

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

**ENTRY INTO NON-BINDING TERM SHEET FOR INVESTMENTS IN
XENTIQ PTE. LTD. AND XENTIQ PARTNERS PTE. LTD.**

1. INTRODUCTION

The Board of Vicplas International Ltd. (the “**Company**”) is pleased to announce that the Company has on 14 August 2015 entered into a non-binding term sheet (the “**Term Sheet**”) with Tan Eng Khian Eugene (“**ET**”), Ulrich Johannes Schraudolph (“**UJS**” and, collectively with ET, the “**Sellers**” and, collectively with the Company, the “**Parties**”), whereby the Parties have agreed to negotiate, on an exclusive basis, the following proposed transactions (the “**Proposed Transactions**”):

- (i) the acquisition by the Company of, and the sale by the Sellers of, approximately 81 per cent. of the issued shares in the capital of XentiQ Pte. Ltd. (“**XQPL**”) (the “**XQPL Transaction**”); and
- (ii) the acquisition by the Company of, and the sale by the Sellers of, approximately 19 per cent. of the issued shares in the capital of XentiQ Partners Pte. Ltd. (“**XQPPL**”) (the “**XQPPL Transaction**”).

2. INFORMATION ON XQPL, XQPPL AND THE SELLERS

2.1 XQPL

XQPL is a company incorporated in Singapore with an issued and paid up share capital of S\$56,600 comprising 566,000 ordinary shares. The Sellers each own 283,000 ordinary shares in the capital of XQPL, collectively comprising the whole of the issued and paid up share capital of XQPL.

XQPL is a product development company based in Singapore with a proven 19-year track record. XQPL traces its history to 1996 as a technology division within the Productivity Standard Board or better known as “PSB”. Its core capabilities were product design and industrial automation. PSB was part of Singapore’s government initiative to develop world class industries through the adoption of technology and productivity. In 2006, PSB was acquired by the TUV SUD group based in Germany and subsequently, XQPL was spun off from the technology division of the TUV SUV group as a privately owned entity.

Building on its core capabilities, XQPL continues to focus on opportunities centered on medical devices, laboratory instruments and water related technologies. To date, XQPL has numerous

successes with local small and medium enterprises, multinational corporations and high-tech start-ups.

In 2007, XQPL was acknowledged with the President's Design Award from President S R Nathan for an innovative intelligent surgical tool designed for spinal procedures.

2.2 XQPPL

XQPPL is a company incorporated in Singapore with an issued and paid up share capital of S\$100,000 comprising 100,000 ordinary shares. The Sellers each own 50,000 ordinary shares in the capital of XQPPL, collectively comprising the whole of the issued and paid up share capital of XQPPL.

XQPPL is a company engaged in the generation and licensing of intellectual properties for the purpose of product commercialization.

2.3 The Sellers

ET has over 20 years' experience managing product development in public listed electronic manufacturing services provider CEI Contract Manufacturing Limited and local multinational corporation, Creative Technology Limited and worked in Silicon Valley, California from 1993 to 1998. He also built a foundation in business and finance while working in venture investments with the corporate investment arm of Singapore Technologies Engineering Ltd. ET holds a degree in electrical and electronics engineering from the National University of Singapore and a joint patent holder to 5 US patents, currently licensed by Samsung Electronics, Co Ltd. He also sits on the Engineering Advisory Committee at Singapore Polytechnic and the national SMEC Innovation Sub-Committee under the auspices of Singapore Business Federation.

UJS has over 25 years' product development experience in consultancy in France and Singapore from early stage high tech startups over international small and medium sized enterprises to multinational corporations such as SpineGuard, Colgate-Palmolive Company, Unilever, The Hewlett-Packard Company, Alcatel-Lucent S.A., SAGEM, Vorwerk, Alstom SA, Atomic Skis, Osim International Ltd, Singapore Technologies Engineering Ltd and Shell Solar GmbH. UJS holds a degree in product design after studies in Germany, the United States of America and Switzerland and a master of science from the Nanyang Technological University in Human Factors engineering. He lectures at Creapole Paris, Asian Productivity Organisation, National University of Singapore, Nanyang Technological University and Singapore Stanford Biodesign Programme.

3. PRINCIPAL TERMS OF THE PROPOSED TRANSACTIONS

3.1 XQPL Transaction

3.1.1 Acquisition of XQPL Sale Shares. The Company proposes to acquire 458,460 ordinary shares in the capital of XQPL (the "**XQPL Sale Shares**") from the Sellers in equal

proportions, representing approximately 81 per cent. of the issued and paid-up share capital of XQPL, subject to the following conditions:

- (i) satisfactory completion of all legal, financial, operational, technical and such related due diligence in relation to the Company required by VIL;
- (ii) the delivery to the Company of the budget of XQPL in respect of the 12-months ending 31 July 2016 and 31 July 2017, such budget being satisfactory to the Company in its sole discretion;
- (iii) the passing of a resolution of the board of directors of the Company to approve the XQPL Transaction and the relevant transaction documents; and
- (iv) any other conditions as may be deemed necessary by the Company, whether arising through the findings of its due diligence or otherwise.

3.1.2 Consideration. The indicative aggregate consideration payable by the Company for the XQPL Sale Shares shall be up to S\$1,870,000 (the “**Consideration**”), which shall be payable in three tranches to the Sellers in equal proportions as follows:

- (i) the payment of a sum of S\$870,000 (the “**Initial Consideration**”) on the entry into of the share purchase agreement (the “**XQPL Share Purchase Agreement**”) in respect of the XQPL Transaction (“**Signing**”);
- (ii) the payment of a sum of S\$500,000 on the first anniversary of Signing; and
- (iii) the payment of a sum of S\$500,000 upon the achievement by XQPL of New Revenues of S\$2.5 million (the “**Revenue Condition**”) subject to the following conditions:
 - (a) XQPL shall remain self-funding for the 24 month period after completion of the sale and purchase of the XQPL Sale Shares (“**Closing**”);
 - (b) there shall be no changes to the terms of the Sellers’ employment agreements with the Company (including remuneration) (the “**Employment Agreements**”) applicable as at 31 December 2014 without the prior written consent of VIL; and
 - (c) the Sellers shall remain actively employed by the Company and shall not resign or retire from their current positions at the Company during the 36 month period from Closing.

For the avoidance of doubt, if the Revenue Condition and the aforementioned conditions set out in sub-paragraphs (a) to (c) above are not met for any reason

whatsoever, the Sellers shall not be entitled to any payment pursuant to this paragraph.

For the purposes of this paragraph 3.1.2, the “**New Revenues**” refers to the revenues generated through electro-mechanical (and not polymer) medical devices manufactured by Forefront Medical Investment Pte. Ltd. with assistance from XQPL.

If Closing does not take place and the XQPL Share Purchase Agreement is terminated in accordance with its terms, the Seller shall refund the Initial Consideration to VIL within 10 business days from the date of such termination, free and clear of any deduction, set-off or counterclaim.

3.2 XQPPL Transaction

3.2.1 Acquisition of XQPPL Sale Shares. The Company proposes to acquire 19,000 ordinary shares in the capital of XQPPL (the “**XQPPL Sale Shares**”) from the Sellers in equal proportions, representing approximately 19 per cent. of the issued and paid-up share capital of XQPPL, subject to the following conditions:

- (i) satisfactory completion of all legal, financial, operational, technical and such related due diligence in relation to XQPPL required by the Company;
- (ii) the delivery to the Company of the business plans (including commercialisation plans) of XQPPL relating to such medical devices and healthcare projects as specified by the Company, such business plans being satisfactory to VIL in its sole discretion;
- (iii) the passing of a resolution of the board of directors of the Company to approve the XQPPL Transaction and the relevant transaction documents; and
- (iv) any other conditions as may be deemed necessary by the Company, whether arising through the findings of its due diligence or otherwise.

3.2.2 Consideration. The indicative aggregate consideration payable by the Company for the XQPPL Sale Shares shall be S\$380,000, which shall be payable to the Sellers in equal proportions on the completion of the sale and purchase of the XQPPL Sale Shares.

3.3 Shareholders should note that the principal terms of the Proposed Transaction as set out in the Term Sheet are indicative and non-binding (except for limited provisions relating to exclusivity and confidentiality) and are subject to, among other conditions, negotiation and agreement on the definitive share purchase agreement in respect of the XQPL Transaction and definitive share purchase agreement in respect of the XQPPL Transaction (the “Definitive Documentation”). There is no certainty or assurance whatsoever that the Definitive Documentation will be entered into or that the Proposed Transactions will be completed.

4. RATIONALE FOR THE PROPOSED TRANSACTIONS

The Proposed Transactions will provide enhanced access to research and design capabilities to the Company and its subsidiaries (the “**Group**”). In the field of medical devices, the Proposed Transactions could potentially expand the manufacturing capabilities of the Group’s medical devices segment beyond polymer devices to electro-mechanical devices. This expansion allows the Group’s medical devices segment to seek new manufacturing opportunities from both new and existing customers.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Apart from their shareholdings through the Company, none of the Directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transactions.

Shareholders should note that certain subsidiaries and associates of Venner Capital S.A., which is a controlling shareholder of the Company, are significant customers of XQPL and contributed close to 30 per cent. of XQPL’s revenue in the financial year ended 31 December 2014.

6. NO SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Transactions. Accordingly no service contract is proposed to be entered into between the Company and any such person.

7. TRADING CAUTION

Shareholders are advised to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests, and to exercise caution when dealing in their shares in the Company. Shareholders are advised to read this Announcement and any further announcements by the Company carefully.

8. FURTHER ANNOUNCEMENT

The Company will, in compliance with the requirements of the Listing Manual, make further announcements (if any) at the appropriate time.

BY ORDER OF THE BOARD

Cheng Liang
Acting Group Chief Executive Officer

Singapore
14 August 2015