CIRCULAR DATED 2 NOVEMBER 2022

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

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; AND

(2) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE.

IMPORTANT DATES AND TIMES:

Last date and time for submission of instrument appointing a proxy(ies)	:	21 November 2022 at 3.00 p.m.
Date and time of Annual General Meeting to be convened and held by way of electronic means	:	24 November 2022 at 3.00 p.m.

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

"**2021 AGM**"	:	The annual general meeting of the Company held on 24 November 2021.
"**2021 Circular**"	:	The Company's Circular to Shareholders dated 2 November 2021.
"**2022 AGM**"	:	The forthcoming annual general meeting of the Company scheduled to be held on 24 November 2022.
"**CDP**"	:	The Central Depository (Pte) Limited.
"**Companies Act**"	:	Companies Act 1967 of Singapore.
"**Company**"	:	Vicplas International Ltd.
"**Directors**"	:	The directors of the Company for the time being.
"**Group**"	:	The Company and its subsidiaries.
"**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.
"**Latest Practicable Date**"	:	The latest practicable date prior to the publication of this Circular, being 10 October 2022.
"**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.
"**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.
"**Proxy Form**"	:	The proxy form in respect of the 2022 AGM.
"**Securities and Futures Act**"	:	Securities and Futures Act 2001 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.
"**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.
"**Venner Capital**"	:	Venner Capital S.A..
"**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.

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 2022

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 2022 AGM:

(a) the proposed renewal of the IPT Mandate; and

(b) the proposed renewal of the Share Purchase Mandate,

being Resolutions 7 and 8 respectively under the "Special Business" section of the Notice of the 2022 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.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 **Background.** At the 2021 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 2021 Circular and Resolution 13 (being an ordinary resolution) set out in the Notice of the 2021 AGM.

2.2 **Proposed Renewal of the IPT Mandate.** At the 2021 AGM, the IPT Mandate was expressed to take effect until the conclusion of the next Annual General Meeting of the Company, being the 2022 AGM. Accordingly, the Directors propose that the IPT Mandate be renewed at the 2022 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 7 (being an ordinary resolution) under the "Special Business" section of the Notice of the 2022 AGM.

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 Committee[1] 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 2021 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 7, being the ordinary resolution relating to the proposed renewal of the IPT Mandate to be proposed at the 2022 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 7, being the ordinary resolution relating to the proposed renewal of the IPT Mandate to be proposed at the 2022 AGM. They will also decline to accept appointment as proxy for any other Shareholder to vote in respect of Resolution 7, unless 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 7.

3. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

3.1 **Background.** At the 2021 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 2021 Circular and Resolution 14 (being an ordinary resolution) set out in the Notice of the 2021 AGM.

The Share Purchase Mandate was expressed to take effect on the date of the passing of Resolution 14 at the 2021 AGM and will expire on the date of the 2022 AGM. Accordingly, Shareholders' approval is being sought for the renewal of the Share Purchase Mandate at the 2022 AGM. The text of the resolution relating to the Share Purchase Mandate is set out in Resolution 8 (being an ordinary resolution) under the "Special Business" section of the Notice of the 2022 AGM.

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 2021 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.

[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.

(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 2022 AGM, are substantially the same as were previously approved by Shareholders at the 2021 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 2022 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 2022 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.

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 2022 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.

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.

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.

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 2022, 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$0.185 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$9,455,000.

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$0.211 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$10,784,000.

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 2022 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 2022 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 2023 and ability to service its debts would be adversely affected.

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**
As at 31 July 2022						
Profit Attributable to Owners of the Company	8,839	8,839	8,839	514	514	514
Equity Attributable to Owners of the Company	78,312	68,857	67,528	78,627	69,172	67,843
Net Tangible Assets (NTA)	76,773	67,318	65,989	78,627	69,172	67,843
Current Assets	77,259	68,371	68,371	29,887	29,816	29,816
Current Liabilities	35,511	36,078	37,407	1,106	10,490	11,819
Total Borrowings	19,349	19,916	21,245	-	9,384	10,713
Cash and Cash Equivalents	8,888	-	-	71	-	-
Number of Shares ('000)	511,538	460,430	460,430	511,538	460,430	460,430
Financial Ratios						
Basic Earnings per Share (cents)	1.73	1.92	1.92	0.10	0.11	0.11
NTA per Share (cents)	15.01	14.62	14.33	15.37	15.02	14.73
Gearing (%)	24.71	28.92	31.46	-	13.57	15.79
Current Ratio (times)	2.18	1.90	1.83	27.02	2.84	2.52

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**
As at 31 July 2022						
Profit Attributable to Owners of the Company	8,839	8,839	8,839	514	514	514
Equity Attributable to Owners of the Company	78,312	68,857	67,528	78,627	69,172	67,843
Net Tangible Assets (NTA)	76,773	67,318	65,989	78,627	69,172	67,843
Current Assets	77,259	68,371	68,371	29,887	29,816	29,816
Current Liabilities	35,511	36,078	37,407	1,106	10,490	11,819
Total Borrowings	19,349	19,916	21,245	-	9,384	10,713
Cash and Cash Equivalents	8,888	-	-	71	-	-
Number of Shares ('000)	511,538	511,538	511,538	511,538	511,538	511,538
Financial Ratios						
Basic Earnings per Share (cents)	1.73	1.73	1.73	0.10	0.10	0.10
NTA per Share (cents)	15.01	13.16	12.90	15.37	13.52	13.26
Gearing (%)	24.71	28.92	31.46	-	13.57	15.79
Current Ratio (times)	2.18	1.90	1.83	27.02	2.84	2.52

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 31.82% 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 24.24% 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

(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.

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 2021 AGM.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

4.1 **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:

	Direct Interest		Deemed Interest	
Directors	**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[2]	0.08
Christopher P. Lee	3,000,000	0.59	-	-
Jane Rose Philomene Gaines-Cooper[3]	23,854,200[4]	4.67	-	-

Notes:

(1) "**%**" is based on 511,076,699 issued Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) Mr Ng Beng Tiong has a shareholding interest of 100% in Watten Portfolio Pte. Ltd.. By virtue of Section 7 of the Companies Act, Mr Ng Beng Tiong is deemed to be interested in the Shares held by Watten Portfolio Pte. Ltd..

(3) Refer to note (2) in paragraph 4.2 below.

(4) 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.

4.2 **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:

	Direct Interest		Deemed Interest	
Substantial Shareholders	**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.

5. DIRECTORS' RECOMMENDATIONS

5.1 **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 7, being the ordinary resolution relating to the proposed renewal of the IPT Mandate to be proposed at the 2022 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 7 except in the circumstances as stated in paragraph 2.5 above.

5.2 **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 8, being the ordinary resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2022 AGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 **Appointment of Proxies.** A Shareholder (whether individual or corporate) who is unable to attend the 2022 AGM may appoint a proxy(ies) to attend, speak and vote on his/her/its behalf at the 2022 AGM, if such Shareholder wishes to exercise his/her/its voting rights at the 2022 AGM. The Proxy Form may be accessed at the SGX website at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL https://www.vicplas.com/investor-relations. Alternatively, in lieu of the Proxy Form, a Shareholder may appoint a proxy(ies) via the online process through the pre-registration website for the 2022 AGM at the URL https://conveneagm.sg/vicplasagm2022. CPF and SRS investors who wish to appoint the Chairman of the 2022 AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on 14 November 2022.

The instrument appointing a proxy(ies) 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 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; 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 2022 AGM at the URL https://conveneagm.sg/vicplasagm2022,

in each case, by 3.00 p.m. on 21 November 2022, being 72 hours before the time appointed for holding the 2022 AGM.

6.2 **When Depositor Regarded as Shareholder.** A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the 2022 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 2022 AGM.

7. 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.

8. 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 2022; and

(b) the Notice of 2021 AGM and the 2021 Circular.

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

Yeo Wico
Chairman

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 2022, the consolidated NTA of the Group was S$76,773,000. 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 2023 are published, 5% of the latest audited consolidated NTA of the Group would be S$3,839,000.

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;

(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 10 October 2022 (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.

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 2022 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 Committee[2] of its continued application to the transactions with Interested Persons (as defined below).

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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[2] 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.

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.

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.

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.