V.S. Industry™

Passion to grow your business™

V.S. INDUSTRY BERHAD
(Registration No.198201008437 (88160-P))

RESPONSIBLE GROWTH
SUSTAINABLE FUTURE

ANNUAL REPORT **2022**

COVER RATIONALE

RESPONSIBLE GROWTH SUSTAINABLE FUTURE

In the quest for next-level growth, V.S. Industry places great importance on sustainability and creating greater value for its stakeholders. As a leading and responsible integrated Electronics Manufacturing Services ("EMS") provider, V.S. Industry is committed to continuously uphold and enhance its Environmental, Social and Governance ("ESG") practices across the organisation, while pursuing economic sustainability.

CONTENTS

40TH ANNUAL GENERAL MEETING

Iskandar Ballroom,
Hotel Jen Puteri Harbour, Johor
Persiaran Puteri Selatan,
Puteri Harbour,
79000 Iskandar Puteri,
Johor Darul Takzim

Friday, 6 January 2023

10.30 a.m

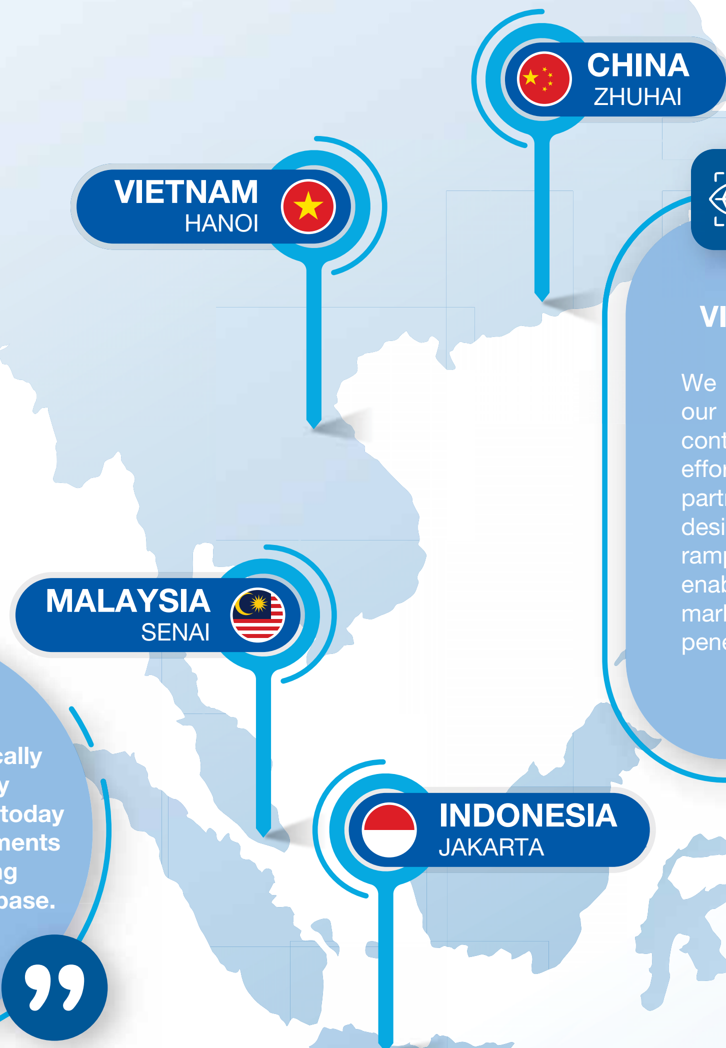
CORPORATE
PROFILE

V.S. Industry Berhad (VS) was founded in 1982 and listed on the Main Market of Bursa Malaysia Securities Berhad in 1998. Today, VS is a leading integrated Electronics Manufacturing Services (EMS) provider in the region, with proven capabilities to undertake the manufacturing needs of global brand names for office and household electrical and electronic products.

In fact, VS is now ranked alongside top global EMS providers – making the list into the world's top 50 EMS providers for 15 consecutive years from 2007 to 2021.

Together with our Hong Kong Stock Exchange listed subsidiary V.S. International Group Limited, VS has advanced manufacturing facilities located in Malaysia, China, Indonesia and Vietnam, who collectively employ a workforce of more than 8,000 people. The VS Group offers one stop manufacturing solutions to world-renowned customers from Europe, Japan and the USA.

Our extensive manufacturing services include plastic injection mould design and fabrication, a wide range of injection tonnage and finishing processes, large scale production of printed circuit boards, automated assembly and final processes of packaging and logistics.



VISION & MISSION

We will remain relevant to our customers. We will continue putting in our best efforts to be our customer's partner be it developing and designing new products, or ramping up production to enable them to expand their market share and/or penetrate into new markets.

With facilities strategically located in Asia's key manufacturing hubs, VS today serves the EMS requirements for an ever-expanding international customer base.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Beh Kim Ling *Executive Chairman*	**Beh Chern Wei (Ma Chengwei)** *Executive Director*	**Wong Cheer Feng** *Independent Non-Executive Director*
Datuk Gan Sem Yam *Managing Director*	**Gan Pee Yong** *Executive Director*	**Dr Lim Boh Soon** *Independent Non-Executive Director*
Dato' Gan Tiong Sia *Executive Director*	**Diong Tai Pew** *Independent Non-Executive Director*	**Wee Beng Chuan** *Independent Non-Executive Director*
Ng Yong Kang *Executive Director*	**Tan Pui Suang** *Independent Non-Executive Director*	**Chong Chin Siong** *Alternate Director to Beh Chern Wei (Ma Chengwei)*

AUDIT COMMITTEE

Diong Tai Pew (Chairman)
Tan Pui Suang
Wong Cheer Feng

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

Tan Pui Suang (Chairman)
Wong Cheer Feng
Dr. Lim Boh Soon

NOMINATION COMMITTEE

Wong Cheer Feng (Chairman)
Diong Tai Pew
Dr. Lim Boh Soon

REMUNERATION COMMITTEE

Wong Cheer Feng (Chairman)
Dr. Lim Boh Soon

JOINT COMPANY SECRETARIES

Tai Yit Chan
Santhi A/P Saminathan
Chiam Mei Ling

AUDITORS

KPMG PLT
Chartered Accountants
Level 3, CIMB Leadership Academy
No. 3, Jalan Medini Utara 1
Medini Iskandar
79200 Iskandar Puteri
Johor Darul Takzim
Tel No. : 607 – 266 2213
Fax No. : 607 – 266 2214

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : 603 – 2783 9299
Fax No. : 603 – 2783 9222

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
Citibank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Bhd

REGISTERED OFFICE

Suite 9D, Level 9, Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim
Tel No. : 607 - 224 1035
Fax No. : 607 - 221 0891

HEADQUARTER

No. 88 Jalan I-Park SAC 5
Taman Perindustrian I-Park SAC
81400 Senai
Johor Darul Takzim
Tel No. : 607 – 552 8888
Fax No. : 607 – 552 8899

STOCK EXCHANGE LISTING

Main Market,
Bursa Malaysia Securities Berhad
Bursa Code : 6963
Reuters Code : VSID.KL
Bloomberg Code : VSI MK

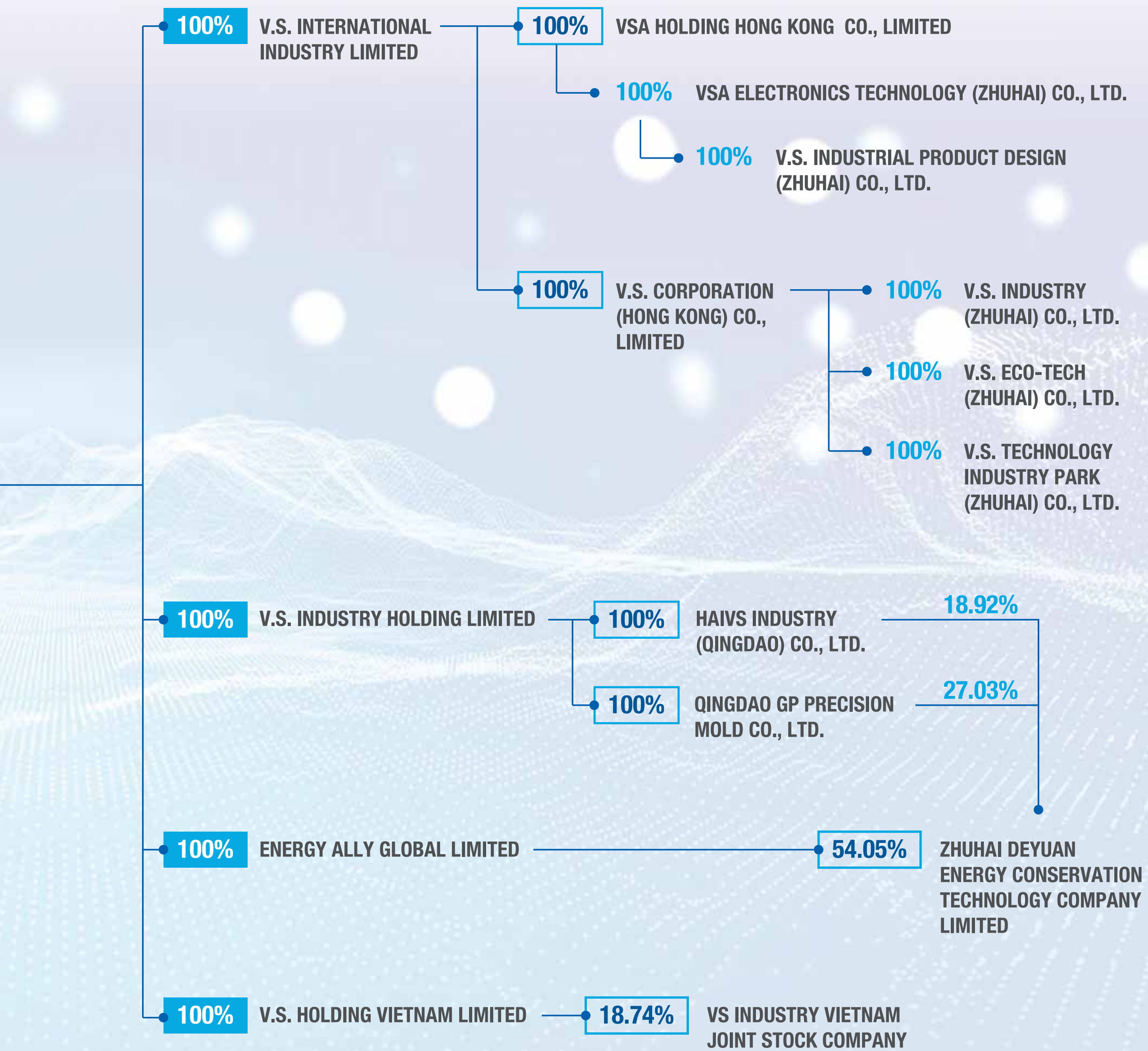
ONLINE LINKS

Corporate Website : www.vs-i.com

CORPORATE
STRUCTURE

V.S. Industry

- 100% V. S. PLUS SDN. BHD.
- 100% V. S. ELECTRONICS SDN. BHD.
- 100% V. S. TECHNOLOGY SDN. BHD.
- 91.51% PT. V.S. TECHNOLOGY INDONESIA
- 100% V. S. INTEGRATED MANAGEMENT SDN. BHD.
  - 8.49% PT. V.S. TECHNOLOGY INDONESIA
- 43.34% V.S. INTERNATIONAL GROUP LIMITED
- 100% V S INTERNATIONAL VENTURE PTE. LTD.
  - 100% GUARDIAN SOUTH EAST ASIA PTE. LTD.
- 80.07% V. S. ASHIN TECHNOLOGY SDN. BHD.
- 100% SKREEN FABRIC (M) SDN. BHD.
  - 100% SKREEN FABRIC MARKETING SDN. BHD.
- 100% VS CAPITAL MANAGEMENT SDN. BHD.
- 51% VS MARKETING & ENGINEERING PTE. LTD.
  - 96.67% SERUMI INTERNATIONAL PRIVATE LIMITED
- 45% PT. VS MINING RESOURCES



100%
V.S. INTERNATIONAL INDUSTRY LIMITED
100%
VSA HOLDING HONG KONG CO., LIMITED
100%
VSA ELECTRONICS TECHNOLOGY (ZHUHAI) CO., LTD.
100%
V.S. INDUSTRIAL PRODUCT DESIGN (ZHUHAI) CO., LTD.
100%
V.S. CORPORATION (HONG KONG) CO., LIMITED
100%
V.S. INDUSTRY (ZHUHAI) CO., LTD.
100%
V.S. ECO-TECH (ZHUHAI) CO., LTD.
100%
V.S. TECHNOLOGY INDUSTRY PARK (ZHUHAI) CO., LTD.
100%
V.S. INDUSTRY HOLDING LIMITED
100%
HAIVS INDUSTRY (QINGDAO) CO., LTD.
18.92%
100%
QINGDAO GP PRECISION MOLD CO., LTD.
27.03%
100%
ENERGY ALLY GLOBAL LIMITED
54.05%
ZHUHAI DEYUAN ENERGY CONSERVATION TECHNOLOGY COMPANY LIMITED
100%
V.S. HOLDING VIETNAM LIMITED
18.74%
VS INDUSTRY VIETNAM JOINT STOCK COMPANY

FINANCIAL
HIGHLIGHTS

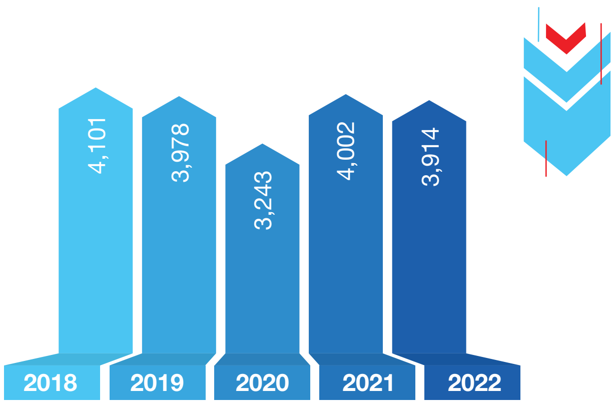
FINANCIAL SUMMARY

For the Financial Year Ended 31 July (RM '000)	2022	2021	2020	2019	2018
Revenue	**3,914,059**	4,002,281	3,243,192	3,978,350	4,100,736
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	**332,355**	438,587	253,152	302,252	287,801
Earnings before Interest and Tax ("EBIT")	**210,911**	337,116	161,337	203,069	206,150
Share of Results of Associates	**(520)**	(663)	2,264	(2,181)	(6,635)
Profit before Tax ("PBT")	**200,702**	329,130	153,362	181,856	176,216
Net Profit after Minority Interest	**166,806**	245,351	116,478	165,394	151,074
Total Dividends Paid	**76,553***	113,815	48,624	80,226	69,382
AS AT 31 JULY (RM '000)					
Shareholders' Funds	**2,190,312**	2,040,513	1,709,016	1,606,466	1,437,590
Share Capital	**855,306**	842,358	782,947	753,077	603,303
Reserves (Net of Treasury Shares at Cost)	**1,335,006**	1,198,155	926,069	853,389	834,287
Total Assets	**3,980,204**	3,598,384	2,833,259	3,037,600	3,123,040
Net Current Assets	**1,103,741**	1,032,359	887,339	803,704	640,886
Total Borrowings	**600,073**	404,610	252,024	428,441	645,448
Cash and Cash Equivalents	**278,607**	402,404	404,512	379,457	415,636
PER SHARE					
Basic Earnings per Share (sen)	**4.4**	6.6	3.2	4.7	4.7
Total Tax-Exempt Dividend per Share (sen)	**2.0***	3.0	1.3	2.2	2.1
Net Tangible Assets per Share (RM)	**0.57**	0.54	0.46	0.44	0.43
RETURNS (%)					
Return on Average Shareholders' Equity (%)	**7.9**	13.1	7.0	10.9	12.0
Return on Average Total Assets (%)	**4.4**	7.6	4.0	5.4	5.0
FINANCIAL ANALYSIS					
Gross Margin (%)	**10.3**	13.2	9.9	9.3	9.4
Operating Margin (%)	**5.4**	8.4	5.0	5.1	5.0
PBT Margin (%)	**5.1**	8.2	4.7	4.6	4.3
Net Margin (%)	**4.3**	6.1	3.6	4.2	3.7
Gearing (Net of Cash) (times)	**0.1**	0.0	Net cash	0.0	0.2
Interest Coverage (times)	**21.8**	46.0	15.8	10.7	8.8
Dividend Payout Ratio (%)	**45.8**	46.4	41.7	48.5	45.9

* *inclusive of proposed final dividend of 0.4 sen per share for shareholders' approval*

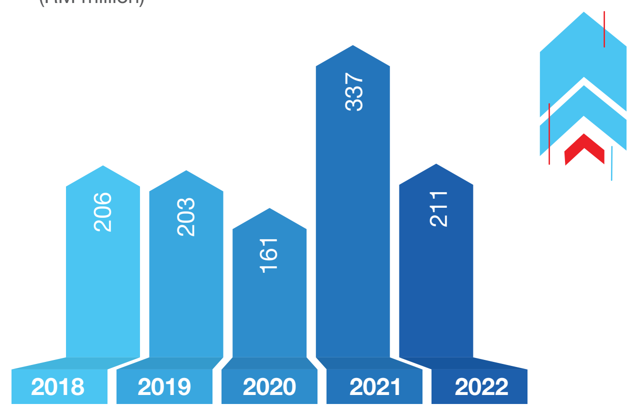
REVENUE
(RM'million)

CAGR
-1.2%



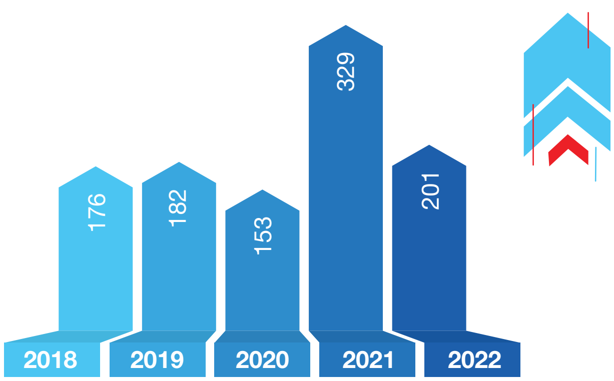
EARNINGS BEFORE INTEREST AND TAX
(RM'million)

CAGR
0.6%



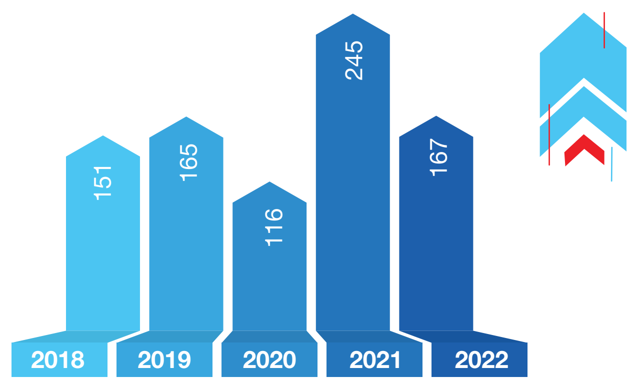
PROFIT BEFORE TAX
(RM'million)

CAGR
3.4%

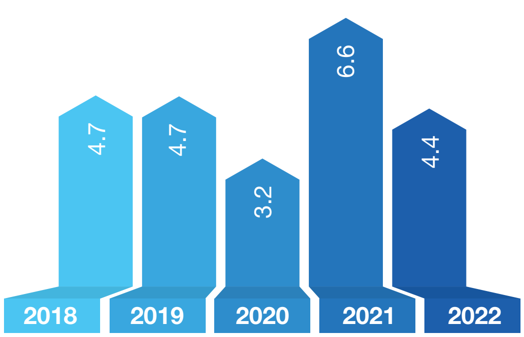


NET PROFIT
(RM'million)

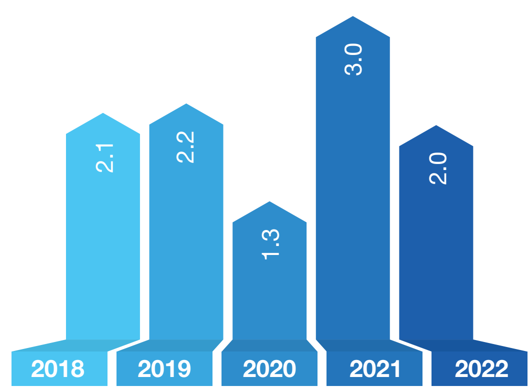
CAGR
2.5%



BASIC EARNINGS PER SHARE
(Sen)



TAX-EXEMPT DIVIDEND PER SHARE
(Sen)



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors ("Board") of V.S. Industry Berhad ("VS" or the "Group"), it is my privilege and pleasure to share with you the Annual Report for the financial year ended 31 July 2022 ("FY2022").

FY2022 was a strenuous year for us due to the lingering effects of the Coronavirus disease 2019 ("Covid-19") pandemic and an arduous operating climate. Against this backdrop, the Group leveraged on our strengths and experience supported by our healthy balance sheet to deliver a commendable set of results. VS posted a profit attributable to the owners of the Group ("net profit") of RM166.8 million on the back of a RM3.91 billion revenue in FY2022.

ECONOMIC LANDSCAPE

In the financial year under review, Covid-19 continued to affect countries, communities and businesses globally. Mutations of the virus such as Delta and Omicron had caused further havoc, where we witnessed record-high cases followed by the reimposition of movement restrictions. This further exacerbated the already demanding business environment, adding extra burden on labour and component shortages as well as fluctuations in commodity prices, to name a few. Combined with other developing factors such as ongoing geopolitical conflicts, inflationary pressures and rising interest rates, market uncertainties were at their worst.

Back home, we also experienced a similar trend as the huge spike in cases due to the new Covid-19 variants prompted the introduction of the Full Movement Control Order ("FMCO") in the second half of the year. As a result of the various restrictions imposed, many businesses in different industries were brought to a halt, which hindered Malaysia's economic recovery progress.

Thankfully, the efficacy of the National Covid-19 Immunisation Programme and the successful National Recovery Plan ("NRP") put Malaysia back on the path of recovery. Since then, we have been transitioning towards endemicity and our country charted healthy gross domestic product ("GDP") growth in the first and second quarter of 2022 at 5.0% and 8.9% respectively on the back of improved domestic demand and labour conditions coupled with continued resilience in export sales.

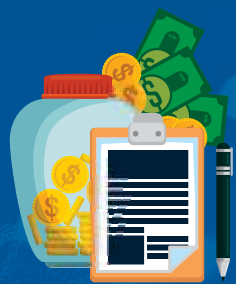
In February 2022, VS has also appointed PwC Consulting Associates (M) Sdn Bhd ("PwC Consulting") to conduct an independent third-party review of the Group's labour practices. The review was subsequently completed in July 2022 and PWC Consulting has not identified evidence of systemic forced labour practices identified within the Group. PwC Consulting's work was undertaken together with a labour rights consultant who concurs with this finding. This is consistent with our commitment in safeguarding the legitimate rights and interests of all our employees, both local and migrant workers.

BUSINESS OVERVIEW

We had our fair share of operational headwinds in FY2022 due to the aforementioned FMCO. As an essential services provider critical to the global supply chain, we continued to operate during this period albeit at a reduced capacity in compliance with the standard operating procedures stipulated by the authorities. Furthermore, we were pleased to have swiftly completed the vaccination for all our employees in Malaysia and resumed our production with full workforce.

However, the labour shortage issue affected our productivity and ability to fulfil customers' orders. This was compounded by the global supply chain disruption and production interruption risk due to the Covid-19 pandemic. Fortunately, we were able to navigate through the obstacles by carefully managing these key operational risks.

On the other hand, our new facilities at I-Park @ Senai Airport City, Senai, Johor were completed and have commenced production since August 2021. The Group has also relocated our headquarter here to free up additional space at the previous facility for production purposes. On top of that, VS has also acquired more land at I-Park for future capacity expansion.



Revenue

RM3.91 billion

Net Profit

RM166.8 million

PROSPECTS FOR FY2023

Moving forward, businesses globally are expected to continue grappling with market uncertainties and a slew of issues such as inflationary pressures and rising interest rates. In addition, the Russia-Ukraine war and the heightened geopolitical tensions between major world powerhouses have further dampened the outlook and fuelled recession fears. Against this backdrop, consumer sentiments are ebbing with cautious spending likely to prevail.

On the flip side, there are some bright spots with labour shortages now resolved following the arrival of adequate numbers of foreign workers. Supply chain and logistics issues, while challenging, are manageable as we have also stocked up on certain raw materials that have longer lead time. Meanwhile, the overall order flow from customers remains healthy at this juncture. Notwithstanding this, we shall exercise prudence with regards to capacity expansion amidst the uncertainties.

Lastly, the Group's special business development taskforce continues to be in active discussions with a few potential customers and has been making good headways since the reopening of international borders.

On balance, VS shall focus on fulfilling deliveries to our esteemed customers. The Group is confident to navigate through the current headwinds by leveraging on our vast experience supported by our solid balance sheet.

APPRECIATION

On behalf of the Board, I would like to give my heartfelt appreciation to our management and staff at VS for their hard work, adaptability and dedication. I am proud of all achievements the team managed in FY2022, especially against such a challenging environment.

A huge thank you to all our other stakeholders including our valued shareholders, customers, business partners, bankers and suppliers for their patience and trust and we look forward to their continued support in the future.

Next, I wish to welcome Dr. Lim Boh Soon and Mr. Wee Beng Chuan as our Independent Non-Executive Directors. I am confident that their extensive experience and expertise will contribute positively and create greater value for VS. Also, a special mention to Dato' Chang Lik Sean, who relinquished his role as Independent Non-Executive Director. We would like to thank him for his services to the Group over the past years and wish him the best in his future endeavour.

Last but not least, I would like to extend my sincerest gratitude to my fellow Board members for their professionalism and for being a joy to work with. Your insightful counsel and service to the Board have been invaluable. I do not doubt that our team at VS, under the guidance of the Board, will continue to grow responsibly for a sustainable future.

DATUK BEH KIM LING
Executive Chairman

MANAGEMENT DISCUSSION
& ANALYSIS

OVERVIEW

The year under review has been fraught with multitude of challenges from the effects of a prolonged pandemic. The lingering impact of the Coronavirus disease 2019 ("Covid-19") pandemic has added further pressure on the supply chain and labour situation causing the business operating climate to be extra demanding. Despite the host of challenges, our team's dedication and determination along with the Group's solid balance sheet have allowed VS to manoeuvre through these obstacles. We delivered a satisfactory performance in FY2022 with a revenue of RM3.91 billion and a profit attributable to the owners of the Group ("net profit") of RM166.8 million.

We are ranked 24th in the Top 50 electronics manufacturing services ("EMS") companies in the world according to the latest publication of the Manufacturing Marketing Insider. The Group has been on this prestigious list every year since 2007, making this the fifteen consecutive year. Besides, VS is also one of the Top 5 largest EMS players in the ASEAN region as well as one of the largest homegrown EMS providers in Malaysia.

FY2022 Achievement Highlights

- Achieved a revenue of RM3.91 billion
- One of the largest homegrown EMS providers in Malaysia
- Delivered a net profit of RM166.8 million
- Ranked 4th in Manufacturing Marketing Insider's 2021 Top 50 EMS in the ASEAN
- High cash & cash equivalent of RM278.6 million
- Ranked 24th in Manufacturing Marketing Insider's 2021 Top 50 EMS in the World

BUSINESS AND OPERATIONAL REVIEW

In FY2022, the business operating landscape has been taxing, plagued by various dampening factors including the imposition of the Full Movement Control Order ("FMCO"). Being an essential services provider that is critical to the global supply chain, the Group's production continued to run but at a reduced capacity in accordance with the guidelines enforced by the authorities.

In order to safeguard our employees, VS completed the vaccination exercise for all our workers in Malaysia at our own Industrial Vaccination Centre ("PPVIN") under the PIKAS initiative at one of our factories. With this, our operations received nod from authority to return swiftly to full workforce. However, another issue arose as a result of the aftereffects of the pandemic, which was labour shortage. The closure of international borders had restricted businesses in Malaysia to source workers from overseas. The labour shortage situation had impacted our productivity too, as well as our ability to commit to more orders. It was a tough period for us but fortunately the situation has since improved following the reopening of borders and we managed to recruit workers from overseas.

On the supply chain disruptions, the global semiconductor shortage has affected the supply of printed circuit board assembly ("PCBA") components. As part of our mitigation efforts, we have been carefully planning our raw material requirement, enhancing our inventory management system while keeping in close contact with our suppliers. This issue has been and continues to be manageable for us.

Meanwhile, we are pleased to share that our new headquarter and production facilities at I-Park @ Senai Airport City, Senai, Johor were completed and commenced operations since August 2021. By relocating our headquarter to I-Park, it frees up space at the previous location to be converted into production floor.

Outside Malaysia, our operations in Indonesia continued to run at a fair pace while order flow remained steady there. Over in China, the operating conditions continue to be highly challenging. Underutilization of capacity is still an ongoing issue and hence, we continue to pursue asset-light business model with streamlined operations.

CORPORATE DEVELOPMENTS

In July 2022, the Group's wholly owned subsidiary, VS Capital Management Sdn. Bhd. ("VSCM") made a lodgement with the Securities Commission Malaysia ("SC") for the establishment of an Islamic medium-term notes ("Sukuk Wakalah") programme of up to a limit of RM1.00 billion in nominal value based on the Shariah principle of Wakalah Bi Al-Istithmar guaranteed by VS ("Sukuk Wakalah Programme").

The proceeds from the issuance of Sukuk Wakalah will be utilized for, amongst others, working capital requirements, capital expenditure, general corporate purposes of the Group, which include refinancing of existing borrowings or financings of VS, provision of Islamic intercompany financing as well as to defray costs and expenses relating to the establishment of the Sukuk Wakalah Programme and the issuance of the Sukuk Wakalah.

Subsequently, VSCM had in September 2022, successfully issued the Sukuk Wakalah in aggregate of RM500.0 million from the Sukuk Wakalah Programme, which has been assigned a credit rating of AA$_{IS(cg)}$ with a stable outlook by MARC Ratings Berhad.

	Tranche 1	Tranche 2
Nominal Value	RM200.0 million	RM300.0 million
Issue Date	21 Sep 2022	21 Sep 2022
Maturity Date	22 Sep 2025	21 Sep 2027
Tenure	3 years	5 years
Periodic Distribution Rate *(per annum, payable semi-annually)*	4.28%	4.74%

Separately, the Group had acquired 3 parcels of adjacent land measuring 8.9 acres in Senai, Johor for RM29.0 million in November 2021. The land parcels are strategically located within close proximity to our existing I-Park facilities, thus, enabling us to maintain close management control when the land is utilized for production in the future.

Total Land Area in Malaysia Before Acquisition:

>50 acres

Acquired Land:

+8.9 acres

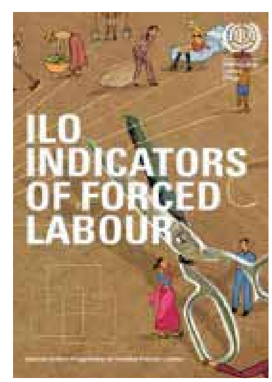
Latest Total Land Area in Malaysia:

>60 acres

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

At VS, we place high priority on ESG matters and are committed to maintaining our high standards of corporate governance. On the subject of migrant workers, the Group is serious in our efforts to safeguard the legitimate rights and interests of all employees, including migrant workers. Obviously, managing a large pool of migrant workers indeed comes with challenges. As such, we have experienced and trained personnel in-charge of the management of migrant workers.

In February 2022, the Group appointed PwC Consulting Associates (M) Sdn Bhd ("PwC Consulting") to conduct an independent third-party review of our labour practices ("Review"). This exercise is undertaken to identify, understand and close the gaps with regards to labour practices.



The independent Review was based on the 11 International Labour Organization ("ILO") Indicators of Forced Labour and the scope extended to entire workforce of its Malaysia operations comprising both local and migrant workers.

The 11 ILO indicators of forced labour are abuse of vulnerability; deception; restriction of movement; isolation; physical and sexual violence; intimidation and threats; retention of identity documents, withholding of wages; debt bondage; abusive working and living conditions; as well as excessive overtime.

Over the course of 4 months, PwC Consulting conducted site visits across 19 VS' factories and hostels and held formal interviews and focus group discussions ("FGD") with approximately 7% of VS' foreign workforce in Malaysia as well as a number of local workers. Ad hoc discussions were also undertaken with our employees. During the interview and FGD process, PwC Consulting utilised independent translators i.e. VS' translators were not used. Furthermore, only PwC Consulting and the labour rights consultant were present during the interviews. That is, no one from the Group was present during any of the interviews or FGDs.

PwC Consulting completed the Review in June 2022 and did not identify evidence of systemic forced labour practices within the Group. PwC Consulting's work was undertaken together with a labour rights consultant who concurs with this finding.

PwC Consulting completed the Review in June 2022 and did not identify evidence of systemic forced labour practices within the Group. PwC Consulting's work was undertaken together with a labour rights consultant who concurs with this finding.

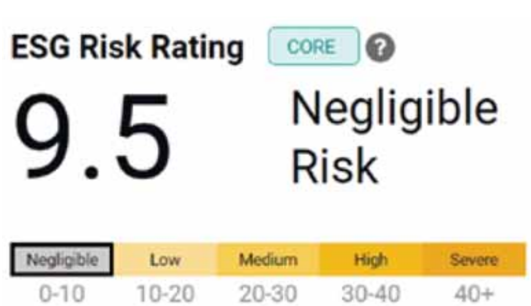
PWC CONSULTING'S INDEPENDENT REVIEW DID NOT IDENTIFY EVIDENCE OF SYSTEMIC FORCED LABOUR PRACTICES WITHIN THE GROUP

The Review was an important exercise for us at VS to help determine our labour practices from an independent perspective. We are pleased with the findings by PwC Consulting as they are consistent with our commitment in safeguarding the legitimate rights and interests of all our employees – both local and migrant workers. Granted, PwC Consulting did identify gaps and areas for improvement primarily relating to recruitment fees, overtime, accommodation and effective communication. The Board promptly acknowledged these matters and has since taken immediate remedial actions to rectify the issues highlighted.

Meanwhile, our key stakeholders were kept abreast on the findings. This comprehensive assessment has indeed heightened our knowledge and awareness pertaining to labour issues. The Group has been implementing additional measures to improve our risk management in this area and shall continually work towards enhancing the welfare of all our workers.

On a related note, the ESG rating of VS has improved to the highest 4-star from 3-star previously in the latest FTSE4Good Bursa Malaysia ("F4GBM") Index semi-annual review in June 2022. A 4-star rating represents the top 25% ESG ratings amongst public-listed companies in the FBM Emas Index that have been assessed by FTSE Russell.

Additionally, we are a member of the Responsible Business Alliance ("RBA"), the world's largest industry coalition dedicated to corporate social responsibility in global supply chains as part of our commitment towards sustainability. The Group complies with RBA's code of conduct, which outlines practices within the electronics industry that promote fair and safe working conditions, adoption of environmental-friendly manufacturing processes, and ensure welfare of the workers. VS has been a member since December 2018 and our major facilities are RBA-compliant.

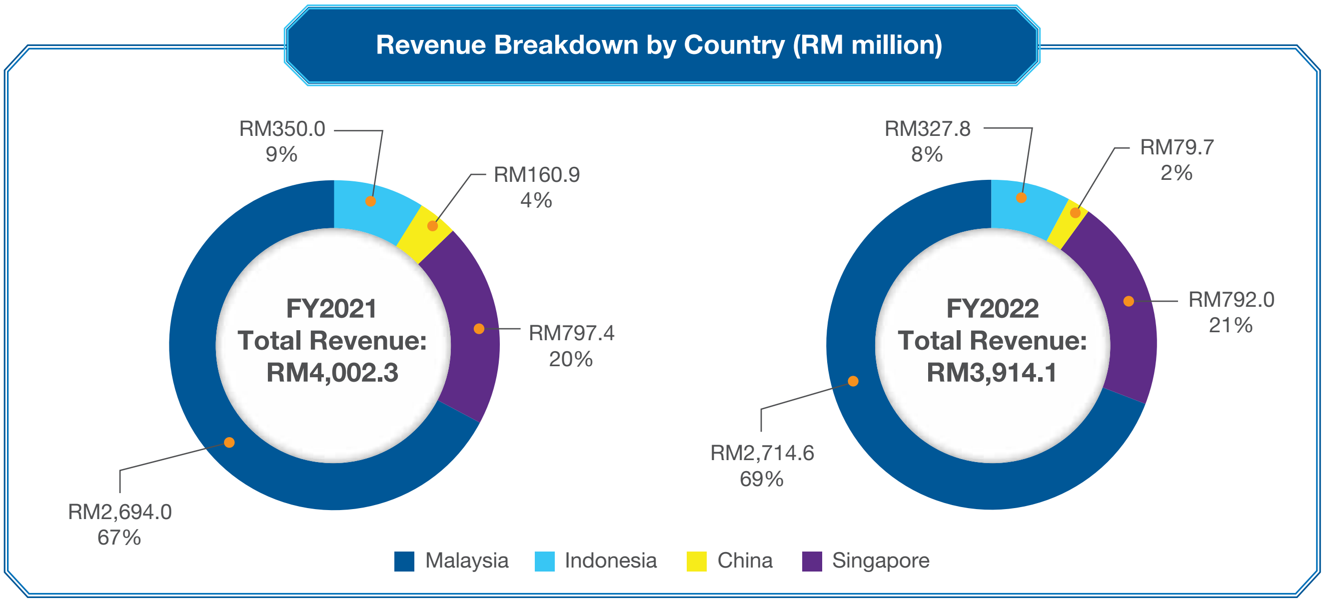


Lastly, Sustainalytics by Morningstar, a global leader in the fields of responsible investing and sustainable finance, has ascribed VS an ESG risk rating of negligible risk, which is the lowest risk category, with a rating of 9.5.

For more in-depth elaboration on our ESG efforts and initiatives, kindly refer to our Sustainability Statement section of this annual report.

FINANCIAL PERFORMANCE REVIEW

The Group posted a revenue of RM3.91 billion in FY2022, which was marginally lower compared to RM4.00 billion in the previous year following lower delivery of orders to key customers due to labour and component shortages.



In terms of revenue breakdown by country, Malaysia continued to be VS' key revenue driver, contributing RM2.71 billion or 69.0% to FY2022 total turnover. This was broadly similar to the preceding year where domestic operations made up 67.3% of Group revenue in FY2021.

However, the FY2022 top-line improvement was not reflected on the profit before tax ("PBT") level. In the financial year under review, PBT from our Malaysia segment slipped to RM230.0 million versus RM323.3 million in FY2021. The decline was predominantly owing to lower production efficiency caused by supply chain disruption, labour shortage, higher depreciation from new facilities while mass production for a new key customer has yet to achieve optimal level, as well as a one-off (non-cash) impairment on the investment in associate amounting to RM26.8 million.

For FY2022, our Indonesia segment recorded lower revenue and PBT on a YoY basis at RM327.8 million and RM8.4 million respectively as compared to RM350.0 million and RM11.0 million last year. This was primarily attributed to lower orders from our customers.

As for our operations in China, revenue continued to trend downward given our streamlining efforts coupled with the absence of large orders. Revenue for the financial year under review stood at RM79.7 million with a loss before tax ("LBT") of RM37.4 million. The LBT was a result of the low revenue base that was insufficient to cover fixed cost. This was further aggravated by loss on disposal of fixed assets and impairment loss on property, plant and equipment.

Lastly, our operations in Singapore, which acts as the marketing arm for Malaysia operations contributed the remainder of the revenue and PBT for FY2022 at RM792.0 million and RM0.3 million respectively.

Given the aforementioned factors that affected our Malaysia and China segments, VS delivered a net profit of RM166.8 million in FY2022, in contrast to the RM245.4 million posted in the previous year.

CAPITAL STRUCTURE AND RESOURCES

Our solid balance sheet continued to play a pivotal role as we navigate through the arduous environment. As of end-FY2022, the Group's total assets stood at RM3.98 billion, an increase of 10.6% YoY from RM3.60 billion a year ago. The increase stemmed from higher property, plant and equipment as well as inventories. The higher inventory level was part of our plan to manage the supply chain disruption issue.

The Group's cash and cash equivalent amounted to RM278.6 million as at 31 July 2022 versus RM402.4 million in the previous year. On the other hand, total borrowings rose to RM600.1 million in FY2022 from RM404.6 million in the same period last year. Note that despite the jump in borrowings, our net gearing remained healthy at 0.14x. Overall, the use of cash – through internal funds and borrowings – was for investments in capital expenditure ("CAPEX") (more details below) as well as working capital requirements.

Meanwhile, total equity grew 6.5% to RM2.36 billion as at the end of the financial year under review, which stemmed from higher share capital and reserves. The Group's total liabilities as of FY2022 rose to RM1.62 billion from RM1.38 billion due to higher borrowings and deferred tax liabilities.

In the financial year under review, the Group has spent approximately RM248.7 million on CAPEX, comprising investments on 3 parcels of land for future expansion, new hostels for our workers, new machineries and equipment as well as upgrading and maintenance of existing machineries and equipment. These investments were funded through a combination of internally generated funds and bank borrowings.

In terms of net cash flow from operating activities ("NOCF"), the Group registered a negative NOCF in FY2022 totalling RM59.0 million following the increase in inventories to mitigate supply chain disruption, in addition to slightly longer receivables turnover days.

Balance Sheet Highlights as at 31 July 2022

TOTAL ASSETS
RM3.98
BILLION

TOTAL EQUITY
RM2.36
BILLION

TOTAL CASH AND CASH EQUIVALENT
RM278.6
MILLION

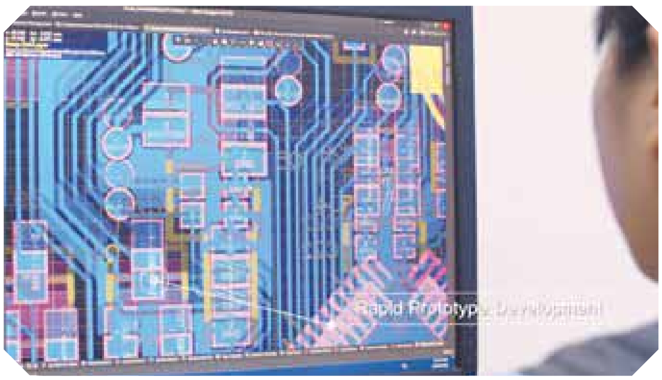
TOTAL LIABILITIES
RM1.62
BILLION

GEARING
0.25
TIMES

NET GEARING
0.14
TIMES

OUTLOOK AND PROSPECTS

Heading into the new financial year, i.e. FY2023, inflationary pressures, rising interest rates, geopolitical conflicts and risk of recession in major economies are expected to keep uncertainties elevated across global and domestic markets. Central banks around the world are hiking interest rates to tame inflation, which are affecting consumer sentiments. Against this backdrop, our Ministry of Finance is forecasting the Malaysian economy to grow at a slower pace of between 4% and 5% in 2023 versus the estimated 5.3% to 6.3% growth for 2022.



At VS, we are mindful of the tough environment and the Group will remain vigilant and prudent as we continue to grow our business. Our customer base diversification efforts over the past financial years came into play handsomely during such testing time.

Overall, order flow from our key customers is still healthy currently. Additionally, we managed to recruit adequate number of foreign workers and effectively resolved the labour shortage issue. The Group has been busy fulfilling orders from our customers, which is our focal point moving forward.

For our operations in Indonesia, we anticipate the performance to be satisfactory premised upon the projected production utilization in FY2023 with stable sales order from customers. As for China, the Group is maintaining minimal property, plant and equipment required for ongoing operations as part of our plan to narrow down the losses in the coming financial year.

On the prospecting front, the Group's business development activities were hindered by the pandemic as a result of border closure. With the border restrictions lifted, our special business development taskforce is now able to step up efforts in assessing the opportunities arising from multinational corporations ("MNCs") looking to shift or diversify their manufacturing bases to Southeast Asia. At the same time, the taskforce continues with their engagement with potential customers. The Group will remain cautious and prudent in this process as we want to build long term relationships that would optimise value to our stakeholders.

All things considered, we are positive on the Group's outlook ahead despite the demanding backdrop and market uncertainties. VS is focusing on growing responsibly for a sustainable future. The Board opines that the financial performance of the Group in FY2023 will be satisfactory barring any unforeseen circumstances.

ANTICIPATED OR KNOWN RISKS

Dependence on Major Customers

In the past, a few major customers have been contributing substantially to our revenue. Furthermore, we do not have any long-term contracts with our customers. Therefore, the Group's financial performance may be materially affected if we were to lose one or more of our major customers or in the event of payment default.

Cognizant of the customer concentration risk, VS has been diversifying its customer base by getting onboard new customers, which has already begun to bear fruit and effectively reducing our customer concentration risk. Besides, we also continue to channel efforts and resources to continuously enhance our competitive edge over our peers through innovation and research & development ("R&D"). Constant dialogues with customers to gain useful feedback are crucial to meet their changing needs and increase the stickiness with our customers.

Fluctuation in Foreign Currency Exchange Rates

We an export-oriented manufacturer and transact in different currencies such as the United States Dollar ("USD"), Singapore Dollar ("SGD") and Euro, to name a few. Thus, any unfavourable fluctuations in those currencies may have an adverse impact on our financial performance. As part of our risk mitigation efforts, we diligently monitor the volatility of foreign exchange rates and shall consider entering into foreign currency hedging contracts if/when necessary.

Operational Risk

Our performance is predominantly dependent on the efficiency and functionality of the operations in which any disruptions or unplanned shutdowns may cause adverse impact to the Group. This can be observed over the past year or so with imposition of FMCO as well as the labour and component shortage issues in Malaysia where we were unable to operate at our optimal efficiency in a consistent manner.

Thankfully, these issues are behind us now but the Group is keeping a close eye on the situation to assess the risk. Moreover, VS is implementing automation solutions where financially and economically feasible in order to reduce our reliance on manual labour. Meanwhile, certain risks such as risk of fire, burglary, and workplace accidents are partially alleviated with the Group's insurance policies. Nevertheless, other external business risks such as natural disasters, pandemics, riots, and general strikes are beyond our control and may have material and negative effect on our operational performance.

Supply Chain Disruptions

Supply chain disruptions is one of the key risks faced by the Group as a result of the prolonged pandemic. VS sources our raw materials from various parts of the world and any disruptions in the supply could result in raw material shortages, which in turn may affect our operations. The Group is in constant contact with our key suppliers to understand the latest situation so that we are able to proactively manage the situation. In addition, VS has been improving our inventory management system to ensure that we have sufficient stock on hand to weather potential supply chain issues at any given time.

DIVIDENDS

FY2022 DIVIDEND PAYOUT
45.8%

In FY2022, the Board has declared a total of 1.60 sen per share and proposed a final dividend of 0.40 sen subject to shareholders' approval at the upcoming annual general meeting. This brings the total dividend per share for the financial year under review to 2.00 sen, representing a 45.8% payout based of FY22 earnings per share of 4.37 sen. The Group has a dividend policy of 40% payout of net profit.

DATUK GAN SEM YAM
Managing Director

DIRECTORS' PROFILE

DATUK BEH KIM LING
Executive Chairman

Age	64
Gender	Male
Nationality	Malaysian

Datuk Beh Kim Ling was appointed to the Board on 4 August 1982. He brings to the Board more than thirty years of contract manufacturing experience in the plastic injection and electronics & electrical assembly industries.

He started his career in 1976 as a plastic injection moulding technician in Singapore. In 1979, he set up V.S. Industry Pte. Ltd. in Singapore, manufacturing cassettes and video tapes. In 1982, he relocated the entire business operations from Singapore to Johor Bahru and, together with his spouse, incorporated V.S. Industry Berhad. His leadership and entrepreneurial skills have helped advance the Group to be an international player in the field of Electronics Manufacturing Services ("EMS").

He holds directorship positions in various subsidiary companies of the Company and also in other private limited companies. Datuk Beh is the brother-in-law to Datuk Gan Sem Yam and Dato' Gan Tiong Sia. He is also the father to Beh Chern Wei (Ma Chengwei). Datuk Beh has no other conflict of interest with the Group except for those transactions as disclosed in Note 30 to the financial statements. He has not been convicted of any offences within the past five (5) years.

DATUK GAN SEM YAM
Managing Director

Age	66
Gender	Male
Nationality	Malaysian

Datuk Gan Sem Yam is the Managing Director of V.S. Industry Berhad.

He joined the Group in 1982 and played the key role in setting up the plastic finishing and electronic assemblies division. He was promoted to General Manager and appointed as an Executive Director of the Company on 27 February 1988.

Datuk Gan was instrumental in the business integration and expansion of the Group since 1990. He sits on the board of various subsidiary companies of the Company and also holds directorship in other private limited companies. Datuk Gan is the brother to Dato' Gan Tiong Sia and brother-in-law to Datuk Beh Kim Ling. He is also the father to Gan Pee Yong. Datuk Gan has no other conflict of interest with the Group except for those transactions as disclosed in Note 30 to the financial statements. He has not been convicted of any offences within the past five (5) years.

DATO' GAN TIONG SIA
Executive Director

Age	62
Gender	Male
Nationality	Malaysian

Dato' Gan Tiong Sia was appointed to the Board on 27 February 1988. He joined the Company in 1982 as a Management Trainee and was promoted to Marketing Manager in 1986. He is responsible for the overall marketing function of the Group.

He also sits on the board of various subsidiary companies of the Company. Dato' Gan is the brother to Datuk Gan Sem Yam and brother-in-law to Datuk Beh Kim Ling. Dato' Gan has no other conflict of interest with the Group except for those transactions as disclosed in Note 30 to the financial statements. He has not been convicted of any offences within the past five (5) years.

NG YONG KANG
Executive Director

Age	61
Gender	Male
Nationality	Malaysian

Ng Yong Kang joined the Board on 1 August 2005.

He comes with extensive engineering and operations experience in the manufacturing sector, with multinational corporations like General Electric (TV) Sdn. Bhd., Thomson Audio Muar Sdn. Bhd., Lion Plastic Industry Sdn. Bhd. and Likom Group of Companies. He also sat on the board of several private companies in Malaysia, Singapore, People's Republic of China, United States of America and Mexico.

Mr. Ng joined the Group in 2002 as a Group General Manager, and was subsequently promoted to his current position. He graduated from the National Taiwan University, Taiwan, Republic of China with a Bachelor of Science in Mechanical Engineering in 1985, obtained a Diploma in Management from the Malaysian Institute of Management in 1992, and has a Master in Business Administration from the Heriot-Watt University, Edinburgh, Scotland, United Kingdom in 2002.

Mr. Ng also sits on the board of various subsidiary companies of the Company. Mr. Ng does not have any family relationship with any director or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

BEH CHERN WEI
Executive Director

Age	37
Gender	Male
Nationality	Malaysian

Beh Chern Wei (Ma Chengwei) was appointed to the Board on 2 April 2018 as an Alternate Director and was re-appointed as an Executive Director on 1 July 2020. He obtained his Executive Master of Business Administration from Columbia Business School, London Business School and Hong Kong University in 2018 and Bachelor of Science in Industrial Engineering Degree from the State University of New York at Buffalo, USA in 2006.

In 2007, he served at the Group's business development division for a year, and later joined V.S. International Group Limited ("VSIG"), a subsidiary of the Group listed in Hong Kong. At VSIG's production facility in Qingdao, the People's Republic of China, he assumed the role of Project Manager and Business System Manager, where he was involved in various capacities relating to management enterprise resource planning, business development, sales and marketing, supply chain management, operational management and project and product development for a year prior joining the operations in Zhuhai.

He currently sits on the board of VSIG. Mr. Beh is the son of Datuk Beh Kim Ling and the nephew of Datuk Gan Sem Yam and Dato' Gan Tiong Sia. Mr. Beh has no conflict of interest with the Group except for those transactions as disclosed in Note 30 to the financial statement. He has not been convicted of any offences within the past five (5) years.

GAN PEE YONG
Executive Director

Age	37
Gender	Male
Nationality	Malaysian

Gan Pee Yong was appointed to the Board on 2 April 2018 as an Alternate Director and was re-appointed as an Executive Director on 1 July 2020. He holds a Bachelor (Hons) in Electronic System Engineering Degree from the University of Manchester, United Kingdom in 2008. He then furthered his studies and obtained a Master's in International Business from the Grenoble Graduate School of Business, United Kingdom in 2012.

Mr. Gan joined the Group as Program Manager, upon completing his studies. He has played an active role in business development activities at the Group. He was also instrumental in formulating and managing various strategic cross-project initiatives to ensure successful outcome for the Group.

Mr. Gan also sits on the board of various subsidiary companies of the Company. He is the son of Datuk Gan Sem Yam and also the nephew of Datuk Beh Kim Ling and Dato' Gan Tiong Sia. Mr. Gan has no conflict of interest with the Group except for those transactions as disclosed in Note 30 to the financial statement. He has not been convicted of any offences within the past five (5) years.

DIONG TAI PEW
Independent
Non-Executive Director

Age	71
Gender	Male
Nationality	Malaysian

Diong Tai Pew joined the Board on 2 April 2018. He is the Chairman of the Audit Committee and a member of the Nomination Committee.

Mr. Diong graduated from Tunku Abdul Rahman College, Malaysia, with a Diploma in Commerce in 1976. He is a fellow member of the Institute of Singapore Chartered Accountants, a member of the Malaysian Institute of Accountants and a fellow member of the Chartered Tax Institute of Malaysia. He brings to the Board more than 30 years of experience in Finance and Accounting including audit and investigation, taxation, merger and acquisitions as well as business development.

Mr. Diong currently sits on the Board of V.S. International Group Limited (a subsidiary of the Group listed in Hong Kong), and Hengyang Petrochemical Logistics Limited (a public listed company in Singapore). He does not have any family relationship with any director or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

TAN PUI SUANG
Independent,
Non-Executive Director

Age	51
Gender	Female
Nationality	Malaysian

Tan Pui Suang was appointed to the Board on 15 March 2019. She is the Chairman of the Risk Management and Compliance Committee and a member of the Audit Committee.

Ms. Tan is a Fellow of the Association of Chartered Certified Accountants ("FCCA"). She has extensive corporate experience, in the areas of corporate finance and planning, financial management and audit. She is currently the Director of Finance and Corporate Services of University of Reading, Malaysia.

Her past roles include Asia Pacific Regional Operations Controller with TechnipFMC Asia Pacific, a multinational oil and gas services group listed on both the New York Stock Exchange ("NYSE") and Euronext Paris ("EN-Paris"), Corporate Planning Manager with Malaysia Marine and Heavy Engineering Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and Senior Audit positions in Deloitte & Touche in Singapore.

Ms. Tan does not have any family relationships with any director or major shareholders of the Company, nor does she have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years.

WONG CHEER FENG
Independent
Non-Executive Director

Age	66
Gender	Male
Nationality	Malaysian

Wong Cheer Feng was appointed to the Board on 10 December 2020. He is the Chairman of the Nomination Committee and Remuneration Committee as well as a member of the Audit Committee and Risk Management and Compliance Committee.

Mr. Wong graduated from Hertfordshire University (United Kingdom) with a Bachelor (Hons) in Social Sciences in 1980. Upon graduation, he was called to the English Bar by the Honourable Society of Lincoln's Inn in 1981 and subsequently joined the Malaysian Bar in 1982.

Mr. Wong brings with him 40 years of experience in litigation and conveyancing cum corporate matters. He is a senior lawyer and has been in active practice since establishing his own legal firm, Messrs C.F. Wong & Co. in 1982, where he is the managing partner. Currently, he is also a legal adviser to several companies, schools and associations. Previously, he had served as the Chairman and committee member of The Disciplinary Committee under the Advocates and Solicitors Disciplinary Board in Malaysia.

Mr. Wong does not have any family relationships with any director or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

DR. LIM BOH SOON
Independent
Non-Executive Director

Age	66
Gender	Male
Nationality	Singaporean

Dr. Lim Boh Soon was appointed to the Board on 30 May 2022. He is a member of the Risk Management and Compliance Committee, Nomination Committee and Remuneration Committee.

Dr. Lim has vast experience of more than 27 years holding various key positions in the venture capital and private equity industry in Asia. He was the first non-Muslim Chief Executive Officer ("CEO") of Kuwait Finance House (Singapore) Pte. Ltd. Prior to that, Dr. Lim was the first foreign CEO of Vietcombank Fund Management Company, Group Corporate Director of Autron Corporation Limited, Chief Executive Officer of Auric Technology Holdings Pte Ltd, a partner co-heading UBS Capital Asia Pacific (S) Limited and a key founding member of Rothschild Ventures Asia Pte Ltd. Apart from that, Dr. Lim has served in senior management positions for major Singapore corporations, such as the NatSteel Group, and the Singapore Technologies Group.

Dr. Lim currently sits on the Board of several public listed companies in Singapore and United States, including OUE Limited, Jumbo Group Limited and Tomi Environmental Solutions Inc.

Dr. Lim holds a PhD and Bachelor of Science (First Class Honours) in Mechanical Engineering from University of Strathclyde, United Kingdom. He is a fellow of the Singapore Institute of Directors, senior member of the Singapore Computer Society and Singapore Institute of Management, member of the Chartered Management Institute and an associate member of the Royal Aeronautical Society in the United Kingdom.

Dr. Lim does not have any family relationships with any director or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

WEE BENG CHUAN

Independent Non-Executive Director

Age	60
Gender	Male
Nationality	Malaysian

Wee Beng Chuan was appointed to the Board on 25 November 2022.

Mr. Wee obtained his Association of Chartered Certified Accountants ("ACCA") qualification in 1988, and was admitted a Fellow of the ACCA in 1997. He is a registered Chartered Accountant with the Malaysian Institute of Accountants, Malaysia since 1994.

Mr. Wee brings to the Board more than 30 years of experience in accounting and audit services. His professional training commenced in an audit firm based in London, England in 1989. Upon his return to Malaysia in 1993, he joined KPMG Malaysia and was admitted as an audit partner of KPMG Malaysia in 2003, until his retirement from the firm on 31 December 2017.

Mr. Wee has extensive experience in the audit of a broad array of company that include public listed companies and multinationals across various industries, such as manufacturing of industrial products, consumer products and services, plantation, property development and construction, transportation and logistics. He is also an experienced reporting accountant who has been involved in numerous Initial Public Offerings and fund-raising exercises in the capital market.

Currently, Mr. Wee sits on the Board of several public listed companies in Malaysia. He is the Executive Director of Tuju Setia Berhad and the Independent Non-Executive Director of QL Resources Berhad.

Mr. Wee does not have any family relationships with any director or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

CHONG CHIN SIONG

Alternate Director to Beh Chern Wei (Ma Chengwei)

Age	55
Gender	Male
Nationality	Malaysian

Chong Chin Siong was appointed to the Board on 1 August 2014.

Mr. Chong graduated from Universiti Sains Malaysia with a Bachelor of Management (Accounting and Financial Management) Degree in 1992.

He has extensive experience in internal audit, corporate finance and financial management, started his career with Deloitte KassimChan in 1992, and later joined Leong Hup Holdings Berhad as Assistant Accountant. In 1997, he joined Harta Packaging Industries Sdn. Bhd. as Financial Analyst, where he was promoted to Internal Audit Manager, and subsequently Financial Controller. He assumed the position of Deputy General Manager with Harta Packaging Industries (Cambodia) Ltd in 2005, before becoming Assistant General Manager with PCCS Garments Ltd, Cambodia.

Mr. Chong joined V.S. International Group Limited as Corporate Financial Controller in 2009, before assuming the role of Group Financial Controller in 2014.

Mr. Chong does not have any family relationship with any director or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

MOHAMAD BIN YUSOF

President Director, PT. V.S. Technology Indonesia **Age 57 | Male | Malaysian**

Mohamad bin Yusof joined the Group in 1991 as Production Executive, and was subsequently promoted to Factory Manager in 1995. He was appointed as Vice President Director of PT. V.S. Technology Indonesia in 2002, and was subsequently promoted to President Director in 2005.

Mr. Mohamad holds a Certificate in Electronic. Prior to joining the Group, he held production roles in various companies in the electronics sector.

Mr. Mohamad does not have any family relationship with any director or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

GAN PEE KE'NG

Senior General Manager **Age 54 | Male | Malaysian**

Gan Pee Ke'ng joined the Group in 1989 as management trainee, and was subsequently promoted to General Manager in 2005. He was appointed as Senior General Manager in 2011. He has more than 20 years of experience in the plastic injection, finishing and electronics & electrical assembly industries.

Mr. Gan is the nephew of Datuk Beh Kim Ling, Datuk Gan Sem Yam and Dato' Gan Tiong Sia. Mr. Gan does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

LIM MING CHOY

Senior General Manager **Age 55 | Male | Malaysian**

Lim Ming Choy , joined the Group in 2005 as Assistant General Manager, and was subsequently promoted to General Manager in 2007. In 2020, he was appointed as Senior General Manager. He has accumulated more than 30 years of experience in the electronics manufacturing industry.

Mr. Lim holds an Executive Master of Business Administration from the United Business Institutes in Belgium and a Diploma in Business Management from the Malaysian Institute of Management.

Mr. Lim does not have any family relationship with any director or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

ABOUT THIS REPORT

V.S. Industry Berhad ("VS Industry", "VS", the "Company or the "Group") derives its success from a culture that fuses the foundational principles that drove our first 40 years with an entrepreneurial mindset that will carry us forward. Our time-proven values have contributed to the success of our Environmental, Social and Governance ("ESG") practices. These will continue on our journey into the next 40 years.

This Sustainability Statement demonstrates how we evolve as a company and become even better at what we do, especially in ESG areas. This Statement articulates the Group's commitment to sustainability, transparency, the interests of key stakeholders and pragmatic responses to these interests. Comprehensive, accessible information on the Group's strategy towards sustainability, key issues and data are presented in this report.

Reporting Scope and Boundary	This Sustainability Statement covers the operations of V.S. Industry Berhad ("VSI") and two of its Malaysian subsidiaries: V.S. Electronics Sdn. Bhd. ("VSE") and V.S. Plus Sdn Bhd. ("VSP").
Reporting Cycle	Annually
Reporting Period	1 August 2021 to 31 July 2022 ("FY2022")
Reporting Guidelines and Principles	**Principle Guideline:** Global Reporting Initiative (GRI) Universal Standards **Additional Guidelines:** • Bursa Malaysia's Sustainability Reporting Guide • FTSE4Good Bursa Malaysia ESG Index • United Nations Sustainable Development Goals (UNSDGs) • International Organization for Standardisation (ISO) 26000:2010 Guidance on Social Responsibility
Reporting Approach	This Sustainability Statement focuses on the Group's sustainability strategies and practices whilst highlighting the economic, environmental, social and governance aspects of its activities and developments. It also provides an overview of the Group's approach, priorities, targets and a performance review of crucial sustainability areas.
Reliability of Information Disclosed	The accuracy of the content in this Sustainability Statement has been: • Reviewed by the Sustainability Committee; and • Presented to the Board for approval.
Feedback	VS is fully committed to listening to stakeholders and welcomes feedback on its sustainability reporting and performance. Please send your comments or questions via the Contact Us section of our website (http://www.vs-i.com) and attention them to our Compliance Officer, Ms Chelynn Lim.

SUSTAINABILITY AT VS

A sustainable business approach is essential, forming a core part of our business. Sustainability is not merely a fashionable new trend. The Group sets ambitious targets and has already proven it can produce electronic products in a manner that does not harm the external environment. Our safe production always prioritises employee well-being.

Integrating sustainability in our business aligns the business strategy and operations with a long-term vision of a conducive and sustainable future.

VS SUSTAINABILITY POLICY

Our business practices are designed to create value in both the short and long term, maximising positive impacts and minimising eventual negative impacts on society and the environment throughout our value chain through ethical and transparent conduct.

We aim to satisfy the growing demand for transformation in the electronic manufacturing services field by optimising our contribution to sustainable development.

VS Sustainability Policy covers the following commitment:

- Ensuring suppliers' compliance with the highest ethical standards
- Complying with regulations with regards to the environment, occupational, safety and health
- Practising green procurement and manufacturing
- Responsible waste management and disposal
- Maintaining a safe and healthy working environment at all times
- Fair treatment of employees
- Contributing to local authorities and communities
- Upholding business excellence and continuity
- Continual research and development efforts to achieve product innovations
- Developing long-term partnerships with clients
- Complying with recommended practices under the Malaysian Code of Corporate Governance

SUSTAINABLE VALUE CREATION

Ongoing innovation deepens our positive influence on the economic, social, low-carbon and employment environment. VS works to offer the latest technology to its customers and a good production environment to produce future complex products. Our operations ensure that we can be part of their products' life cycles and minimise the effect on the external environment.

VALUE CREATION MODEL

We optimise the capital we own and continue generating new value that contributes to the development of industry and society through the value chain of business activities.

CAPITALS	FOCUS AREAS	VALUE CREATED	OUTCOME	UNSDGs
 **Financial** • RM 2.36 billion net assets • 59.30% equity ratio • RM3.98 billion total assets **Manufactured** • 12 manufacturing sites **Intellectual** • Broad-ranging knowledge and technological capabilities • Systems and know-how	**Sustainability-led innovation** **INPUT** • Cash flow generated by operations • Efficient systems, controls and processes • Resources, equipment and infrastructure	• Our advanced manufacturing facilities are in Malaysia, China, Indonesia and Vietnam. As a leading integrated Electronics Manufacturing Services (EMS) provider in the region, our proven capabilities meet the manufacturing needs of global brand names for electrical and electronic products for the office and home.	A sustainable design and manufacturing process generates long-term sustainable returns for investors. Continuous investment and growth sustain the business with a considerable targeted return on capital.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
 **Natural** • Resource consumption, such as energy and water	**Low-carbon environment** **INPUT** • Waste and natural resources • Biodiversity and conservation • Resources and utilities	• We promote energy-efficient electronic solutions and build a low-carbon impact by working with supply chain partners. • We have made a considerable effort to ensure that all products comply with RoHS Requirements.	Operations have a minimal environmental impact, and the Group is committed to addressing climate issues.	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
 **Human** • 9,805 employees • 417 engineers	**An integrated and resilient workforce** **INPUT** • People • Skills, knowledge and expertise	• A diversified, progressive and inclusive workplace is the goal of sustainable employment. • We ensure effective occupational safety measures protect all employees from creating a healthy workplace environment at all business levels.	Our cohesive and effective management team develops a safe and conducive environment that allows employees to achieve their career aspirations and makes VS an Employer of Choice.	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
 **Social and Relationship** • Relationship of mutual trust with customers built through many years of performance records • Solid cooperative working relationships with suppliers • Foundation for business activities in local communities	**Maximising shared societal value** **INPUT** • Extended communities • Our people • Ethics and human rights	• Redesigning our business and operation models enables us to provide society with a creative, relevant and differentiating experience.	We are an exemplary corporate citizen with a strong community partnership.	10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

OUR SUSTAINABILITY GOVERNANCE MODEL

Building our business on clear principles and sound governance helps maintain trust and reduce risk throughout the value chain. The way we organise and govern our sustainability work promotes transparency and accountability.

The Group Sustainability Committee, headed by the Group Managing Director, helps the Board fulfil its oversight sustainability responsibilities, including strategy, operational model, reporting and frameworks. The Risk Management and Compliance Committee ("RMCC") also aids the Board in fulfilling its oversight responsibilities for managing risks, related frameworks, controls and processes, including ESG factors as drivers of existing risk.

At the executive level, the Senior Management Team supports the Committee. As the backbone of the Group's sustainable development, the team drives initiatives across the Group, sets Key Performance Indicators (KPIs) and targets in consultation with relevant stakeholders and monitors ESG risks and opportunities. The team meets regularly and updates Group Executives.

At the operational level, VS restructured and established a New Working Group, the Risk and Sustainability Working Group (RSWG), at each operating facility headed by the respective facility's General Manager and supported by Department Heads from Finance, Supply Chain, Marketing, Human Resources and Operations. The Board and the Group Managing Director are updated regularly on the Group's sustainability performance.

CREATING MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

Managing stakeholder relations requires a lot of listening. Actively providing opportunities for engagement with our stakeholders and promoting mutual communication allows us to accurately comprehend their requirements and reflect them in our business activities. We build solid relationships of mutual trust with all company stakeholders. Responding to their expectations helps us fulfil our roles and responsibilities in society.

VS refers to the AA1000 Stakeholder Engagement Standard in identifying stakeholders and designing its interaction models to respond to stakeholders comprehensively and in a balanced way. VS bases these principles on Inclusivity, Materiality, Responsiveness and Impact principles.

Stakeholders	Engagement Channels	Relationship with Stakeholders	Value Provided to Stakeholders
Board of Directors	• Board meetings • Annual General Meetings • Company-organised events	• Executives and the Board must share long-term goals to discuss strategic ideas, proposals and plans.	• The Board's ultimate responsibility is to propel the business through strategic decision-making and planning
Major Shareholders	• Annual General Meetings • Investor presentations and meetings • Media releases • Corporate website	• Shareholders and investors support business expansion financially and participate in the company's management by exercising voting rights. • We share our management vision and growth scenario with shareholders and investors and incorporate their feedback by incorporating constructive dialogue into management decision-making to enhance our corporate value.	• Return of profit generated from business activities • Realising medium to long-term growth and enhancing corporate value

Stakeholders	Engagement Channels	Relationship with Stakeholders	Value Provided to Stakeholders
Employees	• Induction training • Learning and development programmes • Employee performance appraisals • Corporate-organised events	• Employees increase corporate value by utilising their abilities and practical knowledge and improving their skills through training. • We promote employee engagement which increases employee motivation.	• Career advancement and skills development • Optimum well-being through a balanced work-life
Customers	• Face-to-face interactions • Manufacturing collaborations • Feedback surveys • Customer audits • Quarterly Business Reviews (QBR), Supplier Conferences, and Manufacturing and Quality Summits	• We manufacture products, parts and components and also create technological roadmaps spanning multiple generations and carry out joint technology development with customers to develop next-generation processes	• Best products with a world-leading performance that incorporate leading-edge technologies • High value-added services • Environment-friendly processes with a focus on safety and quality • Solutions that address various needs
Suppliers	• Interviews • Evaluations and re-evaluations • Face-to-face interactions	• Suppliers supply parts, materials and human resources necessary for our manufacturing processes. • We collaborate with our suppliers towards a sustainable supply chain that considers labour, the environment, health, safety and ethics	• Maintaining soundness and strengthening competitiveness throughout the entire supply chain • Providing business opportunities in the electronics manufacturing industry
Local Communities	• Online platforms (e.g. corporate website and online job applications) • Corporate volunteering programmes (e.g. community events, knowledge-sharing initiatives and partnerships with non-governmental organisations)	• We advance with the local communities where we carry out business activities. • We create employment opportunities, develop local industries, promote environmental preservation initiatives, and pay taxes on the profit generated by our business activities.	• Providing human resources development and employment opportunities • Promoting environmental preservation in communities • Making financial contributions through tax payments • Enhancing the community
Analysts/Media	• Press conferences and events • Media releases • Media interviews • Analyst briefings	• VS works closely with analysts and the media to update progress and plans within the organisation. Reports and publications produced by analysts and media are essential for communicating our journey to all stakeholders.	• Progress report, recommendations, peers comparisons and outlook • Online and offline publications
Industry Peers	• Annual reports • Industry collaborative programmes • Industry organisations • Associations and Government-organised events	• In the markets where we operate, we work to accurately comprehend societal needs by collaborating with highly relevant international organisations and industry associations, helping resolve issues facing the industry and society and further development.	• Solutions that tackle industrial and societal issues • Products, services and business models that are conscious of the environment, human rights and other societal factors • Business activities which comply with laws, regulations, industry codes of conduct and various rules
Non-Governmental Organisation ("NGOs")	• Public events • Face-to-face interactions	• Healthy relationships with NGOs through transparency and respect for the betterment of society	• Developed society and improved community participation

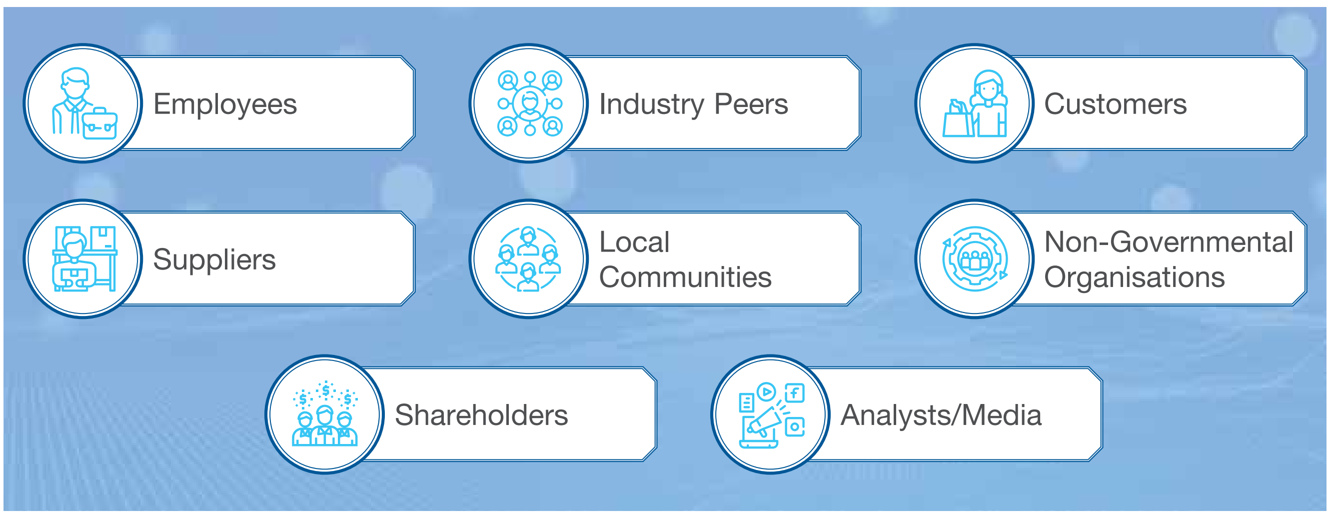
MATERIALITY

VS regularly reviews, assesses and collects feedback on ESG issues through regular risk assessments, which identify, assess and document material risks. The Company continuously improves the adequacy and effectiveness of its risk assessment process in response to the changing business and operating environment.

THE MATERIALITY STUDY PROCESS

In the last quarter of 2022, we commissioned an external consultant to conduct a comprehensive study of the most material aspects of our sustainability programme. VS opted for an impartial, external party to secure the anonymity of the respondents. We sought feedback from representatives of all major stakeholder groups.

Stakeholders Represented in the Survey



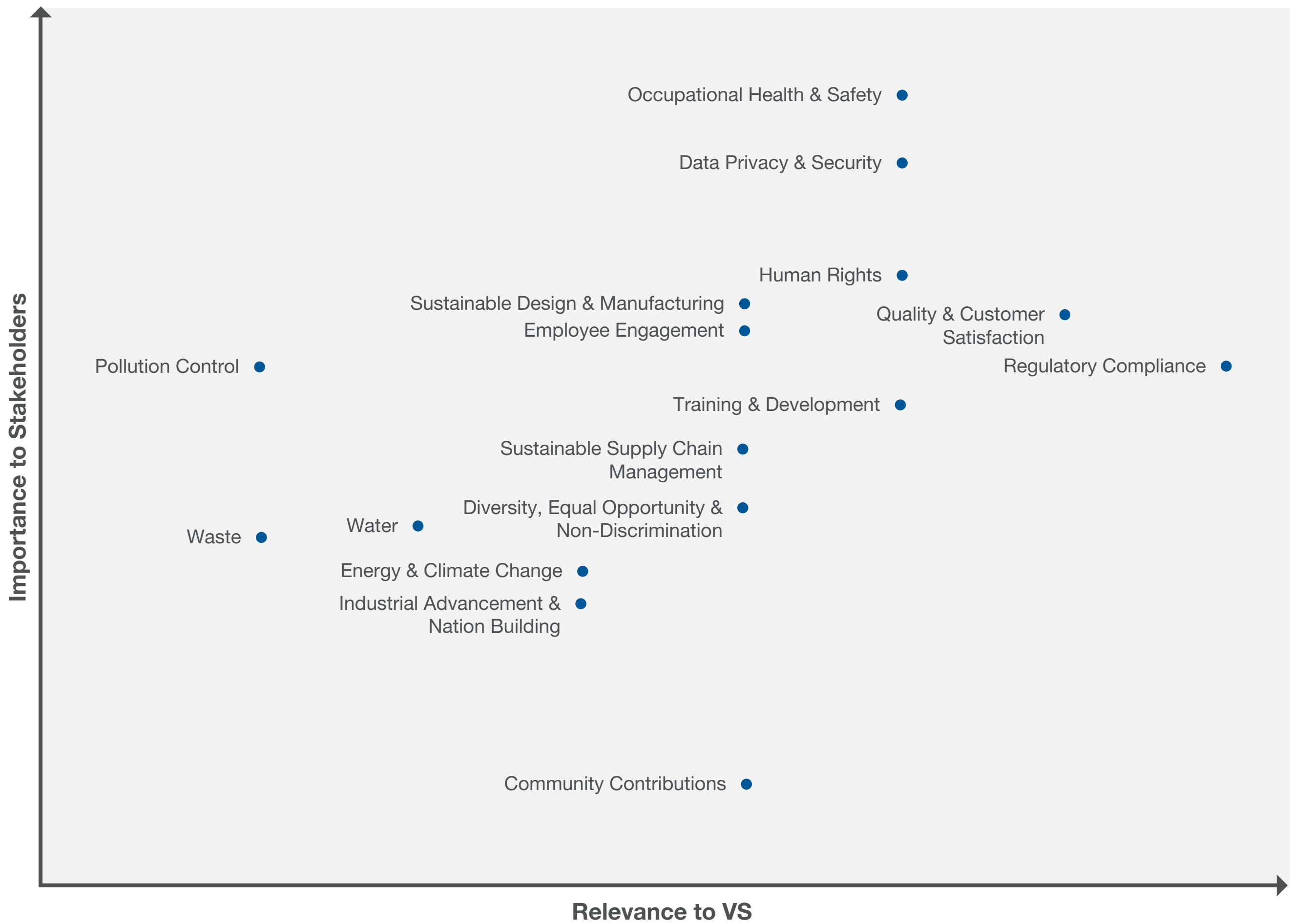
We asked stakeholder representatives to rate the importance they placed on 16 areas of sustainability from a scale of very unimportant (1) to very important (5). We selected a 5-point Likert Symmetric Scale so respondents could specify their level of agreement with (3) being neutral.

Topics Covered in Materiality Assessment

Topic	Description
Economic	
Regulatory Compliance	Preventing anti-competitive behaviour and corruption while complying with all other economic, environmental and social legislation
Sustainable Supply Chain Management	Integrating environmentally and socially viable practices into the complete supply chain lifecycle
Industrial Advancement & Nation Building	Advancing the industry by delivering innovative one-stop manufacturing solutions to world-renowned customers
Environment	
Energy & Climate Change	Managing energy and greenhouse gases effectively and reducing them whenever possible
Pollution Control	Minimising all forms of pollution, including air emissions and noise
Waste	Minimising all types of waste and recycling whenever possible
Water	Using water efficiently
Social	
Diversity, Equal Opportunity & Non-Discrimination	Promoting diversity and equal opportunities and eliminating all forms of discrimination in the workplace
Community Contributions	Having a positive influence on local communities through charitable contributions and Corporate Social Responsibility initiatives
Human Rights	Protecting all aspects of human rights, including protecting the indigenous population, staff welfare and security and ensuring there is no child or forced labour
Employee Engagement	Respecting employees' rights to joint representation and consultative practices
Training and Development	Providing training and education to employees to expand their knowledge base for career development
Occupational Health & Safety	Keeping all workers safe and free from injury and both non-communicable and infectious diseases
Quality & Customer Satisfaction	Promoting quality throughout all aspects of operations to ensure high levels of customer satisfaction
Data Privacy & Security	Protecting all information, including confidential business data, employee information and customers' data privacy
Sustainable Design & Manufacturing	Considering sustainability throughout the entire design and manufacturing processes

THE RESULTS

The materiality matrix plots the scores of each issue: the y-axis represents the influence on stakeholders, and the x-axis represents the impact on the Company. Issues found closer to the upper right-hand corner of the matrix are significantly influenced and impacted by both VS and stakeholders. The materiality assessment was reviewed and approved by the Board of Directors.



ECONOMIC

According to the Malaysian Investment Development Authority (MIDA), the Electricals and Electronics industry targets to contribute RM120 billion to gross domestic products (GDP) and generate RM495 billion in export earnings by 2025. Under the 12th Malaysia Plan (12MP), the Electricals and Electronic industry players are encouraged to adopt advanced technologies and produce more sophisticated products, resulting in higher productivity and growth. VS will further strengthen its manufacturing ecosystems, promote new technology adoption, uplift talent development and enhance research and development.

GROWTH AND EXPANSION

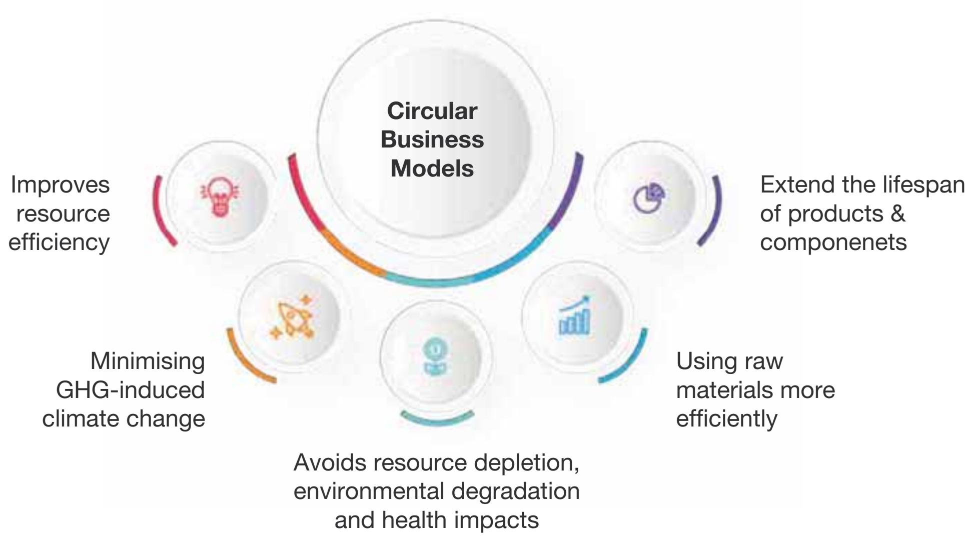
The latest S&P Global Electronics PMI survey shows that the electronics sector continually expands. Significant technological developments also support the outlook for electronics demand. VS expects the industrial electronics demand to increase exponentially over the medium term, helped by Industry 4.0. During the year, VS earmarked RM150 million in capital expenditure (CapEx) to expand and enhance its capacity and capabilities. The Group cruised through the pandemic-led disruptions, such as labour and raw materials shortages. Operations resumed with the arrival of foreign labour and the normalising of the supply chain. We will continue to focus on executing customer orders and maximising value to all our stakeholders.

	2022	2021	2020	2019
% Change in investment in new technology and initiatives				
Building and Facilities	**-8.9%**	35%	-54%	-46%
Machines	**15.2%**	-40%	-18%	33%
Automation	**-6.3%**	6%		
Investment amount				
Investment	**RM 170.59 Million**	RM 184.65 million	RM64 million	RM86 million
Composition of investment				
Building and Facilities	**38.6%**	47%	13%	79%
Machines	**61.0%**	46%	87%	21%
Automation	**0.4%**	7%	0%	0%

THE FUTURE OF SUSTAINABLE ELECTRONICS

A sustainable electronics future must be driven by manufacturers and supported by suppliers. Circular business models create value through resource efficiency and extending the lifespan of products and their components. These models can unlock new economic opportunities for the Group and support the broader transition towards a Net Zero economy.

Creating Value Through Circular Business Models



Our ambition is to empower consumers to extend the life of electronic devices, components and materials. We are working to innovate and develop more circular production and consumption systems to meet consumer demand for electronics while addressing the need to conserve natural resources, biodiversity and carbon sinks. Adopting the circular business model concept, some customers have begun using Post Consumer Reject (PCR) materials in their products to demonstrate socially responsible waste recycling.

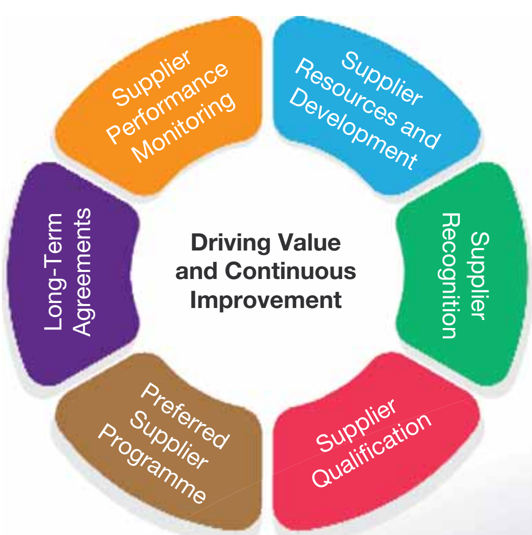
TACKLING LABOUR SHORTAGES AS THE ECONOMY RECOVERS

Major upheavals in human resources, including labour shortages, are among organisations' biggest post-Covid-19 challenges. Labour shortages could halt the momentum of electrical and electronics (E&E) exports, which:

- Rose by 18% from RM386 billion in 2020 to RM456 billion in 2021;
- Generated 56% of Malaysia's 2021 trade surplus; and
- Accounted for 6.3% of the total worldwide E&E exports in 2021.

The labour market recovery from the Covid-19 pandemic has been strong. New foreign labour arriving in the middle of 2022 helped the industry recover. VS' production increased capacity from the 4th quarter of 2022. Normalising production and new production lines should underpin VS's 61% earnings growth in FY2023.

SUSTAINABLE SUPPLY CHAIN



Products manufactured at VS are highly complex constructions assembled comprising diverse components, many of which consist of several individual parts. This type of product manufacturing is a truly global industry.

Sustainability is integral to our procurement process. We continue improving our business practices and operations through supplier engagement, recognition and sustainable procurement. This approach helps us manage risk while increasing productivity and efficiency within the supply chain.

MITIGATION STRATEGIES AND PRACTICAL LESSONS LEARNED

The Covid-19 pandemic affected global supply chains at an unprecedented speed and scale. Although disruptions are inevitable, VS acknowledges the importance of different planning and response to ensure future global economic resiliency. In the past two years, companies have mitigated risk by adopting a more distributed manufacturing strategy to diversify supply chains and carefully prepare for natural and manmade vulnerabilities.

SUPPORTING THE LOCAL ECONOMY

VS has a global network of 3,198 active direct suppliers. Generally, preferred suppliers operate close to VS' operations when possible. This alignment increases the speed and flexibility of our supply chain and provides our customers with the shortest overall lead times.

Sourcing locally positively impacts the country and local communities where we operate. However, VS' operations require niche mechanical parts and components. VS seeks foreign suppliers when these parts and components are unavailable locally.

Percentage of Local and Foreign Suppliers Engaged

FY2022	Local	Foreign
VSI	63%	37%
VSP	70%	30%
VSE	57%	43%

Percentage of Local and Foreign Purchases

FY2022	Local	Foreign
VSI	62%	38%
VSP	67%	33%
VSE	55%	45%

ETHICAL SUPPLY CHAIN

We are committed to upholding our business ethics by supporting business opportunities and capacity building for local and diverse suppliers in our operations through our supply chain.

The Group's Supplier Code of Ethics on Business Integrity guides our supply chain practices. Suppliers must explicitly acknowledge and adhere to the code's principles and ensure that their sub-contractors also comply. VS is also committed to honouring the ten principles of the UN Global Compact throughout its supply chain. These principles are included in our Code of Conduct by reference. Specifically, they cover relationships with external service providers under human rights, labour conditions, environmental impacts and anti-corruption headings.

Our main supply chain responsibility agenda addresses labour and human rights, safety, ethics and environmental risks. We foster a culture of sustainability, expanding beyond our company to include suppliers, ensuring they:

- Comply with industry standards in providing safe working conditions;
- Treat workers with respect and dignity; and
- Operate environmentally-responsible manufacturing processes.

Suppliers can notify the Group of known or suspected improper behaviour using a dedicated reporting whistleblowing channel. All reports are strictly confidential.

SUPPLY CHAIN PERFORMANCE MANAGEMENT

Suppliers play a significant role in integrating sustainable development into our crucial business activities. Their environmental and community impact management is vital and affects our performance during constructing facilities, providing services and supplying equipment.

VS helps suppliers improve their sustainability performance through dedicated learning about sustainability risk.

We have established a supplier matrix to evaluate suppliers in various segments. We regularly engage with our suppliers through business reviews and supplier audits to:

- Identify sustainable development opportunities and risks in the supply chains of critical categories;
- Standardise Key Performance Indicators ("KPIs") to ensure alignment with our ESG performance objectives;
- Track metrics, review performance and identify continuous improvement opportunities; and
- Share best practices for building supplier capacity throughout the supply chain.

Key Business Performance Areas Audited

We also conduct process compliance audits on suppliers, which inspect suppliers' adoption of industry regulation practices. We recorded a 93% average compliance record out of 250 suppliers evaluated during the year.

SOCIAL AND ENVIRONMENTAL SUPPLY CHAIN

VS is a member of the Responsible Business Alliance (RBA). RBA is the world's largest industry coalition dedicated to corporate social responsibility in global supply chains.

The RBA code of conduct promotes fair working conditions, comprehensive labour protection and environmentally-friendly manufacturing processes for the electronics industry. Formerly known as the Electronic Industry Citizenship Coalition (EICC), VS has been certified with RBA since 2018.

THE RBA CODE OF CONDUCT

A. Labor

- A. 1 Freely Chosen Employment
- A. 2 Young Workers
- A. 3 Working Hours
- A. 4 Wages and Benefits
- A. 5 Humane Treatments
- A. 6 Non-Discrimination
- A. 7 Freedom of Association

B. Health and Safety

- Occupational Safety B. 1
- Emergency Preparedness B. 2
- Occupational Injury and Illnesses B. 3
- Industrial Hygiene B. 4
- Physically Demanding Work B. 5
- Machine Safeguarding B. 6
- Sanitation, Food & Housing B. 7
- Health & Safety Communications B. 8

E. Management Systems

- E. 1. Company Commitment
- E. 2. Management Accountability and Responsibility
- E. 3. Legal and Customer Requirements
- E. 4. Risk Assessment and Risk Management
- E. 5. Improvement Objectives
- E. 6. Training
- E. 7. Communication
- E. 8. Worker Feedback, Participation and Grievance
- E. 9. Audit and Assessments
- E. 10. Corrective Action Process
- E. 11. Documentation and Records
- E. 12. Supplier Responsibility

D. Ethics

- D. 1 Business Integrity
- D. 2 No Improper Advantage
- D. 3 Disclosure of Information
- D. 4 Intellectual Property
- D. 5 Fair Business, Advertising and Competition
- D. 6 Protection of Identity
- D. 7 Responsible Sourcing of Minerals
- D. 8 Privacy

C. Environmental

- Environmental Permits and Reporting C. 1
- Pollution Prevention and Resource Reduction C. 2
- Hazardous Substances C. 3
- Solid Wastes C. 4
- Air Emissions C. 5
- Materials Restrictions C. 6
- Water Management C. 7
- Energy Consumption & GHG Emissions C. 8

Source: RBA Code of Conduct www.responsiblebusiness.org

TÜVRheinland®
Precisely Right.

We take particular care to ensure our supply chain partners understand our ethical commitment and requirements. VS shares its Code of Conduct and RBA Code with major suppliers as part of their onboarding and training and embeds it as a contractual condition of doing business.

Compliance with the VS Code of Conduct and our Anti-Corruption Policy is mandatory. For third parties, non-compliance may result in the termination of our business relationship.

Environmental Supply Chain

Our supplier sourcing assessment processes include social and environmental elements such as energy use, climate change impact measurement including greenhouse gas emissions, water use, biodiversity impacts, pollution, waste reduction, resource use and other environmental issues.

Environmental policies are integrated into the supply chain. We communicate our expectations of major suppliers through regular communication, engagement and training.

Existing suppliers are subject to an ESG assessment which consists of a self-assessment questionnaire. This questionnaire details suppliers' economic, environmental, social and governance risks and opportunities. Two hundred and fourteen suppliers have completed the assessment as of July 2022. Moving forward, we hope to implement a similar risk assessment for potential and new suppliers, especially those identified as high-risk, as part of due diligence.

We conduct self-assessment questionnaires for suppliers and perform random site audits, especially for high-risk suppliers. There were no major cases of non-compliance discovered during our FY2022 inspections. Suppliers and dealers are invited to join us on our green journey. They are encouraged to monitor, record and report their environmental performance and impact reduction.

We will continue to mitigate environmental impacts in our supply chain by participating and collaborating in workshops and industry or topic-specific initiatives. Our membership in various relevant organisations, such as the Malaysian Plastics Manufacturers Association (MPMA), addresses industry and topic-specific environmental sustainability in supply chain initiatives.

Social Supply Chain

VS ensures that its major supply chain partners adhere to all social standards stipulated by Malaysian Labour Law and the International Labour Organisation (ILO). VS has a formal Ethical and Environmental Code of Conduct for suppliers, which includes the following terms:

- Policies on preventing child labour: VS and all suppliers must:
  - Adhere to the Malaysian Labour Law on the minimum legal working age; and
  - Obtain copies of legal documentation providing the age of all workers and conduct background checks to support documentation if necessary.
- Policies on the prevention of forced labour, which state:
  - Work must not be performed under the threat of punishment or confiscation of belongings that the worker has not agreed to;
  - Employment should be freely chosen, and
  - VS will never force its workers to lodge deposits or identity papers with the Company.
- Policies on providing equal opportunities and applying non-discrimination in hiring, remuneration or access to training, promotion, overtime, termination or retirement
- Freedom of association where everyone is respected to have the freedom to belong to any organisation of their choice, following local freedom of association law
- Right to collective bargaining and forming a union, including the right to representation and discussion with the company on employment matters
- Eliminating excessive working hours by offering fair overtime pay and limiting working hours:
  - VS' Ethical and Environmental Code of Conduct states that overtime is voluntary and paid at a premium rate.
  - VS adopts the RBA Code by practising 60 hours of work per week, including overtime, except in cases of emergency or unusual situations.
- Meeting or exceeding Malaysia's minimum wage
- A safety policy, code and practices for providing a safe and healthy workplace according to local laws

- Social supply chain policy is communicated to all suppliers and integrated into buyer training, purchasing policy and suppliers' contracts. The document is available in English and can be translated into other languages if necessary.
- Expected social conduct from major suppliers communicated through purchasing policy, supplier contract and training.
- Major suppliers are encouraged to inform workers of social obligations in a language they can understand.
- New and existing major suppliers undergo social risk assessment as part of due diligence to ensure they comply with our standards.
- Major suppliers, particularly those identified as 'high risk', are assessed informally and formally through physical inspection audits if required.
- 141 local and 73 foreign vendors and subcontractors assessed and audited in FY2022.

VS works closely with its suppliers to address salient social issues in the electronics manufacturing industry. Regular engagement with suppliers comprising best-practice sharing sessions, training and mentoring provides a platform for discussing solutions for social supply chain challenges.

RESPONSIBLE SOURCING OF MATERIALS AND LABOUR

VS' Ethical and Environmental Code of Conduct states that all suppliers must ensure the following:

- Sourced materials and minerals are produced or mined in an environmentally responsible manner;
- Working conditions are safe;
- Workers choose to work freely; and
- Minerals sourcing abides by local, national and international laws.

We also ensure suppliers' compliance with legislation, including conflict materials; Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS). VS also submits an annual declaration on conflict minerals.

Conflict Minerals

As a committed member of the Responsible Business Alliance (RBA), we use industry-leading best practice tools and processes to promote responsible sourcing and avoid conflict minerals throughout our global supply chain.

Conflict minerals are mined in areas where armed conflict and human rights abuse exist and may also be financed by armed groups. Currently, U.S. legislation defines Conflict Minerals which have been mined in the Democratic Republic of the Congo (DRC) or adjoining countries and which fund conflict. These four minerals are cassiterite (tin), coltan (tantalum), wolframite (tungsten) and gold or their derivatives. They are commonly referred to collectively as 3TG.

As a manufacturer of products that contain 3TG, we understand the importance of avoiding conflict minerals and are committed to sourcing components and materials from companies with shared values around human rights, ethics and environmental responsibility. VS complies with all relevant legal requirements and has implemented a robust due diligence process to ensure the Group and its suppliers meet their legal obligations and adhere to its corporate values.

VS has aligned its Responsible Sourcing Programme with all relevant legal requirements and industry best practices for conflict minerals, including the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. VS exercises due diligence on the source and chain of custody of these minerals. We continue to work with our suppliers and other RBA members to influence the electronics industry and encourage participation in credible certification programmes.

ENSURING THE HIGHEST STANDARDS OF ETHICAL BUSINESS CONDUCT

VS upholds the highest standards of ethics throughout its operations and has implemented policies on ethical business conduct matters. The Company follows a zero-tolerance approach to all forms of corruption and unethical business practices, including bribery and corruption such as kickbacks, fraud, money laundering and facilitation payment.

All board members and employees have accepted the company's integrity and delivery of the anti-corruption policy. They have also completed anti-corruption education and training.

VS communicates its anti-corruption and anti-bribery policy to all employees at length during employee orientation through the Employee Handbook upon joining the Company. Each must sign an acknowledgement form and return it to the Human Resources Department. VS reminds employees of its commitment to anti-corruption through regular training.

Delivering awareness training to all employees ensures they are familiar with the company's stance. Referring to the RBA Code of Conduct, VS has established a Business Ethics Policy that details the values, principles, standards and norms of behaviour expected of employees in business dealings. All newly hired employees undergo mandatory training as part of our orientation module, which briefs them on the Code's stringent requirements.

All employees are responsible for conveying their grievances and reporting unethical behaviour, including corruption and bribery, through the whistleblowing channels. We enforce strict disciplinary action against violating the Business Ethics Policy to the extent of termination of employment.

VS WHISTLEBLOWING POLICY

VS' whistleblowing policy applies to all employees and external parties who have business relationships with the Group. Individuals raising concerns or reporting possible violations of the Code of Conduct in good faith are:

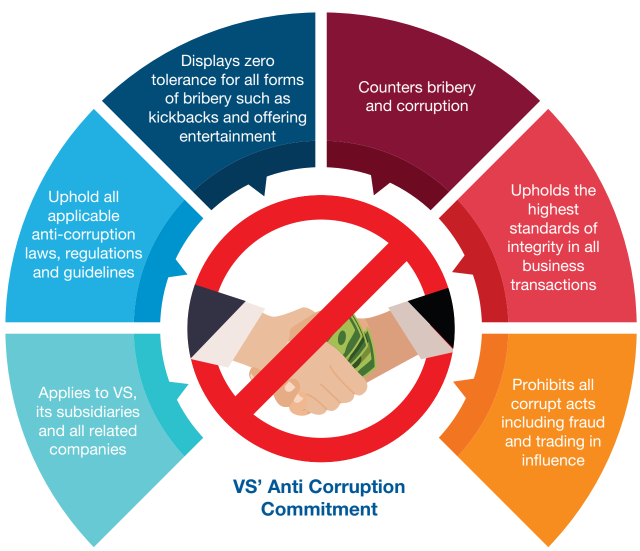
- Protected from any forms of retaliation; and
- Treated with the utmost confidentiality.

VS encourages whistle-blowers to contact the Whistleblowing channel or the Chairman of the Audit Committee (AC) by e-mail or in writing. The Whistleblowing Unit will prepare a summary report without naming the whistle-blower and present it to the Company's Audit Committee. These senior officers of the company are trained to handle these reports, bullying, harassment, bribery, financial irregularity and other offences.

Focus Area	Perpetual Target	2022 Performance
Ethical Business Conduct	0 confirmed cases of corruption within VS	Achieved
	0 fines and penalties from the authorities regarding unethical business practices	Achieved
	Transparent public policy engagement	VS made no political contributions (RM0) in FY2022

ADDRESSING UNETHICAL RISK IN THE SUPPLY CHAIN

Anti-corruption policies and procedures are communicated to our Board members, employees, business partners, contractors, subcontractors, agents, joint venture companies and third parties through training and awareness. The Board of Directors oversees our compliance with anti-corruption policies and compliance.



The Group introduced the Anti-Corruption Framework ("ACF"), which communicates its comprehensive stand on anti-corruption. The ACF evinces a proactive commitment to addressing and mitigating extensive corruption risks, including bribery. Endorsed by the Board of Directors, The ACF fulfils the requirements in the Guidelines on Adequate Procedures to Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009 ("MACCA"). It applies to all directors, employees and business partners.

Corruption risks, including bribery, are essential elements in VS' risk register. This keen understanding helps the Company design effective mitigation strategies and strategically deploy resources to combat potential instances of bribery, corruption and fraud. This approach is essential for operations deemed to be of high risk. VS conducts corruption risk assessments for intermediaries, including contractors and agents. We communicate our anti-corruption policy clearly to these intermediaries.

All contractors, subcontractors and third parties are subject to corruption and bribery risk assessments and must declare they are not involved in any misconduct or corrupt, unethical or illegal behaviour. The comprehensive screening of new and existing business partners for corruption and bribery is part of our due diligence in the context of VS' compliance requirements.

There have been no major disciplinary cases reported for corrupt practices which resulted in the dismissal of employees. We have received zero fines and penalties from the authorities during the recent years and reporting period, which demonstrates the effectiveness of our stringent anti-corruption policies and practices.

ENVIRONMENTAL

Globally, companies are becoming increasingly aware of how their activities influence the environment. As a result, more and more businesses actively contribute to improving their environmental impact.

VS realises the importance of compliance with relevant laws and regulations and responsibility for the community, society and the environment in all operational areas to reduce direct and indirect impacts on the environment (including climate change, biodiversity, waste, pollution and resources). VS has garnered stakeholders' trust and has embodied the values of responsible consumption of natural resources, environmental stewardship, conservation and sustainable management.

VS's environmental approach concerns its business's efficient, effective and proper operation. We are committed to developing long-term sustainable business by:

- Minimising the environmental impact of the operations
- Making the most efficient use of natural resources and energy
- Continual improvement and prevention of pollution
- Performing risk assessments for environmental impact when introducing new materials, machines or processes

ENVIRONMENTAL MANAGEMENT

Our Environmental Management System ("EMS") is the foundation of our environmental best practices.

Our Environmental Principles

Assess the progress of environmental management areas from systems to the entire value chain

Assess the main environmental factors including greenhouse gases, industrial water, waste and chemicals

Assess contribution to clean technology including low-power, high-performance technology

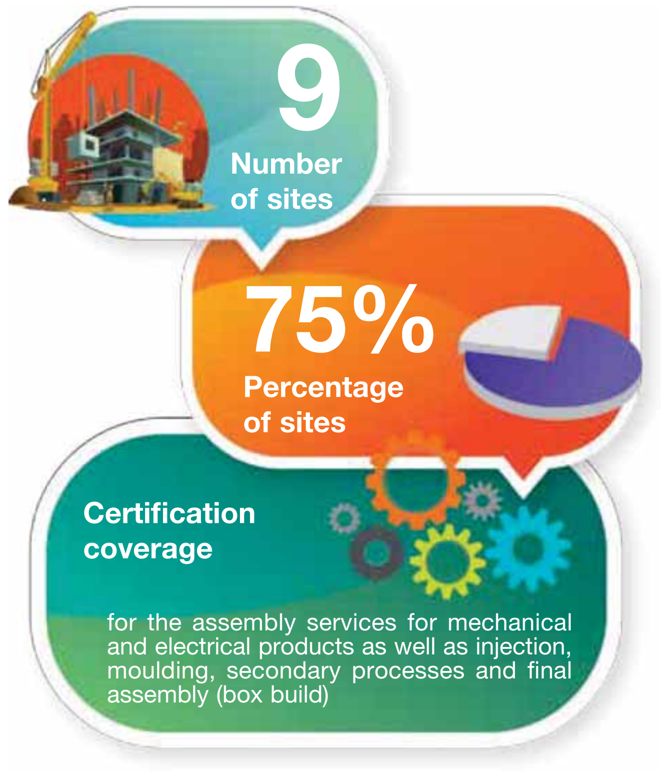
VS' ISO14001:2005 certifications

We are developing various environmental initiatives at our plants, offices, logistics and supply chain. We constantly improve energy efficiency through energy-saving operations, optimising the office air conditioning, using devices that offer superior energy-saving performance, and introducing renewable energy to achieve our medium and long-term goals. We will continue to improve equipment safety, quality and efficiency at our plants.

VS also assesses its environmental risks against regulatory requirements, the Company's standards and international standards. Environmental assessments help identify and evaluate environmental issues and impacts and set impact monitoring and mitigation plans. Throughout the company lifecycle, including sourcing, manufacturing, warehousing and distribution, VS has followed all requirements specified in the Environmental Impact Assessment.

We deliver environmental training for all employees at least annually and special job-specific training. This training raises employees' awareness of the importance of eco-conscious management and eliminating environmental risks.

VS received no fines, penalties or non-monetary sanctions (RM0) for non-compliance with environmental laws and regulations in FY2022.



EMS Objectives and Targets

Objectives and targets	Expected completion date	Status
To monitor and control scheduled wastes generated by VS78 and VS98 Types of scheduled wastes: 1. SW306 (Spent Hydraulic Oil) 2. SW409 (Contaminated containers) 3. SW410 (Contaminated rags/plastics/papers) Target total scheduled waste per unit produced: <0.0033kg/unit/month	December 2022	0.0027kg/unit/month Achieved
To monitor and control electricity usage of VS78 & VS98 Target electricity consumption per unit produced: <7.09 Kw/unit/month	December 2022	5.65Kw/unit/month Achieved
To monitor and control on water usage of VS78 & VS98 Target water consumption per unit produced: <0.03m³/unit/month	December 2022	0.038m³/unit/month Not achieved

ENVIRONMENT RISK MANAGEMENT

Risks and opportunities related to climate change, waste generation, water resources, and other environmental factors seriously impact our products, services, manufacturing processes, supply chains, R&D and sales. We closely monitor our facilities and operations to identify potential risks according to our risk management processes and manuals for environment and safety, climate change, energy, and compliance.

We also strive to develop energy-efficient products, reduce GHG emissions from our manufacturing sites, minimise landfill waste and preserve water resources.

GREEN MATERIALS

Adopting efficient production and packaging procedures can reduce resource use and materials costs. VS addresses its resource use and avoids impact by using resources more efficiently and reducing the quantity and toxicity of waste.

VS has opted for Ranpak for our packaging for optimal protection. The electronics industry requires maximum protection for fragile products to improve shipping dependability and avoid returns. Ranpak's cushioning, wrapping and void-fill solutions offer outstanding protection for all types of electronics.

We also support the global strategy of addressing plastic pollution by opting for paper-based protective packaging. Paper is renewable, biodegradable and recyclable. Most Ranpak paper is certified by the Forest Stewardship Council.

GREENING THE ELECTRONICS SUPPLY CHAIN

A recent report by McKinsey suggests that supply chains are responsible for 90% of companies' environmental impacts. Scope 3 emissions, which arise along the value chain from suppliers providing parts and customers using products – cause significant ecological harm. VS integrates its entire supply chain into its sustainability efforts and evaluates suppliers and business partners based on their performance against environmental goals and ethical business practices. This approach creates visibility across the supply chain to ensure we create intelligent business partnerships and meet our ESG goals.

ENERGY MANAGEMENT

VS is committed to addressing energy use and improving efficiency. 95.8% of lighting at our manufacturing facilities now uses energy-saving LED and induction lights. All new air-conditioning units have at least a three, preferably four-star rating, indicating their power efficiency. We also embrace technological innovation and implementation, improving energy efficiency and reducing exhaust gas.

VS ENERGY MANAGEMENT POLICY

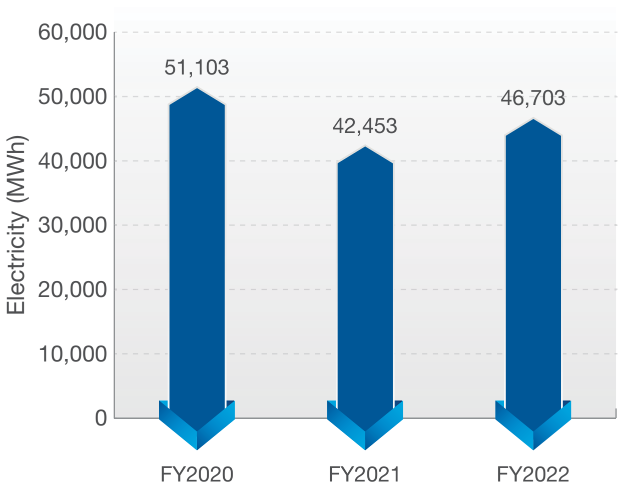
VS strives to use energy in the most efficient, cost-effective, and environmentally responsible manner possible. Consistent with this, the company commits to:

- Adhering to the relevant legislation and regulations with respect to energy
- Training, improving and promoting energy efficiency continuously by implementing effective energy management programmes throughout the organisation
- Communicating with employees, government agencies and the community on energy management
- Identifying, implementing and developing measurable targets for energy conservation projects
- Conserving energy resources through best practices and integrating energy management into business activities
- Periodically reviewing the energy management policy to ensure its effectiveness and suitability to the nature of work

VS' Environmental Management Plan examines the management and analysis of resource consumption and formulates and implements annual energy-saving measures. The operations team regularly inspects each plant's energy consumption and adjusts the output level of facilities, such as lighting and ventilation, when necessary.

Checking compressed air and refrigerant lines also helps reduce energy waste from ageing or leaking piping. We submit a Six-Monthly Energy Compliance Report to the Malaysian Government to document continued compliance with the Malaysian Energy Management Regulation. The Energy Committee is responsible for setting energy targets.

Group Electricity Consumption

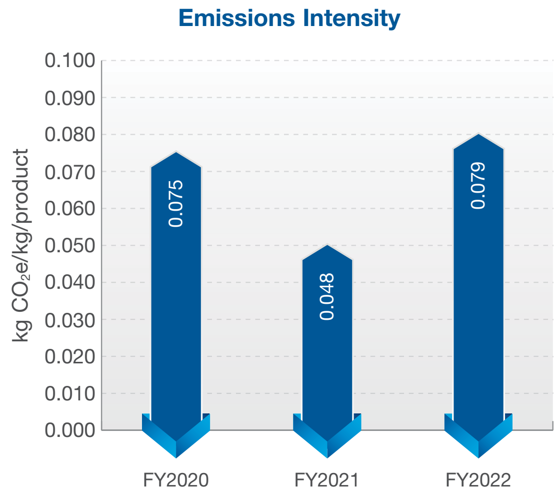


ENERGY EFFICIENCY

We closely monitor the latest developments in environmental regulations and technologies to reduce energy consumption. We also develop and implement energy efficiency measures to mitigate operational GHG emissions, such as switching off unused lights, installing motion sensors and switching to energy-efficiency lighting.

VS introduced a pilot resource-efficiency programme at one of its plants. VS monitors the energy consumed from lighting daily throughout the year and switches off lights when there is no production. Heavy machines, including water motor pumps and compressors, are switched on or changed at night to avoid maximum demand. VS also sets air-conditioning at production sites to 25°C except for specific areas that require a lower temperature, such as the Clean Room. This plant has established the following targets:

- Electricity consumption per unit produced: <7.09 kW/unit/month
- Water consumption per unit produced: <0.03 m^3/unit/month
- Scheduled waste per unit produced: <0.0033 kg/unit/month



CLIMATE CHANGE

As the global implications of climate change become increasingly apparent, there is a growing focus on the carbon footprint and environmental impact of electronics manufacturing.

Climate change is one of humanity's most severe threats and a challenge that significantly affects our business. We have implemented a climate change response strategy that centres on expanding renewable energy use, reducing gases used in manufacturing and improving energy efficiency throughout the manufacturing process.

We recognise the devastating effects and associated short and long-term business risks of climate change. VS' strong commitment to addressing this issue includes avoiding climate change's impact by improving operations' efficiency. Our climate change strategy includes working with employees and supply chain partners on energy-saving processes and a complete climate change risk assessment.

Our RBA membership allows us to discuss environmental sustainability topics such as climate change and climate-related issues, reflecting our commitment to mitigating the impact of climate change. The RBA also monitors climate risks. Our involvement in this membership involves working to incorporate the potential effects of climate change into the outlook for the economy and observing the evolving threats to the electronic industry. The RBA is also involved in international efforts to improve regulators' understanding of the implications of climate change for the electronic sector.

We work closely with the regulators and regularly consult on ways to address challenges brought by climate change, such as through public policy implementation.

VS integrated climate-related risk management into the company-wide risk scorecard. It is part of the foundation for formulating the business strategy and selecting future R&D and technological investments. VS' climate risk management process includes mitigation efforts to reduce greenhouse emissions, climate engineering and expanding climate system knowledge. VS integrates climate-related risks and opportunities into the Company's strategy, especially when designing new processes, R&D, sourcing strategy and mitigation plans.

Climate change affects operating costs (OPEX) and capital expenditure (CAPEX). Efficiency, output and performance of assets and equipment can decrease due to changing climate conditions. VS may require additional CAPEX due to asset damage or decreased asset performance. Further, complying with environmental regulations requires additional CAPEX for upgrading facilities or equipment to cope with increased pollution risks.

We are committed to addressing the issue of climate change and improving efficiency through adaptation by adopting new and green technology in development and implementing fuel efficiency measures. Specifically, we have adopted a tracking system for emissions, energy use, water use and waste in our manufacturing.

Our management team, overseen by our Operations Director, Mr Ng Yong Kang, who also sits on the Board, devises strategies to manage and minimise our environmental footprint. Progress reports and proposals on energy management, climate change and pollution reduction, supported by financial indicators and Return on Investment (ROI) calculations, are presented to the Board. In FY2022, VS has budgeted RM100,000 to assess its climate-related risk to the business and to develop climate and energy strategies with short and long–term goals to address the risks and strengthen its carbon data quality.

We are progressing with various programmes to mitigate GHG emissions in all stages of our value chain, from product development to manufacturing and logistics. The GHGs emitted outside and inside our business sites are subject to such programmes.

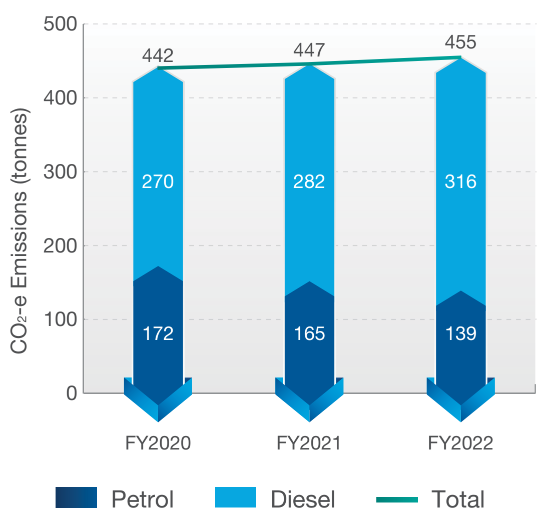
VS closely monitors the GHG generated at all of our business sites. We require each business site to enter GHG data concerning energy use into our EHS system, which allows us to identify and analyse the causes of fluctuations at individual sites each month.

Consolidation method in calculating our carbon footprint	Operational
The organisational boundary in calculating the carbon footprint	Accounts for 100% of GHG emissions where VS has the authority to implement operational policies
Independent verification of operational GHG data	The RBA Audit, performed every two years, is based on recognised international standards and management systems such as ISO 14001 and the Eco-Management and Audit System (EMAS). VS conducted a comprehensive audit of environmental permits and reporting, pollution prevention and resource reduction, hazardous substances, solid waste, air emissions, water management, energy consumption and greenhouse gas emissions.

SCOPE 1

VS runs its company-owned vehicles on petrol and diesel and uses small amounts of diesel to test its generators. CO_2 emissions from fuel consumption were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

Scope 1 Emissions *

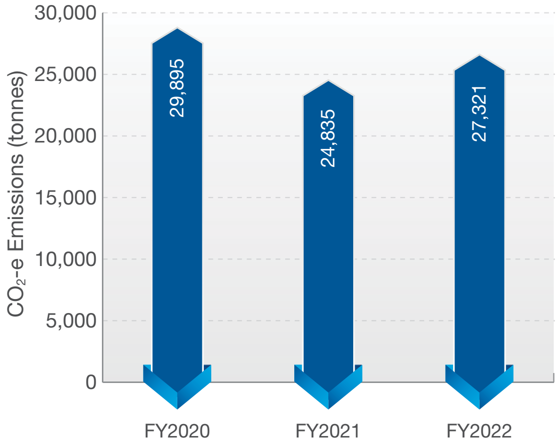


* *Coverage: entire group (100%)*

SCOPE 2

CO_2 emissions from electricity use were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid.

Scope 2 Emissions *

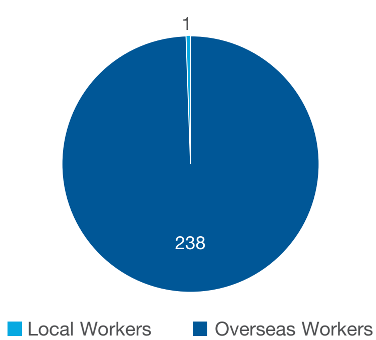


* *Coverage: entire group (100%)*

SCOPE 3

VS calculated the GHG emissions from business air travel, from point to point, including the number of employees on board and the distance travelled. VS calculated domestic, short and long-haul flights separately using the World Resources Institute (2015) GHG Protocol tool for mobile combustion version 2.6. Air travel produced an estimated 239 tonnes of CO_2e in F2022. The vast majority of these emissions resulted from the recruitment and repatriation of foreign workers.

Breakdown of Emissions from Air Travel (CO_2-e tonnes) *



* *Coverage: entire group (100%)*

Scope 3: Employees' Daily Commute To Work

Significant CO_2 emissions result from employees travelling to and from work. In FY2022, we embarked on a project to estimate the total annual emissions produced by our entire Group's daily commute (100%). VS is committed to tracking these emissions annually.

Methodology

VS launched a survey during the last quarter of FY2022 with questions to estimate the:

- Most common method of travelling
- Approximate total daily distance travelled each day to work and back
- The type, age, engine size and type of fuel used if employees used their vehicles

VS conducted the survey online, encouraging all employees to respond.

We calculated the emissions of each respondent using a Mobile Combustion GHG Emissions Calculation Tool from the GHG Protocol Initiative. On average, employees work an estimated 246 days a year; this information helped estimate VS' annual emissions.

Results

One hundred and eighty-two employees responded to the survey.

Method of Transport	Number of Employees in Sample	Estimated Total Number of Employees in VS	% of Employees
Bus	2	110	1.12%
Own Vehicle	176	9,641	98.32%
Walking	1	55	0.56%
Total	**179**	**9,805**	**100.00%**

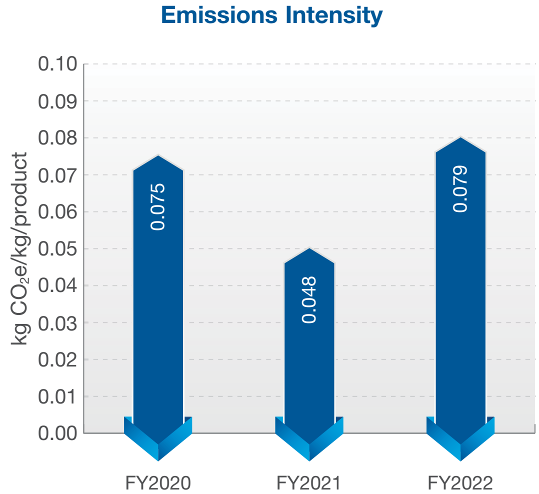
In FY2022, VS employees travelled an estimated 75,810,507 km to and from work. The total yearly CO_2 emissions for employees commuting in FY2022 was 17,549 tonnes.

Method of Transport	Total Yearly Distance of Sample (km)	Estimated Total Year Distance (km) of VS	Total Yearly Emissions (tonnes CO_2e) of Sample	Estimated Total Yearly Emissions (tonnes CO_2e) off VS
Bus	6,150	336,876	0	22
Own Vehicle	1,376,616	75,406,256	320	17,527
Walking	1,230	67,375	0	0
Total	**1,383,996**	**75,810,507**	**320**	**17,549**

EMISSIONS INTENSITY

Total operational emissions are a poor indicator of emissions efficiency as product volume fluctuates yearly. As the output increases, carbon emissions usually increase accordingly.

Emissions intensity, or carbon intensity, is a better measure of the emissions efficiency of our manufacturing plants. VS expresses emissions intensity as the kilograms of carbon dioxide equivalent used to make one product.



CLIMATE CHANGE RISKS AND OPPORTUNITIES

We identify the substantive financial and strategic impacts of climate change risks, establish response measures according to their magnitude and extent, and reflect them in our business. These risks include changes in the global climate system, region-specific regulatory reinforcement, market trends, stakeholder needs and changing physical environment.

VS integrated the Task Force on Climate-related Financial Disclosures (TCFD) framework into its climate change management. VS carefully considers risks that may result from climate change, treating them as emerging risks. VS assesses climate change risks for all new operational assets and upstream and downstream activities. VS closely monitors and tracks climate change that may affect corporate risk levels. The Company's Climate Management Plan integrates mitigation and adaptation actions to understand vulnerabilities to climate and manage the risks posed by climate change. This plan improves our resilience to potential threats and exploits new business opportunities.

In the short term, we view extreme weather events and the requirement to introduce high-efficiency technologies as potential risks and reduced energy costs as opportunities. We project changing consumption patterns and expanded renewable energy use as mid-term opportunities and the physical impacts, such as climate change and water stress, as long-term risks. We establish response measures for long-term risks based on our emissions mitigation plans according to the Paris Agreement, emissions scenarios of the Intergovernmental Panel on Climate Change (IPCC) and Energy Technology Perspectives of the International Energy Agency (IEA).

VS has engaged a consultant to assess the climate change risks to the business, develop climate and energy strategies with short and long–term goals to address the risks and strengthen its carbon data quality. VS completed a benchmarking exercise and will report the risk assessment, strategies for adoption and goals in its following Annual Report.

POLLUTION PREVENTION AND CONTROL

VS is committed to addressing pollution by avoiding its impact and improving efficiency. We continue to study ways to eliminate pollution at its source by modifying production, maintenance and facility processes.

By adopting efficient production and packaging procedures, VS can reduce resource use and materials costs. VS commits to addressing its resource use and avoiding impact by using resources more efficiently and reducing the quantity and toxicity of waste.

VS engaged contractors to obtain air emissions samples of volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting substances and combustion by-products generated from operations. VS routinely monitors, controls and treats these by-products as required before discharge. VS also routinely monitors the performance of the air emission control system as needed.

The manufacturing plants at VSI and VSE facilities emit air through chimneys. Regular chimney emission testing, also known as stack sampling or stack monitoring, studies the levels of effluent pollutants released into the atmosphere. Tests during the year confirm that emissions complied with the Environmental Quality (Clean Air) Regulations 1978 and Environmental Quality (Clean Air) Regulations 2014.

ANNUAL POLLUTION MONITORING

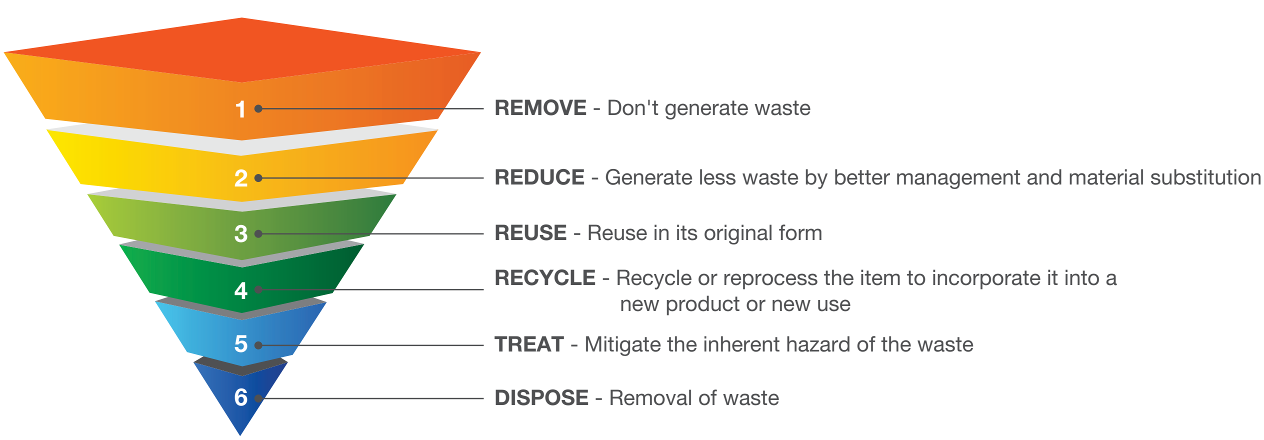
VS engaged contractors to obtain samples of air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting substances and combustion by-products generated from operations. VS routinely monitors, controls and treats these by-products as required before discharge. VS routinely monitors the performance of the air emission control system as needed.

Regular chimney emission testing, also known as stack sampling or stack monitoring, studies the levels of effluent pollutants released into the atmosphere. Tests during the year confirm that emissions complied with the Environmental Quality (Clean Air) Regulations 1978 and Environmental Quality (Clean Air) Regulations 2014.

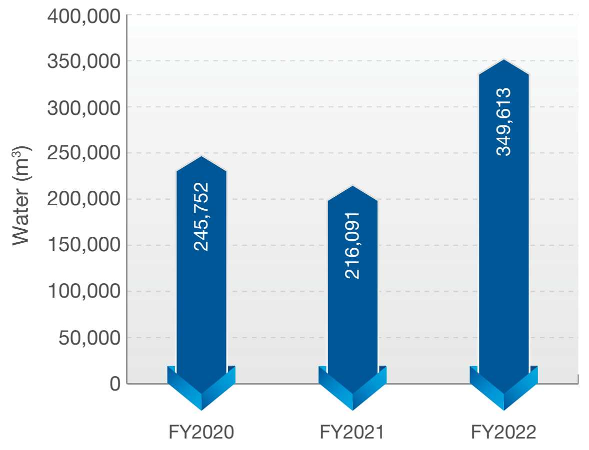
WASTE MANAGEMENT

We design our products with a focus on resource efficiency and continually improve our manufacturing process to minimise waste generation.

VS handles waste from its operations in compliance with regulations and laws. VS developed a waste management hierarchy which prioritises waste generation minimisation, allowing the Group to devise a strategy to reuse, recycle and recover waste following the circular economy concept.



Group Water Consumption



SCHEDULED WASTE

Scheduled wastes are toxic wastes that may impact the environment and human health. The Environmental Quality (Scheduled Wastes) Regulations 2005 govern scheduled waste management. VS reports new categories and quantities of scheduled waste generated to the Department of Environment (DOE) within 30 days of its generation.

VS handles all hazardous wastes according to the Environmental Quality (Scheduled Wastes) Regulations 2005 and other relevant environmental-related legislation in the Environmental Quality Act 1974 (EQA 1974).

We keep all scheduled wastes in suitable, durable containers to prevent spillage and leakage. These containers are sealed at all times and labelled accordingly.

Licensed scheduled waste collectors dispose of all scheduled wastes. Relevant workers receive regular training on procedures for handling scheduled wastes. We perform monthly EHS inspections, which include scheduled waste management at the respective production sites.

30 EMS internal audits held → 11 minor non-comformance issues reported *

Third-party EMS audits → 2 minor non-conformance issues found *

* *Most non-conformances concerned labelling, storing and recommendations on additional facilities. VS has conducted corrective actions and follow-up monitoring.*

As far as possible and practical, VS considers the following targets to reduce the generation of scheduled wastes:

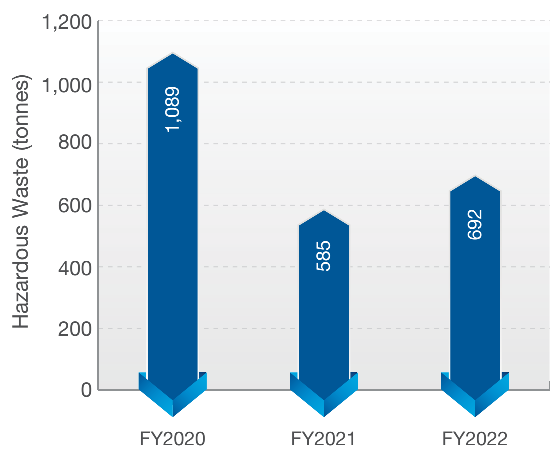
- Avoid using hazardous raw materials
- Substitute raw materials by using those which are less hazardous
- Modify processes to reduce by-products or wastes

Adequate and effective programmes established for materials restrictions as a formal part of the procurement and manufacturing processes include:

- RoHS (Restriction of Hazardous Substances);
- REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) - Optional and;
- WEEE (Waste of Electronic and Electrical Equipment) – Optional.

VS expects all suppliers to comply with RoHS and has set a hazardous waste disposal target of less than 2,842 kg by December 2022. The current focus is monitoring and reducing contaminated rags (SW 410).

Group Hazardous Waste Disposal (Coverage: 100% of VS operations)



We have also set quantified targets that exceed regulatory requirements to reduce waste at several plants. The table below presents our progress against previously set targets. We will continue to monitor and manage our waste disposal across all our plants.

Plants	Time-specific Target (yearly target)	Total Scheduled Waste in FY2021
V.S. Industry Berhad (VSI)	<0.0033 kg/unit	0.205 nit

Scheduled Waste: Progress Against Targets

Company	Plants	Time-specific Target (yearly target)	Total Scheduled Waste in FY2022
V.S. Industry Berhad (VSI)	VSI78	<0.0033 kg/unit/month	2362.2kg
V.S. Plus Sdn Bhd (VSP)	VSP28	Not applicable	0.6573 mT
V.S. Industry Berhad (VSI)	VSI98	<0.0033 kg/unit/month	4626kg (VS98)
V.S. Plus Sdn Bhd (VSP)	VSP89	NA	0.8047 mT
V.S. Electronics Sdn Bhd	VSE	3g/per output	1.8g/per output

SOLID AND GENERAL WASTE

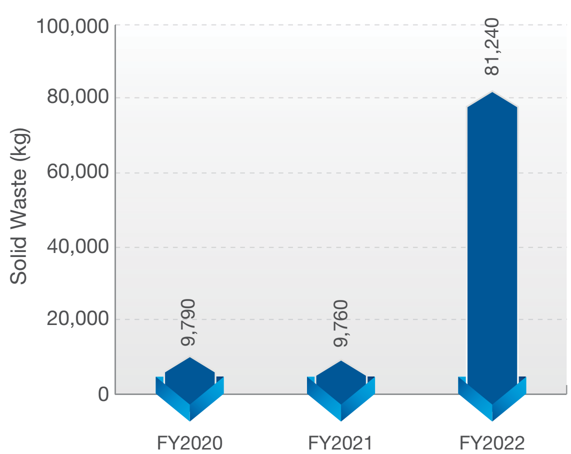
VS operations generate solid and general waste, including plastic, packaging and scraps. This waste is collected and disposed of by licensed collectors appointed by the local authority. As far as possible, we practise reducing waste, reusing and recycling resources before disposing of them.

VS implements a systematic approach to identifying, managing, reducing and responsibly disposing of or recycling solid (non-hazardous) waste.

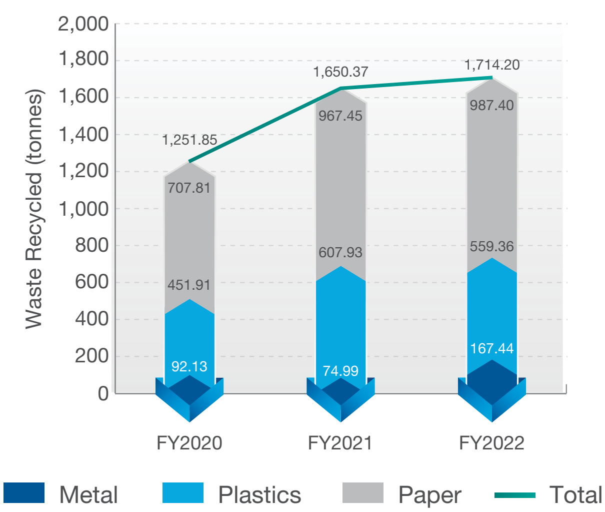
Solid Waste Initiatives

The outputs manufactured from the injection process are stored in plastic recycling bins to reduce the use of corrugated packaging internally.

Group Non-Recycled Solid Waste Disposal (Coverage: 100% of VS' operations)



Group Recycled Solid Waste Disposal (Coverage: 100% of VS operations)



VS' non-recycled solid waste disposal increased significantly in FY2022. VS was subjected to restricted operating hours in FY2020 and FY2021 during the Movement Control Order ("MCO"). Operations resumed at full capacity in FY2022 with increased manpower. The canteen provider used food containers whereas the food was previously served according to the employee's appetite and was not pre-packed. These conditions also led to increased waste generation.

WATER MANAGEMENT

Water resources are indispensable for manufacturing and business site operations. Water use and disposal critically impact biodiversity in our communities. VS avoids operating in areas at risk from water scarcity and ensures no impact on the community and water users. VS has developed action plans to control water consumption by engaging employees, suppliers and contractors.

WATER RISK MANAGEMENT

Water is a crucial resource in our manufacturing. VS assesses risks related to water resource management in all operational areas to prevent water scarcity in neighbouring communities. The Company also improves water efficiency and conservation and emphasises the importance of leakage detection, maintenance and reducing water losses from unnecessary activities.

The Group installed four water tanks, each with a 1.62 m^3 capacity. The tank collects and stores rainwater for use by the cooling tower.

We have set goals to minimise resource use wherever possible. VS set quantified targets beyond regulatory requirements to reduce resource use, including water at several plants. The table below presents our progress against previously set targets. We will continue to monitor and manage our resource use whenever possible.

Water Consumption Progress Against Targets

Company	Plants	Time-specific Target (yearly)	Total Consumption per unit produced in FY2022
V.S. Industry Berhad (VSI)	VSI78	<0.030 m^3/unit/month	0.1m^3/unit
V.S. Electronics Sdn Bhd (VSE)	VSE	3.6 m^3/worker	3.4 m^3/worker
V.S. Plus Sdn Bhd (VSP)	VSP28	NA	13.86ml/unit
V.S. Plus Sdn Bhd (VSP)	VSP89	0.02m^3/unit	0.019m^3/unit

SOCIAL: OUR PEOPLE

We create an environment that fosters innovation, empowers people and leverages individual expertise. Attracting, nurturing, empowering and rewarding our employees makes a conducive environment for innovation and inspiration to flourish and boost our competitiveness.

Our Code of Conduct stipulates stringent yet fair employment standards and practices. Our stance is communicated to all employees in English as it is the most commonly used business language. This document is translated into other languages, including *Bahasa Malaysia*, when necessary.

VS commits to constantly improving its Human Resources Management. During the year, the Group restructured its organisation chart to prepare for business expansion, increasing the organisational responsibilities of each facility's management team. Policies and procedures are also updated and streamlined among all facilities for greater efficiency.

Periodically, VS participates in workshops or industry/topic-specific collaboration projects that provide industry solutions that improve labour standards in Malaysia. As part of our risk assessment procedure, we regularly review the labour standards of existing and potential business and supply chain partners as part of due diligence. All parties are familiarised with our Code of Conduct from time to time. There were no instances of non-compliance with labour standards during this reporting period.

DIVERSITY, EQUITY AND INCLUSION

Reflecting on the world's diversity provides VS with the foundation to create experiences that enable all people to pursue their passions. We truly understand the needs of different stakeholders to build inclusive innovation processes and engage with diverse partners to bring these experiences to the broadest possible market.

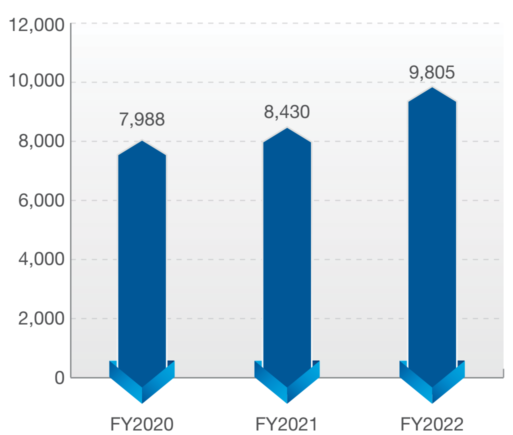
We are creating a more equitable culture that strives for fair representation, access and opportunity for advancement at all company levels.

LOCAL EMPLOYMENT AND SOURCING

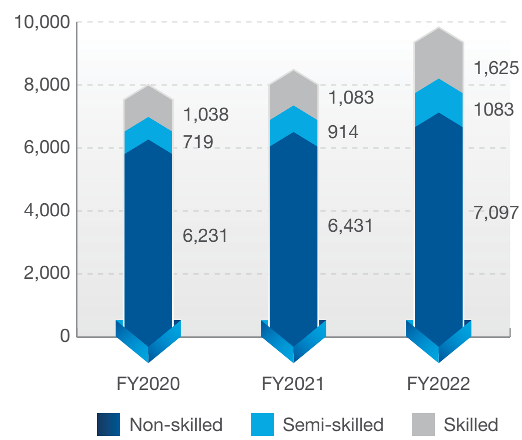
VS adheres to local labour laws during recruitment and prefers hiring locally. However, diverse talent and expertise are essential for a Group with an ever-expanding international customer base. When these talents and expertise are unavailable locally, VS sourced them internationally. VS does not discriminate in its hiring process. However, 0% of our employees were disabled as of the end of FY2022.

Our non-discriminatory hiring policy includes providing equal employment opportunities to underprivileged groups, including those from deprived backgrounds and poor social backgrounds. Our recruitment strategy also addresses youth unemployment by offering internships and graduate placements. All VS employees are permanent and 0% are contract or temporary.

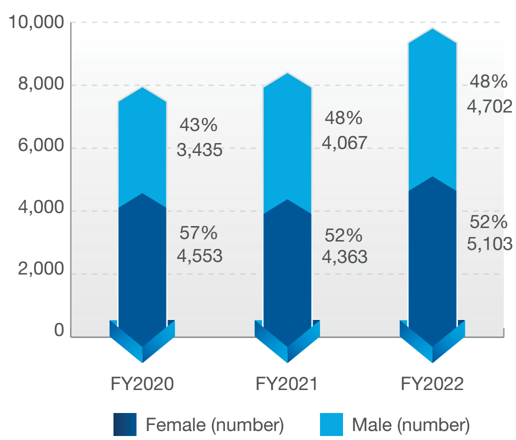
Workforce Strength



Breakdown of Employees by Category

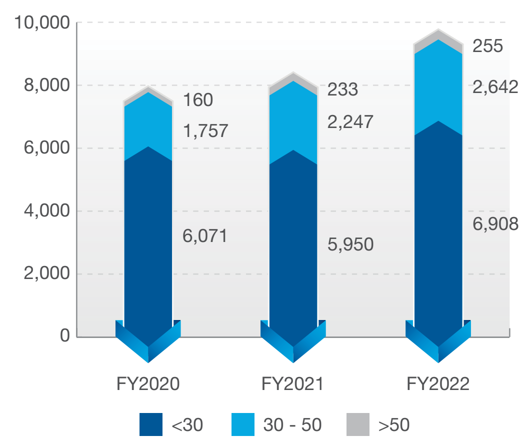


Breakdown of Employees by Gender*

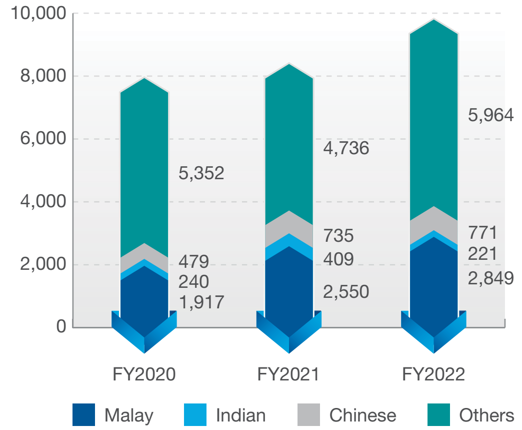


* Restated

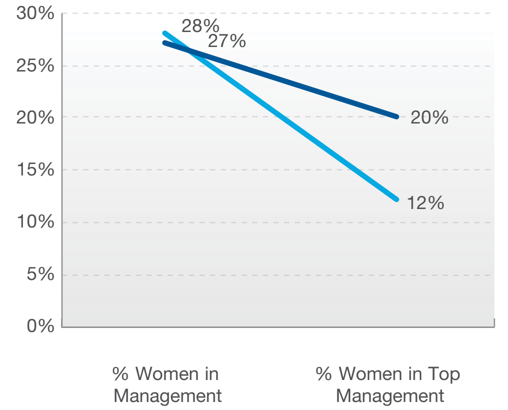
Breakdown of Employees by Age Group



Employees Breakdown by Ethnicity



Women Representatives in the Management



Turnover and Hiring

Indicator	FY2021	FY2022
Employee Voluntary Turnover Rates (%)	54%	41%
By Gender (number)		
Female	2,659	2,386
Male	1,921	1,623
By Age Group (number)		
<30	3,575	3,016
30-50	984	957
>50	21	36
Number of New Employee Hires	7,507	6,266

BENEFITS AND SALARIES

The Employment Act stipulates basic employment terms and working conditions for all employees, including statutory benefits. VS provides beyond-compliance-level benefits to its full-time employees, including vacation, marriage and compassionate leave.

VS continued providing employees with Personal Protective Equipment (PPE) such as face masks, face shields and self–test kits. VS also grants special quarantine paid leave to employees, regardless of whether the employee or family members are infected or affected by Covid-19. All employees' salaries were not affected despite the various Movement Control Orders (MCO) imposed by authorities. VS continued giving incentives, bonuses and annual increments during FY2022.

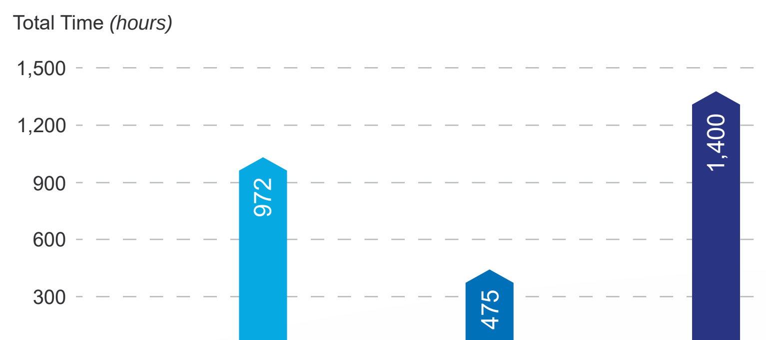
We conduct an annual compensation review for pay equity to ensure we pay fairly. We uphold our stand of equal pay for equal work and comply with all local laws. The principle of equal remuneration for work of equal value must be respected when setting different minimum wages, regardless of race, gender, age or other factors. We make salary adjustments as necessary each year during the review process to ensure wages are market competitive and fair.

TRAINING AND CAREER DEVELOPMENT

Our people deserve more than a rating, so we empower them to own and drive their personal and professional development within the context of our overall business plan. This approach ensures that real needs, not rules, are met. We use accomplishments, aspirations and challenges to determine development needs qualitatively.

VS's talent development programmes allow individuals to build personal development skills and gain insights relevant to their lives.

Examples of Personal Development Training Programmes Conducted in FY2022



	FY2020	FY2021	**FY2022**
Average hours of training per year per employee *(hours)*	1.5	1.0	1.0

SAFETY AND HEALTH

Our people's safety, health and well-being are important to us. We follow the RBA Code and our integrated Environmental Health and Safety (EHS) Management System to help safeguard employees' safety, health and well-being at our manufacturing facilities.

VS' health and safety policy governs all contractors and other stakeholders on our premises. The management is committed to continuous improvement and compliance with OHSA 1994, FMA 1967, EQA 1974 and other applicable acts, legislations, orders, rules, codes of practices and other requirements to which VS subscribes.

Delivering ongoing training and education to employees helps identify and solve workplace health and safety issues. We trained 423 employees on health and safety-related topics in FY2022, including safety standards, safety work processes, PPE and unsafe habits.

The Company conducts health and safety risk assessments for potential new operations or projects and existing operations as part of its due diligence. We benchmark the assessment results against industry standards and previously set safety performance targets.

VS has established a Safety and Health Committee at each facility, which:

- Promotes safety and health best practices;
- Investigates any incidents or accidents; and
- Recommends corrective and preventive measures.

These committees help the management address safety and health matters. The table below presents the Safety and Health Committee at each facility. Operation Director, Mr Ng Yong Kang, who also sits on the Board, devises and oversees the implementation of EHS programmes and management of EHS risks. The Company conducts internal and external audits to verify the effective implementation of the ESH programmes and conformance to safety and health standards.

Composition of Safety and Health Committees

Property	Chairman	Secretary	Employer Representatives	Employee Representatives
VSP28	1	1	5	5
VSI78	2 (1 chairman + 1 vice chairman)	1	6	6
VSI18&20	1	1	5	10
VSE	1	1	10	10
VS98	2 (1 chairman + 1 vice chairman)	1	8	8
VSE	1	1	10	10
VSP89	1	1	6	6

Our Safety Performance at A Glance

Lost-Time Incident Rate of Employees and Contractors by Site (Coverage: 100% of Operations)

	Employees*			Contractors		
	FY2020	FY2021	FY2022	FY2020	FY2021	FY2022
LTI Rate	29.9	15.68	14.27	1	0	0

* Restated

A Lost Time Incident (LTI) is an injury sustained on the job that results in the loss of productive work time. Our LTI monitoring coverage includes employees and contractors.

VS recorded **a zero fatality rate in FY2022** (Coverage: 100% of operations)

Safety Targets and Achievements

In 2020, we set a target to achieve zero workplace accidents for 2022. We introduced several improvements and met all targets to:

- Present monthly accident reports that highlight unsafe acts to the Safety and Health Committee (SHC) during SHC Meetings
- Conduct monthly internal safety/CSR/RBA audits and introduce necessary control measures, especially those which violate OSHA, FMA & EQA
- Continue developing and reviewing HIRARC and follow-up control measures
- Enhance safety and health induction training content for all employees, which includes sitting a test paper
- Develop the concept of managers leading by example to encourage employees to adopt the expected behaviours via site visits and inspections

Settled all safety issues within two weeks of the internal RBA audit

Corrected any hazards and near-miss cases immediately

Achieved zero workplace accidents

RESPONSE POST COVID-19

We continue to manage the impact of Covid-19 under the guidance of our Covid-19 Outbreak Working Committee and in collaboration with the local authority. VS enacted its Covid-19 Vaccination Policy on 1 September 2021, and 94% of employees have been vaccinated. VS also became a registered PPV.

EMERGENCY PREPAREDNESS AND RESPONSE

The Facility General Manager heads VS' Emergency Response Team (ERT). The ERT, in consultation with respective Heads of Departments, identifies potential accidents and emergencies. The Group developed appropriate emergency response plans to mitigate the impacts, people involved and the environment. VS's ERT comprises a Fire Fighting Team, Evacuation Team, First Aid Team and Chemical Spillage Team.

HUMAN RIGHTS

VS is committed to the highest standards of conduct in business dealings, including International Human Rights Law. We believe in the inherent value of all individuals and their inalienable rights and acknowledge the risks of specific impacts on particularly vulnerable segments of society, including minorities, women and indigenous peoples.

We respect internationally recognised human rights principles. We derived our policies from principles such as those defined in the:

- United Nations' Universal Declaration of Human Rights
- Two International Covenants that make up the International Bill of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Enterprises
- Ten Principles of the United Nations Global Compact
- Guidance provided by ISO 26000

Our human rights policy is summarised in the Code of Conduct. All associates review and receive annual awareness briefings on this code as part of their training on the human rights policy. These documents are available in English. We will consider translating this document into other languages when the need arises.

VS is committed to aligning its conduct with the United Nations Guiding Principles on Business and Human Rights. Operations Director Mr Ng Yong Kang, who also sits on the Board, oversees the Company's human rights compliance. VS has also allocated the day-to-day responsibilities and functions for monitoring human rights compliance.

We proactively assess our human rights impacts on an ongoing basis as part of our core business processes. Evaluating the effects of the business and setting targets drives continuous improvement. Our actions involve avoiding, preventing and mitigating human rights issues. We have implemented human rights screening, training and monitoring of internal operations and supply chain partners. We adhere to all applicable employment and human rights regulations where operations are based. Suppliers are required to do the same and must at least follow our Principles on Labour Practices and Human Rights.

We communicate our human rights expectations to all stakeholders, including business partners. We remind staff of the Company's human rights policy through relevant training and awareness sessions.

The RBA Code of Conduct, aligned with international norms and standards, is our framework for managing human rights and labour at our facilities. Our commitment to human rights and labour management is reflected in the Code of Conduct which explicitly communicates our policy to prohibit forced labour, child labour and unsafe working conditions.

As an RBA member, we follow RBA requirements and implement due diligence processes to assess social performance and risks, including human rights compliance and risks. We use the RBA's Self-Assessment Questionnaire (SAQ) and Risk Assessment Tool to evaluate and communicate our performance. Our facilities and operations are subject to periodic third-party audits to verify compliance with the RBA code, including human rights and labour management requirements.

There were no reported discrimination cases related to equality and diversity in FY2022.

VS Commitment to Human Rights and Labour

Freely Chosen Employment

We have zero tolerance for any forced, involuntary or exploitative prison, indentured, bonded (including debt bondage), trafficked or slave labour.

Young Workers

We have zero tolerance for child labour, defined as work by any person:

- Aged less than 15
- Under age for completing compulsory education
- Under the minimum age for employment

(Whichever is the most stringent in the country of origin).

Working Hours

We comply with local working hours and overtime laws and reduce excessive overtime, which can adversely affect workers' safety and well-being.

Wages and Benefits

Our worker compensation complies with all applicable wage laws, including minimum wages, overtime hours and legally mandated minimum living wages and benefits.

Humane Treatment

We treat workers humanely and protect them from actual or threatened sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse.

Equality and Freedom from Discrimination

Our recruitment and employment practices safeguard against discrimination based on race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status.

Freedom of Association and Collective Bargaining

We comply with local laws on freedom of association and collective bargaining, maintain an open-door policy and provide workers with the opportunity to openly communicate their ideas and concerns with management regarding working conditions and management practices without fear of intimidation or reprisal. We also respect the right of all workers to form and join trade unions of their choice, bargain collectively, engage in peaceful assembly or refrain from such activities.

Health and Safety

We have an established Health and Safety management system, certified to international health and safety standard ISO 45001 and compliant with the RBA Code of Conduct, which reflects ILO Guidelines on Occupational Safety and Health.

Welfare Arrangements

We provide decent workers' accommodation, including toilets, sanitary facilities, potable water, food preparation, storage and eating facilities. We also completed the construction of our new hostels, which cost RM30 million. The hostels comply with the Workers' Minimum Standards of Housing and Amenities Act, 1990 (No. 446).

Talent Development

We offer workers an opportunity to grow, learn new skills and develop.

VS has a formal mechanism for internal and external stakeholders, including individuals and communities impacted by our business activities, to raise their grievances, including human rights. Our whistleblowing channel guarantees anonymity and is available to internal and external stakeholders. We are committed to a remediation process to address adverse human rights impacts we have contributed to or caused. There were no instances of human rights violations during this reporting period.

VOLUNTARY INDEPENDENT REVIEW OF LABOUR PRACTICES

As part of our initiatives in exercising its duty to improve the welfare of its workers continuously, in February 2022, we appointed PwC Consulting to review our labour practices for migrant workers independently. VS is committed to responsible business conduct in all of our operations and is working closely with the Responsible Business Alliance (RBA) to promote ongoing assurance to The RBA Code of Conduct.

This voluntary independent review exercise is part of the Group's commitment to safeguarding all employees' legitimate rights and interests, including local and migrant workers. We will extend this commitment to our entire workforce in the future.

The review was based on 11 International Labour Organisation (ILO) indicators: abuse of vulnerability, deception, restriction of movement, isolation, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions and excessive overtime.

Following the audit, the consultant delivered an awareness session on forced labour issues and risk management to all Board members and the management team to further enhance the Group's social pillar initiatives.

SOCIAL: SOCIETY

VS aligned its community investment principles with the focus areas of building the well-being and development of local communities, producing better outcomes for the company and local communities. Embodying a culture of philanthropy through our social programmes, we dedicate ourselves to the communities in which we live and work. Our focus areas build thriving communities through charity work, donations and social support.

VS supports Children's Rights and Business Principles, a framework which guides us in respecting children's rights in the core business. We will continue to advocate children's rights, especially their right to education. During the year, VS contributed RM232,000 to non-profit organisations, including schools and local communities, to develop the neighbourhood and the welfare of its people.

BEING PART OF THE COMMUNITY

We create opportunities to join and invest in our local communities. Employees help envision and execute our community contributions. Employee volunteerism contributed to the Company's success and is recognised and embedded in the individual scorecard. VS has a specific target in facilitating employee engagement by making employees feel part of a community. Employees can share and display their very best work. We promote channels where each employee can raise issues and give feedback.

COVID-19 BOOSTER VACCINATION PROGRAMME

VS participated in the National Covid-19 Immunisation Programme to control rising infection rates through a vaccination programme at its facility. The booster vaccination programme was held from 28 December 2021 to 4 January 2022. Employees from various departments volunteered to organise and manage the crowd at this event. Five thousand nine hundred eighty-one individuals benefited from this programme, including employees, their family members and local communities. We strive to provide the best healthcare for our people and the community, and in this case, increase Covid-19 vaccination accessibility.

WORLD DENGUE DAY – A CALL FOR ACTION

Dengue is a global public health issue. According to the World Health Organisation (WHO), 50% of the world's population is at risk of dengue, with Asia accounting for 70% of the global dengue burden. Growing population densities, unplanned urban development, poor water storage and unsatisfactory sanitary conditions contribute to this mosquito-borne disease's worsening burden.

VS works closely with the authority and local councils in addressing the issue through dengue awareness and clean-up drives. During the year, the Company supported *gotong-royong* events organised by the Ministry of Health at housing areas, football fields and hostels.

OPERATING RESPONSIBLY

As a leading integrated Electronics Manufacturing Services (EMS) provider in the region, we are committed to remaining internationally competitive through continual improvement in quality and customer satisfaction.

Corporate responsibility and ESG are integral parts of our DNA and strategy. In practice, we are committed to creating added value for all our stakeholders while meeting our responsibilities to the environment and society. We set high goals for ourselves.

STRIVING FOR QUALITY AND EXCELLENCE

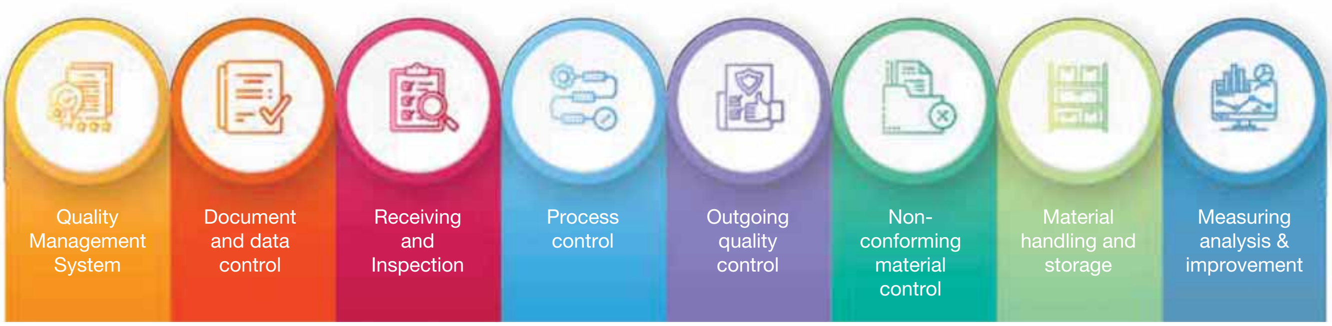
The pursuit of quality begins at development and continues through all manufacturing, installation, maintenance, sales and support processes. We strive to implement self-process assurance systems by carrying out strict quality-related risk management and development and design inspections from the development stage and thoroughly verifying customers' operations.

VS focuses on quality and continuous reduction of waste and energy usage per produced product in its daily operations. Our work uses minimal manufacturing resources to deliver the highest quality product. Ensuring products have a long lifetime reduces the environmental impact of operations.

VS will continue to create highly unique technologies through balanced basic and applied R&D and utilising in-house and outside knowledge while remaining conscious of current customer needs.

We monitor our supply chains and inspect materials and services at regular intervals. The Company conducts vendor quality and capability survey, which measures several criteria.

Vendor Quality and Capability Survey Criteria



Our various facilities have received quality certifications. These achievements acknowledge that our quality and safety management system focuses on customer satisfaction and continuous improvement.

VS Standards and Certifications Achieved by Its Various Facilities

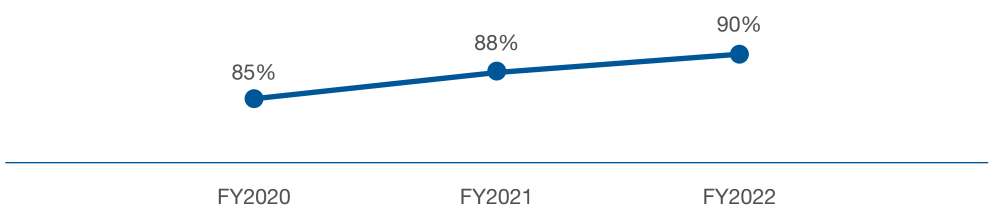
Held in October 2022, the RBA audit process focuses on sustainable improvement in supply chain production requirements and innovation in the organisation and beyond.

CUSTOMER SATISFACTION

Customers are important stakeholders and a vital part of our value proposition. Product quality and continuous dialogue are two key enablers of customer satisfaction at VS.

Our annual Customer Satisfaction Index ("CSI") is the primary platform to gauge how happy our customers are with our service delivery solutions. The assessment rates planning and delivery, operation management, quality, risk, compliance and commercial aspects. In 2022, we achieved a high CSI score of 90%. Continuing to serve our diverse customers with quality products and services is a privilege.

Customer Satisfaction Index (CSI) Scores



PRIVACY AND SECURITY

Maintaining stakeholder trust is paramount as we handle increasing data within our growing business.

We respect and protect the privacy and personal data of our employees, customers and all stakeholders. We maintain privacy and security systems and capabilities to ensure stakeholder trust when interacting with VS systems, products and services. Our Privacy Policy outlines what types of data we collect, how we use it and how we protect the collected personal information.

Privacy training has been rolled out on our workforce management system, with additional resources available through the dedicated privacy page on our employee intranet.

During the year, VS invested more than half a million ringgit in adopting the Enterprise Content Management System (ECM). ECM is a set of defined processes, strategies and tools which allows a business to effectively and safely obtain, organise, store and deliver critical information to employees, business stakeholders and customers. Other initiatives have also helped upgrade our security systems for tighter cybersecurity.

The Board of Directors (the "Board") of V.S. Industry Berhad ("VSI" or "the Company") is committed to the implementation and maintenance of high standards of corporate governance practices throughout VSI and its subsidiaries ("the Group") as a fundamental part of its responsibilities in managing its business affairs so as to promote business prosperity and long term sustainable growth. The Board believes that a robust corporate governance framework is essential to realise long term shareholders' value and protect the interests of all stakeholders as well as the assets of the Group.

The Board is cognisant of the growing level of expectation by regulators and stakeholders for increased corporate governance more so as promulgated by the Malaysian Code on Corporate Governance 2021 ("the MCCG") and, accordingly has taken necessary steps to ensure strong governance practices are adopted throughout the Group.

The ensuing paragraphs in this Corporate Governance Overview Statement ("CG Overview Statement") provides an overview or describes the extent of how the Group has applied and complied with the three (3) key Principles, 43 Practices and 5 Step ups of the MCCG for the financial year ended 31 July 2022 ("FY2022") and up to to-date. This CG Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") with guidance drawn from Practice Note 9 of MMLR and the Corporate Governance Guide (4th edition) issued by Bursa Securities.

The CG Overview Statement is complemented with a Corporate Governance Report ("CG Report"), based on a prescribed format as outlined under Paragraph 15.25(2) of the MMLR which articulates the application of the Company's corporate governance practices vis-à-vis the MCCG. The CG Report is available on the Company's website at www.vs-i.com and via an announcement on the website of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I Board Responsibilities

1 Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board of VSI takes full responsibility for the Company and the Group's overall strategic directions, business model, succession planning, performance objectives, risk management, investor relations, compliance and accountability system, internal control system and corporate governance practices to ensure that the Company and the Group operates with integrity and achieves its strategic goals with the ultimate objective of delivering sustainable performance and maximising shareholders' value.

In discharging its fiduciary duties within a framework founded on transparency, integrity and accountability, the Board ensures that it aligns the interests of the Board and management with that of shareholders and all stakeholders.

As part of the Board's initiatives to facilitate discharge of its stewardship role, the Board has delegated certain powers to the Board Committees and the management. The clear demarcation of the respective roles and responsibilities of the Board and Board Committees as well as matters specifically reserved for collective decision of the Board are clearly outlined in the Board Charter, which serves as a reference and guiding literature for Directors in performing their duties.

The Board Charter, which was last updated in November 2022, would be periodically reviewed with a view to enhance its scope, by the Board as and when required to take into consideration the changing needs of the Company as well as development in rules, guidelines and regulations that may have an impact on the discharge of Board's functions and responsibilities.

The Board Charter is published on the Company's website at www.vs-i.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part I Board Responsibilities (Cont'd)

1 Board's Leadership on Objectives and Goals (Cont'd)

1.1 Strategic Aims, Values and Standards (Cont'd)

The Board is assisted by its Board Committees, namely, Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management and Compliance Committee to ensure appropriate checks and balances in discharging its oversight function. The former Audit and Risk Management Committee ("ARMC") was restructured to two (2) separate committees namely, the Audit Committee and Risk Management and Compliance Committee with effect from 30 May 2022. These Committees comprise of all Independent Non-Executive Directors ("INEDs"). Each of these Committees operates under clearly defined Terms of Reference ("TOR") as approved by the Board to oversee and deliberate matters within their purviews. The TOR for the aforesaid Board Committees are available on the Company's website at www.vs-i.com.

Notwithstanding the delegation of specific powers, the Board keeps itself apprised of the key matters discussed and recommendations made by each Board Committee through the reports by the Chairman of the respective Board Committees at Board meetings. The decision on whether to act on recommendations by Board Committees lies with the Board. As a whole, the Board is the ultimate decision making body retaining full responsibility for the direction and control of the Company and the Group. Besides, the Board provides leadership to the Company towards promoting overall business prosperity and corporate accountability and thus, enhancing all shareholders' and stakeholders' value.

During the financial year under review, the Board has devoted sufficient time to attend meetings to deliberate on matters under their purview. The Board has also delegated the responsibility of implementing the Company's strategic plans, policies and decisions adopted by the Board to the management, which is led by the Managing Director ("MD"). The MD is the conduit between the Board and the management in ensuring smooth and effective running of the Group. The Board will then review and deliberate on the outcome of the aforesaid implementation, if needful to recommend relevant changes to deliver the best outcomes.

1.2 Chairman of the Board

The Board is led by an Executive Chairman who is accountable for ensuring the integrity and effectiveness of the governance process of the Board.

He provides effective and strategic direction, leadership and governance in order to create a conducive environment geared towards building and enhancing the Board's effectiveness and ensures that all strategic and critical issues are discussed by the Board in a timely manner.

During Board meetings, the Chairman encourages constructive relations between Board members and ensures open and effective deliberations are held by allowing sufficient time to be given on issues tabled for discussion at such meetings.

1.3 Separation of Positions of Chairman and CEO (Chief Executive Officer)

The roles and responsibilities of CEO in the Company is assumed by the MD. The Board is aware that the presence of a strong independent element is essential to ensure a balance of power and authority. The positions of the Chairman and the MD are held by two different individuals. Their roles and responsibilities are clearly segregated to engender accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part I Board Responsibilities (Cont'd)

1 Board's Leadership on Objectives and Goals (Cont'd)

1.3 Separation of Positions of Chairman and CEO (Chief Executive Officer) (Cont'd)

The MD is responsible for the executive management of the Group's business and implementing operational decisions and managing day-to-day operations. He is supported by the Executive Directors and management team in implementing the Group's strategic plan, policies and overseeing the operations and business development of the Group.

1.4 Qualified and Competent Company Secretaries

The Board is supported by professionally qualified and competent Company Secretaries.

The Board has direct access to the professional advice and services of the Company Secretaries, particularly relating to statutory obligations, corporate governance best practices, Board policies and procedures as well as any updates relating to corporate and securities laws and the resultant implications of any developments therein to the Group and the Directors in respect of their responsibilities and obligations to ensure compliance with the Companies Act 2016, MMLR of Bursa Securities and other relevant laws and regulations.

The Company Secretaries ensure that all Board and Board Committees meetings are properly convened and meeting materials are disseminated on a timely basis to accord Directors with adequate time to peruse the materials and prepare for the meetings. The Company Secretaries are also responsible for proper and accurate documentation of all proceedings of meetings including key deliberations, resolutions passed and any significant concerns raised by the Directors. The Company's statutory records are maintained accordingly at the Company's registered office under the care of the Company Secretaries.

The Company Secretaries constantly keep themselves abreast with the evolving regulatory changes and developments in corporate governance realm by attending the necessary trainings programmes, conferences, seminars and/or workshops to ensure effective discharge of their advisory role to the Board.

1.5 Access to Information and Advice

The Board recognises that the decision-making process is highly dependent on the quality of information available. All Directors on the Board and Board Committees have full and unrestricted access to management and the Company Secretaries on all matters requiring information for deliberation.

The notice of Board and Board Committees meeting together with Board papers are circulated to the Directors at least one (1) week prior to each meeting. This enables the Directors to have ample time to review, seek additional information and/or clarification from the management or the Company Secretaries on the matters to be deliberated to facilitate constructive and effective discussion during the meetings. Occasionally, the Board or Board Committee meetings may be called at shorter notice when immediate attention, deliberations and decisions are required to be made.

The Board papers circulated include financial results, forecasts and latest development in the Group. The Company leverages technology to expeditely disseminate additional information and latest updates to the Board and Board Committees for a better well-informed decision making. In addition, the Management and/or external advisors may be invited to attend Board meetings to advise and furnish further information and clarification required on relevant matters of discussion to enable the Board to arrive at an informed decision.

The Board's deliberation, in terms of the pertinent issues discussed at the meetings in arriving at the decisions and conclusions thereof are properly recorded by the Company Secretaries by way of minutes of meetings. The minutes will then be tabled at the subsequent meetings for confirmation.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part I Board Responsibilities (Cont'd)

1 Board's Leadership on Objectives and Goals (Cont'd)

1.5 Access to Information and Advice (Cont'd)

Sufficient time is allocated to the Chairman of the respective Board Committees to brief the Board on salient issues deliberated and decisions made at Committee meetings under a separate agenda at Board Meeting following their respective meetings.

The Board is regularly updated and advised by the Company Secretaries on development in regulatory requirements and the implications to the Group and Directors in discharging their duties and responsibilities.

The Directors, whether as full Board or in their personal capacity, may upon approval from the Board, seek independent professional advice if required, in furtherance of their duty, at the Group's expense.

2 Demarcation of Responsibilities

2.1 Board Charter

The Board is guided by a Board Charter for the effective discharge of its fiduciary duties. The Board Charter, which serves as a guide for the operation of the Board, outlines the composition, roles, functions and processes of the Board and those powers and functions delegated to the Board Committees as well as matters specifically reserved for collective decision of the Board.

The Board Charter is subject to periodical review by the Board to ensure that it remains consistent with the Board's roles and responsibilities, relevant and effective to the changing needs of the Company as well as any development in the prevailing legislation and practices.

The Board Charter enhances governance practices on the Board in line with the principles of good corporate governance in the MCCG and requirements of MMLR of Bursa Securities.

3 Good Business Conduct and Corporate Culture

3.1 Code of Ethics and Conduct

The Board observes the Company Directors' Code of Ethics as established by the Suruhanjaya Syarikat Malaysia (Companies Commission of Malaysia or "SSM"). The said Code of Ethics is published on SSM's website at www.ssm.com.my.

The aim of the Code of Ethics is the enhancement of standard of corporate governance and corporate behaviour through establishing standards of ethical behaviour based on trustworthiness and values as well as uphold the spirit of accountability and social responsibility in line with legislations, regulations and guidelines for administration of a company. In line with good corporate governance practices, the Board, management, and employees shall act honestly, objectively and diligently while carrying out their duties and they shall not act in a manner which could discredit the Company in any manner.

3.2 Anti-Bribery and Anti-Corruption Policy

In compliance with the requirements set forth in the Guidelines on Adequate Procedures to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, the Anti-Corruption Framework Policy has been adopted as part of the Company's commitment against all forms of bribery and corruption. The Policy aims to set out the main principles, policies and guidelines upon which the Company practices in relation to anti-corruption. The policy on anti-corruption is available on the Company's website at www.vs-i.com.

The Board is mindful of any potential corruption risk and hence, it has been included in the annual risk assessment of the Group.

Adherence to this and the Whistleblowing Policy under Principle 3.3 by all in the performance of their duties is essential to maintain the Group's reputation for fair and ethical practices among customers, suppliers, shareholders, employees, communities and other stakeholders. Working with a strong sense of integrity is essential to achieve the Group's business goals in an open, honest, ethical and principled manner.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part I Board Responsibilities (Cont'd)

3 Good Business Conduct and Corporate Culture (Cont'd)

3.3 Whistleblowing Policy

The Board is cognisant that any genuine commitment to detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees can report their concerns freely without fear of reprisal or intimidation.

As part of the continuous effort to ensure that good corporate governance practices are being adopted, the Company has put in place a Whistleblowing Policy which allows the whistle blower(s) to raise concerns about actual or potential corporate fraud or breach of ethics involving any Directors, management or employees of the Group.

The policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing within the Group.

All whistle blowing reports are to be addressed to the Whistleblowing Unit (on behalf of the Chairman of the AC) which comprise Head of Internal Audit, Head of Risk and Compliance and Head of Human Resource. The policy also affirms that the identity of the whistle blower will be kept confidential and protection will be accorded to the whistle blower against any form of reprisal or retribution save and except for circumstances as prescribed in the policy.

The Whistleblowing Policy and the procedures are available on the Company's website at www.vs-i.com.

3.4 Fit & Proper Policy

In line with the new Paragraph 15.01A of the MMLR, the Board had on 29 June 2022 approved and adopted a Directors' Fit and Proper Policy, that provides guidance to the NC and the Board in their review and assessment of candidates to be appointed to the Board as well as existing directors who are retiring and seeking re-election. The aforesaid policy serves to ensure that the person to be appointed or re-elected as a director possesses the necessary character and integrity, experience and competence as well as the ability to discharge and give appropriate commitment and participation and contribution to the Board and the Company.

The Directors' Fit & Proper Policy is published on the Company's website at www.vs-i.com.

3.5 Sustainability Governance

The Board is cognisant that sustainable business practices are essential to the creation of long-term value and that running the business in a responsible manner is intrinsically tied to achieving operational excellence. In terms of structural oversight over sustainability including strategies, priorities and targets, it is reposed at the Board level with Management being responsible for operational execution with respect to Environmental, Social and Governance factors as part of the Group's corporate strategy.

The Board is focused on maintaining exemplary corporate governance practices, which include a commitment to ethics, integrity and corporate responsibility. The detailed articulation in the Sustainability Statement contained in the Company's Annual Report provides the internal and external stakeholders with information on the Group's sustainability strategies, priorities, targets as well as the overall performance.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II BOARD COMPOSITION

4 Board Objectivity

4.1 Board Composition

The Board presently comprised eleven (11) members with the composition as outlined below:

Directorate	Director(s)
Executive Chairman	Datuk Beh Kim Ling
Managing Director	Datuk Gan Sem Yam
Executive Director	Dato' Gan Tiong Sia Ng Yong Kang Beh Chern Wei *(Ma Chengwei)* *(his alternate, Chong Chin Siong)* Gan Pee Yong
Independent Non-Executive Director	Diong Tai Pew Tan Pui Suang Dato' Chang Lik Sean *(Resigned on 1 June 2022)* Wong Cheer Feng Dr. Lim Boh Soon *(Appointed on 30 May 2022)* Wee Beng Chuan *(Appointed on 25 November 2022)*

Brief profile of each Director is detailed under Profile of Directors in this Annual Report.

The Board is in compliance with Chapter 15.02 of the MMLR of Bursa Securities, which requires that at least two (2) Directors or one-third of the Board of the Company, whichever is the higher, are Independent Directors. In the event of any vacancy in the Board, resulting in non-compliance with the aforesaid, the Company must fill the vacancy within three (3) months.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director under para 1.01 and Practice Note 13 of the MMLR of Bursa Securities. The key elements for fulfilling the criteria are the appointment of independent Directors who are not members of management (non-executive) and who are free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

The current Board comprised 45% Independent Directors with the recent appointment of an additional INED on 25 November 2022. The Board remains mindful on the Board's composition to comprise of a majority INEDs and is of the view that the present INEDs, with the breadth of professional background, have enabled the Board to exercise objective judgement on various issues and decisions are made through their sharing of impartial, objective and unbiased opinion and viewpoints.

Although all Directors shared equal responsibility for the Group's business directions and operations, the presence of INEDs is essential in ensuring that the management proposals are fully discussed, challenged and evaluated, by taking into account the interest not only of the Group but also all interested parties, including shareholders, employees, customers, suppliers and the communities as a whole.

Further, the current composition of the Board Committees and has been at least since the last five (5) years comprise all INEDs which affirmed the Board's commitment towards independence and provide strong check and balance in the Board's governance function. The significant contributions of the Independent Directors in the decision-making process are evidenced by their participation as members of the various Board Committees. Hence, the INEDs are able to carry out their duties and to provide an unfettered and unbiased independent judgement and to promote good corporate governance.

Therefore, the lack of the necessary number of INEDs does not impair and jeopardise the independence of Board deliberations and all decisions have been made in the best interest of the Company and the Group. Nonetheless the Board will continue its best effort to appoint suitable INEDs in the near future to ensure that INEDs form a majority of the Board composition.

4.2 Tenure and Policy on Tenure of Independent Directors

The Company's Board charter provides that the tenure of its INEDs shall not exceed a cumulative or consecutive term of nine (9) years.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

4 Board Objectivity (Cont'd)

4.2 Tenure and Policy on Tenure of Independent Directors (Cont'd)

There are five (5) INEDs on the Board presently, namely Diong Tai Pew, Tan Pui Suang, Wong Cheer Feng, Dr. Lim Boh Soon and Wee Beng Chuan. As at to-date, none of the INEDs have served a consecutive term of nine (9) years.

The Board had, through NC, assessed the independence of its INEDs on annual basis and is satisfied that the INEDs have demonstrated independence in their conduct and behaviour and that each of them is independent of the management and free from any business or other relationships which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company and the Group. Besides, the INEDs also performed self assessment on their independence to ensure compliance with the MMLR of Bursa Securities.

Diversity of Board and Senior Management

The Group sees a diverse Board and senior management as an essential element in supporting the attainment of strategic aims. In this regard, the Company has at all times practices non-discrimination on the basis of, but not limited to, age, gender, ethnicity or religion, educational and cultural background or geographic region when selecting Board member and senior management. It believes that an inclusive culture will enable the Company to leverage differences in perspective, knowledge, skill and experience in achieving a sustainable and balanced development. All appointments have been and will be based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.

The Board has a good balance of members to ensure that no one individual or a small group of individuals can dominate the Board's decision-making process. The present Directors, with their diverse background and professional specialisation, collectively, bring with them a wealth of experience and expertise in areas such as engineering, manufacturing, strategic planning, general management, sales and marketing, finance and accounting, auditing, banking and tax. As such, the Group is essentially led and guided by a competent Board.

4.3 Gender Diversity

Whilst acknowledging the recommendation of the MCCG on gender diversity of at least 30% women directors, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. Currently, the Board has one (1) female member, namely Tan Pui Suang and meets the requirement under Paragraph 15.02(1)(b) of the MMLR. The Group recognises the importance of boardroom diversity to enhance decision-making capability and performance of the Company by bringing diverse perspectives. It adheres to the practice of non-discrimination with regard to gender in selection of candidate for directorship or employment. The evaluation of the suitability of candidates is always based on the candidates' competency, skill, character, time commitment, integrity, performance, knowledge and experience to bring value and expertise to the Board.

The issue of diversity has been discussed and given prominence during deliberations by the NC and the Board. The Company does not set any specific target for gender diversity in the boardroom but will continuously strive to meet the targets for gender diversity requirements and will actively take the necessary measures towards promoting a corporate culture that embraces the aforesaid gender diversity. In addition, the Board affirmed that in the event of any Board vacancy in future, gender diversity shall be one of the criteria to be considered by the NC during their evaluation and selection process.

4.4 Diverse Sources for New Candidate(s) for Board Appointment

There was one (1) new appointment and one (1) resignation of Independent Director to the Board during FY2022. The appointment of Dr. Lim Boh Soon as an INED on 30 May 22 and the appointment of Wee Beng Chuan as an INED subsequent to the FY2022 on 25 November 2022 seek to further strengthen the Board composition.

In identifying suitable candidates for the Board, the NC is open to utilise a variety of approaches and independent sources to identify suitably qualified candidate(s) for consideration as Director and will ensure that the procedures for evaluating and selecting new Director are transparent and formal with the appointment made on merit basis.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

4 Board Objectivity (Cont'd)

4.5 Nomination Committee ("NC")

The NC is empowered by the Board to oversee the assessment of the Board as a whole, Board Committees and each individual Director, nominate to the Board the candidature of Directors and Board Committees' members as well as review the Board's succession plans and training programs.

The NC comprises three (3) members, all of whom are INEDs. The present composition of the NC is as follows:

Name	Position
Wong Cheer Feng	Chairman
Dr. Lim Boh Soon	Member
Diong Tai Pew	Member

The NC would meet at least once (1) annually with additional meetings convened on as and when needed basis.

During the year under review, key activities undertaken by the NC are summarised as follows:

(a) Reviewed and recommended the Directors' Fit and Proper Policy for the Board's approval and adoption.
(b) Considered and reviewed the Board's present size, structure and composition of the Board as well as the required mix of skills, experience, composition, size and competency required.
(c) Assessed and recommended to the Board for the continuation of service of the Directors who are eligible to stand for re-election based on the schedule of retirement by rotation. The aforesaid include assessment of the fit and proper criteria of the Directors seeking for re-election.
(d) Assessed the independence of the INEDs and recommended to the Board for the continuation of service.
(e) Reviewed the term of office and performance of the AC (formerly known as ARMC).
(f) Reviewed and assessed the contribution of each Director and the effectiveness of the Board and Board Committees.
(g) Discussed the character, experience, integrity and competence of the Directors, and MD and to ensure they have the time to discharge their respective roles.
(h) Noted the development programmes attended by the Directors for disclosure in the CG Overview Statement in the Annual Report.
(i) Recommended for Directors to attend training or seminars particularly those in connection with updates to regulations and financial reporting standards.
(j) Considered appointment of additional INED(s) to meet gender diversity and balance of INEDs on the Board and recommended to the Board the appointment of an additional Independent Director.

5 Board Assessments

5.1 Overall Effectiveness of the Board and Individual Directors

The NC conducts an annual review of the effectiveness of the Board and Board Committees as well as the performance of each individual Director. The assessment is administered via customised questionnaires, using a self and peer-rating model for continuous improvement.

The Committee reviews annually the required mix of skills and experience for Directors and assesses the contributions of each individual Director. Furthermore, the NC reviews the size and composition of the Board with particular consideration on the impact on the effective functioning of the Board.

Annual assessment on effectiveness of the Board and Board Committee as a whole has been conducted based on specific criteria, include, among others, individual Director's knowledge and experience in the Group's core business, personal qualities, professional skills and business development skills.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

5 Board Assessments (Cont'd)

5.1 Overall Effectiveness of the Board and Individual Directors (Cont'd)

The NC had also reviewed and assessed the independence of the Independent Directors based on the Directors' professionalism and integrity in the decision-making process, ability to form independent judgments, as well as objectivity and clarity in deliberations in addition to the specific criteria of independence as set out in the MMLR of Bursa Securities. The results of all assessments and comments by Directors were summarised tabled for review and discussion at the NC meeting. The results and deliberations of the NC would be noted by Board.

Based on the outcome of evaluation for the financial year under review, the NC and the Board were satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively and the contribution and performance of each individual Director is satisfactory.

The NC believes that the current Board composition is well balanced with the right mix of high-calibre individuals with the necessary skills, qualification, experience, knowledge, credibility, independence and core competencies.

The Constitution of the Company provides that an election of Directors shall take place each year and, at the AGM, one-third of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election.

All the Directors shall retire from office once at least in three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their appointment or reappointment.

The Constitution of the Company also empowers the Directors to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the maximum number fixed in accordance with the Company's Constitution. In accordance with the Company's Constitution, the newly appointed directors will retire at the subsequent AGM and are eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM.

A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately. The Director who is subject to re-election at next AGM is assessed by the NC before recommendation is made to the Board and shareholders for re-election. Appropriate assessment and recommendation by the NC is based on the annual assessment conducted and guided by the criteria and probity set out in the Directors' Fit and Proper policy.

The Board is scheduled to meet at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings with sufficient notice. During FY2022, the Board held four (4) meetings to deliberate and decide on various issues including the Group's financial results, strategic decisions and the direction of the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

5 Board Assessments (Cont'd)

5.1 Overall Effectiveness of the Board and Individual Directors (Cont'd)

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries. In the intervals between Board meetings, approvals are obtained via circular resolutions for exceptional matters requiring urgent Board decision-making which are then supported with information necessary for informed decision-making.

Detail of attendance of each Director at the Board and respective Board Committees meetings held during the financial year under review is as tabulated below:

Directors	Board	AC*	NC	RC	RMCC#
Datuk Beh Kim Ling	4/4	-	-	-	-
Datuk Gan Sem Yam	4/4	-	-	-	-
Dato' Gan Tiong Sia	4/4	-	-	-	-
Ng Yong Kang	4/4	-	-	-	-
Beh Chern Wei (Ma Chengwei)	4/4	-	-	-	-
Gan Pee Yong	4/4	-	-	-	-
Diong Tai Pew	4/4	4/4	2/2	-	-
Tan Pui Suang	4/4	4/4	-	-	1/1
Dato' Chang Lik Sean[1]	3/3	3/3	1/1	2/2	-
Wong Cheer Feng	4/4	4/4	1/1	2/2	1/1
Dr. Lim Boh Soon[2]	1/1	-	1/1	-	1/1

Note: [1] *Resigned on 1 June 2022*
[2] *Appointed on 30 May 2022*
* *Formerly known as ARMC*
\# *Risk Management and Compliance Committee ("RMCC") was established on 30 May 2022 arising from the restructuring of the ARMC into two separate committee, i.e. AC and RMCC.*

Board meetings are scheduled ahead to enable the Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention to the Board meeting agenda.

Management personnel and external consultants are also invited to attend the Board meetings as and when required in order to present and advise the members with information and clarification on certain meeting agenda to facilitate informed decision-making.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles, duties and responsibilities as Directors of the Company as demonstrated by their attendance at the meetings of the Board and Board Committees.

All the Directors do not hold more than 5 directorships in other public listed companies as required under Paragraph 15.06 of the MMLR of Bursa Securities to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused. The Board members must first notify the Chairman together with indication of time to be spent on new appointment before accepting any new Directorship in other public listed companies so as to ensure that time commitment and responsibilities to the Company will not be affected.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

5 Board Assessments (Cont'd)

5.1 Overall Effectiveness of the Board and Individual Directors (Cont'd)

Training

The Board, through the NC, ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately. All Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) within the time frame stipulated in the MMLR.

The Board encourages its Directors to attend relevant training to enhance their skills and knowledge on the relevant new laws and regulations, changing commercial and financial risks to keep abreast with the development in the economy, industry, technology and business environment within which the Group operates. The Directors are regularly updated by the Company Secretaries on key developments in the Companies Act 2016, MMLR of Bursa Securities and the MCCG.

The Board had, through the NC, undertaken an assessment of the training needs of the Directors and is opined that the Directors individually will, on a continuous basis, evaluate and determine their respective training needs to assist them in the discharge of their duties as Directors as they are in the better position to assess their own areas of concern. Hence, the Directors will continue to attend the relevant training programmes, conferences, seminars and/or forums so as to stay abreast with the ever-changing business environment, regulatory and corporate governance developments to enhance their professionalism and knowledge to effectively discharge their duties and obligations.

Nonetheless, the NC had recommended for training to improve financial literary and keep with changes to financial reporting environment as well as understanding the impact of the changes arising from implementation of Companies Act 2016 and other related laws.

For the financial year ended 31 July 2022, the training programmes and seminars attended by the Directors are as follows:

Director	Training/Conference/Seminar
Datuk Beh Kim Ling	• Malaysian Code on Corporate Governance 2021 Updates • The ILO's 11 Indicators of Force Labour
Datuk Gan Sem Yam	• Malaysian Code on Corporate Governance 2021 Updates • The ILO's 11 Indicators of Force Labour
Dato' Gan Tiong Sia	• Malaysian Code on Corporate Governance 2021 Updates • The ILO's 11 Indicators of Force Labour
Beh Chern Wei (Ma Chengwei)	• Malaysian Code on Corporate Governance 2021 Updates • The ILO's 11 Indicators of Force Labour
Gan Pee Yong	• Malaysian Code on Corporate Governance 2021 Updates • The ILO's 11 Indicators of Force Labour
Ng Yong Kang	• Malaysian Code on Corporate Governance 2021 Updates • The ILO's 11 Indicators of Force Labour
Diong Tai Pew	• Malaysian Code on Corporate Governance 2021 Updates • The ILO's 11 Indicators of Force Labour • Financial Reporting Standards 2021 Annual Update • Ethical Business Conduct: Tell Tale Signs of Companies in Trouble • Economic Outlook 2022 • Global Minimum Tax • Singapore Budgets 2022 • Transform to Perform for Financial Leaders

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

5 Board Assessments (Cont'd)

5.1 Overall Effectiveness of the Board and Individual Directors (Cont'd)

Training (Cont'd)

For the financial year ended 31 July 2022, the training programmes and seminars attended by the Directors are as follows: (Cont'd)

Director	Training/Conference/Seminar
Tan Pui Suang	• Malaysian Code on Corporate Governance 2021 Updates • The ILO's 11 Indicators of Force Labour • Audit Oversight Board's Conversation with Audit Committees • Joint webinar by Clifford Chance / Skrine - APAC ESG Perspective Series - The Impact of ESG Regulations on US-Asia Trade • Assessment of the Board, Board Committee and Independent Director
Wong Cheer Feng	• Malaysian Code on Corporate Governance 2021 Updates • The ILO's 11 Indicators of Force Labour • Audit Oversight Board's Conversation with Audit Committees • Beyond Box –Ticking: Essentials for Effective Remuneration Committees • Case-Based Series: Part 1-The Board's Performance Role
Dr. Lim Boh Soon[1]	• The ILO's 11 Indicators of Force Labour
Chong Chin Siong *(Alternate Director to Beh Chern Wei (Ma Chengwei))*	• Malaysian Code on Corporate Governance 2021 Updates • The ILO's 11 Indicators of Force Labour

Note: [1] Appointed on 30 May 2022

The Company facilitates the organisation of training programs for Directors and maintain a record of the trainings attended by the Directors.

PART III REMUNERATION

6 Level and Composition of Remuneration

6.1 Remuneration Policy

The Company has an executive remuneration package in place to attract, retain, motivate and reward Directors of the calibre needed to lead the Group towards success. Essentially, the Board took the approach for the remuneration to be reward based in which remuneration packages will fairly remunerate the executive Board members for their contribution to the Group. The level and composition of the remuneration of Directors and senior management take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the Company's long-term objectives.

The remuneration package of the executive Board members is structured to ensure that compensation and benefits commensurate with the level of skills and experience and performance of individual executive Board members in addition to performance based targets such as revenue growth and profitability.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part III Remuneration (Cont'd)

6 Level and Composition of Remuneration (Cont'd)

6.1 Remuneration Policy (Cont'd)

The Remuneration policies and decisions are made through a transparent and independent process. The policies and procedures to determine remuneration of Directors and senior management which are periodically reviewed have been put in place. The components of the remuneration package for the Executive Directors include fixed salary, fixed fees, allowance, bonus, performance incentive and benefits-in-kind. The Executive Directors played no part in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration.

As for Non-Executive Directors, the level of remuneration is reflective of their experience, expertise, knowledge, level of responsibilities and the onerous challenges in discharging their fiduciary duties. The remuneration for Non-Executive Directors consists of fixed annual Directors' fees. The determination of Directors' fees for all Directors shall be a matter for the Board as a whole.

During the financial year, the RC met twice, attended by all the members to consider the remuneration package for the Executive Directors as well as Directors' fees and benefits payable for all Directors. The RC and the Board has reviewed the fees and benefits for the Directors to ascertain the competitiveness of the current package vis a vis the increased scope of responsibility as well as tighter legislative, regulatory and ever-changing business environment. Based on the outcome of the review, the fees and benefits of the Directors were deemed to be reasonable.

All deliberations of the RC are properly documented in the minutes of Committee meetings with results and recommendations of the RC noted by the Board.

6.2 Remuneration Committee ("RC")

The RC comprises two (2) members, all of whom are INEDs. The present composition of the RC is as follows:

Name	Position
Wong Cheer Feng [i]	Chairman
Dato' Chang Lik Sean [ii]	Member
Dr. Lim Boh Soon [iii]	Member

Note: i. Re-designated from member to Chairman of RC on 30 May 2022.
ii. Re-designated from Chairman to member of RC on 30 May 2022 and resigned on 1 June 2022.
iii. Appointed as member of RC on 30 May 2022.

During the year under review, the RC carried out the following activities:

(a) Reviewed and recommended the fee structure and allowances for Directors.
(b) Reviewed and recommended the annual bonus and performance incentive for Executive Directors.
(c) Reviewed and recommended remuneration package of Executive Directors.
(d) Recommended the appointment of new member and change of RC Chairman to the Board.

7 Remuneration of Directors and Senior Management

7.1 Details of Directors' Remuneration

All Directors are paid Directors' Fees for serving as members of the Board with the fees appropriate to their contribution, taking into consideration effort, commitment and time spent as well as the responsibilities of the Directors. The payment of these fees is approved by shareholders at each AGM.

The fees for the Directors are endorsed by the Board for approval by the shareholders at the AGM prior to payment.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part III Remuneration (Cont'd)

7 Remuneration of Directors and Senior Management (Cont'd)

7.1 Details of Directors' Remuneration (Cont'd)

The remuneration received/receivable by the Directors of the Group and the Company for FY2022 is tabulated below:-

Group Level

Directors	Salaries and other emoluments[1]	Fees	Benefits-in-kind	Incentives and share-based benefits[2]	Total
	RM million	RM million	RM million	RM million	RM million
Executive Directors					
Datuk Beh Kim Ling	5.961	0.018	0.024	2.059	8.062
Datuk Gan Sem Yam	6.352	0.018	0.016	1.999	8.385
Dato' Gan Tiong Sia	2.917	0.018	0.016	1.996	4.947
Ng Yong Kang	1.617	0.018	0.015	1.029	2.679
Chong Chin Siong	1.473	0.009	0.024	1.035	2.541
Beh Chern Wei (Ma Chengwei)	1.414	0.009	0.028	0.950	2.401
Gan Pee Yong	1.414	0.018	0.028	0.949	2.409
Non-Executive Directors					
Diong Tai Pew	-	0.208	-	-	0.208
Tan Pui Suang	-	0.111	-	-	0.111
Dato' Chang Lik Sean*	-	0.130	-	-	0.130
Wong Cheer Feng	-	0.130	-	-	0.130
Dr. Lim Boh Soon[#]	-	0.022	-	-	0.022
Total	**21.148**	**0.709**	**0.151**	**10.017**	**32.025**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part III Remuneration (Cont'd)

7 Remuneration of Directors and Senior Management (Cont'd)

7.1 Details of Directors' Remuneration (Cont'd)

Company Level

Directors	Salaries and other emoluments[1]	Fees	Benefits-in-kind	Incentives and share-based benefits[2]	Total
	RM million	RM million	RM million	RM million	RM million
Executive Directors					
Datuk Beh Kim Ling	1.151	0.018	0.024	0.619	1.812
Datuk Gan Sem Yam	1.542	0.018	0.016	0.579	2.155
Dato' Gan Tiong Sia	0.664	0.018	0.016	0.525	1.223
Ng Yong Kang	1.617	0.018	0.015	1.029	2.679
Chong Chin Siong	1.473	0.009	0.024	1.035	2.541
Beh Chern Wei (Ma Chengwei)	0.915	0.009	0.028	0.950	1.902
Gan Pee Yong	0.926	0.018	0.028	0.949	1.921
Non-Executive Directors					
Diong Tai Pew	-	0.132	-	-	0.132
Tan Pui Suang	-	0.111		-	0.111
Dato' Chang Lik Sean*	-	0.130	-	-	0.130
Wong Cheer Feng	-	0.130	-	-	0.130
Dr. Lim Boh Soon#	-	0.022	-	-	0.022
Total	**8.288**	**0.633**	**0.151**	**5.686**	**14.758**

Note:
[1] *This comprises bonus and contribution to state plans*
[2] *This comprises performance incentive and equity settled share based transactions*
* *Resigned on 1 June 2022*
# *Appointed on 30 May 2022*

7.2 Details of Top 5 Senior Management's Remuneration

The Board is aware of the need for transparency in the disclosure of its senior management's (who are not executive Board members) remuneration. Nonetheless, it is of the view that such disclosure could be detrimental to its business interests given the highly competitive human resource environment in which the Group operates where intense headhunting for personnel with the right expertise, knowledge and relevant working experience is the norm. As such, disclosure of specific remuneration information could give rise to recruitment and talent retention issues going forward.

The Board ensures that the remuneration of the senior management personnel besides taking into consideration of the Company's performance, commensurate with the level of responsibilities, merits, qualification and competencies, with due consideration in attracting, retaining and motivating senior management to lead and run the Company successfully.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I Audit Committee ("AC") (formerly known as Audit and Risk Management Committee)

8 Effective and Independent AC

8.1 Chairman of the AC

The Chairman of the AC is an INED who is not the Chairman of the Board. Details on the composition and other pertinent facts of the AC are outlined under the AC Report in this Annual Report.

8.2 Policy Requiring Former Key Audit Partner to Observe At Least 3-year Cooling Off Period

In November 2022, a former key audit partner had been appointed to the Board after observing more than a five (5) years' cooling off period. The appointment of the aforesaid Director had been duly evaluated and assessed by the NC guided by the recently adopted Director's Fit and Proper Policy and recommended for Board's approval.

Going forward, the Board will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC is a former key audit partner.

8.3 Policy and Procedures to Assess the Suitability, Objectivity and Independence of the External Auditor

The Group maintains a transparent and professional relationship with the external auditors in seeking professional advice towards ensuring compliance with accounting standards. The Company's independent external auditors play a critical role for the stakeholders by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial information.

The AC meets up with the external auditors at least twice a year for the external auditors present their audit plan, audit findings and their comments on the Group's financial statements.

The AC also met once with the external auditors without the presence of the executive Board members and management during the financial year under review, to allow the AC and the external auditors to exchange independent views on crucial areas which require the AC's attention.

The AC has assessed the suitability and independence of the external auditors vis a vis adequacy of experience and resources of the external auditors before deciding to recommend their re-appointment to the Board. This includes reviewing the engagements for provision of non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money. Forbidden engagements include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation.

The AC has considered the non-audit services provided by the external auditors during financial year under review and concluded that the provision of these services did not compromise the external auditors' independence and objectivity. The details of the fees paid/payable in respect of the financial year under review to the external auditors or an affiliated firm of the external auditors are set out in the Additional Compliance Information of this Annual Report.

The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with professional and regulatory requirements.

The Board, having considered the recommendations by the AC, is satisfied with the level of independent and performance of the external auditors including quality of audit review procedures, adequacy of audit firm's expertise, its resources to carry out the audit work according to the audit plan and the Board had recommended their re-appointment for shareholders' approval at the forthcoming AGM.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Part I Audit Committee ("AC") (formerly known as Audit and Risk Management Committee) (Cont'd)

8 Effective and Independent AC (Cont'd)

8.4 Composition of the AC

The AC comprised solely INEDs as the Board observes and values the independence of the AC. The composition, roles and responsibilities and key activities of the AC are set out under the AC Report in this Annual Report.

8.5 Diversity in Skills of the AC

The AC currently comprised members with professional experience in financial, taxation, audit, general management, strategic planning and business environment. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the AC the ability to effectively discharge their roles and responsibilities.

Part II Risk Management and Internal Control

9 Effective Risk Management and Internal Control Framework

9.1 Establish an Effective Risk Management and Internal Control

Recognising the importance of risk management, the Group has established an Enterprise Risk Management Framework ("ERM Framework") to identify, evaluate, control, monitor and manage significant business risks faced by the Group on an ongoing basis.

In line with the MMLR of Bursa Securities and the MCCG, the Group has also established its internal audit function by setting up an in-house internal audit team, to carry out internal audits on various operating units within the Group on a risk-based approach based on the annual audit plan approved by the AC.

The key features of the ERM Framework and details of the Company's internal control system and internal audit's scope of work during the financial year under review are provided in the Statement on Risk Management and Internal Control in this Annual Report.

9.2 Disclosure on the Features of Risk Management and Internal Control Framework

The Statement on Risk Management and Internal Control in this Annual Report provides an overview on the state of internal controls and risk management within the Group.

Continuous reviews are carried out by the Group's internal audit function and management to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The significant audit findings of the internal audit function and the recommendations for improvement are reported to the AC on a quarterly basis.

9.3 Risk Management and Compliance Committee ("RMCC")

Prior to the establishment of the RMCC, the former Audit and Risk Management Committee ("ARMC") assisted the Board in ensuring adequate and effective risk management and internal controls and processes are in place. The ARMC provides support to the Board by reviewing the ERM Framework adopted by the Group and the risk management process employed to identify, evaluate and manage key business risks. The ARMC up to 30 May 2022, with support from the risk management team, has assisted the Board in fulfilling its oversight functions in the risk governance by establishing a sound internal control and risk management framework to manage the various risks faced by the Group with the overall responsibility for overseeing the risk management activities of the Group and approving the appropriate risk management procedures and measurement methodologies across the Group. With the establishment of the RMCC on 30 May 2022, the aforesaid function, largely in relation to risk management by the former ARMC is now under the purview of the RMCC.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Part II Risk Management and Internal Control (Cont'd)

9 Effective Risk Management and Internal Control Framework (Cont'd)

9.3 Risk Management and Compliance Committee ("RMCC") (Cont'd)

The risk management function is supported by the Risk Sub-Committee and Group Risk Team who are tasked to spearhead and co-ordinate the ERM process, while the Heads of Business Units or Centralised Functions assumed the responsibility to ensure that risk management is embedded in the Group's daily business processes. Further details of the respective functions of the aforesaid Risk Sub-Committee, Group Risk Team and Business Units are provided in the Statement on Risk Management and Internal Control in this Annual Report.

A risk management report summarising the high and significant risks and status of action plans is communicated to the Risk Sub-Committee and RMCC for review, deliberation and recommendation for endorsement by the Board on a quarterly basis.

10 Effective Governance, Risk Management and Internal Control

10.1 Effectiveness of the Internal Audit Function

10.2 Disclosure on the Internal Audit Function

The Group has an in-house internal audit function that is independent of the activities and operations it audits. The internal audit function reports directly to the AC on a quarterly basis. The principal role of the internal audit function is to undertake independent, regular and systematic reviews of the internal control system to provide reasonable assurance on the adequacy and integrity of the risk management system, internal control and governance of the Group to safeguard the Group's assets and resources.

It is also the responsibility of the internal audit function to provide the AC with independent and objective reports on the state of internal controls and risk management of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

The AC reviews and approves the Internal Audit Plan annually and ensures that adequate resources are in place to facilitate the discharge of duties by the internal audit function. The internal audit team adopts a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system.

The AC also monitors the feedback and reports from the internal audit team on matters relating to non-compliance, weakness in internal control systems and the implementation of agreed corrective action plan to address such inadequacies by the management. The activities of the internal auditors during the financial period are set out in the Statement on Risk Management and Internal Control in this Annual Report.

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I Communication with Stakeholders

11 Continuous Communication between Company and Stakeholders

11.1 Effectiveness and Transparent and Regular Communication with Stakeholders

The Board recognises the need for comprehensive, timely and accurate disclosures of all material Company information to the public so as to ensure a credible and responsible market in which participants conduct themselves with the highest standards of due diligence and investors have access to timely and accurate information to facilitate the evaluation of securities.

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Part I Communication with Stakeholders (Cont'd)

11 Continuous Communication between Company and Stakeholders (Cont'd)

11.1 Effectiveness and Transparent and Regular Communication with Stakeholders (Cont'd)

However, whilst the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The Board observes the Corporate Disclosure Guide as issued by Bursa Securities which is calibrated in line with the disclosure requirements as stipulated in the MMLR of Bursa Securities, and also setting out the protocols for disclosing material information to shareholders and stakeholders.

To ensure thorough public dissemination, the Company has leveraged on information technology including making announcements via Bursa LINK (The Listing Information Network) of Bursa Securities and establishing a dedicated section for "Investors" on the Company's website where updates on the corporate information, financial information, stock information, announcements and corporate governance, among others, can be accessed. The Group Financial Controller is the designated person to address any queries from stakeholders including potential shareholders. The investor relations' email address is also published on the corporate website to ease accessibility by all.

The Company's general meetings remain an informative platform for the shareholders to engage directly with the Company's Directors. Shareholders are encouraged to attend the general meetings and they are given sufficient time and opportunity to participate in the proceedings, raise concerns on the resolutions being proposed and the operations of the Group and also to communicate their expectations on the Group.

All Directors will attend and participate at the Company's general meetings and are available to provide meaningful response if there is any question addressed to them.

11.2 Integrated Reporting

The Board is of the view that the existing Annual Report provides a holistic overview of the Group's business and operational activities as non-financial information are disclosed through the Sustainability Statement, Management Discussion & Analysis and the Audit Committee Report to complement the financial information.

The present Sustainability Statement has incorporated certain elements of integrated reporting such as organisation overview, governance policies and performance. These represent the Board's commitment towards sustainability and a more comprehensive reporting going forward. Nonetheless, the Board would suggest for an interim period for the awareness of Integrated Reporting to be better appreciated by Management personnel before it is adopted.

Part II Conduct of General Meetings

12 Encourage Shareholder Participation at General Meeting

12.1 Notice for Annual General Meeting

The Board recognises the importance of keeping the shareholders, stakeholders and the general public informed with the Group's business, performance and corporate developments.

The AGM provides a principal platform for the shareholders to interact or engage directly with the Board as well as allowing shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. Question and answer session is conducted to allow for the shareholders to enquire or comment about the Company's financial performance and business operations in general.

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Part II Conduct of General Meetings (Cont'd)

12 Encourage Shareholder Participation at General Meeting (Cont'd)

12.1 Notice for Annual General Meeting (Cont'd)

The Company Secretary and the Group's external auditors are also available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholders.

The Company encourage shareholders' participation in AGM by providing adequate notice. The Company had dispatched its Notice of the 39th AGM held in 2022 to shareholders more than twenty-eight (28) days before the date of the meeting to enable shareholders to peruse the annual report and papers supporting the resolutions proposed. Each item of special business included in the Notice of AGM will be accompanied by a full explanation of the effects of the proposed resolution.

Whilst this Annual Report provides a comprehensive source of information on the Group's financial and operational performance, the Board readily avail themselves to answer any such questions that may arise as shareholders may seek more information than what is available in the Annual Report and/or Circulars.

The notice for the upcoming AGM in 2023 will be sent at least twenty-eight (28) days in advance for the shareholders to make the necessary arrangements to attend and participate in person or through corporate representatives or proxies. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting. The rights of shareholders, including the rights to demand for a poll, are found in the Company's Constitution.

12.2 Directors to Attend General Meetings

All Directors of the Company had attended the Company's 39th AGM held on 7 January 2022.

12.3 Leveraging on Technology for Voting in Absentia and Remote Shareholders' Participation

The Constitution of the Company provides for the use of any available technology or method that allows all shareholders of the Company to participate and to exercise the shareholders' rights to speak and vote at general meeting or any adjournment thereof subject to rules, regulations and laws prevailing. Based on an analysis of the investors, the Company does not have a large number of shareholders and, a large majority of investors are Malaysians. Further, all general meetings are held at a location which is easily accessible to all shareholders. As such, the concern over voting in absentia and/or remote shareholders' participation at AGM are not applicable. As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings. However, in the event that physical attendance at any of the Company's general meeting is curtailed and/or not permitted arising from unforeseen circumstances, the use of available technology is prioritised to allow shareholders' full participation including the right to speak and vote at such general meeting.

STATEMENT ON COMPLIANCE

The Board will continue to strive for sound standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has, in all material aspects satisfactory complied with the principles and practices set out in the Code, except for the departures set out in the CG Report.

The CG Overview Statement is issued in accordance with a resolution of the Board of Directors dated 29 November 2022.

AUDIT COMMITTEE REPORT

MEMBERSHIP

The Audit Committee was established on 13 March 1998 and was renamed as Audit and Risk Management Committee ("ARMC") on 1 July 2019 following the recommendation of the Malaysian Code on Corporate Governance in which the Audit Committee assisted the Board in carrying out, among others, the responsibility of overseeing the risk management framework and policies. On 30 May 2022, the ARMC was restructured to two separate committees namely, the Audit Committee ("Committee") and Risk Management and Compliance Committee. The Committee comprises the following members:

Chairman - Diong Tai Pew
Independent Non-Executive Director

Members - Tan Pui Suang
Independent Non-Executive Director

- Wong Cheer Feng
Independent Non-Executive Director

- Dato' Chang Lik Sean
Independent Non-Executive Director
Resigned on 1 June 2022

MEETINGS

The Committee convened four (4) meetings during the financial year. The meetings were appropriately structured through the use of agendas, which were distributed to members prior to the meeting.

The Executive Directors, the representatives of the Internal Audit, the representatives of the external auditors, Messrs KPMG PLT, members of the management and employees of the Group were present as and when invited. The Committee members have met with the external auditors once without the presence of management during the financial year to discuss any areas of concern which the external auditors may wish to bring to notice of the members and for the members to discuss or seek clarification on accounting or other matters.

Details of attendance are listed below:

Name of Members	Attendance
Diong Tai Pew	4 of 4 meetings
Tan Pui Suang	4 of 4 meetings
Wong Cheer Feng	4 of 4 meetings
Dato' Chang Lik Sean	3 of 3 meetings

TERMS OF REFERENCE

The terms of reference of the Committee are made available on the Company's website at www.vs-i.com.

SUMMARY OF ACTIVITIES

During the year, the main activities undertaken by the Committee were as follows:

1. **Financial reporting**

   - Reviewed the quarterly financial results and announcement as well as annual financial statements of the Group and Company prior to recommending the same for approval by the Board;

   - In the review of the quarterly financial results and annual audited financial statements, the Committee discussed with the Management and the external auditors, amongst others, the accounting policies and standards that were applied and their exercise of judgment on the items that may affect the financial results and the financial statements;

   - Confirmed with the Management and the external auditors that the annual financial statements of the Group have been prepared in compliance with applicable Financial Reporting Standards. New financial reporting standards and amendments that are effective for the financial year were discussed. The impact of the adoption of these new standards and amendments on the Group's reported financial position, financial performance and cash flows are disclosed in the quarterly consolidated financial statements.

2. **Internal Audit**

- Reviewed and approved the annual audit plan proposed by the internal auditors to ensure the adequacy of the scope and coverage of work;
- Reviewed the effectiveness of the internal audit process, resource requirements for the year and assessed the performance of the overall Internal Audit function;
- Reviewed the audit reports presented by the internal auditors on their findings and recommendations with respect to system and control weaknesses. The Committee then considered those recommendations including the Management's responses thereon, before proposing that those control weaknesses be rectified and recommendations for improvements be implemented.

3. **External Audit**

- Reviewed and endorsed the external auditors' audit plan, audit strategy and scope of work for the financial year before their commencement of the audit of the financial statements of the Group;
- Reviewed the results of annual audit, audit report and management letter together with Management's response to their findings including all the key audit matters raised. Major issues that arose during the course of the audit were discussed with management and resolved, wherever possible, or held for further monitoring and resolution in future;
- Assessed the independence and objectivity of the external auditors and the services provided, including non-audit services. The Committee undertook an annual assessment to assess the performance, suitability and independence of external auditors based on, amongst others, the quality of service, sufficiency of resources, communication and interaction as well as independence, objectivity and professional skepticism. Assurance was also obtained from the external auditors regarding their independence in accordance with the terms of all professional and regulatory requirements;

  Following the review of the external auditors' effectiveness and independence, the Committee is satisfied with the performance and the audit independence of the external auditors. Accordingly, it was recommended to the Board on the reappointment of the external auditors as well as the proposed audit fee for approval.

4. **Related Party Transactions**

   Reviewed the recurrent related party transactions of a revenue or trading nature which were necessary for the day-to-day operations entered into by the Group to ensure that the transactions were in the ordinary course of business and on terms not more favourable to the related parties than those generally available to the public.

INTERNAL AUDIT FUNCTION

The Committee is supported by an independent Internal Audit department ("IA"). The main role of the department is to undertake independent, regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems are operating and continue to operate satisfactorily and effectively.

The IA adopts a risk based auditing approach using the International Professional Practices Framework, prioritizing audit assignments based on the Group's business activity, risk management and past audit findings. All internal control deficiencies were reported to the appropriate levels of management when identified.

Internal audit reports incorporating the findings, recommendations and management's response with regard to any audit findings on the weaknesses in the systems and controls of the operations were tabled at the Committee meetings on a quarterly basis. The IA also followed up with management on the implementation of the agreed audit recommendations.

The total costs incurred in connection with the internal audit function during the financial year amounted to RM1.51 million.

(i) Directors' Responsibilities Statement in respect of Financial Statements

The Directors are required by the Companies Act 2016, to prepare financial statements for each financial year which have been made out in accordance with the applicable Approved Accounting Standards which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In addition, pursuant to Paragraph 15.26(a) of the MMLR, the Board of Directors must ensure that an additional statement is included in the Company's annual report explaining the Board of Directors' responsibility for preparing the annual audited financial statements.

In preparing the financial statements, the Directors have:

- selected accepted accounting policies and applied them consistently;
- ensured that all applicable accounting standards have been followed and if there are any material departures, to disclose and explain in the financial statements;
- made judgments and estimates that are reasonable and prudent; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time, the financial position of the Group and of the Company and are in compliance with the Companies Act 2016. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and have taken reasonable steps for the prevention and detection of fraud and other irregularities.

(ii) Material Contracts

Other than the related party transactions entered into in the ordinary course of business as disclosed in Note 30 to the financial statements, there are no other material contracts entered into by the Group involving Directors' or major shareholders' interest, either subsisting at the end of the financial year ended 31 July 2022 or entered into since the end of the previous financial year.

(iii) Non-Audit Fees

The amount of audit fees and non-audit fees incurred for the financial year ended 31 July 2022 for services rendered by the Company's external auditors, Messrs KPMG PLT and its affiliates are as follows:-

Fees Incurred	Audit Fees (RM'000)	Non-Audit Fees (RM'000)
Company	263	16
Group	478	32

The non-audit fees are related to tax services and assurance related services.

(iv) Employees' Share Option Scheme

Pursuant to the Company's ESOS By-laws, the aggregate maximum allocation to the Directors and senior management shall not exceed 50% of the options available under the scheme.

Since the commencement of the scheme, 28.85% of the options granted under the scheme have been granted to Directors and senior management.

(v) Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 7 January 2022, the Company obtained shareholders' mandate allowing the Group to enter into recurrent related party transactions of a revenue or trading nature as disclosed in the Circular to Shareholders dated 29 November 2021.

In accordance with Section 3.1.5 of Practice Note No. 12 of the MMLR, the details of recurrent related party transactions conducted during the financial year ended 31 July 2022 pursuant to the shareholders' mandate are disclosed as follows:

Transacting Parties	Related Parties	Nature of Transactions	Amount transacted during the financial year RM'000
VSI Group and VSIG Group	Datuk Beh Kim Ling Datuk Gan Sem Yam Dato' Gan Tiong Sia Beh Chern Wei (Ma Chengwei) Gan Pee Yong	Purchases of tooling, bins, resins, plastic component parts and equipments	667
VSI Group and Lip Sheng International Ltd / Lip Sheng Precision (Zhuhai) Co., Ltd	Datuk Gan Sem Yam Dato' Gan Tiong Sia Datuk Beh Kim Ling Beh Chern Wei (Ma Chengwei) Gan Pee Yong	Purchases of tooling / sales related to tooling fabrication and sales commission income	1,955
VSI Group and Liphup Mould Sdn Bhd	Datuk Gan Sem Yam Dato' Gan Tiong Sia Datuk Beh Kim Ling Beh Chern Wei (Ma Chengwei) Gan Pee Yong	Purchases of tooling / sales related to tooling fabrication and sales commission income	1,383
VSI Group and Beeantah Pte Ltd	Datuk Gan Sem Yam Gan Pee Yong	Purchases/sales of small metal parts, resins, etc	28,880

Abbreviations
"VSI Group" : V.S. Industry Berhad and its subsidiaries
"VSIG Group" : V.S. International Group Limited, its subsidiaries and associates

STATEMENT ON RISK MANAGEMENT
AND INTERNAL CONTROL

The Board of Directors ("Board") of V.S. Industry Berhad ("VSIB" or the "Company") is pleased to present herewith the Statement on Risk Management and Internal Control which outlines the nature and state of the risk management and internal control of the Group for the financial year ended 31 July 2022.

This Statement is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code of Corporate Governance 2021 and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

This statement on Risk Management and Internal Control does not deal with associated companies as the Group does not have management control over their operations.

BOARD RESPONSIBILITY

The Board is committed to maintain and continuously improve the Group's risk management framework and internal control system. The Board acknowledges the importance of a sound risk management system and internal control practices for good corporate governance with the objective of safeguarding the Group's assets and to enhance shareholders' value.

The Board is responsible for reviewing the risk management framework, processes and to provide reasonable assurance that risks are managed within tolerable ranges and embed risk management in all aspects of business activities and ensure implementation of appropriate control measures to manage the risks.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate the risks of failure to achieve the policies, goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance against material misstatement of management and financial information, financial losses, fraud and breaches of laws or regulations.

The review of the risk management and internal control reports and processes is delegated by the Board to the Risk Management and Compliance Committee ("RMCC").

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board and Management of the Group are committed to the implementation of an internal control system to manage those risks that could affect the Group's continued growth and financial viability.

Measures are taken to continuously evaluate changes in the risk profile of the Group and business complexities to assist the Board and Management to anticipate and manage all potential risks and protect shareholders' value.

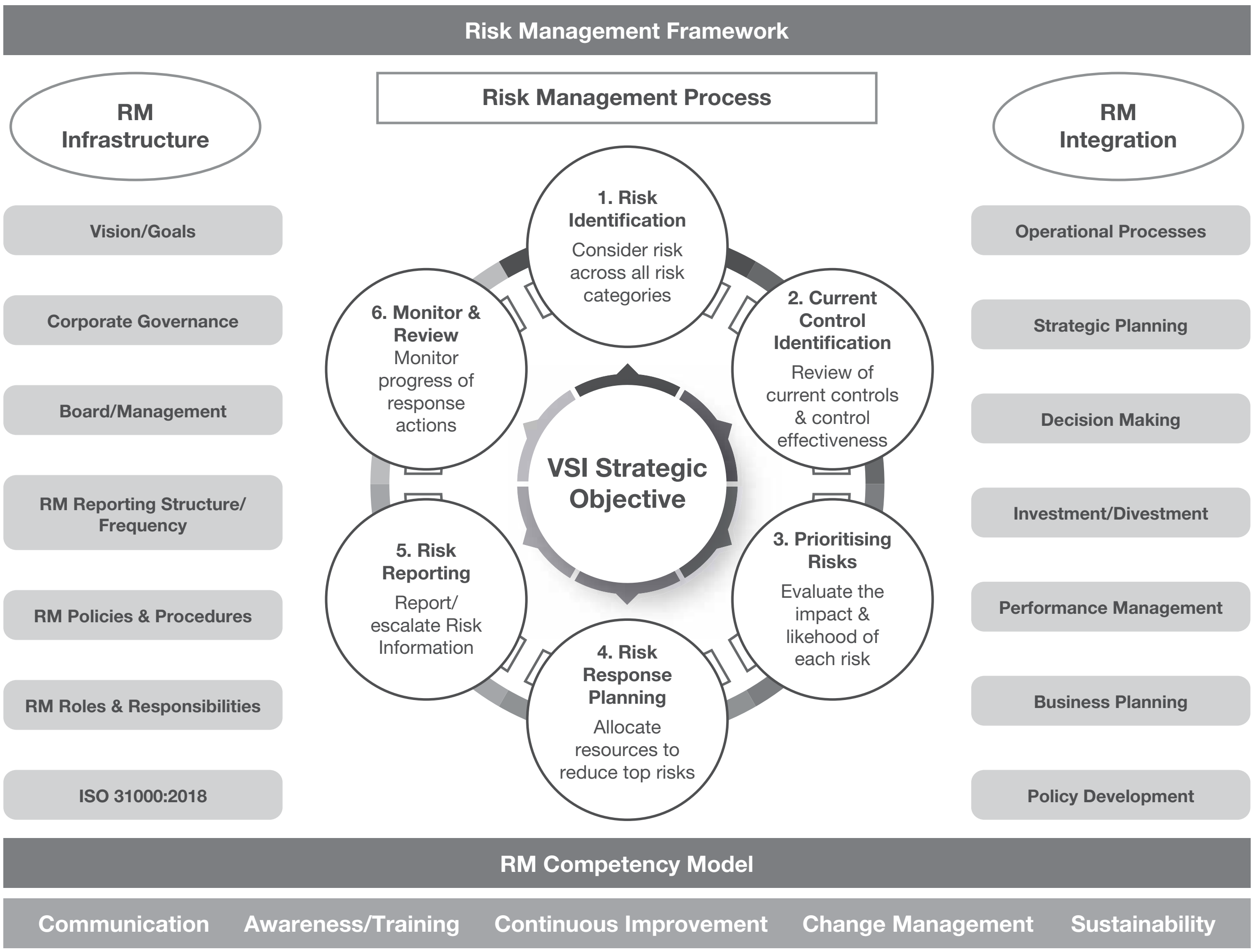
In line with the Group's commitment to deliver sustainable value, the Group has established a Risk Management Framework to ensure that there is an on – going process of identifying, evaluating, and managing significant business risk exposure.

The Group's Risk Management Framework is benchmarked against the ISO 31000: 2018 Risk Management - Principles and Guidelines with the aims to provide an integrated and organized approach in managing the key risks. Risk factors are incorporated into the risk register and individually rated as High, Significant, Moderate or Low risk. The rating process is guided by a matrix of 'possibility of likelihoods' and the associated 'consequences', of which both financial and non-financial consequences are duly considered.

On a quarterly basis, a risk management report summarising the high and significant risks and status of action plans is presented to the Risk Sub – Committee and RMCC for review, deliberation and recommendation for endorsement by the Board.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

The Risk Management ("RM") Framework are illustrated in the following diagram:



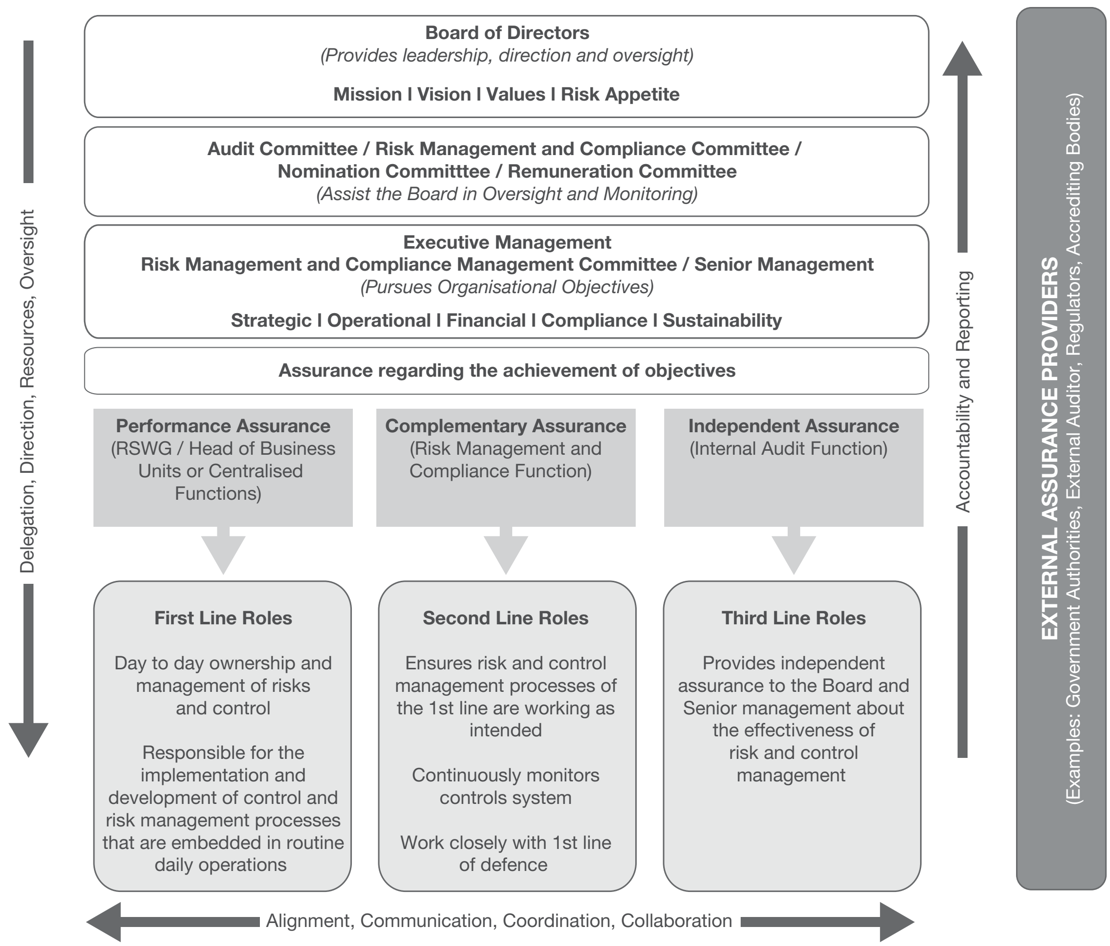
The Group adopts an Enterprise – wide Risk Reporting Structure which comprises the following:

- Senior Management which includes Risk and Sustainability Working Group ("RSWG") and Head of Business Units / Centralized Functions ("Risk Owners") who are the ***first line of defence*** are accountable for all risks assigned under their respective areas of responsibility. This group of personnel is also responsible for the continuous development of the risk management capabilities of employees and ensure that risk management is embedded in all key business processes and activities.

- Risk Management and Compliance Function who are the ***second line of defence*** with oversight by Risk Management and Compliance Committee ("RMCC") are responsible for monitoring the risks and approving matters within its authority for implementation across the Group.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

- Internal Audit ("IA") and Audit Committee ("AC") as the ***third line of defence*** are responsible for providing assurance on the effectiveness of the Group's risk governance framework.



1. Senior Management Function

Senior Management ensures that the business operations are executed in accordance with the approved strategies, policies and business directions as approved by the Board. They are responsible in

- Addressing internal control issues and accept responsibility for the risk, its evaluation, monitoring and reporting its status;
- Coordinate and contribute to the development and maintenance of an appropriate control environment;
- Monitor the status of Risk Response actions; and
- Updating the current status of the risk.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

2. **Risk Management Function**

The Risk Management function consisting of the Risk Sub – Committee and Group Risk Team is responsible for championing and coordinating the Risk Management process which includes

- Approving the framework, methodologies and tools for risk management and reporting;
- Ensuring required resources and support are made available;
- Keeping abreast of risk and governance developments that may affect the Group;
- Ensuring the management of key risk exposures are communicated to stakeholders;
- Supporting Senior Management to undertake risk assessment process and monitor the risk response actions;
- Reporting the status of the Group's top risks to RMCC and Board; and
- Seeking input from the AC on the effectiveness of the risk management and reporting process.

3. **Compliance Function**

Compliance functions are undertaken by Risk Management and Compliance Function with oversight by RMCC. They are responsible in

- Reviewing business process flow and helping Senior Management to develop and implement an effective system of internal control that will provide the Group with protection from compliance risk;
- Monitoring and reporting on the effectiveness of control measures;
- Providing the Senior Management with advice about acceptable behavior and practices in relation to the interpretation of external rules and internal policies and procedures;
- Monitoring relevant regulatory developments within the compliance function's areas of responsibility; and
- Ensuring awareness and training.

4. **Internal Audit Function**

The IA provides independent and objective assurance to the Board that the established internal controls, risk management and governance processes are adequate and are operating effectively and efficiently. To ensure independence and objectivity, IA reports independently to the AC and has no responsibilities or authority over any of the activities it reviews.

IA's scope of work and activities are guided by the annual audit plan based on the appropriate risk-based methodology approved by the AC. On a quarterly basis, audit reports and status of internal audit activities are presented to the AC for review.

IA will also conduct follow up reviews to ensure adequate and timely implementation of corrective action plans on the audit findings and recommendations.

5. **Internal Policies and Procedures**

Policies and procedures that are set out to manage the day-to-day operations and its potential risks are formulated based on current regulatory requirements and industry best practices.

Internal policies and standard operating procedures are appropriately communicated and clearly documented in manuals and are assessed regularly by independent control functions such as risk management, compliance and internal audit to ensure improvements and in consideration of emerging or changing risks profile, new products or services, as well as, new or updated regulatory requirements.

6. **Board Meetings**

The Board, AC and RMCC meet every quarter to discuss matters raised by Management, IA and Risk Sub – Committee on business and operational matters including potential risks and control issues. The Managing Director also reports to the Board on significant changes in business and external environment.

Quarterly financial reports which includes key financial information of major subsidiaries are submitted to the Board by the Group Financial Controller.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

7. **Human Capital Management**

   The organisational structure, which is aligned to business and operational requirements are led by respective Head of Business Units/Centralized Functions with accountability in place.

   Human Resources' policies and procedures are reviewed regularly to ensure they remain relevant to manage operational and people related risks.

   Training and development programs are conducted regularly to ensure that employees are kept up to date with the necessary competencies to carry out their respective duties towards achieving the Group's objectives.

8. **Conduct of Staff**

   A Code of Ethics for all employees which defines the ethical standards and conduct at work is communicated to all employees upon their employment.

   A Whistleblowing Policy is established to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns about possible improprieties, improper conduct or other malpractices within the Group in an appropriate way.

9. **Insurance**

   Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss.

   The Group has regularly reviewed the insurance coverage where it is available on economically acceptable terms to minimise the related financial impacts.

ASSURANCE FROM MANAGEMENT

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and up to date of approval of this statement for inclusion in the Annual Report, and is of the view that the risk management and internal control system is satisfactory and there were no material losses incurred during the year under review as a result of internal control weakness or adverse compliance events.

The Board has also received assurance from the Group Managing Director and Group Financial Controller that the Group's risk management and internal control system are operating adequately and effectively in all material aspects for the period under review based on the risk management and internal control system adopted by the Group.

FINANCIAL CONTENTS

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of those relating to investment holding and the manufacturing, assembling and sale of electronic and electrical products and plastic moulded components and parts. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year attributable to:		
Owners of the Company	166,806	179,182
Non-controlling interests	(19,844)	--
	146,962	179,182

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the statement of changes in equity of the Group and of the Company.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

i) In respect of the financial year ended 31 July 2021 as reported in the Directors' Report of that year:

- a fourth dividend of 0.5 sen per ordinary share totalling RM19,082,901 declared on 24 September 2021 and paid on 29 October 2021; and
- a final dividend of 0.5 sen per ordinary share totalling RM19,086,889 approved on 7 January 2022 and paid on 31 January 2022.

ii) In respect of the financial year ended 31 July 2022:

- a first dividend of 0.4 sen per ordinary share totalling RM15,269,566 declared on 16 December 2021 and paid on 4 March 2022;
- a second dividend of 0.4 sen per ordinary share totalling RM15,270,278 declared on 25 March 2022 and paid on 29 April 2022;
- a third dividend of 0.4 sen per ordinary share totalling RM15,316,140 declared on 24 June 2022 and paid on 29 July 2022; and
- a fourth dividend of 0.4 sen per ordinary share totalling RM15,348,730 declared on 27 September 2022 and paid on 28 October 2022.

DIVIDENDS (CONT'D)

The Directors recommended a final dividend of 0.4 sen per ordinary share totalling RM15,349,335 in respect of the year ended 31 July 2022 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

These financial statements do not reflect the fourth dividend and the proposed final dividend, which will be accounted for in the statement of changes in equity as an appropriation of retained earnings in the financial year ending 31 July 2023.

DIRECTORS

Directors who served the Company during the financial year until the date of this report are:

Directors	Alternate
Datuk Beh Kim Ling**	
Datuk Gan Sem Yam**	
Dato' Gan Tiong Sia**	
Mr. Ng Yong Kang**	
Mr. Beh Chern Wei (Ma Chengwei)**	Mr. Chong Chin Siong
Mr. Gan Pee Yong**	
Mr. Diong Tai Pew**	
Ms. Tan Pui Suang	
Mr. Wong Cheer Feng	
Dr. Lim Boh Soon (appointed on 30 May 2022)	
Dato' Chang Lik Sean (resigned on 1 June 2022)	

** These Directors are also Directors of the Company's subsidiaries.

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Mr. Zhang Pei Yu
Ms. Fu Xiao Nan
Mr. Tang Sim Cheow
En. Mohamad bin Yusof

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

		Number of shares ('000)			
Name of Directors	**Interest**	**At 1 August 2021**	**Bought/ ESOS exercised**	**Sold**	**At 31 July 2022**
Company					
Ordinary shares					
Datuk Beh Kim Ling	Direct	274,756	23,108	(3,358)	294,506
	Deemed	272,855	6,935	--	279,790
Datuk Gan Sem Yam	Direct	167,922	4,180	(2,000)	170,102
	Deemed	25,000	2,000	(1,000)	26,000
Dato' Gan Tiong Sia	Direct	64,126	1,690	--	65,816
Mr. Ng Yong Kang	Direct	624	--	--	624
Mr. Beh Chern Wei (Ma Chengwei)	Direct	136,048	1,650	(8,999)	128,699
Mr. Gan Pee Yong	Direct	21,766	--	--	21,766
Mr. Chong Chin Siong	Direct	300	100	(300)	100
	Deemed	600	--	--	600

		Number of Warrants ('000)			
Name of Directors	**Interest**	**At 1 August 2021**	**Bought**	**Sold**	**At 31 July 2022**
Datuk Beh Kim Ling	Direct	54,951	9,500	--	64,451
	Deemed	54,531	1,417	(4,600)	51,348
Datuk Gan Sem Yam	Direct	24,387	--	--	24,387
	Deemed	5,000	--	--	5,000
Dato' Gan Tiong Sia	Direct	12,825	--	(5,238)	7,587
Mr. Ng Yong Kang	Direct	125	--	(125)	--
Mr. Beh Chern Wei (Ma Chengwei)	Direct	29,978	7,412	(1,300)	36,090
Mr. Gan Pee Yong	Direct	4,353	--	(416)	3,937
Mr. Chong Chin Siong	Direct	160	772	(160)	772
	Deemed	120	--	--	120
Mr. Diong Tai Pew	Direct	--	290	--	290

DIRECTORS' INTERESTS IN SHARES (CONT'D)

		Number of shares ('000)			
Name of Directors	**Interest**	**At 1 August 2021**	**Bought**	**Sold**	**At 31 July 2022**
Subsidiaries					
- V.S. Ashin Technology Sdn. Bhd.					
Ordinary shares					
Datuk Beh Kim Ling	Deemed	448	1,292	--	1,740
Datuk Gan Sem Yam	Direct	747	2,383	--	3,130
Mr. Beh Chern Wei (Ma Chengwei)	Direct	224	646	--	870
- VS Marketing & Engineering Pte. Ltd.					
Ordinary shares					
Datuk Gan Sem Yam	Deemed	816	--	--	816
Dato' Gan Tiong Sia	Deemed	120	--	--	120
Mr. Gan Pee Yong	Deemed	816	--	--	816
- Serumi International Private Limited					
Ordinary shares					
Datuk Gan Sem Yam	Deemed	1,933	--	--	1,933
- V.S. International Group Limited					
Ordinary shares of HKD0.05 each					
Datuk Beh Kim Ling	Direct	158,905	--	--	158,905
	Deemed	35,884	--	--	35,884
Datuk Gan Sem Yam	Direct	44,671	--	--	44,671
	Deemed	39,464	--	--	39,464
Dato' Gan Tiong Sia	Direct	17,215	--	--	17,215
	Deemed	16,300	--	--	16,300
Mr. Diong Tai Pew	Direct	1,766	--	--	1,766
Mr. Beh Chern Wei (Ma Chengwei)	Direct	37,112	--	--	37,112
- V.S. Corporation (Hong Kong) Co., Limited					
Non-voting deferred shareof HKD1.00 each					
Datuk Beh Kim Ling	Direct	3,750	--	--	3,750
	Deemed	2,500	--	--	2,500
Datuk Gan Sem Yam	Direct	3,750	--	--	3,750
Dato' Gan Tiong Sia	Direct	3,750	--	--	3,750
Mr. Beh Chern Wei (Ma Chengwei)	Direct	1,250	--	--	1,250

DIRECTORS' INTERESTS IN SHARES (CONT'D)

Name of Directors	Date of offer	Option Price	Number of options ('000) over ordinary shares: At 1 August 2021	Granted	Exercised	At 31 July 2022
Company						
Datuk Beh Kim Ling	2.7.2020	RM0.45	1,320	--	--	1,320
Datuk Gan Sem Yam	2.7.2020	RM0.45	1,320	--	--	1,320
Dato' Gan Tiong Sia	2.7.2020	RM0.45	1,320	--	(1,320)	--
Mr. Ng Yong Kang	2.7.2020	RM0.45	800	--	--	800
Mr. Beh Chern Wei (Ma Chengwei)	2.7.2020	RM0.45	400	--	--	400
Mr. Gan Pee Yong	2.7.2020	RM0.45	400	--	--	400
Mr. Chong Chin Siong	2.7.2020	RM0.45	800	--	--	800
Datuk Beh Kim Ling	17.5.2022	RM0.87	--	1,620	--	1,620
Datuk Gan Sem Yam	17.5.2022	RM0.87	--	1,320	--	1,320
Dato' Gan Tiong Sia	17.5.2022	RM0.87	--	660	--	660
Mr. Ng Yong Kang	17.5.2022	RM0.87	--	660	--	660
Mr. Chong Chin Siong	17.5.2022	RM0.87	--	660	--	660

None of the other Directors holding office at 31 July 2022 had any interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 July 2022 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	633	76
Remuneration	11,112	15,382
Contributions to state plans	1,862	1,809
Equity settled share-based transaction	1,000	--
Estimated money value of any other benefits	151	--
	14,758	17,267

DIRECTORS' BENEFITS (CONT'D)

	From the Company RM'000	From subsidiary companies RM'000
Trading with a company in which the spouse of a Director has financial interest		
- Purchases of goods	19,823	7,717
- Sales of goods	(1,340)	--
	18,483	7,717
Trading with a company controlled by a Director		
- Operating lease charges and management fee expense	--	960

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate apart from the Employees' Share Option Scheme ("ESOS") and Warrants of the Company.

ISSUE OF SHARES

During the financial year, the Company issued:

a) 4,927,000 new ordinary shares for cash totalling RM2,217,150 arising from the exercise of the employees' share options at an exercise price of RM0.45 per ordinary share;

b) 14,000,000 new ordinary shares totalling RM6,300,000 at the exercise price of RM0.45 per ordinary share under the shares held under trust as disclosed in Note 14 to the financial statements; and

c) 919,860 new ordinary shares for cash totalling RM1,269,407 arising from the exercise of warrants at RM1.38 per ordinary share.

At the Annual General Meeting held on 7 January 2022, the shareholders of the Company renewed their approval for the Company to repurchase its own shares. During the financial year, the Company did not repurchase any ordinary shares.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

ISSUE OF WARRANTS

The Company issued 761,848,258 free Warrants on the basis of one (1) Warrant for every five (5) existing shares held, which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 22 June 2021.

The Warrants are constituted by the deed poll dated 21 May 2021.

The main features of the Warrants are as follows:

a) Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at the exercise price of RM1.38 during the exercise period, subject to the adjustments in accordance with the Deed Poll constituting the Warrants;

b) The Warrants may be exercised at any time on or after 22 June 2021 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of three (3) years from 15 June 2021;

ISSUE OF WARRANTS (CONT'D)

The main features of the Warrants are as follows: (Cont'd)

c) The new shares to be issued upon the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the then existing share of the Company except that they will not be entitled to any dividends, rights, allotments and/or distributions declared, made or paid by the Company prior to be the relevant date of allotment and issue of the new shares to be issued pursuant to the exercise of the Warrants;

d) For purpose of trading on Bursa Securities, a board lot for the Warrants shall comprise one hundred (100) Warrants carrying right to subscribe for 100 new shares at any time during the exercise period or such denomination as determined by Bursa Securities; and

e) The Deed Poll and accordingly the Warrants are governed by and shall be construed in accordance with the laws of Malaysia.

919,860 (2021: NIL) Warrants were exercised during the financial year. As at year end, 760,928,398 (2021: 761,848,258) Warrants remained unexercised.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the ESOS.

At an Extraordinary General Meeting held on 8 May 2015, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the issued and paid-up ordinary share capital of the Company to eligible Directors and employees of the Group.

The salient features of the ESOS are as follows:

a) The ESOS is administered by a committee appointed by the Board of Directors.

b) The aggregate number of options exercised and options offered and to be offered under the ESOS shall not exceed fifteen per centum (15%) of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of the ESOS and further, the following shall be complied with:

    i) Not more than fifty per centum (50%) of the ordinary shares available under the ESOS shall be allocated, in aggregate, to Directors and senior management; and

    ii) Not more than ten per centum (10%) of the ordinary shares available under the ESOS shall be allocated to any eligible employee who, either singly or collectively through his or her associates, holds twenty per centum (20%) or more of the issued and paid-up ordinary share capital of the Company.

c) The eligible employee must be at least eighteen (18) years of age and have been confirmed and employed on a full time basis (other than a Director) on the date of offer.

d) The subscription price for each ordinary share shall be the weighted average market price of the shares of the Company as shown in the Daily Official List issued by Bursa Securities for the five (5) market days immediately preceding the date of the offer with a discount of not more than ten per centum (10%) or the par value of the ordinary shares, whichever is higher.

e) The option is personal to the grantee and is non-assignable.

f) The options granted may be exercised at any time within the period of five (5) years commencing from 12 May 2015, subject to a further extension of five (5) years as the Board may determine.

g) The option is exercisable to a maximum percentage of 20% of the number of options granted in each calendar year.

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

The salient features of the ESOS are as follows: (Cont'd)

h) The options shall be exercised in multiple of and not less than one hundred (100) options.

i) Option exercisable in a particular year but not exercised can be carried forward to the subsequent years subject to the time limit of the Scheme.

The movements in outstanding options offered to take up unissued ordinary shares and the exercise price is as follows:

		Number of options ('000)				
Date of offer	**Exercise price**	**At 1 August 2021**	**Granted**	**Exercised**	**Forfeited**	**At 31 July 2022**
02 July 2020	RM0.45	89,640	--	(20,703)	(1,095)	67,842
17 May 2022	RM0.87	--	58,480	--	(1,576)	56,904
		89,640	58,480	(20,703)	(2,671)	124,746

The date of expiry of the option is 11 May 2025.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of premium paid for insurance effected for Directors and certain officers of the Group and of the Company was RM40,280 for total sum insured of RM20 million.

There were no indemnity given to, or insurance effected for auditors of the Company during the financial year.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' report on the audited financial statements of Company's subsidiaries did not contain any qualification or any adverse comments.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the impairment losses provided for property, plant and equipment and investments in associates as disclosed in Note 3 and Note 7 respectively to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 July 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The details of remuneration paid by the Group and the Company to auditors of the Group and the Company during the financial year are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration		
- Statutory audit		
KPMG PLT	478	263
Other auditors	1,213	--
- Non-audit fees		
KPMG PLT	16	16
	1,707	279

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Gan Sem Yam
Director

Dato' Gan Tiong Sia
Director

22 November 2022

STATEMENTS OF FINANCIAL POSITION

As at 31 July 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Property, plant and equipment	3	1,214,528	989,519	536,195	379,284
Right-of-use assets	4	107,374	103,406	--	--
Investment properties	5	24,170	23,114	17,670	16,614
Investments in subsidiaries	6	--	--	464,911	450,306
Investments in associates	7	4,952	39,254	--	35,000
Other investments	8	156,699	205,020	15,363	8,305
Deferred tax assets	9	5,166	5,614	--	--
Total non-current assets		1,512,889	1,365,927	1,034,139	889,509
Inventories	10	925,006	636,542	413,146	253,391
Contract assets	11	139,582	194,962	61,854	69,548
Trade and other receivables	12	1,092,256	992,132	505,388	522,650
Current tax assets		31,864	6,417	14,571	--
Dividend receivables		--	--	196,000	50,000
Cash and cash equivalents	13	278,607	402,404	14,784	37,671
Total current assets		2,467,315	2,232,457	1,205,743	933,260
Total assets		3,980,204	3,598,384	2,239,882	1,822,769
Equity					
Share capital	14	855,306	842,358	855,306	842,358
Reserves	14	1,335,006	1,198,155	358,709	220,786
Equity attributable to owners of the Company		2,190,312	2,040,513	1,214,015	1,063,144
Non-controlling interests	6	170,673	176,996	--	--
Total equity		2,360,985	2,217,509	1,214,015	1,063,144
Liabilities					
Loans and borrowings	15	123,789	88,855	98,457	71,060
Lease liabilities		1,392	--	--	--
Loan from a Director	16	24,719	23,551	--	--
Deferred tax liabilities	9	105,745	68,371	29,220	17,281
Total non-current liabilities		255,645	180,777	127,677	88,341
Liabilities					
Loans and borrowings	15	476,284	315,755	338,203	217,129
Lease liabilities		2,312	--	--	--
Trade and other payables	17	860,286	846,985	559,987	447,779
Contract liabilities	11	23,543	16,750	--	--
Loan from a Director	16	--	2,384	--	--
Current tax liabilities		1,149	18,224	--	6,376
Total current liabilities		1,363,574	1,200,098	898,190	671,284
Total liabilities		1,619,219	1,380,875	1,025,867	759,625
Total equity and liabilities		3,980,204	3,598,384	2,239,882	1,822,769

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 July 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	18	3,914,059	4,002,281	2,007,590	1,866,940
Cost of sales		(3,509,292)	(3,475,042)	(1,944,977)	(1,727,524)
Gross profit		404,767	527,239	62,613	139,416
Other income		29,279	20,771	210,668	193,344
Distribution expenses		(23,049)	(27,130)	(3,674)	(2,996)
Administrative expenses		(138,852)	(141,899)	(54,302)	(53,550)
Other expenses		(61,234)	(41,865)	(33,452)	(26,299)
Results from operating activities		210,911	337,116	181,853	249,915
Finance income		2,596	3,964	177	251
Finance costs	19	(12,285)	(11,287)	(7,820)	(4,995)
Net finance costs		(9,689)	(7,323)	(7,643)	(4,744)
Operating profit		201,222	329,793	174,210	245,171
Share of loss of equity accounted associates, net of tax		(520)	(663)	--	--
Profit before tax		200,702	329,130	174,210	245,171
Tax (expense)/income	20	(53,740)	(87,513)	4,972	(25,256)
Profit for the year	21	146,962	241,617	179,182	219,915
Other comprehensive (expense)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Net change in fair value of equity instrument designated at fair value through other comprehensive income		(69,408)	124,144	164	2,888
Revaluation of properties		83,430	--	33,221	--
Remeasurement of actuarial loss		(41)	(337)	--	--
		13,981	123,807	33,385	2,888
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		39,907	24,779	--	--
Other comprehensive income for the year, net of tax		53,888	148,586	33,385	2,888
Total comprehensive income for the year		200,850	390,203	212,567	222,803

The accompanying notes form an integral part of the financial statements.

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit attributable to:					
Owners of the Company		166,806	245,351	179,182	219,915
Non-controlling interests		(19,844)	(3,734)	--	--
Profit for the year		146,962	241,617	179,182	219,915
Total comprehensive income attributable to:					
Owners of the Company		207,173	380,794	212,567	222,803
Non-controlling interests		(6,323)	9,409	--	--
Total comprehensive income for the year		200,850	390,203	212,567	222,803
Basic earnings per ordinary share (sen)	22	4.37	6.59		
Diluted earnings per ordinary share (sen)	22	4.30	6.49		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 July 2022

		Attributable to owners of the Company											
		Non-distributable								Distributable			
	Note	Share capital RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Exchange fluctuation reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Employee share -based reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group													
At 1 August 2020		782,947	--	54,328	78,552	10,372	(26,205)	8,656	(4,979)	805,345	1,709,016	167,587	1,876,603
Foreign currency translation differences for foreign operation		--	--	--	11,524	--	--	--	--	--	11,524	13,255	24,779
Remeasurement of actuarial loss		--	--	--	--	--	--	--	--	(337)	(337)	--	(337)
Net change in fair value of equity instrument designated at FVOCI		--	--	--	--	--	124,256	--	--	--	124,256	(112)	124,144
Transfer upon disposal of equity investment designated at fair value through other comprehensive income		--	--	--	--	--	(2,888)	--	--	2,888	--	--	--
Total other comprehensive income for the year		--	--	--	11,524	--	121,368	--	--	2,551	135,443	13,143	148,586
Profit for the year		--	--	--	--	--	--	--	--	245,351	245,351	(3,734)	241,617
Total comprehensive income for the year		--	--	--	11,524	--	121,368	--	--	247,902	380,794	9,409	390,203
Contributions by and distributions to owners of the Company													
Share-based payment transaction	14	--	--	--	--	--	--	14,344	--	--	14,344	--	14,344
Issue of shares pursuant to ESOS	14	38,160	18,354	--	--	--	--	(14,417)	--	--	42,097	--	42,097
Issue of shares held in trust	14	21,251	(21,251)	--	--	--	--	--	--	--	--	--	--
Dividends to owners of the Company	23	--	--	--	--	--	--	--	--	(105,738)	(105,738)	--	(105,738)
Total transactions with owners of the Group		59,411	(2,897)	--	--	--	--	(73)	--	(105,738)	(49,297)	--	(49,297)
Transferred from retained earnings		--	--	--	--	171	--	--	--	(171)	--	--	--
Realisation of revaluation reserve		--	--	(2,975)	--	--	--	--	--	2,975	--	--	--
At 31 July 2021		842,358	(2,897)	51,353	90,076	10,543	95,163	8,583	(4,979)	950,313	2,040,513	176,996	2,217,509

The accompanying notes form an integral part of the financial statements.

For the Year Ended 31 July 2022
(Cont'd)

		Attributable to owners of the Company											
		Non-distributable								Distributable			
	Note	Share capital RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Exchange fluctuation reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Employee share -based reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group													
At 1 August 2021		842,358	(2,897)	51,353	90,076	10,543	95,163	8,583	(4,979)	950,313	2,040,513	176,996	2,217,509
Foreign currency translation differences for foreign operation		--	--	--	38,268	--	--	--	--	--	38,268	1,639	39,907
Remeasurement of actuarial loss		--	--	--	--	--	--	--	--	(41)	(41)	--	(41)
Net change in fair value of equity instrument designated at FVOCI		--	--	--	--	--	(69,184)	--	--	--	(69,184)	(224)	(69,408)
Transfer upon disposal of equity investment designated at fair value through other comprehensive income		--	--	--	--	--	(167)	--	--	167	--	--	--
Surplus on revaluation of properties net of deferred tax		--	--	71,324	--	--	--	--	--	--	71,324	12,106	83,430
Total other comprehensive income/ (expense) for the year		--	--	71,324	38,268	--	(69,351)	--	--	126	40,367	13,521	53,888
Profit for the year		--	--	--	--	--	--	--	--	166,806	166,806	(19,844)	146,962
Total comprehensive income/ (expense) for the year		--	--	71,324	38,268	--	(69,351)	--	--	166,932	207,173	(6,323)	200,850
Contributions by and distributions to owners of the Company													
Share-based payment transaction	14	--	--	--	--	--	--	11,745	--	--	11,745	--	11,745
Issue of shares pursuant to ESOS	14	5,379	7,099	--	--	--	--	(3,162)	--	--	9,316	--	9,316
Issue of shares held in trust	14	6,300	(6,300)	--	--	--	--	--	--	--	--	--	--
Conversion of warrants		1,269	--	--	--	--	--	--	--	--	1,269	--	1,269
Dividends to owners of the Company	23	--	--	--	--	--	--	--	--	(84,026)	(84,026)	--	(84,026)
Total transactions with owners of the Group		12,948	799	--	--	--	--	8,583	--	(84,026)	(61,696)	--	(61,696)
Changes in ownership interest in a subsidiary		--	--	--	--	--	--	--	--	4,322	4,322	--	4,322
Realisation of revaluation reserve		--	--	(2,257)	--	--	--	--	--	2,257	--	--	--
At 31 July 2022		855,306	(2,098)	120,420	128,344	10,543	25,812	17,166	(4,979)	1,039,798	2,190,312	170,673	2,360,985

The accompanying notes form an integral part of the financial statements.

		Attributable to owners of the Company							
		Non-distributable						Distributable	
	Note	Share capital RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Employee share-based reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Company									
At 1 August 2020		782,947	--	26,729	--	8,844	(4,979)	76,097	889,638
Net change in fair value of equity instrument designated at FVOCI		--	--	--	2,888	--	--	--	2,888
Transfer upon disposal of equity investment designated at fair value through other comprehensive income		--	--	--	(2,888)	--	--	2,888	--
Total other comprehensive income for the year		--	--	--	--	--	--	2,888	2,888
Profit for the year		--	--	--	--	--	--	219,915	219,915
Total comprehensive income for the year		--	--	--	--	--	--	222,803	222,803
Contributions by and distributions to owners of the Company									
Share-based payment transaction	14	--	--	--	--	14,344	--	--	14,344
Issue of shares pursuant to ESOS	14	38,160	18,354	--	--	(14,417)	--	--	42,097
Issue of shares held in trust	14	21,251	(21,251)	--	--	--	--	--	--
Dividends to owners of the Company	23	--	--	--	--	--	--	(105,738)	(105,738)
Total transactions with owners of the Company		59,411	(2,897)	--	--	(73)	--	(105,738)	(49,297)
Realisation of revaluation reserve		--	--	(605)	--	--	--	605	--
At 31 July 2021		842,358	(2,897)	26,124	--	8,771	(4,979)	193,767	1,063,144

The accompanying notes form an integral part of the financial statements.

		Attributable to owners of the Company							
		Non-distributable						Distributable	
	Note	Share capital RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Employee share-based reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Company									
At 1 August 2021		842,358	(2,897)	26,124	--	8,771	(4,979)	193,767	1,063,144
Net change in fair value of equity instrument designated at FVOCI		--	--	--	164	--	--	--	164
Transfer upon disposal of equity investment designated at fair value through other comprehensive income		--	--	--	(164)	--	--	164	--
Surplus on revaluation of properties net of deferred tax		--	--	33,221	--	--	--	--	33,221
Total other comprehensive income for the year		--	--	33,221	--	--	--	164	33,385
Profit for the year		--	--	--	--	--	--	179,182	179,182
Total comprehensive income for the year		--	--	33,221	--	--	--	179,346	212,567
Contributions by and distributions to owners of the Company									
Share-based payment transaction	14	--	--	--	--	11,745	--	--	11,745
Issue of shares pursuant to ESOS	14	5,379	7,099	--	--	(3,162)	--	--	9,316
Issue of shares held in trust	14	6,300	(6,300)	--	--	--	--	--	--
Conversion of warrants		1,269	--	--	--	--	--	--	1,269
Dividends to owners of the Company	23	--	--	--	--	--	--	(84,026)	(84,026)
Total transactions with owners of the Company		12,948	799	--	--	8,583	--	(84,026)	(61,696)
Realisation of revaluation reserve		--	--	(605)	--	--	--	605	--
At 31 July 2022		855,306	(2,098)	58,740	--	17,354	(4,979)	289,692	1,214,015

The accompanying notes form an integral part of the financial statements.

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities					
Profit before tax		200,702	329,130	174,210	245,171
Adjustments for:					
Depreciation of:					
- Property, plant and equipment	3	117,449	98,583	49,953	35,601
- Right-of-use assets	4	3,995	2,888	--	--
Dividend income from an associate		--	--	--	(3,000)
Equity settled share-based transactions	14	11,745	14,344	5,956	6,608
Finance costs	19	11,462	10,645	7,525	4,746
Property, plant and equipment:					
- Loss/(Gain) on disposal		7,360	(1,816)	(633)	(115)
- Written off		191	421	--	2
Write down/(Reversal) of obsolete and slow moving inventories		5,096	(1,671)	1,875	--
Impairment loss/(Reversal of impairment loss) on:					
- Trade receivables		3,833	(708)	--	--
- Other receivables		--	3,769	--	--
- Investments in subsidiaries		--	--	--	(29,220)
- Investments in associates		26,826	25,000	28,000	25,000
- Property, plant and equipment		12,393	5,760	--	--
Finance income		(2,596)	(3,964)	(177)	(251)
Share of loss of equity accounted associates		520	663	--	--
Unrealised loss on foreign exchange		4,319	1,266	4,319	1,299
Bad debts recovered		--	--	--	(3,800)
Changes in fair value of investment properties		(1,056)	--	(1,056)	--
Deficit on revaluation of properties		2,320	--	1,133	--
Operating profit before changes in working capital		404,559	484,310	271,105	282,041
Change in inventories		(293,560)	(303,071)	(161,630)	(149,354)
Change in contract assets		55,380	(91,314)	7,694	(39,401)
Change in contract liabilities		6,793	9,197	--	--
Change in trade and other receivables		(103,158)	(110,821)	(127,939)	(209,923)
Change in trade and other payables		(49,350)	232,267	67,516	210,187
Cash generated from operations		20,664	220,568	56,746	93,550
Interest received		2,596	3,964	177	251
Tax paid		(82,230)	(100,665)	(14,462)	(20,045)
Net cash (used in)/from operating activities		(58,970)	123,867	42,461	73,756

The accompanying notes form an integral part of the financial statements.

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from investing activities					
Acquisition of:					
- property, plant and equipment	24	(208,312)	(230,541)	(124,550)	(149,469)
- right-of-use assets		(1,181)	(2,742)	--	--
- investments in subsidiaries		--	--	(8,816)	(6,146)
- other investments		(14,087)	(7,078)	(58)	(2,315)
- prepayments		--	3,813	--	--
Proceed from disposal of:					
- property, plant and equipment		7,503	6,304	1,206	227
- other investments		167	4,219	164	4,219
Changes in pledged deposits		27,063	6,072	--	--
Dividend received from an associate		--	3,000	--	3,000
Net cash used in investing activities		(188,847)	(216,953)	(132,054)	(150,484)
Cash flows from financing activities					
Repayment of term loans		(25,679)	(34,811)	(18,694)	(30,131)
Drawdown of term loans		77,277	90,988	56,447	80,988
Repayments of hire purchase liabilities		(2,827)	(8,641)	(713)	(716)
Net drawdown from short term borrowings		146,692	110,955	111,431	101,267
Interest paid		(11,462)	(10,674)	(7,525)	(4,746)
Drawdown/(Repayment) of loan from a Director		1,168	(63)	--	--
Proceeds from issuance of shares		9,786	42,097	9,786	42,097
Dividend paid to owners of the Company		(84,026)	(105,738)	(84,026)	(105,738)
Payment of lease liabilities		(936)	--	--	--
Net cash from financing activities		109,993	84,113	66,706	83,021
Exchange differences on translation of the financial statements of foreign operations		41,268	11,524	--	--
Net (decrease)/increase in cash and cash equivalents		(102,556)	2,551	(22,887)	6,293
Cash and cash equivalents at 1 August		371,377	361,208	37,671	31,378
Effect of exchange rate fluctuation on cash held		5,822	7,618	--	--
Cash and cash equivalents at 31 July	13	274,643	371,377	14,784	37,671

The accompanying notes form an integral part of the financial statements.

Cash outflows for leases as a lessee

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Included in net cash from operating activities					
Payment related to short-term leases	21	12,563	12,286	13,768	9,107
Included in net cash from financing activities					
Payment of lease liabilities		936	--	--	--
Total cash outflows for leases		13,499	12,286	13,768	9,107

Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 August 2020 RM'000	Net changes from financing cash flows RM'000	Hire purchase liabilities obtained during the year RM'000	At 31 July 2021/ 1 August 2021 RM'000	Acquisition of new leases RM'000	Net changes from financing cash flows RM'000	At 31 July 2022 RM'000
Group							
Term loans	55,168	56,177	--	111,345	--	51,598	162,943
Hire purchase liabilities	13,196	(8,641)	300	4,855	--	(2,827)	2,028
Onshore loan	30,903	155,947	--	186,850	--	40,100	226,950
Trust receipts	77,861	(76,077)	--	1,784	--	79,837	81,621
Short term loan	52,288	(26,720)	--	25,568	--	(8,126)	17,442
Bankers' acceptances	16,403	57,805	--	74,208	--	34,881	109,089
Loan from a Director (Note 16)	23,614	(63)	--	23,551	--	1,168	24,719
Lease liabilities	--	--	--	--	4,640	(936)	3,704
Total liabilities from financing activities	269,433	158,428	300	428,161	4,640	195,695	628,496

	At 1 August 2020 RM'000	Net changes from financing cash flows RM'000	Hire purchase liabilities obtained during the year RM'000	Exchanges difference RM'000	At 31 July 2021/ 1 August 2021 RM'000	Net changes from financing cash flows RM'000	At 31 July 2022 RM'000
Company							
Term loans	34,718	50,857	--	2,642	88,217	37,753	125,970
Hire purchase liabilities	2,103	(716)	300	6	1,693	(713)	980
Onshore loan	77,599	54,472	--	--	132,071	94,879	226,950
Bankers' acceptances	16,403	46,795	--	3,010	66,208	16,552	82,760
Total liabilities from financing activities	130,823	151,408	300	5,658	288,189	148,471	436,660

The accompanying notes form an integral part of the financial statements.

V. S. Industry Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
PTD 86556, Jalan Murni 12
Taman Perindustrian Murni
81400 Senai
Johor
Malaysia

Registered office
Suite 9D, Level 9
Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 July 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the financial year ended 31 July 2022 do not include other entities.

The principal activities of the Company consist of those relating to the investment holding and manufacturing, assembling and sale of electronic and electrical products and plastic moulded components and parts. The principal activities of its subsidiaries are disclosed in Note 6.

These financial statements were authorised for issue by the Board of Directors on 22 November 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company upon their first adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (Cont'd)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - Property, plant and equipment
- Note 5 - Investment properties
- Note 6 - Investments in subsidiaries
- Note 10 - Inventories

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations (Cont'd)

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(v) Associates (Cont'd)

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (Cont'd)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

The categories of financial assets at initial recognition are as follows:

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(j)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities (Cont'd)

(a) Fair value through profit or loss (Cont'd)

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(iv) Financial guarantee contracts (Cont'd)

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

Property, plant and equipment under the revaluation model

The Group revalues its property comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The buildings are depreciated over their useful lives from the date of acquisition or subsequently over the remaining useful lives from the date of revaluation.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 - 50 years
Plant and machinery	10 years
Furniture, fittings and renovation	3 - 5 years
Motor vehicles	5 years
Building improvements	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

(ii) Recognition and initial measurement (Cont'd)

(a) As a lessee (Cont'd)

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

(iii) Subsequent measurement (Cont'd)

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see Note 2(j)(i)).

(f) Investment properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment properties (Cont'd)

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Contract asset and contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(j)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a individual assessment with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, deferred tax assets and investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Equity instruments (Cont'd)

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(iv) Shares held under trust

Shares issued by the Company under the Employees' Share Option Scheme ("ESOS") Trust Funding Mechanism ("ETF Mechanism") are recorded as shares held under trust in the statement of financial position. The subscription amounts of the shares are included in equity attributable to owners of the Company as shares held under trust and are reduced upon the exercise of options under the ETF Mechanism.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Provision

A provision is recognised if, as a result of a past event, the Group has present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding or the discount is recognised as finance cost.

(n) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iii) Dividend income

Dividend income is recognised in profit or loss when the right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Borrowing costs (Cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, investment tax allowance and enhanced export incentive being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and warrants.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Contingencies

Contingent liabilities

Where is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
At cost/valuation							
At 1 August 2020		537,414	966,624	93,839	25,688	20,487	1,644,052
Additions		68,797	102,312	14,076	1,142	63,534	249,861
Transfer		--	784	--	--	(784)	--
Transfer to investment properties	5	(16,718)	--	--	--	--	(16,718)
Disposals		(2,300)	(20,365)	(1,355)	(3,757)	--	(27,777)
Written off		--	(8,093)	(148)	--	--	(8,241)
Exchange differences		14,117	28,102	3,246	606	57	46,128
At 31 July 2021/1 August 2021		601,310	1,069,364	109,658	23,679	83,294	1,887,305
Additions		87,217	106,759	20,719	2,306	31,737	248,738
Transfer		92,345	--	(31,247)	--	(61,098)	--
Disposals		(929)	(105,746)	(18,413)	(3,554)	--	(128,642)
Written off		--	(4,557)	(1,762)	--	--	(6,319)
Revaluation		(3,047)	--	--	--	--	(3,047)
Exchange differences		8,924	14,972	2,515	301	--	26,712
At 31 July 2022		785,820	1,080,792	81,470	22,732	53,933	2,024,747
Representing items at:							
Cost		--	1,080,792	81,470	22,732	53,933	1,238,927
Directors' valuation - 2022		785,820	--	--	--	--	785,820
		785,820	1,080,792	81,470	22,732	53,933	2,024,747
Accumulated depreciation							
At 1 August 2020		48,343	621,992	72,538	18,632	--	761,505
Depreciation charge		20,001	68,814	7,426	2,342	--	98,583
Transfer to investment properties	5	(104)	--	--	--	--	(104)
Disposals		(97)	(16,220)	(1,065)	(3,237)	--	(20,619)
Written off		--	(7,674)	(146)	--	--	(7,820)
Exchange differences		1,891	19,794	2,420	530	--	24,635
At 31 July 2021/1 August 2021		70,034	686,706	81,173	18,267	--	856,180
Depreciation charge		25,591	79,835	10,005	2,018	--	117,449
Transfer		11,797	--	(11,797)	--	--	--
Disposals		(834)	(94,008)	(15,836)	(3,101)	--	(113,779)
Written off		--	(4,366)	(1,762)	--	--	(6,128)
Revaluation		(107,947)	--	--	--	--	(107,947)
Exchange differences		1,359	10,017	1,395	205	--	12,976
At 31 July 2022		--	678,184	63,178	17,389	--	758,751
Accumulated impairment losses							
At 1 August 2020		3,000	28,604	3,569	499	--	35,672
Impairment loss		--	5,251	50	459	--	5,760
Disposal		--	(2,075)	(261)	(334)	--	(2,670)
Exchange differences		--	2,498	287	59	--	2,844
At 31 July 2021/1 August 2021		3,000	34,278	3,645	683	--	41,606
Impairment loss		--	11,553	840	--	--	12,393
Revaluation		(3,000)	--	--	--	--	(3,000)
Exchange differences		--	420	42	7	--	469
At 31 July 2022		--	46,251	4,527	690	--	51,468

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Note	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
Carrying amounts							
At 1 August 2020		486,071	316,028	17,732	6,557	20,487	846,875
At 31 July 2021/1 August 2021		528,276	348,380	24,840	4,729	83,294	989,519
At 31 July 2022		785,820	356,357	13,765	4,653	53,933	1,214,528
Company							
At cost/valuation							
At 1 August 2020		172,135	200,490	19,655	11,158	237	403,675
Additions		51,317	42,771	3,108	765	60,861	158,822
Disposals		--	(835)	(4)	(551)	--	(1,390)
Written off		--	(945)	(113)	--	--	(1,058)
Net transfer from subsidiaries		--	216	18	--	--	234
Transfer to investment properties	5	(16,718)	--	--	--	--	(16,718)
At 31 July 2021/1 August 2021		206,734	241,697	22,664	11,372	61,098	543,565
Additions		86,838	74,649	3,046	401	--	164,934
Reclassification		61,098	--	--	--	(61,098)	--
Disposals		--	(1,755)	--	(1,664)	--	(3,419)
Written off		--	(778)	(114)	--	--	(892)
Revaluation		10,580	--	--	--	--	10,580
Net transfer from subsidiaries		--	1,353	5	--	--	1,358
At 31 July 2022		365,250	315,166	25,601	10,109	--	716,126
Representing items at:							
Cost		--	315,166	25,601	10,109	--	350,876
Directors' valuation - 2022		365,250	--	--	--	--	365,250
		365,250	315,166	25,601	10,109	--	716,126
Accumulated depreciation							
At 1 August 2020		10,700	98,613	15,178	6,542	--	131,033
Depreciation charge		8,121	23,514	2,308	1,658	--	35,601
Disposals		--	(809)	(2)	(467)	--	(1,278)
Written off		--	(945)	(111)	--	--	(1,056)
Net transfer from subsidiaries		--	77	8	--	--	85
Transfer to investment properties	5	(104)	--	--	--	--	(104)
At 31 July 2021/1 August 2021		18,717	120,450	17,381	7,733	--	164,281
Depreciation charge		13,217	33,013	2,250	1,473	--	49,953
Disposals		--	(1,616)	--	(1,230)	--	(2,846)
Written off		--	(778)	(114)	--	--	(892)
Revaluation		(31,934)	--	--	--	--	(31,934)
Net transfer from subsidiaries		--	1,368	1	--	--	1,369
At 31 July 2022		--	152,437	19,518	7,976	--	179,931
Carrying amounts							
At 1 August 2020		161,435	101,877	4,477	4,616	237	272,642
At 31 July 2021/1 August 2021		188,017	121,247	5,283	3,639	61,098	379,284
At 31 July 2022		365,250	162,729	6,083	2,133	--	536,195

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.1 Carrying amounts of land and buildings

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At valuation				
Land	134,510	32,053	112,400	22,570
Buildings	651,310	317,117	252,850	45,600
At cost				
Land	--	50,195	--	37,795
Buildings	--	128,911	--	82,052
	785,820	528,276	365,250	188,017

3.2 Carrying amounts by geographical area

	Group	
	2022 RM'000	2021 RM'000
Malaysia	941,642	704,022
China	223,124	235,881
Others	49,762	49,616
	1,214,528	989,519

3.3 Fair value information

Land and buildings are stated at Directors' valuation based on independent professional valuations carried out as at 31 July 2022.

Fair value of land and buildings are categorised as follows:

	Level 3	
	Group RM'000	Company RM'000
Land	134,510	112,400
Buildings	651,310	252,850
	785,820	365,250

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.3 Fair value information (Cont'd)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method:		
Sales price of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	• Price per square foot: RM25 to RM80.	• The estimated fair value would increase (decrease) if the price per square foot is higher (lower).
Building is determined based on depreciated replacement cost. Estimated cost of construction of the buildings is based on current market price.	• Price per square foot: RM59 to RM197.	

3.4 Security

At 31 July 2022, the carrying amount of the plant and machinery and motor vehicles of the Group and of the Company pledged for hire purchase arrangements is RM3,695,000 (2021: RM17,022,000) and RM1,383,000 (2021: RM2,321,000) respectively.

3.5 Impairment loss – Group

The recoverable amounts have been determined and based on fair value less costs of disposal or value-in-use calculations as appropriate. To determine the recoverable amount based on fair value less costs of disposal, the Group obtains quoted market prices when available or used independent appraisals. To determine the recoverable amount based on value-in-use calculations, the Group used cash flow projection discounted at an appropriate pre-tax discount rate. The pre-tax discount rate reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement. The cash flow projection also requires the use of judgement and estimation regarding the financial forecasts prepared by management with major assumptions such as percentage changes in revenue and operating costs. Management derives the required cash flow projection from historical results, internal business plans, the prevailing market trends and the expected remaining useful lives of the relevant assets. Changes to major assumptions and estimation could affect the value-in-use calculations and as a result affect the Group's reported financial condition and results of operations.

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.5 Impairment loss – Group (Cont'd)

The unstable trading relationship between China and the US continues to adversely impact the Group's business performance in China. Management ceased operation of certain manufacturing lines in previous year in which, certain machinery and equipment with a carrying amount of RM4,915,000 (2021: RM20,686,000) (before impairment provision made in the current year) were not expected to be used in production in the future. Therefore, there is no future economic benefit arisen from these machinery and equipment and the related value-in-use is neglectable. For these machinery and equipment, management estimated the recoverable amount of RM944,000 (2021: RM14,926,000) based on their fair value less costs of disposal by making reference to price quotation obtained from a third party buyer. The fair value of these machinery and equipment is categorised in level 2 of the fair value hierarchy. Accordingly, for the year ended 31 July 2022, impairment loss of RM3,946,000 (2021: RM5,760,000) was further recognised as other expenses in the statement of profit or loss and other comprehensive income.

For the remaining of property, plant and equipment (excluding land and buildings) with carrying value of RM47,759,000 (before impairment provision made in the current year), management performed impairment assessment by cash generating units ("CGUs") as at 31 July 2022. The Group regard the machinery and equipment used in business operation, and solar power machinery and equipment attributable to separately identifiable CGUs. For the impairment testing purpose, the recoverable amounts of the CGUs are determined based on value-in-use calculations, which are higher than the fair value less costs of disposal calculations.

For the machinery and equipment used in business operation, in estimating the present value of future net cash flows of the business operation CGU, after considering the historical results, the prevailing market trends and the expected remaining useful lives of the relevant property, plant and equipment, the management made key assumptions and estimation on the financial forecasts with major assumptions such as percentage changes in revenue in the first year of - 40% and in second to the eighth year of 0% and gross profit margin of 4% as well as pre-tax discount rate of 12%. The management estimated the recoverable amount of RM15,626,000. Accordingly, for the year ended 31 July 2022, impairment losses of RM3,101,000 (2021: NIL) was recognised as other expenses in the statement of profit or loss and other comprehensive income.

If the forecast revenue growth rate had been lowered by 10 basis point for the machinery and equipment used in business operation for the forecasted projection period in the second to the eight year, a further impairment of approximately RM1,095,000 would have been resulted.

If the discount rate had been increased to 14% for the machinery and equipment used in business operation for the forecasted projection period in the second to the eight year, a further impairment of approximately RM1,249,000 would have been resulted.

For the solar power generating machinery and equipment, in estimating the present value of future net cash flows of the CGU, after considering the historical results, the prevailing price of electricity and government policies and the expected remaining useful lives of the relevant property, plant and equipment, the management has made key assumptions and estimation on the financial forecasts with major assumptions such as estimated electricity generated from the solar power generating machinery and equipment of the remaining useful life as well as pre-tax discount rate of 12%. The management estimated the recoverable amount of RM23,711,000. Accordingly, for the year ended 31 July 2022, impairment losses of RM5,346,000 (2021: NIL) was recognised as other expenses in the statement of profit or loss and other comprehensive income.

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.5 Impairment loss – Group (Cont'd)

If the forecast income growth rate had been lowered by 40 basis point for the solar power generating machinery and equipment for the forecasted projection period in the second to thirteenth year, a further impairment of approximately RM1,486,000 would have been resulted.

If the discount rate had been increased to 14% for the solar power generating machinery and equipment for the forecasted projection period in the second to thirteenth year, a further impairment of property, plant and equipment of approximately RM2,281,000 would have been resulted.

3.6 Transfer to investment properties

In prior year, a property was transferred to investment properties because it was no longer used by the Group and the Company and it was leased to a third party.

The valuation techniques and significant unobservable inputs used in measuring the fair value of the property at the date of transfer are disclosed in Note 5.

3.7 Others

Had the revalued land and buildings been carried at cost, their carrying amounts would have been as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Land	15,536	15,536	11,717	11,717
Buildings	106,832	106,558	21,394	22,439
	122,368	122,094	33,111	34,156

Motor vehicles of the Group and the Company with carrying amount of RM924,000 (2021: RM1,143,000) are registered in the names of the Directors held in trust for the companies.

Included in the Group's additions of property, plant and equipment was an interest being capitalised of NIL (2021: RM30,000) at a rate of 5.1% per annum in prior year.

4. RIGHT-OF-USE ASSETS

	Land RM'000
Group	
At cost	
At 1 August 2020	98,575
Additions	2,742
Depreciation	(2,888)
Exchange differences	4,977
At 31 July 2021/1 August 2021	103,406
Additions	5,821
Depreciation	(3,995)
Exchange differences	2,142
At 31 July 2022	107,374

The Group leases land that run for 30 to 81 years. The leases have been prepaid by the Group entities.

5. INVESTMENT PROPERTIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 August	23,114	6,500	16,614	--
Transfer from property, plant and equipment (see Note 3)	--	16,614	--	16,614
Changes in fair value	1,056	--	1,056	--
At 31 July	24,170	23,114	17,670	16,614

In the previous year, properties were transferred from property, plant and equipment to investment properties (see Note 3) because the properties are leased to a third party.

Investment properties comprise a number of factory buildings that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 to 3 years. Subsequent renewals are negotiated with the lease and on average renewal periods are 1 to 3 years. The Group and the Company do not charge variable lease payments that do not depend on an index or rate.

The following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Rental income	1,211	479	1,014	169
Direct operating expenses:				
- income generating investment properties	28	24	15	13

5. INVESTMENT PROPERTIES (CONT'D)

5.1 Fair value information

Fair value of investment properties are categorised as follows:

	Level 3	
	2022 RM'000	2021 RM'000
Group		
Land	7,430	7,078
Buildings	16,740	16,036
	24,170	23,114
Company		
Land	5,400	5,048
Buildings	12,270	11,566
	17,670	16,614

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method:		
Sales price of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	• Price per square foot: RM51 to RM415 (2021: RM51 to RM415).	• The estimated fair value would increase (decrease) if the price per square foot is higher (lower).
Building is determined based on depreciated replacement cost. Estimated cost of construction of the buildings is based on current market price.	• Price per square foot: RM91 to RM174 (2021: RM91 to RM174).	

Valuation processes applied by the Group for Level 3 fair value

The fair value of the investment properties is determined by Directors by reference to the valuation conducted as at 31 July 2022 by independent professional valuers.

5. INVESTMENT PROPERTIES (CONT'D)

5.2 Leases as lessor

The operating lease payments to be received are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Less than one year	1,052	1,052	1,014	1,014
One to two years	845	1,014	845	1,014
Two to three years	--	845	--	845
Total undiscounted lease payments	1,897	2,911	1,859	2,873

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Cost of investment	471,573	456,968
Less: Impairment loss	(6,662)	(6,662)
	464,911	450,306

Included in investments in subsidiaries is an amount of RM39,985,000 (2021: RM34,196,000) arising from the ESOS granted to the subsidiaries' employees.

Impairment exist when the carrying value of the investment in subsidiaries exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The Company has determined the recoverable amount of the investment in a subsidiary, V.S. International Group Limited ("VSIG") based on its fair value less costs of disposal. The fair value was determined based on the adjusted net tangible assets of VSIG. The Group engaged independent valuation specialists to determine fair value of the non-current assets of the subsidiary as at 31 July 2022. The fair value was determined using the market comparable and depreciated replacement cost method. The valuations have been performed by the valuer and are based on factors which affect the value such as location, accessibility, market conditions, size, age and asset conditions. During the current financial year, there is no impairment required on its investment in VSIG.

In prior year, the Company recognised a reversal of impairment losses of RM29,220,000 on its investments in a subsidiary, V S International Venture Pte. Ltd. ("VSIV"). The reversal was mainly due to excess of recoverable amount over the Company's investment cost due to more favourable market conditions. The recoverable amount of RM209,737,000 has been determined based on the fair value less costs of disposal. The fair value was determined mainly based on share price of the quoted investments held by the subsidiary as at year end. The reversal of impairment losses was recorded within other income in the statement of profit or loss and other comprehensive income of the Company. During the current financial year, there is no impairment required on its investment in VSIV.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
V.S. Plus Sdn. Bhd.	Malaysia	Manufacturing, assembly and sale of plastic moulded components and parts and electrical products	100	100
V.S. Electronics Sdn. Bhd.	Malaysia	Manufacturing, assembling and sale of electronic and electrical products, components and parts	100	100
V.S. Technology Sdn. Bhd.	Malaysia	Design and fabrication of tools and moulds	100	100
V.S. Integrated Management Sdn. Bhd.	Malaysia	Hostel management services, trading of electrical and electronic products	100	100
V.S. Ashin Technology Sdn. Bhd.	Malaysia	Dormant	80.07	74.40
Skreen Fabric (M) Sdn. Bhd.	Malaysia	Manufacturer of screen fabric printing, filter components and other related products	100	100
VS Capital Management Sdn. Bhd.	Malaysia	Conducting treasury and financing activities	100	--
PT. V.S. Technology Indonesia@	Indonesia	Assembling and sale of electronic products and injection moulding of plastic components	100	100
VS Marketing & Engineering Pte. Ltd.@	Singapore	Trading of electronic components	51	51
V S International Venture Pte. Ltd.@	Singapore	Investment holding	100	100
V.S. International Group Limited@ - Listed on Hong Kong Stock Exchange	People's Republic of China/Cayman Islands	Investment holding	43.34	43.34

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Subsidiaries of V.S. International Group Limited[@]				
V.S. International Industry Limited	People's Republic of China/British Virgin Islands	Investment holding	43.34	43.34
V.S. Corporation (Hong Kong) Co., Limited	People's Republic of China/ Hong Kong	Trading of electronic products, parts and components and investment holding	43.34	43.34
V.S. Technology Industry Park (Zhuhai) Co., Ltd.	People's Republic of China	Manufacturing, assembling and selling of plastic moulded products and electronic products, parts and components	43.34	43.34
Haivs Industry (Qingdao) Co., Ltd.	People's Republic of China	Investment holding	43.34	43.34
Qingdao GP Precision Mold Co., Ltd.	People's Republic of China	Investment holding	43.34	43.34
VSA Holding Hong Kong Co., Limited	People's Republic of China/ Hong Kong	Investment holding	43.34	43.34
VSA Electronics Technology (Zhuhai) Co., Ltd.	People's Republic of China	Investment holding	43.34	43.34
V.S. Industry (Zhuhai) Co., Ltd.	People's Republic of China	Manufacturing and selling of plastic moulded products and parts	43.34	43.34
V.S. Holding Vietnam Limited	Vietnam/ British Virgin Islands	Investment holding	43.34	43.34
V.S. Industry Holding Limited	People's Republic of China/ Hong Kong	Investment holding	43.34	43.34

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Subsidiaries of V.S. International Group Limited@ cont'd				
V.S. ECO-TECH (Zhuhai) Co., Ltd.	People's Republic of China	Dormant	43.34	43.34
V.S. Industrial Product Design (Zhuhai) Co., Ltd.	People's Republic of China	Dormant	43.34	43.34
Energy Ally Global Limited	People's Republic of China/British Virgin Islands	Investment holding	43.34	43.34
Zhuhai Deyuan Energy Conservation Technology Company Limited	People's Republic of China	Operation and management of rooftop solar plant	43.34	43.34
Subsidiary of VS Marketing & Engineering Pte. Ltd.@				
Serumi International Private Limited	Singapore	Design and sale of healthcare products	49.30	49.30
Subsidiary of V S International Venture Pte. Ltd.@				
Guardian South East Asia Pte. Ltd.	Singapore	Trading of driver safety products	100	100
Subsidiary of Skreen Fabric (M) Sdn. Bhd.				
Skreen Fabric Marketing Sdn. Bhd.	Malaysia	Trading in all kinds of screen printing equipment, material and kits	100	100

@ *Not audited by KPMG PLT.*

Although the Group owns less than half of the ownership interest and voting power in V. S. International Group Limited ("VSIG") and its subsidiaries, the Directors have determined that the Group controls these entities. The Group controls VSIG by virtue of an agreement with certain Directors; the Group has de facto control over VSIG on the basis that the total voting shares held by the said Directors together with the Company's interest in VSIG exceeds more than half of the total voting shares in VSIG.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

6.1 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2022		
	V. S. International Group Limited	**Other subsidiaries with immaterial NCI**	**Total**
NCI percentage of ownership interest and voting interest	56.66%		
	RM'000	**RM'000**	**RM'000**
Carrying amount of NCI	171,297	(624)	170,673
Loss allocated to NCI	(19,788)	(56)	(19,844)

	2021		
	V. S. International Group Limited	**Other subsidiaries with immaterial NCI**	**Total**
NCI percentage of ownership interest and voting interest	56.66%		
	RM'000	**RM'000**	**RM'000**
Carrying amount of NCI	177,538	(542)	176,996
(Loss)/Profit allocated to NCI	(3,759)	25	(3,734)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

6.1 Non-controlling interests in subsidiaries (Cont'd)

	Group	
	2022 RM'000	2021 RM'000
V. S. International Group Limited		
Summarised financial information before intra-group elimination		
As at 31 July		
Non-current assets	294,417	308,471
Current assets	88,096	127,065
Non-current liabilities	(61,524)	(55,263)
Current liabilities	(18,665)	(66,933)
Net assets	302,324	313,340
Year ended 31 July		
Revenue	79,700	160,917
Loss for the year	(34,924)	(6,634)
Total comprehensive expense	(35,318)	(6,822)
Cash flows from operating activities	24,589	4,117
Cash flows from investing activities	1,037	3,907
Cash flows used in financing activities	(8,943)	(41,377)
Net increase/(decrease) in cash and cash equivalents	16,683	(33,353)

7. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Investment in shares	32,198	92,198	16,623	76,623
Gain on deemed disposal	591	591	--	--
Share of post-acquisition reserves	(16,186)	(16,884)	--	--
Less: Impairment loss	(11,651)	(36,651)	(16,623)	(41,623)
	4,952	39,254	--	35,000

7. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of associates are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest	
			2022 %	2021 %
PT. VS Mining Resources	Indonesia	General survey and mining, exploration and exploitation, and processing and distribution of coal	45.00	45.00
VS Industry Vietnam Joint Stock Company	Vietnam	Manufacturing and selling of plastic moulded products and parts	18.74	18.74
NEP Holdings (Malaysia) Berhad	Malaysia	Designing, manufacturing and distributing water filtration systems	-- #	20.00

\# During the year, the Company is unable to exercise significant influence in NEP Holdings (Malaysia) Berhad ("NEP) as there is no board meetings held since 6 May 2021 and inability to access to accounting records of NEP. As such, the Group and the Company have assessed the recoverable amount and reclassified the investment in NEP to other investments accordingly. The Group and the Company recognised impairment losses of RM26,826,000 and RM28,000,000 respectively. The impairment losses were recorded within other expenses in the statement of profit or loss and other comprehensive income.

In prior year, an associate was operating below the normal capacity due to the economic disruption and the Group and the Company have assessed the recoverable amount accordingly. The Group and the Company recognised impairment losses of RM25,000,000. The recoverable amount of RM36,984,000 has been determined by reference to the fair value of assets and liabilities of the associate. The impairment losses were recorded within other expenses in the statement of profit or loss and other comprehensive income.

On 1 August 2020, VS Industry Vietnam Joint Stock Company ("VS Vietnam") entered into a capital injection agreement with an existing shareholder which agreed to contribute a total of USD4,000,000 (equivalent to approximately RM16,890,000) into VS Vietnam. Upon the completion of the transaction on 25 August 2020, the Group's effective equity interest in VS Vietnam decreased from 24.31% to 18.74%. An amount of USD140,000 (equivalent to approximately RM591,000) resulting from gain on deemed disposal of the Group's equity interest in associate was recognised in the consolidated statements of profit or loss and other comprehensive income of the Group.

7. INVESTMENTS IN ASSOCIATES (CONT'D)

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates:

	2022	2021		
	VS Industry Vietnam Joint Stock Company RM'000	NEP Holdings (Malaysia) Berhad RM'000	VS Industry Vietnam Joint Stock Company RM'000	Total RM'000
Group				
Summarised financial information				
As at 31 July/30 June				
Non-current assets	41,833	67,815	138,014	205,829
Current assets	176,184	310,966	48,617	359,583
Non-current liabilities	(20,088)	(5,415)	(147,834)	(153,249)
Current liabilities	(171,503)	(188,446)	(20,066)	(208,512)
Net assets	26,426	184,920	18,731	203,651
Year ended 31 July/30 June				
Profit/(Loss) from continuing operations/ Total comprehensive income/(expense)	7,459	(11,038)	4,160	(6,878)
Included in the total comprehensive income is:				
Revenue	289,995	187,545	282,543	470,088
Reconciliation of net assets to carrying amount				
As at 31 July/30 June				
Group's share of net assets/Carrying amount in statements of financial position	4,952	35,744	3,510	39,254
Group' shares of results				
Year ended 31 July/30 June				
Group's share of profit/(loss) and total comprehensive income/(expense)	1,398	(3,456)	2,793	(663)
Other information				
Dividends received by the Group	--	3,000	--	3,000

8. OTHER INVESTMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fair value through other comprehensive income				
Shares	156,699	205,020	15,363	8,305

8. OTHER INVESTMENTS (CONT'D)

8.1 Equity investment designated at fair value through other comprehensive income

The Group and the Company designated the investment shown above as equity instruments as at fair value through other comprehensive income because the equity security represents investments that the Group and the Company intend to hold for long-term strategic purposes.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fair value through other comprehensive income				
Quoted shares	109,451	183,387	--	--
Unquoted shares	47,248	21,633	15,363	8,305
	156,699	205,020	15,363	8,305

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group						
Property, plant and equipment						
- capital allowances	--	--	(53,980)	(31,829)	(53,980)	(31,829)
- revaluation	--	--	(42,026)	(15,662)	(42,026)	(15,662)
- fair value adjustments	--	--	(26,415)	(26,415)	(26,415)	(26,415)
Contract assets	--	--	(5,462)	(6,126)	(5,462)	(6,126)
Deductible temporary differences	16,239	16,993	--	--	16,239	16,993
Unabsorbed capital allowances	5,325	197	--	--	5,325	197
Unutilised reinvestment allowance	5,740	--	--	--	5,740	--
Others	--	85	--	--	--	85
Tax assets/(liabilities)	27,304	17,275	(127,883)	(80,032)	(100,579)	(62,757)
Set off of tax	(22,138)	(11,661)	22,138	11,661	--	--
Net tax assets/(liabilities)	5,166	5,614	(105,745)	(68,371)	(100,579)	(62,757)

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Recognised deferred tax assets/(liabilities) (Cont'd)

	Company 2022 RM'000	Company 2021 RM'000
Property, plant and equipment		
- capital allowances	(25,880)	(12,584)
- revaluation	(16,195)	(5,960)
Contract assets	(1,084)	(1,472)
Deductible temporary differences	3,850	2,735
Unabsorbed capital allowances	4,665	--
Unutilised reinvestment allowances	5,424	--
	(29,220)	(17,281)

Movement in temporary differences during the year:

	At 1.8.2021 RM'000	Recognised in profit or loss (Note 20) RM'000	Revaluation RM'000	Exchange differences RM'000	At 31.7.2022 RM'000
Group					
Property, plant and equipment					
- capital allowances	(31,829)	(21,433)	--	(718)	(53,980)
- revaluation	(15,662)	613	(23,170)	(3,807)	(42,026)
- fair value adjustments	(26,415)	--	--	--	(26,415)
Contract assets	(6,126)	845	--	(181)	(5,462)
Deductible temporary differences	16,993	(1,490)	--	736	16,239
Unabsorbed capital allowances	197	5,128	--	--	5,325
Unutilised reinvestment allowance	--	5,740	--	--	5,740
Others	85	(85)	--	--	--
	(62,757)	(10,682)	(23,170)	(3,970)	(100,579)

	At 1.8.2020 RM'000	Recognised in profit or loss (Note 20) RM'000	Revaluation RM'000	Exchange differences RM'000	At 31.7.2021 RM'000
Group					
Property, plant and equipment					
- capital allowances	(28,637)	(3,209)	--	17	(31,829)
- revaluation	(15,261)	1,818	--	(2,219)	(15,662)
- fair value adjustments	(26,415)	--	--	--	(26,415)
Contract assets	(4,359)	(1,753)	--	(14)	(6,126)
Deductible temporary differences	13,309	3,645	--	39	16,993
Unabsorbed capital allowances	678	(481)	--	--	197
Others	26	59	--	--	85
	(60,659)	79	--	(2,177)	(62,757)

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Recognised deferred tax assets/(liabilities) (Cont'd)

Movement in temporary differences during the year: (Cont'd)

	At 1.8.2021 RM'000	Recognised in profit or loss (Note 20) RM'000	Revaluation RM'000	At 31.7.2022 RM'000
Company				
Property, plant and equipment				
- capital allowance	(12,584)	(13,296)	--	(25,880)
- revaluation	(5,960)	191	(10,426)	(16,195)
Contract assets	(1,472)	388	--	(1,084)
Deductible temporary differences	2,735	1,115	--	3,850
Unabsorbed capital allowances	--	4,665	--	4,665
Unutilised reinvestment allowances	--	5,424	--	5,424
	(17,281)	(1,513)	(10,426)	(29,220)

	At 1.8.2020 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.7.2021 RM'000
Company			
Property, plant and equipment			
- capital allowance	(11,332)	(1,252)	(12,584)
- revaluation	(6,151)	191	(5,960)
Contract assets	(280)	(1,192)	(1,472)
Deductible temporary differences	2,635	100	2,735
	(15,128)	(2,153)	(17,281)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax losses		
- China entities (see Note (a) below)	81,809	60,504
- Malaysia entities (see Note (b) below)	15,569	12,920
Unutilised reinvestment allowances		
- Malaysia entities (see Note (c) below)	1,537	--
	98,915	73,424

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised deferred tax assets (Cont'd)

(a) Unutilised tax losses of subsidiaries incorporated in the People's Republic of China are subjected to a 5-year time limit under the tax legislation of People's Republic of China. The unutilised tax losses will expire between year 2023 and 2028 (2021: year 2022 and 2026).

(b) Pursuant to the Finance Act 2021, unutilised tax losses for the year of assessment 2019 onwards can be carried forward up to 10 consecutive years of assessment immediately following that year of assessment. The unutilised tax losses will expire in 2032 (2021: year 2025).

(c) The unutilised reinvestment allowances will expire in 2032.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

10. INVENTORIES

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Raw materials	889,323	603,271	400,415	244,169
Work-in-progress	6,871	10,319	--	--
Finished goods	16,081	13,730	--	--
Packing materials	12,731	9,222	12,731	9,222
	925,006	636,542	413,146	253,391

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Recognised in profit or loss:				
- Inventories recognised as cost of sales	3,504,196	3,476,713	1,943,102	1,727,524
- Write down/(Reversal) of obsolete and slow-moving inventories	5,096	(1,671)	1,875	--

A write-down of stocks will be made when the estimated net realisable value of stocks decline below their carrying amounts. In assessing the net realisable value and making appropriate allowances, management identifies, using their judgement, inventories that are slow moving or obsolete, and considering their sales forecasts, physical conditions, age, market conditions and market price for similar items. Management reassesses these estimates at the end of each reporting period.

11. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Contract assets	139,582	194,962	61,854	69,548
Contract liabilities	(23,543)	(16,750)	--	--

The contract assets primarily relate to the Group's and Company's rights to consideration for work completed on contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 30 to 360 days.

The contract liabilities primarily relate to the advance consideration received from a customer for non-recurring engineering cost in setting up the new production lines. The contract liabilities are expected to be recognised as revenue in the next twelve months.

The contract assets at the beginning of the period was recognised as trade receivables during the financial year.

The contract liabilities at the beginning of the period was recognised as revenue during the financial year.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables	1,027,983	896,602	323,984	150,690
Other receivables, deposits and prepayments	64,059	94,393	24,515	52,710
Due from associates				
- trade	214	1,137	--	--
Due from subsidiaries				
- trade	--	--	154,733	318,174
- non-trade	--	--	2,156	1,076
	1,092,256	992,132	505,388	522,650

The trade amounts due from subsidiaries are subject to normal trade terms. The non-trade amounts due from subsidiaries are unsecured, interest free and repayable on demand.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	274,134	370,223	14,566	37,457
Fixed deposits with licensed banks	4,473	32,181	218	214
Cash and cash equivalent in the statements of financial position	278,607	402,404	14,784	37,671
Less: Pledged deposits	(3,964)	(31,027)	--	--
Cash and cash equivalents in the statements of cash flows	274,643	371,377	14,784	37,671

Deposits placed with licensed banks of the Group is pledged for bank facilities granted to certain subsidiaries.

14. CAPITAL AND RESERVES

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2022 RM'000	2021 RM'000	2022 '000	2021 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At 1 August	842,358	782,947	3,819,674	1,864,744
Shares issued under ESOS	5,379	38,160	4,927	46,468
Shares held under trust	6,300	21,251	14,000	25,712
Bonus issue	--	--	--	1,882,750
Conversion of warrants	1,269	--	920	--
At 31 July	855,306	842,358	3,839,521	3,819,674

14. CAPITAL AND RESERVES (CONT'D)

Reserves

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-distributable				
Revaluation reserve	120,420	51,353	58,740	26,124
Exchange fluctuation reserve	128,344	90,076	--	--
Capital reserve	10,543	10,543	--	--
Fair value reserve	25,812	95,163	--	--
Employee share-based reserve	17,166	8,583	17,354	8,771
Treasury shares	(4,979)	(4,979)	(4,979)	(4,979)
Shares held under trust	(2,098)	(2,897)	(2,098)	(2,897)
	295,208	247,842	69,017	27,019
Distributable				
Retained earnings	1,039,798	950,313	289,692	193,767
	1,335,006	1,198,155	358,709	220,786

Revaluation reserve

Revaluation reserve represents surplus on revaluation of land and buildings of the Group and of the Company, net of deferred tax.

Exchange fluctuation reserve

Exchange fluctuation reserve represents all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

Capital reserve

Capital reserve represents appropriation of net profit of certain foreign subsidiaries in accordance with their local regulation.

Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of equity securities designed at fair value through other comprehensive income.

Employee share-based reserve

Employee share-based reserve represent cumulative value of employee services received for the issue of share options.

When the option is exercised, the amount from the Employee share-based reserve is transferred to share capital. When the share options expire, the amount from the Employee share-based reserve is transferred to retained earnings.

14. CAPITAL AND RESERVES (CONT'D)

Equity settled share-based transaction

At an Extraordinary General Meeting held on 8 May 2015, the Company's shareholders approved the establishment of an Employees' Share Option Scheme (ESOS) of not more than 15% of the issued and paid-up ordinary share capital of the Company to eligible Directors and employees of the Group.

The terms and conditions relating to the grants of the new share option programme are as follows; all options are to be settled by physical delivery of shares:

Grant date/ Employees entitled	Number of options '000	Vesting conditions	Contractual life of options
Option granted to all employees on			
- 12 May 2015	30,800	- 20% of the options issued for each calendar year	5 years
- 28 February 2017	13,179	- 30% of the options issued for first and second calendar year - 40% of the options issued for third calendar year	3 years
- 15 September 2017	700	- 50% of the options issued for first and second calendar year	2 years
- 2 July 2020	94,333	- 30% of the options issued for first calendar year - 30% of the options issued for second calendar year - 40% of the options issued for third calendar year onwards	5 years
- 17 May 2022	58,480	- 18% of the options issued for first calendar year - 82% of the options issued for second calendar year onwards	3 years

The number and weighted average exercise prices of the share options are as follows:

	2022		2021	
	Weighted average exercise price RM	Number of options ('000)	Weighted average exercise price RM	Number of options ('000)
Outstanding at 1 August	0.45	89,640	0.89	94,087
Granted during the year	0.87	58,480	--	--
Bonus issue during the year	--	--	--	67,009
Forfeited during the year	0.68	(2,671)	0.76	(2,569)
Exercised during the year	0.45	(20,703)	0.61	(68,887)
Outstanding at 31 July	0.64	124,746	0.45	89,640
Exercisable at 31 July		77,624		17,178

14. CAPITAL AND RESERVES (CONT'D)

Equity settled share-based transaction (Cont'd)

The options outstanding at 31 July 2022 have an exercise price of RM0.64 (2021: RM0.45) and a weighted average contractual life of 3 years (2021: 4 years).

During the financial year, 20,703,300 (2021: 68,887,050) share options were exercised. The weighted average share price at the date of exercise for the year was RM0.45 (2021: RM0.61)

Fair value of share options and assumptions

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured based on a binomial lattice model with the following inputs:

	ESOS 1 (2 July 2020) 2020	ESOS 2 (17 May 2022) 2022
Fair value at grant date	RM0.27	RM0.33
Share price at grant date	RM1.00	RM0.97
Expected volatility (weighted average volatility)	51.87%	50.00%
Option life (expected weighted average life)	3.3 years	3 years
Expected dividends	2.57%	3.40%
Risk-free interest rate (based on Malaysian Government Securities)	1.82%	3.73%

Value of employee services received for issue of share options

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Share options granted in 2020	5,273	14,344	2,429	6,608
Share options granted in 2022	6,472	--	3,527	--
Total expense recognised as equity settled share-based transactions	11,745	14,344	5,956	6,608

Treasury shares

At the Annual General Meeting held on 7 January 2022, the shareholders of the Company renewed their approval for the Company to repurchase its own shares.

During the financial year, the Company did not repurchase any ordinary shares.

At 31 July 2022, a total of 10,430,480 (2021: 10,430,480) repurchased shares are being held as treasury shares. The number of outstanding ordinary shares in issue after the set off is 3,829,090,832 (2021: 3,809,243,972).

Treasury shares have no rights to voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.

14. CAPITAL AND RESERVES (CONT'D)

Shares held under trust

The Group employees can elect to fund the exercise of the options by cash or through an ESOS Trust Funding Mechanism ("ETF Mechanism"). To facilitate ETF Mechanism, the Company provides funding to the trustee to subscribe for new shares of the Company which are held under a trust and managed by a trustee. Shares issued by the Company under the ETF Mechanism are recorded as shares held under trust in the financial statements. The shares issued under the ETF Mechanism rank pari passu in all respects with the existing ordinary shares of the Company.

The movement of shares held under trust during the financial year is as follows:

	Number of shares	
	2022	**2021**
	'000	**'000**
As at 1 August	6,438	--
Subscription of new shares	14,000	25,712
Adjustment for bonus issue during the year	--	3,144
Exercise of ESOS options by eligible employees via ETF Mechanism	(15,776)	(22,418)
As at 31 July	4,662	6,438

Warrants

The Company issued 761,848,258 free Warrants on the basis of one (1) Warrant for every five (5) existing shares held, which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 22 June 2021 at exercise price of RM1.38 to subscribe for one (1) new ordinary share. 919,860 (2021: NIL) Warrants were exercised during the financial year. As at year end, 760,928,398 (2021: 761,848,258) Warrants remained unexercised.

15. LOANS AND BORROWINGS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Secured				
Hire purchase liabilities	492	2,033	453	984
Unsecured				
Term loans	123,297	86,822	98,004	70,076
	123,789	88,855	98,457	71,060
Current				
Secured				
Onshore loan	--	20,767	--	--
Short term loan	--	14,309	--	--
Hire purchase liabilities	1,536	2,822	527	709
	1,536	37,898	527	709
Unsecured				
Term loans	39,646	24,523	27,966	18,141
Bankers' acceptances	109,089	74,208	82,760	66,208
Onshore loan	226,950	166,083	226,950	132,071
Trust receipts	81,621	1,784	--	--
Short term loan	17,442	11,259	--	--
	474,748	277,857	337,676	216,420
	476,284	315,755	338,203	217,129
	600,073	404,610	436,660	288,189

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 26.5.

16. LOAN FROM A DIRECTOR

Non-current loan from a Director is unsecured, subject to interest at 4.57% (2021: 3.0%) per annum and due for repayment on 30 June 2024 (2021: 21 March 2023).

Current amounts due to a Director was unsecured, interest free and repayable on demand.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	647,981	690,356	371,093	350,269
Other payables and accrued expenses	212,305	156,629	106,037	54,946
Due to subsidiaries - trade	--	--	82,857	42,564
	860,286	846,985	559,987	447,779

Included in other payables and accrued expenses are:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment creditors	67,405	26,979	51,374	10,990
Sundry creditors	42,444	46,881	15,781	16,623
Accrued expenses	99,526	82,644	38,882	27,333
Progress billings to customers	2,930	125	--	--
	212,305	156,629	106,037	54,946

The trade portion of amounts due to subsidiaries are subject to normal trade terms.

18. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Timing and recognition				
- Over time	3,418,212	3,430,832	2,007,590	1,866,940
- At a point in time	495,847	571,449	--	--
Total revenue	3,914,059	4,002,281	2,007,590	1,866,940

18.1 Disaggregation of revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Primary geographical markets				
Malaysia	1,083,512	1,174,042	970,371	1,007,574
United States of America	1,819,014	1,710,084	261,380	48,649
Indonesia	325,289	356,537	138	--
Europe	223,676	230,018	639	430
People's Republic of China	62,754	99,330	1,743	2,646
Singapore	55,416	82,814	765,507	796,399
Others	344,398	349,456	7,812	11,242
	3,914,059	4,002,281	2,007,590	1,866,940

18. REVENUE (CONT'D)

18.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable consideration	Warranty
Electrical and electronic components and products, plastic moulded components and parts	Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group has rights to payment for work performed	Credit period of 60 to 360 days from invoice date	Early settlement rebate is given to certain customer when repayment is made before the due date	Assurance warranties of 18 - 24 months are given to certain customers
Plastic injection and moulding, driver safety products, screen fabric printing, filter components and other related products	Revenue is recognised when the goods are delivered and accepted by the customers at their premises	Credit period of 30 to 60 days from invoice date	Not applicable	Not applicable

The Group applies the practical expedients for exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

Certain revenue streams from contracts with customers of the Group are not subject to obligation for returns or refunds.

19. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	11,462	10,675	7,525	4,746
Less: Amount capitalised in property, plant and equipment (Note 3.7)	--	(30)	--	--
	11,462	10,645	7,525	4,746
Add: Other finance costs	823	642	295	249
	12,285	11,287	7,820	4,995

20. TAX EXPENSE/(INCOME)

Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Current tax expense				
- Current year	61,408	90,114	294	23,581
- Prior years	(18,350)	(2,522)	(6,779)	(478)
	43,058	87,592	(6,485)	23,103
Deferred tax expense/(income)				
- Origination and reversal of temporary differences	7,063	585	(1,871)	2,377
- Under/(Over) provision in prior years	3,619	(664)	3,384	(224)
	10,682	(79)	1,513	2,153
Total tax expense/(income)	53,740	87,513	(4,972)	25,256
Reconciliation of tax expense/(income)				
Profit for the year	146,962	241,617	179,182	219,915
Total expense/(income)	53,740	87,513	(4,972)	25,256
Profit excluding tax	200,702	329,130	174,210	245,171
Income tax calculated using Malaysian tax rate of 24%	48,168	78,991	41,810	58,841
Effect of different tax rates in foreign jurisdictions	(522)	(691)	--	--
Effect of changes in tax rate	1,273	--	--	--
Deferred tax assets not recognised	6,118	331	--	--
Non-deductible expenses	18,907	14,724	11,490	10,851
Non-taxable income	(253)	(36)	(49,453)	(43,734)
Tax incentives	(7,051)	(2,797)	(5,424)	--
Effect of translating tax base of assets from local currency to functional currency	1,831	177	--	--
	68,471	90,699	(1,577)	25,958
Over provision in prior years	(14,731)	(3,186)	(3,395)	(702)
Total tax expense/(income)	53,740	87,513	(4,972)	25,256

21. PROFIT FOR THE YEAR

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the year is arrived at after charging/(crediting)					
Audit fees					
- KPMG PLT		478	406	263	218
- Other auditors		1,213	1,174	--	--
Non-audit fees					
- KPMG PLT		16	8	16	8
- Local affiliates of KPMG PLT		16	14	--	--
- Other auditors		73	112	--	--
Change in fair value of investment properties		(1,056)	--	(1,056)	--
Depreciation:					
- Property, plant and equipment	3	117,449	98,583	49,953	35,601
- Right-of-use assets		3,995	2,888	--	--
Deficit on revaluation of properties		2,320	--	1,133	--
Expenses relating to short-term leases	a	12,563	12,286	13,768	9,107
Impairment loss/(Reversal of impairment loss) on:					
- Trade receivables		3,833	(708)	--	--
- Other receivables		--	3,769	--	--
- Investments in subsidiaries		--	--	--	(29,220)
- Property, plant and equipment		12,393	5,760	--	--
- Investments in associates		26,826	25,000	28,000	25,000
Personnel expenses (including key management personnel):					
- Contributions to state plans		21,421	20,377	10,262	9,801
- Wages, salaries and others		465,935	464,068	194,559	183,131
- Equity settled share-based transactions		11,745	14,344	5,956	6,608
Bad debts recovered		--	--	--	(3,800)
Write down/(Reversal) of obsolete and slow moving inventories		5,096	(1,671)	1,875	--
Net foreign exchange (gain)/loss		(11,308)	(4,607)	1,621	(5,334)
Dividend income from:					
- Subsidiaries		--	--	(205,000)	(150,000)
- An associate		--	--	--	(3,000)
Property, plant and equipment:					
- Loss/(Gain) on disposal		7,360	(1,816)	(633)	(115)
- Written off		191	421	--	2
Rental income		(1,324)	(567)	(1,046)	(192)

Note a

The Group and the Company lease property, plant and equipment with contract term within one year. These leases are short-term. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

22. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 July 2022 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Profit for the year attributable to owners	166,806	245,351

Weighted average number of ordinary shares are determined as follows:

	Group	
	2022 '000	**2021 '000**
Weighted average number of ordinary shares at 31 July	3,818,366	3,723,715

	2022	**2021**
Basic earnings per ordinary share (sen)	4.37	6.59

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 July 2022 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Profit for the year attributable to owners (diluted)	166,806	245,351

Weighted average number of ordinary shares (diluted):

	Group	
	2022 '000	**2021 '000**
Weighted average number of ordinary shares (basic)	3,818,366	3,723,715
Effect of share options in issue	59,853	58,269
Weighted average number of ordinary shares at 31 July (diluted)	3,878,219	3,781,984

The Warrants are anti-dilutive.

22. EARNINGS PER ORDINARY SHARE (CONT'D)

Diluted earnings per ordinary share (Cont'd)

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

	2022	2021
Diluted earnings per ordinary share (sen)	4.30	6.49

23. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2022			
Fourth dividend 2021	0.5	19,083	29 October 2021
Final dividend 2021	0.5	19,087	31 January 2022
First dividend 2022	0.4	15,270	4 March 2022
Second dividend 2022	0.4	15,270	29 April 2022
Third dividend 2022	0.4	15,316	29 July 2022
		84,026	
2021			
Second dividend 2020	0.8	15,042	30 October 2020
Final dividend 2020	0.8	15,051	5 February 2021
First dividend 2021	1.2	22,582	5 March 2021
Second dividend 2021	1.2	22,589	30 April 2021
Third dividend 2021	0.8	30,474	30 July 2021
		105,738	

After the end of the reporting period, the following dividends were declared/proposed by the Directors. These dividends will be recognised in subsequent financial period.

	Sen per share	Total amount RM'000	Date of payment
Fourth dividend 2022	0.4	15,349	28 October 2022
Final dividend 2022	0.4	15,349	--
		30,698	

The final dividend will be recognised in the subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

24. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Acquisition of property, plant and equipment represents:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current year additions (Note 3)	248,738	249,861	164,934	158,822
Less: Amount financed by:				
- finance lease creditors	--	(300)	--	(300)
- amount under credit term (Note 17)	(67,405)	(26,979)	(51,374)	(10,990)
- finance cost capitalised (Note 3)	--	(30)	--	--
Add: Payment in respect of previous year's purchase of property, plant and equipment (Note 17)	26,979	7,989	10,990	1,937
	208,312	230,541	124,550	149,469

25. OPERATING SEGMENTS

Group

The Group's main business activities comprise investment holding and the manufacturing, assembling and sale of electronic and electrical products and plastic moulded components and parts. These activities are principally located in Malaysia, People's Republic of China, Indonesia and Singapore. Inter-segment pricing is determined based on negotiated terms.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Managing Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is also included in the internal management reports provided to the Group's Managing Director.

25. OPERATING SEGMENTS (CONT'D)

	Malaysia		People's Republic of China		Indonesia		Singapore		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Segment profit/(loss)	230,030	323,309	(37,445)	(10,199)	8,364	11,045	273	5,638	201,222	329,793
Included in the measure of segment profit are:										
Revenue from external customers	2,714,609	2,693,990	79,700	160,896	327,755	350,010	791,995	797,385	3,914,059	4,002,281
Inter-segment revenue	774,131	781,697	--	21	--	--	--	--	774,131	781,718
Depreciation	(96,558)	(75,270)	(19,289)	(19,654)	(5,414)	(6,093)	(183)	(454)	(121,444)	(101,471)
Finance costs	(10,284)	(6,839)	(1,456)	(3,908)	(545)	(540)	--	--	(12,285)	(11,287)
Finance income	1,883	3,622	693	325	20	17	--	--	2,596	3,964
Not included in the measure of segment profit but provided to Group Managing Director										
Tax (expense)/income	(52,426)	(86,078)	1,123	772	(2,304)	(1,366)	(133)	(841)	(53,740)	(87,513)
Segment assets	3,759,751	3,260,690	382,513	435,536	172,638	162,861	307,044	528,747	4,621,946	4,387,834
Included in the measure of segment assets are:										
Additions to non-current assets other than financial instruments and deferred tax assets	249,777	251,446	168	327	3,228	810	1,386	20	254,559	252,603
Segment liabilities	1,481,222	1,215,141	80,189	122,196	77,222	78,309	139,318	307,610	1,777,951	1,723,256

25. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items.

	2022 RM'000	2021 RM'000
Profit		
Total profit for reportable segments	201,222	329,793
Share of loss of equity accounted associates not included in reportable segments	(520)	(663)
Consolidated profit before tax	200,702	329,130

	External revenue RM'000	Depreciation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Investments in associates RM'000	Additions to non-current assets RM'000	Segment liabilities RM'000
2022								
Total reportable segments	3,914,059	(121,444)	(12,285)	2,596	4,621,946	--	254,559	1,777,951
Components not monitored by Group Managing Director	--	--	--	--	--	4,952	--	--
Elimination of inter-segment transaction or balances	--	--	--	--	(641,742)	--	--	(158,732)
Consolidated total	3,914,059	(121,444)	(12,285)	2,596	3,980,204	4,952	254,559	1,619,219
2021								
Total reportable segments	4,002,281	(101,471)	(11,287)	3,964	4,387,834	--	252,603	1,723,256
Components not monitored by Group Managing Director	--	--	--	--	--	39,254	--	--
Elimination of inter-segment transaction or balances	--	--	--	--	(789,450)	--	--	(342,381)
Consolidated total	4,002,281	(101,471)	(11,287)	3,964	3,598,384	39,254	252,603	1,380,875

25. OPERATING SEGMENTS (CONT'D)

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates) and deferred tax assets.

	Revenue		Non-current assets	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group				
Malaysia	1,083,512	1,174,042	1,010,838	761,213
United States of America	1,819,014	1,710,084	--	--
Indonesia	325,289	356,537	52,681	52,156
Europe	223,676	230,018	--	--
People's Republic of China	62,754	99,330	289,465	304,289
Singapore	55,416	82,814	149,787	203,401
Others	344,398	349,456	--	--
Total	3,914,059	4,002,281	1,502,771	1,321,059

Major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue		Segment
	2022 RM'000	2021 RM'000	
Customer A	832,241	858,586	Malaysia
Customer B	772,595	787,341	Singapore
Customer C	625,137	730,057	Malaysia
Customer D	477,071	376,716	Malaysia

26. FINANCIAL INSTRUMENTS

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ("AC")
(b) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR")

	Carrying amount RM'000	AC RM'000	FVOCI-EIDUIR RM'000
Group			
2022			
Financial assets			
Other investments	156,699	--	156,699
Trade and other receivables	1,092,256	1,092,256	--
Cash and cash equivalents	278,607	278,607	--
	1,527,562	1,370,863	156,699
Financial liabilities			
Loans and borrowings	(600,073)	(600,073)	--
Trade and other payables	(860,286)	(860,286)	--
Loan from a Director	(24,719)	(24,719)	--
	(1,485,078)	(1,485,078)	--
2021			
Financial assets			
Other investments	205,020	--	205,020
Trade and other receivables	992,132	992,132	--
Cash and cash equivalents	402,404	402,404	--
	1,599,556	1,394,536	205,020
Financial liabilities			
Loans and borrowings	(404,610)	(404,610)	--
Trade and other payables	(846,985)	(846,985)	--
Loan from a Director	(23,551)	(23,551)	--
Due to a Director	(2,384)	(2,384)	--
	(1,277,530)	(1,277,530)	--

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000	FVOCI-EIDUIR RM'000
Company			
2022			
Financial assets			
Other investments	15,363	--	15,363
Trade and other receivables	505,388	505,388	--
Dividend receivable	196,000	196,000	--
Cash and cash equivalents	14,784	14,784	--
	731,535	716,172	15,363
Financial liabilities			
Loans and borrowings	(436,660)	(436,660)	--
Trade and other payables	(559,987)	(559,987)	--
	(996,647)	(996,647)	--
2021			
Financial assets			
Other investments	8,305	--	8,305
Trade and other receivables	522,650	522,650	--
Dividend receivable	50,000	50,000	--
Cash and cash equivalents	37,671	37,671	--
	618,626	610,321	8,305
Financial liabilities			
Loans and borrowings	(288,189)	(288,189)	--
Trade and other payables	(447,779)	(447,779)	--
	(735,968)	(735,968)	--

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net (losses)/gains on:				
Financial assets at amortised cost	11,932	10,567	177	11,637
Equity instruments designated at fair value through other comprehensive income				
- recognised in other comprehensive income	(69,408)	124,144	164	2,888
Financial liabilities at amortised cost	(13,323)	(15,702)	(9,147)	(6,998)
	(70,799)	119,009	(8,806)	7,527

26. FINANCIAL INSTRUMENTS (CONT'D)

26.3 Financial risk management

The Group and the Company have exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its customers and fixed deposits placements with licensed banks. The Company's exposure to credit risk arises principally from its customers, loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior period.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are required to be performed on customers requiring credit over a certain amount.

At each reporting date, the Group and the Company assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to prior period.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

Concentration of credit risk

The Group and the Company have significant concentration of credit risk arising from amounts due from two (2021: three) major customers, representing 49% and 86% (2021: 66% and 79%) of the Group's and of the Company's trade receivables respectively.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Concentration of credit risk (Cont'd)

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by geographic region was:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Malaysia	321,270	280,317	237,512	193,393
United States of America	714,061	702,956	142,043	18,332
Philippines	47,745	15,793	--	--
Indonesia	43,028	35,590	--	--
People's Republic of China	9,117	15,699	--	--
Others	32,344	41,209	6,283	8,513
	1,167,565	1,091,564	385,838	220,238

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group and the Company manage its debtors and takes appropriate actions to recover long overdue balances.

As there are only few customers, the Group and the Company assess the risk of loss of the customer individually based on their financial information past trend of payment and external credit ratings, where applicable. The Group also uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before year end and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for trade receivables and contract assets as at the end of reporting period which are grouped together as they are expected to have similar risk nature.

	Group			Company
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000	Gross carrying amount/ Net balance RM'000
2022				
Current (not past due)	1,027,820	5	1,027,815	348,467
1 - 30 days past due	114,999	6	114,993	30,721
31 - 60 days past due	17,852	--	17,852	6,275
61 - 90 days past due	3,896	--	3,896	18
	1,164,567	11	1,164,556	385,481
Credit impaired				
More than 90 days past due	9,926	6,917	3,009	357
	1,174,493	6,928	1,167,565	385,838
Trade receivables	1,034,911	6,928	1,027,983	323,984
Contract assets	139,582	--	139,582	61,854
	1,174,493	6,928	1,167,565	385,838
2021				
Current (not past due)	921,501	8	921,493	182,806
1 - 30 days past due	145,150	6	145,144	34,773
31 - 60 days past due	14,829	--	14,829	2,608
61 - 90 days past due	3,073	--	3,073	51
	1,084,553	14	1,084,539	220,238
Credit impaired				
More than 90 days past due	9,875	2,850	7,025	--
	1,094,428	2,864	1,091,564	220,238
Trade receivables	899,466	2,864	896,602	150,690
Contract assets	194,962	--	194,962	69,548
	1,094,428	2,864	1,091,564	220,238

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

	Credit impaired/Total	
	2022 RM'000	**2021 RM'000**
Group		
Balance at 1 August	2,864	3,541
Amounts written off	(16)	--
Net remeasurement of loss allowance	3,833	(708)
Exchange differences	247	31
Balance at 31 July	6,928	2,864

The trade receivables that are past due but not impaired as at end of the statement of financial position are regular customers that have been transacting with the Group. The Group does not consider it necessary to impair the receivable amount.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Risk management objectives, policies and processes for managing the risk

The Group and the Company monitor the exposure to credit risk on individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position and the Group and the Company do not recognise any allowance for impairment losses.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service its loans on an individual basis.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (Cont'd)

Financial guarantees (Cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM163.4 million (2021: RM81.1 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries are unlikely to repay their credit obligation to the bank in full; or
- The subsidiaries are continuously loss making and are having deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company does not recognise any allowance as they are categorised as low risk.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company trades and provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

The Company considers amounts due from subsidiaries have low credit risk.

The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. The Company considers subsidiary to be credit impaired when:

- The subsidiaries are unlikely to repay their advance to the Company in full; or
- The subsidiaries are continuously loss making and are having deficit shareholders' fund.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (Cont'd)

Inter-company balances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for amounts due from subsidiaries.

	Gross carrying amount/Net balance 2022 RM'000	2021 RM'000
Company		
Low credit risk	156,889	319,250

As at the end of the reporting period, the Company does not recognise any loss allowance as they are categorised as low risk.

26.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group							
2022							
Non-derivative financial liabilities							
Secured hire purchase liabilities	2,028	2.10 - 3.65	2,129	1,617	312	200	--
Unsecured short term loan	17,442	6.50	17,442	17,442	--	--	--
Unsecured term loans	162,943	2.86 - 4.85	173,300	44,655	43,103	85,542	--
Unsecured bankers' acceptances	109,089	2.53 - 3.12	109,089	109,089	--	--	--
Unsecured onshore loan	226,950	0.65 - 3.35	226,950	226,950	--	--	--
Unsecured trust receipts	81,621	0.65 - 3.35	81,621	81,621	--	--	--
Loan from a Director	24,719	4.57	26,913	1,146	25,767	--	--
Trade and other payables	857,356	--	857,356	857,356	--	--	--
Lease liabilities	3,704	4.05	4,234	2,419	1,815	--	--
	1,485,852		1,499,034	1,342,295	70,997	85,742	--
Derivative financial liabilities							
Forward exchange contracts (gross settled)							
- Outflow	--	--	215,150	215,150	--	--	--
- Inflow	--	--	(215,150)	(215,150)	--	--	--
	1,485,852		1,499,034	1,342,295	70,997	85,742	--

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest rate/ coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Group							
2021							
Non-derivative financial liabilities							
Secured hire purchase liabilities	4,855	2.28 - 3.65	5,099	3,007	1,716	376	--
Secured short term loan	14,309	5.20	14,660	14,660	--	--	--
Secured onshore loan	20,767	4.30	21,009	21,009	--	--	--
Unsecured short term loan	11,259	6.50	11,259	11,259	--	--	--
Unsecured term loans	111,345	3.35 - 6.18	118,512	27,989	24,764	61,674	4,085
Unsecured bankers' acceptances	74,208	1.78 - 4.24	74,208	74,208	--	--	--
Unsecured onshore loan	166,083	0.85 - 3.74	166,083	166,083	--	--	--
Unsecured trust receipts	1,784	0.85 - 3.74	1,784	1,784	--	--	--
Loan from a Director	23,551	3.0	24,628	657	23,971	--	--
Due to a Director	2,384	--	2,384	2,384	--	--	--
Trade and other payables	846,860	--	846,860	846,860	--	--	--
	1,277,405		1,286,486	1,169,900	50,451	62,050	4,085
Derivative financial liabilities							
Forward exchange contracts (gross settled)							
- Outflow	--	--	306,498	306,498	--	--	--
- Inflow	--	--	(306,498)	(306,498)	--	--	--
	1,277,405		1,286,486	1,169,900	50,451	62,050	4,085

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Company							
2022							
Non-derivative financial liabilities							
Secured hire purchase liabilities	980	2.10 - 2.42	1,026	556	270	200	--
Unsecured term loans	125,970	2.86 - 4.78	135,480	31,806	31,897	71,777	--
Unsecured bankers' acceptances	82,760	2.75 - 3.12	82,760	82,760	--	--	--
Unsecured onshore loan	226,950	0.65 - 4.37	226,950	226,950	--	--	--
Trade and other payables	559,987	--	559,987	559,987	--	--	--
Financial guarantee*	--	--	163,400	163,400	--	--	--
	996,647		1,169,603	1,065,459	32,167	71,977	--
Derivative financial liabilities							
Forward exchange contracts (gross settled)							
- Outflow	--	--	119,489	119,489	--	--	--
- Inflow	--	--	(119,489)	(119,489)	--	--	--
	996,647		1,169,603	1,065,459	32,167	71,977	--
2021							
Non-derivative financial liabilities							
Secured hire purchase liabilities	1,693	2.10 - 2.42	1,797	776	645	376	--
Unsecured term loans	88,217	3.87 - 4.78	93,749	20,852	17,810	51,002	4,085
Unsecured bankers' acceptances	66,208	1.93 - 2.45	66,208	66,208	--	--	--
Unsecured onshore loan	132,071	0.55 - 3.35	132,071	132,071	--	--	--
Trade and other payables	447,779	--	447,779	447,779	--	--	--
Financial guarantee*	--	--	81,054	81,054	--	--	--
	735,968		822,658	748,740	18,455	51,378	4,085
Derivative financial liabilities							
Forward exchange contracts (gross settled)							
- Outflow	--	--	23,336	23,336	--	--	--
- Inflow	--	--	(23,336)	(23,336)	--	--	--
	735,968		822,658	748,740	18,455	51,378	4,085

* *Represents the amount outstanding as disclosed in Note 26.4.*

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

Currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD") and Ringgit Malaysia ("RM").

The other currencies such as Euro, Singapore Dollar, Japanese Yen and Hong Kong Dollar are also used by the Group for sales and purchase purposes. However, the exposures to these currencies are not considered significant to the Group as their usages are not extensive.

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts from time to time to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity. The Group and the Company entered forward exchange contracts with notional contract amount of RM215,149,762 (2021: RM306,498,000) and RM119,489,262 (2021: RM23,336,000) respectively in order to manage the foreign currency exposures.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currencies (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in RM		← Denominated in USD			→
	Group		Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade and other receivables	5,571	5,067	345,724	385,701	256,736	319,383
Cash and cash equivalents	3,557	32,519	128,140	71,674	4,346	15,399
Trade and other payables	(40,612)	(46,372)	(409,199)	(347,498)	(339,264)	(250,561)
Unsecured trust receipts	--	--	(17,856)	--	--	--
Unsecured onshore loan	--	--	(216,535)	(123,076)	(216,535)	(123,076)
Unsecured term loans	(7,500)	(9,387)	(71,631)	(97,983)	(63,526)	(87,217)
Secured trust receipts	--	--	--	(7,292)	--	--
Loan from a Director	--	--	(13,367)	(12,678)	--	--
Unsecured bankers' acceptances	(26,329)	(8,000)	--	--	--	--
Finance lease liabilities	(2)	(32)	--	--	--	--
	(65,315)	(26,205)	(254,724)	(131,152)	(358,243)	(126,072)

Currency risk sensitivity analysis

Foreign currency risk mainly arises from Group entities which have Ringgit Malaysia ("RM") and US Dollar ("USD") functional currencies. The exposure to currency risk of the other Group entities which do not have RM and USD functional currencies is not material and hence, sensitivity analysis is not presented.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market risk (Cont'd)

Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

A 10% (2021: 10%) strengthening of the USD/RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Denominated in		
	RM	USD	
	Group RM'000	Group RM'000	Company RM'000
2022			
Profit or (loss)	4,964	19,359	27,226
2021			
Profit or (loss)	1,992	9,968	9,581

A 10% (2021: 10%) weakening of USD/RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's investments in fixed rate deposits and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group and the Company have entered into interest rate swaps with notional contract amounts of RM53,502,812 (2021: RM61,182,179) and RM43,516,412 (2021: RM51,195,779) respectively in order to achieve an appropriate mix of fixed and floating rate exposure. At 31 July 2022, the swap matures over the next one to four years following the maturity of a fixed rate bank loan of 3.20% - 4.85% (2021: 3.20% - 4.85%) and 3.20% (2021: 3.20%) and has a floating swap rate of USD LIBOR-1 month + 1.35% and USD LIBOR-1 month + 1.25% (2021: USD LIBOR-1 month + 1.35% and USD LIBOR-1 month + 1.25%) respectively.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market risk (Cont'd)

Interest rate risk (Cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Fixed rate instruments				
Financial assets	4,473	32,181	218	214
Financial liabilities	(449,163)	(260,670)	(310,690)	(199,972)
	(444,690)	(228,489)	(310,472)	(199,758)
Floating rate instruments				
Financial liabilities	(150,911)	(143,940)	(125,970)	(88,217)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the end of the reporting period would have increased/(decreased) the Group's and the Company's post-tax profit or loss by RM1,147,000 (2021: RM1,094,000) and RM957,000 (2021: RM670,000) respectively. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

26.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair value information (Cont'd)

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 1 RM'000	Level 3 RM'000	Total RM'000	Level 3 RM'000	RM'000	RM'000
Group						
2022						
Financial assets						
Investments in shares	109,451	47,248	156,699	--	156,699	156,699
Financial liabilities						
Term loans	--	--	--	(163,431)	(163,431)	(162,943)
Hire purchase liabilities	--	--	--	(1,856)	(1,856)	(2,028)
Loan from a Director	--	--	--	(24,719)	(24,719)	(24,719)
	--	--	--	(190,006)	(190,006)	(189,690)
Company						
2022						
Financial assets						
Investments in shares	--	15,363	15,363	--	15,363	15,363
Financial liabilities						
Term loans	--	--	--	(125,777)	(125,777)	(125,970)
Hire purchase liabilities	--	--	--	(850)	(850)	(980)
	--	--	--	(126,627)	(126,627)	(126,950)
Group						
2021						
Financial assets						
Investments in shares	183,387	21,633	205,020	--	205,020	205,020
Financial liabilities						
Term loans	--	--	--	(110,090)	(110,090)	(111,345)
Hire purchase liabilities	--	--	--	(4,579)	(4,579)	(4,855)
Loan from a Director	--	--	--	(23,551)	(23,551)	(23,551)
	--	--	--	(138,220)	(138,220)	(139,751)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 1 RM'000	Level 3 RM'000	Total RM'000	Level 3 RM'000	RM'000	RM'000
Company						
2021						
Financial assets						
Investments in shares	--	8,305	8,305	--	8,305	8,305
Financial liabilities						
Term loans	--	--	--	(87,118)	(87,118)	(88,217)
Hire purchase liabilities	--	--	--	(1,500)	(1,500)	(1,693)
	--	--	--	(88,618)	(88,618)	(89,910)

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted share				
At 1 August	21,633	9,744	8,305	7,321
Purchases	10,211	11,889	58	984
Reclassification from investment in associates	7,000	--	7,000	--
Gain recognised in other comprehensive income	8,404	--	--	--
At 31 July	47,248	21,633	15,363	8,305

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

a) Financial instruments carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurements
Unquoted shares	The fair value of unquoted shares are based on the adjusted net asset method by reference to the fair value of the assets and liabilities of the investee and also the fair value determined by the investee in the recent capital call	Net assets value	The higher the value of net assets the higher the fair value.
		Price determined for capital call	The higher the price offered the higher the fair value.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair value information (Cont'd)

Level 3 fair value (Cont'd)

a) *Financial instruments carried at fair value* (Cont'd)

Sensitivity analysis

Management believes that the changing in one or more of the unobservable inputs would not change the fair value significantly. The sensitivity of the fair value measurements to changes in unobservable inputs is therefore not presented.

b) *Financial instruments not carried at fair value*

Type	Description of valuation technique and inputs used
Term loans/Hire purchase liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the Group entities at the reporting date.

27. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to support the underlying risks in its business activities and to enable future business growth. The Directors monitor and determine to maintain debt-to-equity ratios that complies with debt covenants.

The debt-to-equity ratios at 31 July 2022 and 31 July 2021 were as follows:

	Group	
	2022 RM'000	2021 RM'000
Total loans and borrowings (Note 15)	600,073	404,610
Less: Cash and cash equivalents (Note 13)	(278,607)	(402,404)
Net debt	321,466	2,206
Total equity	2,360,985	2,217,509
Debt-to-equity ratio	0.140	0.001

28. CAPITAL COMMITMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Capital expenditure commitments				
Property, plant and equipment				
Contracted but not provided for	17,023	17,763	1,972	15,358

29. CONTINGENT LIABILITIES

The Company and the Executive Chairman of the Company had on 8 August 2022 received a Writ and Statement of Claim dated 2 August 2022 filed in the Kuala Lumpur High Court by NEP Holdings (Malaysia) Berhad ("NEP"), Lim Chang Huat ("LCH") and Lim Chee Kon ("LCK") (Plaintiffs).

NEP, LCH and LCK allege that certain Clauses of the Shareholders Agreement dated 25 July 2016 entered into by the Company with NEP, LCH and LCK have been breached and further alleges that there has been a breach of fiduciary duties on the part of the Executive Chairman of the Company. In their Statement of Claim, NEP, LCH and LCK are seeking general damages, exemplary damages and aggravated damages arising from these alleged breaches.

The financial impact could not be ascertained at this juncture as the damages arising from alleged breaches have not been quantified by the Plaintiffs. No provision is recognised as the Directors are of the opinion that there is a good defence on the litigations and will vigorously oppose to the claim.

30. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its significant investors, subsidiaries, associates and key management personnel.

Significant related party transactions

The significant related party transactions of the Group and the Company as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
A. Subsidiaries				
Sales of goods	--	--	893,225	912,504
Sales of plant and equipment	--	--	175	--
Purchases of goods	--	--	305,877	246,872
Purchases of plant and equipment	--	--	174	151
Rental expense	--	--	13,825	11,274
Dividend income	--	--	205,000	153,000

30. RELATED PARTIES (CONT'D)

Significant related party transactions (Cont'd)

		Group		Company	
		2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
B.	**Associates**				
	Sales of goods	453	1,092	--	--
	Outstanding balances:				
	- due from	214	1,137	--	--
C.	**Companies which are wholly-owned by close family member of certain Directors**				
	Purchases of tooling	3,338	5,415	--	--
	Outstanding balances:				
	- due to	257	731	--	--
D.	**Company in which the spouse of a Director has financial interest**				
	Purchases of goods	27,540	13,939	19,823	10,438
	Sales of goods	1,340	2,547	1,340	2,547
	Outstanding balances				
	- due to	3,066	1,737	2,164	1,022
	- due from	--	622	--	622
E.	**Remuneration paid to staff who are close family member of certain Directors**	1,650	1,419	389	332
F.	**A company controlled by a Director**				
	Operating lease charges and management fee expense	960	919	--	--
	Outstanding balances:				
	- due to	25	105	--	--
	- due from	224	222	--	--
G.	**A company controlled by the family member of a Director**				
	Sub-contracting fee expense	--	523	--	--
H.	**A company controlled by the family member of a key management personnel**				
	Repair and maintenance services	207	91	--	--
I.	**A company wholly owned by close family member of a Director**				
	Sales of plant and equipment	353	--	--	--
	Technical service fee receivable	278	252	--	--

30. RELATED PARTIES (CONT'D)

Significant related party transactions (Cont'd)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
J. A company wholly owned by a Director				
Rental receivable	150	263	--	--
K. A company controlled by certain Directors				
Purchase of property	--	5,074	--	5,074
L. A company controlled by a Director				
Purchase of plant and equipment	--	283	--	--
M. Key management personnel				
Directors				
- Fees	709	814	633	590
- Remuneration	26,494	29,015	11,112	12,507
- Contributions to state plans	3,671	4,267	1,862	2,169
- Equity settled share-based transaction	1,000	1,212	1,000	1,212
Total short term employee benefits	31,874	35,308	14,607	16,478
Other key management personnel:				
- Wages, salaries and others	5,190	4,619	774	704
- Contributions to state plans	364	321	93	84
- Other short term employee benefits	41	40	9	9
- Equity settled share-based transaction	356	571	62	107
	5,951	5,551	938	904
	37,825	40,859	15,545	17,382

The estimated monetary value of Directors' benefit-in-kind of the Group/Company is RM151,000 (2021: RM163,000).

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

31. SUBSEQUENT EVENT

On 8 July 2022, the Company has announced that its wholly owned subsidiary, VS Capital Management Sdn. Bhd. ("VSCM") made a lodgement with the Securities Commission Malaysia for the establishment of the Sukuk Wakalah Programme of up to RM1 billion in nominal value.

On 21 September 2022, VSCM successfully issued the Sukuk Wakalah in aggregate of RM500 million in nominal value ("Sukuk Issuance") from its Sukuk Wakalah Programme. RM200 million and RM300 million Sukuk were issued with a maturity date of 22 September 2025 and 21 September 2027 respectively, at a profit rate of 4.28% and 4.74% per annum and payable semi-annually.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 104 to 191 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 July 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Gan Sem Yam
Director

Dato' Gan Tiong Sia
Director

22 November 2022

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Beh Chern Wei (Ma Chengwei)**, the Director primarily responsible for the financial management of V. S. INDUSTRY BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 104 to 191 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declaration Act 1960.

Subscribed and solemnly declared by the abovenamed Beh Chern Wei (Ma Chengwei), NRIC: 851205-71-5057, at Johor Bahru in the State of Johor on 22 November 2022.

Beh Chern Wei (Ma Chengwei)

Before me:
Lau Lay Sung
Commissioner for Oaths
J-246

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of V. S. Industry Berhad, which comprise the statements of financial position as at 31 July 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 104 to 191.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

i) Revaluation of land and buildings

Refer to Note 2(d) - Significant accounting policy and Note 3 - property, plant and equipment

The key audit matter

The Group and Company revalue its land and buildings during the year. The Directors estimated the fair values of the land and buildings based on the market valuation performed by independent external valuers.

The valuation of the land and buildings is considered as a key audit matter because there are significant judgements and estimates inherent in the valuation of the land and buildings. The valuations are subjective in nature and sensitive to changes in the key assumptions applied, particularly availability of recent market transactions of comparable properties in close proximity, price per square foot, estimated cost of construction of the building and depreciation.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

i) Revaluation of land and buildings (Cont'd)

How the matter was addressed in our audit:

Our audit procedures performed in this area included, amongst others:

- We evaluated the qualification and competence of the external valuers and discussed the scope of work with the external valuers to determine whether there were any matters that might have affected the valuers' objectivity or placed limitations in their scope of work;

- We have evaluated the appropriateness of the valuation methodologies adopted by discussing with the independent external valuers on their valuation approach and the significant judgements they made; and

- We have evaluated the underlying assumptions used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors.

- We have reviewed the audit documentation of the component auditors to evaluate the audit procedures performed on the determination of the appropriateness of the valuation methodologies and key assumptions used in the valuation; and

- We have considered the adequacy of the Group's disclosures in the financial statements on the valuation methodologies, underlying assumptions used in the valuations and inter-relationships between the assumptions and the valuation amounts.

ii) Impairment of non-financial assets and investment in a subsidiary group namely V.S. International Group Limited and its subsidiaries (hereinafter referred to as "VSIG Group")

- **Property, plant and equipment - Note 3 (Group)**
- **Investments in subsidiaries - Note 6 (Company)**

Refer to Note 2(l)(ii) - Significant accounting policies and Note 3 - Property, plant and equipment and Note 6 - Investments in subsidiaries

The key audit matter

VSIG Group has recorded losses for the past three financial years and the carrying amount of the net assets of the entity exceeded its market capitalisation. In view of the current uncertainties on VSIG Group's future profitability, there is an indication that the carrying amount of the property, plant and equipment and the investments in subsidiaries may be impaired.

We have identified this as a key audit matter because judgement is required in our assessment of the recoverable amount and the significance of the carrying amount of its property, plant and equipment and the investment in VSIG Group.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

ii) Impairment of non-financial assets and investment in a subsidiary group namely V.S. International Group Limited and its subsidiaries (hereinafter referred to as "VSIG Group") (Cont'd)

How the matter was addressed in our audit:

Our audit procedures performed in this area included, amongst others:

- We evaluated the appropriateness of the recoverable amounts determined by the Directors and the method used by the Directors.

- We evaluated the key assumptions used in determining the recoverable amounts, including fair value less costs of disposal and those used in value-in-use calculations in estimating the present value of future net cash flows.

- We reviewed the audit documentation of the component auditors to evaluate the audit procedures performed on the determination of the appropriateness of the recoverable amounts and key assumptions used in determining the recoverable amounts.

- We determined the adequacy of the impairment loss provided by comparing the carrying amount of the non-financial assets against the recoverable value.

- We considered the adequacy of the Group's disclosures in the financial statements related to the impairment of non-financial assets.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chong Dee Shiang
Approval Number: 02782/09/2024 J
Chartered Accountant

Johor Bahru

22 November 2022

LIST OF PROPERTIES

Location	Land Area (Acres)	Built-up Area (Sq.Ft.)	Existing Use	Tenure/ (Approximate Age of Building)	Net Book Value as at 31 July 2022 RM'000	Date of Last Revaluation (R) / Acquisition (A)
PTD 88447, Jalan Murni 12 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	12.27	462,101	Factory/office (2-storey)	Freehold (16-19 years)	86,400	31-Jul-22 (R)
PTD 86366, Jalan Murni 8 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	1.76	-	Parking lot	Freehold	3,870	31-Jul-22 (R)
PTD 102902, Jalan Murni 8 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	8.19	216,015	Factory/office (3-storey)	Freehold (4 years)	72,380	31-Jul-22 (R)
Lot 76803, Jalan Murni 12 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	4.49	209,390	Factory/office (2-storey)	Freehold (4 years)	34,840	31-Jul-22 (R)
Lot 45151-45170, Jalan Murni 8 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	2.86	79,772	Warehouse (1-storey)	Freehold (1 year)	19,490	31-Jul-22 (R)
No. 88, Jalan I-Park SAC 5 Taman Perindustrian I-Park SAC 81400 Senai Johor Darul Takzim	7.95	433,316	Factory/office	Freehold (1 year)	113,400	31-Jul-22 (R)
No. 89, Jalan I-Park SAC 5 Taman Perindustrian I-Park SAC 81400 Senai Johor Darul Takzim	1.55	70,140	Rented out (2-storey)	Freehold	17,670	31-Jul-22 (R)
PTD 196192, Jalan I-Park SAC 5 Taman Perindustrian I-Park SAC 81400 Senai Johor Darul Takzim	4.71	-	Vacant industrial land	Freehold	15,400	31-Jul-22 (R)
PTD 204027, Jalan I-Park SAC 5 Taman Perindustrian I-Park SAC 81400 Senai Johor Darul Takzim	1.80	-	Vacant industrial land	Freehold	5,900	31-Jul-22 (R)

Location	Land Area (Acres)	Built-up Area (Sq.Ft.)	Existing Use	Tenure/ (Approximate Age of Building)	Net Book Value as at 31 July 2022 RM'000	Date of Last Revaluation (R) / Acquisition (A)
PTD 204028, Jalan I-Park SAC 5 Taman Perindustrian I-Park SAC 81400 Senai Johor Darul Takzim	2.36	-	Vacant industrial land	Freehold	7,720	31-Jul-22 (R)
PTD 4520 Jalan Padi Mahsuri 1 Taman Senai Baru 81400 Senai Johor Darul Takzim	1.79	-	Vacant commercial land	Freehold	5,850	31-Jul-22 (R)
PTD 105623 - PLO 39 Jalan Perindustrian 4 Kawasan Perindustrian Senai II 81400 Senai Johor Darul Takzim	3.31	253,327	Factory/office (4-storey)	Leasehold for 60 years expiring on 03/10/2077 (30 years)	31,472	31-Jul-22 (R)
PTD 105624 - PLO 46 Jalan Perindustrian 1 Kawasan Perindustrian Senai II 81400 Senai Johor Darul Takzim	1.55	64,673	Factory/office (2-storey)	Leasehold for 60 years expiring on 03/10/2077 (29 years)	9,636	31-Jul-22 (R)
PTD 105625 - PLO 129 Jalan Cyber 5 Kawasan Perindustrian Senai III 81400 Senai Johor Darul Takzim	1.00	27,226	Factory/office (1-storey with mezzanine floor)	Leasehold for 60 years expiring on 03/10/2077 (25 years)	4,738	31-Jul-22 (R)
PTD 104700 - PLO 116 & PLO 174 Jalan Cyber 5 Kawasan Perindustrian Senai III 81400 Senai Johor Darul Takzim	1.50	59,962	Warehouse (1-storey with mezzanine floor)	Leasehold for 60 years expiring on 28/02/2077 (25 years)	7,766	31-Jul-22 (R)
Lot 214, Jalan Seelong-Senai 81400 Senai Johor Darul Takzim	6.31	260,404	Factory/office (3-storey)	Freehold (12 years)	46,710	31-Jul-22 (R)
PTD 8817 Kawasan Perindustrian Senai (FASA 1) 81400 Senai Johor Darul Takzim	1.00	45,817	Factory (2-storey)	Leasehold for 60 years expiring on 9/12/2050	8,895	31-Jul-22 (R)

Location	Land Area (Acres)	Built-up Area (Sq.Ft.)	Existing Use	Tenure/ (Approximate Age of Building)	Net Book Value as at 31 July 2022 RM'000	Date of Last Revaluation (R) / Acquisition (A)
PLO 92, Jalan Cyber 7 Kawasan Perindustrian Senai III 81400 Senai Johor Darul Takzim	1.00	56,634	Factory (2-storey)	Leasehold for 60 years expiring on 27/10/2055	9,383	31-Jul-22 (R)
PLO 93, Jalan Cyber 7 Kawasan Perindustrian Senai III 81400 Senai Johor Darul Takzim	1.06	51,782	Factory (1 1/2-storey)	Leasehold for 60 years expiring on 13/02/2060	7,272	31-Jul-22 (R)
Lot 72061- PLO 121 Jalan Cyber 5 Kawasan Perindustrian Senai III 81400 Senai Johor Darul Takzim	1.00	37,474	Factory (1-storey with mezzanine floor)	Leasehold for 60 years expiring on 15/06/2064 (22 years)	4,545	31-Jul-22 (R)
PTD 105622 - PLO 47 Jalan Perindustrian 1 Kawasan Perindustrian Senai II 81400 Senai Johor Darul Takzim	3.30	190,494	Factory/office (5-storey)	Leasehold for 60 years expiring on 03/10/2077 (26 years)	31,151	31-Jul-22 (R)
PTD 105626 - PLO 7 Jalan Perindustrian Kawasan Perindustrian Senai I 81400 Senai Johor Darul Takzim	1.19	69,025	Factory/office (2-storey)	Leasehold for 60 years expiring on 03/10/2077 (35 years)	9,821	31-Jul-22 (R)
PTD 8784 - PLO 4 Jalan Perindustrian Kawasan Perindustrian Senai I 81400 Senai Johor Darul Takzim	2.00	82,208	Factory/office (2-storey)	Leasehold for 60 years expiring on 22/09/2045 (30 years)	12,676	31-Jul-22 (R)
PTB 11133 72, 72A-B, Jalan Padi 1 Bandar Baru Uda 81200 Tampoi, Johor Bahru Johor Darul Takzim	0.04	5,165	Rented out (3-storey shop office)	Freehold (30 years)	1,200	31-Jul-22 (R)
PTD 42659 & 42660 Jalan Cyber 8 Kawasan Perindustrian Senai III 81400 Senai Johor Darul Takzim	2.28	99,720	Three (3) blocks of 5-storey hostel	Leasehold for 99 years expiring on 07/09/2094 (11-26 years)	8,046	31-Jul-22 (R)

Location	Land Area (Acres)	Built-up Area (Sq.Ft.)	Existing Use	Tenure/ (Approximate Age of Building)	Net Book Value as at 31 July 2022 RM'000	Date of Last Revaluation (R) / Acquisition (A)
PTD 94882 Jalan Perindustrian 1 Kawasan Perindustrian Senai II 81400 Senai Johor Darul Takzim	1.48	125,072	One (1) block of 5-storey hostel	Leasehold for 60 years expiring on 09/12/2050 (6 years)	13,817	31-Jul-22 (R)
Lot 7044 Jalan Sawi 6 Taman Seri Senai 81400 Senai Johor Darul Takzim	5.30	85,980	Two (2) block of 5-storey hostel	Freehold (4 years)	24,300	31-Jul-22 (R)
652, Jalan Taman Perindustrian Senai Taman Perindustrian Senai 81400 Senai Johor Darul Takzim	0.58	26,148	Rented out (1 1/2-storey)	Freehold (7 years)	5,300	31-Jul-22 (R)
2 Venture Drive #13-08 Vision Exchange Singapore 608526	-	1,388	Office	Leasehold for 99 years expiring on 09/06/2111 (4 years)	9,113	27-Jul-22 (R)
Jl. Cendana Raya Blok F.10 No. 06B Kawasan Industri Delta Silicon III Lippo Cikarang Bekasi 17550 Indonesia	6.28	211,543	Factory/ office (2-storey)	Leasehold for 30 years expiring on 13/09/2041 (8 years)	37,618	29-Jun-22 (R)
Jl. Alam Serasi I/31 Cluster Ambrosia Lippo Cikarang Bekasi 17550 Indonesia	0.04	1,141	Hostel (Double storey terrace)	Leasehold for 30 years expiring on 21/09/2024 (4 years)	178	29-Jun-22 (R)
Beisha Village Tangjia Wan Town Xiangzhou District Zhuhai Guangdong Province The People's Republic of China	78.21	1,499,771	Factory/ office/ warehouse	Leasehold for 50 years expiring on 20/02/2051 (21 years)	247,137	31-Jul-22 (R)

ANALYSIS OF SHAREHOLDINGS

As at 31 October 2022

Issued Shares	:	3,837,192,432[@]
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shares	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
1 -99	297	1.69	11,405	0.00
100 - 1,000	2,382	13.52	1,372,186	0.04
1,001 - 10,000	8,376	47.54	42,729,356	1.11
10,001 - 100,000	5,325	30.22	174,515,840	4.55
100,001 - 191,859,620 *	1,236	7.02	3,143,431,283	81.92
191,859,621 AND ABOVE **	2	0.01	475,132,362	12.38
Total	17,618	100.00	3,837,192,432[@]	100.00

* less than 5% of issued shares
** 5% and above of issued shares
@ Net of treasury shares of 10,430,480 ordinary shares

THIRTY LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2022

No.	Name of Shareholders	Shares Held	Percentage (%)
1.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	274,712,012	7.16
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH KIM LING	200,420,350	5.22
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	159,873,800	4.17
4.	HSBC NOMINEES (TEMPATAN) SDN BHD HBAP FOR GAN SEM YAM	121,932,724	3.18
5.	LEMBAGA TABUNG HAJI	120,670,200	3.14
6.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	117,185,624	3.05
7.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	60,539,800	1.58
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GAN TONG CHUAN (PB)	60,535,700	1.58
9.	HSBC NOMINEES (TEMPATAN) SDN BHD HBAP FOR BEH KIM LING	54,872,636	1.43
10.	HSBC NOMINEES (TEMPATAN) SDN BHD HBAP FOR BEH HWEE LEE	53,916,000	1.41

THIRTY LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2022 (CONT'D)

No.	Name of Shareholders	Shares Held	Percentage (%)
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	53,667,500	1.40
12.	HSBC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - HBAP SG FOR BEH CHERN WEI (PB-SGDIV)	53,501,200	1.39
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	50,492,200	1.32
14.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	49,864,600	1.30
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BEH HWEE LEE (PB)	48,046,536	1.25
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)	47,367,800	1.23
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN SEM YAM	43,000,030	1.12
18.	PERMODALAN NASIONAL BERHAD	42,683,400	1.11
19.	HSBC NOMINEES (ASING) SDN BHD HBAP FOR BEH HWEE SZE (PB-SGDIV)	41,370,000	1.08
20.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR BEH HWEE SZE (PB)	41,285,962	1.08
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD CBHK PBGSG FOR BEH HWEE LEE	40,604,750	1.06
22.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	40,499,000	1.06
23.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BEH CHERN WEI (MA CHENGWEI) (PB)	40,489,000	1.06
24.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH KIM LING (MY4460)	39,213,900	1.02
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	36,712,800	0.95
26.	CITIGROUP NOMINEES (ASING) SDN BHD CBHK PBGSG FOR BEH HWEE SZE	36,604,750	0.95
27.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	36,397,700	0.95
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	36,385,100	0.95
29.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	35,928,300	0.94
30.	GAN TIONG SIA	35,816,074	0.93
	Total	**2,074,589,448**	**54.07**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2022

		Interests in Shares			
No.	**Name of Substantial Shareholders**	**Direct**	**Deemed**	**Note**	**Percentage (%)**
1.	Datuk Beh Kim Ling	294,506,886	279,789,998	(a)	14.97
2.	Datuk Gan Sem Yam	170,102,754	26,000,000	(b)	5.11
3.	Datin Ling Sok Mooi	1,000,000	195,102,754	(c)	5.11
4.	Kumpulan Wang Persaraan (Diperbadankan)	283,658,600	47,330,400		8.63
5.	Employees Provident Fund Board	208,298,000	-		5.43

DIRECTORS' INTERESTS IN SHARES AS AT 31 OCTOBER 2022

		Interests in Shares			
	Name of Directors	**Direct**	**Deemed**	**Note**	**Percentage (%)**
A.	**In the Company**				
	Datuk Beh Kim Ling	294,506,886	279,789,998	(a)	14.97
	Datuk Gan Sem Yam	170,102,754	26,000,000	(b)	5.11
	Dato' Gan Tiong Sia	65,816,074	-		1.72
	Ng Yong Kang	623,600	-		0.02
	Beh Chern Wei (Ma Chengwei)	121,450,650	-		3.17
	Gan Pee Yong	21,765,624	-		0.57
	Diong Tai Pew	-	-		-
	Tan Pui Suang	-	-		-
	Wong Cheer Feng	-	-		-
	Dr Lim Boh Soon	-	-		-
	Chong Chin Siong (Alternate Director to Beh Chern Wei (Ma Chengwei))	50,000	610,000	(d)	0.02
B.	**In Related Corporations**				
	(i) V.S. Ashin Technology Sdn. Bhd.				
	Datuk Beh Kim Ling	-	1,740,320	(a)	5.67
	Datuk Gan Sem Yam	3,130,026	-		10.20
	Beh Chern Wei	870,160	-		2.84
	(ii) VS Marketing & Engineering Pte. Ltd.				
	Datuk Gan Sem Yam	-	816,000	(e)	34.00
	Dato' Gan Tiong Sia	-	120,000	(f)	5.00
	Gan Pee Yong	-	816,000	(g)	34.00
	(iii) Serumi International Private Limited				
	Datuk Gan Sem Yam	-	1,933,400	(e)	96.67
	Gan Pee Yong	-	1,933,400	(g)	96.67

DIRECTORS' INTERESTS IN SHARES AS AT 31 OCTOBER 2022 (CONT'D)

	Name of Directors	Interests in Shares			
		Direct	Deemed	Note	Percentage (%)
B.	**In Related Corporations**				
(iv)	**V.S. International Group Limited (Ordinary shares of HKD0.05 each)**				
	Datuk Beh Kim Ling	158,904,532	35,883,920	(a)	8.44
	Datuk Gan Sem Yam	44,671,395	39,464,093	(h)	3.65
	Dato' Gan Tiong Sia	17,215,074	16,300,000	(f)	1.45
	Beh Chern Wei (Ma Chengwei)	37,111,960	-		1.61
	Diong Tai Pew	1,766,411	-		0.08
(v)	**V.S. Corporation (Hong Kong) Co., Limited (Non-voting deferred shares of HKD1.00 each)**				
	Datuk Beh Kim Ling	3,750,000	2,500,000	(a)	8.33
	Datuk Gan Sem Yam	3,750,000	-		5.00
	Dato' Gan Tiong Sia	3,750,000	-		5.00
	Beh Chern Wei (Ma Chengwei)	1,250,000	-		1.67

Note:

(a) By virtue of the shareholdings of his daughters, Beh Hwee Lee and Beh Hwee Sze.

(b) By virtue of the shareholdings of his spouse, Datin Ling Sok Mooi and daughters, Gan Chian Yi and Gan Chian Yin.

(c) By virtue of the shareholdings of her spouse, Datuk Gan Sem Yam and daughters, Gan Chian Yi and Gan Chian Yin.

(d) By virtue of the shareholdings of his spouse, Chai Ming Er.

(e) By virtue of the shareholdings of his spouse, Datin Ling Sok Mooi, children, namely Gan Pee Yong, Gan Chian Yi and Gan Chian Yin and his shareholding in V. Plus Resources Pte. Ltd..

(f) By virtue of the shareholdings of his daughter, Gan Swu Juan.

(g) By virtue of the shareholding of his parents, Datuk Gan Sem Yam and Datin Ling Sok Mooi, siblings namely Gan Chian Yi and Gan Chian Yin and his shareholding in V. Plus Resources Pte. Ltd..

(h) By virtue of the shareholdings of his daughter, Gan Chian Yi.

ANALYSIS OF WARRANT HOLDINGS

As at 31 October 2022

No. of Unexercised Warrants	:	760,928,398
Exercise Price	:	RM1.38 per Warrant
Warrant Issued Date	:	15 June 2021
Expiry Date	:	14 June 2024
No. of Warrant Holders	:	11,677

DISTRIBUTION OF WARRANT HOLDINGS

Range of Warrants	No. of Warrant Holders	Percentage (%)	No. of Warrants	Percentage (%)
1 - 99	1,655	14.17	57,390	0.01
100 - 1,000	2,843	24.35	1,450,855	0.19
1,001 - 10,000	3,851	32.98	16,477,177	2.17
10,001 - 100,000	2,587	22.15	92,087,278	12.10
100,001 - 38,046,418*	740	6.34	604,771,628	79.48
38,046,419 and above**	1	0.01	46,084,070	6.05
Total	11,677	100.00	760,928,398	100.00

* *less than 5% of issued warrants*
** *5% and above of issued warrants*

THIRTY LARGEST WARRANT HOLDERS AS AT 31 OCTOBER 2022

No.	Name of Warrant Holders	Warrants Held	Percentage (%)
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH KIM LING	46,084,070	6.06
2.	HSBC NOMINEES (TEMPATAN) SDN BHD HBAP FOR GAN SEM YAM	24,386,544	3.20
3.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN PEE KE'NG (MY3074)	21,951,057	2.88
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	18,239,500	2.40
5.	HSBC NOMINEES (TEMPATAN) SDN BHD HBAP FOR BEH KIM LING	16,767,327	2.20
6.	PERMODALAN NASIONAL BERHAD	12,800,000	1.68
7.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND	11,351,160	1.49
8.	HSBC NOMINEES (TEMPATAN) SDN BHD HBAP FOR BEH HWEE LEE	10,743,200	1.41
9.	CHIN CHIN SEONG	10,251,100	1.35
10.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	9,805,420	1.29

THIRTY LARGEST WARRANT HOLDERS AS AT 31 OCTOBER 2022 (CONT'D)

No.	Name of Warrant Holders	Warrants Held	Percentage (%)
11.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BEH CHERN WEI (MA CHENGWEI) (PB)	9,632,200	1.27
12.	TAN KUAN TECK	9,510,000	1.25
13.	DING HUI WEN	9,350,000	1.23
14.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND	8,762,800	1.15
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD CBHK PBGSG FOR BEH HWEE LEE	8,120,950	1.07
16.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BEH HWEE LEE (PB)	8,049,307	1.06
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GAN TONG CHUAN (PB)	7,983,040	1.05
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	7,911,840	1.04
19.	GAN TIONG SIA	7,587,200	1.00
20.	HSBC NOMINEES (ASING) SDN BHD HBAP FOR BEH HWEE SZE (PB-SGDIV)	7,330,000	0.96
21.	CITIGROUP NOMINEES (ASING) SDN BHD CBHK PBGSG FOR BEH HWEE SZE	7,320,950	0.96
22.	GAN SWU KIM	7,228,124	0.95
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD CBHK PBGSG FOR BEH CHERN WEI	6,320,950	0.83
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	6,317,320	0.83
25.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR BEH HWEE SZE (PB)	6,191,352	0.81
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW PEI KAI	5,800,000	0.76
27.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOOI HO (7006521)	5,587,400	0.73
28.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO FOOK HERNG (7000803)	5,088,000	0.67
29.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR CAOSHENG INVESTMENT LTD (PB)	5,000,000	0.66
30.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	4,931,760	0.65
	Total:	**326,402,571**	**42.89**

DIRECTORS' INTERESTS IN WARRANTS AS AT 31 OCTOBER 2022

		Interests in Shares			
	Name of Directors	**Direct**	**Deemed**	**Note**	**Percentage (%)**
A.	**In the Company**				
	Datuk Beh Kim Ling	64,451,397	51,348,159	(a)	15.22
	Datuk Gan Sem Yam	24,386,544	5,000,000	(b)	3.86
	Dato' Gan Tiong Sia	7,587,200	-		1.00
	Ng Yong Kang	-	-		-
	Beh Chern Wei (Ma Chengwei)	19,970,150	-		2.62
	Gan Pee Yong	3,936,724	-		0.52
	Diong Tai Pew	290,400	-		0.04
	Tan Pui Suang	-	-		-
	Wong Cheer Feng	-	-		-
	Dr Lim Boh Soon	-	-		-
	Chong Chin Siong (Alternate Director to Beh Chern Wei)	772,000	120,000	(c)	0.12

Note:
(a) By virtue of the warrant holdings of his daughters, Beh Hwee Lee and Beh Hwee Sze.
(b) By virtue of the warrant holdings of his daughters, Gan Chian Yi and Gan Chian Yin.
(c) By virtue of the warrant holdings of his spouse, Chai Ming Er.

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting ("40th AGM") of **V.S. INDUSTRY BERHAD** ("VSI" or "the Company") will be held at Iskandar Ballroom, Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan, Puteri Harbour, 79000 Iskandar Puteri, Johor Darul Takzim, Malaysia on Friday, 6 January 2023 at 10.30 a.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 July 2022 together with the Directors' and Auditors' reports thereon. **(Please refer to Note No. 1)**

2. To approve the payment of a final dividend of 0.4 sen per ordinary share for the financial year ended 31 July 2022. **RESOLUTION 1**

3. To approve the payment of Directors' fees up to an amount of RM809,600 for the financial year ending 31 July 2023, to be payable on quarterly basis in arrears. **RESOLUTION 2**

4. To re-elect the following Directors retiring in accordance with the Company's Constitution:

(a)	Tan Pui Suang	- Clause 110	**RESOLUTION 3**
(b)	Beh Chern Wei (Ma Chengwei)	- Clause 110	**RESOLUTION 4**
(c)	Gan Pee Yong	- Clause 110	**RESOLUTION 5**
(d)	Dr. Lim Boh Soon	- Clause 117	**RESOLUTION 6**
(e)	Wee Beng Chuan	- Clause 117	**RESOLUTION 7**

5. To re-appoint the retiring Auditors, Messrs KPMG PLT as Auditors and to authorise the Directors to fix their remuneration. **RESOLUTION 8**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

6. **ORDINARY RESOLUTION**
Proposed Authority to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject to approval of the relevant regulatory bodies, the Directors be and are hereby authorised to issue and allot shares in the Company at any time at such price and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares so issued does not exceed ten percent (10%) of the issued capital of the Company for the time being and the Directors be and are also empowered to obtain the approval of the Bursa Malaysia Securities Berhad for listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT pursuant to Section 85 of the Act, read together with Clause 59 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued Company shares arising from issuance of new shares pursuant to this Mandate." **RESOLUTION 9**

7. **ORDINARY RESOLUTION**
Proposed Renewal of Shareholders' Approval for Share Buy-Back

"THAT subject to the provisions of the Act, the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit, necessary and expedient in the interest of the Company ("Proposed Share Buy-Back") provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time; and the Directors of the Company shall allocate an amount of funds which will not be more than the aggregate sum of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back.

THAT the Directors of the Company be and are hereby authorised to deal with the shares purchased at their absolute discretion, either partially or fully, in the following manner:

a) cancel all the shares so purchased; or
b) distribute the shares as share dividends to the shareholders; or
c) resell the shares through Bursa Securities in accordance with the rules of Bursa Securities; or
d) transfer the shares for the purpose of or under an employees' share scheme; or
e) transfer the shares as purchase consideration; or
f) such other manners as may be permitted by the Act, the MMLR of Bursa Securities and any other relevant authorities for the time being in force.

THAT the Directors of the Company be and are hereby authorised to take all such necessary steps to give effect to the Proposed Share Buy-Back with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by the relevant authorities or deemed by the Directors to be in the best interest of the Company, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back.

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and continue to be in force until:

a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions; or
b) the expiration of the period within the next AGM of the Company is required by law to be held; or
c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first." **RESOLUTION 10**

8. **ORDINARY RESOLUTION**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") with V.S. International Group Limited, its subsidiaries and associates ("Proposed Renewal of Shareholders' Mandate for RRPTs with V.S. International Group Limited, its subsidiaries and associates")

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into RRPTs with V.S. International Group Limited, its subsidiaries and associates as set out in Section 2.3, Part B, the Statement/Circular to the Shareholders of VSI dated 29 November 2022, subject to the following:

(i) the RRPTs are:

(a) necessary for the day-to-day operations;

(b) undertaken in the ordinary course of business and at arm's length basis and are on terms not more favourable to the related parties than those generally available to the public; and

(c) are not detrimental to the shareholders of the Company; and

(ii) the disclosure is made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the related parties and their relationship with the Company pursuant to the Proposed Renewal of Shareholders' Mandate for RRPTs with V.S. International Group Limited, its subsidiaries and associates during the period in which the Proposed Renewal of Shareholders' Mandate for RRPTs with V.S. International Group Limited, its subsidiaries and associates is in force; and

(iii) the Proposed Renewal of Shareholders' Mandate for RRPTs with V.S. International Group Limited, its subsidiaries and associates is subject to annual renewal and will continue to be in full force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution." **RESOLUTION 11**

9. **ORDINARY RESOLUTION**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd ("Proposed Renewal of Shareholders' Mandate for RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd")

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd as set out in Section 2.3, Part B, the Statement/Circular to the Shareholders of VSI dated 29 November 2022, subject to the following:

(i) the RRPTs are:

  (a) necessary for the day-to-day operations;
  (b) undertaken in the ordinary course of business and at arm's length basis and are on terms not more favourable to the related parties than those generally available to the public; and
  (c) are not detrimental to the shareholders of the Company; and

(ii) the disclosure is made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the related parties and their relationship with the Company pursuant to the Proposed Renewal of Shareholders' Mandate for RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd during the period in which the Proposed Renewal of Shareholders' Mandate for RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd is in force; and

(iii) the Proposed Renewal of Shareholders' Mandate for RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd is subject to annual renewal and will continue to be in full force until:

  (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  (c) revoked or varied by resolution passed by the shareholders in general meeting,

  whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution." **RESOLUTION 12**

10. **ORDINARY RESOLUTION**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") with Beeantah Pte. Ltd. ("Proposed Renewal of Shareholders' Mandate for RRPTs with Beeantah Pte. Ltd.")

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into RRPTs with Beeantah Pte. Ltd. as set out in Section 2.3, Part B, the Statement/Circular to the Shareholders of VSI dated 29 November 2022, subject to the following:

(i) the RRPTs are:

(a) necessary for the day-to-day operations;

(b) undertaken in the ordinary course of business and at arm's length basis and are on terms not more favourable to the related parties than those generally available to the public; and

(c) are not detrimental to the shareholders of the Company; and

(ii) the disclosure is made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the related parties and their relationship with the Company pursuant to the Proposed Renewal of Shareholders' Mandate for RRPTs with Beeantah Pte. Ltd. during the period in which the Proposed Renewal of Shareholders' Mandate for RRPTs with Beeantah Pte. Ltd. is in force; and

(iii) the Proposed Renewal of Shareholders' Mandate for RRPTs with Beeantah Pte. Ltd. is subject to annual renewal and will continue to be in full force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution." **RESOLUTION 13**

11. **ORDINARY RESOLUTION**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") with Liphup Mould Sdn. Bhd. ("Proposed Renewal of Shareholders' Mandate for RRPTs with Liphup Mould Sdn. Bhd.")

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into RRPTs with Liphup Mould Sdn. Bhd. as set out in Section 2.3, Part B, the Statement/Circular to the Shareholders of VSI dated 29 November 2022, subject to the following:

(i) the RRPTs are:

(a) necessary for the day-to-day operations;

(b) undertaken in the ordinary course of business and at arm's length basis and are on terms not more favourable to the related parties than those generally available to the public; and

(c) are not detrimental to the shareholders of the Company; and

(ii) the disclosure is made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the related parties and their relationship with the Company pursuant to the Proposed Renewal of Shareholders' Mandate for RRPTs with Liphup Mould Sdn. Bhd. during the period in which the Proposed Renewal of Shareholders' Mandate for RRPTs with Liphup Mould Sdn. Bhd. is in force; and

(iii) the Proposed Renewal of Shareholders' Mandate for RRPTs with Liphup Mould Sdn. Bhd. is subject to annual renewal and will continue to be in full force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution." **RESOLUTION 14**

12. To transact any other business for which due notice shall have been given.

Further notice is hereby given that for the purpose of determining a member who shall be entitled to attend the 40th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 30 December 2022. Only a depositor whose name appears on the Record of Depositors as at 30 December 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

TAI YIT CHAN (MAICSA 7009143) (SSM PC No.: 202008001023)
SANTHI A/P SAMINATHAN (MAICSA 7069709) (SSM PC No.: 201908002933)
CHIAM MEI LING (MIA 12128)
Company Secretaries

Johor Bahru
29 November 2022

NOTES:

1. **Audited Financial Statements**

   This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Vote by way of poll**

   Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice shall be put to vote by way of poll.

3. **Form of Proxy**

   i. A member including Authorised Nominee of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead at the meeting. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

   ii. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

   iii. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple Beneficial Owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

   iv. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

   v. The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the Form of Proxy, duly completed must be deposited at the Registered Office of the Company situated at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim, Malaysia.

      In the case of electronic appointment, the Form of Proxy must be deposited via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the 40th AGM for further information on electronic submission Form of Proxy. All Form of Proxy submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote.

      In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).

      However, a member is not precluded from attending the meeting in person after lodging the instrument of proxy. Such attendance shall automatically revoke the authority granted to the proxy.

   vi. A Member is permitted to give the Company notice of revocation of a person's authority to act as proxy not less than forty eight (48) hours before the time appointed for holding the meeting. The notice of revocation must be in writing and be deposited at the Registered Office of the Company situated at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim, Malaysia Office or please write in to is.enquiry@my.tricorglobal.com.

4. **Explanatory Notes on Ordinary Business**

   i. **To approve the payment of a final dividend of 0.4 sen per ordinary share for the financial year ended 31 July 2022 (Ordinary Resolution 1)**

      Declaration of a final dividend for the year ended 31 July 2022 in accordance with Paragraph 8.26 of the Listing Requirements, the final dividend, if approved, shall be paid not later than three (3) months from the date of the shareholders' approval.

      Pursuant to Sections 131 and 132 of the Companies Act 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. Having performed the solvency test on the Company, the Board is satisfied that the Company will remain solvent for the period of twelve months after the date of declaration.

   ii. **To approve the payment of Director's fees up to an amount of RM809,600 for the financial year ending 31 July 2023, to be payable on quarterly basis in arrears (Ordinary Resolution 2)**

      Section 230(1) of the Companies Act 2016 provides that "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this Fortieth Annual General Meeting (40th AGM) for the payment of Directors' fees to the Directors of the Company up to an amount of RM809,600 for the financial year ending 31 July 2023, to be payable on quarterly basis in arrears under Ordinary Resolution 2.

      Under Ordinary Resolution 2, the quantum of the Directors' fees proposed for the Directors for the period are based on the current Directors' fees structure and assuming that all the Directors will hold office until the conclusion of the financial year ending 31 July 2023 and including fee provision for one additional Independent Non-Executive Director to be appointed during the financial year ending 31 July 2023. In the event that any Director hold office for only part of the financial year ending 31 July 2023, the Director's fee payable to him will be appropriately pro-rated.

      The total Directors' fees paid for the financial year ended 31 July 2022 did not exceed the amount of RM825,600 approved by the shareholders at the Company's Thirty Ninth Annual General Meeting held on 7 January 2022.

      The proposed Ordinary Resolution 2, if passed, is to facilitate the payment of Directors' fees as and when incurred. The Board opined that it is just and equitable for the Directors to be paid such payment on such basis upon them discharging their responsibilities and rendering their services to the Company.

   iii. **To re-elect the retiring Directors (Ordinary Resolution 3, 4, 5, 6 and 7)**

      Clause 110 of the Company's Constitution expressly states that at the Annual General Meeting ("AGM") in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then, the number nearest to one-third shall retire from office and be eligible for re-election. Whereas Clause 117 of the Company's Constitution provides that any Director so appointed either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

      Pursuant to Clause 110 of the Company's Constitution, Tan Pui Suang, Beh Chern Wei (Ma Chengwei) and Gan Pee Yong whereas pursuant to Clause 117, Dr. Lim Boh Soon and Wee Beng Chuan are standing for re-election at this AGM. The profile of the aforesaid Directors standing for re-election are provided on pages 18 to 22 of the Directors' Profile in the 2022 Annual Report.

      The Nomination Committee ("NC") of the Company has assessed the evaluation, criteria contribution of the directors and assess the fit and proper criteria of the respective directors standing for re-election in recommending their re-election. The Board also have endorsed the NC's recommendation that the retiring Directors be re-elected as Directors of the Company.

iv. Re-appointment of Auditors (Ordinary Resolution 8)

Ordinary Resolution 8, pursuant to Section 273(b) of the Act, the term of office of the present Auditors, Messrs KPMG PLT, shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office.

Messrs KPMG PLT, have indicated their willingness to continue their service. The re-appointment of Messrs KPMG PLT as Auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This proposed Ordinary Resolution 8, if passed, will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

5. Explanatory Notes on Special Business

i. Proposed Authority to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016 (Ordinary Resolution 9)

The proposed Ordinary Resolution 9, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company up to an amount not exceeding in total ten percent (10%) of the total number of issued shares of the Company for such purposes and to such person or persons as the Directors in their absolute discretion consider to be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The mandate sought under Ordinary Resolution 9 above is a renewal of an existing mandate. There was no issuance of share and thus no proceed being raised since the last renewal was sought.

The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital, repayment/paring down of borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

ii. Proposed Renewal of Shareholders' Approval for Share Buy-Back (Ordinary Resolution 10)

The proposed Ordinary Resolution 10, if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information on the Proposed Share Buy-Back, please refer to Part A, the Statement/Circular to the Shareholders of VSI dated 29 November 2022 which was circulated together with the Company's 2022 Annual Report.

iii. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") (Ordinary Resolution 11, 12, 13 and 14)

The proposed Ordinary Resolution 11 to 14, if passed, will authorise the Company and/or its subsidiaries to enter into RRPTs with the respective related parties as set out in Section 2.3, Part B, the Statement/Circular to the Shareholders of VSI dated 29 November 2022. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information on the Proposed Renewal of Shareholders' Mandate for RRPTs, please refer to the Statement/Circular to the Shareholders of VSI dated 29 November 2022 which was circulated together with the Company's 2022 Annual Report.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of the shareholders at the Fortieth Annual General Meeting, a final dividend of 0.4 sen per ordinary share for the financial year ended 31 July 2022, will be paid on 3 February 2023 to those registered in the Record of Depositors at the close of business on 20 January 2023.

A depositor shall qualify for entitlement to dividend only in respect of:

a. Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 20 January 2023 in respect of ordinary transfers; and

b. Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. RE-ELECTION OF DIRECTORS

There is no person seeking for election as Director of the Company at this Annual General Meeting except for the following Directors standing for re-election at the Fortieth Annual General Meeting of the Company:-

(a) Tan Pui Suang	- Clause 110	Ordinary Resolution 3
(b) Beh Chern Wei (Ma Chengwei)	- Clause 110	Ordinary Resolution 4
(c) Gan Pee Yong	- Clause 110	Ordinary Resolution 5
(d) Dr. Lim Boh Soon	- Clause 117	Ordinary Resolution 6
(e) Wee Beng Chuan	- Clause 117	Ordinary Resolution 7

The details of the Directors who are standing for re-election are set out in the Profile of the Board of Directors on pages 18 to 22 in this Annual Report.

Information on securities holdings in the Company by the Directors standing for re-election are set out on pages 204 to 205 and page 208 of the Annual Report.

2. GENERAL MANDATE FOR ISSUE OF SECURITIES PURSUANT TO PARAGRAPH 6.03(3) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The general mandate for issuance of shares by the Company under Section 75 and 76 of the Companies Act 2016 is for the purpose of granting renewal of the mandate obtained from its shareholders at the 39th Annual General Meeting held on 7 January 2022. The Company did not issue any shares pursuant to this mandate obtained.

The purpose of this general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital, repayment/paring down of borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

This page has been intentionally left blank.

TM

V.S. INDUSTRY BERHAD
Registration No. 198201008437 (88160-P)
(Incorporated in Malaysia)

FORM OF PROXY

No. of Shares held	CDS Account No

*I/We ....
*NRIC No./Passport No./Company No. ....
of .... and telephone
no./email address .... being a *member/members
of **V.S. Industry Berhad** (the "Company"), hereby appoint:

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

***and/or**

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing *him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Fortieth Annual General Meeting of the Company, to be held at Iskandar Ballroom, Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan, Puteri Harbour, 79000 Iskandar Puteri, Johor Darul Takzim, Malaysia on Friday, 6 January 2023 at 10.30 a.m. or at any adjournment thereof.

Please indicate with an "**X**" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

NO.	ORDINARY RESOLUTIONS:	FOR	AGAINST	ABSTAIN
1	Approval of a final dividend of 0.4 sen per ordinary share for the financial year ended 31 July 2022			
2	Approval of Directors' fee for the financial year ending 31 July 2023, to be payable on quarterly basis in arrears.			
3	Re-election of retiring Director, Tan Pui Suang			
4	Re-election of retiring Director, Beh Chern Wei (Ma Chengwei)			
5	Re-election of retiring Director, Gan Pee Yong			
6	Re-election of retiring Director, Dr. Lim Boh Soon			
7	Re-election of retiring Director, Wee Beng Chuan			
8	Re-appointment of Messrs KPMG PLT as Auditors and authorise the Directors to fix their remuneration			
9	Authorise Directors to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016			
10	Renewal of Shareholders' Approval for Share Buy-Back			
11	Renewal of Shareholders' Mandate for RRPTs with V.S. International Group Limited, its subsidiaries and associates			
12	Renewal of Shareholders' Mandate for RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd			
13	Renewal of Shareholders' Mandate for RRPTs with Beeantah Pte. Ltd.			
14	Renewal of Shareholders' Mandate for RRPTs with Liphup Mould Sdn. Bhd.			

Signed this _____________ day of _____________ 2022/2023

____
Signature of Member/Common Seal

*Strike out whichever is not desired.
[Unless otherwise instructed, the proxy may vote as he/she thinks fit.]

NOTES:

i. A member including Authorised Nominee of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead at the meeting. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

ii. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

iii. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple Beneficial Owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

iv. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

v. The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the Form of Proxy, duly completed must be deposited at the Registered Office of the Company situated at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim, Malaysia.

In the case of electronic appointment, the Form of Proxy must be deposited via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for the 40th AGM for further information on electronic submission Form of Proxy. All Form of Proxy submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote.

In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).

However, a member is not precluded from attending the meeting in person after lodging the instrument of proxy. Such attendance shall automatically revoke the authority granted to the proxy.

vi. A Member is permitted to give the Company notice of revocation of a person's authority to act as proxy not less than forty eight (48) hours before the time appointed for holding the meeting. The notice of revocation must be in writing and be deposited at the Registered Office of the Company situated at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim, Malaysia Office or please write in to is.enquiry@my.tricorglobal.com.

vii. Only members registered in the Record of Depositors as at 30 December 2022 shall be eligible to attend the meeting or appoint a proxy to attend, participate, speak and vote on his behalf.

viii. Please bring along the ORIGINAL of the following documents (whichever applicable) for verification purposes at the registration counter:-

(a) Identity Card (NRIC for Malaysian), or
(b) Police report (for loss of NRIC for Malaysian), or
(c) Passport (for Foreigner).

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 40th Annual General Meeting dated 29 November 2022.

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP
HERE

The Company Secretary
V.S. INDUSTRY BERHAD
(Registration No. 198201008437 (88160-P))

Suite 9D, Level 9
Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim, Malaysia

1st Fold Here

CORPORATE DIRECTORY

HEADQUARTERS

MALAYSIA

No. 88, Jalan I-Park SAC 5
Taman Perindustrian I-Park SAC
81400 Senai
Johor Darul Takzim
Tel No : 607-552 8888
Fax No : 607-552 8899
Website : www.vs-i.com

SUBSIDIARY COMPANIES

MALAYSIA

V.S. Plus Sdn. Bhd.
PLO 129, Jalan Cyber 5
Kawasan Perindustrian Senai III
81400 Senai
Johor Darul Takzim
Tel No : 607-598 3000
Fax No : 607-598 2000

PLO 39, Jalan Perindustrian 4
Kawasan Perindustrian Senai II
81400 Senai
Johor Darul Takzim
Tel No : 607-599 4199
Fax No : 607-599 5845

Lot 214, Jalan Seelong
81400 Senai
Johor Darul Takzim
Tel No : 607-596 8989
Fax No : 607-596 8800

V.S. Electronics Sdn. Bhd.
PLO 47, Jalan Perindustrian 1
Kawasan Perindustrian Senai II
81400 Senai
Johor Darul Takzim
Tel No : 607-597 3199
Fax No : 607-599 7608

V.S. Technology Sdn. Bhd.
PLO 7, Jalan Perindustrian
Kawasan Perindustrian Senai I
81400 Senai
Johor Darul Takzim
Tel No : 607-599 5050
Fax No : 607-599 5479

Skreen Fabric (M) Sdn. Bhd.
Skreen Fabric Marketing Sdn. Bhd.
PLO 46, Jalan Perindustrian 1
Kawasan Perindustrian Senai II
81400 Senai
Johor Darul Takzim
Tel No : 607-595 9599
Fax No : 607-595 9598

V.S. Ashin Technology Sdn. Bhd.
Registered Office
Suite 9D, Level 9, Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim
Tel No : 607-224 1035
Fax No : 607-221 0891

V.S. Integrated Management Sdn. Bhd.
Registered Office
Unit 901, Level 9, City Plaza
21, Jalan Tebrau
80300 Johor Bahru
Johor Darul Takzim
Tel No : 607-333 1898
Fax No : 607-333 0899

INDONESIA

PT. V.S. Technology Indonesia
Jl. Cendana Raya
Blok F.10 No. 06B
Kawasan Industri Delta Silicon III
Lippo Cikarang Bekasi
17550 Indonesia
Tel No : 62-212 9288 998
Fax No : 62-212 9617 877

SINGAPORE

VS Marketing & Engineering Pte. Ltd.
Serumi International Private Limited
V S International Venture Pte. Ltd.
Guardian South East Asia Pte. Ltd.
Registered Office
Vision Exchange
2 Venture Drive
#13-08
Singapore 608526

HONG KONG

V.S. International Group Limited
Registered Office
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business
40th Floor, Jardine House
1 Connaught Place
Central, Hong Kong

V.S. Industry™

Passion to grow your business™

V.S. INDUSTRY BERHAD
(Registration No.198201008437 (88160-P))

No. 88 Jalan I-Park SAC 5
Taman Perindustrian I-Park SAC
81400 Senai
Johor Darul Takzim

Tel: 607-552 8888
Fax: 607-552 8899

Website : www.vs-i.com