Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Vicplas International Ltd

Stock code: 569

Meeting details:
Date: 24 November 2021
Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. As noted in the statement by the chairman, the group continued to grow its revenue and profit despite the challenges of Covid-19. For FY2021, revenue increased by 28.2% driven by strong growth in the medical devices segment and the gradual recovery of the pipes and pipe fittings segment. Segment revenue of the two core businesses increased by 30.6% and 22.9% respectively.

In particular, revenue derived from the medical devices segment increased from $61.4 million to $80.2 million.

(i) **What was the group's utilisation rate in the medical devices segment in FY2021? How much more organic growth can the segment achieve without major capital expenditure and/or acquisitions?**

(ii) **Can management provide a breakdown of the segment revenue by products/classes of products?**

(iii) **How is the group sourcing for acquisitions?** It was mentioned in the chairman's statement that the group will be looking to expand the breadth and depth of its technological and manufacturing capabilities, specifically in the areas of in-vitro diagnostics, medical extrusions and electro-mechanical devices (page 2).

(iv) **Arrow Medical Limited: Has Arrow met management's expectations since the acquisition in November 2018 (for 20%) and in April 2020 (for the remaining 80%)? In addition, how has XentiQ performed since its acquisition?**

(v) **Manufacturing: Can management elaborate further on the strategic value of potentially having a fifth manufacturing site in a location outside Asia and nearer to the USA? How cost-competitive would it be given that it might be located outside Asia?**

(vi) **Major customer:** As disclosed in Note 33 (page 109 – Segment information: Information about major customer), the group's largest customer contributed $42.2 million in revenue. This accounted for more than two-thirds of the revenue in the medical devices segment. In the past three years, the revenue contribution by the major customer(s) has increased from $12.1 million in 2018, to $29.7 million in 2019 (2 customers) and to $33.1 million in 2020. **What is the group's strategy to broaden its customer base and to develop/acquire other major customers?**

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Q2. In the pipes and pipe fittings segment, revenue increased by 22.9% as the construction industry gradually recovered. Segment profit increased by 23.2% to $3.2 million in FY2021 from $2.6 million in FY2020.

(i) **How has the manpower shortage/tight labour market affected the pipes and pipe fittings segment in Singapore and in Malaysia?**

(ii) **Can management help shareholders understand the headway the group has made in civil engineering projects? How much of the group's revenue in FY2021 was derived from civil engineering projects?**

(iii) Details of the group's 49%-owned joint venture can be found in Note 16 (pages 91 and 92). The Cambodian JV is carried at $1.8 million. The accounts for the JV remained exactly the same in FY2020 and in FY2021. **Can management help shareholders understand the sentiments on the ground in Cambodia? What is the current status of the JV?**

Q3. As disclosed in the corporate governance report, with the appointment of Mr. Ng Beng Tiong on 28 April 2021, three of the five directors are independent directors. The independent directors are Mr. Yeo Wico (chairman), Mr. Ng Cher Yan and Mr. Ng. Beng Tiong.

Mr. Yeo Wico and Mr. Ng Cher Yan were first appointed on 10 June 2008 and 3 May 2010 respectively. Accordingly, both directors have served more than nine years on the board. At the annual general meeting scheduled to be held on 24 November 2021, Mr. Yeo Wico and Mr. Ng Cher Yan would be seeking a two-tier vote by shareholders for their continued appointment as independent directors.

The profiles of the directors can be found on page 8 of the annual report. Additional information on directors seeking re-election can be found on pages 26 to 31.

(i) **Can the board/nominating committee elaborate further on the plans (including pace) for the progressive renewal of the board (Principle 4 of the Code of Corporate Governance 2018) given that the two long tenured independent directors are seeking their re-election?**

(ii) **How effective was the NC in determining the independence of directors and in making recommendation on the re-appointment of directors?** The NC comprises Mr. Yeo Wico, Mr. Ng Cher Yan and Mrs. Jane Rose Philomene Gaines-Cooper (who is a non-executive director).

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In the section on additional information on retiring directors seeking their re-election, it was disclosed that Mr. Ng Cher Yan is a practicing Chartered Accountant and sits on the board of several public listed companies. On page 29, it was disclosed that a summon was issued against Mr. Ng Cher Yan (on 7 July 2020) as a nominee director of SFL-Boiler Installation Pte Ltd (SFL) relating to a failure by SFL to file annual return within the requisite period. A fine of $1,200 was paid to resolve the issue.

(iii) **Would the director help shareholders understand his role as a nominee director in SFL?**

(iv) **How does the summon and the fine reflect his ability to serve as a director of a listed company?**

(v) **What deliberations did the NC have?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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