

VICPLAS INTERNATIONAL LTD

(UEN 199805362R)

Incorporated in the Republic of Singapore

(**Company / VIL**)

MINUTES OF THE TWENTY-FIRST ANNUAL GENERAL MEETING (**AGM**) OF THE COMPANY HELD AT DEVAN NAIR INSTITUTE FOR EMPLOYMENT AND EMPLOYABILITY, EVENT HALL 1 (LEVEL 1), 80 JURONG EAST STREET 21, SINGAPORE 609607 ON THURSDAY, THE 28TH DAY OF NOVEMBER 2019 AT 3.00 P.M.

Board of Directors

Mr Yeo Wico	: Non-Executive Independent Chairman
Mr Ng Cher Yan	: Non-Executive Independent Director
Mr Christopher P Lee	: Non-Executive Director

Senior management

Mr Eric Cheng	: Group Chief Executive Officer
Mr Walter Tarca	: President of Medical Devices Segment
Mr Jay Cheng	: Group Operations Director
Ms Gan Ying Hui	: Chief Financial Officer

Shareholders/Proxies/Others

As per Attendance Lists

1. Introduction

The Chairman, Mr Yeo Wico, welcomed all present to the AGM. The Chairman introduced the members of the Board and the senior management team present, Ms Esther Au, the Company Secretary and Mr Panjabi Sanjay Gordhan, the Auditor of the Company from Deloitte & Touche LLP.

The Company had sadly announced the demise of Mr Robert Gaines-Cooper. The Board and the management extended their deepest condolences to the family. In recognition of his contributions over many years as Non-Executive Director of the Company, all present at the meeting stood up and observed a minute of silence. Out of respect for the privacy of the family, no questions were taken regarding his demise and related matters.

Before the meeting proceeded with the formal business, Mr Jay Cheng shared a presentation on the pipes and pipe fittings segment (**pipes segment**), which included - key highlights, value proposition, external certification obtained, green initiatives, capabilities of the pipes segment, civil engineering projects and recently completed projects (the presentation slides are attached to these minutes).

Next, Mr Walter Tarca shared a presentation on the medical devices segment (**MDS**), which included - global footprint, manufacturing plants, what customers value about MDS, capabilities of MDS and samples of medical device components and products that MDS manufactures (the presentation slides are attached to these minutes).

The shareholders were informed that in accordance with the Listing Manual of the Singapore Exchange Securities Trading Limited (**SGX-ST**), all resolutions would be voted by way of a poll. Poll shall be conducted electronically using a handheld device. The results of the poll would be shown instantaneously on the screen. Trusted Services Pte Ltd was appointed as the poll agent. Corporate Republic Advisory Pte. Ltd. was appointed as scrutineers for the purposes of the poll.

Mr Paul Theng from Corporate Republic Advisory Pte. Ltd. explained the poll procedures through a video presentation.

2. Quorum

As a quorum was present, the Chairman called the meeting to order and proceeded with the formal business of the meeting.

3. Notice

There being no objection from the shareholders present, the notice of AGM dated November 12, 2019 (**Notice**) convening the AGM, which was also advertised in the Business Times on November 12, 2019, was taken as read.

4. Resolution 1: Ordinary Resolution

Directors' Statement and Audited Financial Statements

The first item on the agenda was to receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended July 31, 2019 (**FY2019**) and the Auditor's Report thereon.

The Chairman invited questions from the shareholders on the Directors' Statement and Audited Financial Statements.

Shareholder A commended the management and the Board for the improved FY2019 performance achieved by the Group and he raised the following questions regarding the pipes segment:

- (i) Looking ahead and after the en-bloc activities during the year, would this translate to more new projects for the pipes segment?
- (ii) Noted the decrease in profit margin for the pipes segment in FY2019 and enquired on the trend moving forward

Mr Jay Cheng replied that the construction landscape in Singapore is expected to remain slow as the global economy continues to be uncertain and therefore, demand for new projects may take some time to pick up. He further mentioned that while there may be some demand from the HDB Home Improvement Program for public housing, demand for private residential homes is expected to remain slow amid uncertain economic outlook and property curb measures. Referring to question (ii) above, the decrease in profit margin is mainly due to increased competition from domestic competitors and competitors from Malaysia and China as well.

Shareholder A moved on and raised the following questions regarding the MDS:

- (i) Would the margins of the MDS be higher when compared with Medtronics and AMP?
- (ii) Would the trend for product owners to outsource the manufacturing function continue in the future?

Mr Walter Tarca clarified that MDS manufactures products for customers who are product owners i.e. it is a contract manufacturer. As such, the margins of MDS are not comparable to product owners. Product owners outsource their manufacturing function to achieve efficiencies and cost-downs. Referring to the trend in question (ii) above, Walter is of the opinion that such trend would likely continue in the future. MDS offers a 'one-stop' solution to its customers as it has fully integrated capabilities from design to manufacture. It also has a good product mix and continues to build customer satisfaction and good relationships with its customers.

Shareholder B, referred the shareholders to the Segment Revenue and Results shown on page 109 of the annual report (**AR**). He too commended the good turnaround achieved by the MDS and raised the following questions:

- (i) Referring to the pipes segment, he asked Mr Eric Cheng whether the management is confident that this segment is able to hold up its position given the competition faced by this segment

- (ii) Referring to the MDS, he asked Mr Walter Tarca whether the MDS has a longer runway for future growth in its revenue and earnings
- (iii) Does MDS manufacture any original proprietary design/product for itself and not as a contract manufacturer?
- (iv) He asked what was the CAPEX used for the past two years, what will it be like going forward and how to finance the CAPEX

Mr Eric Cheng replied affirmatively to question (i) regarding the confidence of the management to hold up the pipes segment's position.

In reply to question (ii) above, Mr Walter Tarca also affirmed that the MDS has a longer runway for future growth. He shared on some of the areas that MDS seeks to achieve this – by offering a ‘one-stop shop’ to its customers from product design to manufacturing capabilities, leveraging on existing customer base, doing a lot more with the existing footprint, drive brand presence to seek new customers in the European market, offer additional manufacturing locations i.e. in Singapore and the UK, and continue to leverage on automation efficiencies. The plants in China and Singapore are not yet at full capacity and there is still room for growth.

In reply to question (iii) above, Mr Walter Tarca informed that MDS does not manufacture any original proprietary products for itself to avoid being perceived as a ‘threat’ to its customers. However, MDS has a few projects whereby it does product design and offers them as white label to its customers.

Responding to question (iv) above, the CFO, Ms Gan Ying Hui informed that the CAPEX used in the past two years was mainly incurred by the MDS and it was required in order to achieve its turnaround. There is no specific budget for CAPEX in the future years as it will largely depend on the type of projects and machines required for new projects. Replying to Mr Sabnani’s further query whether there are any plans to set up a new plant, Mr Walter Tarca said that MDS intends to fully utilise the current capacity of its existing plants.

Responding to Shareholder B’s further query in relation to the impact to the Company following the demise of Mr Robert Gaines-Cooper, the Chairman referred to the Company’s announcement released to the SGX-ST. As notified in the announcement, his spouse, Mrs Jane Gaines-Cooper (who is also a Non-Executive Director) will assume his positions as a member of the Remuneration Committee and Strategy Committee. The late Mr Robert Gaines-Cooper held a Non-Executive role in the Company. The Directors, management and staff are saddened by his demise but the Chairman assured shareholders that the operations and running of the Group are not impacted.

At this juncture, the Chairman referred the shareholders to the historical data taken from previous annual reports showing the Segment Revenue and Results showing the breakdown for the two business segments (copies of the slide presentations are attached to these minutes). These data were not intended to be a forecast but provide a general sense of the trends of the two business segments over the years.

Shareholder C referred shareholders to the Contingent Liabilities disclosed in note 36 on page 112 of the AR. He enquired regarding the Company giving undertakings to provide continuing financial support to certain of the subsidiaries to enable them to continue as a going concern and to meet their obligations for at least 12 months from the date of these financial statements. The CFO informed that the financial support was given to the MDS subsidiaries in Singapore and China as their liabilities exceeded their assets on a company level. The liabilities arose from substantial intercompany loans required for expanding facilities/plant and investing in automation/plant and equipment which contributed to the turnaround in MDS.

Responding to Shareholder C’s query regarding the land in Cambodia for the manufacturing facility for the pipes segment, Mr Jay Cheng informed that together with the joint venture (**JV**) partner, the decision was made not to proceed with building the manufacturing facility due to the current challenging market conditions in Cambodia. The pipes segment will continue to sell products through distribution while the management continues to explore alternative use for the land.

There being no further questions and with the consent of the shareholders, Resolution 1 as referred to in the Notice was taken as read. Resolution 1 was duly proposed by Shareholder D and seconded by Shareholder A.

Polling was duly conducted and the results were shown on the screen:

Votes for : 328,631,186 (100.00%)
Votes against : 10,337 (0.00% - rounded to two decimal places)

The Chairman declared Resolution 1 passed.

5. **Resolution 2: Ordinary Resolution**
Final (one-tier tax exempt) dividend of S\$0.005 per share

The Chairman informed shareholders of the Company that the Directors have recommended the payment of a final (one-tier tax exempt) dividend of S\$0.005 per share for the financial year ended July 31, 2019 and if approved, will be paid on January 17, 2020 to shareholders of the Company whose names appear in the Register of Members, or as the case may be, the Depository Register, as holders of the shares as at 5.00 p.m. on January 8, 2020.

With the consent of the shareholders, Resolution 2 as referred to in the Notice was taken as read. There being no further questions, Resolution 2 was duly proposed by Shareholder E and seconded by Shareholder F.

Poll was duly conducted and the results were shown on the screen:

Votes for : 328,648,396 (99.99%)
Votes against : 24,881 (0.01% - rounded to two decimal places)

The Chairman declared Resolution 2 passed.

6. **Resolution 3: Ordinary Resolution**
Special (one-tier tax exempt) dividend of S\$0.025 per share

As the MDS has returned to profitability after five years of negative segmental results, the Directors have also recommended the payment of a special (one-tier tax exempt) dividend of S\$0.025 per share for the financial year ended July 31, 2019 and if approved, will be paid on July 10, 2020 to shareholders of the Company whose names appear in the Register of Members, or as the case may be, the Depository Register, as holders of the shares as at 5.00 p.m. on July 1, 2020.

With the consent of the shareholders, Resolution 3 as referred to in the Notice was taken as read and was duly proposed by Shareholder E and seconded by Shareholder G.

At this juncture, Shareholder H raised questions around the payment of dividends in two separate tranches and said that he was not in favour of this recommendation because it delays payment of the second tranche leading to the loss of time value of money arising from such delay. The Chairman informed shareholders that the Company had obtained clearance from the SGX-ST on the feasibility in paying dividends in two separate tranches. He explained the Board's rationale for recommending the payment of dividends in two separate tranches. The feedback from some shareholders was that spreading dividends for payment over two tranches in a year is preferable to an annual single lump sum. Furthermore with this arrangement, shareholders have certainty on the amount and timing of dividend payments. Additionally, the Directors considered the Group's overall business performance, cash flow needs and the return to profitability by MDS before deciding on such recommendation. The Chairman referred the shareholders to the historical data on the Segment Results and drew attention to the substantial impairment of goodwill by MDS in FY2009 and how the impairment had adversely affected the Group results then. He noted the risk

associated with paying interim dividends based on first-half results in a situation where the full year results may not show sufficient profits due to impairment.

At the request of Shareholder I, Mr Panjabi Sanjay Gordhan, the Audit partner explained the provisions under the Companies Act and the requirements for declaring dividends. Essentially, dividends can only be paid out of distributable profits at the Company level. He elaborated that if an interim dividend was paid based on say, half year results which was profitable at the time but if subsequently at the end of the financial year it turns into an accumulated loss, a question could be raised as to whether any circumstance(s) which caused the loss to be incurred during the second half of the year existed at the time when the interim dividend was paid. If any such circumstance(s) existed at the time when the directors made the decision to pay the interim dividend which may have eliminated the profits at year end, the directors may be called to account for such oversight. The Board has been adopting a cautious approach in declaring dividends based on the distributable profits available at the Group level which are significantly lower than the Company level.

Responding to Shareholder J's query whether the Company is in a position to declare and pay dividend in one lump sum, Mr Ng Cher Yan affirmed that whilst the Company has the financial capacity to do so, the Board should also balance other considerations, like CAPEX requirement if new projects come along and cash flow stability, in making the dividend recommendation.

The Chairman called for informal polls by way of show of hands regarding shareholders' preferences. The Chairman mentioned that as the number of shares held cannot be indicated by a show of hands, the polls were intended merely to provide an impromptu sense of the mixed preferences amongst shareholders. In his concluding remarks, the Chairman noted that it is a remarkable achievement for a company of this size to maintain a track record of paying consistent total dividends for 5 continuous years. The shareholders responded by giving a round of applause in recognition of the efforts taken in maintaining such track record.

With the consent of the shareholders, Resolution 2 as referred to in the Notice was taken as read. There being no further questions, Resolution 2 was duly proposed by Shareholder E and seconded by Shareholder G .

Poll was duly conducted and the results were shown on the screen:

Votes for : 328,878,362 (99.99%)
Votes against : 24,761 (0.01% - rounded to two decimal places)

The Chairman declared Resolution 3 passed.

7. Resolution 4: Ordinary Resolution
Directors' Fees

The Chairman moved to the next item on the agenda regarding the proposed payment of fees to the Directors.

With the consent of the shareholders, Resolution 4 as referred to in the Notice was taken as read. There being no questions, Resolution 4 was duly proposed by Shareholder A and seconded by Shareholder B.

Poll was duly conducted and the results were shown on the screen:

Votes for : 328,329,042 (99.97%)
Votes against : 103,481 (0.03% - rounded to two decimal places)

The Chairman declared Resolution 4 passed.

8. Resolution 5: Ordinary Resolution
Re-election of Mr Yeo Wico as a Director of the Company

As the next item concerned the re-election of the Chairman as a Director, he handed the proceedings over to a fellow Director, Mr Ng Cher Yan.

Mr Ng noted that in accordance with Article 115 of the Company's Constitution, Mr Yeo Wico retired at this AGM and being eligible, had offered himself for re-election. The Nominating Committee (**NC**) had also recommended that Mr Yeo be re-elected at this AGM. If re-elected, Mr Yeo would remain as Chairman of the Board of Directors, Chairman of the NC and a member of each of the Audit & Risk Committee (**ARC**), the Remuneration Committee (**RC**) and the Strategy Committee. Mr Yeo was considered an Independent Director for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

With the consent of the shareholders, Resolution 5 as referred to in the Notice was taken as read. There being no questions, Resolution 5 was duly proposed by Shareholder B and seconded by Shareholder F.

Poll was duly conducted and the results were shown on the screen:

Votes for : 318,718,933 (100.00%)
Votes against : 7,861 (0.00% - rounded to two decimal places)

Mr Ng declared Resolution 5 passed and he handed the proceedings back to the Chairman.

9. Resolution 6: Ordinary Resolution
Re-election of Mr Ng Cher Yan as a Director of the Company

The Chairman informed that in accordance with Article 115 of the Company's Constitution, Mr Ng Cher Yan retired at this AGM and being eligible, had offered himself for re-election. The NC had also recommended that Mr Ng be re-elected at this AGM. If re-elected, Mr Ng would remain as the Chairman of the ARC, the Chairman of the RC and a member of the NC. Mr Ng was considered an Independent Director for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

With the consent of the shareholders, Resolution 6 as referred to in the Notice was taken as read. There being no questions, Resolution 6 was duly proposed by Shareholder F and seconded by Shareholder E:

Poll was duly conducted and the results were shown on the screen:

Votes for : 325,441,181 (100.00%)
Votes against : 7,861 (0.00% - rounded to two decimal places)

The Chairman declared Resolution 6 passed.

10. Resolution 7: Ordinary Resolution
Re-appointment of Auditor

Noted that Deloitte & Touche LLP (**Deloitte**) had expressed their willingness to accept re-appointment as auditor of the Company. The ARC had recommended and the Board had also supported Deloitte's re-appointment at this AGM.

With the consent of the shareholders, Resolution 7 as referred to in the Notice was taken as read. There being no questions, Resolution 7 was duly proposed by Shareholder E and seconded by Shareholder B.

Poll was duly conducted and the results were shown on the screen:

Votes for : 328,753,662 (100.00%)
Votes against : 7,861 (0.00% - rounded to two decimal places)

The Chairman declared Resolution 7 passed. At this juncture, the Chairman informed the shareholders that Mr Panjabi Sanjay Gordhan has completed his last 5th year term as the engagement partner and is due for rotation. On behalf of the Board and the management, the Chairman expressed a note of thanks and appreciation to Mr Panjabi Sanjay Gordhan.

11. Resolution 8: Ordinary Resolution

Special Business - Authority to allot and issue shares and convertible instruments

The Chairman moved on to the next item on the agenda. Pursuant to Section 161 of the Companies Act, Chapter 50 (**Act**) and the listing rules of the SGX-ST, shareholders' approval was required to authorise the Directors to issue new shares and/or grant instruments convertible into shares up to the limit specified in the resolution. The proposed Resolution 8 was to seek shareholders' approval for this authority.

With the consent of the shareholders, Resolution 8 as referred to in the Notice was taken as read. There being no questions, Resolution 8 was duly proposed by Shareholder E and seconded by Shareholder B.

Poll was duly conducted and the results were shown on the screen:

Votes for : 328,407,642 (99.90%)
Votes against : 342,481 (0.10% - rounded to two decimal places)

The Chairman declared Resolution 8 passed.

12. Resolution 9: Ordinary Resolution

Special Business - Renewal of the Shareholders' Mandate for interested person transactions (**IPT**)

Resolution 9 was to seek shareholders' approval to renew the Shareholders' Mandate for IPT, details of which were set out in the Circular dated November 12, 2019.

The Chairman noted that certain categories of persons would abstain from voting on Resolution 9 in accordance with the Circular.

With the consent of the shareholders, Resolution 9 as referred to in the Notice was taken as read. There being no questions, Resolution 9 was duly proposed by Shareholder A and seconded by Shareholder J.

Poll was conducted and the results were shown on the screen:

Votes for : 44,258,610 (99.25%)
Votes against : 334,072 (0.75% - rounded to two decimal places)

The Chairman declared Resolution 9 passed.

13. Resolution 10: Ordinary Resolution

Special Business - Renewal of the Share Purchase Mandate

Resolution 10 was to seek shareholders' approval to renew the Share Purchase Mandate, details of which were set out in the Circular dated November 12, 2019.

With the consent of the shareholders, Resolution 10 as referred to in the Notice was taken as read. There being no questions, Resolution 10 was duly proposed by Shareholder E and seconded by Shareholder J.

Poll was duly conducted and the results were shown on the screen:

Votes for : 328,565,051 (100.00%)
Votes against : 13,481 (0.00% - rounded to two decimal places)

The Chairman declared Resolution 10 passed.

14. Resolution 11: Ordinary Resolution

Special Business - Authority to grant options, and allot and issue shares pursuant to the Vicplas International Share Option Plan

Resolution 11 was to seek shareholders' approval to authorise the Directors to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under Vicplas International Share Option Plan (**Share Option Plan**).

In compliance with Listing Rule 859 of the SGX-ST, the Chairman reminded shareholders who are eligible to participate in the Share Option Plan to abstain from voting on Resolution 11.

With the consent of the shareholders, Resolution 11 as referred to in the Notice was taken as read. There being no questions, Resolution 11 was duly proposed by Shareholder D and seconded by Shareholder J.

Poll was duly conducted and the results were shown on the screen:

Votes for : 296,391,326 (99.99%)
Votes against : 25,972 (0.01% - rounded to two decimal places)

The Chairman declared Resolution 11 passed.

15. Resolution 12: Ordinary Resolution

Special Business - Authority to issue new shares pursuant to the Vicplas International Ltd Scrip Dividend Scheme

Resolution 12 was to seek shareholders' approval for Directors to allot and issue shares in the capital of the Company pursuant to the Vicplas International Ltd Scrip Dividend Scheme to eligible shareholders who, in respect of the qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

Responding to Mr Sabnani's queries on whether the take up rate was significant for Scrip Dividend, the CFO informed that it was significant in the past due to the major shareholder's election for Scrip Dividend. She will follow up by collating the historical take up rates in due course*.

With the consent of the shareholders, Resolution 12 as referred to in the Notice was taken as read. There being no further questions, Resolution 12 was duly proposed by Shareholder E and seconded by Shareholder D.

Poll was duly conducted and the results were shown on the screen:

Votes for : 328,014,491 (99.77%)
Votes against : 764,381 (0.23% - rounded to two decimal places)

The Chairman declared Resolution 12 passed.

Post meeting note:-

the take up rate for the Scrip Dividend amongst all shareholders were 59% for FY2010, 50% for FY2012 and 44% for FY2015

16. Conclusion

There being no other business, the Chairman declared this AGM closed at 4.50 p.m. and thanked all present for attending this AGM.

Confirmed by

Yeo Wico
Chairman