintain its exposure to credit risk on an on-going basis. The trade receivables are mainly arising from customers that have good collection track records within the Group.

Bank balances and fixed deposits are mainly deposits with financial institutions with high credit-ratings assigned by international credit rating agencies.

The Company does not have significant exposure to credit risks except for amounts due from subsidiaries as disclosed in Note 11.

31.2 Foreign currency risk

The Group operates and trades in several countries predominantly in Singapore, China, Malaysia, New Zealand, Indonesia and Australia. Currency risk arises within entities in the Group when transactions are denominated in foreign currencies.

Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level, as the Group manages its transactional exposure by matching, as far as possible, receipts and payments in each individual currency.

In relation to the Group's overseas investments in foreign operations where net assets are exposed to currency translation risks, they are not hedged as currency positions in these foreign currencies are considered to be long-term in nature. Differences arising from such translation are recorded under the foreign currency translation reserves.

Foreign currency risk arises from transactions denominated in currencies other than the functional currencies of the respective companies in the Group and the Company.

The currencies that give rise to this risk of the Group are primarily Ringgit Malaysia ("MYR"), United States dollar ("USD"), Singapore dollar ("SGD"), New Zealand dollar ("NZD"), Australian dollar ("AUD"), Hong Kong dollar ("HKD") and Indonesian rupiah ("IDR").

The currencies that give rise to this risk of the Company are primarily Ringgit Malaysia ("MYR"), United States dollar ("USD"), New Zealand dollar ("NZD"), Australian dollar ("AUD"), Singapore dollar ("SGD") and Hong Kong dollar ("HKD").

The Group and the Company have not entered into any currency forward exchange contracts as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.2 Foreign currency risk (Continued)

The Group's and the Company's exposure from foreign currency denominated financial assets and financial liabilities as at the end of the financial year is as follows:-

Group	MYR	USD	SGD	NZD	AUD	HKD	IDR
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017							
Total financial assets	70,961	6,223	13,378	7,760	5,357	2,765	14,960
Total financial liabilities	(165,441)	(457)	(10,377)	(6,460)	(1,806)	-	(40)
Net financial assets/(liabilities)	(94,480)	5,766	3,001	1,300	3,551	2,765	14,920
Less:							
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(270,665)	1,121	35,085	(55,701)	-	-	14,909
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	176,185	4,645	(32,084)	57,001	3,551	2,765	11
2016							
Total financial assets	82,311	34,214	38,101	6,084	5,356	3,779	14,429
Total financial liabilities	(120,776)	(1,217)	(8,121)	(9,555)	(1,396)	-	(13)
Net financial assets/(liabilities)	(38,465)	32,997	29,980	(3,471)	3,960	3,779	14,416
Less:							
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(218,885)	(35,234)	69,255	(47,827)	-	-	13,937
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	180,420	68,231	(39,275)	44,356	3,960	3,779	479

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.2 Foreign currency risk (Continued)

Company	MYR	USD	NZD	AUD	HKD	Euro
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017						
Total financial assets	181,885	35,968	40,466	3,930	2,765	-
Total financial liabilities	(3,537)	-	-	-	-	-
Net currency exposure of financial assets	178,348	35,968	40,466	3,930	2,765	-
2016						
Total financial assets	188,484	63,344	31,280	3,406	3,779	2,005
Total financial liabilities	(1,538)	(146,695)	(1,437)	-	-	-
Net currency exposure of financial assets/(liabilities)	186,946	(83,351)	29,843	3,406	3,779	2,005

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.2 Foreign currency risk (Continued)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% (2016: 10%) change in MYR, USD, SGD, NZD, AUD and HKD against the Group entities' respective functional currency. The Company's sensitivity to a 10% (2016: 10%) change in MYR, USD, NZD, AUD and HKD against the Company's functional currency (SGD). The sensitivity analysis assumes an instantaneous 10% (2016: 10%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in SGD, USD, NZD, AUD, HKD and MYR are included in the analysis.

	Increase/(Decrease)	
	Group	
	Profit or Loss	
	2017	2016
	RM'000	RM'000
<u>SGD</u>		
Strengthened against MYR	(3,208)	(3,928)
Weakened against MYR	3,208	3,928
<u>USD</u>		
Strengthened against MYR	464	6,823
Weakened against MYR	(464)	(6,823)
<u>NZD</u>		
Strengthened against MYR	5,700	4,436
Weakened against MYR	(5,700)	(4,436)
<u>AUD</u>		
Strengthened against MYR	355	396
Weakened against MYR	(355)	(396)
<u>HKD</u>		
Strengthened against MYR	277	378
Weakened against MYR	(277)	(378)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.2 Foreign currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease) Company Profit or Loss	
	2017	2016
	RM'000	RM'000
<u>MYR</u>		
Strengthened against SGD	17,835	18,695
Weakened against SGD	(17,835)	(18,695)
<u>USD</u>		
Strengthened against SGD	3,597	(8,335)
Weakened against SGD	(3,597)	8,335
<u>NZD</u>		
Strengthened against SGD	4,047	2,984
Weakened against SGD	(4,047)	(2,984)
<u>AUD</u>		
Strengthened against SGD	393	341
Weakened against SGD	(393)	(341)
<u>HKD</u>		
Strengthened against SGD	277	378
Weakened against SGD	(277)	(378)

The potential impact of foreign exchange rate fluctuation in profit or loss as described in the sensitivity analysis above is attributable mainly to foreign exchange rate fluctuations of the Group's and the Company's foreign exchange exposure on foreign currency denominated cash and cash equivalents, held-for-trading investments, receivables and payables at the end of the financial year.

31.3 Interest rate risk

The Group's exposure to market risks for changes in interest rates relates primarily to bank borrowings and fixed deposits (2016: bank borrowings and fixed deposits) with financial institutions. The Group maintains an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for bank borrowings and fixed deposits at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 100 basis point (2016: 100 basis point) change in the interest rates from the end of the financial year, with all variables held constant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.3 Interest rate risk (Continued)

If the interest rates increased by 100 basis point (2016: 100 basis point), profit before tax of the Group will increase/ (decrease) by:-

	Increase/(Decrease) Group Profit or Loss before tax	
	2017	2016
	RM'000	RM'000
Fixed deposits	142	138
Bank borrowings	(1,152)	(749)

A 100 basis point (2016: 100 basis point) decrease in the interest rates would have an equal but opposite effect to the Group.

The Company had on 17 October 2017, settled all its outstanding revolving credit balance as disclosed in Note 7 to the financial statements. Accordingly, the Company does not have any significant exposure to the financial risk arising from changes in interest rate risk. Therefore, no sensitivity analysis is disclosed.

31.4 Liquidity risk

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents and by ensuring the availability of funding through adequate amount of committed credit facilities from financial institutions to meet their working capital requirements.

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.

	Effective interest rate %	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group						
2017						
Bank borrowings	3.10 – 7.65	47,921	13,106	36,405	36,466	133,898
Finance lease payables	2.50 – 5.77	8,485	7,394	10,455	-	26,334
Trade and other payables	-	47,275	-	-	-	47,275
		103,681	20,500	46,860	36,466	207,507
2016						
Bank borrowings	3.20 – 7.65	51,934	8,978	15,027	7,758	83,697
Finance lease payables	2.32 – 5.81	6,741	6,209	10,185	-	23,135
Trade and other payables	-	45,680	-	-	-	45,680
		104,355	15,187	25,212	7,758	152,512

The repayment terms of the bank borrowings and finance leases are disclosed in Notes 15 and 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.4 Liquidity risk (Continued)

	Effective interest rate %	Less than 1 year RM'000
Company		
2017		
Bank borrowing	3.10 – 3.35	9,028
Trade and other payables	-	1,518
		10,546
2016		
Bank borrowing	3.20 – 3.25	4,046
Trade and other payables	-	148,214
		152,260

As at 30 September 2017, the Company provided financial guarantees to the banks for borrowings of certain subsidiaries which amounted to RM100,895,000 (2016: RM26,614,000). These borrowings represent the maximum amount that the guarantees could be called within one financial year should the subsidiaries default on repayment.

31.5 Equity price risks

The Group is exposed to equity price risks arising from equity investments classified as either available-for-sale financial assets or held-for-trading financial assets. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale equity investments.

Further details of these equity investments can be found in Notes 7 and 12 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the date of the reporting period.

The sensitivity analysis assumes an instantaneous 1% (2016: 3%) change in the equity prices from the reporting date, with all variables held constant.

	Increase/(Decrease)							
	Group		Company		Group		Company	
	Profit or Loss				Equity			
	2017	2016	2017	2016	2017	2016	2017	2016
RM'000		RM'000		RM'000		RM'000		
Available-for-sale financial assets*	-	-	-	-	-	511	-	505
Held-for-trading investments	234	1,718	234	1,718	-	-	-	-

* No sensitivity analysis was performed for available-for-sale financial assets for the current financial year due to the following:-

- a) There is no reasonable basis to determine the sensitivity rate due to the trading suspension of the quoted securities of Yamada on the SGX-ST as detailed in Note 7 to the financial statements; and
- b) The exposure to equity price risks for the other quoted equity security is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.6 Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:-

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the non-current bank borrowings approximate their fair values due to floating rates or frequent repricing. The fair value of financial guarantees in the consolidated financial statements have been disclosed in Note 17.

- (ii) Available-for-sale financial assets

Quoted equity securities (Level 1): The fair value is determined by reference to the exchange quoted market bid prices at the close of business at the end of the reporting period.

- (iii) Held-for-trading investments

Quoted equity securities and fixed income (Level 1): The fair value is determined by reference to the exchange quoted market bid prices at the close of business at the end of the reporting period.

Unit trusts and funds (Level 2): The fair value of the unit trusts and funds are based on net asset values of the underlying investments.

- (iv) Finance lease payables (Level 2)

The fair value is estimated by future contractual cash flows at market incremental borrowing rate for similar type of borrowing arrangement at the end of the reporting period.

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:-

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2: Inputs other than quoted prices included within Level 1 that are determined using the other observable inputs such as quoted prices for similar asset/liability in active markets, quoted prices for identical or similar asset/liability in non-active markets or inputs other than quoted prices that are observable for the asset or liability,
- Level 3: Unobservable inputs for the asset or liability.

There were no transfer between levels of the fair value hierarchy during the financial year.

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.6 Fair values of financial assets and financial liabilities (Continued)

Determination of fair value

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

2017 Group	Note	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Financial assets										
- Available-for-sale financial assets	7	242	-	-	242	-	-	-	-	242
- Held-for-trading investments	12	12,403	11,010	-	23,413	-	-	-	-	23,413
Financial liabilities										
- Finance lease payables	16	-	-	-	-	-	22,313	-	22,313	23,854
Company										
Financial assets										
- Held-for-trading investments	12	12,403	11,010	-	23,413	-	-	-	-	23,413

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.6 Fair values of financial assets and financial liabilities (Continued)

Determination of fair value (continued)

Note	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Carrying amount RM'000	
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2016										
Group										
Financial assets										
- Available-for-sale financial assets	7	17,041	-	-	17,041	-	-	-	-	17,041
- Held-for-trading investments	12	36,716	20,562	-	57,278	-	-	-	-	57,278
Financial liabilities										
- Finance lease payables	16	-	-	-	-	19,367	-	19,367	-	20,721
Company										
Financial assets										
- Available-for-sale financial assets	7	16,829	-	-	16,829	-	-	-	-	16,829
- Held-for-trading investments	12	36,716	20,562	-	57,278	-	-	-	-	57,278

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.7 Categories of financial instruments

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Financial assets at fair value through profit or loss				
Held-for-trading investments	23,413	57,278	23,413	57,278
Loan and receivables				
Trade and other receivables*	47,860	49,271	279,496	290,657
Fixed deposits	14,225	13,821	-	-
Cash and bank balances	35,664	45,561	5,175	4,633
Total loan and receivables	97,749	108,653	284,671	295,290
Available-for-sale financial assets	242	17,041	-	16,829
Total financial assets	121,404	182,972	308,084	369,397

* Excludes GST receivables, prepayments and advances to suppliers.

Financial liabilities				
Trade and other payables**	47,275	45,680	1,518	148,214
Bank borrowings	115,218	74,934	8,746	3,919
Finance lease payables	23,854	20,721	-	-
Financial guarantee contracts	-	-	3,522	1,606
Total financial liabilities carried at amortised cost	186,347	141,335	13,786	153,739

** Excludes GST payables and provision for employee benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

31. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

31.8 Offsetting financial assets and financial liabilities

The following table details the Company's financial assets which are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross carrying amounts RM'000	Gross amounts offset in the statement of financial position RM'000	Net amounts in the statement of financial position RM'000
Company			
As at 30 September 2017			
Trade and other receivables	296,047	(16,506)	279,541
Trade and other payables	(18,024)	16,506	(1,518)
As at 30 September 2016			
Trade and other receivables	346,430	(55,743)	290,687
Trade and other payables	(203,957)	55,743	(148,214)

31.9 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' values.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated profits as shown in the statements of financial position.

The Company may purchase its own shares from the market and the timing of these purchases depends on market prices. Primarily, such actions are intended to enhance the return to the Company's shareholders and to be used for issuing shares under the Group's share options scheme in the future. Buy and sell decisions are made on a specific transaction basis by the management. The Company does not have a defined buy-back plan.

The Group overall strategy remains unchanged since prior financial year.

Management constantly reviews the capital structure to ensure the Group and the Company are able to service all debt obligations (include principal repayment and interests) based on its operating cash flows.

The Group is not subject to externally imposed capital requirements for the financial years ended 30 September 2017 and 2016.

32. EVENTS SUBSEQUENT TO THE REPORTING DATE

- (i) On 25 October 2017, Envictus Food Services Sdn Bhd ("EFSSB"), a wholly-owned subsidiary of the Company subscribed for 35,000,000 new ordinary shares of RM1.00 each in the share capital of Texas Chicken (Malaysia) Sdn Bhd ("TCMSB"), the consideration was settled by way of capitalisation of the loan amount of RM35,000,000 owing by TCMSB to EFSSB.
- (ii) On 25 October 2017, Lydarahim Ventures Sdn Bhd ("LVSB"), a wholly-owned subsidiary of Envictus Food Services Sdn Bhd, which is a wholly-owned subsidiary of the Company, subscribed for 20,000,000 new ordinary shares of RM1.30 each in the share capital of San Francisco Coffee Sdn Bhd ("SFCSB"), the consideration was settled by way of capitalisation of the loan amount of RM26,000,000 owing by SFCSB to LVSB.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

32. EVENTS SUBSEQUENT TO THE REPORTING DATE (CONTINUED)

- (iii) On 30 October 2017, De-Luxe Food Services Sdn Bhd, a wholly-owned subsidiary of Envictus Foods (M) Sdn Bhd, which is a wholly owned subsidiary of the Company, has entered into a conditional sale and purchase agreement with Marco Flagship Sdn Bhd and Ng Wong Moh Tian @ Wong Moh Tian to sell 100% equity interest in Family Bakery Sdn Bhd and Daily Fresh Bakery Sdn Bhd with intellectual property rights of the “Family” and “Daily Fresh” brands for a cash consideration of RM1,500,000 which is estimated to result in a gain on disposal of approximately RM1,523,000.
- (iv) On 15 November 2017, Polygold Holdings Sdn Bhd, a wholly owned subsidiary of the Company, has entered into a conditional share sale agreement with Khor Sin Kok and Khor Guat Bee (“Vendors”) for the acquisition of 100% equity interest or 14,757,000 shares in Motivage Sdn Bhd. The consideration for the proposed acquisition is RM24,000,000, of which RM5,000,000 will be satisfied by way of cash and the remaining RM19,000,000 will be satisfied by the allotment and issuance of the aggregate of 15,775,210 shares in the capital of the Company to the vendors. The proposed acquisition is subject to the approval by the shareholders at the EGM of Company.
- (v) On 20 November 2017, Envictus Foods (M) Sdn Bhd (“EFMSB”), a wholly-owned subsidiary of the Company has subscribed for 100,000,000 new ordinary shares of RM0.50 each in the share capital of De-Luxe Food Services Sdn Bhd (“DFSSB”), the consideration was settled by way of capitalisation of the loan amount of RM50,000,000 owing by DFSSB to EFMSB.
- (vi) On 20 November 2017, Polygold Holdings Sdn Bhd (“PHSB”), a wholly-owned subsidiary of the Company has subscribed for 99,998 new ordinary shares of RM1.00 each in the share capital of Envictus Dairies Marketing Sdn Bhd (“EDMSB”), the consideration was settled by way of capitalisation of the loan amount of RM99,998 owing by EDMSB to PHSB.

33. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 September 2017 were authorised for issue by the Board of Directors of the Company on 8 December 2017.

STATISTICS OF SHAREHOLDINGS

AS AT 8 DECEMBER 2017

Issued and fully paid-up capital	: S\$46,710,654.955
Number of ordinary shares in issue	: 126,385,289
Class of shares	: Ordinary share
Voting rights	: One vote per share
Number of Treasury Shares held	: 242,000
Number of ordinary shares excluding Treasury Shares	: 126,143,289
Percentage of Treasury Shares	: 0.192% ⁽¹⁾

Note:-

⁽¹⁾ Calculated based on 126,143,289 voting shares as at 8 December 2017.

VOTING RIGHTS

Shareholder's voting rights are set out in Article 65 of the Company's Constitution.

Every Member present in person or by proxy shall have one vote for every share which he holds or represents.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed are at all times held by the public.

Based on the information provided and to the best knowledge of the Directors, approximately 36% of the issued ordinary shares of the Company are held in the hands of the public as at 8 December 2017 and therefore Rule 723 of the Listing Manual of the SGX-ST is complied with.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	%	No. of Shares	%
1 – 99	16	1.37	716	0.00
100 – 1,000	194	16.62	123,654	0.10
1,001 – 10,000	622	53.30	2,840,320	2.25
10,001 – 1,000,000	319	27.34	22,418,068	17.77
1,000,001 and above	16	1.37	100,760,531	79.88
TOTAL	1,167	100.00	126,143,289	100.00

STATISTICS OF SHAREHOLDINGS

AS AT 8 DECEMBER 2017

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	TEE YIH JIA FOOD MANUFACTURING PTE LTD	15,400,000	12.21
2.	KAMAL Y P TAN	11,620,214	9.21
3.	CHENG CHIH KWONG @ THIE TJI KOANG	11,606,664	9.20
4.	JAYA J B TAN	10,907,472	8.65
5.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	10,756,388	8.53
6.	PHILLIP SECURITIES PTE LTD	7,522,269	5.96
7.	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	6,100,000	4.84
8.	KWONG YUEN SENG	5,071,444	4.02
9.	DB NOMINEES (SINGAPORE) PTE LTD	4,581,600	3.63
10.	OCBC SECURITIES PRIVATE LIMITED	4,206,560	3.33
11.	DBS NOMINEES (PRIVATE) LIMITED	3,288,500	2.61
12.	CITIBANK NOMINEES SINGAPORE PTE LTD	2,646,400	2.10
13.	CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,424,700	1.92
14.	UOB KAY HIAN PRIVATE LIMITED	2,252,120	1.79
15.	PHANG MAH THIANG	1,318,200	1.05
16.	YAP BENG WEI	1,058,000	0.84
17.	SOME YEW PEW	958,400	0.76
18.	HEW MARGARET WYE YOONG OR HEW LEONARD YOKE LEONG	900,000	0.71
19.	MAYBANK KIM ENG SECURITIES PTE. LTD.	752,265	0.60
20.	RHB SECURITIES SINGAPORE PTE. LTD.	734,400	0.58
TOTAL		104,105,596	82.54

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed interest	%	Total Interest	%
⁽¹⁾⁽²⁾ Dato' Jaya J B Tan	19,757,472	15.66	20,190,214	16.00	39,947,686	31.66
⁽¹⁾⁽²⁾ Dato' Kamal Y P Tan	19,700,214	15.61	20,247,472	16.05	39,947,686	31.66
Tee Yih Jia Food Manufacturing Pte Ltd	15,590,700	12.36	-	-	15,590,700	12.36
⁽³⁾ Datuk Sam Goi Seng Hui	-	-	15,590,700	12.36	15,590,700	12.36
Cheng Chih Kwong @ Thie Tji Koang	11,606,664	9.20	-	-	11,606,664	9.20

⁽¹⁾ Deemed interested in each others shares through the shares held by Dato' Jaya, Dato' Kamal and spouse.

⁽²⁾ Direct interest includes shares held through nominees.

⁽³⁾ Deemed interested in shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of section 7 of the Companies Act, Cap. 50.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Envictus International Holdings Limited will be held at Crystal Suite, Level 2, Holiday Inn Singapore Orchard City Centre, 11 Cavenagh Road, Singapore 229616 on Tuesday, 30 January 2018 at 10.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement, Audited Financial Statements and Auditors' Report for the year ended 30 September 2017 and the Auditors' Report thereon. **(Resolution 1)**
 2. To re-elect the following Directors retiring pursuant to the Company's Constitution and who, being eligible, offer themselves for re-election:-
 - (i) Teo Chee Seng (Article 91) **(Resolution 2)**
 - (ii) Datuk Goi Seng Hui (Article 91) **(Resolution 3)**
- Note:-**
Mr Teo will, upon re-election as a Director of the Company, remain as a Chairman of the Nominating and Remuneration Committees and member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST).
3. To approve the payment of Directors' fees of S\$308,000 for the financial year ended 30 September 2017 (FY2016: S\$308,000). **(Resolution 4)**
 4. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**
 5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions and Special Resolution, with or without modifications:-

6. ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES **(Resolution 6)**

"THAT pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to:-

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares.

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

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:-
 - (i) the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below).

NOTICE OF ANNUAL GENERAL MEETING

- (ii) (subject to such calculation as may be prescribed by SGX-ST), for the purpose of determining the aggregate number of shares that may be issued in under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of passing this Resolution, after adjusting for:-
 - (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from the exercising share options or vesting of shares awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares.
- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”
[See Explanatory Note (a)]

7. ORDINARY RESOLUTION - AUTHORITY TO GRANT OPTIONS AND ISSUE SHARES

(Resolution 7)

“THAT pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore, the Directors of the Company be and are hereby authorized and empowered to offer and grant options under the Envictus Employee Share Option Scheme (“the Scheme”) and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether during the subsistence of this authority or otherwise, the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.” [See Explanatory Note (b)]

8. SPECIAL RESOLUTION – THE PROPOSED ADOPTION OF NEW CONSTITUTION

(Resolution 8)

“THAT the regulations contained in the new Constitution submitted to this Meeting and, for purpose of identification, as set out in the Appendix to the Annual Report to Shareholders dated 5 January 2018 (the “Appendix”), be approved and adopted as the Constitution of the Company in substitution for, and to the exclusion of, the existing Constitution.” [See Explanatory Note (c)]

BY ORDER OF THE BOARD

S Surenthiraraj @ S Suressh
Kok Mor Keat
Company Secretaries

Singapore
5 January 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Special Business to be transacted

- (a) Ordinary Resolution 6, if passed, will enable the Directors to issue shares in the Company up to 50% of the total number of issued shares excluding treasury shares in the capital of the Company (in the case of issuance other than on a pro-rata basis to existing shareholders, such aggregate number of shares not to exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company) for such purposes as they consider to be in the interests of the Company.
- (b) Ordinary Resolution 7, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to offer and grant options under the Employee Share Option Scheme (“the Scheme”) and to allot and issue shares in the Company of up to a number not exceeding in total fifteen per cent. (15%) of the total number of issued shares excluding treasury shares of the Company from time to time pursuant to the exercise of the options under the Scheme.
- (c) Special Resolution 8, if passed, is to adopt a new Constitution in substitution for, and replacement of, the Company’s existing Constitution following the wide-ranging changes to the Companies Act, Cap. 50 of Singapore introduced pursuant to the Companies (Amendment) Act 2014 and other updates to the regulatory framework. Please refer to the Appendix for more details.

NOTES:-

1. A member (other than a Relevant Intermediary (as defined below)) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the Share Registrar’s Office at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.
3. Any member who is a Relevant Intermediary entitled to attend and vote at the Meeting is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

A “Relevant Intermediary” is:-

- (a) a banking corporation licensed under the Banking Act, Cap. 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund (“CPF”) Board established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

PERSONAL DATA PRIVACY:-

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

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Company Registration No: 200313131Z
(Incorporated in the Republic of Singapore)

PROXY FORM**ANNUAL GENERAL MEETING****IMPORTANT**

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Cap 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting (please see Note 3 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We, _____

of _____

being a member/members of **ENVICTUS INTERNATIONAL HOLDINGS LIMITED** (the "Company"), hereby appoint

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held on Tuesday, 30 January 2018 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, the proxy/proxies will vote or abstain from voting at his/their discretion. If no person is named in the above boxes, the Chairman of the AGM shall be my/our proxy to vote, for or against the Resolutions to be proposed at the AGM as indicated hereunder for me/us and on my/our behalf at the AGM and at any adjournment thereof.

No.	Resolution:-	No. of Votes For	No. of Votes Against
1	Adoption of Directors' Statement, Audited Financial Statements and Auditors' Report for the year ended 30 September 2017.		
2	Re-election of Mr Teo Chee Seng as Director.		
3	Re-election of Datuk Sam Goi Seng Hui as Director.		
4	Approval of payment of Directors' fees.		
5	Re-appointment of Messrs BDO LLP as auditors and to authorise the Directors to fix their remuneration.		
6	Authority to allot and issue new shares.		
7	Authority to grant options and to allot and issue shares under Envictus Employee Share Option Scheme		
8	Proposed Adoption of New Constitution		

Note:

1. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please insert [x] within the relevant box provided. Alternatively, please indicate the number of Shares as appropriate.
2. Please note that the short descriptions given above of the resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM dated 5 January 2018 for the full purpose and intent of the resolutions to be passed.

Dated this _____ day of _____ 2018.

Signature(s) of Member(s) or,
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Total Number of Shares held	
CDP Register	
Register of Members	

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 289 of Singapore, you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary (as defined below)) is entitled to appoint not more than two (2) proxies to attend, speak and vote in his stead at the Annual General Meeting but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Such proxy need not be a member of the Company.
3. Any member who is a Relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting.

A "Relevant Intermediary" is:-

- (a) a banking corporation licensed under the Banking Act, Cap. 19 of Singapore or a wholly-owned subsidiary of such a banking corporation. Whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Cap. 289 of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act, Cap. 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
 5. The instrument appointing a proxy or proxies must be deposited at the Share Registrar's office at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 not less than forty-eight (48) hours before the time appointed for the Annual General Meeting. If a shareholder submits a proxy form and subsequently attends the meeting in person and votes, the appointment of the proxy should be revoked.
 6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
 7. Where an instrument appointing a proxy is signed on behalf of the appointer by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore.

General:-

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

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

Personal Data Privacy:-

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

This page has been intentionally left blank.

This page has been intentionally left blank.

ENVICTUS INTERNATIONAL HOLDINGS LIMITED
SGX Centre II , #17-01, 4 Shenton Way, Singapore 068807
Tel : (65) 6361 9883 Fax : (65) 6538 0877

www.envictus-intl.com

APPENDIX DATED 5 JANUARY 2018

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Envictus International Holdings Limited (the “**Company**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Appendix to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should at once hand this Appendix to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.



ENVICTUS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200313131Z)

**APPENDIX TO THE ANNUAL REPORT IN RELATION TO
THE PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY**

The purpose of this Appendix is to provide Shareholders (as defined in this Appendix) with information pertaining to and to explain the rationale for the proposed adoption of the New Constitution (as defined in this Appendix) to be tabled at the Annual General Meeting of the Company to be held on Tuesday, 30 January 2018 at 10.00 a.m. at Crystal Suite, Level 2, Holiday Inn Singapore Orchard City Centre, 11 Cavenagh Road, Singapore 229616.

The Notice of the AGM and the Proxy Form are enclosed with the Annual Report.

TABLE OF CONTENTS

	Page No.
1. INTRODUCTION	4
2. THE PROPOSED ADOPTION OF THE NEW CONSTITUTION.....	4
3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS.....	12
4. DIRECTORS' RECOMMENDATION	13
5. ANNUAL GENERAL MEETING.....	13
6. DIRECTORS' RESPONSIBILITY STATEMENT	13
7. DOCUMENTS FOR INSPECTION	13
8. ACTION TO BE TAKEN BY SHAREHOLDERS.....	13

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Circular:

“ACRA”	:	Accounting and Corporate Regulatory Authority
“Act” or “Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“AGM”	:	Annual General Meeting of the Company to be held on 30 January 2018 at 10.00 a.m. at Crystal Suite, Level 2, Holiday Inn Singapore Orchard City Centre, 11 Cavenagh Road, Singapore 229616
“Amendment Act”	:	Has the meaning described to it in Section 2.1.1 of this Appendix
“Annual Report”	:	The annual report of the Company for FY2017
“Board”	:	The Board of Directors of the Company for the time being
“Business Day”	:	A day that is not a Saturday, Sunday, public holiday or bank holiday in Singapore
“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	Has the meaning described to it in Section 2.1.1 of this Appendix
“Company”	:	Envictus International Holdings Limited
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“Director”	:	A director of the Company for the time being
“FY”	:	Financial year ended 30 September
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 8 December 2017
“Listing Manual”	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
“New Constitution”	:	Has the meaning described to it in Section 2.1.2 of this Appendix
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities subaccount maintained with a Depository Agent

DEFINITIONS

“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“Shares”	:	Ordinary shares in the paid up share capital of the Company
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“%” or “per cent.”	:	Per centum or percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Other capitalized terms are defined where they appear and have the respective meanings there indicated.

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. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Act or any statutory modification thereof and used in this Appendix shall have the meaning assigned to it under the Act or such statutory modification, as the case may be, unless the context otherwise requires.

Any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day in this Appendix shall be a reference to Singapore time, unless otherwise stated.

LETTER TO SHAREHOLDERS

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200313131Z)

Board of Directors:

Dato' Jaya J B Tan (Non-Executive Chairman)
Datuk Sam Goi Seng Hui (Non-Executive Vice-Chairman)
Dato' Kamal Y P Tan (Group Chief Executive Officer)
Mah Weng Choong (Independent Director)
Teo Chee Seng (Independent Director)
John Lyn Hian Woon (Independent Director)

Registered Office:

SGX Centre II, #17-01
4 Shenton Way
Singapore 068807

5 January 2018

To: The Shareholders of Envictus International Holdings Limited

Dear Shareholder

1. INTRODUCTION

The Directors refer to: (i) the Notice of AGM dated 5 January 2018 accompanying the Annual Report to convene the AGM; and (ii) the special resolution to seek Shareholders' approval for the proposed adoption of the New Constitution.

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek the approval of Shareholders at the forthcoming AGM for the matters set out in this Appendix.

The SGX-ST assume no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

2. THE PROPOSED ADOPTION OF THE NEW CONSTITUTION

2.1 Background

2.1.1 Companies (Amendment) Act 2014

The Companies (Amendment) Act 2014 (the "**Amendment Act**"), which was passed in Parliament on 8 October 2014 and took effect in phases on 1 July 2015 and 3 January 2016 respectively, introduced wide-ranging changes to the Companies Act. The changes aim to reduce regulatory burden on companies, provide for greater business flexibility and improve the corporate governance landscape in Singapore. The key changes include the introduction of the multiple proxies regime to enfranchise indirect investors and CPF investors, provisions to facilitate the electronic transmission of notices and documents, and the merging of the memorandum and articles of association of a company into one document called the "constitution".

2.1.2 New Constitution

The Company is proposing to adopt a new constitution ("**New Constitution**"), which will consist of the memorandum and articles of association of the Company which were in force immediately before 3 January 2016 ("**Existing Constitution**"), and incorporate amendments to take into account the changes to the Companies Act introduced pursuant to the Amendment Act. The proposed New Constitution also contains updated provisions which are consistent with the prevailing listing rules of the SGX-ST, in compliance with Rule 730 of the Listing Manual. In addition, the Company is taking this opportunity to include provisions in the New Constitution to address the personal data protection regime in Singapore and to streamline and rationalise certain other provisions.

2.1.3 Shareholders' Approval

The proposed adoption of the New Constitution is subject to Shareholders' approval at the AGM to be convened. If so approved, the New Constitution will take effect from the date of the AGM.

2.2 **Summary of Key Provisions**

A summary of the key differences between the proposed New Constitution and the Existing Constitution are set out below and should be read in conjunction with the comparison of the proposed New Constitution against the Existing Constitution, with all additions underlined and any deletion marked with a strike-through, as set out in the Appendix.

2.2.1 Companies Act

The following Regulations include provisions which are in line with the Companies Act, as amended and/or included pursuant to the Amendment Act.

- (a) **Regulation 2 (Article 2 of the Existing Constitution).** Regulation 2, the interpretation section of the New Constitution, includes the following additional or revised provisions:
- (i) a new definition of "Constitution" to mean the Constitution of the Company for the time being in force, and as may be amended from time to time. This aligns the terminology used in the New Constitution with the Companies Act, as amended by the Amendment Act. In particular, new Section 4(13) of the Companies Act collectively deems the memorandum and articles of association of a company prior to 3 January 2016 (being the date on which Section 4(13) of the Companies Act came into effect) to be the company's constitution;
 - (ii) new definitions of "registered address" and "address" to make it clear that these expressions mean, in relation to any Shareholder, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly specified in the New Constitution;
 - (iii) a new definition of "Regulations" as the regulations of the Company contained in the New Constitution for the time being in force, and as may be amended from time to time. This effectively replaces the provision in the

LETTER TO SHAREHOLDERS

Existing Constitution that defines “Articles” and ensures consistency with the new terminology used in the Companies Act, as amended by the Amendment Act;

- (iv) a revised provision stating that the expressions “Depositor”, “Depository”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in the SFA. This follows the migration of the provisions in the Companies Act which relate to the Central Depository System to the SFA pursuant to the Amendment Act;
 - (v) a new provision stating that the expressions “current address”, “electronic communication”, “relevant intermediary” and “treasury shares” shall have the meanings ascribed to them respectively in the Companies Act. This follows the introduction of new provisions facilitating electronic communication and the multiple proxies regime pursuant to the Amendment Act; and
 - (vi) a revised definition of “writing” and a new definition of “written” to make it clear that these include any representation or reproduction of words, symbols or other information in a visible form, whether physical or electronic. This would facilitate, for example, a proxy instrument being in either physical or electronic form.
- (b) **Regulation 3 (Article 3 of the Existing Constitution).** Regulation 3, which relates to the issuance of shares for no consideration is a new provision which clarifies that a company having a share capital may issue shares for which no consideration is payable to the issuing company. This is in line with new Section 68 of the Companies Act.
- (c) **Regulation 14A (New Regulation).** Regulation 14A, which relates to the Company’s power to charge interest on capital where shares are issued to defray expenses on, *inter alia*, construction works, is a new provision which clarifies that the Company may pay interest on the paid-up share capital, except treasury shares, and may charge the same to capital as part of the cost of the construction. This is in line with Section 78 of the Companies Act.
- (d) **Regulation 16 (Article 16 of the Existing Constitution).** The requirement to disclose the amount paid on the shares in the share certificate relating to those shares has been removed in Regulation 16, which relates to share certificates. A share certificate need only state, *inter alia*, the number and class of the shares, whether the shares are fully or partly paid up, and the amount unpaid on the shares (if any). This follows the amendments to Section 123(2) of the Companies Act pursuant to the Amendment Act.
- (e) **Regulation 9(iv) (Article 9(iv) of the Existing Constitution).** Regulation 9(iv), relates to the Company’s power to, subject to applicable law, convert any class of shares into any other class of shares. Regulation 9(iv) has been amended to include new provisions which empower the Company, by ordinary resolution, to convert its share capital or any class of shares from one currency to another currency. This is in line with new Section 73 of the Companies Act, which sets out the procedure for such re-denominations.

- (f) **Regulation 61(B) (Article 61 of the Existing Constitution).** Regulation 61(B), which relates to the method of voting at a general meeting where mandatory polling is not required, has been inserted to state that the threshold for eligibility to demand a poll is 5% of the total voting rights of the Shareholders having the right to vote at the meeting. This is in line with Section 178 of the Companies Act, as amended pursuant to the Amendment Act. Notwithstanding the above, Shareholders should note that voting by poll is mandatory pursuant to Rule 730A(2) of the Listing Manual which requires all issuers with a primary listing on the SGX-ST to conduct the voting of all resolutions put to general meeting by poll.
- (g) **Regulations 65, 71 and 73 (Articles 65, 71 and 73 of the Existing Constitution).** These Regulations, which relate to the voting rights of Shareholders, have been further amended to reflect the multiple proxies regime introduced by the Amendment Act. The multiple proxies regime allows “relevant intermediaries”, such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board, to appoint more than two proxies to attend, speak and vote at general meetings. These Regulations provide that:
- (i) save as otherwise provided in the Companies Act, a Shareholder who is a “relevant intermediary” may appoint more than two (2) proxies to attend, speak and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder, and where such Shareholder’s form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed must be specified in the form of proxy. This is in line with new Section 181(1C) of the Companies Act;
 - (ii) in the case of a Shareholder who is a “relevant intermediary” and who is represented at a general meeting by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands. This is in line with new section 181(1D) of the Companies Act; and
 - (iii) the Company will be entitled and bound to reject an instrument of proxy lodged by a Depositor if he is not shown to have any shares entered against his name in the Depository Register as at seventy-two (72) (previously forty-eight (48)) hours before the time of the relevant general meeting. Consequential changes have also been made to make it clear that the number of votes which a Depositor or his proxy can cast on a poll is the number of shares entered against his name in the Depository Register as at seventy-two (72) hours before the time of the relevant general meeting. This is in line with new Section 81SJ(4) of the SFA.
- The cut-off time for the deposit of instruments appointing proxies has also been extended from forty-eight (48) to seventy-two (72) hours before the time appointed for holding the general meeting in Regulation 73. This is in line with Section 178(1)(c) of the Companies Act, as amended pursuant to the Amendment Act.
- (h) **Regulation 83 (Article 83 of the Existing Constitution).** Regulation 83, which relates to the Directors’ declaration of interests, has been updated to extend the obligation of a Director to disclose interests in transactions or proposed transactions with the Company, or any office or property held which might create

LETTER TO SHAREHOLDERS

duties or interests in conflict with those as a Director, to also apply to a Chief Executive Officer (or such person(s) holding an equivalent position). This is in line with Section 156 of the Companies Act, as amended pursuant to the Amendment Act.

- (i) **Regulation 93 (Article 93 of the Existing Constitution).** Regulation 93, which relates to the filling of the office vacated by a retiring Director in certain default events has been amended to remove the provisions stating that a retiring Director is deemed to be re-elected in certain default circumstances except where such Director has attained any retiring age applicable to him as a Director, to reflect the repeal of Section 153 of the Companies Act pursuant to the Amendment Act.
- (j) **Regulation 110 (Article 110 of the Existing Constitution).** Regulation 110, which relates to the general powers of the Directors to manage the Company's business, clarifies that the business and affairs of the Company is to be managed by, or under the direction of or, additionally, under the supervision of, the Directors. This is in line with Section 157A of the Companies Act, as amended pursuant to the Amendment Act.
- (k) **Regulation 139A (New Regulation).** Regulation 139A, relates to the keeping of minutes and company records, and is a new provision to provide that the Company's records may be kept either in hard copy or electronic form. This is in line with the new Section 395 of the Companies Act. Where the Company's records are kept otherwise than in hard copy, the Directors shall take reasonable precautions to ensure the proper maintenance and authenticity of such records. This is in line with the new Section 396 of the Companies Act.
- (l) **Regulation 140 (Article 140 of the Existing Constitution).** Regulation 150, which relates to the service of notices to Shareholders, has new provisions to facilitate the electronic transmission of notices and documents following the introduction of simplified procedures for the sending of notices and documents electronically pursuant to new Section 387C of the Companies Act. Companies can, subject to certain statutory safeguards, make use of these simplified procedures where a Shareholder has given express, implied or deemed consent for the company to do so in accordance with the constitution of the company.

On 22 March 2017, the SGX-ST announced that listed companies can electronically transmit documents to shareholders and the rules of the Listing Manual amended in connection therewith took effect on 31 March 2017. The Company will comply with the requirements of the Companies Act and the Listing Manual if and when it decides to transmit notices and documents electronically to its Shareholders.

The Company regards express consent as being given when a Shareholder gives notice in writing to the Company that he consents to having notices and documents transmitted to him by way of electronic communications.

Section 387(C)(2) of the Companies Act provides that a Shareholder has given implied consent where the constitution of a company:

- (i) provides for the use of electronic communications;

LETTER TO SHAREHOLDERS

- (ii) specifies the manner in which electronic communications is to be used; and
- (iii) provides that the Shareholder shall agree to receive such notice or document by way of such electronic communications and shall not have a right to elect to receive a physical copy of such notice or document.

Section 387(C)(3) of the Companies Act further explains that a Shareholder has given deemed consent where:

- (i) the constitution of the company provides for the use of electronic communications;
- (ii) the constitution of the company specifies the manner in which electronic communications is to be used;
- (iii) the constitution of the company specifies that the Shareholder will be given an opportunity to elect within a specified period of time, whether to receive such notice or document by way of electronic communications or as a physical copy; and
- (iv) the Shareholder was given an opportunity to elect whether to receive such notice or document by way of such electronic communications or as a physical copy, and he failed to make an election within the specified time.

Regulation 140 has therefore been amended to provide that notices and documents may be sent to Shareholders using electronic communications either to a Shareholder's current address (which may be an email address) or by making it available on a website.

Notwithstanding the foregoing paragraphs above, the Company's introduction and use of electronic transmission of notice and/or documents are subject to the Listing Manual of the SGX-ST and any additional safeguards and/or restrictions as the SGX-ST may impose from time to time.

- (m) **Regulation 140A (New Regulation).** Regulation 140A has been inserted to provide that in relation to implied consent, a Shareholder who has not given express consent may nonetheless be implied to have agreed to receive such notice or document by way of electronic communications and shall not have a right to elect to receive a physical copy of such notice or document, unless otherwise provided under applicable laws.
- (n) **Regulation 140B (New Regulation).** Regulation 140B has been inserted to provide that in relation to deemed consent, notwithstanding the above paragraph, the Directors may decide to give Shareholders an opportunity to elect to opt out of receiving such notice or document by way of electronic communications, and a Shareholder is deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity but failed to opt out within the specified time, unless otherwise provided under applicable laws.

- (o) **Regulation 140D (New Regulation).** Regulation 140D provides that notices and documents may be sent to Shareholders using electronic communications either to a Shareholder's current address (which may be an email address) or by making it available on a website, unless otherwise provided under the Listing Manual of the SGX-ST or applicable laws. Regulation 140D also additionally provides for when service is effected in the case of notices or documents sent by electronic communications. In particular, where a notice or document is made available on a website, it is deemed served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Listing Manual of the SGX-ST or applicable laws.

- (p) **Regulation 140E (New Regulation).** Regulation 140E is inserted to provide for certain safeguards for the use of deemed consent and implied consent regimes. Where a notice or document is made available on a website, the Company shall give separate notice to the Shareholder of the publication of such notice or document on the website through one or more other means, including by way of advertisement in the daily press and/or by way of announcement on the SGX-ST. This is in line with Section 89C of the Companies Regulations made pursuant to Section 411 of the Companies Act.

- (q) **Regulation 146 (Article 146 of the Existing Constitution).** Regulation 146 currently allows the Company to indemnify the Directors, subject to the provision of and so far as may be permitted by the Act, to indemnify a Director against losses to be incurred by him in the execution of his duties. This is in line with the new Sections 163A and 163B of the Companies Act, which permit a company to lend, on specified terms, funds to a director for meeting expenditure incurred or to be incurred by him in defending court proceedings or regulatory investigations. Regulation 146 is further amended to clarify that any such indemnification of Directors.

2.2.2 Listing Manual

The following Regulations have been updated for consistency with the prevailing Listing Rules, in accordance with Rule 730 of the Listing Manual.

- (a) **Regulation 49 (Article 49 of the Existing Constitution).** Regulation 49 has been amended to clarify that general meetings of the Company shall be held in Singapore, if so required under the Listing Manual or under applicable law. This is in line with Rule 730(A)(1) of the Listing Manual.

- (b) **Regulation 61 (Article 61 of the Existing Constitution).** Regulation 61, which relates to the method of voting at general meetings, has been amended to clarify that all resolutions at general meetings shall be voted by poll, unless such requirement is waived by the SGX-ST. Consequential changes have been made to Regulations 64, 65 and 74 (Articles 64, 65 and 74 of the Existing Constitution).

2.2.3 Personal Data Protection Act 2012

In general, under the Personal Data Protection Act 2012, an organisation can only collect, use or disclose the personal data of an individual with the individual's consent, and for a reasonable purpose which the organisation has made known to the individual. New

Regulations 148 and 149 are inserted to specify, *inter alia*, the purposes for which the Company and/or its agents and service providers would collect, use and disclose personal data of Shareholders and their appointed proxies or representatives. Regulations 148 and 149 have been inserted to allow the Company to satisfy the requirements of the Personal Data Protection Act 2012 and allow it to use the personal data of the Shareholders for the purposes stated in the New Constitution as required in the Company's operations. Given the Company's changing Shareholders due to its status as a listed company, the ability to automatically bind Shareholders to these uses of their personal data is highly beneficial for the Company and the inclusion of these provisions in the New Constitution would enable Shareholders to be informed and aware of the purposes for which their personal data may be used.

2.2.4 Deletion of Articles

Article 1 of the Existing Constitution, which relates to Table A, has been deleted as Table A has been repealed by Section 181 of the Amendment Act.

2.2.5 Objects Clause

The objects clauses contained in the Existing Constitution are proposed to be deleted and substituted with a general provision in Regulation 1 of the New Constitution to the effect that, subject to the provisions of the Act or any other written law and its constitution, the Company has:

- (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and
- (b) for these purposes, full rights, powers and privileges.

This is in line with Section 23 of the Companies Act, which provides that a company has full capacity to carry on or undertake any business or activity, do any act or enter into any transactions, subject to the law and to the provisions of its constitution.

By deleting the existing objects clauses (which sets out an extensive list of the activities which the Company has capacity or power to engage in) and taking advantage of the flexibility afforded by Section 23 of the Act, the Company will have all the powers of a natural person, with full capacity and ability to carry on or undertake any business or activity, and to enter into any transaction. This will facilitate the Company in adapting to the rapidly changing business environment, and to undertake various business activities and enter into business transactions for the benefit of the Company and its Shareholders. The proposed change will also remove any uncertainty as to whether the Company has the power to act in a particular way or to engage in a particular transaction arising from unduly restrictive provisions in the specific objects clauses.

Notwithstanding the deletion of the objects clauses contained in the Existing Constitution, the Company will still be required to comply with the Companies Act and the Listing Manual in carrying on its business and undertaking business activities. For example, if required under Chapter 10 of the Listing Manual, the Company will have to obtain shareholders' approval to enter into a transaction for the acquisition or disposal of assets.

LETTER TO SHAREHOLDERS

3 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

3.1 Interests of Directors

The interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Dato' Jaya J B Tan	19,757,472	15.66	20,190,214 ⁽²⁾	16.00
Datuk Sam Goi Seng Hui	-	-	15,590,700 ⁽³⁾	12.36
Dato' Kamal Y P Tan	19,700,214	15.61	20,247,472 ⁽⁴⁾	16.05
Mah Weng Choong	6,287,444	4.98	-	-
Teo Chee Seng	30,000	0.01	-	-
John Lyn Hian Woon	262,500	0.21	-	-

Notes:

- (1) The percentage of Shares is computed based on 126,143,289 Shares, being the total number of issued voting shares of the Company (excluding treasury shares) as at the Latest Practicable Date.
- (2) Dato' Jaya J B Tan is deemed interested in the shares held by Dato' Kamal Y P Tan and Dato' Kamal Y P Tan's spouse.
- (3) Datuk Sam Goi Seng Hui is deemed interested in the shares held by Tee Yih Jia Food Manufacturing Pte Ltd.
- (4) Dato' Kamal Y P Tan is deemed interested in the shares held by Dato' Kamal Y P Tan's spouse and Dato' Jaya J B Tan.

3.2 Interests of Substantial Shareholders

The interests of the substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Substantial Shareholders				
Dato' Jaya J B Tan	19,757,472	15.66	20,190,214	16.00
Dato' Kamal Y P Tan	19,700,214	15.61	20,247,472	16.05
Tee Yih Jia Food Manufacturing Pte Ltd	15,590,700	12.36	-	-
Datuk Sam Goi Seng Hui	-	-	15,590,700	12.36
Cheng Chih Kwong @ Thie Tji Koang	11,606,664	9.20	-	-

Notes:

- (1) The percentage of Shares is computed based on 126,143,289 Shares, being the total number of issued voting shares of the Company (excluding treasury shares) as at the Latest Practicable Date.

- 3.3 None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the proposed adoption of the New Constitution, save for their interests by virtue of their shareholdings and/or directorships (as the case may be) in the Company as disclosed above.

4 DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed adoption of the New Constitution are in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the special resolution relating to the proposed adoption of the New Constitution to be proposed at the forthcoming AGM.

5 ANNUAL GENERAL MEETING

The AGM, notice of which is set out on pages 145 to 147 of the Annual Report, will be held at Crystal Suite, Level 2, Holiday Inn Singapore Orchard City Centre, 11 Cavenagh Road, Singapore 229616 on Tuesday, 30 January 2018 at 10.00 a.m. for the purpose of considering and, if thought fit, passing (with or without any modification) the resolutions set out in the Notice of AGM.

6 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

7 DOCUMENTS FOR INSPECTION

The Constitution of the Company and the Annual Report are available for inspection at the registered office of the Company at SGX Centre 2, #17-01, 4 Shenton Way, Singapore 068807 during normal business hours from the date of this Appendix up to and including the date of the AGM.

8 ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form enclosed with the Annual Report in accordance with the instructions printed thereon as soon as possible and in any event so as to reach 50 Raffles Place, Singapore Land Tower, #32-01 Singapore 048623, not later than 48 hours before the time for holding the AGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes.

Yours faithfully

For and on behalf of the Board of Directors of
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

Dato' Jaya J B Tan
Non-Executive Chairman

APPENDIX A

Company Registration No.

200313131Z

IN THE REPUBLIC OF SINGAPORE

THE COMPANIES ACT, CAP. 50

PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM CONSTITUTION

AND

ARTICLES OF ASSOCIATION

OF

ENVICTUS INTERNATIONAL HOLDINGS LIMITED
(~~formally~~ formerly known as ETIKA INTERNATIONAL HOLDINGS LIMITED)
(~~formally~~ formerly known as ETIKA INTERNATIONAL HOLDINGS PRIVATE LIMITED)
(~~formally~~ formerly known as ETIKA CORPORATION PRIVATE LIMITED)

Incorporated on the 23rd day of December 2003

~~(Incorporating amendments to the Articles of Association
up to and including 27 January 2016)~~

(Adopted by a Special Resolution
passed at the Annual General Meeting held on 30 January 2018)

E-Lodged in the
Accounting and Corporate Regulatory Authority of Singapore.

THE COMPANIES ACT, CAP. 50

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

of

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

1. ~~The name of the Company is **ENVICTUS INTERNATIONAL HOLDINGS LIMITED.**~~
2. ~~The Registered Office of the Company will be situate in the Republic of Singapore.~~
3. ~~The objects for which the Company is established are:-~~
 - (1) ~~To carry on the business of an investment holding company, and in particular to acquire and hold either in the name of the company or in that of any nominee shares, stocks, debentures, debenture stock, scrip, loans, bonds, notes, obligations, warrants, options, securities and investments issued or guaranteed by any company wherever incorporated, or issued or guaranteed by any government, public body, authority in any part of the world.~~
 - (2) ~~To acquire any such shares, stock, debentures, debenture stock, scrip, loans, bonds, notes, obligations, warrants, options, securities or investments by subscription, contract, tender, purchase, exchange, underwriting or otherwise, and whether or not fully paid up, and subject to such terms and conditions (if any) as may be thought fit.~~
 - (3) ~~To purchase take on lease or in exchange or otherwise acquire by way of investment any lands, property and buildings and any estate, right or interest in and connected with any lands or buildings or both or any other form of real or personal property, rights or privileges or any interest in the same.~~
 - (4) ~~To develop and turn to account any property acquired by the Company or in which the Company is interested and in particular by laying out and preparing the same for building purposes, constructing, rebuilding, enlarging, altering, pulling down, decorating, maintaining, furnishing, fitting up, and improving buildings, and by planting, paving, draining, and generally erecting and constructing works of every description on, under or in any land of the Company.~~

- ~~(5) To exercise and enforce all rights and powers conferred by or incident to the ownership of any investment of the company, and to provide managerial, administrative, supervisory and consultancy services for or in relation to any company in which the company is interested on such terms as may be thought fit.~~
- ~~(6) To undertake or direct the management of the property, buildings, lands and estates of any tenure or kind of the Company or of any persons or companies in the capacity of stewards or receivers or otherwise.~~
- ~~(7) To licence, lease, let or otherwise permit the use of the property of the Company or any part thereof whether for valuable consideration or not and in such manner as the Company may think fit.~~
- ~~(8) To invest and deal with the monies of the Companies upon such securities investments or properties and in such manner as may from time to time be determined.~~
- ~~(9) To vary or transpose by sale, exchange or otherwise from time to time as may be considered expedient any of the Company's investments for the time being.~~
- ~~(10) To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with its business or calculated directly or indirectly to enhance the value of or render profitable any of the Company's properties or rights.~~
- ~~(11) To acquire and undertake the whole or any part of the business, property, and liabilities of any person or company carrying on any business which the Company is authorized to carry on, or possessed of property suitable for the purposes of the Company.~~
- ~~(12) To apply for, purchase, or otherwise acquire any patents, patent rights, copyrights, trade marks, formulae, licences, concessions, and the like, conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any Invention which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company; and to use, exercise, develop, or grant licences in respect of, or otherwise turn to account, the property, rights, or information so acquired.~~
- ~~(13) To amalgamate or enter into partnership or into any arrangement for sharing of profits, union of interest, co-operation, joint adventure, or otherwise, with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorized to carry on or engage in, or any business or transaction capable of being conducted so as directly or indirectly to benefit the Company.~~
- ~~(14) To enter into any arrangements with any government or authority, supreme, municipal, local, or otherwise, that may seem conducive to the Company's objects, or any of them; and to obtain from any such government or authority any rights, privileges, and concessions which the Company may think it desirable to obtain; and to carry out, exercise, and comply with any such arrangements, rights, privileges, and concessions.~~

- ~~(15) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts, and conveniences calculated to benefit employees or directors or past employees or directors of the Company or its predecessors in business, or the dependants or connections of any such persons; and to grant pensions and allowances, and to make payments towards insurance; and to subscribe or guarantee money for charitable or benevolent objects, or for any exhibition, or for any public, general, or useful object.~~
- ~~(16) To promote any other company or companies for the purpose of acquiring or taking over all or any of the property, rights, and liabilities of the Company, or for any other purpose which may seem directly or indirectly calculated to benefit the Company.~~
- ~~(17) To purchase, take on lease or in exchange, hire, or otherwise acquire any movable or immovable properties and any rights or privileges which the Company may think necessary or convenient for the purposes of its business, and in particular any land, buildings, easements, machinery, plant, and stock-in-trade.~~
- ~~(18) To construct, improve, maintain, develop, work, manage, carry out, or control any buildings, works, factories, mills, roads, ways, tram ways, railways, branches or sidings, bridges, reservoirs, water courses, wharves, warehouses, electric works, shops, stores, and other works, and conveniences which may seem calculated directly or indirectly to advance the Company's interests; and to contribute to, subsidize, or otherwise assist or take part in the construction, improvement, maintenance, development, working, management, carrying out, or control thereof.~~
- ~~(19) To guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company.~~
- ~~(20) To lend and advance money or give credit to any person or company including the holding company or any related corporation and on such terms as may be considered expedient, and either with or without security; to secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company including the holding company or any related corporation, and otherwise to assist any person or company including the holding company or any related corporation.~~
- ~~(21) To borrow or raise or secure the payment of money in such manner as the Company may think fit and to secure the same or the repayment or performance of any debt, liability, contract, guarantee or other engagement incurred or to be entered into by the Company in any way and in particular by the issue of debentures perpetual or otherwise, charged upon all or any of the Company's property (both present and future), including its uncalled capital; and to purchase, redeem, or pay off any such securities.~~
- ~~(22) To invest and deal with the money of the Company not immediately required in such manner as may from time to time be thought fit.~~
- ~~(23) To remunerate any person or company for services rendered, or to be rendered, in placing or assisting to place or guaranteeing the placing of any of~~

~~the shares in the Company's capital or any debentures, or other securities of the Company, or in or about the organization, formation, or promotion of the Company or the conduct of its business.~~

- ~~(24) To draw, make, accept, endorse, discount, execute, and issue promissory notes, bills of exchange, bills of lading, and other negotiable or transferable instruments.~~
- ~~(25) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any other company having objects altogether or in part similar to those of the Company.~~
- ~~(26) To adopt such means of making known and advertising the business and products of the Company as may seem expedient.~~
- ~~(27) To apply for, secure, acquire by grant, legislative enactment, assignment, transfer, purchase, or otherwise, and to exercise, carry out, and enjoy any charter, licence, power, authority, franchise, concession, right, or privilege, which any Government or authority or any corporation or other public body may be empowered to grant; and to pay for, aid in, and contribute towards carrying the same into effect; and to appropriate any of the Company's shares, debentures, or other securities and assets to defray the necessary costs, charges, and expenses thereof.~~
- ~~(28) To apply for, promote, and obtain any statute, order, regulation, or other authorization or enactment which may seem calculated directly or indirectly to benefit the Company; and to oppose any bills, proceedings, or applications which may seem calculated directly or indirectly to prejudice the Company's interests.~~
- ~~(29) To procure the Company to be registered or recognized in any country or place outside the Republic of Singapore.~~
- ~~(30) To sell, improve, manage, develop, exchange, lease, dispose of, turn to account, or otherwise deal with all or any part of the property and rights of the Company.~~
- ~~(31) To issue and allot fully or partly paid shares in the capital of the Company in payment or part payment of any movable or immovable property purchased or otherwise acquired by the Company or any services rendered to the Company.~~
- ~~(32) To distribute any of the property of the Company among the members in kind or otherwise but so that no distribution amounting to a reduction of capital shall be made without the sanction required by law.~~
- ~~(33) To take or hold mortgages, liens, and charges to secure payment of the purchase price, or any unpaid balance of the purchase price, of any part of the Company's property of whatsoever kind sold by the Company, or any money due to the Company from purchasers and others.~~

- ~~(34) To undertake and transact all kinds of agency or secretarial business and also to undertake and execute any trusts, the undertaking whereof may seem desirable, and either gratuitously or otherwise.~~
- ~~(35) To transact any lawful business in aid of the Republic of Singapore in the prosecution of any war or hostilities in which the Republic of Singapore is engaged.~~
- ~~(36) To carry out all or any of the objects of the Company and do all or any of the above things in any part of the world and either as principal, agent, contractor, or trustee, or otherwise, and by or through trustees or agents or otherwise, and either alone or in conjunction with others.~~
- ~~(37) To do all such other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the Company.~~

~~PROVIDED ALWAYS that nothing herein contained shall be deemed to empower the Company to carry on the business of banking or insurance.~~

~~AND IT IS HEREBY DECLARED that the word "company" in this Memorandum when not referring to this Company shall be deemed to include any corporation partnership association club or other body of persons whether incorporated or not and wherever incorporated or domiciled and whether now existing or hereafter to be formed AND further that unless the context or subject matter is inconsistent therewith words signifying the singular number shall be deemed and taken to include the plural and vice versa AND further that the objects specified in each of the paragraphs in this Memorandum shall be regarded as independent objects, and accordingly, shall be in no wise limited or restricted (except when otherwise expressed in such paragraph), by reference to the objects indicated in any other paragraph or the name of the Company, but may be carried out in as full and ample a manner and construed in as wide a sense as if each of the said paragraphs defined the objects of a separate, distinct and independent company.~~

~~4. The liability of the members is limited.~~

~~* * 5. The original capital of the Company is S\$100,000.00 divided into 100,000 ordinary shares of S\$1.00 each, and the Company shall have power to increase or reduce the capital to consolidate or subdivide the shares into shares of larger or smaller amounts, and to issue all or any part of the original or any additional capital as fully paid or partly paid shares and with any special or preferential rights or privileges or subject to any special terms or conditions, and either with or without any special designation, and also from time to time to alter, modify, commute, abrogate or deal with any such rights, privileges, terms, conditions or designations in accordance with the regulations for the time being of the Company~~

~~* * The authorised share capital of the Company is S\$48,000,000 divided into 800,00,000 ordinary shares of par value S\$0.06 each.~~

~~WE, the several persons whose names, addresses and occupations are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association and respectively agree to take the number of shares in the capital of the Company set opposite our respective names:-~~

NAMES, ADDRESSES AND OCCUPATIONS OF SUBSCRIBERS	Number of shares taken By each Subscriber
Name : JAYA J B TAN Address : No. 52 Jalan 5/4 (Jalan Tanjong) 46000 Petaling Jaya Malaysia Occupation : Director	One (1)
Name : KAMAL Y P TAN Address : No. 21 Lengkok Setia Budi Damansara Heights 50490 Kuala Lumpur Malaysia Occupation : Director	One (1)
Name : TAJUDDIN JOE HOK TAN Address : No. 12 Lorong Kemaris 3 Bukit Bandaraya 59100 Kuala Lumpur Malaysia Occupation : Director	One (1)
TOTAL NUMBER OF SHARES TAKEN	Three (3)

~~Dated this 18th day of December 2004~~

~~Witness to the above signatures:~~

THE COMPANIES ACT, CHAPTER 50 OF SINGAPORE

PUBLIC COMPANY LIMITED BY SHARES

~~ARTICLES OF ASSOCIATION CONSTITUTION~~

of

ENVICTUS INTERNATIONAL HOLDINGS LIMITED

PRELIMINARY

1. ~~The regulations in Table A in the Fourth Schedule to the Companies Act, Chapter 50 of Singapore (as amended) shall not apply to the Company.~~ Table "A" not to apply

(A) ~~The name of the Company is~~ **ENVICTUS INTERNATIONAL HOLDINGS LIMITED.**

(B) ~~The registered office of the Company will be situated in the Republic of Singapore.~~

(C) ~~The liability of the members is limited.~~

(D) ~~Subject to the provisions of the Act (as defined below), any other written law and this Constitution, the Company has: (i) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and (ii) for the purposes of subparagraph (i), full rights, powers, and privileges.~~

(E) ~~The share capital of the Company is in Singapore dollars.~~

2. In these presents (if not inconsistent with the subject or context): Interpretation

"Act" means the Companies Act, Chapter 50 of Singapore or any statutory modification, amendment or re-enactment thereof for the time being in force and any reference to any provision of the Act is to that provision as so modified, amended or re-enacted or contained in any such subsequent Companies Act; Definitions

"Articles" ~~means the Articles of Association of the Company as adopted or altered from time to time by special resolution;~~

"Chief Executive Officer" or "Managing Director" means the chief executive officer or managing director of the Company (or any equivalent appointment, howsoever described);

<u>“this Constitution”</u>	<u>means this Constitution or other regulations of the Company for the time being in force and as may be amended from time to time;</u>
<u>“Directors or the Board”</u>	means the directors of the Company, for the time being, as a body, or unless the context otherwise requires, as constituting a quorum necessary for the transaction of the business of the directors of the Company;
<u>“Executive Director”</u>	means any Director including a Managing Director who has been or is engaged substantially whole-time in the business of the Company;
<u>“in writing”</u>	means written or produced by any substitute for writing or partly one and partly another;
<u>“month”</u>	means a calendar month;
<u>“Office”</u>	means the registered office of the Company for the time being
<u>“Ordinary Resolution”</u>	<u>has the meaning ascribed to it in the Act;</u>
<u>“ordinary shares”</u>	means the ordinary shares in the capital of the Company;
<u>“paid”</u>	means paid or credited as paid;
<u>“per cent.”</u>	means per centum;
<u>“Register of Members”</u>	<u>means the Company’s register of members;</u>
<u>“registered address” or address”</u>	<u>means in relation to any member, his physical address for the service or delivery of notices or documents personally or by post, except where otherwise expressly provided in this Constitution;</u>
<u>“Regulations”</u>	<u>means the regulations of the Company contained in this Constitution for the time being in force and as may be amended from time to time;</u>
<u>“Seal”</u>	means the common seal of the Company;
<u>“shares”</u>	<u>means shares in the capital of the Company;</u>
<u>“Special Resolution”</u>	<u>has the meaning ascribed to it in the Act;</u>
<u>“Statutes”</u>	means the Act and every other Act of Parliament or statutory enactment for the time being in force concerning companies and affecting the Company;
<u>“Stock Exchange”</u>	means the Singapore Exchange Securities Trading Limited and/or any other relevant stock exchange the Company may be listed on;

“S\$” means the lawful currency of Singapore; and

“year” means calendar year.

The expressions "Depositor", "Depository", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in the Act Securities and Futures Act, Chapter 289 of Singapore.

The expressions “current address”, “electronic communication”, “relevant intermediary” and “treasury shares” shall have the same meanings ascribed to them respectively in the Act.

“Writing” and “written” shall include printing and lithography and any other mode or modes of representing or reproducing words, symbols or other information in a visible form, whether in a physical document or in an electronic communication or form or otherwise howsoever.

References in these presents to “holders” of shares or a class of shares shall be taken to mean a person named with respect to such shares in the Register of Members and shall:

- (a) exclude the Depository except where otherwise expressly provided for in these presents or where the terms "registered holders" or "registered holder" is used in these presents; and
- (b) where the context so requires, be deemed to include references to Depositors whose names are entered in the Depository Register in respect of such shares; and -
- (c) except where otherwise provided in this Constitution, exclude the Company in relation to shares held by it as treasury shares.

and "holding" and "held" shall be construed accordingly.

The expression "Secretary" shall include any person appointed by the Directors to perform any of the duties of the Secretary and where two or more persons are appointed to act as Joint Secretaries, shall include any one of those persons.

All such of the provisions of these presents as are applicable to paid up shares shall apply to stock, and the words "share" and "shareholder" shall be construed accordingly.

Words denoting the singular shall include the plural and vice versa. Words denoting one gender shall include the other gender. Words denoting persons shall include corporations.

Subject as aforesaid, any words or expressions defined in the Act shall (if not inconsistent with the subject or context) bear the same meanings in these presents.

A ~~special resolution~~ Special Resolution shall be effective for any purpose for which an ~~ordinary resolution~~ Ordinary Resolution is expressed to be required under any provision of these presents.

SHARES

3. ~~The authorised share capital of the Company is S\$48,000,000 divided into 800,000,000 ordinary shares of par value S\$0.06 each. The Company may issue shares for which no consideration is payable to the Company.~~ Authorised share capital Issue of shares for no consideration

ISSUE OF SHARES

4. Subject to the Statutes, no shares may be issued by the Directors without the prior approval of the Company in general meeting but subject thereto and to ~~Article~~ Regulation 8, and to any special rights attached to any shares for the time being issued, the Directors may allot or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided Always that:
- (i) no shares shall be issued at a discount except in accordance with the Statutes;
 - (ii) (subject to any direction to the contrary that may be given by the Company in general meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of ~~Article~~ Regulation 8(A) with such adaptations as are necessary shall apply; and
 - (iii) the rights attaching to shares of a class other than ordinary shares shall be expressed in the ~~Articles~~ Constitution
5. (A) In the event of preference shares being issued, the total nominal value of the 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 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 the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is in arrears for more than six months. Rights of preference shareholders

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

VARIATION OF RIGHTS

6. (A) Whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provisions of the Statutes, be varied or abrogated 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~~ Special Resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so varied or abrogated 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 persons and that any holder of shares of the class present in person or by proxy or by attorney or in the case of a corporation which is a member, by a representative 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; Provided Always that where the necessary majority for such a ~~special resolution~~ Special Resolution is not obtained at such general meeting, 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~~ Special Resolution carried at such general meeting. The foregoing provisions of this Article Regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied. Variation of rights
- (B) The repayment of preference capital other than redeemable preference capital, or any alteration of preference shareholders' rights, may only be made pursuant to a ~~special resolution~~ Special Resolution of the preference shareholders concerned; Provided Always that where the necessary majority for such a ~~special resolution~~ Special Resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the general meeting, shall be as valid and effectual as a ~~special resolution~~ Special Resolution carried at the general meeting. Repayment of preference capital other than redeemable preference capital
- (C) The special rights attached to any class of shares having preferential rights shall not, unless otherwise expressly provided by the terms of issue thereof, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto. Creation or issue of further shares with special rights

ALTERATION OF SHARE CAPITAL

7. The Company may from time to time by ~~ordinary resolution~~ Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe. Power to increase share capital
8. (A) Subject to any direction to the contrary that may be given by the Company in general meeting and except as permitted under the listing rules of the Stock Exchange, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this ~~Article~~ Regulation 8(A). Notwithstanding the foregoing, where the new shares to be offered are ordinary shares, no shares held by a member other than ordinary shares shall be taken into account for the purpose of determining the proportions in which such ordinary shares are to be offered to such member as aforesaid. Offer of new shares
- (B) Notwithstanding ~~Article~~ Regulation 8(A), the Company may by ~~ordinary resolution~~ Ordinary Resolution in general meeting give to the Directors general authority, either unconditionally or subject to such conditions as may be specified in the ~~ordinary resolution~~ Ordinary Resolution, to: Power to issue instruments
- (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
- (b) (notwithstanding that the authority conferred by the ~~ordinary resolution~~ Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any instrument made or granted by the Directors while the ~~ordinary resolution~~ Ordinary Resolution was in force;

Provided that:

- (1) the aggregate number of shares to be issued pursuant to the ~~ordinary resolution~~ Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ~~ordinary resolution~~ Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument), shall be subject to such limits and manner of calculation does not exceed 50 per cent. (or such other limit as may be prescribed by any rules of the Stock Exchange) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to any adjustments effected under any relevant Instrument) does not exceed 20 per cent. (or such other limit as may be prescribed by any rules of the Stock Exchange) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- ~~(2)~~ (subject to such manner of calculation as may be prescribed by any rules of the Stock Exchange from time to time) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be calculated based on the issued share capital of the Company at the time of the passing of the ~~ordinary resolution~~ Ordinary Resolution, after adjusting for:
 - ~~(i)~~ new shares arising from the conversion, exercise or vesting, as the case may be, of convertible securities, share options or share awards outstanding or subsisting at the time of the passing of the ~~ordinary resolution~~ Ordinary Resolution; Provided that such options or awards were granted pursuant to a share option scheme effected and administered in compliance with the rules of the Stock Exchange; and
 - ~~(ii)~~ any subsequent consolidation or subdivision of shares;
- ~~(3)~~ 2) in exercising the authority conferred by the ~~ordinary resolution~~ Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Stock Exchange for the time being in force (unless such compliance is waived by the Stock Exchange) and these presents; and
- ~~(4)~~ 3) unless revoked or varied by the Company in general meeting) the authority conferred by the ~~ordinary resolution~~ Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the ~~ordinary resolution~~ Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest). Authority not to extend beyond AGM

- (C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares and Instruments shall be subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise. New shares issued to be subject to the Statutes and these presents
9. The Company may by ~~ordinary resolution~~ Ordinary Resolution:
- (i) consolidate and divide all or any of its share capital into shares of larger cancel, sub-divide and amount than its existing shares; Power to consolidate, cancel, sub-divide and convert shares
- (ii) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken, by any person and diminish the amount of its capital by the amount of the shares so cancelled;
- (iii) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; or
- (iv) subject to the provisions of the Statutes, convert any class of shares into any other class of shares or convert any class of shares from one currency to another currency.
10. (A) The Company may by ~~special resolution~~ Special Resolution reduce its share capital or any capital redemption reserve fund, share premium account or other undistributable reserve in any manner and with and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon the cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly. Power to reduce share capital
- (B) Subject to and in accordance with the provisions of the Act, the Company in general meeting may authorise the Directors to purchase or otherwise acquire all shares, including ordinary shares and preference shares issued by it on such terms as the Company may think fit and in the manner prescribed by the Act. If required by the Act, all shares purchased by the Company shall be cancelled. On cancellation of the shares as aforesaid, the rights and privileges attached to those shares shall expire. The amount of the Company's issued share capital which is diminished on cancellation of the shares purchased shall be transferred to the Company may acquire its own issued shares

Company's capital redemption reserve. In any other instance, the Company may deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

SHARES

- | | | |
|------|---|--|
| 11. | Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by law) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share. | Exclusion of equities |
| 12. | Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution <u>Ordinary Resolution</u> determine (or, in the absence of any such determination, as the Directors may determine) and subject to the provisions of the Statutes, the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed. | Redeemable preference shares |
| 13. | Subject to the provisions of these presents and of the Statutes relating to authority, pre-emption rights and otherwise and of any resolution of the Company in general meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper. | Unissued shares |
| 14. | The Company may exercise the powers of paying commissions conferred by the Statutes to the full extent thereby permitted; Provided that the rate or amount of the commissions paid or agreed to be paid shall be disclosed in the manner required by the Statutes. Such commissions may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful. | Power to pay commission and brokerage |
| 14A. | <u>If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital (except treasury shares) as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.</u> | <u>Power to charge interest on capital</u> |

15. Subject to the terms and conditions of any application for shares, the Directors shall allot shares applied for within ten market days (as defined in Article Regulation 18) of the closing date (or such other period as may be prescribed by any rules of or bye-laws governing the Stock Exchange) of any such application. The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder or (as the case may be) before that share is entered against the name of a Depositor in the Depository Register, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

Renunciation of allotment

SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount ~~un~~paid up thereon (if any). No certificate shall be issued representing shares of more than one class.
17. (A) The Company shall not be bound to register more than three persons as the registered joint holders of a share except in the case of executors, trustees or administrators of the estate of a deceased member.
- (B) In the case of a share registered jointly in the names of several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the registered joint holders shall be sufficient delivery to all such holders.
18. Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require, every person whose name is entered as a member in the Register of Members shall be entitled to receive within ten market days of the closing date of any application for shares (or such other period as may be prescribed by any rules of or bye-laws governing the Stock Exchange) or within ten market days after the date of lodgement of a registrable transfer (or such other period as may be prescribed by any rules of or bye-laws governing the Stock Exchange) one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where such a member transfers part only of the shares comprised in a certificate or where such a member requires the Company to cancel any certificate or certificates and issue new certificate(s) for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares shall be issued in lieu thereof and such member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Directors in their absolute discretion may require. A maximum fee of S\$2, or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Stock Exchange, may be chargeable

Form of share certificate

Rights and liabilities of joint holders

Issue of certificate to joint holders

Entitlement to certificate

by the Company for the issuance of each new certificate. For the purposes of this ~~Article~~ Regulation 18, the term "market day" shall mean a day on which the Stock Exchange is open for trading in securities.

- | | | | |
|-----|-----|---|--------------------------------------|
| 19. | (A) | Any two or more certificates representing shares of any one class held by any person whose name is entered in the Register of Members may at his request be cancelled and a single new certificate for such shares be issued in lieu without charge | Issue of a single share certificate |
| | (B) | If any person whose name is entered in the Register of Members shall surrender for cancellation a share certificate representing shares held by him and request the Company to issue in lieu two or more share certificates representing such shares in such proportions as he may specify, the Directors may, if they think fit, comply with such request. Such person shall (unless such fee is waived by the Directors) pay a maximum fee of S\$2 for each share certificate issued in lieu of a share certificate surrendered for cancellation or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by the Stock Exchange. | Issue of multiple share certificates |
| | (C) | In the case of shares registered jointly in the names of several persons, any such request may be made by any one of the registered joint holders. | Request by registered joint holders |
| 20. | | Subject to the provisions of the Statutes, if any share certificates shall be defaced, worn-out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Stock Exchange or on behalf of its or their client or clients as the Directors of the Company shall require, and (in case of defacement or wearing out) on delivery of the old certificate and in any case on payment of such sum not exceeding S\$2 as the Directors may from time to time require, having regard to any limitation thereof as may be prescribed by any rules of or bye-laws governing the Stock Exchange, together with the amount of the proper duty with which such share certificate is chargeable under any law for the time being in force relating to stamps. In case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction, loss or theft. | Replacement of certificate |

CALLS ON SHARES

- | | | |
|-----|--|------------------------------------|
| 21. | The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments. | Calls on shares and time when made |
| 22. | Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at | Calls on shares and when payable |

the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.

- | | | |
|-----|--|-----------------------------|
| 23. | If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case to waive payment of such interest wholly or in part. | Interest on calls |
| 24. | Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. | Sum due on allotment |
| 25. | The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment. | Power to differentiate |
| 26. | The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish <i>pro tanto</i> the liability upon the shares in respect of which it is made, and upon the moneys so received (until and to the extent that the same would but for such advance become payable), the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits. | Payment in advance of calls |

FORFEITURE AND LIEN

- | | | |
|-----|---|--|
| 27. | If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment. | Notice requiring payment of calls |
| 28. | The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith, the shares on which the call has been made will be liable to be forfeited. | Notice to state time and place |
| 29. | If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in | Forfeiture on non-compliance with notice |

respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

- | | | |
|-----|--|---|
| 30. | A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition, the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such other person as aforesaid. | Sale or disposition of forfeited or surrendered shares |
| 31. | A member whose shares have been forfeited or surrendered shall cease to be a member in respect of the shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares with interest thereon at eight per cent. per annum (or such other rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender or waive payment in whole or in part. | Rights and liabilities of members whose shares have been forfeited or surrendered |
| 32. | The Company shall have a first and paramount lien on every share (not being a fully paid share) and on the dividends declared or payable in respect thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share (including without limitation unpaid calls and instalments upon the specific shares in respect of which such monies are due and unpaid) and for all moneys as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article <u>Regulation</u> . | Company's lien |
| 33. | The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy. | Sale of shares subject to lien |
| 34. | The residue of the proceeds of such sale pursuant to Article <u>Regulation</u> 33 after the satisfaction of the unpaid calls and accrued interest and expenses of such sale shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assignees, or as he may direct. For the purpose of giving effect to any such sale, the Directors may authorise some person to transfer or effect the transfer of the shares sold to the purchaser. | Application of proceeds of such sale |

35. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly forfeited or surrendered or sold or disposed of to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository) or allottee thereof shall (subject to the execution of a transfer if the same is required) constitute a good title to the share and the share shall be registered in the name of the person to whom the share is sold, re-allotted or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.
- Title to shares forfeited and right of purchaser of such share

TRANSFER OF SHARES

36. All transfers of the legal title in shares may be effected by the registered holders thereof by transfer in writing in the form for the time being prescribed by any rules of or bye-laws governing the Stock Exchange. The instrument of transfer of any share shall be signed by or on behalf of the transferor and be witnessed; Provided that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository. The transferor shall remain the holder of the shares concerned until the transfer is registered and the name of the transferee is entered in the Register of Members in respect thereof.
- Form of transfer
37. The Register of Members may be closed at such times and for such period as the Directors may from time to time determine; Provided Always that such Register shall not be closed for more than thirty days in any year. Provided Always that the Company shall give prior notice of such closure as may be required to the Stock Exchange, stating the period and purpose or purposes for which the closure is made.
- Closing of Register of Members.
38. (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law, the listing rules of the Stock Exchange or the rules and/or bye-laws governing the Stock Exchange) 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.
- Directors' right to refuse to register a transfer
- (B) The Directors may in their sole discretion refuse to register any instrument of transfer of shares unless:
- When Directors may refuse to register a transfer
- (i) all or any part of the stamp duty (if any) payable on each share certificate and such fee not exceeding S\$2 as the

Directors may from time to time require pursuant to ~~Article~~ Regulation 41, is paid to the Company in respect thereof;

- (ii) the instrument of transfer 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;
- (iii) the instrument of transfer is in respect of only one class of shares; and
- (iv) the amount of the proper duty with which each share certificate to be issued in consequence of the registration of such transfer is chargeable under any law for the time being in force relating to stamps is tendered.

- | | | |
|-----|--|--|
| 39. | If the Directors refuse to register a transfer of any shares, they shall within one month after the date on which the transfer was lodged with the Company send to the transferor and the transferee notice in writing of the refusal as required by the Statutes. | Notice on refusal to register a transfer |
| 40. | All instruments of transfer which are registered may be retained by the Company but any instrument of transfer which the Directors may refuse to register shall (except in the case of fraud) be returned to the party presenting the same. | Retention of transfers |
| 41. | There shall be paid to the Company in respect of the registration of any instrument of transfer or probate or letters of administration or certificate of marriage or death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S\$2 as the Directors may from time to time require. | Fee for registration of probate etc |
| 42. | 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. 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, every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share 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: | Destruction of instrument of transfer |

- (i) 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;
- (ii) 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 Regulation; and
- (iii) references herein to the destruction of any document include references to the disposal thereof in any manner.

TRANSMISSION OF SHARES

- | | | |
|-----|--|--|
| 43. | <ul style="list-style-type: none"> (A) In the case of the death of a member whose name is entered in the Register of Members, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares. (B) In the case of the death of a member who is a Depositor, the survivor or survivors where the deceased is a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased member, shall be the only person(s) recognised by the Company as having any title to his interest in the shares. (C) Nothing in this <u>Article Regulation</u> shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him. | Transmission |
| 44. | Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a member may, (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his legal title to the share, either be registered himself as holder of the share upon giving to the Company notice in writing of such desire or transfer such share to some other person. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer executed by such member. | Persons becoming entitled to shares on death or bankruptcy of member |
| 45. | Save as otherwise provided by or in accordance with these presents, a person becoming entitled to a share pursuant to <u>Article Regulation</u> 43(A) or (B) or <u>Article Regulation</u> 44 (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the member in respect of the share except that he shall not be entitled in respect thereof (except with the authority of | Rights of persons entitled to shares on transmission |

the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in the Register of Members or his name shall have been entered in the Depository Register in respect of the share.

STOCK

46. The Company may from time to time by ~~ordinary resolution~~ Ordinary Resolution convert any paid up shares into stock and may from time to time by like resolution reconvert any stock into paid up shares of any denomination. Power to convert into stock
47. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same ~~Articles~~ Constitution and subject to which the shares from which the stock arose might previously 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. Transfer of stock
48. 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. Rights of stockholders

GENERAL MEETINGS

49. Subject to the provisions of the Act, the Company shall in each year hold a general meeting in addition to any other meetings in that year, at such place in Singapore (if so required by the provisions of the Statutes or the listing rules of the Stock Exchange) as the Directors may determine, to be called the Annual General Meeting, and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next and in addition, the date of an Annual General Meeting of the Company shall not be more than four months from the close of the Company's financial year (or such other period as may be ~~prescribed~~ permitted by the Act or any rules of or bye-laws governing the Stock Exchange). All other general meetings are to be held at such place in Singapore (if so required by the provisions of the Statutes or the listing rules of the Stock Exchange) as the Directors may determine shall be called Extraordinary General Meetings. Annual General Meeting
50. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting. Extraordinary General Meeting

NOTICE OF GENERAL MEETING

51. Any general meeting at which it is proposed to pass a ~~special resolution~~ Special Resolution or (save as provided by the Statutes) a resolution of which special notice is required under the Statutes to be given by the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting shall be called by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereafter mentioned to all members other than such as are not under the provisions of these presents entitled to receive such notices from the Company; Provided that a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been fully called if it is so agreed:
- (i) in the case of an Annual General Meeting, by all the members entitled to attend and vote thereat; and
- (ii) in the case of an Extraordinary General Meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than ninety-five per cent in nominal value of the shares giving that right;
- Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any general meeting. At least fourteen days' notice of any general meeting shall be given by advertisement in the daily press and in writing to each Stock Exchange upon which the Company may be listed.
52. (A) Every notice calling a general meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.
- (B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
- (C) In the case of any general meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as a ~~special resolution~~ Special Resolution, the notice shall contain a statement to that effect.
53. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say
- (i) declaring dividends;
- (ii) receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;

Notice of Meetings

Contents of notice

Routine business

- (iii) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;
- (iv) appointing or re-appointing Auditors;
- (v) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and
- (vi) fixing the fees of the Directors proposed to be passed under ~~Article~~ Regulation 79.

All other business to be transacted at any general meeting of the Company shall be deemed to be special business.

- | | | |
|-----|--|--|
| 54. | Any notice of a general meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. | Notice to state effect of special business |
|-----|--|--|

PROCEEDINGS AT GENERAL MEETINGS

- | | | |
|-----|---|---|
| 55. | The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a general meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither is present within fifteen minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director is present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting. | Chairman. |
| 56. | No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any general meeting shall be two or more members, present in person or by proxy or by attorney or in the case of a corporation which is a member, by a representative, <u>provided that for the purposes of a quorum, joint holders of any share shall be treated as one member.</u> | Quorum |
| 57. | If within thirty minutes from the time appointed for a general meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place or to such other day, time or place as the Directors may, by not less than ten days' notice, appoint. | If quorum not present, adjournment or dissolution of meeting. |
| 58. | The chairman of any general meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or <i>sine die</i>) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned <i>sine die</i> , the time and place for the adjourned meeting shall be fixed by the Directors. | Adjournment |

When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.

59. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. Notice of adjournment
60. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a ~~special resolution~~ Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon. Amendment to resolution
61. (A) At any general meeting, a resolution put to the vote of the meeting shall be decided by poll (if so required by the provisions of the Statutes or the listing rules of the Stock Exchange). Method of voting
- (B) Subject to Regulation 61(A), at every 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:
- (i) the chairman of the meeting;
 - (ii) not less than two members present in person or by proxy and entitled to vote at the meeting;
 - (iii) any member or members present in person or by proxy and representing not less than 5% of the total voting rights of all the members having the right to vote at the general meeting; or
 - (iv) any member or members present in person or by proxy and holding not less than 5% of the total number of paid-up shares of the Company (excluding treasury shares).
- (C) A demand for a poll made pursuant to Regulation 61(B) may be withdrawn.
- (D) Unless a poll is required, a declaration by the chairman of the general 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.

GENERAL MEETINGS

62. When a poll is taken, 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 taken. The chairman of the meeting may (and if so required by the provisions of the Statutes or the listing rules of the Stock Exchange shall) appoint scrutineers and adjourn the meeting to some place in Singapore and time fixed by him for the purpose of declaring the result of the poll. Taking a poll
63. 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 taken shall be entitled to a casting vote. Casting vote of Chairman
64. A poll on the election of a chairman of a meeting or on a question of adjournment shall be taken immediately. Subject to Regulation 61(A), a A poll taken on any other question shall be taken immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place in Singapore (if so required by the provisions of the Statutes or the listing rules of the Stock Exchange) as the chairman may direct. No notice need to 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. Polls and continuance of business after demand for a poll

VOTES OF MEMBERS

65. Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company, each member entitled to vote may vote in person or by proxy or by attorney or in the case of a corporation which is a member, by a representative. On a show of hands, every member who is present in person or by proxy or by attorney or in the case of a corporation which is a member, by a representative shall have one vote and on a poll, every member who is present in person or by proxy or by attorney or in the case of a corporation which is a member, by a representative shall have one vote for every share which he holds or represents provided always that: Voting rights of members
- (i) In the case of a member who is not a relevant intermediary and is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands;
 - (ii) in the case of a member who is a relevant intermediary and is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands; and
 - (iii) ~~For~~ for the purpose of determining the number of votes which a member, being a Depositor, or his proxy or his

attorney or in the case of a corporation which is a member, its representative may cast at any general meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at ~~forty-eight~~ seventy-two hours (or any such time permitted under Statutes and the listing rules of the Stock Exchange) before the time appointed for holding the relevant general meeting as certified by the Depository to the Company.

66. In the case of joint holders of a share, any one of such persons may vote, but if more than one of such persons is present at a meeting, the vote of the senior who tenders a vote, whether in person or by proxy or by attorney or in the case of a corporation which is a member, by a representative, 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 Depository Register in respect of the share. Voting rights of joint holders
67. 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 or by attorney at any general meeting or to exercise any other right conferred by membership in relation to meetings of the Company. Voting rights of receiver or court appointed persons
68. No member shall unless the Directors otherwise determine, be entitled in respect of shares held by him to vote at a general meeting either personally or by proxy or by attorney or in the case of a corporation which is a member, by a representative or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum presently payable by him to the Company in respect of such shares remains unpaid. Right to be present and to vote.
69. (A) 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. When objection to admissibility of votes may be made.
- (B) If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.

70. On a poll, votes may be given personally or by proxy or by attorney or in the case of a corporation which is a member, by a representative 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. Voting
71. (A) A member may appoint not more than two proxies to attend and vote at the same general meeting; unless such member is a corporation providing nominee or custodial services to the shareholders of the Company in which case such member may to the extent permitted by the Statutes appoint any number of proxies to attend and vote at the same meeting and provided that if the member is a Depositor, the Company shall be entitled and bound: Appointment of proxies
- (i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at ~~forty-eight~~ seventy-two hours before the time appointed for holding the relevant general meeting as certified by the Depository to the Company;
- (ii) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number of which is the number of shares entered against the name of that Depositor in the Depository Register as at ~~forty-eight~~ seventy-two hours before the time appointed for holding the relevant general meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.
- (B) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (C) A proxy need not be a member of the Company.
72. (A) An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and : Instrument appointing proxies
- (i) in the case of an individual, shall be signed by the appointor or his attorney;
- (ii) in the case of a corporation, shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- (B) The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article Regulation 73, failing which the instrument may be treated as invalid Signature on instrument appointing proxies

- | | | |
|-----|--|---|
| 73. | 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 at forty-eight <u>seventy-two</u> 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 purpose of any meeting shall not be required again to be delivered for the purpose of any subsequent meeting to which it relates. | Deposit of instrument of proxy |
| 74. | An instrument appointing a proxy shall be deemed to include the right to, vote on a <u>show of hands or</u> poll, <u>demand or join in demanding a poll</u> , to move any resolution or amendment thereto and to speak at the meeting. | Right of proxies |
| 75. | 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. | Intervening death or insanity of principal not to revoke proxy or power of attorney |

CORPORATIONS ACTING BY REPRESENTATIVES

- | | | |
|-----|---|---------------------------------------|
| 76. | Any corporation which is a member of the Company may by resolution of its directors or other governing body authorises 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 purpose of these presents be deemed to be present in person at any such meeting if a person so authorised is present thereat | Corporation acting by representatives |
|-----|---|---------------------------------------|

DIRECTORS

- | | | |
|-----|---|--|
| 77. | Subject as hereinafter provided, the Directors, all of whom shall be natural persons, shall not be less than two in number. The Company may by ordinary resolution <u>Ordinary Resolution</u> from time to time vary the minimum and/or maximum number of Directors. | Number and characteristics of Director |
| 78. | 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 attend and speak at general meetings. | No share qualification for Directors |

79. The ordinary fees of the Directors shall from time to time be determined by an ~~ordinary resolution~~ Ordinary Resolution of the Company and shall not be increased except pursuant to an ~~ordinary resolution~~ 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 fees is payable shall be entitled only to rank in such division for a proportion of fees related to the period during which he has held office. Fees of Directors.
80. (A) 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 ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine. Extra remuneration
- (B) The fees (including any remuneration under ~~Article~~ Regulation 80(A) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or a percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover. Restrictions on fees payable to Directors.
81. 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. Expenses
82. Subject to the provisions of the Statutes, the Directors shall have the 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. Pensions etc
83. A Director and Chief Executive Officer (or person(s) holding an equivalent position) may be party to or 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; Provided Always that the nature of his interest in any such contract or arrangement or transaction be declared at a meeting of the Directors as required by the Act. Holding of office of profit and contracting with company

84. (A) The Directors may from time to time appoint one or more of their body to be the holder of any executive office (including, where considered appropriate, the office of Chairman or Deputy Chairman) on such terms and for such period as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment. Appointment to be holder of executive office
- (B) The appointment of any Director to the office of Chairman or Deputy Chairman or Managing or Joint Managing or Deputy or Assistant Managing Director shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.
- (C) The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.
85. The Directors may entrust to and confer upon any Directors holding any executive office any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from to time revoke, withdraw, alter or vary all or any of such powers. Powers of executive office holders

MANAGING DIRECTOR, CHIEF EXECUTIVE OFFICER OR PRESIDENT

86. The Directors may from time to time appoint a Managing Director, Chief Executive Officer or President of the Company (or other equivalent position) (save that in the event a person is appointed as a Managing Director, he shall also be a Director) and may from to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places. Where an appointment is for a fixed term, such term shall not exceed five years. Appointment of Managing Director, Chief Executive Officer or President
87. A Managing Director, Chief Executive Officer or President (or person holding an equivalent position) who is a Director shall hold that office subject to retirement by rotation and he shall be taken into account in determining the rotation of retirement of Directors and he shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company; Provided that in the event a Managing Director ceases to hold the office of Director from any cause, he shall ipso facto and immediately cease to be a Managing Director. For the avoidance of doubt, the appointment of a Chief Executive Officer (or any person holding an equivalent appointment) who is a Director shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds the office shall expressly state otherwise. Retirement, removal and resignation of Managing Director, Chief Executive Officer or President

88. The remuneration of a Managing Director, Chief Executive Officer or President (or person holding an equivalent position) shall from time to time be fixed by the Directors and may, subject to these presents, be by way of salary, commission or participation in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover. Remuneration of Managing Director or Chief Executive Officer or President.
89. The remuneration of a Managing Director, Chief Executive Officer or President (or person holding an equivalent position) shall at all times be subject to the control of the Directors but subject thereto, the Directors may from time to time entrust to and confer upon a Managing Director, Chief Executive Officer or President (or person holding an equivalent position) for the time being such of the powers exercisable under these presents by the Directors as they may think fit and may confer such powers for such time and to be exercised on such terms and conditions and subject to such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. Powers of Managing Director or Chief Executive Officer or President.

APPOINTMENT AND RETIREMENT OF DIRECTORS

90. The office of a Director shall be vacated in any of the following events, namely: Vacation of office of Director
- (i) if he becomes prohibited by law from acting as a Director; or
 - (ii) if (not being a Director holding any executive office for a fixed term) he resigns by writing under his hand left at the Office or if he in writing offers to resign and the Directors resolve to accept such offer; or
 - (iii) if he becomes a bankrupt or enters into any composition with his creditors generally; or
 - (iv) if he becomes of unsound mind or if in Singapore or elsewhere, an order is 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, receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or
 - (v) if he is removed by the Company in a general meeting pursuant to these presents; or
 - (vi) if he is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds.
91. 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 with a minimum of one) shall retire from office by rotation. All Directors shall retire from office at least once every three years. Retirement of Directors by rotation

92. The Directors to retire in every year shall be those 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 lot. A retiring Director shall be eligible for re-election. Selection of Directors to retire by rotation
93. The Company at the meeting at which a Director retires under any provision of these presents may by ~~ordinary resolution~~ 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: Filling vacated office
- (i) 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;
 - (ii) where such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected;
 - (iii) where the default is due to the moving of a resolution in contravention of ~~Article~~ Regulation 94; or
 - (iv) where such Director ~~has attained any retiring age applicable to him as a Director~~ is disqualified from acting as a director in any jurisdiction for reasons other than on technical grounds.
- 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.
94. 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. Appointment of Directors
95. 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 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 a 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 of the Directors' intention to propose such person and of such person's willingness to be elected shall be necessary. 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. Appointment of persons other than retiring Directors as Director

96. The Company may, in accordance with and subject to the provisions of the Statutes by ~~ordinary resolution~~ 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 elected a Director. In default of such appointment, the vacancy arising upon the removal of a Director from office may be filled as a casual vacancy. Removal of Director
97. The Company may by ~~ordinary resolution~~ Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Without prejudice thereto, the Directors shall have the power at any time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Provided that the total number of Directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with these presents. Any person appointed by the Directors pursuant to this ~~Article~~ Regulation 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. Company's or Directors' power to fill casual vacancies and appoint additional Directors

ALTERNATE DIRECTORS

98. (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 a Director) approved by a majority of his co-Directors to be his alternate Director and may in like manner at any time terminate such appointment. Such appointment, unless previously approved by the majority of the Directors, shall have effect only upon and subject to being so approved. A person shall not act as alternate Director to more than one Director at the same time. Appointment of alternate Director
- (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. The alternate Director may also be removed from office by a resolution of the Directors, but he shall be entitled to vote on such resolution and he shall, ipso facto, cease to be an alternate Director if the Director concerned (below called "his principal") ceases to be a Director. Determination of appointment as alternate Director
- (C) An alternate Director shall (except when absent from Singapore) be entitled to receive notices of meetings of the Directors and shall be entitled to attend and vote as a Director at any such meeting at which his principal is not personally present and generally at such meeting to perform all functions of his principal as a Director and for the purposes of the proceedings at such meeting the provisions of these presents shall apply as if he (instead of his principal) were a Director. If his principal is for the time being absent from Singapore Powers of alternate Director

or temporarily unable to act through ill health or disability, his signature to any resolution in writing of the Directors shall be as effective as the signature of his principal. To such extent as the Directors may from time to time determine in relation to any committees of the Directors, the foregoing provisions of this paragraph shall also apply mutatis mutandis to any meeting of any such committee of which his principal is a member. An alternate Director shall not (save as aforesaid) have the power to act as a Director nor shall he be deemed to be a Director for the purposes of these presents.

- (D) An alternate Director shall be entitled to contract and be interested in and benefit from contracts, arrangements or transactions and to be repaid expenses and 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 fees except only such part (if any) of the fees otherwise payable to his principal as such principal may by notice in writing to the Company from time to time direct; Provided that such fees paid by the Company to the alternate Director be deducted from his principal's remuneration.
- Fees of alternate Director

MEETINGS AND PROCEEDINGS OF DIRECTORS

99. Subject to the provisions of these presents, the Directors may meet together for the Meetings of despatch of business, adjourn and otherwise regulate their meetings as they think fit. Directors. At any time, any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of the Directors. Notice of a meeting of Directors shall be given to each of the Directors in writing at least five days prior to the day of the meeting. The period of notice shall be exclusive of the day on which it is served or deemed to be served and the day on which the meeting is to be held. Where a Director is absent from Singapore, such notice may be given by telefax or telex, to a telefax number, or telex number as the case may be, given by that absent Director to the Secretary. Any Director may waive notice of any meeting and any such waiver may be retroactive and for this purpose, the presence of a Director at the meeting shall be deemed to constitute a waiver on his part. A Director may participate at a meeting of Directors by telephone or video conference or by means of a similar communication equipment whereby all persons participating in the meeting are able to hear each other, without a Director being in the physical presence of another Director in which event such Director shall be deemed to be present at the meeting. A Director participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Such meeting shall be deemed to be held at the place at which the chairman of the meeting is participating in the meeting.
- Meetings of Directors
100. The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and unless so fixed at any other number, shall be two. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.
- Quorum

101. Questions arising at any meeting of the Directors shall be determined by a majority of votes. In the case of an equality of votes (except where only two Directors are chairman. present and form the quorum or when only two Directors are competent to vote on the question in issue) the chairman of the meeting shall have a second or casting vote. Casting vote of chairman
102. A Director shall not vote in respect of any contract or proposed contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. Prohibition against voting
103. The continuing Directors may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these presents or the Statutes, the continuing Directors or Director may, except in an emergency, act only for the purpose of increasing the number of directors to such minimum number, or to summon general meetings, but not for any other purpose. If there be no Director or Directors able or willing to act, then any two members may summon a general meeting for the purpose of appointing Directors. Proceeding in case of vacancy
104. (A) The Directors may elect from their number a Chairman and a Deputy Chairman (or two or more Deputy Chairmen) and determine the period for which each is to hold office. If no such Chairman or Deputy Chairman were appointed or if at any meeting of the Directors, no such Chairman or Deputy Chairman were present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting. Chairman of Directors
- (B) If at any time there is more than one Deputy Chairman, the right in the absence of the Chairman to preside at a meeting of the Directors or of the Company shall be determined as between the Deputy Chairmen present (if more than one) by seniority in length of appointment or otherwise as resolved by the Directors.
105. A resolution in writing signed by a majority of the Directors appointed to the Company for the time being shall be as effective as a resolution duly passed at a meeting of the Directors and may consist of several documents in the like form, each signed by one or more Directors. The expressions "in writing" and "signed" include approval by telefax, telex, cable, telegram, digital or electronic signature or such other mode of approval or indication of approval as may be permitted by law by any such Director. Resolution in writing
106. The Directors may delegate any of their powers or discretion to committees consisting of one or more members of their body and (if thought fit) one or more other persons co-opted as hereinafter provided. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Directors. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee. Committee of Directors

107. The meetings and proceedings of any such committee consisting of two or more members shall be governed mutatis mutandis by the provisions of these presents regulating the meetings and proceedings of the Directors so far as the same are not superseded by any regulations made by the Directors under ~~Article~~ Regulation 106. Meetings of committee
108. All acts done by any meeting of Directors, or of any such committee, or by any person acting as a Director or as a member of any such committee, shall as regards all persons dealing in good faith with the Company, notwithstanding that there was defect in the appointment of any of the persons acting as aforesaid, or that any such persons were disqualified or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed, was qualified and had continued to be a Director or member of the committee and had been entitled to vote. Validity of act of Directors in spite of formal defect.

BORROWING POWERS

109. 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. Borrowing powers

GENERAL POWERS OF DIRECTORS

110. The business and affairs of the Company shall be managed by, or under the direction or the supervision of, the Directors, who may exercise all such powers of the Company as are not by the Statutes or by these presents required to be exercised by the Company in general meeting, but subject nevertheless to any regulations of these presents, the provisions of the Statutes and any regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by ~~special resolution~~ Special Resolution of the Company, but no regulation so made by the Company shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made; Provided that the Directors shall not carry into effect any proposals for selling or disposing of the whole or substantially the whole of the Company's undertaking unless such proposals have been approved by the Company in general meeting. The general powers given by this ~~Article~~ Regulation shall not be limited or restricted by any special authority or power given to the Directors by any other ~~Article~~ Regulation. General power of Directors to manage Company's business
111. The Directors may establish any local boards or agencies for managing any of the affairs of the Company, either in Singapore or elsewhere, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and may authorise the members of any local boards, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so Power to establish local boards etc

appointed, and may anul or vary any such delegation, but no person dealing in good faith and without notice of such anulment or variation shall be affected thereby.

- | | | |
|------|--|---|
| 112. | The Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. | Power to appoint attorney |
| 113. | The Company or the Directors on behalf of the Company may in exercise of the powers in that behalf conferred by the Statutes cause to be kept a Branch Register or Registers of Members and the Directors may (subject to the provisions of the Statutes) make and vary such regulations as they may think fit in respect of the keeping of any such Register. | Power to keep Branch Register |
| 114. | All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine. | Execution of negotiable instruments and receipts for money paid |

SECRETARY

- | | | |
|------|---|--------------------------------------|
| 115. | The Secretary shall be appointed by the Directors on such terms and for such period and as they may think fit. Any Secretary so appointed may at any time be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between him and the Company. If thought fit, two or more persons may be appointed as Joint Secretaries. The Directors may also appoint from time to time on such terms as they may think fit one or more Assistant Secretaries. The appointment and duties of the Secretary or Joint Secretaries shall not conflict with the provisions of the Act. | Appointment and removal of Secretary |
|------|---|--------------------------------------|

THE SEAL

- | | | |
|------|---|---------------|
| 116. | The Directors shall provide for the safe custody of the Seal which shall not be used without the authority of the Directors or of a committee authorised by the Directors in that behalf. | Usage of Seal |
| 117. | Every instrument to which the Seal shall be affixed shall be affixed in the presence of Seal. and signed by one Director and the Secretary or by two Directors save that as regards any certificates for shares, debentures or other securities of the Company, the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature or other method approved by the Directors. | Seal |

118. (A) The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors. Official Seal
- (B) The Company may exercise the powers conferred by the Statutes with regard to having a duplicate Seal as referred to in the Act which shall be a facsimile of the Seal with the addition on its face of the words "Share Seal". Share Seal

AUTHENTICATION OF DOCUMENTS

119. Any Director, the Secretary or any person appointed by the Directors for the purpose shall have the power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or as the case may be, that any minutes so extracted are a true and accurate record of proceedings at a duly constituted meeting. Any authentication or certification made pursuant to this ~~Article~~ Regulation may be made by any electronic means approved by the Directors from time to time for such purpose incorporating, if the Directors deem necessary, the use of security procedures or devices approved by the Directors. Power to authenticate documents and certified copies of resolutions of the Company or the Directors.

RESERVES

120. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any part of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes. Power to carry profits to reserve

DIVIDENDS

121. The Company may by ~~ordinary resolution~~ Ordinary Resolution declare dividends but no such dividends shall exceed the amount recommended by the Directors. Dividends

- | | | |
|------|--|--|
| 122. | If and so far as in the opinion of the Directors the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit. | Interim dividends |
| 123. | Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article <u>Regulation</u> , no amount paid on a share in advance of calls shall be treated as paid on the share. | Apportionment of dividends |
| 124. | Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement. | Notice of declaration by advertisement |
| 125. | No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. The declaration of the Directors as to the net profits of the Company shall be conclusive. | Dividends payable only out of profits. |
| 126. | No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company. | Dividends not to bear interest |
| 127. | (A) The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. | Retention of dividends |
| | (B) The Directors may retain the dividends payable upon shares in respect of which any person is, under the provisions as to the transmission of shares hereinbefore contained, entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same | |
| | (C) The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. | Unclaimed dividends |

128. The waiver in whole or in part of any dividend on any share by any document (whether or not under Seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company. Waiver of dividends
129. The Company may upon the recommendation of the Directors by ~~ordinary resolution~~ Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors. Payment of dividends *in specie*
130. (A) Whenever the Directors or the Company in general meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply: Right to elect to receive allotment of shares in lieu of dividends
- (i) the basis of any such allotment shall be determined by the Directors;
 - (ii) the Directors shall determine the manner in which members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to members, providing for forms of election for completion by members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this ~~Article~~ Regulation;
 - (iii) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded; Provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and

- (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the "elected ordinary shares") and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article Regulation 133, the Directors shall capitalise and apply the amount standing to the credit of the Company's reserve accounts as the Directors may determine, such sum as may be required to pay up in full (to the nominal value thereof) the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

- (B)
 - (i) The ordinary shares allotted pursuant to paragraph (A) of this Article Regulation shall rank pari passu in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.

 - (ii) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to paragraph (A) of this Article Regulation, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in ~~these Articles~~ this Constitution, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).

- (C) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article Regulation, determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register of Members or (as the case maybe) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors may think fit and in such event the provisions of this Article Regulation shall be read and construed subject to such determination.

- (D) The Directors may, on any occasion when they resolve as provided in paragraph (A) of this Article Regulation, further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to members whose

registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other members or class of members as the Directors may in their sole discretion decide and in such event the only entitlement of the members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared.

(E) Notwithstanding the foregoing provisions of this ~~Article~~ Regulation, if at any time after the Directors' resolution to apply paragraph (A) of this ~~Article~~ Regulation in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that, by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever, it is no longer expedient or appropriate to implement that proposal, the Directors may at their absolute discretion and without assigning any reason therefor, cancel the proposed application of paragraph (A) of this ~~Article~~ Regulation.

- | | | |
|------|---|--|
| 131. | My dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the, death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article <u>Regulation</u> and the provisions of Article <u>Regulation</u> 133, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment. | Dividends payable by cheque or warrant |
| 132. | If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share. | Payment of dividends to joint holders |
| 133. | Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in | Resolution declaring dividends |

accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

CAPITALISATION OF PROFITS AND RESERVE

- | | | |
|------|--|--|
| 134. | <p>The Directors may, with the sanction of an ordinary resolution <u>Ordinary Resolution</u> of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on the date of the ordinary resolution <u>Ordinary Resolution</u> (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the members concerned). The Directors may authorise, any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.</p> | <p>Power to capitalise profits and implementation of resolution to capitalise profits.</p> |
|------|--|--|

ACCOUNTS

- | | | |
|------|---|---------------------------------|
| 135. | <p>Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes shall be kept at the Office, or at such other place as the Directors think fit. No member of the Company or other person shall have any right of inspecting any account, book or document of the Company except as conferred by statute or ordered by a court of competent jurisdiction or authorised by the Directors. Whenever so required, the interval between the date on which such accounts relating thereto are made up to and the date of the Annual General Meeting shall not exceed four months (or such other period as may be prescribed by the Act or any listing rules of the Stock Exchange).</p> | <p>Accounting records</p> |
| 136. | <p>In accordance with the provisions of the Act, the Directors shall cause to be prepared and to be laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as may be necessary.</p> | <p>Presentation of accounts</p> |
| 137. | <p>A copy of every balance sheet and profit and loss account which is to be laid before a general meeting of the Company (including every document required by law to be comprised therein or attached or annexed thereto) shall, not less than fourteen days before the date appointed for holding the meeting, be sent to every member of, and every holder of debentures of,</p> | <p>Copies of accounts</p> |

the Company and to every other person who is entitled to receive notices of meetings from the Company under the provisions of the Statute or of these presents; Provided that this ~~Article~~ Regulation shall not require a copy of these documents to be sent to more than one of any joint holders or to any person whose address the Company is not aware, but any member or holder of debentures to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

AUDITORS

138. Subject to the provisions of the Statutes, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified. Validity of acts of Auditor despite formal defects.
139. An Auditor shall be entitled to attend any general meeting and to receive all notices of and other communications relating to any general meeting which any member is entitled to receive and to be heard at any general meeting on any part of the business of the meeting which concerns him as Auditor. Notices to Auditors.

MINUTES AND BOOKS

- 139A. Any register, index, minute book, accounting record, minute or other book required by this Constitution or by the Act to be kept by or on behalf of the Company may, subject to and in accordance with the Act, be kept in hard copy form or in electronic form, and arranged in the manner that the Directors think fit. If such records are kept in electronic form, the Directors shall ensure that they are capable of being reproduced in hard copy form, and shall provide for the manner in which the records are to be authenticated and verified. In any case where such records are kept otherwise than in hard copy form, the Directors shall take reasonable precautions for ensuring the proper maintenance and authenticity of such records, guarding against falsification and facilitating the discovery of any falsifications. Keeping of Registers, etc

NOTICES

140. Any notice or document (including without limitation any a share certificate, financial statements, balance sheet or report) permitted or required to be given, sent or serviced under the Statutes may be given, sent or served on or delivered to any member by the Company in any of the following ways: Service of notice or document.
- (i) either personally; or
 - (ii) by sending it through the post in a prepaid cover addressed to such member at his registered address appearing in the Register of Members or (as the case may be) the Depository Register, or (if he has no registered address within Singapore) to the address, if any, within Singapore supplied by him to the Company or (as the case may be) supplied by him to the

Depository as his address for the service of notices, or by delivering it to such address as aforesaid; or

(iii) by using electronic communications to:

(a) the current address of that member; or

(b) by making it available on a website prescribed by the company from time to time,

in each case in accordance with the provisions of the Statutes.

~~Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the expiration of twenty-four hours after the time when the cover containing the same is posted and in proving such service or delivery, it shall be sufficient to prove that such cover was properly addressed, stamped and posted.~~

140A. For the purposes of Regulation 140, a member shall be deemed to have agreed to receive such notice or document by way of electronic communication and shall not have a right to elect to receive a physical copy of such notice or document. Implied consent

140B. Notwithstanding Regulation 140A, the Directors may, at their discretion, at any time give a member an opportunity to elect within a specified period of time whether to receive such notice or document by way of electronic communications or as a physical copy, and a member shall be deemed to have consented to receive such notice or document by way of electronic communications if he was given such an opportunity and he failed to make an election within the specified time, and he shall not in such event have a right to receive a physical copy of such notice or document. Deemed consent

Notwithstanding Regulations 140A or 140B, the Company's introduction and use of electronic transmission of notice and/or documents are subject to the Statutes and any additional safeguards and/or restrictions as the Stock Exchange may impose from time to time.

140C Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the expiration of twenty-four hours after the time when the cover containing the same is posted and in proving such service or delivery, it shall be sufficient to prove that such cover was properly addressed, stamped and posted. When service deemed effected

140D When a notice or document is given, sent or served by electronic communications: When notice given by electronic communications deemed served

(i) to the current address of a person pursuant to Regulation 140(iii)(a), it shall be deemed to have been duly given, sent or served at the time of transmission of the electronic communication by the email server or facility operated by the Company or its service provider to the current address of such person (notwithstanding any delayed receipt, non-delivery or "returned mail" reply message or any other error

message indicating that the electronic communication was delayed or not successfully sent) unless otherwise provided under the Statutes; and

- (ii) by making it available on a website pursuant to Regulation 140(iii)(ab), it shall be deemed to have been duly given, sent or served on the date on which the notice or document is first made available on the website, unless otherwise provided under the Statutes.

140E Where a notice or document is given, sent or served to a Member by making it available on a website pursuant to Regulation 140(iii)(b), the Company shall give separate notice to the Member of the publication of the notice or document on that website and the manner in which the notice or document may be accessed by any one or more of the following means: Notice to be given of service on website

- (i) by sending such separate notice to the member personally or through the post pursuant to Regulations 140(i) and (ii);
- (ii) by sending such separate notice to the Member using electronic communications to his current address pursuant to Regulation 140(iii)(a)
- (iii) by way of advertisement in the daily press; and/or
- (iv) by way of announcement on the Stock Exchange.

141. Any notice given to that one of the joint holders of a share whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of the share shall be sufficient notice to all the joint holders in their capacity as such. For such purpose, a joint holder having no registered address in Singapore and not having supplied an address within Singapore for the service of notices shall be disregarded. Service of notice to joint holders

142. A person entitled to a share in consequence of the death or bankruptcy of a member upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also to the Company or (as the case may be) the Depository an address within Singapore for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the member but for his death or bankruptcy would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent by post to or left at the address of any member in pursuance of these presents shall, notwithstanding that such member be then dead or bankrupt or in liquidation, and whether or not the Company shall have notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such member in the Register of Members or, where such member is a Depositor, entered against his name in the Depository Register as sole or first-named joint holder. Service of notices after death, bankruptcy etc

- | | | |
|------|--|---|
| 143. | A member who (having no registered address within Singapore) has not supplied to the Company or (as the case may be) the Depository an address within Singapore for the service of notices shall not be entitled to receive notices from the Company | No notice to member with no registered address in Singapore |
|------|--|---|

WINDING UP

- | | | |
|------|---|----------------------------------|
| 144. | The Directors shall have the power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up. | Voluntary winding up |
| 145. | If the Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the liquidator may, with the authority of a special resolution <u>Special Resolution</u> , divide among the members in specie or in kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any shares or other property in respect of which there is a liability. | Distribution of assets in specie |

INDEMNITY

- | | | |
|------|---|-------------------------------------|
| 146. | <p><u>(A)</u> Subject to the provisions of and so far as may be permitted by the Statutes, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs; charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the court. Without prejudice to the generality of the foregoing, no Director, Manager, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be</p> | Indemnity of Directors and officers |
|------|---|-------------------------------------|

deposited or left or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own negligence, wilful default, breach of duty or breach of trust.

(B) Without prejudice to the generality of Regulation 146A), every Director, Secretary or other officer of the Company is entitled to be indemnified out of the assets of the Company against any liability (other than any liability referred to in Section 172B(1)(a) or (b) of the Act) incurred by the Director, Secretary or officer to a person other than the Company attaching to the Director, Secretary or officer in connection with any negligence, default, breach of duty or breach of trust.

(C) Without prejudice to the generality of Regulation 146(A), every Auditor is entitled to be indemnified out of the assets of the Company against any liability incurred by the Auditor in defending any proceedings, whether civil or criminal, in which judgment is given in the Auditor's favour or in which the Auditor is acquitted or in connection with any application under the Act in which relief is granted to the Auditor by the Court in respect of any negligence, default, breach of duty or breach of trust.

SECRECY

147. No member shall be entitled to require discovery of any information relating to any Secrecy. detail of the Company's trade or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it will be inexpedient in the interest of the members of the Company to communicate to the public save as may be authorised by law or required by the Stock Exchange.
- Validity of acts of Auditors in spite of some formal defect

PERSONAL DATA

148. A member who is a natural person is deemed to have consented to the collection, use and disclosure of his personal data (whether such personal data is provided by that member or is collected through a third party) by the Company (or its agents or service providers) from time to time for any of the following purposes:
- Personal data of members
- (1) implementation and administration of any corporate action by the Company (or its agents or service providers);
 - (2) internal analysis and/or market research by the Company (or its agents or service providers);
 - (3) investor relations communications by the Company (or its agents or service providers);
 - (4) administration by the Company (or its agents or service providers) of that Member's holding of shares in the Company;

- (5) implementation and administration of any service provided by the Company (or its agents or service providers) to its Members to receive notices of meetings, annual reports and other shareholder communications and/or for proxy appointment, whether by electronic means or otherwise;
- (6) processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for any General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to any General Meeting (including any adjournment thereof);
- (7) implementation and administration of, and compliance with, any provision of this Constitution;
- (8) compliance with any applicable laws, listing rules, take-over rules, regulations and/or guidelines; and
- (9) purposes which are reasonably related to any of the above purpose.

149. Any member who appoints a proxy and/or representative for any General Meeting and/or any adjournment thereof is deemed to have warranted that where such Member discloses the personal data of such proxy and/or representative to the Company (or its agents or service providers), that Member has obtained the prior consent of such proxy and/or representative for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy and/or representative for the purposes specified in Regulations 149(6) and (8).

Personal data of proxies and/or representatives

NAMES, ADDRESSES AND OCCUPATIONS OF SUBSCRIBERS

Name : JAYA J B TAN
Address : No. 52 Jalan 5/4 (Jalan Tanjong)
46000 Petaling Jaya
Malaysia
Occupation : Director

Name : KAMAL Y P TAN
Address : No. 21 Lengkok Setia Budi Damansara Heights
50490 Kuala Lumpur
Malaysia
Occupation : Director

Name : TAJUDDIN JOE HOK TAN
Address : No. 12 Lorong Kemaris 3 Bukit Bandaraya
59100 Kuala Lumpur
Malaysia
Occupation : Director

Dated this 18th day of December 2003

Witness to the above signatures:-