

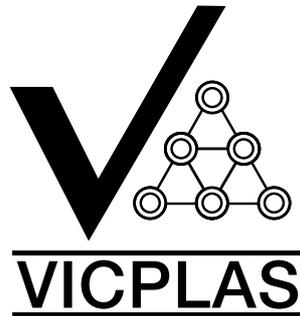
CIRCULAR DATED 2 NOVEMBER 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold your ordinary shares of Vicplas International Ltd (the “**Company**”), you should immediately forward this Circular and the Proxy Form to the purchaser or to the stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any statements made or opinions expressed in this Circular.



VICPLAS INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199805362R)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO**

- (1) THE PROPOSED RENEWAL OF THE IPT MANDATE FOR INTERESTED PERSON TRANSACTIONS;**
- (2) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE; AND**
- (3) THE PROPOSED ADOPTION OF THE VICPLAS INTERNATIONAL SHARE OPTION PLAN 2021.**

IMPORTANT DATES AND TIMES:

Last date and time for submission of instrument appointing a proxy : 21 November 2021 at 3.00 p.m.

Date and time of Annual General Meeting to be convened and held by way of electronic means : 24 November 2021 at 3.00 p.m.

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

- “2020 AGM”** : The annual general meeting of the Company held on 26 November 2020.
- “2020 Circular”** : The Company’s Circular to Shareholders dated 4 November 2020.
- “2021 AGM”** : The forthcoming annual general meeting of the Company scheduled to be held on 24 November 2021.
- “Associated Company”** : A company in which at least 20% but not more than 50% of its shares are held by the Company and/or its subsidiaries, or a subsidiary of such company, and over whose management the Company has control (as defined in the Listing Manual).
- “Associated Company Employee”** : Any employee of an Associated Company (including any Associated Company Executive Director) selected by the Committee to participate in the VISOP 2021.
- “Associated Company Executive Director”** : A director of an Associated Company who performs an executive function.
- “Board”** : The board of directors of the Company.
- “CDP”** : The Central Depository (Pte) Limited.
- “Committee”** : A committee comprising Directors duly authorised and appointed by the Board to administer the VISOP 2021.
- “Companies Act”** : Companies Act, Chapter 50 of Singapore.
- “Company”** : Vicplas International Ltd.
- “Date of Grant”** : The date on which an Option is granted pursuant to the VISOP 2021.
- “Directors”** : The directors of the Company for the time being.
- “Group”** : The Company and its subsidiaries.
- “Group Employee”** : Any employee of the Group (including any Group Executive Director).
- “Group Executive Director”** : A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function.
- “Independent Directors”** : The Directors who are considered independent for the purposes of the proposed renewal of the IPT Mandate, namely, Messrs Yeo Wico, Ng Cher Yan and Ng Beng Tiong.
- “IPT Mandate”** : The mandate to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual) to enter into certain interested person transactions.

DEFINITIONS

“Latest Practicable Date”	: The latest practicable date prior to the publication of this Circular, being 25 October 2021.
“Listing Manual”	: The listing manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date.
“Market Day”	: A day on which the SGX-ST is open for trading in securities.
“Market Purchase”	: An on-market purchase of Shares by the Company effected on the SGX-ST, through one or more duly licensed dealers appointed by the Company for the purpose.
“Maximum Price”	: The maximum price payable for a Share to be purchased or acquired by the Company, as determined by the Directors in accordance with the Share Purchase Mandate.
“Non-Executive Director”	: A director of: <ul style="list-style-type: none">(a) the Company and/or any of its subsidiaries, other than a Group Executive Director; or(b) an Associated Company, other than an Associated Company Executive Director.
“Off-Market Purchase”	: An off-market purchase of Shares by the Company effected otherwise than on a stock exchange, in accordance with an equal access scheme.
“Option”	: The right to acquire Shares granted or to be granted pursuant to the VISOP 2021.
“Participant”	: The holder of an Option (including, where applicable, the executor or personal representative of such holder).
“Proxy Form”	: The proxy form in respect of the 2021 AGM.
“Securities and Futures Act”	: Securities and Futures Act, Chapter 289 of Singapore.
“SGX-ST”	: Singapore Exchange Securities Trading Limited.
“Share Purchase Mandate”	: The mandate to enable the Company to purchase or otherwise acquire its issued Shares.
“Shareholders”	: Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose securities accounts are credited with Shares.
“Shares”	: Ordinary shares of the Company.

DEFINITIONS

“subsidiary holdings”	: Any of the Shares held by subsidiaries of the Company in the circumstances referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.
“Take-over Code”	: The Singapore Code on Take-overs and Mergers.
“trading day”	: A day on which the Shares are traded on the SGX-ST.
“Venner Capital”	: Venner Capital S.A.
“VISOP 2010”	: Vicplas International Share Option Plan.
“VISOP 2021”	: Vicplas International Share Option Plan 2021, as amended from time to time.
“S\$” and “cents”	: Singapore dollars and cents, respectively.
“%”	: Per centum or percentage.

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in the Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

LETTER TO SHAREHOLDERS

VICPLAS INTERNATIONAL LTD
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199805362R)

Directors:

Yeo Wico (*Non-executive Independent Chairman*)
Ng Cher Yan (*Non-executive Independent Director*)
Ng Beng Tiong (*Non-executive Independent Director*)
Christopher P. Lee (*Non-executive Director*)
Jane Rose Philomene Gaines-Cooper (*Non-executive Director*)

Registered Office:

35 Joo Koon Circle
Singapore 629110

2 November 2021

To: The Shareholders of Vicplas International Ltd

Dear Sir/Madam

1. INTRODUCTION

1.1 **Proposals.** The Directors are seeking Shareholders' approval for, *inter alia*, the following proposals (the "Proposals") to be tabled at the 2021 AGM:

- (a) the proposed renewal of the IPT Mandate;
- (b) the proposed renewal of the Share Purchase Mandate; and
- (c) the proposed adoption of the VISOP 2021 (including the issue of new Shares pursuant to the exercise of Options granted under the VISOP 2021),

being Resolutions 13, 14 and 16 respectively under the "Special Business" section of the Notice of the 2021 AGM.

1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the Proposals.

1.3 **Legal adviser.** Allen & Gledhill LLP is the legal adviser to the Company in relation to the proposed renewal of the Share Purchase Mandate and the proposed adoption of the VISOP 2021.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 **Background.** At the 2020 AGM, approval of the Shareholders was obtained for the renewal of the IPT Mandate to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual) to enter into certain interested person transactions with the classes of interested persons as set out in the IPT Mandate. Particulars of the IPT Mandate are set out in the 2020 Circular and Resolution 8 (being an ordinary resolution) set out in the Notice of the 2020 AGM.

2.2 **Proposed Renewal of the IPT Mandate.** At the 2020 AGM, the IPT Mandate was expressed to take effect until the conclusion of the next Annual General Meeting of the Company, being the 2021 AGM. Accordingly, the Directors propose that the IPT Mandate be renewed at the 2021 AGM, to take effect until the next Annual General Meeting of the Company. The text of the resolution relating to the IPT Mandate is set out in Resolution 13 (being an ordinary resolution) under the "Special Business" section of the Notice of the 2021 AGM.

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The terms of the IPT Mandate, including the particulars of the interested person transactions in respect of which the IPT Mandate is sought to be renewed, remain unchanged.

If the established guidelines and procedures are no longer appropriate or adequate to ensure that the interested person transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new guidelines and procedures.

2.3 **Appendix.** The IPT Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices and other general information relating to Chapter 9 of the Listing Manual, are set out in the Appendix to this Circular.

2.4 **Audit and Risk Committee's Statement.** The Audit and Risk Committee¹ currently comprises Mr Ng Cher Yan, Mr Yeo Wico and Mr Ng Beng Tiong. The Audit and Risk Committee confirms that:

- (a) the methods or procedures for determining transaction prices under the IPT Mandate have not changed since the 2020 AGM; and
- (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

2.5 **Abstention from Voting.** Venner Capital, its subsidiaries and associates, being interested persons (as described in paragraph 4.1 of the Appendix) in relation to the IPT Mandate, will abstain from voting their Shares, if any, in respect of Resolution 13, being the ordinary resolution relating to the proposed renewal of the IPT Mandate to be proposed at the 2021 AGM.

Mrs Jane Rose Philomene Gaines-Cooper is President, Group Chairman and a director of Venner Capital and Mr Christopher P. Lee is a director of Venner Medical (Deutschland) GmbH, a subsidiary of Venner Capital.

Mrs Gaines-Cooper and Mr Lee will abstain from voting their Shares, if any, in respect of Resolution 13, being the ordinary resolution relating to the proposed renewal of the IPT Mandate at the 2021 AGM. The Chairman of the 2021 AGM will accept appointment as proxy for any other Shareholder to vote in respect of Resolution 13, where such Shareholder has given specific instructions in a validly completed and submitted instrument of proxy as to voting, or abstention from voting, in respect of Resolution 13.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 **Background.** At the 2020 AGM, Shareholders had approved the renewal of a Share Purchase Mandate to enable the Company to purchase or otherwise acquire its issued Shares. The rationale for, the authority and limitations on, and the financial effects of, the Share Purchase Mandate were set out in the 2020 Circular and Resolution 9 (being an ordinary resolution) set out in the Notice of the 2020 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Resolution 9 at the 2020 AGM and will expire on the date of the 2021 AGM. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2021 AGM. The text of the resolution relating to the Share Purchase Mandate is set out in Resolution 14 (being an ordinary resolution) under the "Special Business" section of the Notice of the 2021 AGM.

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

LETTER TO SHAREHOLDERS

3.2 **Rationale for the Share Purchase Mandate.** The rationale for the Company to undertake the purchase or acquisition of its Shares, as previously stated in the 2020 Circular, is as follows:

- (a) The Share Purchase Mandate will give the Directors the flexibility to purchase or acquire Shares if and when circumstances permit. Share purchases or acquisitions provide the Company and its Directors with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner. The purchase or acquisition of Shares may, depending on market conditions and funding arrangements, lead to an enhancement of the earnings per Share and/or net tangible asset per Share.
- (b) Share purchases or acquisitions also allow the Directors to exercise control over the Company's share capital structure with a view to enhance the earnings per Share and/or net asset value per Share. The Share Purchase Mandate will further give the Company the opportunity to purchase or acquire Shares when such Shares are undervalued and help to buffer short-term share price volatility and offset the effects of share price speculation, thereby boosting Shareholders' confidence and employees' morale.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases or acquisitions via Market Purchases or Off-Market Purchases, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Directors will only make purchases or acquisitions of Shares pursuant to the Share Purchase Mandate when they consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

3.3 **Authority and Limits of the Share Purchase Mandate.** The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2021 AGM, are substantially the same as were previously approved by Shareholders at the 2020 AGM.

3.3.1 ***Maximum Number of Shares***

Only Shares which are issued may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the 2021 AGM. Under the Companies Act and the Listing Manual, any of the Shares which are held as treasury shares or as subsidiary holdings will be disregarded for purposes of computing the 10% limit.

As at the Latest Practicable Date, the Company had 461,000 treasury shares and no subsidiary holdings. Purely for illustrative purposes, on the basis of 511,076,699 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming (i) no further Shares are issued and (ii) no Shares are purchased or acquired by the Company, or held as treasury shares or as subsidiary holdings, on or prior to the 2021 AGM, not more than 51,107,669 Shares (representing 10% of the issued Shares excluding treasury shares and subsidiary holdings as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

LETTER TO SHAREHOLDERS

3.3.2 *Duration of Authority*

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2021 AGM, at which the renewal of the Share Purchase Mandate is approved, up to:

- (a) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or
- (b) the date on which the Share purchases or acquisitions are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied,

whichever is the earliest.

3.3.3 *Manner of Purchases or Acquisitions of Shares*

Purchases or acquisitions of Shares may be made by way of:

- (a) Market Purchases; and/or
- (b) Off-Market Purchases.

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, (2) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid, and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (1) terms and conditions of the offer;
- (2) period and procedures for acceptances; and
- (3) information required under Rule 883(2), (3), (4), (5) and (6) of the Listing Manual.

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3.3.4 **Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share purchased or acquired pursuant to the Share Purchase Mandate will be determined by the Directors. However, the Maximum Price to be paid for the Shares purchased or acquired pursuant to the Share Purchase Mandate must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
 - (b) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,
- in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, immediately preceding the date of the making of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action which occurs during the relevant five Market Day period and the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase; and

“date of the making of the offer” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 **Status of Purchased Shares.** Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

3.5 **Treasury Shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Where the Company holds the purchased Shares as treasury shares, the Company may deal with such treasury shares in such manner as may be permitted by and in accordance with the Companies Act. Some of the provisions on treasury shares under the Companies Act are summarised below:

3.5.1 **Maximum Holdings**

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. For this purpose, subsidiary holdings shall be included in computing the 10% limit.

3.5.2 **Voting and Other Rights**

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

LETTER TO SHAREHOLDERS

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.5.3 **Disposal and Cancellation**

Where Shares are held as treasury shares, the Company may at any time (but subject always to the Take-over Code):

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.6 **Source of Funds.** Under the Companies Act, the Company may purchase or acquire its Shares out of its profits and/or capital so long as the Company is solvent.

The Company intends to use internal resources or external borrowings or a combination of both to finance its purchase or acquisition of Shares. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

3.7 **Financial Effects.** The financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's profits and/or capital so long as the Company is solvent.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

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Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The financial effects on the Company and the Group, based on the audited financial statements of the Company and the Group for the financial year ended 31 July 2020, are based on the assumptions set out below.

3.7.1 *Number of Shares Purchased or Acquired*

As at the Latest Practicable Date, the Company had 461,000 treasury shares and no subsidiary holdings. On the basis of 511,076,699 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming the exercise in full of the Share Purchase Mandate by the Company on the Latest Practicable Date, it would result in the purchase or acquisition of 51,107,669 Shares, representing 10% of the issued Shares (excluding treasury shares and subsidiary holdings) as at that date.

3.7.2 *Maximum Price Paid for Shares Purchased or Acquired*

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires the 51,107,669 Shares at the maximum price of S\$0.246 for one Share (being the price equivalent to 5% above the Average Closing Price of the Shares over the last five Market Days on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 51,107,669 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$12,572,000.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires the 51,107,669 Shares at the maximum price of S\$0.281 for one Share (being the price equivalent to 20% above the Average Closing Price of the Shares over the last five Market Days on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 51,107,669 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$14,361,000.

3.7.3 *Illustrative Financial Effects*

For illustrative purposes only and on the basis of the assumptions set out in paragraphs 3.7.1 and 3.7.2 above, and assuming the purchase or acquisition of the 51,107,669 Shares by the Company pursuant to the Share Purchase Mandate is made entirely out of capital and cancelled or held in treasury, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 31 July 2021 are set out below.

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for the financial year ended 31 July 2021 and are not necessarily representative of future financial performance.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire part of or the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Even if the Share Purchase Mandate is approved, the Directors will not exercise the Share Purchase Mandate if the Group's working capital requirements, current dividend policy for the financial year ending 31 July 2022 and ability to service its debts would be adversely affected.

LETTER TO SHAREHOLDERS

Scenario (A)

Purchases of up to 10% out of capital and cancelled

	Group			Company		
	Before purchase S\$'000	After Market Purchase S\$'000	After Off-Market Purchase S\$'000	Before purchase S\$'000	After Market Purchase S\$'000	After Off-Market Purchase S\$'000
<u>As at 31 July 2021</u>						
Profit Attributable to Owners of the Company	10,403	10,403	10,403	8,398	8,398	8,398
Equity Attributable to Owners of the Company	71,643	59,071	57,282	80,076	67,504	65,715
Net Tangible Assets (NTA)	70,403	57,831	56,042	80,076	67,504	65,715
Current Assets	67,395	57,526	57,526	31,755	31,686	31,686
Current Liabilities	23,648	26,351	28,140	1,033	13,536	15,325
Total Borrowings	13,633	16,336	18,125	–	12,503	14,292
Cash and Cash Equivalents	9,869	–	–	69	–	–
Number of Shares ('000)	511,538	460,430	460,430	511,538	460,430	460,430
<u>Financial Ratios</u>						
Basic Earnings per Share (cents)	2.03	2.26	2.26	1.64	1.82	1.82
NTA per Share (cents)	13.76	12.56	12.17	15.65	14.66	14.27
Gearing (%)	19.03	27.65	31.64	–	18.52	21.75
Current Ratio (times)	2.85	2.18	2.04	30.74	2.34	2.07

Scenario (B)

Purchases of up to 10% out of capital and held in treasury

	Group			Company		
	Before purchase S\$'000	After Market Purchase S\$'000	After Off-Market Purchase S\$'000	Before purchase S\$'000	After Market Purchase S\$'000	After Off-Market Purchase S\$'000
<u>As at 31 July 2021</u>						
Profit Attributable to Owners of the Company	10,403	10,403	10,403	8,398	8,398	8,398
Equity Attributable to Owners of the Company	71,643	59,071	57,282	80,076	67,504	65,715
Net Tangible Assets (NTA)	70,403	57,831	56,042	80,076	67,504	65,715
Current Assets	67,395	57,526	57,526	31,755	31,686	31,686
Current Liabilities	23,648	26,351	28,140	1,033	13,536	15,325
Total Borrowings	13,633	16,336	18,125	–	12,503	14,292
Cash and Cash Equivalents	9,869	–	–	69	–	–
Number of Shares ('000)	511,538	511,538	511,538	511,538	511,538	511,538
<u>Financial Ratios</u>						
Basic Earnings per Share (cents)	2.03	2.03	2.03	1.64	1.64	1.64
NTA per Share (cents)	13.76	11.31	10.96	15.65	13.20	12.85
Gearing (%)	19.03	27.65	31.64	–	18.52	21.75
Current Ratio (times)	2.85	2.18	2.04	30.74	2.34	2.07

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- 3.8 **Listing Status of the Shares.** The Listing Manual requires a listed company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public. As at the Latest Practicable Date, approximately 32.03% of the issued Shares were held by public Shareholders. 461,000 Shares were held by the Company as treasury shares as at the Latest Practicable Date. If the Company had purchased or acquired Shares from the public up to the full 10% limit pursuant to the proposed Share Purchase Mandate on the Latest Practicable Date, approximately 24.48% of the issued Shares would have been held by public Shareholders as at that date.

The Company will ensure that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

- 3.9 **Take-over Implications.** Appendix 2 of the Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

3.9.1 ***Obligation to Make a Take-over Offer***

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

3.9.2 ***Persons Acting in Concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of any of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights; and

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- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

3.9.3 ***Effect of Rule 14 and Appendix 2***

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Based on substantial shareholder notifications received by the Company under Division 1, Part VII of the Securities and Futures Act as at the Latest Practicable Date as set out in paragraph 4.2 below, none of the substantial shareholders of the Company as at that date would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10% of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date. Save as disclosed, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as parties acting in concert such that their respective interests in issued voting shares of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

- 3.10 **Reporting Requirements.** The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares, and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include, inter alia, details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of issued shares excluding treasury shares and subsidiary holdings, the number of treasury shares held and the number of subsidiary holdings after the purchase.

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- 3.11 **No Purchases During Price or Trade Sensitive Developments.** While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price or trade sensitive development has occurred or has been the subject of a decision until the price or trade sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period of one month immediately preceding the announcement of the Company’s half year and full year results.
- 3.12 **Particulars of Shares Purchased in the Previous 12 Months.** As at the Latest Practicable Date, the Company has not purchased or acquired any Shares pursuant to the Share Purchase Mandate approved at the 2020 AGM.

4. THE PROPOSED ADOPTION OF THE VISOP 2021

- 4.1 **Background.** The Company previously had in place the VISOP 2010, a share option plan known as the “Vicplas International Share Option Plan”, which was adopted at an Extraordinary General Meeting of the Company held on 20 September 2010. Details of the VISOP 2010 were set out in the Company’s Circular to Shareholders dated 27 August 2010.

The duration of the VISOP 2010 was 10 years commencing on the date of adoption, that is, 10 years commencing on 20 September 2010. The VISOP 2010 has accordingly lapsed and expired on 19 September 2020. The expiry of the VISOP 2010 does not, however, affect options granted prior to such expiry, whether such options have vested (whether fully or partially) or not. Brief details about the expired VISOP 2010 and options granted thereunder are set out in paragraphs 4.2 and 4.3 below.

The Company proposes to adopt the VISOP 2021 as its new share option plan to succeed the expired VISOP 2010. The VISOP 2021, which is similar in terms to the expired VISOP 2010, is to be known as the “Vicplas International Share Option Plan 2021”. Details of the VISOP 2021 are set out in paragraphs 4.5 to 4.12 below.

The text of the resolution relating to the VISOP 2021 is set out in Resolution 16 (being an ordinary resolution) under the “Special Business” section of the Notice of the 2021 AGM.

- 4.2 **Brief details on the VISOP 2010.** There were 24 participants, comprising directors and executives of the Group, over the duration of the VISOP 2010. Options which were granted to participants under the VISOP 2010 may, except in certain special circumstances, be exercised for the vested options at any time after one year but no later than the expiry date of the relevant option. The exercise price payable for each Share comprised in an option was based on the average of closing prices of the Shares on the SGX-ST for the three Market Days immediately preceding the date of grant of the relevant option. No options were granted at a discount to the market price. Save as described, there were no material conditions to which the options were subject.

No options were granted to any of the Company’s controlling shareholders or their associates (as respectively defined in the Listing Manual) as they were not eligible to participate in the VISOP 2010.

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- 4.3 **Options Granted under the VISOP 2010.** Information on the options granted, exercised, forfeited and/or outstanding under the VISOP 2010 over its 10-year duration are set out below:

Date of grant	No. of Shares comprised in options under the VISOP 2010:				Exercise price per Share	Exercise period
	(i) Granted	(ii) Exercised	(iii) Forfeited ⁽¹⁾	(iv) Outstanding ⁽²⁾		
27 January 2011	3,000,000	–	3,000,000	–	\$0.080	28 January 2012 to 27 January 2021
1 April 2011	15,000,000	13,500,000	1,500,000	–	\$0.075	2 April 2012 to 1 April 2016
1 April 2011	28,000,000	5,500,000	22,500,000	–	\$0.075	2 April 2012 to 1 April 2021
27 March 2014	3,000,000	3,000,000	–	–	\$0.067	28 March 2015 to 27 November 2019
19 November 2014	3,000,000	3,000,000	–	–	\$0.073	20 November 2015 to 19 November 2019
18 January 2016	5,000,000	5,000,000	–	–	\$0.115	19 January 2017 to 18 January 2021
18 January 2016	10,000,000	510,000	–	9,490,000	\$0.115	19 January 2017 to 18 January 2026
23 January 2017	13,000,000	2,100,000	3,000,000	7,900,000	\$0.108	24 January 2018 to 23 January 2027
	<u>80,000,000</u>	<u>32,610,000</u>	<u>30,000,000</u>	<u>17,390,000</u>		

Notes:

- (1) These options had lapsed without exercise due to option holders' resignation from employment. All the Shares which were the subject of such lapsed options reverted to the pool available for further grants, and 30,000,000 such Shares were recycled into fresh grants of options under the VISOP 2010.
- (2) As at the Latest Practicable Date.

As at the Latest Practicable Date:

- (a) there are outstanding options under the VISOP 2010 granted to 7 participants (all of whom are employees of the Group) in respect of 17,390,000 Shares, representing approximately 3.4% of the issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date; and
- (b) an aggregate of 32,610,000 Shares (representing approximately 6.4% of the issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date) have been allotted and issued and/or transferred pursuant to the exercise of options granted under the VISOP 2010 since the commencement of the VISOP 2010.

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The Directors as at the Latest Practicable Date who were granted options under the VISOP 2010 and particulars of such options are set out below. As at the Latest Practicable Date, all of such options had been fully exercised.

Director	Date of grant of options under the VISOP 2010	No. of Shares:	
		(i) Comprised in options granted	(ii) Delivered upon exercise of options
Yeo Wico	1 April 2011	3,000,000	3,000,000
	27 March 2014	3,000,000	3,000,000
	18 January 2016	5,000,000	5,000,000
Ng Cher Yan	1 April 2011	3,000,000	3,000,000
Christopher P. Lee	19 November 2014	3,000,000	3,000,000

4.4 **Listing of New Shares on the SGX-ST.** The SGX-ST has granted in-principle approval for the listing and quotation of the new Shares to be allotted and issued pursuant to the VISOP 2021, subject to (*inter alia*) Shareholders' approval for the VISOP 2021 being obtained and the Company's compliance with the SGX-ST's listing requirements and guidelines. The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the VISOP 2021, the new Shares, the Company and/or its subsidiaries.

4.5 **Rationale.** Following upon the expiry of the VISOP 2010 on 19 September 2020, the Company does not currently operate any share-based incentives for employees of the Group. The Company is therefore proposing to implement the VISOP 2021 as a successor share-based incentive plan to the expired VISOP 2010, subject to Shareholders' approval being received at the 2021 AGM for its adoption.

Objectives

The VISOP 2021 is proposed on the basis that it is important to acknowledge the contribution, which is essential to the well-being and prosperity of the Group, made by Group Employees, Non-Executive Directors and Associated Company Employees. Options granted under the VISOP 2021 will provide an opportunity for Group Employees to participate in the equity of the Company so as to encourage them to greater dedication, loyalty and higher standards of performance. The VISOP 2021 will also provide a means for the Company to give recognition to Non-Executive Directors and Associated Company Employees who have contributed to the success and development of the Company and/or the Group.

The VISOP 2021 will also serve to enhance the Group's competitiveness and strengthen the Group's ability to attract and retain key talents. For instance, potential executive hires may have to forgo substantial share options and/or share incentives when they join the Group. Through the VISOP 2021, the Company will be able to compensate such new hires for the share options and/or share incentives that they may have had to forgo when they join the Group.

Categories of Participants

While the VISOP 2021 caters principally to Group Employees, it is recognised that there are other persons who can make significant contributions to the Group through their close working relationships with the Group, even though they are not employed within the Group. Such persons include Non-Executive Directors and Associated Company Employees. These persons are also eligible for selection, at the absolute discretion of the Company, to participate in the VISOP 2021.

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Associated Company Employees are persons who are in a position to provide valuable support and inputs to the Company through their close working relationship and/or business association with the Group. They provide assistance and support to the Company on a continuing basis in the development and implementation of business strategies, investments and projects in which the Company and/or the Group has interests. The Company recognises that the continued support of these persons is important to the growth and development of the Group, its well-being and stability.

Non-Executive Directors are generally persons from different professions and working backgrounds. The Company regards this category of persons as an important resource pool from which the Group is able to tap for business contacts and networking, and for the benefit of their experiences and insights. As it may not always be possible to compensate such persons fully or appropriately by way of extra directors' fees or other forms of cash payments, the VISOP 2021 provides the Company with a means to give recognition to them for their special assistance or extra efforts expended in furthering the Company's and/or Group's interests, such as in evaluating business opportunities for the Group, or expending additional time on significant corporate exercises or projects that may be undertaken by the Company or the Group from time to time. Where Non-Executive Directors are independent non-executive directors of the Company, grants would not, however, be made to such an extent that their independence may be compromised.

The Company also supports the position that the holding of Shares by Non-Executive Directors who are non-executive directors of the Company ("**Company NED**") for the long term is to be encouraged as a means to better align their interests with those of Shareholders. Options may therefore be granted pursuant to the VISOP 2021 to acknowledge the contributions made by relevant Company NEDs (not being a controlling shareholder or his associate) to the success of the Company and/or the Group. The Options are not intended as an alternative to paying directors' fees in cash or other form of emoluments in respect of their office, and thus not required to be put to Shareholders for further approval whether for the purposes of Section 169 of the Companies Act or the Constitution of the Company. Nonetheless, as a matter of openness and transparency, the Company considers it good practice to table proposed grants of Options to any Company NED under the VISOP 2021 for Shareholders' approval. Accordingly, it is envisaged that no Options would be granted to Company NEDs unless the actual number of Shares to be comprised in, and the terms of, the Options proposed to be granted shall have been approved by Shareholders in separate ordinary resolutions for each such person. The notice of meeting proposing such a resolution or relevant circular to be distributed to Shareholders prior to the general meeting will disclose the rationale for the number of Shares comprised in, and the terms of, the Option to be granted. Such Company NED shall abstain from voting his Shares (if any) on the resolution in relation to the Option to be granted to him. As a member of the Board, such Company NED shall also not participate or be involved in deliberations of the Board and/or the Committee in relation to the actual number of Shares to be comprised in, and the terms of, the Option to be granted to him.

- 4.6 **Eligibility.** The following persons, unless they are also controlling shareholders (as defined in the Listing Manual) of the Company or associates (as defined in the Listing Manual) of such controlling shareholders, shall be eligible to participate in the VISOP 2021 at the absolute discretion of the Committee:
- (a) Group Employees who hold such rank as may be designated by the Committee from time to time;
 - (b) Non-Executive Directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group; and
 - (c) Associated Company Employees who hold such rank as may be designated by the Committee from time to time and who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

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4.7 **Rules of the VISOP 2021.** The following is a summary of the principal rules of the VISOP 2021:

4.7.1 **Options**

An Option granted pursuant to the VISOP 2021 represents a right to acquire the Shares which are the subject of such Option at the acquisition price per Share ("**Exercise Price**") applicable thereto.

The Committee may grant Options at any time, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price or trade sensitive information is made, Options may only be granted on or after the 4th Market Day after the date on which such announcement is released. An Option may be granted subject to such conditions as may be determined by the Committee, in its absolute discretion, on the Date of Grant of that Option.

The offer of the grant of an Option must be accepted within 30 days from its Date of Grant, accompanied by payment of S\$1.00 as consideration. If the grant is not accepted by 5.00 p.m. on the 30th day from such Date of Grant and in the manner as provided, it will automatically lapse and become null, void and of no effect.

An Option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee.

Samples of the letter of offer for the grant of an Option, the acceptance form in relation thereto and the exercise form in respect of the exercise of an Option, are appended to the rules of the VISOP 2021 for reference only, and are subject in each case to such modification as the Committee may from time to time determine.

The VISOP 2021 also provides for Options to be adjusted in the circumstances described in paragraph 4.7.4 below.

4.7.2 **Participation**

The selection of a Participant and the number of Shares comprised in Options to be offered to a Participant in accordance with the VISOP 2021 shall be determined at the absolute discretion of the Committee, which shall take into account such criteria as it considers fit, including (but not limited to):

- (a) where the Participant is a Group Employee or an Associated Company Employee, his rank, job performance, years of service, potential for future development and his contribution to the success and development of the Group; and
- (b) where the Participant is a Non-Executive Director, his Board and committee (if any) appointment and attendance, and his contribution to the success and development of the Group.

4.7.3 **Exercise Price**

The Exercise Price payable for each of the Shares which is the subject of an Option may be fixed:

- (a) at the market price of a Share ("**Market Price Option**"); and
- (b) at a premium to the market price of a Share ("**Premium Price Option**").

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Under the Listing Manual, there is no restriction on the grant of options with exercise prices that are set at a premium to the market price of the shares. With a discretion to grant Options at a premium to the market price, in addition to or in combination with the grant of Options at the market price, the Company believes that it will have greater flexibility to structure the Group's incentive and rewards system in a constructive manner by combining immediate or short-term cash-based rewards (such as bonuses and annual wage supplements) with longer term cash-linked rewards which do not entail any immediately direct cash expenditure for the Group.

The following describes the Exercise Price applicable to the Options that may be granted pursuant to the VISOP 2021:

(i) Market Price Option

The Exercise Price for each Share in respect of which a Market Price Option is exercisable shall be determined by the Committee in its absolute discretion, and fixed by the Committee at a price which is set at the market price of a Share, being a price equal to the volume-weighted average price of a Share on the SGX-ST over the three consecutive trading days immediately preceding the Date of Grant of that Option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST, and rounded (in the case of cents) to the nearest three decimal places ("**Market Price**").

(ii) Premium Price Option

The Exercise Price for each Share in respect of which a Premium Price Option is exercisable shall be determined by the Committee in its absolute discretion, and fixed by the Committee at a price which is set at a premium to the Market Price.

In determining whether the Exercise Price to be applied (in respect of an Option to be granted) is to be set at the Market Price, or at a premium to the Market Price and the quantum of the premium, the Committee will decide on a case by case basis, taking into account the individual merits and factors described below pertaining to the specific Participant and the objective that is desired to be achieved by the Company through the grant of the Option.

For instance, Premium Price Options may be deployed to incentivise Participants individually or in a specific business unit to achieve long term performance goals that add value to the Company and the Group. Such Participants will have greater incentive to take on responsibility for the performance of the Group and contribute to the appreciation in value of the Company in the long term. In turn, this will provide more compelling motivation for individual Participants or the specific business units to improve their performance by aligning their interests more closely with those of Shareholders.

4.7.4 **Adjustment Events**

If a variation in the issued share capital or reserves of the Company (whether by way of a bonus or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place or if the Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie), then the Committee may, in its absolute discretion, determine whether:

- (a) the Exercise Price of the Shares, the class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (b) the class and/or number of Shares in respect of which future Options may be granted under the VISOP 2021,

shall be adjusted, and if so, the manner in which such adjustments shall be made. Any such adjustment must be made in a way that a Participant will not receive a benefit that a Shareholder does not receive.

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Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities or pursuant to a scrip dividend scheme, or upon the exercise of any options (including any Options granted under the VISOP 2021) or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a bonus issue) must be confirmed in writing by the auditors of the Company for the time being (or, in lieu of the auditors, other consultant acceptable to the SGX-ST), acting only as experts and not as arbitrators, to be in their opinion, fair and reasonable.

4.7.5 *Events prior to Exercise*

Special provisions for the vesting and lapse of Options apply in certain circumstances, including the following:

- (a) in the event that an order is made or a resolution is passed for the winding-up of the Company on the basis, or by reason, of its insolvency;
- (b) in the event of misconduct on the part of the Participant as determined by the Committee in its absolute discretion;
- (c) subject to sub-paragraph (e) below, where the Participant, being a Group Employee or an Associated Company Employee, ceases at any time to be in the employment of the Group or the relevant Associated Company for any reason whatsoever;
- (d) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Option;
- (e) where the Participant, being a Group Employee or an Associated Company Employee, ceases at any time to be in the employment of the Group or the relevant Associated Company by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company by which he is employed ceasing to be a company within the Group or an Associated Company, as the case may be, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or to an Associated Company, as the case may be; or
 - (vi) any other event approved by the Committee;
- (f) where the Participant, being a Non-Executive Director, ceases at any time to be a director of any company within the Group and/or an Associated Company for any reason whatsoever;
- (g) the death of the Participant;

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- (h) any other event approved by the Committee; or
- (i) a take-over, reconstruction or amalgamation of the Company or an order is made or a resolution passed for the winding-up of the Company (other than as provided in sub-paragraph (a) above).

Upon the occurrence of any of the events specified in sub-paragraphs (a), (b) and (c) above, an Option then held by the Participant shall, to the extent not yet exercised and as provided in the rules of the VISOP 2021, immediately lapse without any claim whatsoever against the Company.

Upon the occurrence of any of the events specified in sub-paragraphs (d), (e), (f), (g) and (h) above, an Option then held by the Participant shall, to the extent not yet exercised, lapse unless otherwise determined by the Committee in its absolute discretion. In making its determination, the Committee may decide to preserve all or any part of any Option then held by the Participant and decide either to vest some or all of the Shares which are the subject of the Option or to preserve all or part of any Option until the end of the relevant Exercise Period (as defined below) and subject to the provisions of the VISOP 2021. In exercising such discretion, the Committee may allow the Option to be exercised at any time, notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Exercise Period in respect of such Option.

Upon the occurrence of any of the events specified in sub-paragraph (i) above, a Participant shall be entitled to exercise any Option then held by him and as yet unexercised, during the relevant periods prescribed in the VISOP 2021. To the extent that an Option is not fully exercised by the end of such prescribed periods, it shall lapse and become null and void. If, in connection with any of the events specified in paragraph (i) above, arrangements are made for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet unexercised, may not, at the absolute discretion of the Committee, be permitted to exercise that Option.

4.7.6 **Operation of the VISOP 2021**

In general, an Option may be exercised by a Participant, in whole or in part, during the exercise period applicable to such Option (“**Exercise Period**”) subject to any conditions (including any vesting schedule) that may be imposed by the Committee in relation to the vesting of any Shares comprised in that Option, and to the events discussed in paragraph 4.7.5 above.

The Exercise Period applicable to an Option is as follows:

- (a) in the case of a Market Price Option or a Premium Price Option granted to a Group Employee, a period (as may be determined by the Committee in its absolute discretion on the Date of Grant of that Option) commencing after the 1st anniversary of the Date of Grant and expiring on or before the 10th anniversary of the Date of Grant; and
- (b) in the case of a Market Price Option or a Premium Price Option granted to a Non-Executive Director or Associated Company Employee, a period (as may be determined by the Committee in its absolute discretion on the Date of Grant of that Option) commencing after the 1st anniversary of the Date of Grant and expiring on or before the 5th anniversary of the Date of Grant.

To exercise an Option, the Participant must submit to the Company a duly completed exercise form, accompanied by payment of the total amount payable in respect of the Shares for which that Option is exercised and any other documentation the Committee may require, failing which the Option shall not be treated as validly exercised.

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- 4.8 **Size and Duration of the VISOP 2021.** Subject to the Companies Act and the Listing Manual, the Company will have the flexibility to deliver Shares to Participants upon the exercise of their Options by way of an allotment and issuance of new Shares and/or the transfer of existing Shares (including, to the extent permitted by law, any Shares held by the Company as treasury shares).

The total number of new Shares which may be allotted and issued pursuant to Options to be granted under the VISOP 2021 on any date, when added to the total number of new Shares allotted and issued and/or to be allotted and issued pursuant to Options granted under the VISOP 2021, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the date preceding the Date of Grant of the relevant Option.

The Company may deliver existing Shares in the form of Shares purchased from the market or, to the extent permitted by law, from Shares held in treasury. Such methods will not be subject to any limit as they do not involve the issuance of any new Shares.

In determining whether to issue new Shares or to deliver existing Shares to Participants upon the exercise of their Options, the Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the Market Price of the Shares and the cost to the Company of either issuing new Shares or delivering existing Shares.

The financial effects of the above methods are discussed in paragraph 4.12 below.

New Shares allotted and issued, and existing Shares (including, to the extent permitted by law, any Shares held by the Company as treasury shares) procured by the Company for delivery, upon exercise of an Option shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date upon which such Option was duly exercised, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

Subject to Shareholders' approval being received at the 2021 AGM for the adoption of the VISOP 2021, the VISOP 2021 will continue in effect at the absolute discretion of the Committee, subject to a maximum period of 10 years commencing on the date of the 2021 AGM, provided always that the VISOP 2021 may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required. Any such extension in the duration of the VISOP 2021 would also be subject to any applicable laws and regulations then prevailing.

Notwithstanding the expiry or termination of the VISOP 2021, any Options granted to Participants prior to such expiry or termination will continue to remain valid.

- 4.9 **Modifications or Alterations to the VISOP 2021.** The VISOP 2021 may be modified and/or altered at any time and from time to time by resolution of the Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary. However:

- (a) no modification or alteration shall adversely affect the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in number of all the Shares which would fall to be acquired upon exercise in full of all outstanding Options; and
- (b) no alteration shall be made to particular rules of the VISOP 2021 to the advantage of Participants except with the prior approval of Shareholders in general meeting.

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4.10 **Disclosures in Annual Report.** The Company will make such disclosures or appropriate negative statements (as applicable) in its annual report for so long as the VISOP 2021 continues in operation as from time to time required by the Listing Manual, including the following (where applicable):

- (a) the names of the members of the Committee administering the VISOP 2021;
- (b) in respect of the following Participants of the VISOP 2021:
 - (i) Directors of the Company; and
 - (ii) Participants (other than Directors of the Company referred to in paragraph (i) above) who have been granted Options under the VISOP 2021 which, in aggregate, represent 5% or more of the aggregate of:
 - (1) the total number of new Shares available under the VISOP 2021; and
 - (2) the total number of existing Shares delivered pursuant to Options exercised under the VISOP 2021,

the following information:

- (aa) the name of the Participant;
- (bb) the following particulars relating to Options granted under the VISOP 2021:
 - (i) Options granted during the financial year under review (including terms);
 - (ii) the aggregate number of Shares comprised in Options granted since the commencement of the VISOP 2021 to the end of the financial year under review;
 - (iii) the aggregate number of Shares arising from Options exercised since the commencement of the VISOP 2021 to the end of the financial year under review;
 - (iv) the aggregate number of Shares comprised in Options outstanding as at the end of the financial year under review;
 - (v) the number of new Shares issued to such Participant during the financial year under review; and
 - (vi) the number of existing Shares transferred to such Participant during the financial year under review.

4.11 **Role and Composition of the Committee.** It is the present intention that the composition of the initial Committee responsible for the administration of the VISOP 2021 will comprise all members of the Board. No member of the Committee shall participate in any deliberation or decision in respect of Options to be granted to him or held by him.

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4.12 **Financial Effects of the VISOP 2021.** The financial effects of the VISOP 2021 are discussed below:

4.12.1 **Cost of Options**

The Singapore Financial Reporting Standards (International) 2 *Share-based Payment* (“**SFRS(I) 2**”) is effective for the financial statements of the Company since the financial year beginning 1 August 2018. Option exercises are wholly settled in Shares upon the exercise of such Options by Participants against payment of the Exercise Price.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled share option reserve.

The fair value of the equity instruments granted is determined based on market prices if available, taking into account the terms and conditions upon which those equity instruments are granted. If market prices are not available, the entity shall estimate the fair value of the equity instruments granted using a valuation technique to estimate what the price of the equity instruments would have been on grant date in an arm’s length transaction between knowledgeable, willing parties. The valuation technique shall be consistent with generally accepted valuation methodologies for pricing financial instruments, and shall incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price.

The amount recognised in profit or loss would be the same whether the Company settles the Options using new Shares or existing Shares.

4.12.2 **Share Capital**

The VISOP 2021 will result in an increase in the Company’s issued ordinary share capital only if new Shares are issued to Participants. The number of new Shares arising will depend on, *inter alia*, the size of the Options granted under the VISOP 2021. In any case, the VISOP 2021 provides that the number of new Shares to be issued under the VISOP 2021 (which, if adopted, will be the only share incentive plan of the Company) will be subject to the maximum limit of 15% of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings). If, instead of issuing new Shares to Participants, existing Shares are purchased or Shares held in treasury are used for delivery to Participants, the VISOP 2021 will have no impact on the number of issued Shares.

4.12.3 **Net Tangible Assets (“NTA”)**

As described in paragraph 4.12.4 below (on Earnings per Share), the VISOP 2021 is likely to result in an expense over the vesting period of the Options. The amount of the expense will be computed based on the fair value of the equity instruments at the date of grant and the Group’s estimate of the number of equity instruments that will eventually vest as described in paragraph 4.12.1 above (on Cost of Options). If new Shares are issued under the VISOP 2021, there would be no effect on the NTA. However, if instead of issuing new Shares to Participants, existing Shares are purchased or Shares held in treasury are used for delivery to Participants, the NTA will be impacted by the cost of the Shares purchased or Shares in treasury used, respectively.

4.12.4 **Earnings per Share**

The VISOP 2021 is likely to result in an expense over the vesting period of the Options in accordance with SFRS(I) 2.

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4.12.5 *Dilutive Impact*

The VISOP 2021 provides that the maximum number of new Shares to be issued under the VISOP 2021 will be subject to the maximum limit of 15% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings). Unless extended with the approval of Shareholders and such other regulatory approvals as may then be required and subject to any applicable laws and regulations governing such extension, the VISOP 2021 has a 10-year duration from its date of adoption, and Options may only be granted during such term. Shareholders' shareholding percentages will be diluted accordingly as a result of the issue of new Shares for delivery of Shares under the VISOP 2021.

- 4.13 **Shareholders' Approval.** Under the Listing Manual, the proposal to adopt the VISOP 2021 is subject to the approval of Shareholders. Accordingly, the proposed adoption of the VISOP 2021 (including the issue of new Shares pursuant to the exercise of Options granted under the VISOP 2021) will be tabled as an ordinary resolution for Shareholders' approval at the 2021 AGM.

Shareholders' attention is also drawn to the voting restrictions in Paragraph 4.14 below.

- 4.14 **Abstention from Voting.** Any Shareholder who is eligible to participate in the VISOP 2021 must abstain from voting his Shares, if any, in respect of Resolution 16 to be proposed at the 2021 AGM, being the ordinary resolution relating to the proposed adoption of the VISOP 2021. The Chairman of the 2021 AGM will accept appointment as proxy for any other Shareholder to vote in respect of Resolution 16, where such Shareholder has given specific instructions in a validly completed and submitted instrument of proxy as to voting, or abstention from voting, in respect of Resolution 16.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 5.1 **Directors' Interests.** As at the Latest Practicable Date, the interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings are as follows:

Directors	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Yeo Wico	11,271,738	2.21	–	–
Ng Cher Yan	3,217,390	0.63	–	–
Ng Beng Tiong	400,000	0.08	–	–
Christopher P. Lee	3,000,000	0.59	–	–
Jane Rose Philomene Gaines-Cooper ⁽²⁾	23,854,200 ⁽³⁾	4.67	–	–

Notes:

- (1) “%” is based on 511,076,699 issued Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Refer to note (2) in paragraph 5.2 below.
- (3) This includes the 18,854,200 Shares previously held by the Estate of Robert Gaines-Cooper, which have now been transferred to Mrs Jane Rose Philomene Gaines-Cooper, the testamentary executrix to the succession of the late Mr Robert Gaines-Cooper.

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- 5.2 **Substantial Shareholders' Interests.** As at the Latest Practicable Date, the interests of the substantial shareholders of the Company as recorded in the Register of Substantial Shareholders are as follows:

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%⁽¹⁾	No. of Shares	%⁽¹⁾
Venner Capital	280,852,441	54.95	–	–
CTX Treuhand AG, as trustee of the Bird Island Trust	–	–	280,852,441 ⁽²⁾	54.95

Notes:

- (1) “%” is based on 511,076,699 issued Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) Venner Capital is owned by the Bird Island Trust (“BIT”), a fully discretionary trust under Liechtenstein law, the trustee of which is CTX Treuhand AG, a trust company based in Liechtenstein. Mrs Jane Rose Philomene Gaines-Cooper is the protector under the BIT. Since 5 December 2019, she was named as the sole appointed beneficiary of the BIT by a deed of appointment. Previously, the late Mr Robert Gaines-Cooper was the sole beneficiary of the BIT until his passing on 19 November 2019.

6. DIRECTORS' RECOMMENDATIONS

- 6.1 **The Proposed Renewal of the IPT Mandate.** The Independent Directors are of the opinion that the proposed renewal of the IPT Mandate to permit the entry into of the Interested Person Transactions (as described in paragraph 5 of the Appendix) between the EAR Group (as described in paragraph 2.8 of the Appendix) and those Interested Persons (as described in paragraph 4.1 of the Appendix) in the ordinary course of its business is in the best interests of the Company. For the reasons set out in paragraph 2 of the Appendix, the Independent Directors recommend that Shareholders vote in favour of Resolution 13, being the ordinary resolution relating to the proposed renewal of the IPT Mandate to be proposed at the 2021 AGM.

The Company will disregard any votes cast by the Shareholders referred to in paragraph 2.5 above (who are required to abstain or have voluntarily abstained from voting their Shares, if any) in respect of Resolution 13. The Chairman of the 2021 AGM will accept appointment as proxy for any other Shareholder to vote in respect of Resolution 13, where such Shareholder has given specific instructions, in a validly completed and submitted instrument of proxy as to voting, or abstention from voting, in respect of Resolution 13.

- 6.2 **The Proposed Renewal of the Share Purchase Mandate.** The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Resolution 14, being the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2021 AGM.
- 6.3 **The Proposed Adoption of the VISOP 2021.** The Directors, unless they are controlling shareholders (as defined in the Listing Manual) of the Company or associates (as defined in the Listing Manual) of such controlling shareholders, would be eligible to participate in the VISOP 2021. As at the Latest Practicable Date, none of the Directors is a controlling shareholder of the Company or associate of a controlling shareholder of the Company. Accordingly, being potential participants of the VISOP 2021, the Directors have refrained from making any recommendation to Shareholders in relation to Resolution 16 to be proposed at the 2021 AGM, being the ordinary resolution relating to the proposed adoption of the VISOP 2021.

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The Company will disregard any votes cast by the Shareholders referred to in paragraph 4.14 above (who are required to abstain from voting their Shares, if any) in respect of Resolution 16. The Chairman of the 2021 AGM will accept appointment as proxy for any other Shareholder to vote in respect of Resolution 16, where such Shareholder has given specific instructions in a validly completed and submitted instrument of proxy as to voting, or abstention from voting, in respect of Resolution 16.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

7.1 **Appointment of Proxies.** A Shareholder will not be able to attend the 2021 AGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the 2021 AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the 2021 AGM if such Shareholder wishes to exercise his/her/its voting rights at the 2021 AGM. The Proxy Form may be accessed at the SGX website at the URL <https://www.sgx.com/securities/company-announcements>, and will also be made available on the Company's website at the URL <https://www.vicplas.com/investor-relations>. A member may also appoint the Chairman of the 2021 AGM as his/her/its proxy via the online process through the pre-registration website for the 2021 AGM at the URL <https://conveneagm.sg/vicplasagm>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the 2021 AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the instrument of proxy, failing which the appointment of the Chairman of the 2021 AGM as proxy for that resolution will be treated as invalid. CPF and SRS investors who wish to appoint the Chairman of the 2021 AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on 12 November 2021.

The instrument appointing the Chairman of the 2021 AGM as proxy must be submitted to the Company in the following manner:

- (a) if submitted by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00, ASO Building, Singapore 048544; or
- (b) if submitted electronically, be submitted:
 - (i) via email to the Company's Share Registrar at main@zicoholdings.com; or
 - (ii) via the online process through the pre-registration website for the 2021 AGM at the URL <https://conveneagm.sg/vicplasagm>,

in any case not less than 72 hours before the time appointed for the 2021 AGM.

7.2 **When Depositor Regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the 2021 AGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time appointed for the 2021 AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposals, and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 this Circular in its proper form and context.

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9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be accessed at the Company's website at the URL <https://www.vicplas.com/investor-relations>:

- (a) the Annual Report of the Company for the financial year ended 31 July 2021;
- (b) the Notice of 2020 AGM and the 2020 Circular; and
- (c) the rules of the VISOP 2021.

Subject to any safe management or other measures which may be implemented in light of the COVID-19 situation at the relevant time, a copy of the rules of the VISOP 2021 is also available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the 2021 AGM.

Yours faithfully
for and on behalf of
the Board of Directors of
VICPLAS INTERNATIONAL LTD

Yeo Wico
Chairman

APPENDIX

THE IPT MANDATE

1. CHAPTER 9 OF THE LISTING MANUAL

- 1.1 Chapter 9 of the listing manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company’s interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for that transaction.
- 1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, immediate announcement and shareholders’ approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company’s latest audited consolidated net tangible assets (“**NTA**”)) are reached or exceeded. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or which exceeds:
- (a) 5% of the listed company’s latest audited consolidated NTA; or
 - (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.
- 1.3 Based on the latest audited consolidated financial statements of Vicplas International Ltd (“**Vicplas**” or the “**Company**”) and its subsidiaries (the “**Group**”) for the financial year ended 31 July 2021, the consolidated NTA of the Group was S\$70,403,000. In relation to Vicplas, for the purposes of Chapter 9, in the current financial year and until such time as the consolidated audited financial statements of the Group for the financial year ending 31 July 2022 are published, 5% of the latest audited consolidated NTA of the Group would be S\$3,520,000.
- 1.4 Chapter 9 of the Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company’s interested persons (“**IPT Mandate**”).
- 1.5 Under the Listing Manual:
- (a) an “**entity at risk**” means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;

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- (b) (in the case of a company) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder. The SGX-ST may also deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into (i) a transaction with an entity at risk, and (ii) an agreement or arrangement with an interested person in connection with that transaction;
- (c) (in the case of a company) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder means an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, means its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;
- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9; and
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person.

2. RATIONALE FOR THE IPT MANDATE AND BENEFITS TO SHAREHOLDERS

- 2.1 The Group is primarily engaged in the manufacture and distribution of proprietary products including uPVC pipes, pipe fittings and electrical conduits in Singapore and Malaysia. In addition, the Group is also engaged in the trading of products and components, which complements its range of product mix.
- 2.2 On 1 August 2007, Vicplas acquired the remaining 50% of Forefront Medical Technology (Pte) Ltd (“**FMT**”) from Venner Capital S.A. (“**Venner Capital**”), a company that is primarily engaged in the manufacturing of medical devices. As at 25 October 2021 (the “**Latest Practicable Date**”), FMT is a wholly-owned subsidiary of Vicplas.
- 2.3 It is envisaged that the Group would transact with its interested persons, namely, Venner Capital, its subsidiaries and associates, in the future in the ordinary course of the Group’s business activities. Further, it is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.
- 2.4 It will be beneficial to the Group to transact or continue to transact with the interested persons, especially since the transactions are to be entered into on arms’ length basis. With respect to sales and the provision of services, such transactions will be an additional revenue source to the Group in addition to sales and the provision of services to unrelated third parties.
- 2.5 Sales and the provision of services to the subsidiaries and associates of Venner Capital had been the major revenue source to FMT and represents an opportunity for the Group to widen its earnings base through expansion of the range of medical components and devices that the Group can manufacture as well as expansion of its customer base in the future.
- 2.6 The provision of moulds and maintenance to Venner Capital, its subsidiaries and associates (the “**Venner Capital Group**”) represent an opportunity for the Group to widen its earning base through the medical technology industry and such transactions will be an additional revenue source to the Group.

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- 2.7 Due to the time-sensitive nature of commercial transactions, the Company is proposing to seek Shareholders' approval pursuant to Chapter 9 of the Listing Manual for the renewal of the IPT Mandate to enable the Group to enter into transactions with the interested persons, provided that such transactions are entered into in its ordinary course of business and on normal commercial terms.
- 2.8 The renewal of the IPT Mandate will facilitate business efficacy in the normal course of business operations of the Group and enable:
- (a) Vicplas;
 - (b) subsidiaries of Vicplas (other than a subsidiary that is listed on the SGX-ST or an approved exchange, if any); and
 - (c) associated companies of Vicplas (other than an associated company that is listed on the SGX-ST or an approved exchange, if any) over which the Group, or the Group and interested person(s) of Vicplas has or have control,

(together, the "**EAR Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions set out in paragraph 5 below with the specified classes of Vicplas' interested persons set out in paragraph 4.1 below, provided such interested person transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and/or its minority Shareholders.

- 2.9 The IPT Mandate is intended to enhance the Group's ability to pursue business opportunities, which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry, by the Group into such transactions. This will substantially reduce the expenses associated with the convening of such general meetings from time to time, improve administrative efficacy, and allow resources and time to be focused towards other corporate and business opportunities.
- 2.10 The IPT Mandate will not cover a transaction, which has a value of below S\$100,000.00, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would, in any event, not apply to such a transaction. In addition, the transactions will not include the purchase or sale of assets, undertakings or businesses that are not in the Group's ordinary course of business. The IPT Mandate would, however, cover interested person transactions with values below S\$100,000.00 entered into during the same financial year and which are aggregated by the SGX-ST under Chapter 9 of the Listing Manual and treated as if they were one interested person transaction which has a value of S\$100,000.00 or more.
- 2.11 The IPT Mandate is intended to facilitate transactions in the ordinary course of business of the Group which are transacted from time to time with the interested persons, provided they are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders.

3. VALIDITY PERIOD OF THE IPT MANDATE

The renewed IPT Mandate will take effect from the date of the passing of the ordinary resolution relating thereto to be proposed at the Annual General Meeting to be held on 24 November 2021 until the next Annual General Meeting of the Company (unless revoked or varied by the Company in general meeting). Thereafter, it is intended that approval from Shareholders for a subsequent renewal of the IPT Mandate will be sought at each subsequent Annual General Meeting of the Company (or Extraordinary General Meeting immediately following such Annual General Meeting, as the case may be), subject to satisfactory review by the Audit and Risk Committee¹ of its continued application to the transactions with Interested Persons (as defined below).

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

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4. CLASSES OF INTERESTED PERSONS

- 4.1 The IPT Mandate applies to Interested Person Transactions (as defined below) which are carried out with Venner Capital and the subsidiaries and associates of Venner Capital (the “**Interested Persons**”).
- 4.2 Details of this class of Interested Persons are as follows:
- (a) The Group sells medical products and components to other subsidiaries or associates of Venner Capital, and provides mould fabrication and maintenance services to the Venner Capital Group, in the ordinary course of the Group’s business activities.
- 4.3 The pricing policy for all transactions with the Venner Capital Group will be reviewed on a half-yearly basis. Accordingly, transactions between the Venner Capital Group and the other members of the Group are considered interested person transactions for the purposes of Chapter 9 of the Listing Manual.

5. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

- 5.1 The transactions that will be covered by the IPT Mandate are (“**Interested Person Transactions**”):
- (a) sales of medical products and components to the subsidiaries and associates of Venner Capital; and
- (b) provision of mould and maintenance services to the Venner Capital Group.
- 5.2 Details on the types of transactions with interested persons to which the IPT Mandate will apply and the benefits to be derived therefrom are set out below.
- (a) Sales to subsidiaries and associates of Venner Capital
- By way of an example, the Group currently supplies medical devices and components to subsidiaries and associates of Venner Capital.
- Sales to the subsidiaries and associates of Venner Capital represent another source of revenue for the Group. The Group expects to continue to transact with the subsidiaries and associates of Venner Capital in the future as long as it is in the interest of the Group to do so.
- (b) Provision of mould and maintenance services to the Venner Capital Group
- The Group also undertakes mould fabrication and maintenance jobs for Venner Capital Group. The transactions are based on price negotiated on an arm’s length basis.
- The provision of mould fabrication and maintenance services to the Venner Capital Group gives the Company’s mould fabrication services more exposure to and opportunities in medical devices-related industries and also represents another source of revenue to the Group. The Group expects to continue to transact with the Venner Capital Group in the future as long as it is in the interest of the Group to do so.

Interested person transactions described in Sections 5.2(a) and 5.2(b) above will be defined as “**IPT A**” and “**IPT B**” respectively.

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6. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

6.1 The following review procedures have been established with regard to the IPT Mandate to ensure that Interested Persons Transactions are conducted at arms' length basis, that is, the transactions with the interested person are transacted on terms and prices not more favourable to the relevant party than if they were transacted with a third party and that the Company has not been disadvantaged in any way:

- (a) All material interested person transactions shall be summarised and submitted to the Audit and Risk Committee for periodic reviews (at least twice a year). Judgement as to whether the terms are at arm's length shall be based on the following considerations:

For IPT A

- (i) when purchasing raw materials or procuring services from an interested person, the costs and terms of at least two other competitive bids from third parties, contemporaneous in time. The purchase price or cost of services procured shall not be higher than the most competitive bid of the two other competitive offers from third parties. In determining the most competitive bid, the nature of service, cost, experience and expertise of the supplier will be taken into consideration;
- (ii) when selling to an interested person, the prices and terms of at least two other recent sales to unrelated third parties. The sale price to the interested person shall not be lower than the lowest sale price of these sales to third parties; and
- (iii) where there are no comparable sales to interested persons, the Audit and Risk Committee will evaluate the gross profit margin achieved from sales to the subsidiaries and associates of Venner Capital during its regular periodic reviews to determine that the prevailing pricing policy is competitive. The pricing policy will be reviewed on a half-yearly basis. In its evaluation, the Audit and Risk Committee shall have regard to all relevant factors which may have a bearing on the margins from sales to interested persons including but not limited to expected changes in cost of operations (such as costs of raw materials, costs of components and costs of packaging).

For IPT B

- (i) when selling to an interested person, the prices and terms of at least two other recent sales to unrelated third parties. The sale price to the interested person shall not be lower than the lowest sale price of these sales to third parties; and
- (ii) where there are no comparable sales, the Company will set the price using a cost plus basis. The margin will be based on what is expected for such product in the market. In addition, the Group will undertake the Interested Person Transaction only if the transaction is expected to be profitable to the Group.
- (b) The Company will monitor the Interested Person Transactions with the following thresholds:
- (i) a Category 1 Interested Person Transaction is one where the value thereof is equal to or in excess of S\$300,000; and
- (ii) a Category 2 Interested Person Transaction is one where the value thereof is equal to or in excess of S\$100,000 but less than S\$300,000.

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A Category 1 Interested Person Transaction must be approved by the Audit and Risk Committee before entering into the transaction.

For IPT A, a Category 2 Interested Person Transaction need not have the prior approval of the Audit and Risk Committee but shall be reviewed periodically (at least twice a year) by the Audit and Risk Committee.

For IPT B, a Category 2 Interested Person Transaction need not have the prior approval of the Audit and Risk Committee but must be approved by either the chief executive officer or the management of the Company and shall be reviewed periodically (at least twice a year) by the Audit and Risk Committee.

- 6.2 The Audit and Risk Committee currently comprises Mr Ng Cher Yan, Mr Yeo Wico and Mr Ng Beng Tiong. If a member of the Audit and Risk Committee has an interest in a transaction, such member shall abstain from participating in the review and approval process in relation to that transaction. The Audit and Risk Committee will:
- (a) carry out regular periodic reviews (at least twice a year) to ascertain that the established guidelines and procedures for the Interested Person Transaction have been complied with;
 - (b) approve and/or ratify all the records for all the Interested Person Transactions to ensure that they comply with the internal control procedures;
 - (c) consider from time to time whether the established guidelines and procedures for transactions with Interested Persons have become inappropriate or are unable to ensure that the transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders;
 - (d) request for additional information pertaining to the transaction under review from independent sources, advisers or valuers as he/they deem fit; and
 - (e) approve the internal control procedures and arrangements for all future Interested Person Transactions to ensure that they are transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders. The review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Audit and Risk Committee.
- 6.3 If the Audit and Risk Committee is of the view that the established guidelines and procedures are not sufficient to ensure that the Interested Person Transaction will be on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders, the Company will revert to Shareholders for a fresh mandate based on new guidelines and procedures.
- 6.4 The IPT Mandate will not cover an Interested Person Transaction which has a value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would, in any event, not apply to such transactions. The IPT Mandate would, however, cover Interested Person Transactions with values below S\$100,000 entered into during the same financial year and which are aggregated by the SGX-ST under Chapter 9 of the Listing Manual and treated as if they were one Interested Person Transaction which has a value of S\$100,000 or more. Transactions which do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual.

APPENDIX

7. AUDIT AND RISK COMMITTEE'S STATEMENTS

- 7.1 The Audit and Risk Committee has reviewed the terms of the IPT Mandate and is satisfied that the review procedures for the Interested Person Transactions as well as the reviews to be made periodically by the Audit and Risk Committee in relation thereto, are adequate to ensure that the Interested Person Transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders.
- 7.2 If during the periodic reviews by the Audit and Risk Committee, it is of the view that the established guidelines and procedures are no longer appropriate or adequate to ensure that the Interested Person Transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new guidelines and procedures.

8. DISCLOSURE IN ANNUAL REPORT

- 8.1 Vicplas will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the half-yearly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.
- 8.2 Disclosure will also be made in the Company's Annual Report of the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year, and in the Annual Reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.