V.S. Industry™

Passion to grow your business™

V.S. INDUSTRY BERHAD

(Registration No.198201008437 (88160-P))

ANNUAL REPORT

2023

PROGRESSING AHEAD

NURTURING SUSTAINABILITY

PROGRESSING AHEAD

NURTURING SUSTAINABILITY

COVER RATIONALE

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

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 16 consecutive years from 2007 to 2022.

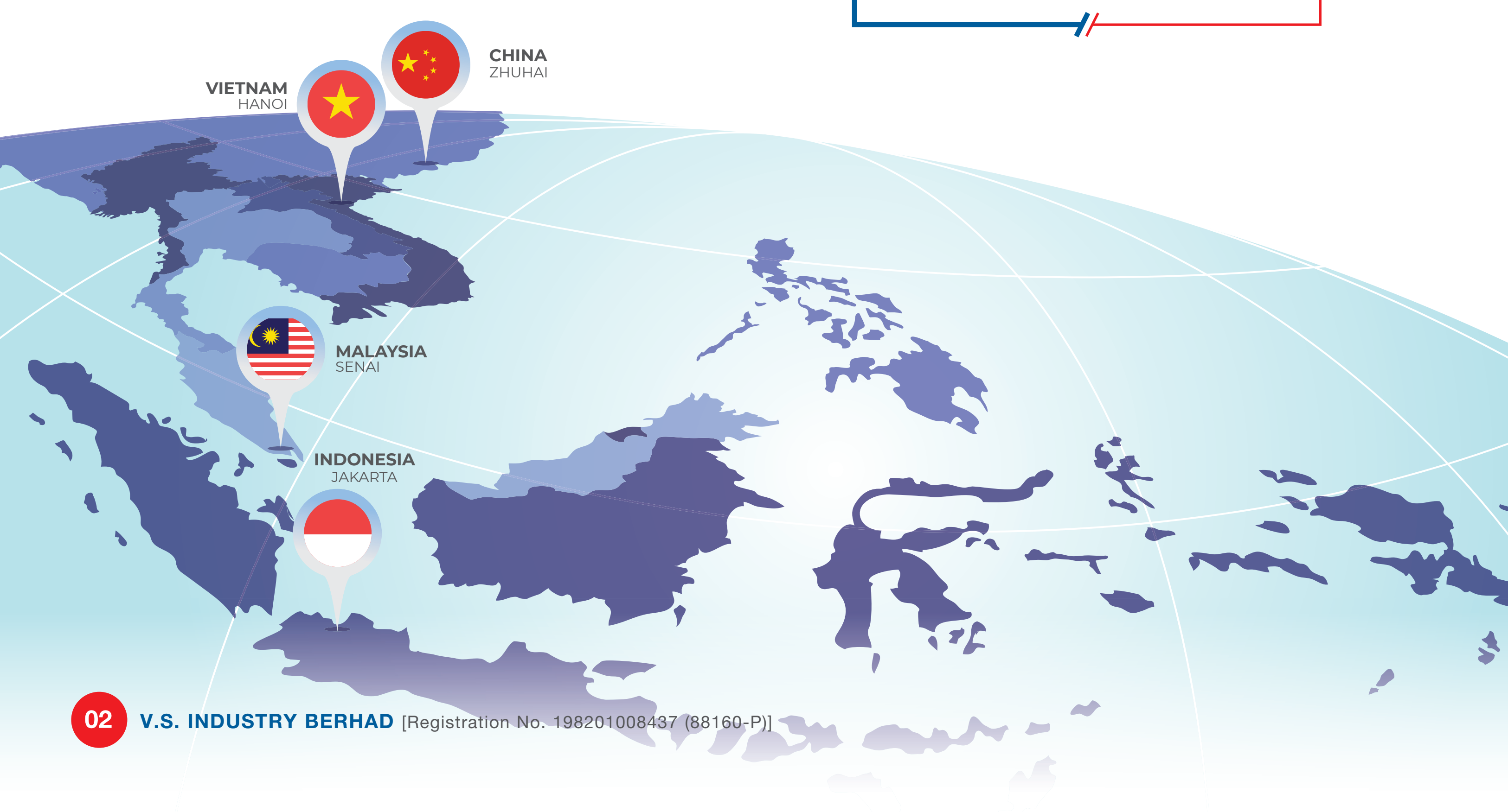
Together with our Hong Kong Stock Exchange listed subsidiary V.S. International Group Limited, VS has advanced manufacturing facilities located in Malaysia, China, Indonesia and Vietnam, which collectively employ a workforce of more than 11,000 people. The VS Group offers one-stop manufacturing solutions 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.

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

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.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Beh Kim Ling
Executive Chairman

Datuk Gan Sem Yam
Managing Director

Dato' Gan Tiong Sia
Executive Director

Ng Yong Kang
Executive Director

Beh Chern Wei (Ma Chengwei)
Executive Director

Gan Pee Yong
Executive Director

Tan Pui Suang
Independent Non-Executive Director

Wong Cheer Feng
Independent Non-Executive Director

Dr. Lim Boh Soon
Independent Non-Executive Director

Wee Beng Chuan
Independent Non-Executive Director

Lee Li Ming
Independent Non-Executive Director

Dato' Lai Kim Seong
Independent Non-Executive Director

Chong Chin Siong
Alternate Director to Beh Chern Wei (Ma Chengwei)

AUDIT COMMITTEE

Wee Beng Chuan (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)
Dr. Lim Boh Soon
Wee Beng Chuan

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
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

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
Email: boardroom-kl@boardroomlimited.com (General)

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

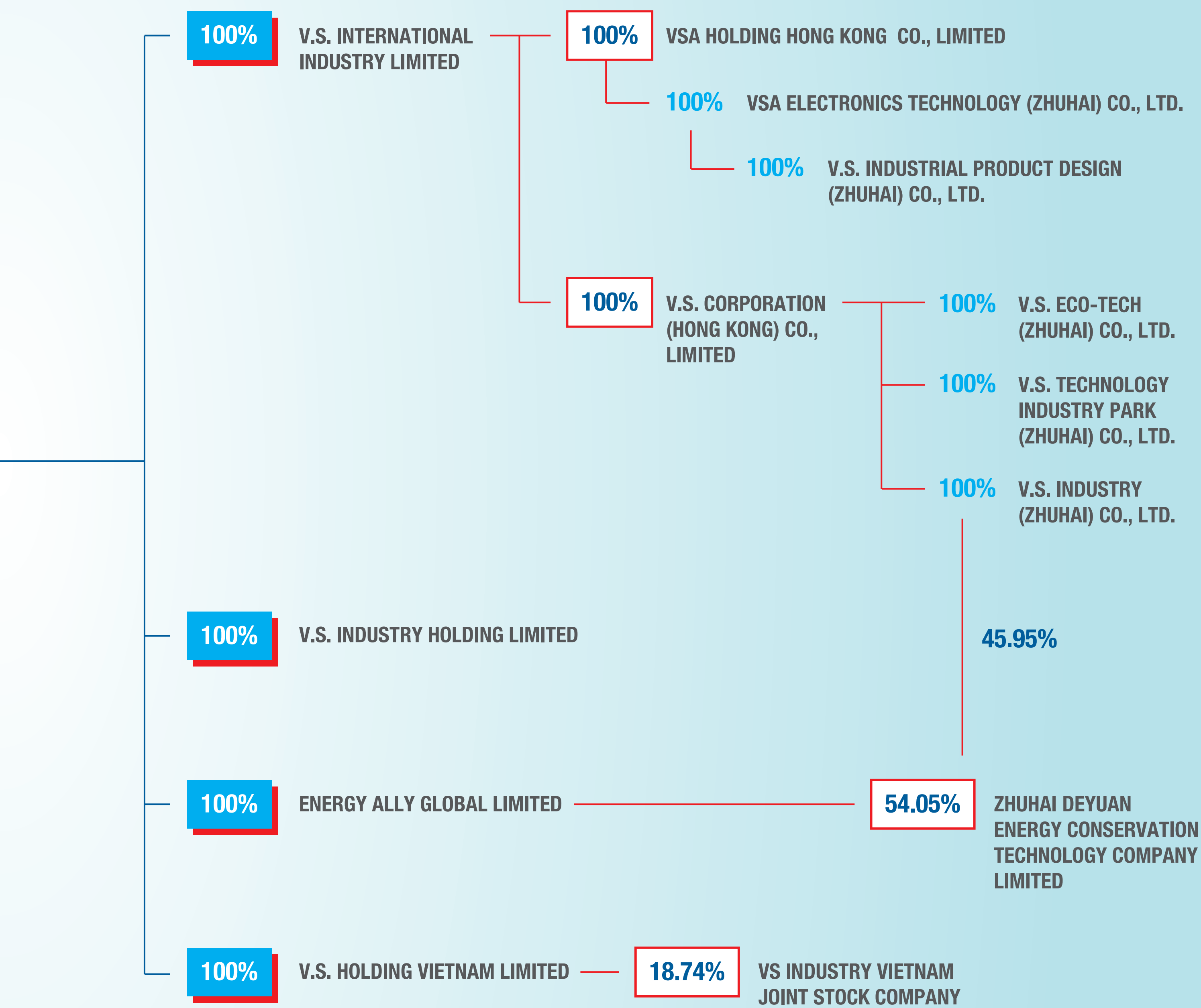
Main Market
Bursa Malaysia Securities Berhad
Bursa Code : 6963
Reuters Code : VSID.KL
Bloomberg Code : VSI MK

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.
- 100% SKREEN FABRIC (M) SDN. BHD.
  - 100% SKREEN FABRIC MARKETING SDN. BHD.
- 100% VS CAPITAL MANAGEMENT SDN. BHD.
- 80.07% V.S. ASHIN TECHNOLOGY SDN. BHD.
- 51% HT PRESS WORK SDN. BHD.
  - 100% HT PRESS WORK INDUSTRIES (M) 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. ECO-TECH (ZHUHAI) CO., LTD.
100%
V.S. TECHNOLOGY INDUSTRY PARK (ZHUHAI) CO., LTD.
100%
V.S. INDUSTRY (ZHUHAI) CO., LTD.
45.95%
100%
V.S. INDUSTRY HOLDING LIMITED
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

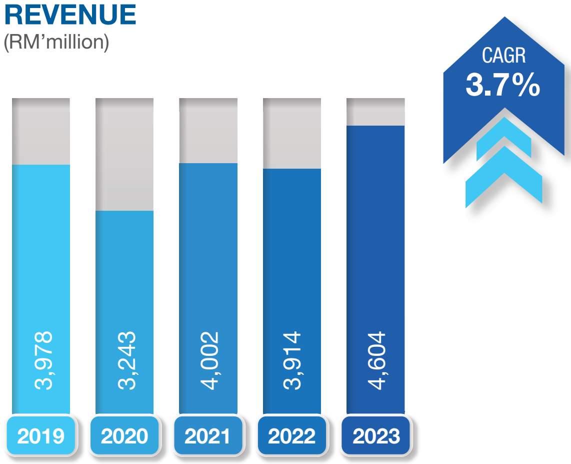
FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY

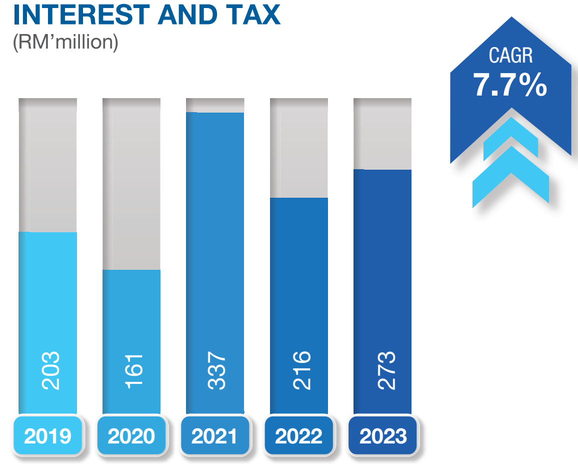
For the Financial Year Ended 31 July (RM '000)	2023	2022 (Restated)	2021^	2020^	2019^
Revenue	**4,604,221**	3,914,059	4,002,281	3,243,192	3,978,350
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	**393,540**	334,673	438,587	253,152	302,252
Earnings before Interest and Tax ("EBIT")	**273,433**	215,968	337,116	161,337	203,069
Share of Results of Associates	**1,539**	(520)	(663)	2,264	(2,181)
Profit before Tax ("PBT")	**245,342**	205,759	329,130	153,362	181,856
Net Profit after Minority Interest	**178,793**	170,760	245,351	116,478	165,394
Total Dividends Paid	**84,674***	76,590	113,815	48,624	80,226
AS AT 31 JULY (RM '000)					
Shareholders' Funds	**2,147,190**	2,071,621	2,040,513	1,709,016	1,606,466
Share Capital	**873,515**	855,306	842,358	782,947	753,077
Reserves (Net of Treasury Shares at Cost)	**1,273,675**	1,216,315	1,198,155	926,069	853,389
Total Assets	**4,042,539**	3,792,209	3,598,384	2,833,259	3,037,600
Net Current Assets	**1,668,271**	1,103,741	1,032,359	887,339	803,704
Total Borrowings	**854,951**	600,073	404,610	252,024	428,441
Cash and Cash Equivalents	**689,273**	278,607	402,404	404,512	379,457
PER SHARE					
Basic Earnings per Share (sen)	**4.7**	4.5	6.6	3.2	4.7
Total Tax-Exempt Dividend per Share (sen)	**2.2***	2.0	3.0	1.3	2.2
Net Tangible Assets per Share (RM)	**0.56**	0.54	0.54	0.46	0.44
RETURNS (%)					
Return on Average Shareholders' Equity (%)	**8.5**	8.4	13.1	7.0	10.9
Return on Average Total Assets (%)	**4.6**	4.7	7.6	4.0	5.4
FINANCIAL ANALYSIS					
Gross Margin (%)	**9.6**	10.4	13.2	9.9	9.3
Operating Margin (%)	**5.9**	5.5	8.4	5.0	5.1
PBT Margin (%)	**5.3**	5.3	8.2	4.7	4.6
Net Margin (%)	**3.9**	4.4	6.1	3.6	4.2
Gearing (Net of Cash) (times)	**0.1**	0.1	0.0	Net cash	0.0
Interest Coverage (times)	**6.7**	17.6	46.0	15.8	10.7
Dividend Payout Ratio (%)	**47.4**	44.9	46.4	41.7	48.5

* *inclusive of proposed final dividend of 0.5 sen per share for shareholders' approval*
^ *the comparative have not been restated for the change in accounting policy*

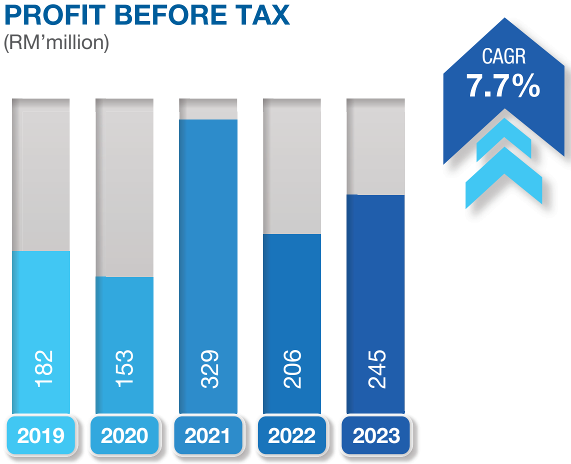
REVENUE
(RM'million)



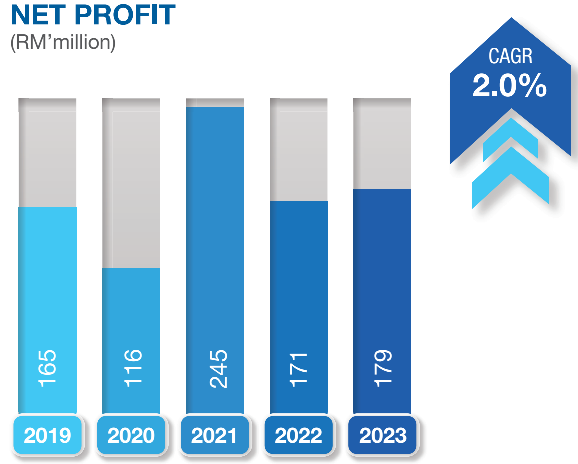
EARNINGS BEFORE INTEREST AND TAX
(RM'million)



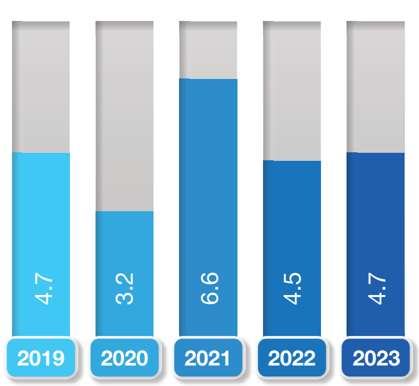
PROFIT BEFORE TAX
(RM'million)



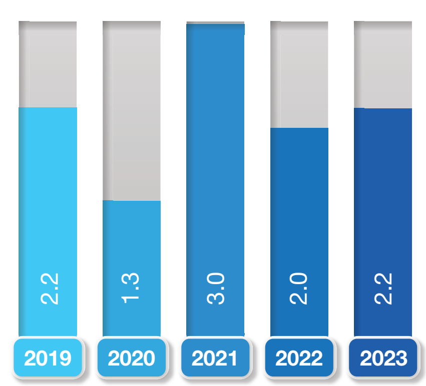
NET PROFIT
(RM'million)



BASIC EARNINGS PER SHARE
(Sen)



TAX-EXEMPT DIVIDEND PER SHARE
(Sen)



CHAIRMAN'S STATEMENT

Dear Respected Shareholders,

On behalf of the Board of Directors (the "Board") of V.S. Industry Berhad ("VS" or the "Group"), I am delighted and honoured to share with you the Annual Report for the financial year ended 31 July 2023 ("FY2023").

In FY2023, high inflationary pressures were notable throughout the year, influenced by numerous global factors that included rising cost environment, increased money supply, ongoing conflict in Ukraine and evolving dynamics in the US-China relations. These factors presented a challenging landscape for VS, yet we have, once again, adeptly navigated it and even delivered our highest-ever revenue of RM4.60 billion in FY2023, with a profit attributable to owners of the company ("net profit") of RM178.8 million.

Revenue
RM4.60 billion

Net Profit
RM178.8 million

ECONOMIC CLIMATE

As the world worked towards healing from the effects of the Coronavirus disease 2019 ("Covid-19") pandemic, there was a promising and gradual economic recovery on both the global and domestic fronts. However, this recovery was subsequently hindered by persistent post-pandemic challenges, that are compounded by the abovementioned geopolitical tensions.

The surge in inflation has posed a significant challenge for many economies, prompting central banks across the world to respond by increasing interest rates to combat inflationary pressures. However, this approach has sparked growing market apprehension towards the possibility of economic recession, fostering market uncertainties on both global and domestic levels. The situation is further exacerbated by supply chain disruptions, labour and materials shortages, and volatility in commodity prices, all of which translated into mounting challenges to businesses.

On the local front, Malaysia's economic recovery has seen a more positive turn, marked by a noticeable uptick in business activities following the Government's reopening of the economy. The Ministry of Finance ("MoF") reported that the country's gross domestic product ("GDP") showed robust growth, reaching 8.7% in 2022, a significant increase compared to the 3.1% growth registered in 2021. The country sustained its positive trend through the first quarter of 2023, maintaining a growth rate of 5.6%. However, this trend faltered in the subsequent quarter, with the economy growing only 2.9% in the second quarter of 2023, as announced by the Bank Negara Malaysia ("BNM").

BUSINESS OVERVIEW

At VS, the business operating environment remained demanding stemming from the global market uncertainties. The Group had to proactively manage various headwinds such as rising costs - electricity, labour and financing expenses, against the backdrop of weaker consumer sentiments and reduced purchasing power.

On a brighter note, the issues of global supply chain disruption and labour shortage have eased, which were certainly good news for us. Additionally, we have experienced increase in sales orders since the second half of the financial year that enabled us to close FY2023 on a strong note with an all-time high turnover.

Despite the taxing landscape, we continue to invest in our capacity and capabilities to preserve our competitive edge and seize any good opportunities that may arise. The Group had invested approximately RM90.7 million in capital expenditure during FY2023. Part of it were utilised on enhancing our printed circuit board assembly division while some were spent on upgrading existing machinery and equipment.

Apart from that, VS also successfully completed the installation of a solar photovoltaic ("PV") system at our headquarters, I-Park @ Senai Airport City, Senai, Johor. The solar PV system is now in operation and initial data has been promising. The Group has plans to expand this solar PV system to other facilities as part of our commitment towards Environmental, Social, and Governance ("ESG").

PROSPECTS FOR FY2024

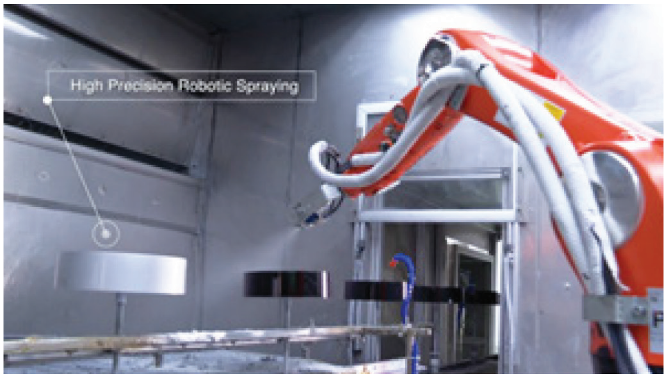
Forging ahead, while we expect the business operating conditions to remain challenging, we are keeping a cautiously positive view on our prospects. Planned new model launches by our customers bodes well for our sales order given that we have ready capacity and capabilities to cater to this. At the same time, we are also mindful of the prevailing uncertainties in the global economy.

On the other hand, the Group is also excited with the acquisition of HT Press Work Sdn. Bhd. ("HTPW"). We completed the acquisition of an additional 11% equity interest in HTPW in October 2023 for RM2.6 million. Along with the 40%-stake that was first acquired earlier in May 2023, HTPW is now a 51%-owned subsidiary of the Group.

This is a synergistic move as we can harness their expertise to elevate our value chain within our tools and die design and fabrication, machining and surface finishing division. This expands our portfolio of manufacturing services and reinforce our standing as a fully integrated electronics manufacturing services provider.

In other development, our special business development taskforce chartered good progress in the discussions with prospective customers. At the same time, the Group is also in active dialogue with existing customers on our ability to scale up our production output to support their expansion plans.

All things considered, the outlook of the Group continues to be bright, underpinned by the abovementioned factors and the opportunities ahead. We are confident to sail past the headwinds by leveraging on our in-depth experience, proven track record and healthy balance sheet.



APPRECIATION

On behalf of the Board, I would like to give my sincere gratitude to our management and staff at VS for their dedication and determination. With their steadfast support, we delivered yet another successful year, FY2023, despite the taxing economic environment.

My heartfelt thanks go to all our other stakeholders, including our shareholders, customers, business partners, bankers, and suppliers, to name a few. Their patience and trust have been instrumental towards our success, and we look forward to their continued support in the future.

Now, I would like to extend a warm welcome to Ms Lee Li Ming and Dato' Lai Kim Seong as our Independent Non-Executive Directors effective August 2023. Their extensive experience and expertise in their respective fields will certainly enhance the diversity and strength of the Board. On the same note, I would like to acknowledge the contributions by Mr. Diong Tai Pew to the Board and wish him all the best in his undertakings following his departure from the Board as Independent Non-Executive Director.

Last but not least, I would like to extend my deep appreciation to my fellow Board members for their invaluable guidance in steering the Group towards greater heights. It has been a pleasure working alongside them and I hope we will continue this successful collaboration to further grow VS in the future.

DATUK BEH KIM LING
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

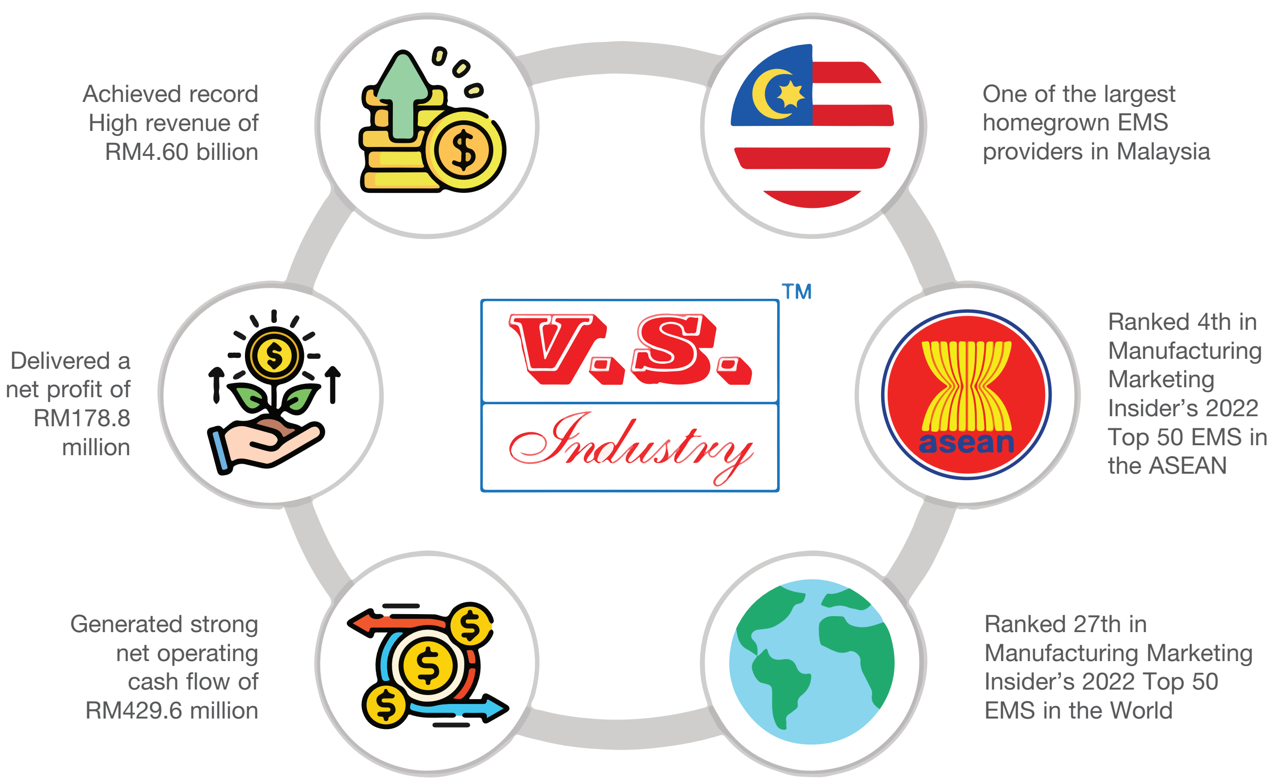
OVERVIEW

FY2023 proved to be a demanding year for us at VS due to the elevated global economic uncertainties. Various factors including geopolitical upheavals such as the Russia-Ukraine conflict, prolonged United States ("US")-China trade disputes, rising inflation and interest rates as well as concerns of a potential recession all contributed to the increase in market ambiguities. In turn, this added another layer of complexity to the already challenging business operating landscape.

It was a testing time but nevertheless, we delved deep and successfully navigated through the headwinds by leveraging on our vast experience, supported by our healthy balance sheet. VS not only persevered but in fact, delivered our highest-ever revenue of RM4.60 billion, surpassing the previous record of RM4.10 billion achieved in FY2018. Meanwhile, profit attributable to the owners of the Group ("net profit") stood at RM178.8 million.

In the global market, VS proudly holds the 27th position among the Top 50 electronics manufacturing services ("EMS") companies worldwide, as reported in the latest publication from the Manufacturing Marketing Insider. Remarkably, we have maintained our presence on this prestigious list for the past sixteen consecutive years, starting in 2007. Additionally, within the ASEAN region, the Group stands as one of the Top 5 largest EMS providers and continues to be one of the largest homegrown EMS organisations in Malaysia.

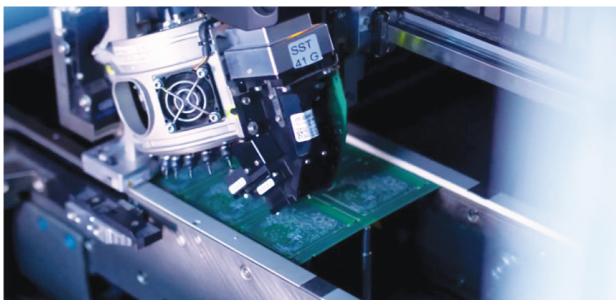
FY2023 ACHIEVEMENT HIGHLIGHTS

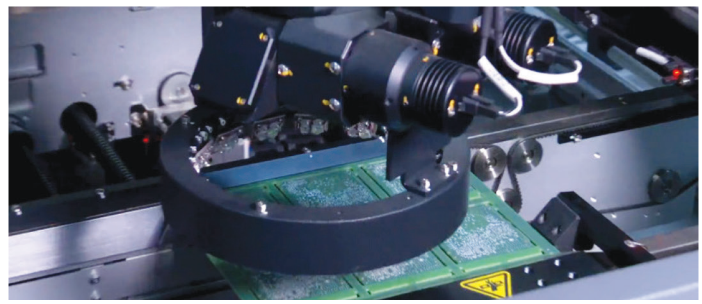


BUSINESS AND OPERATIONAL REVIEW

The business operating conditions were indeed arduous as a result of the factors mentioned earlier. These challenges have led to rising cost of living and in turn, affected consumer sentiments and purchasing power. Consequently, this impacted the demand from our customers. Additionally, we also experienced hike in operating costs such as electricity, labour and financing that further burdened the situation.

In light of this, we had to carefully manage our production to optimise our utilisation and keep cost in check. On a brighter note, previous pressing concerns such as labour shortage and supply chain disruptions have subsided as we recruited adequate number of foreign workers at the start of FY2023, while the supply chain environment has improved.





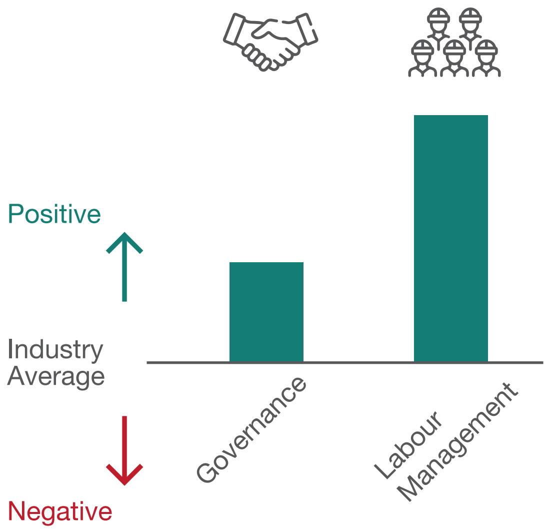
Despite the tough landscape, we remained steadfast in enhancing our capacity and continued to invest in new equipment. For our printed circuit board assembly ("PCBA") division, we expanded the facility and purchased new PCBA machines to expand our production lines.

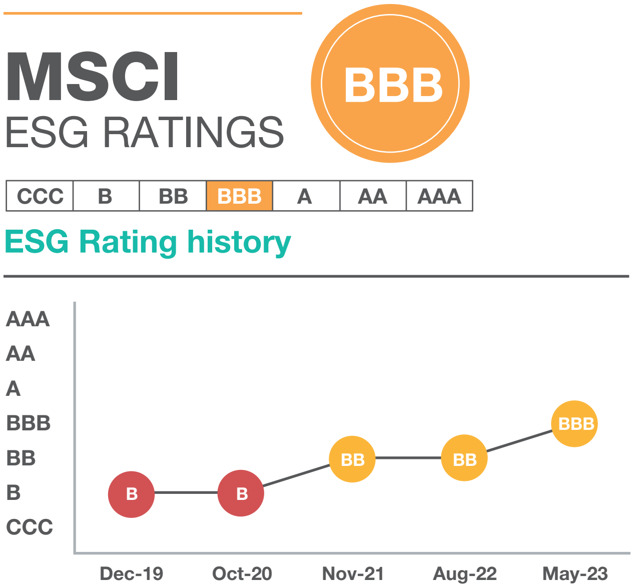
Beyond Malaysia, our production utilisation in Indonesia remains satisfactory with stable order flow from our customers. As for our operations in China, underutilisation of capacity continues to be an ongoing issue due to the overall taxing operating environment in the country. Therefore, our efforts remain on the implementation of our asset-light strategy with streamlined operations. We are maintaining minimal property, plant and equipment ("PPE") required for ongoing operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

ESG is core to us at VS and is pivotal in constructing a sustainable long-term business. To ensure long-term value for our stakeholders, it is essential to consider these factors and apply adaptability to both our business and operational approach as necessary. By taking proactive steps today, we can shape a brighter future. In FY2023, we are proud to share that the Group charted good progress on our sustainability journey as we remain dedicated to allocating resources and efforts on this front.

In the financial year under assessment, we have completed the installation of solar photovoltaic ("PV") system at our I-Park @ Senai Airport City, Senai, Johor facility. The solar PV system is now in operation and while we continue to closely monitor the data, we are pleased to share that the initial results have been very encouraging. This is certainly good news for us and the environment as we have plans and allocated capital expenditure ("CAPEX") to continue installing more solar PV systems across our facilities.





ESG Rating history shows five most recent rating actions

The positive progress made on the Group's ESG initiatives was reflected in our MSCI ESG Rating, which improved to "BBB" from "BB". MSCI ESG Rating aims to measure a company's management of financially relevant ESG risks and opportunities. It is noteworthy to mention that our labour management was ranked well above the industry average.

FTSE4Good

Separately, VS also maintained our 4-star rating in the latest FTSE4Good Bursa Malaysia ("F4GBM") Index semi-annual review in June 2023, having been a member since June 2018. A 4-star rating, which is the highest ranking, represents the top 25% ESG ratings amongst public-listed companies in the FBM Emas Index that have been assessed by FTSE Russell. Our inclusion and rating for this Index reflects our constant pursuit towards sound corporate governance and good sustainable practices.

In addition, we wish to reiterate our affiliation with the Responsible Business Alliance ("RBA"), the largest industry coalition worldwide devoted to corporate social responsibility in the global supply chains, as an integral part of our dedication to sustainability. The Group adheres to the RBA's code of conduct, which delineates ethical practices within the electronics industry aimed at fostering equitable and secure working conditions, the adoption of environmentally friendly manufacturing processes and the welfare of workers. VS has been a member of the RBA since December 2018, and our primary facilities are in full compliance with RBA standards.

Responsible Business Alliance
Advancing Sustainability Globally

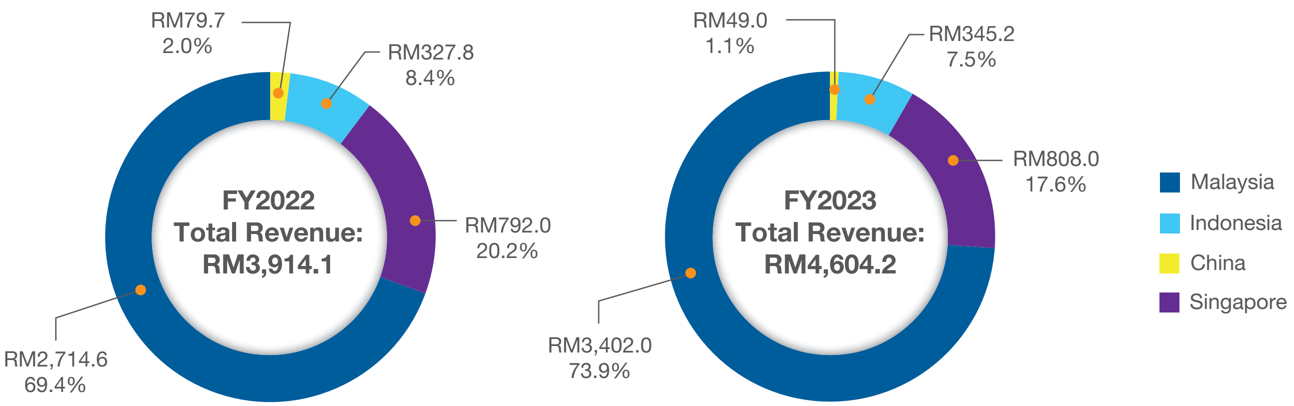
Meanwhile, Sustainalytics by Morningstar retained its ESG risk rating of "negligible risk," the lowest risk category, with a rating of 9.5 for VS. Morningstar Sustainalytics is one of the global leaders in ESG research and data, serving the world's leading institutional investors and corporations.

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

FY2023 revenue rose 17.6% year-on-year ("YoY") to an all-time high of RM4.60 billion as compared to RM3.91 billion a year ago. The double-digit improvement was predominantly attributed to higher sales orders from existing key customers. It is noteworthy to mention that this is the Group's best-ever top-line performance in its history, which surpassed the previous high of RM4.10 billion achieved in FY2018.

REVENUE BREAKDOWN BY COUNTRY (RM' MILLION)



Looking at the revenue breakdown by country, Malaysia accounted for the lion's share of FY2023 total turnover at RM3.40 billion or 73.9%. This was an improvement of 25.3% YoY from RM2.71 billion in the prior year. Subsequently, the Malaysia segment recorded a profit before tax ("PBT") growth of 7.4% to RM251.4 million in the financial year under review versus RM234.0 million in FY2022. The top- and bottom-line improvement were largely driven by stronger sales orders from our customers. However, the bottom-line recorded a smaller expansion vis-à-vis revenue as operational costs remained heightened with higher labour cost, electricity tariff and financing cost.

Revenue from Singapore came in at RM808.0 million in FY2023, which was an increase of 2.0% YoY from RM792.0 million in the previous year on the back of higher demand. PBT for the financial year under review jumped to RM4.3 million as compared to RM0.4 million a year ago. The larger-than-proportionate growth in PBT was chiefly attributed to the absence of allowance of doubtful debt of RM4.0 million. To recap, our subsidiary in Singapore serves as the marketing arm for our operations in Malaysia.

Segmental PBT (RM' million)	FY2022	FY2023
Malaysia	234.0	**251.4**
Singapore	0.4	**4.3**
Indonesia	8.4	**7.2**
China	(36.5)	**(19.1)**
Total	206.3	**243.8**

FY2023 sales from Indonesia registered a YoY growth of 5.3% to RM345.2 million from RM327.8 million a year ago, largely driven by increase in orders. Despite higher turnover, PBT for the financial year was lower at RM7.2 million in contrast to the RM8.4 million in FY2022 owing to increase in operating costs.

Meanwhile, the Group's China segment continued to be affected by the absence of large orders that arose from the highly challenging environment. FY2023 revenue was lower at RM49.0 million versus RM79.7 million last year. The low revenue base was insufficient to cover fixed cost, which resulted in a loss before tax ("LBT") of RM19.1 million. On a positive note, the LBT was much smaller compared to RM36.5 million in FY2022, predominantly owing to the asset-light strategy adopted with streamlined operations as well as lower loss on disposal of fixed assets and impairment loss on plant and equipment.

In tandem with the top-line improvement, overall FY2023 Group Segmental PBT expanded 18.2% YoY to RM243.8 million vis-à-vis RM206.3 million in FY2022. This was primarily due to higher demand coupled with absence of impairment on investment in associate and lower impairment loss in plant and equipment recognised. Accordingly, VS delivered a net profit of RM178.8 million in FY2023. This represented a YoY growth of 4.7% from RM170.8 million in the previous year.

CAPITAL STRUCTURE AND RESOURCES

Amid macroeconomic uncertainties and difficult business environment, our strong financial position has enabled us to better withstand the headwinds and navigate the difficult terrain with strength and resilience.

As at 31 July 2023, the Group's total assets was at RM4.04 billion, a rise of 6.6% YoY from RM3.79 billion one year ago. This was chiefly due to increased cash and cash equivalents following net proceeds from the issuance of Sukuk Wakalah, as well as larger trade and other receivables which was in line with our higher turnover. As of end-FY2023, total cash and cash equivalent amounted to RM689.3 million as compared to RM278.6 million in the same period last year. It is noteworthy to mention that our inventory has reduced from a high of RM925.0 million to the current level of RM703.8 million as of 31 July 2023 on the back of normalisation of supply chain.

On the other hand, the Group's total borrowings stood at RM855.0 million at the end of the financial year under review. This was higher than the RM600.1 million in the prior year as a result of the aforementioned drawdown of Sukuk Wakalah. Consequently, our total liabilities rose 12.2% YoY to RM1.76 billion at the end of FY2023 from RM1.57 billion in the preceding year. Notwithstanding the higher borrowings, our net gearing improved to 0.07x as at 31 July 2023 from 0.14x as of FY2022 given our larger equity base.

At the close of the financial year under review, equity attributable to owners of the Group was higher at RM2.15 billion vis-à-vis RM2.07 billion in the preceding year. Meanwhile, total equity (ie. including non-controlling interests) stood at RM2.28 billion, which was broadly similar to RM2.22 billion as of end-FY2022.

VS invested approximately RM90.7 million in CAPEX during FY2023, which were mainly utilised on the expansion of our PCBA facility and lines, solar PV system 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.

As for net cash flow from operating activities ("NOCF"), VS generated a strong NOCF of RM429.6 million in FY2023, in contrast to the negative NOCF of RM65.0 million last year. The variance was mainly due to reduction in inventory level in FY2023 following stocking up of raw materials in FY2022 to mitigate supply chain disruptions.

BALANCE SHEET HIGHLIGHTS AS AT 31 JULY 2023

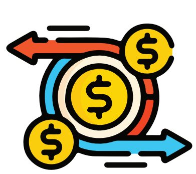
TOTAL ASSETS
RM4.04
BILLION

TOTAL EQUITY
RM2.28
BILLION

TOTAL CASH AND CASH EQUIVALENT
RM689.3
MILLION

TOTAL LIABILITIES
RM1.76
BILLION

NET OPERATING CASH FLOW
RM429.6
MILLION



NET GEARING
0.07
TIMES

OUTLOOK AND PROSPECTS

Ongoing market ambiguities are expected to persist, potentially leading to a global economic slowdown as compared to previous year. According to the International Monetary Fund ("IMF"), forecast for global economic growth in 2023 is more subdued, with a projected rate of 3.0% in both 2023 and 2024. Efforts to combat inflation through central bank policy rate increases continue to have an impact on economic activities. However, there has been a recent slowing in the pace and magnitude of interest rate hikes, with some central banks pausing, as inflationary pressures seem to have moderated.

Back home, the Ministry of Finance ("MoF") also expects a moderation in gross domestic product ("GDP") expansion with an estimated growth of 4.0% in 2023 and a range of 4.0% to 5.0% in 2024, as compared to the high base of 8.7% achieved in the prior year. Against the backdrop of slower growth, coupled with elevated cost structure stemming from rising expenses related to labour, utilities and financing, the operating environment in Malaysia is anticipated to remain challenging.

At VS, we shall continue to undertake a cautious approach as we capture the opportunities ahead to further expand our business. On the demand outlook, the Group has experienced uptick in sales over the past two quarters. We expect this momentum to sustain into the new financial year (FY2024) supported by planned new models set to be launched by our customers.

Separately, we are building new competency through acquisition to strengthen our vertical integration capability. In October 2023, the Group completed the acquisition of a 11% equity interest in HT Press Work Sdn. Bhd. ("HTPW") for a total consideration of RM2.6 million ("Acquisition"). This is additional to the 40%-stake in HTPW that VS first acquired back in May 2023. Following the completion of the Acquisition, HTPW is now a 51%-owned subsidiary of VS.

HTPW is a specialist in metal stamping, tools and die design and fabrication, machining and surface finishing of aluminium product with more than 28 years of track record. Its manufacturing facility is located in Kulai, Johor and serves a wide array of customers such as home appliances, consumer electronics and etc.

The Group is excited by the potential of HTPW and see significant collaborative opportunities with VS. This was the key driving factor in our decision to increase our equity stake in HTPW and turn it into our subsidiary. It is a synergistic move for us as we are able to leverage on HTPW's expertise to enhance our value chain within the tools and die design and fabrication, machining and surface finishing division. Ultimately, this would broaden our manufacturing services offerings and further strengthen our position as a vertically-integrated EMS provider.

Besides, VS and the vendors have established that in the event HTPW achieves the profit target (excluding non-operating gains or losses) for any financial year before 31 December 2025 of a profit after taxation ("PAT") of RM20.0 million ("Profit Target") based on the audited financial statement for the relevant financial year, VS would pay a premium equivalent to the purchase consideration ("Premium"), i.e., RM2.6 million, to the vendors. This serves as an incentive for the vendors, which aligns with the Group's interest to further unlock the potential of HTPW. We will also tap on our vast experience and wide network to fully realise the potential of HTPW.

Switching gears to the business development side, we have made encouraging headway and started pre-production at the component level for one of the prospective/new customers. Meanwhile, the Group is still in discussions with several multinational corporations ("MNCs") prospects, which are at the different stages of evaluation. We have ready land that can be utilised for production when required. To recap, VS had acquired 3 parcels of adjacent land measuring 8.9 acres in Senai, Johor back 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.

Over in Indonesia, we expect our performance in FY2024 to be satisfactory as sales order from our customers are sustaining with production utilisation to stay healthy. As for our operations in China, we will continue to place efforts on our asset-light model and operational streamlining given the favourable progress. The Group is looking to building on the positive momentum to further narrow the losses going forward.

All in all, the Group's prospects continue to be promising underpinned by the aforementioned factors, notwithstanding macroeconomic headwinds. We remain attuned to any potential challenges and shall persist in exercising prudence to ensure streamlined and efficient operations. This is further backed by our lean balance sheet with negligible net gearing, which gives us agility and serves as a strong financial buffer to navigate any unexpected contingencies. The Board opines that the financial performance of the Group for FY2024 will be satisfactory barring unforeseen circumstances.

ANTICIPATED OR KNOWN RISKS

Dependence on Major Customers

Historically, a significant portion of our revenue was derived from a few major customers without any long-term contracts. Consequently, our financial performance may be affected if we were to lose one or more of our major customers or in the event of payment default.

Recognising the risk associated with such customer concentration, VS has taken proactive steps to diversify our customer base, which has already yielded positive results. Currently, the Group enjoys a more balanced customer base and contribution, effectively reducing our dependence on a few major customers. This is an ongoing initiative as we remain in active discussions with potential customers to further broaden our customer base.

Apart from that, we are committed to continuously strengthening our competitive advantage compared to our peers through innovation and research and development ("R&D") initiatives. Therefore, ongoing dialogue with our customers is paramount in adapting to their evolving needs and fostering strong, lasting relationships with them.

Fluctuation in Foreign Currency Exchange Rates

As an export-oriented manufacturer, we engage in transactions using various currencies, including the United States Dollar ("USD"), Singapore Dollar ("SGD"), and Euro, among others. Hence, unfavourable fluctuations in these currencies could potentially negatively affect our financial performance. To proactively manage this risk, we closely monitor the volatility in foreign exchange rates and will assess the need to enter into foreign currency hedging contracts when deemed necessary as part of our risk mitigation strategy.

Operational Risk

The smooth and efficient operations of our production are crucial to our business, as any disruptions or unplanned shutdowns at our manufacturing facilities can have detrimental effects on our performance. In mitigation, the Group has proactively secured adequate insurance policies that offer comprehensive coverage against fire, burglary and personal accidents for our facilities and workers. However, it is crucial to acknowledge that certain external business risks lie beyond our control. These include natural disasters, pandemics, civil unrest, and general strikes, all of which have the capacity to substantially and adversely affect our operations. At the same time, we continue to implement automation solutions where financially and economically feasible in order to reduce our reliance on manual labour.

Supply Chain Disruptions

Like many other businesses, we are exposed to the risk of potential supply chain disruptions that could result in operational interruptions. To mitigate this risk, the Group has implemented diligent measures where we closely monitor the situation and maintain close communication with our suppliers to assess the likelihood of disruptions. Our long-standing relationships with key suppliers also prove advantageous in managing this risk.

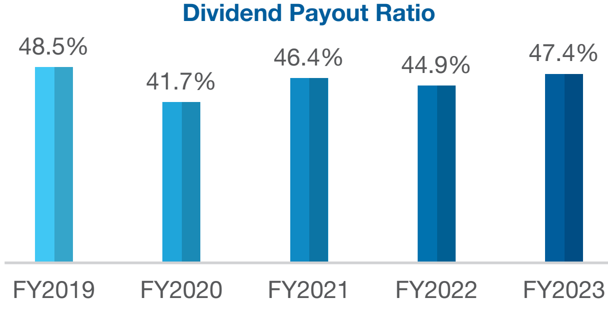
Moreover, we maintain sufficient levels of raw materials and inventory as part of our comprehensive risk management strategy. For example, during the global supply chain disruptions in FY2022, we managed to stock up our raw materials inventory to minimise interruptions to operations. The supply shortage issue has since eased in FY2023 and our inventory level is now gradually trending back to normalisation.

DIVIDENDS

In the financial year under review, the Board has declared a total of 1.7 sen per share and proposed a final dividend of 0.5 sen subject to shareholders' approval at the upcoming annual general meeting. Total dividend per share for FY2023 amounts to 2.2 sen. This represents a 47.4% payout based of FY2023 earnings per share of 4.66 sen, exceeding the Group's dividend policy of a 40% payout of net profit.

FY2023
DIVIDEND
PAYOUT
47.4%

Dividend Payout Ratio



Datuk Gan Sem Yam
Managing Director

DIRECTORS' PROFILE

DATUK BEH KIM LING
Executive Chairman

Age	**65**
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.

Datuk Beh 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").

Datuk Beh 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 31 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	**67**
Gender	**Male**
Nationality	**Malaysian**

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

Datuk Gan 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 31 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	**63**
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.

Dato' Gan 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 31 to the financial statements. He has not been convicted of any offences within the past five (5) years.

NG YONG KANG

Executive Director

Age	62
Gender	Male
Nationality	Malaysian

Ng Yong Kang joined the Board on 1 August 2005.

Mr. Ng 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 directors 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.

BEH CHERN WEI

Executive Director

Age	38
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, Mr. Beh 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.

Mr. Beh also sits on the board of subsidiary companies of the Company and also in 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 31 to the financial statement. He has not been convicted of any offences within the past five (5) years.

GAN PEE YONG
Executive Director

Age	38
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 31 to the financial statement. He has not been convicted of any offences within the past five (5) years.

TAN PUI SUANG
Independent Non-Executive Director

Age	52
Gender	Female
Nationality	Malaysian

Ms. 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 and is also an Independent Non-Executive Director of Guan Chong Berhad, a company listed on the Main Market of Bursa Securities Malaysia Berhad.

Ms. Tan's 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 Securities Malaysia Berhad and Senior Audit positions in Deloitte & Touche in Singapore.

Ms. Tan does not have any family relationships with any directors 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	**67**
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 of Arts (Hons) 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 directors 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.

DR. LIM BOH SOON

Independent Non-Executive Director

Age	**67**
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 working experience of more than 28 years, holding various key positions in the venture capital and private equity industry in Asia.

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 directors 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.

WEE BENG CHUAN

Independent Non-Executive Director

Age	**61**
Gender	**Male**
Nationality	**Malaysian**

Wee Beng Chuan was appointed to the Board on 25 November 2022. He is the Chairman of the Audit Committee and a member of the Nomination Committee.

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 directors 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.

DATO' LAI KIM SEONG

Independent Non-Executive Director

Age	**60**
Gender	**Male**
Nationality	**Malaysian**

Dato' Lai Kim Seong was appointed to the Board on 1 August 2023.

Dato' Lai holds a Bachelor of Science (Mathematics) from Campbell University in North Carolina, United States of America. He has amassed significant expertise through his leadership and management roles within multinational manufacturing operations landscape. This experience underscores his ability to provide valuable insights and strategic direction to V.S. Industry Berhad.

Dato' Lai does not have any family relationship with any directors or major shareholders of the Company. He does not have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

LEE LI MING

Independent Non-Executive Director

Age	**62**
Gender	**Female**
Nationality	**Malaysian**

Ms. Lee Li Ming was appointed to the Board on 1 August 2023.

Ms. Lee graduated from Queens' University of Belfast in Northern Ireland, United Kingdom with a Bachelor of Science in Computer Science and a Master of Business Administration. She is a member of Institute of Chartered Accountants in England and Wales, the Malaysian Institute of Accountants, and Chartered Tax Institute of Malaysia. Additionally, she is a licensed tax agent under Income Tax Act, 1967, and approved by the Malaysian Minister of Finance.

Ms. Lee brings more than 35 years of experience in taxation and statutory financial audit industries, of which 25 years were in taxation. Upon graduation, she worked in a Chartered Accountants practice in London for three years. Following that, she started her career in Malaysia at Arthur Andersen in 1993, and subsequently, joined Ernst & Young in 2002. She was a Partner with Ernst & Young and headed the tax practice for the Southern Region, Johor and Melaka before retiring in July 2022.

Currently, Ms. Lee serves as an Independent Non-Executive Director of Khind Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Ms. Lee does not have any family relationship with any Directors or major shareholders of the Company. She does not have any conflict of interest with the Group. She has not been convicted of any offences within the past five (5) years.

CHONG CHIN SIONG

Alternate Director to Beh Chern Wei (Ma Chengwei)

Age	**56**
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 directors 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.

SENIOR MANAGEMENT TEAM

MOHAMAD BIN YUSOF

President Director, PT. V.S. Technology Indonesia

Age 58 | 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 directors 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.

GAN PEE KE'NG

Senior General Manager

Age 55 | 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 56 | 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 directors 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.

ABOUT THIS SUSTAINABILITY STATEMENT

V.S. Industry Berhad (“VS Industry”, “VS”, the “Company or the “Group”) is unwavering in its commitment to a sustainable and responsible approach to business. This Sustainability Statement is a testament to the Group’s dedication to Economic, Environmental, Social and Governance (“EESG”) principles guiding every facet of operations. This statement provides insight into the Group’s sustainability journey, outlining initiatives, challenges and plans.

Reporting Scope and Boundary	This statement covers the operations of V.S. Industry Berhad (“VS”) and its Malaysian subsidiaries. **Note:** The reported data for FY2021 and FY2022 is restated to include in all manufacturing sites in Malaysia and Hostels.
Reporting Cycle	Annually
Reporting Period	1 August 2022 to 31 July 2023 (“FY2023”)
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 Organisation for Standardisation (ISO) 26000:2010 Guidance on Social Responsibility ● Sustainalytics ESG Risk Rating Methodology
Reporting Approach	A comprehensive and transparent approach to reporting conveys our sustainability performance, showcasing progress, challenges and impact on ESG metrics. Our commitment to data-driven disclosure ensures stakeholders are well-informed and engaged in our sustainability journey, fostering trust and accountability in our practices. In this Sustainability Statement, we have meticulously identified and shortlisted the most pertinent UNSDGs for each strategic pillar. These selected UNSDGs serve as our guiding compass, allowing us to set clear targets and Key Performance Indicators (KPIs) aligned with these global sustainability objectives. Our roadmap plan is rooted in these targets, outlining our specific initiatives and efforts to achieve them. Weaving the UNSDGs into our sustainability strategy allows us to actively contribute to a more sustainable future while ensuring transparency and accountability in our actions and impact measurement.
Reporting Principles of Materiality	VS defines materiality as material topics related to sustainability that impact value creation based on mid to long-term social changes and the needs of diverse stakeholders. The Group conducted a materiality assessment from the company’s and stakeholders’ perspectives.
Reliability of Information Disclosed	The accuracy of the Sustainability Statement’s content has been: ● Reviewed by the Sustainability Committee ● Approved by the Board of Directors
Feedback	VS places great importance on engaging with stakeholders and values their input on its sustainability reporting and performance. Please direct your feedback or inquiries to our Sustainability Management Team (Ms. Chelynn Lim) through our website’s ‘Contact Us’ section (http://www.vs-i.com).

SUSTAINABILITY AT VS

VS is committed to all-encompassing sustainability aligned with global best practices. It surpasses compliance; it's about value creation. Responsible practices benefit the environment, society and our stakeholders, delivering long-term prosperity and trust.

Sustainability at VS has evolved due to heightened customer expectations. Consequently, we have intensified our focus on sustainability and extended it to supply chain partners. Supplier audits lead to actionable plans, and our forthcoming supplier training underscores our commitment to an integrated, sustainable supply chain, aligning with a socially responsible and greener future.

Our initiatives encompass eco-friendly manufacturing, responsible sourcing, employee well-being and community engagement. We prioritise reducing carbon emissions, minimising waste and enhancing energy efficiency. Promoting diversity and inclusivity is a top priority, and we invest in employee development and board diversity. Our sustainable sourcing approach ensures ethical supplier relationships. We aim to create innovative, environmentally friendly products, emphasising transparency and accountability in the reporting progress. Ultimately, our sustainability focuses on being a responsible steward, balancing economic success with environmental and social well-being.

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.

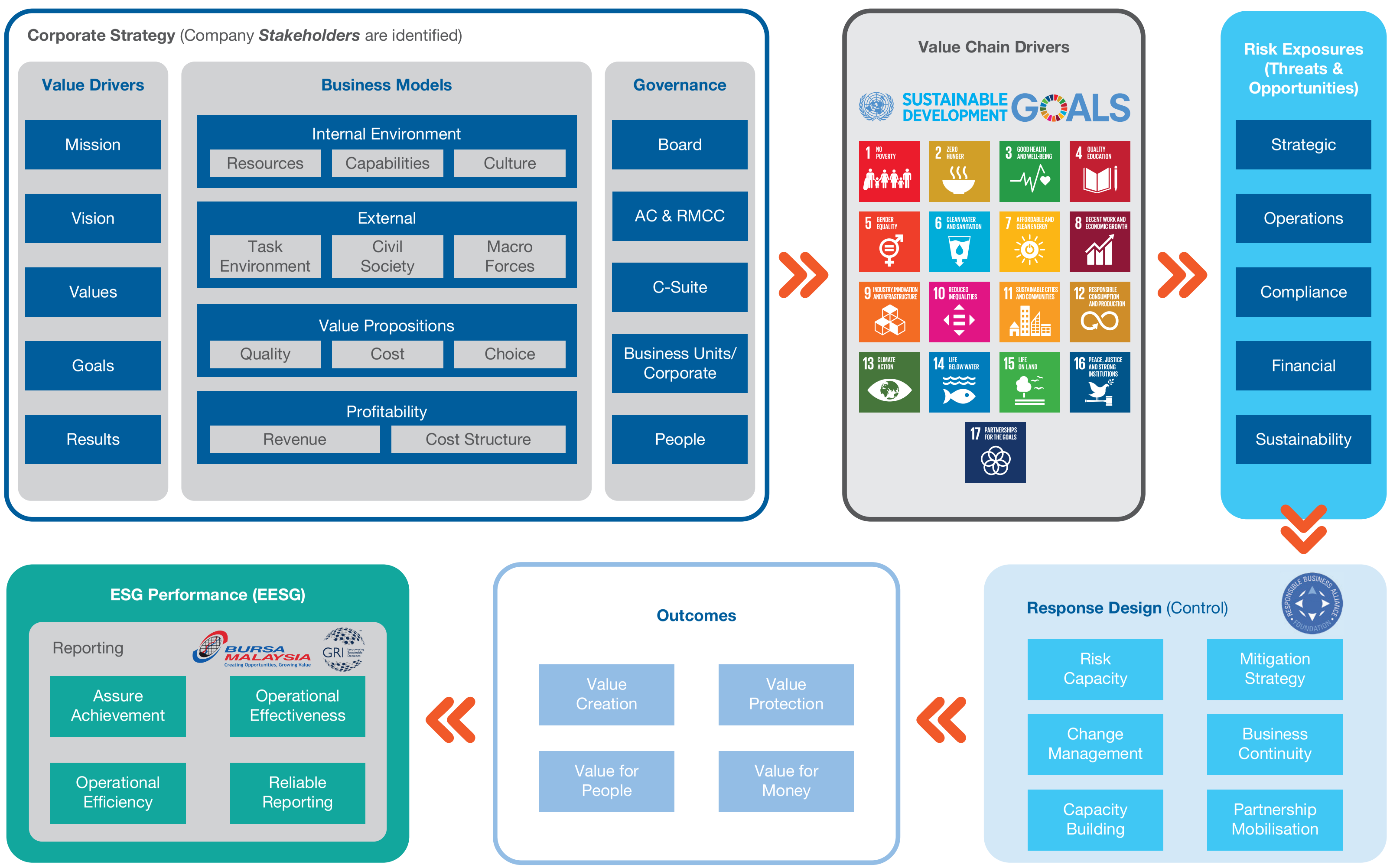
VS Sustainability Policy covers the following commitment:

- Ensuring suppliers' compliance with the highest ethical standards
- Complying to regulations with regards to the environment, occupational, safety and health
- Practicing 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

SUSTAINABILITY REPORTING FRAMEWORK

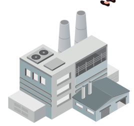
The VSI Sustainability Reporting Framework formalises our approach to key elements to enhance stakeholder value and company performance. This framework utilises our corporate strategy as the foundation for making sustainability-related information more relevant to our business and stakeholders. It offers insights into integrating sustainability and stakeholder expectations into our long-term strategy and governance.

By aligning with the UNSDGs, we identify risk exposures, allowing us to develop appropriate responses and controls that optimise stakeholder value and company performance. Ultimately, disclosing and reporting on pertinent sustainability matters and material indicators bolsters stakeholder trust in the company.



VALUE CREATION MODEL

VS Industry's Sustainability Value Creation Model integrates the six capitals: Financial, Manufactured, Intellectual, Natural, Human, and Social & Relationship. This holistic approach promotes responsible resource allocation, innovation and stakeholder engagement to drive sustainable value, fostering a harmonious balance between economic success and social and environmental well-being.

Capitals	Focus Areas	Input	Value Created	Output	UNSDGs
 **Financial** • RM2.15 billion net assets • 53.11% equity ratio • RM 4.04 billion total assets  **Manufactured** • 12 manufacturing sites  **and Intellectual** • Broad-ranging knowledge and technological capabilities • Systems and know-how	Sustainability-led innovation	• 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.	Long-term sustainable returns are generated for investors through a sustainable design and manufacturing process. The business is sustained through continuous investment and growth 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 437,850 GJ energy and 819,976 m^3 water	Low-carbon environment	• Waste and natural resources • Biodiversity and conservation • Resources and utilities	• Working with supply chain partners, we promote energy-efficient electronic solutions and build a low-carbon impact. • We have made a considerable effort to ensure that all products comply with RoHS Requirements.	Operations have minimal environmental impact, and the Group is committed to addressing climate issues.	6 Clean water and sanitation 7 Affordable and clean energy 12 Responsible consumption and production 13 Climate action
 **Human** • 11,755 employees • Proportion of engineers	An integrated and resilient workforce	• People • Skills, knowledge and expertise	• A diversified, progressive and inclusive workplace is the goal of sustainable employment. • We protect all employees by effective occupational safety measures at all business levels to create a healthy workplace environment.	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	• 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 PRIORITISED UNIVERSAL VALUES

We selected five priority UNSDGs following a rigorous evaluation process that considered the profound influence of our daily operations and value chain. Our core values, vision, mission and business objectives are integral in shaping our sustainability strategy and guiding the development of initiatives and targets that mitigate negative impacts and amplify positive contributions to the chosen UNSDGs.

These five prioritised UNSDGs serve as a strategic roadmap, helping align our efforts and resources towards achieving our ultimate sustainability goals. Focusing our energy on these UNSDGs allows us to maximise our impact in areas closely aligned with our business objectives to fulfil our commitment to creating lasting value for our stakeholders and the broader global community.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Pillars: Governance

VS identifies a priority to maximise its positive impact on SDG 16 by **doing business responsibly** that creates shared value through a strong foundation in integrity of action and compliance with laws and regulations

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Pillars: Environment

VS identifies a priority to reduce its negative impact on SDG12 and SDG13 in its operations aiming to **reduce its carbon foorprint** through the adoption of sustainable practices and reducing waste through prevention, reduction, recycling and reuse of resources

Maximising Positive Impact

Raw Materials → Business Partners → Inbound Logistics → Company Operations → Distribution → Product Use → Product End Life

Minimising Negative Impact

Suppliers | Industry Peers | Board | Employees | Customers

Major Shareholders | NGO | Local Communities | Analyst/Media

17 PARTNERSHIPS FOR THE GOALS

Pillars: Economic

VS identifies a priority to maximise its positive impact on SDG17 in its operations ensuring **business continuity** through cooperating with people, authorities, companies and other organisations

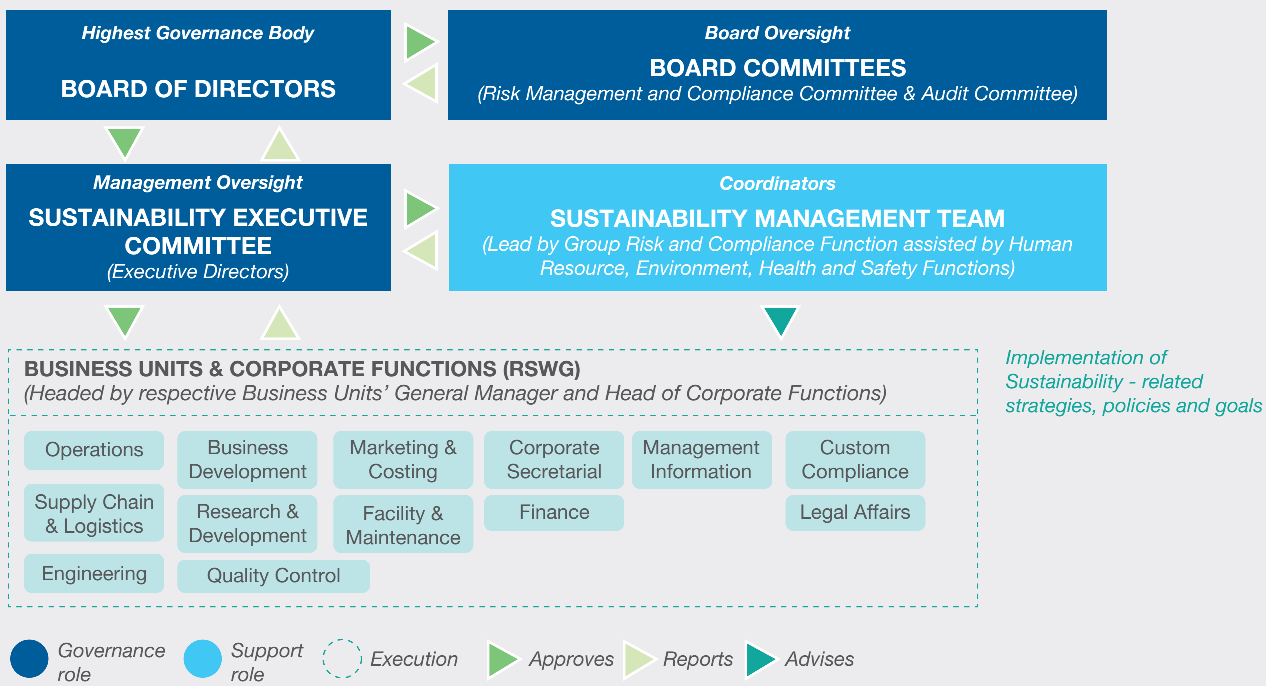
8 DECENT WORK AND ECONOMIC GROWTH

Pillars: Social

VS identifies a priority to reduce its negative impact on SDG8 in its operations by striving to become a **responsible employer** ensuring a safe and secure working environment and providing a living wage to all employees

OUR SUSTAINABILITY GOVERNANCE MODEL

VS Sustainability Governance Structure



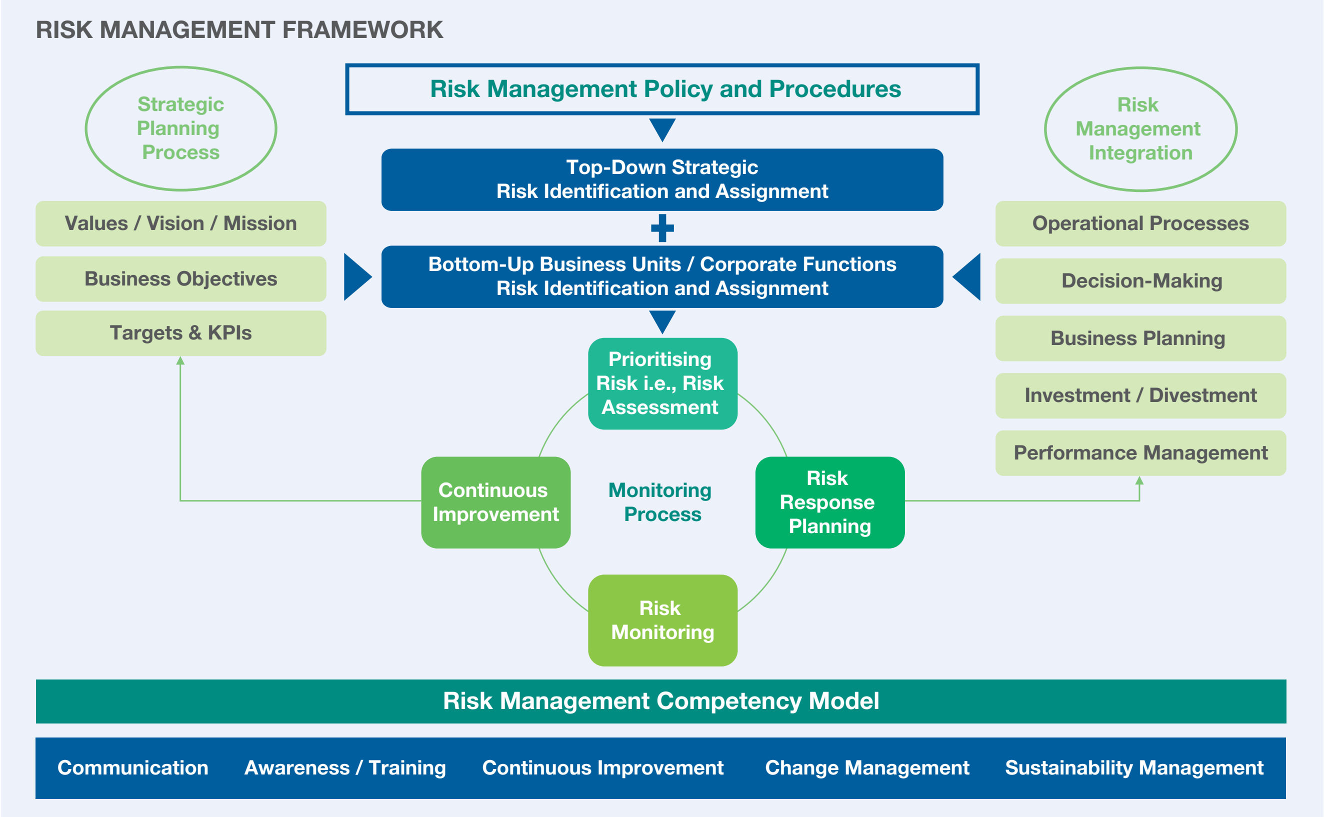
Roles	Governing Body	Roles and Responsibilities
Governance	**Board of Directors (Board)**	Responsible for setting the strategic direction for sustainability at VS, including overseeing and having the overall responsibility of sustainability management and reporting at VS. Responsibility of the Board in relation to sustainable development includes: ➢ Overall responsibility for the management of risks and opportunities in relation to climate change and sustainability matters ➢ Approving significant sustainability initiatives including projects and participating in sustainability - related disclosures and initiatives ➢ Approving the Group Climate - related targets and monitoring progress against the targets ➢ Approving annual sustainability report
	Risk Management and Compliance Committee (RMCC)	Responsible in supporting the Board in setting and overseeing the risk management and sustainability frameworks which includes: ➢ Assisting the Board in fulfilling its oversight responsibilities in relation to the Group's sustainability strategy and initiatives comprising economic, environmental and social matters ➢ Evaluate and advise the Board on significant strategic activities and policies regarding sustainability practices and initiatives ➢ Ensuring the adequacy of resources and systems for risk, sustainability and compliance management; and assessing the effectiveness of the Group Risk and Compliance function in carrying out the duties and responsibilities to assist the RMCC

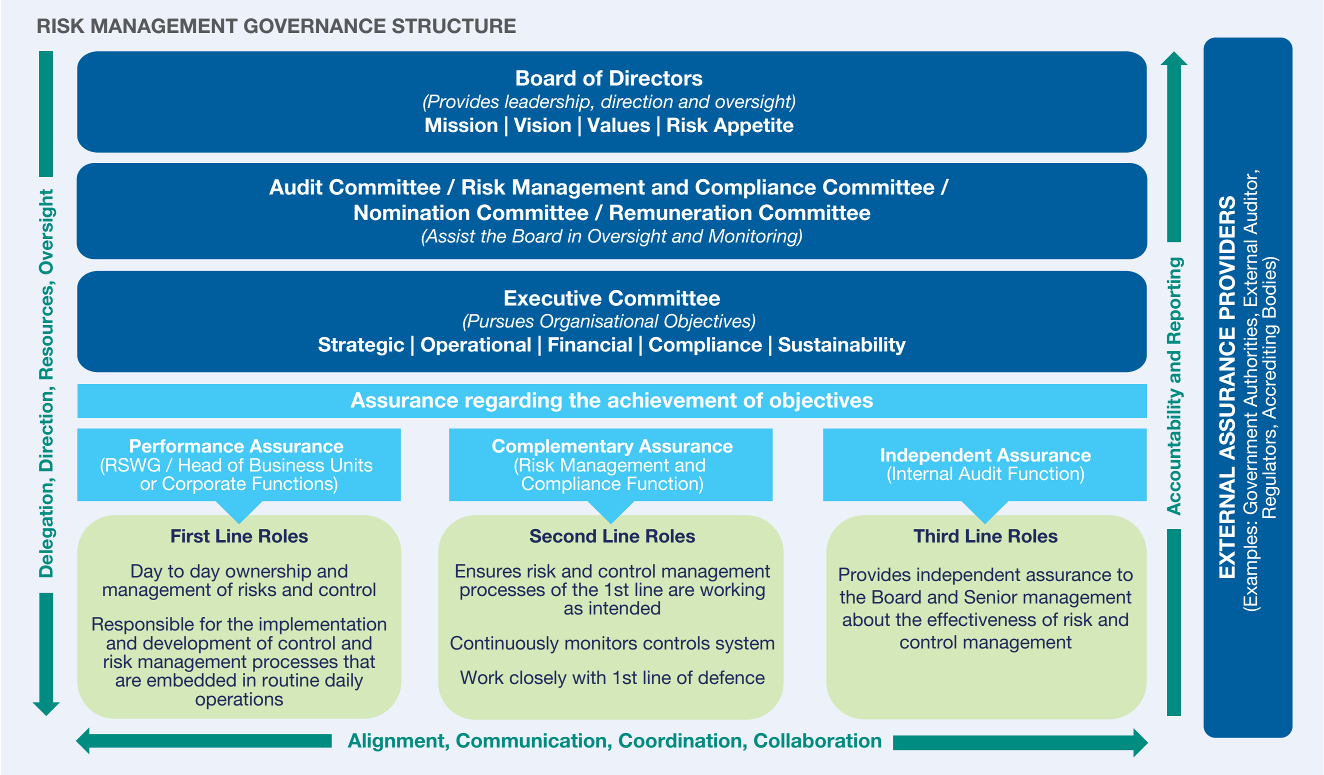
Roles	Governing Body	Roles and Responsibilities
Governance	**Audit Committee (AC)**	Responsible in overseeing management's process for determining ESG disclosures are consistent and complies with recognised standards and frameworks
	Sustainability Executive Committee (SEC)	Responsible for the implementation of sustainability programmes, including: ➢ Assessing material sustainability topics ➢ Approving sustainability related policies ➢ Monitoring progress against sustainability targets at an operational level ➢ Responsible for the implementation of sustainable solutions in the value chain ➢ Responsible for reporting operational risks to the Board, including climate-related risks
Support	**Sustainability Management Team**	Responsible in assisting the governance bodies (Board, RMCC, AC and SEC) in developing the risk management and sustainability framework as well as the sustainability initiatives and targets. They are also responsible to ➢ Recommend the approach to Sustainability ➢ Deliver company-wide sustainability programmes ➢ Guide and support Business Units and/or Corporate functions to embed sustainability ➢ Monitor and report on progress of sustainability programmes, initiatives and targets
Execution	**Business Units and Corporate Functions (RSWG)**	Responsible to conduct business in line with the company's approach to sustainability, including executing sustainability strategy and deliver programmes of work to meet corporate ESG commitments and embedding sustainability in day-to-day operations

ENHANCING SUSTAINABILITY THROUGH EFFECTIVE RISK MANAGEMENT

Sustainability-related risks and opportunities are seamlessly integrated into VS's comprehensive risk management framework, following ISO 31000:2018 International Risk Management Standards. All employees are responsible for effective risk management, fostering a culture of risk awareness throughout the organisation. Our Risk Management Framework employs a top-down and bottom-up approach.

Line of Defence	Function	Responsibility
First 1	Executive and Management Leaders, the Risk and Sustainability Working Group (RSWG), and Head of Business Units/Corporate Functions (Risk Owners)	Accountable for the risks within their respective areas and fostering risk management as an integral part of daily business operations
Second 2	The Risk Management and Compliance Function with oversight by the Risk Management and Compliance Committee (RMCC)	Monitoring risks and approving actions within their authority for Group-wide implementation
Third 3	Internal Audit (IA) and the Audit Committee	Ensuring an independent assessment of the Group's risk governance framework's effectiveness


RISK MANAGEMENT FRAMEWORK
Strategic Planning Process
Values / Vision / Mission
Business Objectives
Targets & KPIs
Risk Management Policy and Procedures
Top-Down Strategic Risk Identification and Assignment
Bottom-Up Business Units / Corporate Functions Risk Identification and Assignment
Prioritising Risk i.e., Risk Assessment
Continuous Improvement
Monitoring Process
Risk Response Planning
Risk Monitoring
Risk Management Integration
Operational Processes
Decision-Making
Business Planning
Investment / Divestment
Performance Management
Risk Management Competency Model
Communication
Awareness / Training
Continuous Improvement
Change Management
Sustainability Management


RISK MANAGEMENT GOVERNANCE STRUCTURE
Board of Directors
(Provides leadership, direction and oversight)
Mission | Vision | Values | Risk Appetite
Audit Committee / Risk Management and Compliance Committee / Nomination Committee / Remuneration Committee
(Assist the Board in Oversight and Monitoring)
Executive Committee
(Pursues Organisational Objectives)
Strategic | Operational | Financial | Compliance | Sustainability
Assurance regarding the achievement of objectives
Performance Assurance
(RSWG / Head of Business Units or Corporate Functions)
Complementary Assurance
(Risk Management and Compliance Function)
Independent Assurance
(Internal Audit Function)
First Line Roles
Day to day ownership and management of risks and control
Responsible for the implementation and development of control and risk management processes that are embedded in routine daily operations
Second Line Roles
Ensures risk and control management processes of the 1st line are working as intended
Continuously monitors controls system
Work closely with 1st line of defence
Third Line Roles
Provides independent assurance to the Board and Senior management about the effectiveness of risk and control management
Delegation, Direction, Resources, Oversight
Accountability and Reporting
EXTERNAL ASSURANCE PROVIDERS
(Examples: Government Authorities, External Auditor, Regulators, Accrediting Bodies)
Alignment, Communication, Coordination, Collaboration

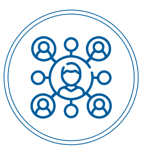
STAKEHOLDER ENGAGEMENT: BUILDING CONNECTIONS

Stakeholder engagement is at the core of VS Industry's sustainability strategy. We recognise the diverse interests and perspectives of our stakeholders. We actively try to understand their expectations and concerns through open and transparent dialogue.

Our engagement efforts encompass regular communication channels, consultations, feedback mechanisms and collaborative initiatives. Actively involving stakeholders in decision-making ensures we continue delivering positive impacts, fostering trust and contributing to a more sustainable and resilient future for all.

VS applies the AA1000 Stakeholder Engagement Standard in identifying stakeholders and designing its interaction models to respond to them comprehensively and rationally. The Group bases its stakeholder engagement on the principles of Inclusivity, Materiality, Responsiveness and Impact.

Stakeholders	Engagement Channels	Areas of Interest	Concerned Material Issues
Board of Directors	• Board meetings • Annual General Meetings • Company-organised events	• Corporate governance • Company direction and strategy	• Regulatory Compliance
Major Shareholders	• Annual General Meetings • Investor presentations and meetings • Media releases • Corporate website	• Dividends • Return on Investment • Financial performance • Share price performance	• Regulatory Compliance • Sustainable Design & Manufacturing
Employees	• Induction training • Learning and development programmes • Employee performance appraisals • Corporate-organised events	• Occupational safety and health • Fair remuneration • Fair employment practices • Career development opportunities	• Safety & Health • Human Rights • Training & Development • Data Privacy & Security • Employee Engagement
Customers	• Face-to-face interactions • Manufacturing collaborations • Feedback surveys • Customer audits	• Manufacturing quality • Manufacturing capacity • Research & development • Equitable business operations	• Quality & Satisfaction • Data Privacy & Security
Suppliers	• Interviews • Evaluations and re-evaluations • Face-to-face interactions	• Agreeable contracts • Terms of payment • Maintaining partnerships	• Safety & Health • Training & Development • Sustainable Supply Chain Management • Data Privacy & Security

Stakeholders	Engagement Channels	Areas of Interest	Concerned Material Issues
Local Communities 	• Online platforms (e.g. corporate website and online job applications) • Corporate volunteering programmes (e.g. community events, knowledge-sharing initiatives & partnerships with non-governmental organisations)	• Support for community development • Job creation for local communities • Undertaking business in a responsible manner	• Human Rights • Energy, Climate Change and Pollution Control • Community Contribution
Analysts / Media 	• Press conferences and events • Media releases • Media interviews • Analyst briefings	• Company performance • Responsible business practices • Corporate governance	• Industrial Advancement & Nation Building • Regulatory Compliance
Industry Peers 	• Annual reports • Industry collaborative programmes • Industry organisations	• Manufacturing practices • Industry outlook • Collaborations	• Industrial Advancement & Nation Building • Regulatory Compliance • Sustainable Design & Manufacturing
Non-Governmental Organisation 	• Public events • Face-to-face interactions	• Working conditions • Labour rights	• Safety & Health • Human Rights • Energy, Climate Change and Pollution Control • Efficient Resource Use & Minimising Waste

IDENTIFYING KEY PRIORITIES WITH MATERIALITY

VS develops diverse businesses globally. We recognise that stakeholders expect us to maintain a well-defined stance and take action to address the issues facing society and the global environment in our industry. We review our material topics annually in response to such expectations and various social and environmental changes.

THE MATERIALITY ASSESSMENT PROCESS

STEP 1: IDENTIFY AND CLASSIFY MATERIAL TOPICS

We selected highly relevant material topics based on internal and external information and documents. References included the GRI Standards, the ISO 26000 international standard for corporate social responsibility and the UNSDGs, which are globally agreed goals for building a sustainable world. We also considered subjects raised by diverse ESG ratings and feedback from our valued stakeholders.

STEP 2: ASSESS THE TOPICS FROM THE PERSPECTIVE OF VS AND ITS STAKEHOLDERS

During the last quarter of FY2023, we commissioned an external consultant to perform a comprehensive, impartial and anonymous materiality assessment with all stakeholder groups. We assessed the topics identified and classified in the first stage from the perspectives of VS and its stakeholders. The respondents rated the relative importance of 20 economic, environmental and social issues.

STEP 3: IDENTIFY THE MOST IMPORTANT TOPICS

We asked respondents to indicate the importance of each criterion from 'very unimportant' (1) to 'very important' (5). As the survey did not receive equal responses from stakeholder groups, we calculated a separate average score for each area within each stakeholder group before obtaining an average from all eight stakeholder groups. Five members of the Board completed a similar survey, which represented the views of VS.

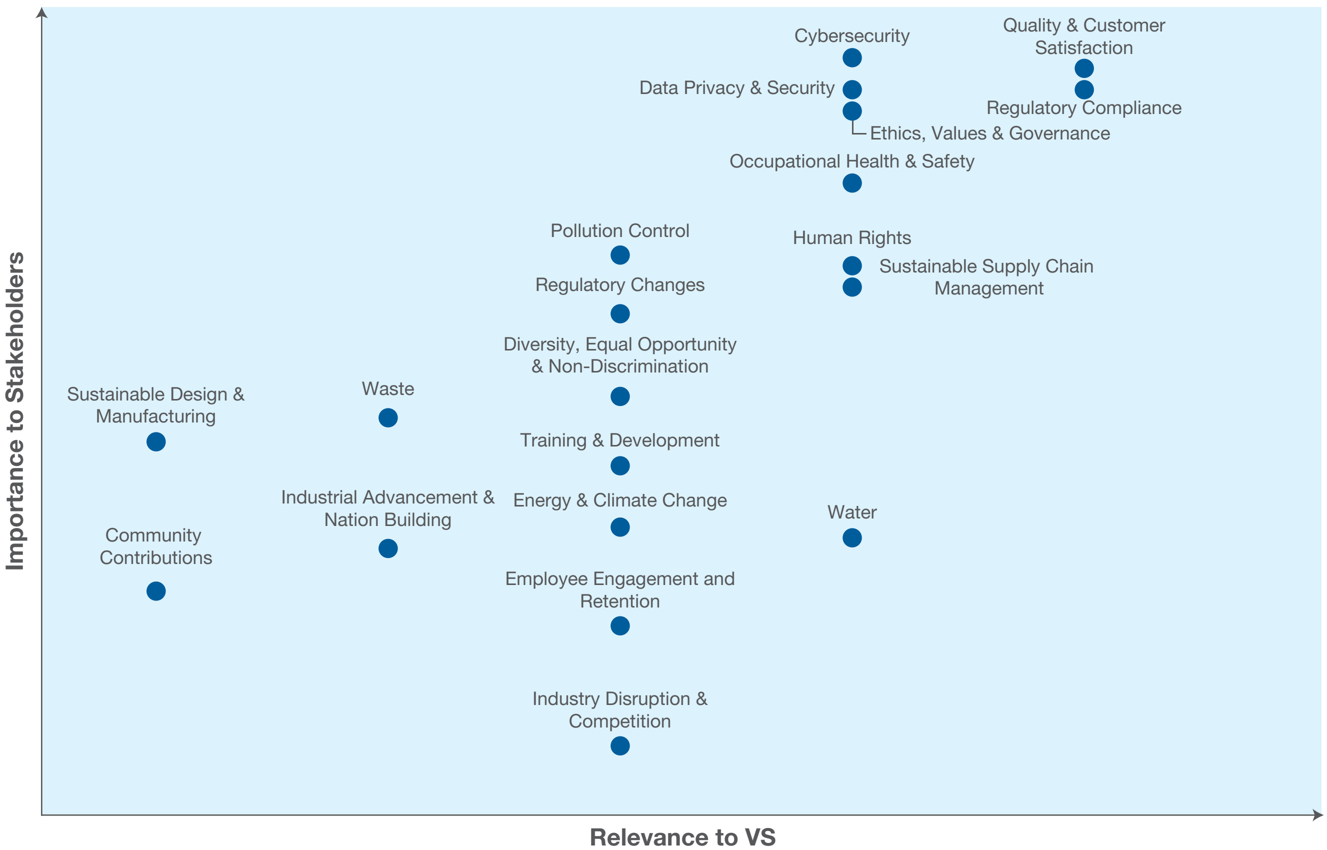
Indicators Covered in Materiality Assessment

Indicator	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
Industry Disruption & Competition	Gaining competitive advantage by disrupting competition through innovation
Regulatory Changes	Keeping up-to-date with regulator changes to mitigate risk, improve ESG disclosure and gain a competitive advantage
Ethics, Values & Governance	Introducing the highest standards of ethics, values and governance to increase stakeholder confidence

Indicator	Description
Environment	
Energy & Climate Change	Managing energy and greenhouse gases effectively to reduce 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 & Retention	Respecting employees' rights to joint representation and consultative practices
Training & Development	Retaining employees by offering 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
Cybersecurity	Mitigating corporate risk and protecting data through stringent cybersecurity systems

STEP 4: ANALYSIS RESULTS AND MATERIALITY MATRIX

The materiality matrix presents our sustainability priorities, ranking key ESG factors based on their significance to our business and stakeholders. This exercise ensures our sustainability initiatives address the most relevant and impactful issues.



DRIVING GROWTH AND RESILIENCE THROUGH ECONOMIC SUSTAINABILITY

VS is committed to economic sustainability by fostering long-term financial resilience. We prioritise prudent financial management, investment in innovation and responsible supply chain practices to enhance efficiency. This approach reduces operational costs and drives economic growth for our stakeholders, positioning us as a trustworthy and profitable industry leader.

VS Industry is dedicated to evolving into a vertically integrated manufacturer, offering comprehensive manufacturing solutions to our customers. This approach optimises resource utilisation and eliminates unnecessary costs. Our commitment extends to ongoing research and investment in emerging manufacturing technologies and processes to broaden our service offerings. Additionally, we recognise the significance of maintaining a resilient supply chain, achieved through a diverse network of new and alternative suppliers, ensuring our ability to navigate unexpected disruptions effectively.

	Rationale	Focused Target	Key Material Topics
17 PARTNERSHIPS FOR THE GOALS	The economic facet of sustainability encompasses optimal asset utilisation for long-term profitability (performance) and adheres to ethical business conduct, transparency, and regulatory adherence (governance). Within this pillar, VS Industry prioritises its contribution to SDG 17 by ensuring business continuity, aligned with a commitment to staying relevant and creating value through strong business partnerships.	17.16. Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology, and financial resources, to support the achievement of the SDGs in all countries, particularly developing countries	• Sustainable Supply Chain Management • Sustainable Design & Manufacturing • Quality & Customer Satisfaction • Industry Disruption & Competition • Regulatory Changes

RESPONSIBLE INVESTMENT

In FY2023, VS introduced an investment policy incorporating ESG considerations into investment evaluations and decision-making procedures to promote responsible and sustainable investments. This policy reflects our steadfast commitment to investing in cutting-edge manufacturing technologies and processes. We recognise that by factoring in ESG-related factors, we promote sustainable practices and align our investments with our long-term growth and diversification objectives.

STREAMLINING PROCEDURES FOR ENHANCED ECONOMIC EFFICIENCY

VS is actively optimising its current procedures and operational frameworks. Revamping workflows, refining business processes, enhancing user interfaces and eliminating evident bottlenecks strengthens the quality of our operations and the services delivered to our valued customers. As a crucial step in this journey, we are embarking on an ERP system upgrade, commencing with our facilities in Malaysia. This strategic move underscores our commitment to operational excellence and customer satisfaction.

SUPPLY CHAIN SUSTAINABILITY

Sustainability stands as a central pillar in our procurement process. We are dedicated to enhancing our business practices and operations through active engagement with suppliers, acknowledging their contributions to sustainable procurement. This strategic approach empowers us to mitigate risks effectively while improving productivity and efficiency throughout our supply chain.

VS's Sustainable Supply Chain is a holistic approach encompassing sourcing, manufacturing, distribution and disposal, emphasising environmental, social and economic responsibility. Our supply chain aims to minimise environmental impact by optimising resource usage, reducing waste and lowering carbon emissions. Additionally, we prioritise ethical labour practices and community engagement to ensure a positive social footprint.

SUPPLIER PERFORMANCE ASSURANCE

31% **completed SAQ from Critical Supplier**

On pace *Achieve at least 50% of SAQ replies from Critical Supplier by FY2025 and 100% by FY2030*

2022 **2025**

As of FY2023, a total of 219 critical suppliers have submitted the SAQ

18 **Supplier Site Assessment completed**

On pace *Complete 20 Supplier Site Assessment in a year*

2023

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

In our commitment to safeguard operational continuity and mitigate third-party reputational risks, VS exclusively partners with sustainable suppliers. We rigorously assess our major suppliers' performance to ensure compliance with local laws, industry standards, and customer requirements within their respective jurisdictions. We have implemented Self-Assessment Questionnaires that suppliers must complete before site assessment to facilitate this process. This proactive approach fosters transparency and accountability throughout our supply chain. 241 suppliers have completed the Self-Assessment Questionnaires and we have conducted Site Assessment on 18 suppliers throughout the year.

We have also established a supplier matrix to evaluate suppliers in various segments including Quality System Review.

Key Business Performance Areas Audited

- Quality system
- Process management
- Documentation control
- Inspection and testing
- Housekeeping
- Handling storage and packing
- Training and continuous improvement
- Change management
- Non-conformance records
- Statistical process control

In FY2023, we conducted supplier monitoring and audits on 210 vendors, focusing on Quality Management Systems (QMS), Document Control, Receiving and Inspection, Process Control, Outgoing, Non-Conforming Materials Control, Material Handling and Storage, Measuring, Analysis and Improvement, Quality System, Process Management, Inspection and Testing, Corrective & Preventive Actions, Housekeeping, Change Control, Identification/Traceability, Non-Conforming Material Control, 6S, Procurement System, and Statistical Process Control. During the audit, we recorded no instances of major non-compliance.

SUPPLY CHAIN CAPACITY BUILDING

VS remains committed to collaborating closely with suppliers to promote ongoing supplier performance enhancement. We initiate knowledge transfer efforts by conducting awareness during the site audit and plan to deliver training programmes to empower suppliers with valuable insights and expertise. This collaborative approach strengthens our partnerships and drives continuous improvement within the supply chain.

BOOSTING THE REGIONAL ECONOMY

VS connects to a worldwide network of 1,795 active suppliers. Collaborating with suppliers close to our operations is preferable, bolstering the efficiency and agility of our supply chain and ultimately benefiting customers with shortened lead times.

Supporting local sourcing has a positive ripple effect on the country and local communities where we operate. However, due to the specialised nature of our operations requiring unique mechanical parts and components, VS looks to international suppliers when such items are inaccessible locally.

RESPONSIBLE SUPPLY CHAIN PRACTICES

We stand dedicated to upholding our business ethics by fostering business opportunities and facilitating capacity development for local and diverse suppliers within our operational supply chain. The Group's Business Code of Conduct and Ethics guides our supply chain practices.

Our suppliers must expressly acknowledge and uphold the principles outlined in the code and ensure that their sub-contractors also adhere to these standards. VS is fully committed to supporting the ten principles of the UN Global Compact across its supply chain. These principles are seamlessly integrated into our Code of Conduct by reference, encompassing crucial aspects like human rights, labour conditions, environmental impacts and anti-corruption measures, especially in our relationships with external service providers.

Our primary focus within our supply chain responsibility agenda revolves around labour and human rights, safety, ethics and environmental considerations. We expect that they:

- Adhere to industry standards by offering safe working conditions,
- Treat workers with respect and uphold their dignity, and
- Employ environmentally responsible manufacturing processes.

Furthermore, we encourage suppliers to report any known or suspected improper behaviour through a designated whistleblowing channel. We handle all such reports with utmost confidentiality.

SOCIAL AND ENVIRONMENTAL SUPPLY CHAIN

Previously the Electronic Industry Citizenship Coalition (EICC), RBA is the largest global industry coalition committed to corporate social responsibility within supply chains worldwide. VS has been an active Responsible Business Alliance (RBA) member since 2018. The RBA code of conduct advocates an ethical supply chain for equitable working conditions, extensive labour safeguards and environmentally conscious manufacturing processes within the electronics industry.

THE RBA CODE OF CONDUCT

A. Labour

- 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 Businesses, 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 emphasise ensuring that our supply chain partners fully comprehend our ethical dedication and standards. Major suppliers receive VS's Business Code of Conduct and Ethics as well as the Anti-Corruption Policy during onboarding as a contractual prerequisite for business engagement.

Adherence to the VS Business Code of Conduct and Ethics and our Anti-Corruption Policy is mandatory. Non-compliance by third parties may lead to the termination of our business relationship.

ENVIRONMENTAL SUPPLY CHAIN

Our supplier sourcing assessment processes thoroughly evaluate social and environmental dimensions, including energy use, greenhouse gas (GHG) emissions, water use, biodiversity impacts, pollution, waste reduction, resource use and other environmental issues.

Environmental policies are deeply integrated into our supply chain operations. We consistently convey our expectations to major suppliers through regular communication, engagement, and training.

Existing suppliers are subject to an ESG assessment comprising a self-assessment questionnaire and physical inspection. This risk assessment questionnaire is part of due diligence for potential, new and current suppliers and details their economic, environmental, social and governance risks and opportunities. Two hundred and forty-one suppliers have completed the evaluation in FY2023 of which 219 are critical suppliers, and we discovered no major non-compliance in FY2023.

Suppliers are invited to join us on our green journey. They are encouraged to monitor, record and report their environmental performance and impact reduction.

We also conducted risk assessments on existing suppliers' environmental issues, especially those identified as 'high risk'. Looking ahead, we aim to introduce a comparable risk assessment for prospective and incoming suppliers, particularly those flagged as high-risk, as an essential part of our due diligence process.

We will continue mitigating 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), allows us to address environmental sustainability in the supply chain through tailored industry-focused efforts.

SOCIAL SUPPLY CHAIN

VS Industry's Social Supply Chain Commitment is communicated to all suppliers. We ensure 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 complying with local law on working hours and overtime, addressing maximum working hours and reducing 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 living wage
- A safety policy, code and practices for providing a safe and healthy workplace according to local laws

Social supply chain policy is communicated globally 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 is communicated through purchasing policy, supplier contract, training and sharing best practice as part of capacity building.

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. Any non-compliance incidence is subject to disciplinary practices.

102 local and 139 foreign vendors and subcontractors assessed and audited in FY2023. No major non-compliance issues were reported.

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.

SALIENT HUMAN RIGHTS ISSUES

VS assessed potential adverse human rights impacts and assessed salient human rights issues.

- Right to:
  - ☑ Life
  - ☑ Freedom of movement
  - ☑ Work
  - ☑ Enjoy just and favourable conditions of work
  - ☑ An adequate standard of living
  - ☑ Health
  - ☑ Participate to public life
  - ☑ Social security including social insurance

VS supports the amendments to the Workers' Minimum Standards of Housing and Amenities Act 1990. All contractors working on our projects are encouraged to provide facilities to workers that follow the International Labour Organisation (ILO) guidelines.

Facilities Provided for Workers at Our Hostels

- Acceptable living conditions. Safe and comfortable accommodation with security facilities
- Adequate supply of safe potable water
- Safe and appropriate mode of transportation to and from work
- Eating and food storage facilities in compliance with food hygiene requirements
- Fire safety and prevention, first aid access and fire emergency procedures
- Facilities such as kitchen, washing area, bathroom, laundry service, cafeteria, convenience store, sports facilities, assembly area and *surau*
- Social and recreational activities
- Helpline for emergency assistance

We will continue working with other stakeholder groups to improve our approach to mitigating risks arising from these salient human rights issues.

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
- 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 the Restriction of Hazardous Substances (RoHS). VS also submits an annual declaration on conflict minerals.

CONFLICT MINERALS

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

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 these minerals' sources and chain of custody. We continue to work with our suppliers and other RBA members to influence the electronics industry and encourage participation in credible certification programmes.

AUTOMATION: PAVING THE WAY AHEAD

VS is embarking on a journey of automation for enhanced competitiveness. Leveraging technology, primarily through process automation, will be integral in optimising core processes, ensuring economic sustainability, and delivering improved operational outcomes.

VS budgeted RM 100 million in investment in the automation process over five years from FY2023, with RM 37.8 million spent in FY2023.

PRIORITISING ENVIRONMENTAL STEWARDSHIP IN THE ELECTRONIC AGE

VS' environmental commitment is extensive and unified, extending across various aspects of operations. We align our operations with the highest standards through meticulous external environmental audits. This process allows us to assess our ecological impact thoroughly and make informed decisions to minimise our footprint.

Guided by our managerial and board-level executives, we ingrained our commitment to environmental stewardship in our organisational ethos. Sustainability is emphasised in every facet of our business, underscoring our dedication to responsible practices.

Internally, we conduct regular environmental audits that serve multiple purposes. These audits ensure compliance with environmental regulations, prompt immediate corrective actions and catalyse continuous improvement. They also help us maintain consistency in our environmental responsibility efforts.

Education helps foster an environmental culture within our organisation. Through ongoing training and awareness programmes, we empower our employees with the knowledge and understanding needed to contribute to our environmental objectives.

Assigning specific environmental roles to every employee and division head bolsters our sustainability efforts and reinforces our collective impact. Our people actively engage in the Company's environmental programmes, extending sustainable practices within our organisation and the communities we interact with.

Identifying and mitigating environmental impact is a priority. Our proactive approach involves open communication, both internally and externally, seamlessly integrating our environmental management efforts into the overall business strategy.

As part of our ongoing environmental enhancement, we establish measurable objectives and targets, aligning with our sustainability commitments and continuous improvement.

The chart below illustrates how our dedication to environmental responsibility is transformed into actionable guidelines within our environmental policy, providing us with clear guidance and direction.

Our Commitment	Environmental Policy
• Commitment to environmental protection • Commitment to use natural resources or energy more efficiently • Commitment to report regularly on environmental issues • Commitment to consult with stakeholders on environmental issues • Commitment to monitoring the company's environmental performance • Commitment to implement an environmental management system • Commitment to reduce emissions, releases and waste • Commitment to creating environmental awareness	• Nurture our desire to make V.S. Industry Berhad a world-class environmental responsible business partner • Adhere to the applicable environmental, legal, and other requirements • Train and communicate with our employees on the environmental policy and the Environmental Management System requirements • Utilise our affordable resources in the prevention of pollution • Review our environmental objectives and targets strategically for continual improvement • Ensure that our environmental policy is made available to the public at all times

83% **facilities are accredited with ISO 14001:2015**

On pace *All facilities are accredited with ISO 14001:2015 by 2025*

2021 **2025**

VS is deeply committed to environmental responsibility and compliance. We have achieved ISO 14001:2005 accreditation, underscoring our dedication to enhancing our environmental performance while adhering to environmental laws and regulations. We perform monthly EHS inspections and routine air emissions testing while remaining committed to advancing our accreditation. VS fully complied with environmental laws and regulations in FY2023 without any penalties.

We are proactively introducing a range of environmentally friendly projects throughout our facilities, offices, logistics and supply chain. Our efforts focus on enhancing energy efficiency through operational optimisations and adopting energy-saving technologies. Additionally, we are integrating renewable energy to meet our long-term goals. Safety, quality and efficiency of equipment at our plants remain a priority, aligning with environmental regulations and standards. Delivering regular environmental training enhances employees' eco-consciousness.

	Rationale	Focused Target	Key Material Topics
	Responsible consumption and production and Climate Action are pertinent to electronic manufacturing, fostering eco-friendly production, efficient resource use, and reduced carbon footprint, aligning with sustainability goals. Reducing negative impacts on SDG12 and SDG13 involves enhancing operational and process efficiencies, minimising waste and adopting sustainable supply chain practices to mitigate environmental impact and lower costs throughout the value chain.	12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reusing 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries 13.2: Integrate climate change measures into national policies, strategies, and planning 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	• Energy and Climate Change • Pollution Control • Waste Management • Water Management

ENERGY

VS' dedicated team analyses energy consumption and enhances efficiency. The VS Facility Team generates routine reports detailing electrical usage for each factory, continuously monitoring power consumption. Electricity Dashboard reporting on energy usage and renewable energy consumption across the entirety of the Group showed VS' commitment to establishing a systematic strategy for overseeing energy assets and discovering efficient improvement opportunities.

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.

We submit a biannual 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.

SCALING UP RENEWABLE ENERGY

8% **improved energy efficiency**

On pace *Target to improve energy efficiency by 10% by FY2025, 20% by FY2030 and 30% by FY2040, indexed to Sales*

2021 **2025**

***FY2021 is the baseline measurement year*

0.5% **increased Renewable Energy Consumption**

On pace *Increased in Renewable Energy Consumption by 5% in FY2025, 10% in FY2030 and 20% in FY2040*

2023 **2025**

The production and consumption of renewable energy only starts in mid of FY2023

We track and report our Scope 1 and 2 emissions and have begun harnessing renewable energy through the phased installation of solar panels. Understanding the advantages of renewable energy in emission reduction and cost savings, VS initiated the phased installation of solar panels across its facilities.

We installed a Solar System at one of our key facilities during the year. We are installing Solar on our second facility, which we aim to complete by the end of 2023, underscoring our dedication to sustainability, reducing emissions and embracing cleaner energy sources to power our operations. As of July 2023, we have already accumulated 0.5% of total electricity usage from renewable sources, marking a significant step towards our sustainability goals.

CLIMATE CHANGE

Climate change is a critical threat to humanity, significantly impacting our business operations. We recognise the importance of climate change risks and their direct relevance to 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 climate change's devastating effects and associated short- and long-term business risks. VS remains firmly committed to mitigating these effects by enhancing operational efficiency. Our climate change strategy encompasses collaboration with employees and supply chain partners to implement energy-saving processes and comprehensively assess climate change risks.

In addition to conducting environmental, health, and safety evaluations and implementing environmental policies and management systems, we actively engage with regulators to address climate change challenges. We work closely with the regulators and regularly consult on ways to address challenges brought by climate change, such as through public policy implementation.

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.

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. Notably, we have integrated a monitoring system to track emissions, energy consumption, water usage, and waste generation within our manufacturing processes. Our Climate Change Policy, established in June 2022, aims to achieve emissions reductions efficiently. We track and report on Scope 1 and 2 emissions and have begun harnessing renewable energy through the phased installation of solar panels. In FY2023, VS invested RM 12.2 million in Solar System installations and incurred RM 0.81 million in installing tools and equipment for measuring and monitoring the renewable energy generated.

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 FY2023, we directed investments towards climate-related initiatives, allocating funds to enhance the development of climate and energy management strategies. These strategies encompass both short-term and long-term objectives to mitigate risks and improve the accuracy of our carbon data.

TRACKING AND REPORTING OF OUR GHG

8% **reduced in Scope 1 and 2 location-based GHG emissions**

On pace *Reduce Scope 1 and 2 GHG emissions by at least 15% in FY2025, 20% by FY2030 and 30% in FY2040, indexed to Sales*

***FY2021 is the baseline measurement year*

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. 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.

Consolidation method in calculating our carbon footprint	Operational
Coverage and 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 machinery on diesel and its road vehicles on petrol and diesel. VS derived its CO_2 emissions from fuel consumption using the Direct Emission from Mobile Combustion Sources emission factor published by the United States Environmental Protection Agency.

SCOPE 2

VS derived its CO_2 emissions from electricity use using the emission factor published by the Energy Commission for the Peninsular Grid 2019.

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 performed separate calculations for domestic, short- and long-haul flights using the Business Travel emission factors published by the United States Environmental Protection Agency. The vast majority of these emissions resulted from the recruitment and repatriation of foreign workers.

VS fully discloses its carbon footprint in the performance data table at the end of this statement.

SCOPE 3: EMPLOYEES' DAILY COMMUTE TO WORK

Employees' commuting contributes significantly to CO_2 emissions. In FY2023, we initiated a project to calculate the total yearly emissions generated by the daily commutes of our entire Group, encompassing our entire workforce. VS remains dedicated to monitoring and reporting these emissions annually.

METHODOLOGY

In the final quarter of FY2023, VS initiated a survey to gather data to estimate:

- The primary mode of transportation used by employees.
- The approximate daily round-trip commuting distance.
- Specific vehicle details, including type, age, engine size, and fuel type if employees utilised personal vehicles.

This survey was conducted online, with a strong encouragement for all directors and management to participate. As staff travelled to work on company transportation, we captured these emissions in our Scope 1. We employed Mobile Combustion GHG Emissions Calculation Tool provided by GHG Protocol to compute the emissions for each survey respondent. With an average annual work commitment of approximately 242 days per employee, this information was instrumental in estimating VS's yearly emissions.

RESULTS

One hundred and seventy-five employees responded to the survey.

Method of Transport	Number of Employees in Sample	Estimated Total Number of Employees in VS	% of Employees
Bus	5	137	2.86%
Walking	1	27	0.57%
Own Vehicle	169	4,619	96.57%
Total	**175**	**4,783**	**100.00%**

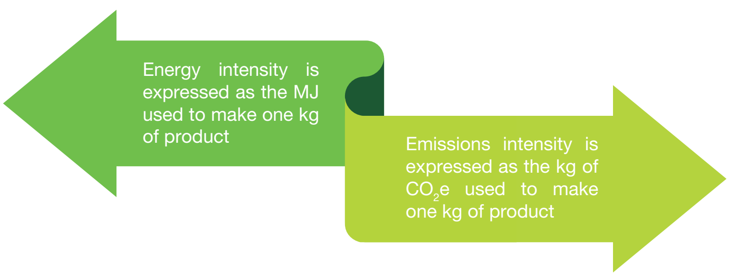
In FY2023, VS employees travelled an estimated 37,773,729 km to and from work. The total yearly CO_2 emissions for employees commuting in FY2023 was 8,430 tonnes.

Method of Transport	Total Annual Distance of Sample (km)	Estimated Total Annual Distance (km) of VS	Total Annual Emissions (tCO_2e) of Sample	Estimated Total Annual Emissions (tCO_2e) of VS
Bus	26,136	714,334	2	48
Walking	3,630	99,213	0	0
Own Vehicle	1,352,296	36,960,182	306	8,371
Total	**1,382,062**	**37,773,729**	**308**	**8,419**

ENERGY AND EMISSIONS INTENSITY

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

Energy intensity and emissions intensity are better measures of the emissions efficiency of our manufacturing plants. VS uses operational energy and the resulting emissions for these calculations.



Emissions and Energy Intensity

Indicator	FY2021	FY2022	FY2023
Energy Intensity (MJ/kg of product)	0.44	0.66	0.69
Emissions Intensity ($kgCO_2e$/kg of product)	0.09	0.14	0.15

CLIMATE CHANGE RISKS AND OPPORTUNITIES

We assess the significant financial and strategic implications of climate change risks. We integrate responsive actions into our business operations based on their scale and scope. 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, carefully considering risks that may result from climate change and treating them as emerging risks. VS assesses climate change risks for all new operational assets and upstream and downstream activities and closely monitors and tracks climate change that may affect corporate risk levels. The Company's Climate Management Plan integrates mitigation and adaptation actions to 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 expand 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 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.

TRANSPARENCY AND ACCOUNTABILITY IN EMISSIONS REPORTING

In response to the heightened sustainability reporting regulations introduced by Bursa Malaysia, VS has expanded its measurement and reporting of Scope 3 emissions.

Scope 3 emissions encompass a broader spectrum of indirect emissions across a company's value chain, surpassing the scope of Scope 1 and 2. Recognising the complexity of addressing Scope 3 emissions, VS adopts a gradual approach. We begin by measuring emissions from employee commuting and business travel, with plans to gradually expand to cover transportation and distribution emissions. This incremental strategy reflects our commitment to comprehensive sustainability reporting and reducing our environmental footprint.

WATER

9% **decreased in water usage**

On pace *Reduce Water Usage by 10% by FY2025, 20% by FY2030 and 25% by FY2040, indexed to Sales*

2021 **2025**

***FY2021 is the baseline measurement year*

VS does not operate in water-stressed regions. However, significant energy is expended in heating and processing water, making water conservation a dual benefit for reducing environmental impact and operational expenses. In light of this, VS improves its water efficiency by curbing consumption through the phased implementation of rainwater harvesting. We began this initiative at workers' hostels and are replicating it in our manufacturing facilities. We reduce our environmental footprint and monthly operational costs by harnessing rainwater, reinforcing our commitment to sustainable and responsible resource management.

POLLUTION PREVENTION AND CONTROL

VS remains steadfast in its commitment to reducing pollution by focusing on impact reduction and improving operational efficiency. We continue to address pollution by identifying ways to eliminate it at its source by modifying production, maintenance and facility processes.

Adopting efficient production and packaging procedures allows us to reduce resource use and materials costs. We commit 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 emissions control system as needed.

The manufacturing plants at VSI and VSE facilities emit air through chimneys. Regular chimney emissions testing, or stack sampling or stack monitoring, studies the levels of effluent pollutants released into the atmosphere. During the year, we performed emissions monitoring on four chimneys. The summary findings affirm that our emissions adhere to the Environmental Quality (Clean Air) Regulations of 1978 and the Environmental Quality (Clean Air) Regulations of 2014.

Parameter	FY2023
Ammonia	Complied
Chlorine	Complied
Hydrogen Chloride	Complied
Hydrogen Sulphide	Complied
Nitrogen Dioxide	Complied
Particulate Matter	Complied
Sulphur Oxides	Complied
Non-methane volatile organic compounds	Complied
Mercury	Complied
Antimony	Complied
Arsenic	Complied
Chromium	Complied
Cobalt	Complied
Copper	Complied
Vanadium	Complied
Nickel	Complied
Manganese	Complied
Cadmium	Complied
Thallium	Complied
Lead	Complied

WASTE

14% **manufacturing waste reduced**

Outpacing *Reduce manufacturing waste by 10% by FY2025, 20% by FY2030 and 25% by FY2040, indexed to Sales*

2021 **2025**

***FY2021 is the baseline measurement year*

Time-specific target to reduce waste

VS's waste policy addresses its commitment to reducing or avoiding the impact through improved efficiency. We design our products with a focus on resource efficiency and continually improve our manufacturing process to minimise waste generation.

Precautions Taken to Ensure Site Waste is Disposed of Appropriately

- Precautions to ensure waste from its sites is disposed of appropriately
- Practised waste labelling and waste segregation
- Performed monthly workplace inspections and monthly scheduled waste storage inspections
- Established an internal system for disposal site inspector
- Improved efforts to minimise risks associated with contracting out waste disposal
- Implemented periodic on-site inspections on waste disposal contractors to ensure rigorous management procedures

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). Solid and general wastes are 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.

We are committed to minimising product waste across our operations to reduce its carbon footprint.

- Transitioning to Digital Records:
  - ☑ Shifting from paper records to digital formats, focusing on workflow automation
  - ☑ Introducing e-forms and an Enterprise Content Management (ECM) system to digitise documents and automate document-driven processes
- Eliminating Single-Use Plastics:
  - ☑ Taking steps to ban the use of single-use plastics by employees, canteen operators and food delivery services for packaging
- Promoting Recycling:
  - ☑ Placing convenient recycling bins throughout our workplaces progressively, including production and office areas, making it easier for employees to recycle
- Switching to LED Lighting:
  - ☑ Progressively replacing incandescent bulbs with energy-efficient LED lighting, initially in manufacturing facilities and subsequently in workers' hostels, to reduce energy consumption

WATER EFFLUENT

21% **water effluent reduced**

Outpacing *Reduce water effluent by 10% by FY2025, 20% by FY2030 and 25% by FY2040, indexed to Sales*

2021 **2025**

***FY2021 is the baseline measurement year*

We have equipped many facilities with an Industrial Effluent Treatment System (IETS). We achieve 100% water recycling without any discharge to the drainage system. The treated water undergoes monthly laboratory testing. Additionally, we test water discharge from our plants into the drainage system annually to ensure compliance with all DOE requirements.

However, some facilities do not have an Industrial Effluent Treatment System (IETS). However, we rigorously monitor stormwater, adhering to EQA effluent regulations. This monitoring covers water discharge from processes such as Oil Filtering systems (moulding), Waste Collection Systems (3PB), and Canteen Operations, aligning with Standard A regulations.

EMPOWERING INDIVIDUALS AND SOCIETY: A PATH TO COLLECTIVE GROWTH

Social sustainability is vital to overall sustainability, emphasising the well-being and prosperity of communities and societies. Our commitment to social sustainability revolves around promoting fair labour practices, inclusive workplaces and community well-being. Fostering diversity, ensuring workers' rights, and contributing positively to society creates a more equitable and socially responsible business environment.

We focus on the well-being of all employees by actively promoting human rights, diversity and inclusion, guided by unwavering integrity and robust ethical values. We aspire to establish lasting value for employees, encompassing the creation of meaningful and sustainable employment with opportunities for upskilling, ensuring a living wage and guaranteeing a safe and secure work environment. We also implement strategies that safeguard and uphold labour rights.

Our Code of Conduct stipulates stringent yet fair employment standards and practices. We communicate our labour standards stance and policy 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.

No instances of non-compliance with labour standards

No incidents related to non-compliance were reported

	Rationale	Focused Targets	Key Material Topics
8 DECENT WORK AND ECONOMIC GROWTH	VS promotes decent work and contributes to economic growth in alignment with UN SDG8. VS aims to support these objectives through responsible employment practices, community engagement, and social responsibility, positively impacting its workforce and the broader economy.	8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers and end child labour in all its forms by 2025. 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women and those in precarious employment	• Diversity, Equal Opportunity & Non-Discrimination • Occupational Health & Safety • Training & Development • Human Rights • Employee Engagement and Retention • Community Contribution

ENSURING LEGAL COMPLIANCE

VS is committed to ensuring that all employment terms and conditions, including health and safety, align with local, national, and international labour laws and regulations. We also align our labour standards with the recognised global frameworks, including the RBA code of conduct and the International Labour Organisation's (ILO) fundamental conventions, including core principles and workers' rights.

VS proactively monitors and remains well-informed about evolving labour, health, and safety policies and legislations. We extend our efforts beyond our organisation to ensure that our business partners follow the same standards, such as:

- Performing due diligence on recruitment agencies to ensure compliance with VS's Zero Recruitment Fees policy.
- Effectively communicating our company policies and procedures to all employees and business partners to ensure that they fully comprehend and adhere to them.
- Schedule yearly internal audits, such as self-assessments, to identify deficiencies or inefficiencies in our procedures.

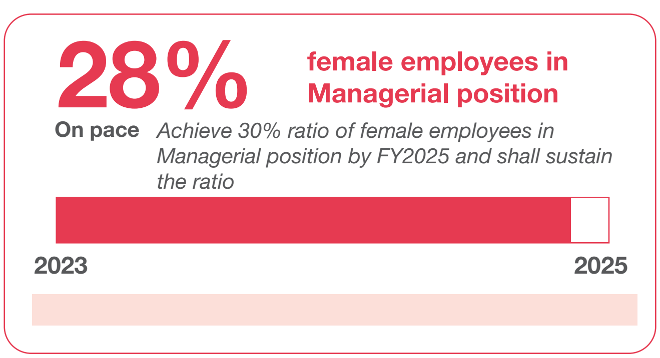
This ongoing commitment underscores our dedication to quality, legal and ethical standards.

However, business growth is not solely about compliance; it also involves creating shared value among stakeholders. VS collaborates closely with customers, the RBA and non-governmental organisations (NGOs) to exchange insights and expertise, jointly addressing social and business needs.

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. We familiarise all parties with our Code of Conduct from time to time. There were no instances of non-compliance with labour standards during this reporting period.

DIVERSITY AND INCLUSION IN THE WORKPLACE

Diversity and inclusion are fundamental principles. We harness the unique value of industry differences, striving to create workplaces where diverse employees can excel, ensuring equity and inclusivity. In FY2023, 55% of VS' overall employees are female employees and 28% of managerial positions are female employees.



Our Diversity and Inclusion Focus

Equal Opportunity Employment

- All job descriptions offer equal opportunities, prohibiting discrimination based on gender identity, ethnicity, or sexual orientation, with accessible opportunities for candidates with disabilities. Our stand on equal opportunity is also being practised in our recruitment efforts in hiring diverse talent.

Equal Pay for Equal Work

- We have issued a formal principle and code which ensures fair wages, regardless of gender, providing equal compensation for equivalent roles and experience.

Empowering Female Leadership

- We promote gender equality in succession planning, recognising and supporting female leadership.

Career Development

- We actively advance employee career growth through on-the-job learning, in-house certification, and external qualification opportunities.

Our company is committed to fostering diversity through a multifaceted approach, implementing mentorship programmes and nurturing employee growth and empowerment. The managerial and board levels bear direct responsibility for diversity initiatives, ensuring strategic focus and accountability. Offering training and guidance enlightens our workforce on the significance of diversity and inclusivity promotion. We honour and celebrate all festivities, including traditional ones cherished by various races, even if they constitute a minority of our workforce (less than 50%). This inclusivity fosters a harmonious and welcoming work environment for everyone.

LOCAL EMPLOYMENT AND SOURCING

Our approach to local employment and sourcing adheres to local labour laws during recruitment and actively favours local hires. However, given our expanding international customer base and the need for diverse talent and expertise, we extend our search globally when such skills are not readily available locally. Upholding a non-discrimination policy in our hiring process ensures equal opportunities for all.

As of the end of FY2023, our workforce comprised 0% of disabled employees. We are committed to improving representation and fostering an inclusive work environment for individuals with diverse abilities.

Our inclusive hiring policy goes beyond non-discrimination, aiming to provide equal employment opportunities to underprivileged groups, including individuals from disadvantaged and socially underprivileged backgrounds. Additionally, our recruitment strategy actively addresses youth unemployment by offering internships and graduate placements.

DEVELOPING AND SUPPORTING OUR TALENT POOL

Today's employees expect regular feedback, open dialogue and more personal engagement with managers. Providing this requires a new management style. We have made feedback a fundamental pillar of our managerial culture to strengthen and continuously develop our talent pool to address future business challenges.

We value dialogue and foster employee-employer relationships built on open, continuous feedback and employee development.

VS's commitment to employee growth is paramount as we prioritise training and development programmes that align with industry needs and job expectations. We regularly assess industry trends, job requirements and evolving skill sets to tailor our training initiatives accordingly. We prioritise employee development by offering a dual approach to training. Our team benefits from external expert-led training sessions, while internal programs further augment their skill sets. This comprehensive approach ensures our employees have the latest knowledge and expertise.

We believe in fostering growth and potential, enabling our team to thrive and contribute meaningfully to their careers and communities. Our talent development programmes also build on personal development skills such as communication, time management, leadership and adaptability. Nurturing a well-rounded workforce by delivering workshops and coaching to empower individuals provides employees with the necessary tools to succeed in their careers and lives outside the workplace.

Examples Of Training Programmes Held Or Attended During The Year:

ISO 14001: 2015 Awareness	ISO 9001 Awareness	MBAM Seminar on Occupational Safety & Health (OSH) And Workshop On Permit To Work (PTW) for Construction	ISO 22301:2019 Business Continuity Awareness
Course for Certified Environmental Professional In the Schedule Waste Management (CEPSWAM)	Integrated Risk & Opportunities for ISO 14001:2015 & ISO 45001:2018, Environmental Aspect Impact & Occupational Risk Assessment	Sustainability and RBA Code of Conduct	Site Safety and Security Threat and Mitigation
Business Continuity Management Systems	Radiation Safety and Security Courses	Robust Process Development & Scientific Moulding	Violence And Harassment In the World of Work
Energy Management	The 7s	Chemical Handling	Fire-Fighting
Training For Hiwin Robot	Chemicals And Chemical Waste Handling, Storage And Disposal	Forklift Train the Trainer	Introduction to Creo Parametric Advance

We value personal growth and development. Our training programmes enhance essential skills such as communication, time management, leadership, and adaptability. Nurturing a well-rounded workforce and providing workshops and coaching empowers individuals personally and professionally. Employees can reach their full potential through continuous learning, contributing effectively to team dynamics and fostering a positive work environment.

SAFETY AND HEALTH

46% **incident rate reduced**

Outpacing *Achieve 20% reduction in incident rate by FY2025 and 50% by FY2030*

2021 **2025**

***FY2021 is the baseline measurement year*

VS places the utmost importance on the health and safety of its employees, initiating several initiatives to enhance overall well-being. VS plans to reinforce its occupational health and safety management system through ISO 45001 accreditation.

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 protect employees' safety, health and well-being at our manufacturing facilities. Our internal occupational safety and health audit aligns with RBA standards, assessing our performance in emergency preparedness, chemical and electrical safety, occupational injury and illness, storage safety, food hygiene, sanitation, housekeeping, and ergonomics.

VS' Safety and Health Policy, extending to all contractors and external stakeholders, affirms our commitment to a safe working environment. 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. VS sustained no health and safety incidents resulting in injuries or fatalities in FY2023.

We also perform noise inspections, categorised into Noise Risk Assessment and Environmental Noise Monitoring. These evaluations align with the OSH (Noise Exposure) Regulation 2019 and Section 23 of the Environmental Quality Act (Guidelines for Environmental Noise Limits and Control, Third Edition, 2019, Second Schedule).

We also established a comprehensive health awareness programme featuring health talks conducted every two months for all employees. The health talks cover work-related stress, mental health, musculoskeletal disorders, stroke, heart attacks, high blood pressure and nutrition management. Delivering customised health talks for foreign workers promoted wellness and helped facilitate a healthy transition into the workplace.

We actively promote fitness and a healthy lifestyle by implementing divisional programmes such as Sports Day, incentivising employees to engage in physical activities.

Delivering ongoing training and education to employees helps identify and solve workplace health and safety issues. We trained 952 employees on health and safety-related topics in FY2023, 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 Safety and Health Committees at each facility, which:

- Promote safety and health best practices
- Investigate any incidents or accidents
- Recommend 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. Operations 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 Representative
VSI18 & VSI20	1	2	5	5
VSI78	2 (1 chairman + 1 vice chairman)	1	6	6
VSI88	1	2	13	13
VSI98	2 (1 chairman + 1 vice chairman)	1	8	8
VSP28	1	1	5	5
VSP39	1	1	10	10
VSP89	1	1	6	6
VSP129	1	1	6	6
SF46	1	2	10	8
VSE	1	1	10	10
VST	1	2	5	5

EMERGENCY PREPAREDNESS AND RESPONSE

The Facility General Manager heads VS' Emergency Response Team (ERT). In consultation with respective Heads of Departments, the ERT identifies potential accidents and emergencies. The team devises response plans to mitigate impacts on people and the environment. VS's ERT includes specialised fire-fighting, evacuation, first aid, and chemical spillage units.

0

In 2023, VS has again achieved **zero** workplace accidents.

ADDRESSING GLOBAL HEALTH ISSUES

We tackle workplace health concerns and broader global health challenges. Engaging employees and communities through awareness campaigns, sanitation drives, regular testing, vaccinations, fogging and promoting responsible behaviour to curb transmission helps prevent and control COVID-19, HIV/AIDS, tuberculosis, malaria and dengue.

RESPECTING HUMAN RIGHTS

VS emphasises respecting human rights, recognising them as foundational for cultivating a secure, prosperous and sustainable workplace. We have implemented the following actions to uphold and respect human rights:

- Integrated a Human Rights Policy and Management into management practices;
- Enforced a Zero Recruitment Fees policy to prevent employees from being burdened by recruitment-related costs;
- Introduced a Robust Grievance Mechanism to identify, prevent, mitigate and address human rights risks and issues;
- Delivered ongoing human rights training programmes to enhance employee awareness and deepen internal understanding;
- Engaged actively in dialogue with experts, third parties such as NGOs, and all stakeholders across the value chain to collaboratively address identified risks and devise broad and equitable solutions and
- Assessed suppliers regularly to ensure compliance with human rights principles and prevent violations within our business partnerships.

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 acknowledge the risks of specific impacts on particularly vulnerable segments of society, including minorities, women and indigenous peoples.

Respecting internationally recognised human rights principles, we derived our policies from principles such as those defined in the following:

- 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 Organisation'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 team members undergo annual awareness sessions on this code as part of their human rights policy training. We currently provide these materials in English and will explore translation into other languages as needed.

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

We consistently evaluate the human rights implications within our fundamental business operations, integrating this assessment as an ongoing part of our core processes. This proactive evaluation guides our continuous improvement efforts by setting goals based on the business impact review centred on averting, proactively addressing, and lessening potential human rights concerns. We have instituted procedures for screening, training, and monitoring human rights aspects within our internal operations and across our supply chain partners. Compliance with all relevant employment and human rights legislations in locations of operation is a fundamental commitment. We expect our suppliers to align with these standards and, at a minimum, uphold our Principles on Labour Practices and Human Rights.

We communicate our human rights expectations to all stakeholders, including business partners. Regular training and awareness sessions reinforce the Company's human rights policy among staff.

The RBA Code of Conduct governs our approach to managing human rights and labour at our facilities, aligned with local laws, international norms, and standards. The Code of Conduct explicitly conveys our commitment to prohibiting forced labour, child labour and unsafe working conditions, emphasising our dedication to upholding these fundamental principles.

As a member of the RBA, we adhere to RBA requirements and employ due diligence processes to evaluate our social performance and associated risks, encompassing compliance and risks related to human rights. We use RBA's Self-Assessment Questionnaire (SAQ) and Risk Assessment Tool to assess and communicate our performance. Our facilities and operations undergo regular third-party audits to validate compliance with the RBA code, encompassing human rights and labour management requisites.

During this reporting period, VS experienced no human rights violations, including cases of discrimination related to equality and diversity.

VS Principles, Codes and Actions With Regards to Human Rights and Labour

Freely Chosen Employment	We have zero tolerance for forced, involuntary or exploitative prison, indentured, bondage (including debt bondage), trafficked or slave labour.
Prevention of Child Labour	We have zero tolerance for child labour, defined as work by any person: ● Aged less than 15 ● Under the 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.
Wages and Benefits	Our worker compensation complies with all applicable wage laws. We exceed the legally mandated minimum living wages, benefits and overtime pay.
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 Non-discrimination

Our recruitment and employment practices safeguard against discrimination based on race, colour, religion, 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.

The Company has taken action to improve workforce diversity and equal opportunities and reduce discrimination, including those based on the following:

Race and Traits	Recruitment forms do not request information regarding an individual's race and background, including sexual orientation and nationality.
Religion	Designated prayer rooms at the workplace accommodate various religious practices.
Gender	A breastfeeding room in the workplace supports nursing mothers.
Age	We offer equal training, promotion and appraisal opportunities for employees regardless of age.
Disabilities	We eliminate discrimination in disability hiring and provide feasible assistance and an inclusive work environment.

Freedom of Association and Collective Bargaining

We comply with local laws on freedom of association and collective bargaining, maintain an open-door policy and allow workers 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 collective bargaining, including forming and joining trade unions of their choice, bargaining collectively, engaging in peaceful assembly, or refraining from such activities.

Health and Safety

We have an established Health and Safety management system, 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.

Open and Transparent Communication

VS has a formal mechanism for internal and external stakeholders, including individuals and communities impacted by our business activities, to engage with company management and 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.

SYNERGY WITH SOCIETY

Our commitment extends beyond our business operations; we are deeply dedicated to the well-being and betterment of all communities we touch. Initiatives range from connecting with employees' families across distances to fostering collaborations with individuals with unique abilities and our steadfast support for non-profit organisations and educational institutions. Creating a significant and positive influence helps us build a more inclusive, resilient, and sustainable society.

VS aligned its community investment principles with its company strategy, focusing on building the well-being and development of local communities. 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. VS' education-promoting programmes collaborate with local schools and organisations to provide educational materials, scholarships, tutoring programmes and access to quality education. In FY2023, VS spent more than RM 293,000 on non-profit organisations, including schools and local communities, to develop the neighbourhood and the welfare of its people.

BEING PART OF THE COMMUNITY

VS has implemented a well-structured framework to enhance employee engagement and foster a culture of volunteerism. Regular communication channels, inclusive team-building events and opportunities for involvement in decision-making processes encourage employees to participate and contribute to the organisation's initiatives.

VS also supports and recognises employee volunteerism by providing dedicated volunteer leave, offering financial contributions for volunteer activities, and organising group volunteering opportunities. This approach not only strengthens the bond between employees and the company but also instils a sense of social responsibility and community involvement among the workforce, aligning with VS's commitment to making a positive impact beyond the workplace.

UNIFYING THE GLOBAL VS COMMUNITY

Our community programme extends our care by visiting the families of foreign employees in their home countries. This initiative reassures employees' families about their well-being in Malaysia, fostering stronger bonds. It also underscores our commitment to ensuring that the remuneration received by foreign workers is not only fair but also sufficient to maintain a decent standard of living for both the employee and their family. These visits improve our international workforce's overall well-being and quality of life while promoting a sense of belonging and security within our global VS community.

FOSTERING COMMUNITY WELL-BEING AND EMPOWERING FUTURE GENERATIONS

We are expanding our charitable efforts by providing enduring financial support to Non-Profit Organisations dedicated to assisting patients with chronic illnesses. Subsidising polytechnic schools to upskill and reskill younger generations also creates valuable employment opportunities. This dual approach reflects our dedication to:

- Social well-being and economic empowerment
- The long-term betterment of our communities
- A brighter future for individuals facing health challenges and those seeking to enhance their skills and career prospects

SECURING THE DIGITAL REALM

The evolving cyber landscape poses significant risks, and successful breaches can have devastating consequences. Incidents erode trust and also incur substantial financial losses.

Our commitment to sustainability demands robust cybersecurity measures, consisting of protecting data, ensuring business continuity and upholding stakeholders' trust. We established a dedicated cybersecurity team and made strategic investments to enhance our cybersecurity measures during the year.

System Upgrade

- Transitioned to a cutting-edge cybersecurity system, incorporating Next Generation Anti-Virus (NGAV) in combination with Endpoint Detection and Response (EDR)
- Deployed Multi-factor Authentication (MFA) across various external-facing applications to bolster security, including email access, File Transfer access, Remote Desktop access, SSL, VPN access and Firewall access
- Updated all external-facing servers and applications with the latest firmware and patches, staying current with industry best practices to improve security
- Optimised our system to streamline security measures by automating account password resets for departing employees, aligning with their resignation dates for enhanced efficiency and data protection

Strategic Investment

- Established a dedicated Cybersecurity Team
- Implemented Next Generation Anti-Virus (NGAV) and Endpoint Detection and Response (EDR)
- Adopted specialised Application Software for Multi-factor Authentication (MFA)
- Upgraded Firewall system
- Enhanced Email Spam Filtering with updated Application Software
- Strengthened Data Backup and Recovery capabilities, including encrypted backup copies
- Modernised secure File Transfer System for improved data protection

Action Plan

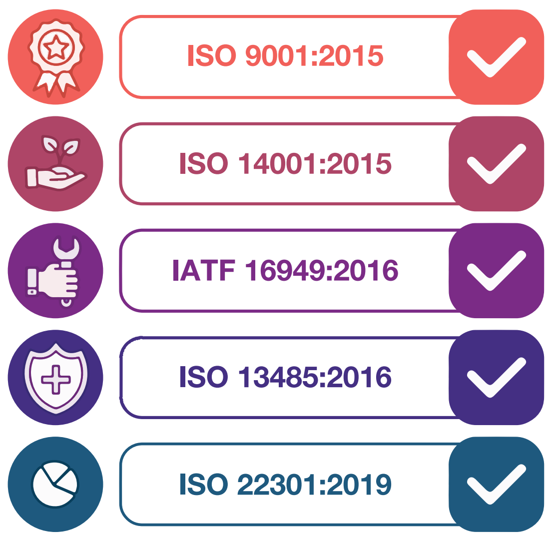
- Collaborated with a third-party Vulnerability Assessment (VA) service provider on comprehensive VA scan activities
- Executed an internal email phishing campaign
- Implement an internal Learning and Assessment Test Programme addressing email phishing
- Adhered to the Cyber Security Incident Response Plan for a swift and effective response to cybersecurity incidents

MASTERING QUALITY

Quality management is paramount in electronics manufacturing to produce reliable, high-performance electronic components and devices. Our quality commitment extends across every stage of operations, from design and sourcing of materials to assembly and testing.

Ingraining rigorous quality control measures in our processes, such as Six Sigma and ISO standards, ensures precision and consistency. We invest in state-of-the-art testing equipment and employ highly skilled technicians to verify product specifications. Continuous improvement initiatives enhance efficiency and reduce defects, contributing to our industry's reputation for delivering cutting-edge electronic solutions that meet the highest quality standards.

Comprehensive ISO Certifications Achieved by Our Factories



In FY2023, 10 out of 12 sites were ISO14001 certified. Our ISO 14001 certification covers an extensive range of operations, encompassing 83% of our organisational processes and environmental responsibilities.

GOOD GOVERNANCE AS A FOUNDATION FOR A SUSTAINABLE VS

VS acknowledges the importance of instilling a robust governance ethos within the company's culture. Our approach entails embedding ethical principles at the core of our strategies and policies, ensuring continuous consideration, incentivising ethical behaviour through various rewards and opportunities, and promoting moral norms in our day-to-day business operations.

	Rationale	Focused Targets	Key Material Topics
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	VS emphasises the importance of enhancing its positive influence on responsible business practices. We achieve this by promoting shared value through a steadfast dedication to integrity and rigorous adherence to all pertinent laws and regulations.	16.5: Substantially reduce corruption and bribery in all their forms 16.6: Develop effective, accountable, and transparent institutions at all levels 16.C: Promote and enforce non-discriminatory laws and policies for sustainable development	• Regulatory Compliance • Ethics, Values and Governance • Data Privacy and Security • Cybersecurity • Responsible Sourcing

STRONG GOVERNANCE

Apart from a strong governance body, VS has established policies and a Business Code of Conduct and Ethics. These documents outline our visions, rules, values and ethical principles, which guide all employee grades on how they should work and act while performing their tasks. We also extend the Code of Conduct to all suppliers, expecting them to comply with the values and principles set out in the code and act ethically.

VS ensures it complies with the laws and regulations and does not violate the code. Establishing a robust management system drives, monitors and reports on any sustainability risks and opportunities, related programs, controls and processes. The Sustainability management team champions this management system led by the Risk and Compliance function at the corporate level and the Risk and Sustainability Working Group headed by the respective business units' General Manager and head of corporate functions at an operational level.

We report risks and opportunities identified during the self–assessment or customer-managed audits to the management and Board for their immediate action. We note any violations and establish a system to prevent future reoccurrences.

Financial, accreditation and customer–managed audits assure the effectiveness of the governing board and management system.

PRECISION AND CLARITY IN REPORTING

Stakeholders make critical decisions based on the data presented, encompassing financial and ESG aspects. VS must uphold trustworthiness and validation in its reports.

VS has devised a strategy to address this challenge by upgrading its ERP system and streamlining its processes to mitigate inconsistencies and data duplications.

During the year, VS instituted a data governance function involving IT and Compliance collaboration to enforce data quality improvement processes collaborating between IT and Compliance functions. They are responsible for:

i. Refining current procedures and operational frameworks by reorganising workflows, standardising business processes and optimising user interfaces that impact data quality.
ii. Defining data quality standards and policies, outlining data ownership and responsibilities, with each employee accountable for maintaining data quality.
iii. Encouraging collaboration among various stakeholders engaged in data management and data quality by engaging in discussions with business units and corporate functions regarding their operational aspects.

PROMOTING ETHICAL INTEGRITY

VS upholds a strict zero-tolerance policy against corruption or unethical business conduct, including bribery, kickbacks, fraud, money laundering, and facilitation payments. This policy applies to all board members and employees who fully embrace our commitment to integrity and adherence to the anti-corruption policy. They have undergone comprehensive anti-corruption education and training.

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 holds a comprehensive role in overseeing 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.

VS ensures that every employee is well-informed about the anti-corruption and anti-bribery policy. We communicate the guidelines thoroughly during employee orientation through the Employee Handbook upon their entry into the Company. Each employee must sign an acknowledgement form and submit it to the Human Resource Department. Regular training sessions remind employees of the company's unwavering dedication to corruption prevention.

Delivering awareness training to all employees guarantees familiarity with the company's strong stance against corruption. In alignment with the RBA Code of Conduct, VS has instituted a robust Business Ethics Policy outlining the expected values, principles, standards, and behaviour norms in business interactions. As part of our orientation module, all newly hired employees undergo mandatory training, providing a detailed understanding of the Code's stringent requirements.

Beyond merely establishing policies and procedures to govern the company, VS also:

- Regularly reviews the Code of Conduct and aligns its context with global standards
- Customises ethics training catering to all employees
- Assigns employees responsibility for conveying their grievances and reporting unethical behaviour, including corruption and bribery, through the whistleblowing channels
- Enforces the code of conduct and implementing disciplinary measures for violations
- Reviews the ethical culture through focus groups, surveys and assessments

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 comprehensive corruption risk assessments, including bribery for intermediaries, contractors, and agents. We communicate our anti-corruption policy clearly to these intermediaries.

Components of Our Comprehensive Anti-Corruption Efforts

- **Proportionate procedures**
- **Top-level commitment**
- **Risk assessment**
- **Integrous due diligence**
- **Communication and training**
- **Monitoring and reviewing**
- **Enforcement and sanctions**

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.

In FY2023, we continue to meet our target of **ZERO** corruption cases and **ZERO** fines for unethical business practices. The Group is transparent in its public policy engagement and has made no political contributions **(RM0)** in FY2023.

All employees are responsible for conveying their grievances and reporting unethical behaviour, including comprehensive corruption and bribery wrongdoings, 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: ENCOURAGING TRANSPARENCY AND ACCOUNTABILITY

We prioritise transparency and accountability through our whistleblowing policy, ensuring a safe and confidential platform for reporting concerns. Our approach enables anonymous reporting, guaranteeing confidentiality and protecting individuals from retaliation. We have established an independent reporting hotline accessible 24/7 for our employees, suppliers, customers, and other third parties associated with our organisation. We communicate this policy to all employees and make it available in multiple local languages to ensure inclusivity and understanding. We maintain a non-retaliation policy to safeguard those who report in good faith.

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 of bullying, harassment, bribery, financial irregularity and other offences.

ADVANCING INCLUSIVITY AND REPRESENTATION AT THE TOP

14% **female Senior Management position**

On pace *Achieve 20% ratio of female Senior Management position by FY2025 and 30% by FY2030*

2023 **2025**

10% **female director**

On pace *Achieve 20% ratio of female directors by FY2025 and 30% by FY2030*

2023 **2025**

Board composition profoundly impacts the board's ability to execute its oversight duties effectively. A well-functioning Board should consist of a diverse group of individuals possessing a balanced blend of skills, knowledge, experience, and independence aligning with the company's objectives and strategic direction.

VS proactively seeks individuals with expertise in areas critical to the company's needs and expands its search for board candidates while considering various factors, including gender, racial, and ethnic diversity.

INTEGRATING SUSTAINABILITY TARGETS AND KPIS WITH EXECUTIVE AND MANAGEMENT INCENTIVES

We follow the Malaysian Code on Corporate Governance (MCCG) recommendations, tailoring remuneration to:

- Consider business complexity, individual responsibilities
- Align with the company's long-term strategies and objectives
- Factor in the management of sustainability risks and opportunities.

Given the escalating demand, VS plans to implement incentive-based compensation for executives and senior management, encompassing financial and non-financial metrics. VS' enhanced remuneration package aligned with robust principles prioritises the company's objectives and maintains shareholder returns and public trust.

METRIC TABLES

Values listed have been rounded up or down from the actual values. These metric tables show a three-year history which is calculated by including all manufacturing sites in Malaysia and Hostels.

Indicator	Unit	FY2021	FY2022	FY2023
Economic				
Supply Chain				
Proportion of local suppliers	%	65.20%	64.55%	64.23%
Proportion of spending on local suppliers	%	44.59%	43.13%	44.79%
Corruption				
Total amount of political contributions	RM	0	0	0
Total cost of fines, penalties or settlements in relation to corruption	RM	0	0	0
Number of staff disciplined or dismissed due to non-compliance with anti-corruption policy	Number	0	0	0
Total employees who have received training on anti-corruption	Number	103	105	177
Total confirmed incidents of corruption	Number	0	0	0
Environment				
Energy				
Non-renewable electricity consumption	MWh	107,928	111,685	118,144
Renewable energy generation (solar)	MWh	NA	NA	931
Renewable energy consumption (solar)	MWh	NA	NA	573
Renewable energy sold (solar)	MWh	NA	NA	357
Total electricity consumption	MWh	107,928	111,685	118,717
Direct energy *	GJ	7,802	9,660	10,467
Indirect energy consumption (electricity) *	GJ	388,539	402,065	427,382
Total energy consumption*	GJ	396,341	411,725	437,850
Energy intensity	MJ/kg of product	0.44	0.66	0.69
** Conversion coefficients for electricity and diesel to Joules are derived from the Malaysia Energy Commission 2016 Report*				
Water and Effluent				
Total municipal water consumption	m^3	755,633	858,465	819,976
Total surface water from rivers, lakes and natural ponds	m^3	NA	NA	NA
Total groundwater from wells and boreholes	m^3	NA	NA	NA
Total water consumption	m^3	755,633	858,465	819,976
Total volume of effluent discharge	m^3	8,339	7,765	6,596

Indicator	Unit	FY2021	FY2022	FY2023
Environment (Cont'd)				
Waste				
Total solid waste disposed	tonnes	1,837	1,902	1,995
Non-recycled waste *	tonnes	110	89	155
Total recycled solid waste	tonnes	1,727	1,813	1,839
Total scheduled waste disposed	tonnes	2,248	2,028	2,137
** Food waste*				
Carbon Emissions				
Total Scope 1 CO_2 emissions *	tonnes	539.02	664.00	718.17
Total Scope 1 CH_4 emissions *	tonnes	0.004	0.007	0.008
Total Scope 1 N_20 emissions *	tonnes	0.003	0.005	0.006
Total Scope 1 CO_2e emissions *	tCO_2e	539.58	664.52	719.77
Total Scope 2 emissions **	tCO_2e	84,183	87,114	92,152
Scope 3 emissions: business travel (air) ***	tCO_2	NA	252.66	360.97
Scope 3 emissions: business travel (air) ***	tCH_4	NA	0.001	0.001
Scope 3 emissions: business travel (air) ***	tN_20	NA	0.008	0.012
Scope 3 emissions: business travel (air) ***	tCO_2e	NA	252.67	360.97
Scope 3 emissions: employee commuting	tCO_2e	NA	NA	8,419
Emissions intensity	$kgCO_2e/kg$ of product	0.09	0.14	0.15

* *Calculated using the Direct Emission from Mobile Combustion Sources emission factor published by the United States Environmental Protection Agency*
** *Calculated using the emission factor published by the Energy Commission for the Peninsular Grid 2019*
*** *Calculated using the Business Travel emission factors published by the United States Environmental Protection Agency*

Indicator	Unit	FY2021	FY2022	FY2023
Social				
Diversity, Equity & Inclusion				
Total employees	Number	8,402	9,551	11,755
Employees by contract				
Permanent employees	Number/%	8,402 (100.00%)	9,551 (100.00%)	11,755 (100.00%)
Contractors/temporary employees	Number/%	0 (0.00%)	0 (0.00%)	0 (0.00%)
Employees by nationality				
Local	Number/%	3,856 (45.89%)	3,945 (41.30%)	5,052 (42.98%)
Overseas	Number/%	4,546 (54.11%)	5,606 (58.70%)	6,703 (57.02%)
Employees by gender				
Female	Number/%	4,340 (51.65%)	4,930 (51.62%)	6,479 (55.12%)
Male	Number/%	4,062 (48.35%)	4,621 (48.38%)	5,276 (44.88%)

Indicator	Unit	FY2021	FY2022	FY2023
Social (Cont'd)				
Diversity, Equity & Inclusion (Cont'd)				
Employees by age				
<30	Number/%	5,273 (62.76%)	6,422 (67.24%)	8,597 (73.13%)
30-50	Number/%	2,850 (33.92%)	2,837 (29.70%)	2,884 (24.53%)
>50	Number/%	279 (3.32%)	292 (3.06%)	274 (2.33%)
Employees by ethnicity				
Malay	Number/%	2,524 (30.04%)	2,809 (29.41%)	3,668 (31.20%)
Indian	Number/%	723 (8.61%)	769 (8.05%)	674 (5.73%)
Chinese	Number/%	408 (4.86%)	220 (2.30%)	348 (2.96%)
Others	Number/%	4,747 (56.50%)	5,753 (60.23%)	7,065 (60.10%)
Employees by category				
Directors	Number/%	10 (0.11%)	11 (0.11%)	10 (0.09%)
Top management	Number/%	36 (0.42%)	35 (0.37%)	37 (0.31%)
Management	Number/%	282 (3.36%)	337 (3.53%)	362 (3.08%)
Staff	Number/%	8,074 (96.10%)	9,168 (95.99%)	11,344 (96.50%)
Gender by category				
Directors: Female	Number/%	1 (10.00%)	1 (9.09%)	1 (10.00%)
Directors: Male	Number/%	9 (90.00%)	10 (90.91%)	9 (90.00%)
Top management: Female	Number/%	5 (13.89%)	5 (14.29%)	6 (16.22%)
Top management: Male	Number/%	31 (86.11%)	30 (85.71%)	31 (83.78%)
Management: Female	Number/%	74 (26.24%)	95 (28.19%)	106 (29.28%)
Management: Male	Number/%	208 (73.76%)	242 (71.81%)	256 (70.72%)
Staff management: Female	Number/%	4,260 (52.76%)	4,829 (52.67%)	6,366 (56.12%)
Staff management: Male	Number/%	3,814 (47.24%)	4,339 (47.33%)	4,978 (43.88%)

Indicator	Unit	FY2021	FY2022	FY2023
Social (Cont'd)				
Diversity, Equity & Inclusion (Cont'd)				
Age by category				
Directors: <30	Number/%	0 (0.00%)	0 (0.00%)	0 (0.00%)
Directors: 30-50	Number/%	4 (40.00%)	2 (18.18%)	2 (20.00%)
Directors: >50	Number/%	6 (60.00%)	9 (81.82%)	8 (80.00%)
Top management: <30	Number/%	0 (0.00%)	0 (0.00%)	0 (0.00%)
Top management: 30-50	Number/%	5 (13.89%)	5 (14.29%)	7 (18.92%)
Top management: >50	Number/%	31 (86.11%)	30 (85.71%)	30 (81.08%)
Management: <30	Number/%	1 (0.35%)	1 (0.30%)	5 (1.38%)
Management: 30-50	Number/%	202 (71.63%)	249 (73.89%)	272 (75.14%)
Management: >50	Number/%	79 (28.01%)	87 (25.82%)	85 (23.48%)
Staff: <30	Number/%	5,272 (65.30%)	6,421 (70.04%)	8,592 (75.74%)
Staff: 30-50	Number/%	2,637 (32.66%)	2,579 (28.13%)	2,601 (22.93%)
Staff: >50	Number/%	165 (2.04%)	168 (1.83%)	151 (1.33%)
Employees by union membership				
Union members	Number/%	0 (0.00%)	0 (0.00%)	0 (0.00%)
Non-union members	Number/%	8,402 (100.00%)	9,551 (100.00%)	11,755 (100.00%)
Disabilities				
Disabled employees	Number/%	0 (0.00%)	0 (0.00%)	0 (0.00%)
Employee Turnover				
Total turnover	Number/%	4,570 (54.12%)	5,334 (59.42%)	4,780 (44.87%)
Turnover by gender				
Female	Number/%	1,878 (43.27%)	2,110 (42.80%)	1,875 (28.94%)
Male	Number/%	2,692 (66.27%)	3,224 (69.77%)	2,905 (55.06%)

Indicator	Unit	FY2021	FY2022	FY2023
Social (Cont'd)				
Employee Turnover (Cont'd)				
Turnover by age group				
<30	Number/%	3,334 (63.23%)	3,943 (61.40%)	3,665 (42.63%)
30-50	Number/%	1,206 (42.32%)	1,363 (48.04%)	1,080 (37.45%)
>50	Number/%	30 (10.75%)	28 (9.59%)	35 (12.77%)
Turnover by employment category				
Directors	Number/%	0 (0.00%)	1 (8.33%)	1 (9.09%)
Top management	Number/%	1 (2.86%)	2 (5.88%)	1 (2.63%)
Management	Number/%	12 (4.26%)	21 (6.23%)	33 (9.12%)
Senior management	Number/%	4,557 (56.44%)	5,310 (57.92%)	4,745 (41.83%)
Director Diversity				
Directors by gender				
Female	Number/%	1 (10.00%)	1 (9.09%)	1 (10.00%)
Male	Number/%	9 (90.00%)	10 (90.91%)	9 (90.00%)
Directors by age group				
<30	Number/%	0 (0.00%)	0 (0.00%)	0 (0.00%)
30-50	Number/%	4 (40.00%)	2 (18.18%)	2 (20.00%)
>50	Number/%	6 (60.00%)	9 (81.82%)	8 (80.00%)
Training & Development				
Total time spent on employee development training to enhance knowledge or individual skills	Hours	832	2,464	2,736
Total employees attending training	Number	475	1,446	2,328
Total time spent on employee development training for non-executive employees	Hours	NA	NA	NA
Total time spent on employee development training for junior management	Hours	NA	NA	NA
Total time spent on employee development training for middle management	Hours	NA	NA	NA
Total time spent on employee development training for senior management	Hours	NA	NA	NA
Average training per employee	Hours	1.75	1.70	1.18

Indicator	Unit	FY2021	FY2022	FY2023
Social (Cont'd)				
Community				
Total amount of corporate or group donations/ community investments made to registered not-for-profit organisations	RM	78,600	231,900	293,500
Total number of beneficiaries of the investment in communities	Number of communities **Note:** No specific data on number of beneficiaries	5	5	6
Health and Safety				
Fatalities	Number	0	0	0
Lost time incident rate *	Rate	0.25	0.13	0.12
Employees trained on health and safety standards	Number	147	645	952
Employees receiving general training, which includes safety	Number	147	645	952
** Number of lost time injuries in the reporting period / Total number of hours worked in the reporting period * 200,000*				
Human Rights				
Substantiated complaints concerning human rights violations	Number	0	0	0
Data Privacy and Security				
Total substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

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 ("the MCCG") and accountable for fostering a robust corporate governance framework. To sustain the success of corporate governance, the Board has taken necessary steps to ensure strong governance practices are adopted throughout the Group.

The Board remains committed to uphold and strengthen the corporate governance policies and practices within the Group to strategically aligned and ensure the Group's resilience and long-term sustainability in the dynamic changes in market conditions and evolving business landscape. The Group's ongoing efforts aimed at enhancing and strengthening the Group's governance practices and processes are given in the ensuing Corporate Governance Overview Statement ("CG Overview Statement") which 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 2023 ("FY2023") 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 corporate website at www.vs-i.com and via an announcement on the corporate 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 understands and instils appropriate corporate culture within the Group by taking 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 its shareholders and all stakeholders and thus, achieving and realisation of long-term shareholders' value, while taking cognisance of other stakeholders' interest.

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 conducts periodic review on the Board Charter as needed and the latest being on 1 November 2022. The Board Charter is periodically reviewed with a view to aligning it with the industry best practices and enhancing its scope, taking 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.

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

The Board is assisted by its Board Committees, namely, Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management and Compliance Committee ("RMCC") to ensure appropriate checks and balances in discharging its oversight function, statutory and fiduciary obligations. These Committees comprise 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 Board monitors the functions of the Board Committees in accordance with their respective TOR to ensure its effectiveness. The TOR for the aforesaid Board Committees are available on the Company's corporate 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 cohesion, efficient and effective operation 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. In addition, the Chairman leads in formulating pivotal policies, charting strategic course, cultivates exemplary corporate governance practices by the Board and enhance the overall Board's functions effectively and cohesively.

During Board meetings, the Chairman encourages and cultivates 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 enabling well-informed and sound 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)

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.

The MD is responsible for the executive management of the Group's business and implementing operational decisions and managing day-to-day operations, ensuring effective functioning and resource management. 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 who are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

The Board has direct access to the professional advice and services of the Company Secretaries, particularly relating to statutory obligations, regulatory compliance, legislation, 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 information necessary in furtherance of their duties.

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.

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)

The Board papers circulated include financial results, forecasts and latest development in the Group. The Company leverages technology to expedite the dissemination of 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 provide insight, advise and furnish 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.

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 Charter had been established with the objectives to promote high standards of corporate governance which is designed to provide guidance, clarity and awareness to all Board members on the operation of the Board, outlines the composition, roles, duties and responsibilities, functions, processes and procedures 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 is guided by the Board Charter for the effective discharge of its fiduciary duties.

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.

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

Part I Board Responsibilities (Cont'd)

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

3.1 Code of Ethics and Conduct (Cont'd)

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, uphold the spirit of accountability and social responsibility in line with legislations, regulations and guidelines governing a company as well as promoting the sustainability of a company by pursuing "Environmental, Social, and Governance" (ESG) strategies in its business. 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 ("the 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 is applicable to everyone within the Group to address matters in relation to improper solicitation, bribery and other corrupt activities that could arise in the course of business activities. The Group advocates strict adherence of the Policy by all parties involved in the Group's supply chain and procurement process.

The Policy has been adequately communicated to all parties within the Group, associates and other stakeholders through various communication channels and is published on the Company's corporate 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.

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 malpractice or 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 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 Auditor, 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 corporate website at www.vs-i.com.

There were no cases of breaches in ethics and integrity practices reported for the FYE2023.

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

Part I Board Responsibilities (Cont'd)

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

3.4 Fit & Proper Policy

Pursuant to Paragraph 15.01A of the MMLR, the Board had on 29 June 2022 established the Directors' Fit and Proper Policy to govern the appointment and re-election of directors within the Group. The aforesaid policy 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. This 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 corporate 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.

Part II Board Composition

4 Board Objectivity

4.1 Board Composition

The Board presently comprises twelve (12) 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	Tan Pui Suang Wong Cheer Feng Dr. Lim Boh Soon Wee Beng Chuan Lee Li Ming *(Appointed on 1 August 2023)* Dato' Lai Kim Seong *(Appointed on 1 August 2023)* Diong Tai Pew *(Resigned on 31 January 2023)*

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

The Board is committed to board diversity to ensure that collectively, it possess a diverse mix of skills, experience, expertise and perspectives that enhance the effectiveness of its processes and decision-making whilst embraces gender diversity in board composition.

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.

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

Part II Board Composition (Cont'd)

4 Board Objectivity (Cont'd)

4.1 Board Composition (Cont'd)

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director under Paragraph 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.

Half of the current Board comprises Independent Directors following the more recent appointment of additional INEDs. The Board remains mindful on the Board's composition to comprise 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 had, 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 decisions to facilitate effective and well-balanced stewardship and management 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.

There are six (6) INEDs on the Board presently, namely Tan Pui Suang, Wong Cheer Feng, Dr. Lim Boh Soon, Wee Beng Chuan, Lee Li Ming and Dato' Lai Kim Seong. 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.

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)

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 that promotes robust discussion and decision-making, and cultivates cohesive collaborations at all levels to generate sustainable growth for the benefit of all its stakeholders.

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 two (2) female members, namely Tan Pui Suang and Lee Li Ming which meet 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 whilst the ultimate objective is to create a well-rounded Board that brings together diverse talents.

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 the FYE2023. There were also two new appointments of INED subsequent to the aforesaid financial year end, namely Lee Li Ming and Dato' Lai Kim Seong, both on 1 August 2023 which seek to further strengthen the Board composition.

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

Part II Board Composition (Cont'd)

4 Board Objectivity (Cont'd)

4.4 Diverse Sources for New Candidate(s) for Board Appointment (Cont'd)

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.

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 recognised that an effective succession planning and talents development is a pivotal role in shaping the leadership landscape which sets the tone in ensuring the Group achieves its long-term sustainable growth and strategic objectives.

The members of the NC which comprises exclusively all NEDs as at the date of this CG Overview Statement are as follows:

Name	Position
Wong Cheer Feng	Chairman
Dr. Lim Boh Soon	Member
Wee Beng Chuan	Member

During the year under review, the changes to the composition of the NC were as follows:

(a) Diong Tai Pew has ceased as a member of the NC following his resignation as INED of the Company on 31 January 2023.
(b) Wee Beng Chuan was appointed as the member of NC on 31 January 2023

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) 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.
(b) 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 based on the following:

    i. Character and Integrity that encompasses probity, honesty, personal integrity, financial integrity and reputation;
    ii. Experience and Competence that encompasses qualifications, training and skills, relevant experience and expertise, relevant past performance or track record; and;
    iii. Time and Commitment that encompasses ability to discharge role having regard to other commitments, participation and contribution in the board or track record.

(c) Assessed the independence of the INEDs and recommended to the Board for the continuation of service.

(d) Reviewed the term of office and performance of the AC.

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

Part II Board Composition (Cont'd)

4 Board Objectivity (Cont'd)

4.5 Nomination Committee ("NC") (Cont'd)

During the year under review, key activities undertaken by the NC are summarised as follows (Cont'd):

(e) Reviewed and assessed the contribution of each Director and the effectiveness of the Board and Board Committees. Broadly, the criteria used for the aforesaid performance evaluations are as follows:

Assessment on	Criteria used
Board and Board Committee	Mix and Composition, Skill sets, Participation and Decision Making
Individual Director	Skill sets, Competency, Character and Personality, Experience, Integrity, Time Commitment

(f) Discussed the character, experience, integrity and competence of the Directors, and MD and to ensure they have the time to discharge their respective roles.

(g) Noted the development programmes attended by the Directors for disclosure in the CG Overview Statement in the Annual Report.

(h) Recommended for Directors to attend training or seminars particularly those in connection with updates to regulations and financial reporting standards.

(i) 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.

Further to the item 4.4 mentioned above, the process for Board appointments included but not limited to the conduct of background reference check, assessment by NC and thereafter, making the relevant recommendations for Board's consideration and approval. Having considered the NC's recommendation for the appointment of Director, the Board would then approve the appointment subject to the proposed candidate fulling the fit and proper assessment and compliance with other statutory requirements.

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 at least once 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 FY2023, the Board held six (6) meetings to deliberate and decide on various issues including the Group's financial results, strategic decisions and the direction of the Group.

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.

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)

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	6/6	-	-	-	-
Datuk Gan Sem Yam	6/6	-	-	-	-
Dato' Gan Tiong Sia	5/6	-	-	-	-
Ng Yong Kang	6/6	-	-	-	-
Beh Chern Wei (Ma Chengwei)	6/6	-	-	-	-
Gan Pee Yong	6/6	-	-	-	-
Diong Tai Pew[1]	4/4	2/2	1/1	-	-
Tan Pui Suang	6/6	4/4	-	-	5/5
Wong Cheer Feng	6/6	4/4	4/4	2/2	5/5
Dr. Lim Boh Soon	6/6	-	4/4	2/2	5/5
Wee Beng Chuan[2]	3/3	2/2	3/3	-	-

Note: [1] Resigned on 31 January 2023
[2] Appointed on 25 November 2022

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 the existing Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) within the time frame stipulated in the MMLR. The Board takes cognisance of the circulars relating to the amendments to the MMLR issued by Bursa Malaysia on 6 June 2023 in relation to sustainability training for directors by expanding the MAP to two (2) parts, comprising MAP Part I and MAP Part II as follows:

i. MAP Part I - The existing training for directors in relation to corporate governance and a director's roles, duties and liabilities; and
ii. MAP Part II (new) - Focusing substantively on sustainability.

The Board takes strict adherence to the time frame stipulated by the MMLR in complying with the MAP Part I and II.

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 FYE2023, the training programmes and seminars attended by the Directors are as follows:

Director	Training/Conference/Seminar
Datuk Beh Kim Ling	• Environmental, Social & Governance
Datuk Gan Sem Yam	• Environmental, Social & Governance
Dato' Gan Tiong Sia	• Environmental, Social & Governance
Beh Chern Wei (Ma Chengwei)	• Environmental, Social & Governance
Gan Pee Yong	• Environmental, Social & Governance
Ng Yong Kang	• Environmental, Social & Governance
Tan Pui Suang	• Environmental, Social & Governance • Board of Directors Leadership - ESG Essentials • Conversation with AOB • Reserve Matters for Shareholder • OECD - Pillar 2 • Budget 2023
Wong Cheer Feng	• Environmental, Social & Governance • Raising Defences-Section 17A, MACC Act
Dr. Lim Boh Soon	• Environmental, Social & Governance

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 FYE2023, the training programmes and seminars attended by the Directors are as follows (Cont'd):

Director	Training/Conference/Seminar
Wee Beng Chuan	• Environmental, Social & Governance • Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • How to Raise Funds with Sustainable Bonds • Tax and Business Summit 2023
Chong Chin Siong (Alternate Director to Beh Chern Wei (Ma Chengwei))	• Environmental, Social & Governance

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.

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.

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)

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	Chairman
Dr. Lim Boh Soon	Member

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.

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 FY2023 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	6.141	0.018	0.013	2.476	8.648
Datuk Gan Sem Yam	7.406	0.018	0.064	2.384	9.872
Dato' Gan Tiong Sia	3.116	0.018	0.016	2.314	5.464
Ng Yong Kang	1.437	0.018	0.021	1.213	2.689
Chong Chin Siong	1.612	0.009	0.013	1.219	2.853
Beh Chern Wei (Ma Chengwei)	1.596	0.009	0.028	1.092	2.725
Gan Pee Yong	1.766	0.018	0.016	1.092	2.892
Non-Executive Directors					
Diong Tai Pew*	-	0.101	-	-	0.101
Tan Pui Suang	-	0.126	-	-	0.126
Wong Cheer Feng	-	0.168	-	-	0.168
Dr. Lim Boh Soon	-	0.131	-	-	0.131
Wee Beng Chuan#	-	0.077	-	-	0.077
Total	**23.074**	**0.711**	**0.171**	**11.790**	**35.746**

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] RM million	Fees RM million	Benefits-in-kind RM million	Incentives and share-based benefits[2] RM million	Total RM million
Executive Directors					
Datuk Beh Kim Ling	1.162	0.018	0.013	0.763	1.956
Datuk Gan Sem Yam	1.796	0.018	-	0.690	2.504
Dato' Gan Tiong Sia	0.676	0.018	0.016	0.570	1.280
Ng Yong Kang	1.437	0.018	0.021	1.213	2.689
Chong Chin Siong	1.612	0.009	0.013	1.219	2.853
Beh Chern Wei (Ma Chengwei)	1.110	0.009	0.028	1.092	2.239
Gan Pee Yong	1.179	0.018	0.016	1.092	2.305
Non-Executive Directors					
Diong Tai Pew*	-	0.061	-	-	0.061
Tan Pui Suang	-	0.126	-	-	0.126
Wong Cheer Feng	-	0.168	-	-	0.168
Dr. Lim Boh Soon	-	0.131	-	-	0.131
Wee Beng Chuan#	-	0.077	-	-	0.077
Total	**8.972**	**0.671**	**0.107**	**6.639**	**16.389**

Note:
[1] This comprises bonus and contribution to state plans
[2] This comprises performance incentive and equity settled share based transactions
* Resigned on 31 January 2023
\# Appointed on 25 November 2022

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

Part III Remuneration (Cont'd)

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

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")

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

During the FYE2023 and as reported in the earlier Annual Report 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 approved by the Board upon the recommendation by the NC premised on the satisfactory results of assessment conducted.

Going forward, the Board will continue to 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.

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

Part I Audit Committee ("AC") (Cont'd)

8 Effective and Independent AC (Cont'd)

8.3 Policy and Procedures to Assess the Suitability, Objectivity and Independence of the External Auditor (Cont'd)

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. The re-appointment of external auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR.

The above mentioned assessment of external auditors 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 is well apprised of the requirement under the Malaysian Institute of Accountants By-Law and the International Ethics Standards Boards for Accountants' International Code of Ethics for Professional Accountants revised non-assurance service standard which requires that all non-assurance services provided by the independent auditor to an audit client that is a public interest entity, or its direct or indirect controlling/controlled entities, should be pre-approved by those charged with governance. This requirement is to enable those charged with governance of the public interest entity audit client to have oversight of the independence of the auditor.

Accordingly, the AC has recommended to the Board and the Board has adopted the pre-approval policy of non-assurance services which sets forth procedures and conditions whereby permissible non-assurance services provided by the independent auditor will be pre-approved for the entities within the corporate structure of the Company.

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 nor impair 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.

8.4 Composition of the AC

The AC comprises solely of 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.

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

Part I Audit Committee ("AC") (Cont'd)

8 Effective and Independent AC (Cont'd)

8.5 Diversity in Skills of the AC

The AC currently comprises 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")

The RMCC was established with the main objective of assisting the Board in ensuring adequate and effective risk management and internal controls and processes are in place. The RMCC 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 RMCC 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.

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 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.

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)

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, consistent 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. The Board believes that a robust and interactive stakeholder engagement and management are important components of good corporate governance and promotes a better appreciation of the Company's and the Group's long-term strategies and vision.

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.

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)

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 corporate 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.

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 40th AGM held in 2023 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.

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)

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 2024 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 40th AGM held on 6 January 2023.

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 attend, speak (via text messages) 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 20 November 2023.

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 - Wee Beng Chuan
Independent Non-Executive Director
Appointed on 31 January 2023

- Diong Tai Pew
Independent Non-Executive Director
Resigned on 31 January 2023

Members - Tan Pui Suang
Independent Non-Executive Director

- Wong Cheer Feng
Independent Non-Executive Director

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
Wee Beng Chuan	2 of 2 meetings
Tan Pui Suang	4 of 4 meetings
Wong Cheer Feng	4 of 4 meetings
Diong Tai Pew	2 of 2 meetings

TERMS OF REFERENCE

The terms of reference of the Committee are made available on the Company's corporate 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, prioritising 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 RM1.77 million.

ADDITIONAL COMPLIANCE INFORMATION

(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 31 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 2023 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 2023 for services rendered by the Company's external auditors, KPMG PLT and its affiliates are as follows:-

Fee incurred	Audit Fees (RM'000)	Non-Audit Fees (RM'000)
Company	273	218
Group	516	218

The non-audit fees are related to financial and tax due diligence 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, 29.22% 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 6 January 2023, 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 2022.

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 2023 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 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	416
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	2,228
VSI Group and Beeantah Pte. Ltd.	Datuk Gan Sem Yam Gan Pee Yong	Purchases/sales of small metal parts, resins, etc	60,244

Abbreviations
"VSI Group" : V.S. Industry Berhad and its subsidiaries

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 2023.

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 and joint venture 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.

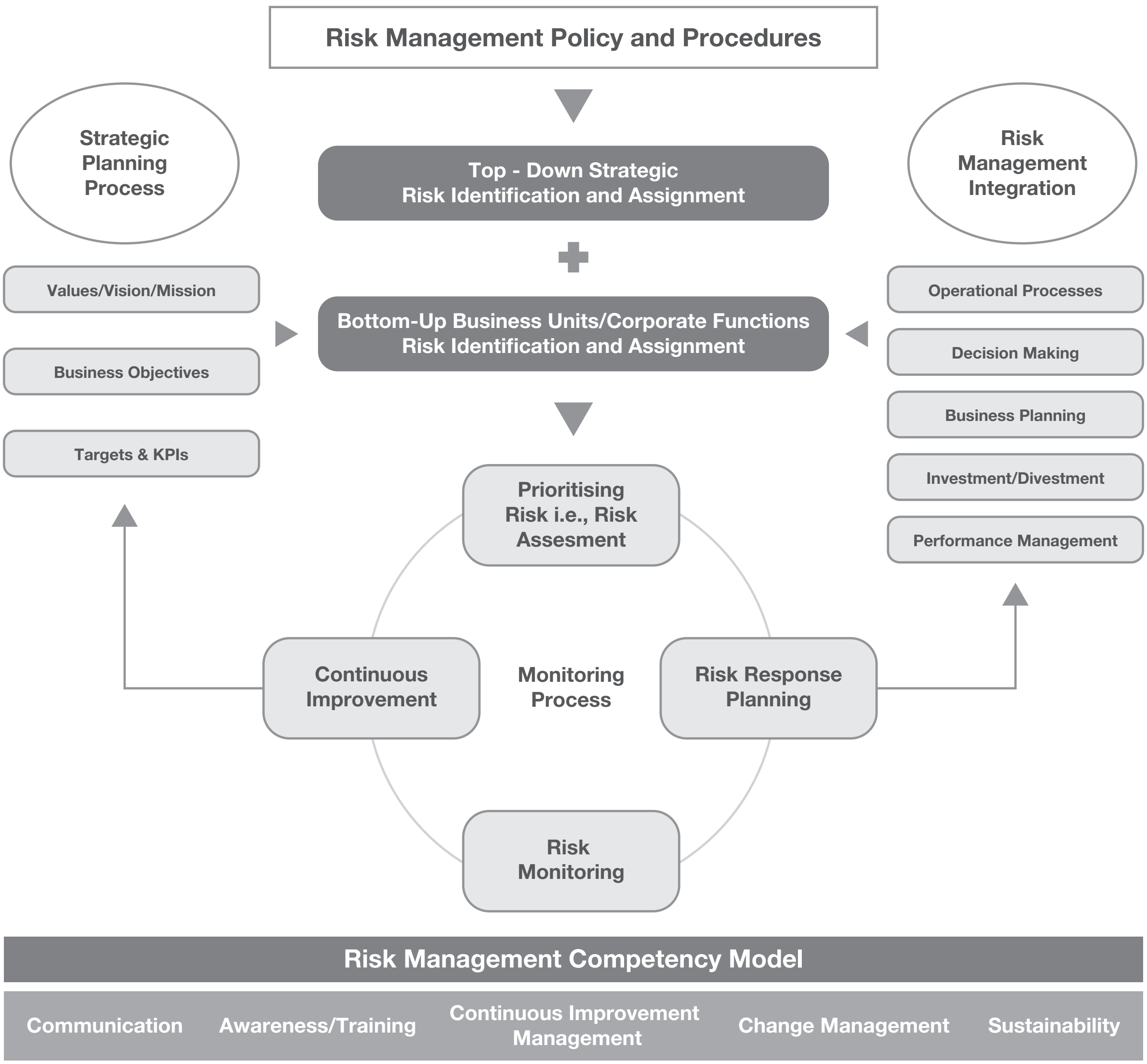
In line with the Group's commitment to deliver sustainable value, the Group has established a Risk Management Framework to ensure that there is an on–going process of identifying, evaluating, and managing significant business risk exposure including sustainability-related risks and opportunities.

The Group's Risk Management Framework is benchmarked against the ISO 31000: 2018 Risk Management - Principles and Guidelines with the aim to provide an integrated and organised 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 Framework is illustrated in the following diagram:



All employees have a responsibility for the management of risk. The Group seeks to promote a culture of risk awareness and as such risk management responsibilities in the Group are both Top-down and Bottom-up as depicted in the Risk Management Framework.

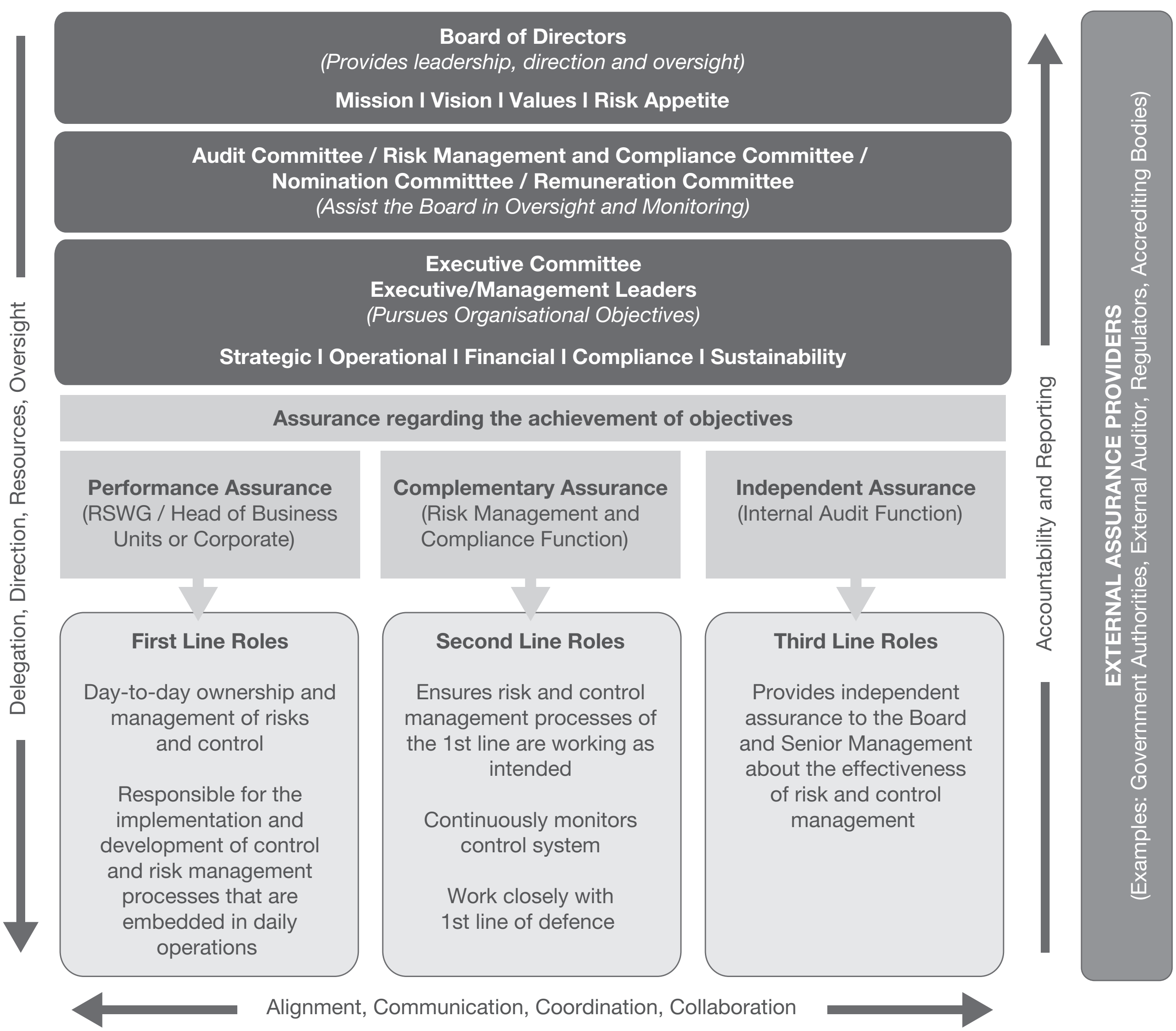
RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

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 / Corporate 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.

- 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.



RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. **Senior Management Function**

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

   - Addressing internal control issues and accepting responsibility of the risk, its evaluation, monitoring and reporting its status;
   - Coordinating and contributing to the development and maintenance of an appropriate control environment;
   - Monitoring the status of Risk Response actions; and
   - Updating the status of the risk

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 key significant 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 minimise any risk of non-compliance;
   - Monitoring and reporting on the effectiveness of control measures;
   - Providing the Senior Management with advice about acceptable behaviour 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 yearly 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 yearly 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.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

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 or emerging 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.

7. **Human Capital Management**

The organisational structure, which is aligned to business and operational requirements are led by respective Head of Business Units/Corporate 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 yearly 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 yearly 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 2023.

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 for the year attributable to:		
Owners of the Company	178,793	52,297
Non-controlling interests	(9,474)	--
	169,319	52,297

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 2022 as reported in the Directors' Report of that year:

- 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; and
- a final dividend of 0.4 sen per ordinary share totalling RM15,384,627 approved on 6 January 2023 and paid on 3 February 2023.

ii) In respect of the financial year ended 31 July 2023:

- a first dividend of 0.5 sen per ordinary share totalling RM19,235,743 declared on 16 December 2022 and paid on 3 March 2023;
- a second dividend of 0.3 sen per ordinary share totalling RM11,543,194 declared on 22 March 2023 and paid on 28 April 2023;
- a third dividend of 0.4 sen per ordinary share totalling RM15,368,285 declared on 15 June 2023 and paid on 28 July 2023; and
- a fourth dividend of 0.5 sen per ordinary share totalling RM19,263,237 declared on 26 September 2023 and paid on 27 October 2023.

DIVIDENDS (CONT'D)

The Directors recommended a final dividend of 0.5 sen per ordinary share totalling RM19,263,848 in respect of the year ended 31 July 2023 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 2024.

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**	
Ms. Tan Pui Suang	
Mr. Wong Cheer Feng	
Dr. Lim Boh Soon	
Mr. Wee Beng Chuan (appointed on 25 November 2022)	
Ms. Lee Li Ming (appointed on 1 August 2023)	
Dato' Lai Kim Seong (appointed on 1 August 2023)	
Mr. Diong Tai Pew** (resigned on 31 January 2023)	

** 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:

Directors	Alternate
Mr. Zhang Pei Yu	Ms. Beh Hwee Sze
Ms. Fu Xiao Nan	
Mr. Tang Sim Cheow	
En. Mohamad bin Yusof	
Dato' Wan Mohd Fadzmi bin Che Wan Othman Fadzilah	

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 2022**	**Bought/ ESOS exercised**	**Sold**	**At 31 July 2023**
Company					
Ordinary shares					
Datuk Beh Kim Ling	Direct	294,506	400	--	294,906
	Deemed	279,790	2,775	--	282,565
Datuk Gan Sem Yam	Direct	170,102	1,000	--	171,102
	Deemed	26,000	--	--	26,000
Dato' Gan Tiong Sia	Direct	65,816	--	--	65,816
Mr. Ng Yong Kang	Direct	624	800	--	1,424
Mr. Beh Chern Wei (Ma Chengwei)	Direct	128,699	1,981	(7,249)	123,431
Mr. Gan Pee Yong	Direct	21,766	--	--	21,766
Mr. Chong Chin Siong	Direct	100	200	(100)	200
	Deemed	600	10	--	610

		Number of Warrants ('000)			
Name of Directors	**Interest**	**At 1 August 2022**	**Bought**	**Sold**	**At 31 July 2023**
Datuk Beh Kim Ling	Direct	64,451	--	--	64,451
	Deemed	51,348	--	(30,483)	20,865
Datuk Gan Sem Yam	Direct	24,387	--	--	24,387
	Deemed	5,000	--	--	5,000
Dato' Gan Tiong Sia	Direct	7,587	--	--	7,587
Mr. Beh Chern Wei (Ma Chengwei)	Direct	36,090	--	(35,890)	200
Mr. Gan Pee Yong	Direct	3,937	--	--	3,937
Mr. Chong Chin Siong	Direct	772	--	(772)	--
	Deemed	120	--	(120)	--

DIRECTORS' INTERESTS IN SHARES (CONT'D)

		Number of shares ('000)			
Name of Directors	**Interest**	**At 1 August 2022**	**Bought**	**Sold**	**At 31 July 2023**
Subsidiaries					
- V.S. Ashin Technology Sdn. Bhd.					
Ordinary shares					
Datuk Beh Kim Ling	Deemed	1,740	--	--	1,740
Datuk Gan Sem Yam	Direct	3,130	--	--	3,130
Mr. Beh Chern Wei (Ma Chengwei)	Direct	870	--	--	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	18,895	--	54,779
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. Beh Chern Wei (Ma Chengwei)	Direct	37,112	--	--	37,112
- V.S. Corporation (Hong Kong) Co., Limited					
Non-voting deferred share of 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	At 1 August 2022	Granted	Exercised	At 31 July 2023
			Number of options (’000) over ordinary shares			
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
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	--	(100)	700
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 2023 had any interest in the ordinary shares of the Company and of 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 2023 are as follows:

	From the Company RM’000	From subsidiary companies RM’000
Directors of the Company:		
- Fees	671	40
- Remuneration	12,450	17,208
- Contributions to state plans	2,097	2,045
- Equity settled share-based transaction	1,064	--
- Estimated money value of any other benefits	107	64
	16,389	19,357

DIRECTORS' BENEFITS (CONT'D)

	From the Company RM'000	From subsidiary companies RM'000
Trading with companies in which the spouse of certain Directors have financial interest		
- Purchases of goods	45,500	14,744
- Technical fee payable	--	356
	45,500	15,100
Trading with a company wholly owned by a Director		
- Rental receivables	--	150
Trading with a company in which certain Directors have financial interest		
- Purchases of properties	--	6,000
Trading with a firm in which spouse of a Director is a Partner		
- Professional fees	363	--
Trading with a company controlled by a Director		
- Operating lease charges and management fee expense	--	937

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) 5,324,800 new ordinary shares for cash totalling RM2,396,160 arising from the exercise of the employees' share options at an exercise price of RM0.45 per ordinary share;

b) 290,600 new ordinary shares for cash totalling RM252,822 arising from the exercise of the employees' share options at an exercise price of RM0.87 per ordinary share;

c) 23,000,000 new ordinary shares totalling RM10,350,000 at the exercise price of RM0.45 per ordinary share under the shares held under trust as disclosed in Note 15 to the financial statements; and

d) 1,280 new ordinary shares for cash totalling RM1,766 arising from the exercise of Warrants at RM1.38 per ordinary share.

At the Annual General Meeting held on 6 January 2023, the shareholders of the Company renewed their approval for the Company to repurchase its own shares. During the financial year, the Company repurchased from the open market a total of 15,282,400 of its own shares with an average price of RM0.79. The repurchase transactions were financed by internally generated funds and the repurchased shares are being held as treasury shares and carried at cost.

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;

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.

A total of 1,280 (2022: 919,860) Warrants were exercised during the financial year. As at year end, 760,927,118 (2022: 760,928,398) 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.

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

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

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.

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 2022**	**Granted**	**Exercised**	**Forfeited**	**At 31 July 2023**
02 July 2020	RM0.45	67,842	--	(23,846)	(33)	43,963
17 May 2022	RM0.87	56,904	--	(291)	(5,162)	51,451
11 July 2023	RM0.78	--	4,161	--	--	4,161
		124,746	4,161	(24,137)	(5,195)	99,575

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.

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, the financial performance of the Group and of the Company for the financial year ended 31 July 2023 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.

SUBSEQUENT EVENT

The Company currently holds 40% equity interest in HT Press Work Sdn. Bhd. ("HTP"), classified as joint venture (see Note 8). Subsequent to the year end, on 19 September 2023, the Company entered into a Share Sale Agreement with two (2) individual shareholders to acquire 2,200,000 ordinary shares, representing 11% equity interest in HTP for a total cash consideration of RM2.64 million. Please refer to Note 32 for details.

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	516	273
Other auditors	1,140	--
- Non-audit fees		
KPMG PLT	11	11
Local affiliates of KPMG PLT	207	207
Other auditors	44	--
	1,918	491

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

20 November 2023

STATEMENTS OF FINANCIAL POSITION

As at 31 July 2023

	Note	Group 31.7.2023 RM'000	Group 31.7.2022 RM'000 Restated	Group 1.8.2021 RM'000 Restated	Company 31.7.2023 RM'000	Company 31.7.2022 RM'000 Restated	Company 1.8.2021 RM'000 Restated
Assets							
Property, plant and equipment	3	987,336	1,026,560	910,546	429,764	463,477	348,284
Right-of-use assets	4	98,797	107,374	103,406	--	--	--
Investment properties	5	30,238	24,170	23,114	17,670	17,670	16,614
Investments in subsidiaries	6	--	--	--	471,092	464,911	450,306
Investments in associates	7	6,530	4,952	39,254	--	--	35,000
Investment in joint venture	8	6,400	--	--	6,400	--	--
Other investments	9	129,898	156,699	205,020	9,469	15,363	8,305
Deferred tax assets	10	5,083	5,139	5,614	--	--	--
Total non-current assets		1,264,282	1,324,894	1,286,954	934,395	961,421	858,509
Inventories	11	703,779	925,006	636,542	273,981	413,146	253,391
Contract assets	12	179,123	139,582	194,962	104,122	61,854	69,548
Trade and other receivables	13	1,187,170	1,092,256	992,132	749,838	505,388	522,650
Current tax assets		18,912	31,864	6,417	15,825	14,571	--
Dividend receivables		--	--	--	171,000	196,000	50,000
Deposits, bank and cash balances	14	689,273	278,607	402,404	52,951	14,784	37,671
Total current assets		2,778,257	2,467,315	2,232,457	1,367,717	1,205,743	933,260
Total assets		4,042,539	3,792,209	3,519,411	2,302,112	2,167,164	1,791,769
Equity							
Share capital	15	873,515	855,306	842,358	873,515	855,306	842,358
Reserves	15	1,273,675	1,216,315	1,153,705	264,216	302,186	195,746
Equity attributable to owners of the Company		2,147,190	2,071,621	1,996,063	1,137,731	1,157,492	1,038,104
Non-controlling interests	6	131,665	147,987	162,814	--	--	--
Total equity		2,278,855	2,219,608	2,158,877	1,137,731	1,157,492	1,038,104
Liabilities							
Loans and borrowings	16	585,157	123,789	88,855	68,960	98,457	71,060
Lease liabilities		--	1,392	--	--	--	--
Loan from a Director	17	--	24,719	23,551	--	--	--
Trade and other payables	18	--	--	--	290,000	--	--
Deferred tax liabilities	10	68,541	59,127	48,030	18,501	13,025	11,321
Total non-current liabilities		653,698	209,027	160,436	377,461	111,482	82,381
Loans and borrowings	16	269,794	476,284	315,755	255,559	338,203	217,129
Lease liabilities		1,392	2,312	--	--	--	--
Trade and other payables	18	782,394	860,286	846,985	531,361	559,987	447,779
Contract liabilities	12	18,490	23,543	16,750	--	--	--
Loan from a Director	17	22,121	--	2,384	--	--	--
Current tax liabilities		15,795	1,149	18,224	--	--	6,376
Total current liabilities		1,109,986	1,363,574	1,200,098	786,920	898,190	671,284
Total liabilities		1,763,684	1,572,601	1,360,534	1,164,381	1,009,672	753,665
Total equity and liabilities		4,042,539	3,792,209	3,519,411	2,302,112	2,167,164	1,791,769

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 2023

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated	Company 2023 RM'000	Company 2022 RM'000 Restated
Revenue	19	4,604,221	3,914,059	2,870,195	2,007,590
Cost of sales		(4,161,394)	(3,506,553)	(2,763,668)	(1,944,181)
Gross profit		442,827	407,506	106,527	63,409
Other income		18,326	29,279	53,054	210,668
Distribution expenses		(21,525)	(23,049)	(5,869)	(3,674)
Administrative expenses		(142,274)	(138,852)	(57,678)	(54,302)
Other expenses		(23,921)	(58,916)	(11,075)	(32,319)
Results from operating activities		273,433	215,968	84,959	183,782
Finance income		11,271	2,596	1,068	177
Finance costs	20	(40,901)	(12,285)	(26,922)	(7,820)
Net finance costs		(29,630)	(9,689)	(25,854)	(7,643)
Operating profit		243,803	206,279	59,105	176,139
Share of profit/(loss) of equity accounted associates, net of tax		1,539	(520)	--	--
Profit before tax		245,342	205,759	59,105	176,139
Tax (expense)/income	21	(76,023)	(54,431)	(6,808)	4,781
Profit for the year	22	169,319	151,328	52,297	180,920
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 (expense)/income		(29,430)	(69,408)	(7,468)	164
Remeasurement of actuarial loss		1,608	(41)	--	--
		(27,822)	(69,449)	(7,468)	164
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(17,660)	36,226	--	--
Other comprehensive (expense)/income for the year, net of tax		(45,482)	(33,223)	(7,468)	164
Total comprehensive income for the year		123,837	118,105	44,829	181,084

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

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated	Company 2023 RM'000	Company 2022 RM'000 Restated
Profit attributable to:					
Owners of the Company		178,793	170,760	52,297	180,920
Non-controlling interests		(9,474)	(19,432)	--	--
Profit for the year		169,319	151,328	52,297	180,920
Total comprehensive income attributable to:					
Owners of the Company		140,159	132,932	44,829	181,084
Non-controlling interests		(16,322)	(14,827)	--	--
Total comprehensive income for the year		123,837	118,105	44,829	181,084
Basic earnings per ordinary share (sen)	23	4.66	4.47		
Diluted earnings per ordinary share (sen)	23	4.63	4.40		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 July 2023

		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, as previously reported		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
Adjustment on change in accounting policy, net of tax	33	--	--	(46,822)	(12,833)	--	--	--	--	15,205	(44,450)	(14,182)	(58,632)
At 1 August 2021, restated		842,358	(2,897)	4,531	77,243	10,543	95,163	8,583	(4,979)	965,518	1,996,063	162,814	2,158,877
Foreign currency translation differences for foreign operation		--	--	--	31,397	--	--	--	--	--	31,397	4,829	36,226
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	--	--	--
Total other comprehensive income/ (expense) for the year		--	--	--	31,397	--	(69,351)	--	--	126	(37,828)	4,605	(33,223)
Profit for the year		--	--	--	--	--	--	--	--	170,760	170,760	(19,432)	151,328
Total comprehensive income/ (expense) for the year		--	--	--	31,397	--	(69,351)	--	--	170,886	132,932	(14,827)	118,105

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 July 2023
(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
Contributions by and distributions to owners of the Company													
Share-based payment transaction	15	--	--	--	--	--	--	11,745	--	--	11,745	--	11,745
Issue of shares pursuant to ESOS	15	5,379	7,099	--	--	--	--	(3,162)	--	--	9,316	--	9,316
Issue of shares held in trust	15	6,300	(6,300)	--	--	--	--	--	--	--	--	--	--
Conversion of Warrants	15	1,269	--	--	--	--	--	--	--	--	1,269	--	1,269
Dividends to owners of the Company	24	--	--	--	--	--	--	--	--	(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		--	--	(78)	--	--	--	--	--	78	--	--	--
At 31 July 2022, restated		855,306	(2,098)	4,453	108,640	10,543	25,812	17,166	(4,979)	1,056,778	2,071,621	147,987	2,219,608

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 July 2023
(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 2022		855,306	(2,098)	4,453	108,640	10,543	25,812	17,166	(4,979)	1,056,778	2,071,621	147,987	2,219,608
Foreign currency translation differences for foreign operation		--	--	--	(10,812)	--	--	--	--	--	(10,812)	(6,848)	(17,660)
Remeasurement of actuarial loss		--	--	--	--	--	--	--	--	1,608	1,608	--	1,608
Net change in fair value of equity instrument designated at FVOCI		--	--	--	--	--	(29,430)	--	--	--	(29,430)	--	(29,430)
Total other comprehensive (expense)/income for the year		--	--	--	(10,812)	--	(29,430)	--	--	1,608	(38,634)	(6,848)	(45,482)
Profit for the year		--	--	--	--	--	--	--	--	178,793	178,793	(9,474)	169,319
Total comprehensive (expense)/ income for the year		--	--	--	(10,812)	--	(29,430)	--	--	180,401	140,159	(16,322)	123,837
Contributions by and distributions to owners of the Company													
Own shares acquired	15	--	--	--	--	--	--	--	(12,004)	--	(12,004)	--	(12,004)
Share-based payment transaction	15	--	--	--	--	--	--	13,309	--	--	13,309	--	13,309
Issue of shares pursuant to ESOS	15	7,857	8,335	--	--	--	--	(5,208)	--	--	10,984	--	10,984
Issue of shares held in trust	15	10,350	(10,350)	--	--	--	--	--	--	--	--	--	--
Conversion of Warrants	15	2	--	--	--	--	--	--	--	--	2	--	2
Dividends to owners of the Company	24	--	--	--	--	--	--	--	--	(76,881)	(76,881)	--	(76,881)
Total transactions with owners of the Group		18,209	(2,015)	--	--	--	--	8,101	(12,004)	(76,881)	(64,590)	--	(64,590)
Reclassification of capital reserve to retained earnings upon derecognition of certain subsidiaries		--	--	--	--	(11)	--	--	--	11	--	--	--
Realisation of revaluation reserve		--	--	(78)	--	--	--	--	--	78	--	--	--
At 31 July 2023		873,515	(4,113)	4,375	97,828	10,532	(3,618)	25,267	(16,983)	1,160,387	2,147,190	131,665	2,278,855

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

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 July 2023

		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, as previously reported		842,358	(2,897)	26,124	--	8,771	(4,979)	193,767	1,063,144
Adjustment on change in accounting policy, net of tax	33	--	--	(26,124)	--	--	--	1,084	(25,040)
At 1 August 2021, restated		842,358	(2,897)	--	--	8,771	(4,979)	194,851	1,038,104
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 (expense)/income		--	--	--	(164)	--	--	164	--
Total other comprehensive income for the year		--	--	--	--	--	--	164	164
Profit for the year		--	--	--	--	--	--	180,920	180,920
Total comprehensive income for the year		--	--	--	--	--	--	181,084	181,084
Contributions by and distributions to owners of the Company									
Share-based payment transaction	15	--	--	--	--	11,745	--	--	11,745
Issue of share pursuant to ESOS	15	5,379	7,099	--	--	(3,162)	--	--	9,316
Issue of shares held in trust	15	6,300	(6,300)	--	--	--	--	--	--
Conversion of Warrants	15	1,269	--	--	--	--	--	--	1,269
Dividends to owners of the Company	24	--	--	--	--	--	--	(84,026)	(84,026)
Total transactions with owners of the Company		12,948	799	--	--	8,583	--	(84,026)	(61,696)
At 31 July 2022, restated		855,306	(2,098)	--	--	17,354	(4,979)	291,909	1,157,492

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 2022		855,306	(2,098)	--	--	17,354	(4,979)	291,909	1,157,492
Net change in fair value of equity instrument designated at FVOCI/ **Total other comprehensive expense for the year**		--	--	--	(7,468)	--	--	--	(7,468)
Profit for the year		--	--	--	--	--	--	52,297	52,297
Total comprehensive (expense)/income for the year		--	--	--	(7,468)	--	--	52,297	44,829
Contributions by and distributions to owners of the Company									
Own shares acquired	15	--	--	--	--	--	(12,004)	--	(12,004)
Share-based payment transaction	15	--	--	--	--	13,309	--	--	13,309
Issue of shares pursuant to ESOS	15	7,857	8,335	--	--	(5,208)	--	--	10,984
Issue of shares held in trust	15	10,350	(10,350)	--	--	--	--	--	--
Conversion of Warrants	15	2	--	--	--	--	--	--	2
Dividends to owners of the Company	24	--	--	--	--	--	--	(76,881)	(76,881)
Total transactions with owners of the Company		18,209	(2,015)	--	--	8,101	(12,004)	(76,881)	(64,590)
At 31 July 2023		873,515	(4,113)	--	(7,468)	25,455	(16,983)	267,325	1,137,731

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

STATEMENTS OF CASH FLOWS

For the Year Ended 31 July 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Cash flows from operating activities					
Profit before tax		245,342	205,759	59,105	176,139
Adjustments for:					
Depreciation of:					
- Property, plant and equipment	3	114,741	114,710	54,105	49,157
- Right-of-use assets	4	5,366	3,995	--	--
Equity settled share-based transactions	15	13,309	11,745	7,128	5,956
Finance costs	20	39,884	11,462	26,570	7,525
Property, plant and equipment:					
- Loss/(Gain) on disposal		177	7,360	(394)	(633)
- Written off		38	191	--	--
Write down of obsolete and slow moving inventories		9,717	5,096	8,568	1,875
Impairment loss on:					
- Trade receivables		81	3,833	--	--
- Investments in associates		--	26,826	--	28,000
- Property, plant and equipment		4,658	12,393	--	--
Finance income		(11,271)	(2,596)	(1,068)	(177)
Share of (profit)/loss of equity accounted associates		(1,539)	520	--	--
Unrealised loss/(gain) on foreign exchange		306	4,319	(1,438)	4,319
Changes in fair value of investment properties		--	(1,056)	--	(1,056)
Operating profit before changes in working capital		420,809	404,557	152,576	271,105
Change in inventories		211,510	(293,560)	130,597	(161,630)
Change in contract assets		(39,541)	55,380	(42,268)	7,694
Change in contract liabilities		(5,053)	6,793	--	--
Change in trade and other receivables		(97,010)	(103,158)	(221,465)	(127,939)
Change in trade and other payables		(34,048)	(55,348)	12,098	67,516
Cash generated from operations		456,667	14,664	31,538	56,746
Interest received		11,271	2,596	1,068	177
Tax paid		(38,384)	(82,230)	(2,586)	(14,462)
Net cash from/(used in) operating activities		429,554	(64,970)	30,020	42,461

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

STATEMENTS OF CASH FLOWS
For the Year Ended 31 July 2023
(Cont'd)

		Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
	Note		Restated		Restated
Cash flows from investing activities					
Acquisition of:					
- property, plant and equipment	25	(138,564)	(208,312)	(59,846)	(124,550)
- right-of-use assets		(42)	(1,181)	--	--
- investment properties		(6,260)	--	--	--
- investments in subsidiaries		--	--	--	(8,816)
- investment in joint venture		(6,400)	--	(6,400)	--
- other investments		(1,574)	(14,087)	(1,574)	(58)
Proceed from disposal of:					
- property, plant and equipment		3,394	7,503	562	1,206
- other investments		--	167	--	164
Changes in pledged deposits		3,964	27,063	--	--
Net cash used in investing activities		(145,482)	(188,847)	(67,258)	(132,054)
Cash flows from financing activities					
Repayment of term loans		(47,339)	(25,679)	(28,019)	(18,694)
Drawdown of term loans		5,720	77,277	--	56,447
Proceeds from Sukuk		500,000	--	--	--
Repayments of hire purchase liabilities		(1,534)	(2,827)	(525)	(713)
Net (repayment of)/drawdown from short term borrowings		(202,269)	146,692	(83,897)	111,431
Interest paid		(39,884)	(11,462)	(26,570)	(7,525)
(Repayment)/Drawdown of loan from a Director		(2,598)	1,168	--	--
Proceeds from issuance of shares		13,001	9,786	13,001	9,786
Dividend paid to owners of the Company		(76,881)	(84,026)	(76,881)	(84,026)
Payment of lease liabilities		(2,312)	(936)	--	--
Repurchase of treasury share		(12,004)	--	(12,004)	--
Proceeds from loan from a subsidiary		--	--	290,000	--
Net cash from/(used in) from financing activities		133,900	109,993	75,105	66,706
Exchange differences on translation of the financial statements of foreign operations		(2,106)	41,268	--	--
Net increase/(decrease) in cash and cash equivalents		415,866	(102,556)	37,867	(22,887)
Cash and cash equivalents at 1 August		274,643	371,377	14,784	37,671
Effect of exchange rate fluctuation on cash held		(1,536)	5,822	--	--
Cash and cash equivalents at 31 July	14	688,973	274,643	52,651	14,784

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

Cash outflows for leases as a lessee

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Included in net cash from operating activities					
Payment related to short-term leases	22	17,265	12,563	22,392	13,768
Included in net cash from financing activities					
Payment of lease liabilities		2,312	936	--	--
Total cash outflows for leases		19,577	13,499	22,392	13,768

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

	At 1 August 2021 RM'000	Acquisition of new leases RM'000	Net changes from financing cash flows RM'000	At 31 July 2022/ 1 August 2022 RM'000	Net changes from financing cash flows RM'000	At 31 July 2023 RM'000
Group						
Term loans	111,345	--	51,598	162,943	(41,619)	121,324
Sukuk	--	--	--	--	500,000	500,000
Hire purchase liabilities	4,855	--	(2,827)	2,028	(1,534)	494
Onshore loan	186,850	--	40,100	226,950	(138,492)	88,458
Trust receipts	1,784	--	79,837	81,621	(81,621)	--
Short term loan	25,568	--	(8,126)	17,442	(10,422)	7,020
Bankers' acceptances	74,208	--	34,881	109,089	28,266	137,355
Loan from a Director (Note 17)	23,551	--	1,168	24,719	(2,598)	22,121
Lease liabilities	--	4,640	(936)	3,704	(2,312)	1,392
Total liabilities from financing activities	428,161	4,640	195,695	628,496	249,668	878,164

	At 1 August 2021 RM'000	Net changes from financing cash flows RM'000	At 31 July 2022/ 1 August 2022 RM'000	Net changes from financing cash flows RM'000	At 31 July 2023 RM'000
Company					
Term loans	88,217	37,753	125,970	(28,019)	97,951
Hire purchase liabilities	1,693	(713)	980	(525)	455
Onshore loan	132,071	94,879	226,950	(138,492)	88,458
Bankers' acceptances	66,208	16,552	82,760	54,595	137,355
Loan from a subsidiary	--	--	--	290,000	290,000
Total liabilities from financing activities	288,189	148,471	436,660	177,559	614,219

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

NOTES TO 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 102246, 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
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 July 2023 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 and joint venture. The financial statements of the Company as at and for the financial year ended 31 July 2023 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 20 November 2023.

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"), IFRS Accounting 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 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 – 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 and International Tax Reform – Pillar Two Model Rules*

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 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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 11 - 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.

The Group and the Company have changed the measurement of land and buildings from a revaluation model to a cost model and the impact has been applied retrospectively. The impacts arising from the change in measurement of land and building is disclosed in Note 33.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations (Cont'd)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(v) Associates (Cont'd)

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.

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) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture 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.

(vii) 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.

(viii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(i) Recognition and initial measurement (Cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(b) Fair value through other comprehensive income (Cont'd)

(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.

(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.

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)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(iii) Regular way purchase or sale of financial assets (Cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost 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.

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.

(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 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 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".

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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 and contract assets. 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, and contract assets 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(i) Financial assets (Cont'd)

The Group and the Company estimate the expected credit losses on trade receivables using a individual assessment or provision matrix 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.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, deferred tax assets and investment property measured at fair value) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Employee benefits (Cont'd)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Revenue and other income (Cont'd)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Income tax (Cont'd)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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

	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						
At 1 August 2021, as restated	574,342	1,069,364	109,658	23,679	83,294	1,860,337
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)
Exchange differences	12,122	14,972	2,515	301	--	29,910
At 31 July 2022/1 August 2022, as restated	765,097	1,080,792	81,470	22,732	53,933	2,004,024
Additions	25,678	50,981	4,400	803	8,848	90,710
Disposals	(2,703)	(24,392)	(488)	(752)	--	(28,335)
Written off	--	(2,597)	(756)	--	--	(3,353)
Reclassification	60,743	--	--	--	(60,743)	--
Exchange differences	(11,344)	(10,312)	(941)	(216)	(2)	(22,815)
At 31 July 2023	837,471	1,094,472	83,685	22,567	2,036	2,040,231
Accumulated depreciation						
At 1 August 2021, as restated	110,605	686,706	81,173	18,267	--	896,751
Depreciation charge	22,852	79,835	10,005	2,018	--	114,710
Transfer	11,797	--	(11,797)	--	--	--
Disposals	(834)	(94,008)	(15,836)	(3,101)	--	(113,779)
Written off	--	(4,366)	(1,762)	--	--	(6,128)
Exchange differences	8,391	10,017	1,395	205	--	20,008
At 31 July 2022/1 August 2022, as restated	152,811	678,184	63,178	17,389	--	911,562
Depreciation charge	35,507	72,984	4,583	1,667	--	114,741
Disposals	--	(23,525)	(487)	(752)	--	(24,764)
Written off	--	(2,566)	(749)	--	--	(3,315)
Exchange differences	(5,411)	(7,212)	(730)	(207)	--	(13,560)
At 31 July 2023	182,907	717,865	65,795	18,097	--	984,664
Accumulated impairment losses						
At 1 August 2021, as restated	14,434	34,278	3,645	683	--	53,040
Impairment loss	--	11,553	840	--	--	12,393
Exchange differences	--	420	42	7	--	469
At 31 July 2022/1 August 2022, as restated	14,434	46,251	4,527	690	--	65,902
Impairment loss	--	4,473	128	57	--	4,658
Exchange differences	135	(2,218)	(213)	(33)	--	(2,329)
At 31 July 2023	14,569	48,506	4,442	714	--	68,231
Carrying amounts						
At 1 August 2021, as restated	449,303	348,380	24,840	4,729	83,294	910,546
At 31 July 2022/1 August 2022, as restated	597,852	356,357	13,765	4,653	53,933	1,026,560
At 31 July 2023	639,995	328,101	13,448	3,756	2,036	987,336

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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
Company						
At cost						
At 1 August 2021, as restated	176,530	241,697	22,664	11,372	61,098	513,361
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)
Net transfer from subsidiaries	--	1,353	5	--	--	1,358
At 31 July 2022/1 August 2022, as restated	324,466	315,166	25,601	10,109	--	675,342
Additions	5,894	12,291	2,915	516	--	21,616
Disposals	--	(793)	(2)	(752)	--	(1,547)
Written off	--	(88)	(158)	--	--	(246)
Net transfer to subsidiaries	--	(5,218)	(14)	--	--	(5,232)
At 31 July 2023	330,360	321,358	28,342	9,873	--	689,933
Accumulated depreciation						
At 1 August 2021, as restated	19,513	120,450	17,381	7,733	--	165,077
Depreciation charge	12,421	33,013	2,250	1,473	--	49,157
Disposals	--	(1,616)	--	(1,230)	--	(2,846)
Written off	--	(778)	(114)	--	--	(892)
Net transfer from subsidiaries	--	1,368	1	--	--	1,369
At 31 July 2022/1 August 2022, as restated	31,934	152,437	19,518	7,976	--	211,865
Depreciation charge	17,877	32,888	2,261	1,079	--	54,105
Disposals	--	(625)	(2)	(752)	--	(1,379)
Written off	--	(88)	(158)	--	--	(246)
Net transfer to subsidiaries	--	(4,171)	(5)	--	--	(4,176)
At 31 July 2023	49,811	180,441	21,614	8,303	--	260,169
Carrying amounts						
At 1 August 2021, as restated	157,017	121,247	5,283	3,639	61,098	348,284
At 31 July 2022/1 August 2022, as restated	292,532	162,729	6,083	2,133	--	463,477
At 31 July 2023	280,549	140,917	6,728	1,570	--	429,764

3.1 Carrying amounts of land and buildings

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
At cost				
Land	119,016	118,886	102,294	102,214
Buildings	520,979	478,966	178,255	190,318
	639,995	597,852	280,549	292,532

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.2 Carrying amounts by geographical area

	Group	
	2023 RM'000	2022 RM'000 Restated
Malaysia	795,226	807,097
China	144,180	169,549
Others	47,930	49,914
	987,336	1,026,560

3.3 Security

At 31 July 2023, the carrying amount of the plant and machinery and motor vehicles of the Group and of the Company under hire purchase arrangements is RM596,000 (2022: RM3,695,000) and RM596,000 (2022: RM1,383,000) respectively.

3.4 Impairment loss - Group

The recoverable amounts have been determined 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 significant 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.

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 RM3,609,000 (2022: RM4,915,000) (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 RM1,979,000 (2022: RM944,000) based on their fair value less costs of disposal by making reference to price quotation obtained from a third party buyer. Accordingly, for the year ended 31 July 2023, impairment loss of RM1,630,000 (2022: RM3,971,000) was further recognised as other expenses in the statement of profit or loss and other comprehensive income.

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.4 Impairment loss - Group (Cont'd)

For the remaining of property, plant and equipment (excluding land and buildings) with carrying value of RM29,940,000 (2022: RM47,759,000) (before impairment provision made in the current year), management performed impairment assessment by cash generating units ("CGUs") as at 31 July 2023. The Group regards the machinery and equipment used in business operation, and solar power machinery and equipment attributable to separately identifiable CGUs.

For the machinery and equipment used in business operation, the recoverable amounts of the CGUs are determined based on the fair value less costs of disposal as it is higher than the value-in-use calculations. For the year ended 31 July 2023, impairment losses of RM3,028,000 (2022: RM3,042,000) was recognised as other expenses in the statement of profit or loss and other comprehensive income.

For the solar power generating machinery and equipment, in estimating the present value of future net cash flows of the CGU using pre-tax discount rate of 12%, the management estimated the recoverable amount to be RM20,527,000 (2022: RM23,711,000). Accordingly, for the year ended 31 July 2023, no impairment losses (2022: RM5,380,000) was recognised as other expenses in the statement of profit or loss and other comprehensive income.

For land and buildings (including right-of-use assets) of RM174,336,000 (2022: RM193,562,000), management has assessed the recoverable amount based on its fair value less costs of disposal with reference to fair value of the land and buildings assessed by independent professional valuer through market approach. No impairment provision was made for the land and buildings as its recoverable amount was higher than the carrying value.

3.5 Others

Motor vehicles of the Group and the Company with carrying amount of RM386,000 (2022: RM924,000) are registered in the names of the Directors held in trust for the companies.

4. RIGHT-OF-USE ASSETS

	Land RM'000
Group	
At cost	
At 1 August 2021	103,406
Additions	5,821
Depreciation	(3,995)
Exchange differences	2,142
At 31 July 2022/1 August 2022	107,374
Additions	42
Depreciation	(5,366)
Exchange differences	(3,253)
At 31 July 2023	98,797

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At fair value				
At 1 August	24,170	23,114	17,670	16,614
Additions	6,260	--	--	--
Changes in fair value	--	1,056	--	1,056
Exchange differences	(192)	--	--	--
At 31 July	30,238	24,170	17,670	17,670

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 following are recognised in profit or loss in respect of investment properties:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Rental income	1,214	1,211	1,014	1,014
Direct operating expenses:				
- income generating investment properties	77	28	64	15

5. INVESTMENT PROPERTIES (CONT'D)

5.1 Fair value information

Fair value of investment properties are categorised as follows:

	Level 3	
	2023 RM'000	**2022 RM'000**
Group		
Land	8,486	7,430
Buildings	21,752	16,740
	30,238	24,170
Company		
Land	5,400	5,400
Buildings	12,270	12,270
	17,670	17,670

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 RM415 (2022: 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 (2022: 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 2023 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Less than one year	883	1,052	845	1,014
One to two years	--	845	--	845
Total undiscounted lease payments	883	1,897	845	1,859

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Cost of investment	477,754	471,573
Less: Impairment loss	(6,662)	(6,662)
	471,092	464,911

Included in investments in subsidiaries is an amount of RM46,166,000 (2022: RM39,985,000) arising from the ESOS granted to the subsidiaries' employees.

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	
			2023 %	2022 %
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

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2023 %	2022 %
V.S. Ashin Technology Sdn. Bhd.	Malaysia	Dormant	80.07	80.07
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 operations	100	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
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

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
Subsidiaries of V.S. International Group Limited@ (Cont'd)				
Qingdao GP Precision Mold Co., Ltd. *	People's Republic of China	Investment holding	--	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
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

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2023 %	2022 %
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.
* Derecognised during the year.

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.

6.1 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2023		
	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	132,269	(604)	131,665
(Loss)/Profit allocated to NCI	(9,501)	27	(9,474)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

6.1 Non-controlling interests in subsidiaries (Cont'd)

	2022		
	V. S. International Group Limited	Other subsidiaries with immaterial NCI	Total
NCI percentage of ownership interest and voting interest	56.66%		
	RM'000 Restated	**RM'000**	**RM'000 Restated**
Carrying amount of NCI	148,611	(624)	147,987
Loss allocated to NCI	(19,376)	(56)	(19,432)

	Group	
	2023 RM'000	**2022 RM'000 Restated**
V. S. International Group Limited		
Summarised financial information before intra-group elimination		
As at 31 July		
Non-current assets	211,226	240,842
Current assets	76,045	88,096
Non-current liabilities	(21,386)	(47,987)
Current liabilities	(32,441)	(18,665)
Net assets	233,444	262,286
Year ended 31 July		
Revenue	49,000	79,700
Loss for the year	(16,769)	(34,196)
Total comprehensive expense	(16,982)	(35,255)
Cash flows from operating activities	8,696	24,589
Cash flows from investing activities	2,302	1,037
Cash flows used in financing activities	(197)	(8,943)
Net increase in cash and cash equivalents	10,801	16,683

6.2 As at 31 July 2023, the cost of investment in V.S. International Group Limited ("VSIG") amounted to RM89 million. Due to indicators of continuing losses for the past three financial years, the Company has determined the recoverable amount of the investment in VSIG based on its fair value less costs of disposal. The fair value was determined based on the adjusted net tangible assets of VSIG which amounted to RM153 million. The Group engaged independent valuation specialists to determine fair value of the non-current assets of the subsidiary as at 31 July 2023. 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. As such, there is no impairment required on its investment in VSIG for the year under review.

7. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Investment in shares	32,198	32,198	16,623	16,623
Gain on deemed disposal	591	591	--	--
Share of post-acquisition reserves	(14,608)	(16,186)	--	--
Less: Impairment loss	(11,651)	(11,651)	(16,623)	(16,623)
	6,530	4,952	--	--

Details of associates are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
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

The investment in associates is part of the Group's strategy to diversify its portfolio across various industries and expand to new regions to improve market share.

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:

	Group	
	2023 RM'000	2022 RM'000
VS Industry Vietnam Joint Stock Company		
Summarised financial information		
As at 31 July		
Non-current assets	40,399	41,833
Current assets	121,071	176,184
Non-current liabilities	(15,601)	(20,088)
Current liabilities	(111,019)	(171,503)
Net assets	34,850	26,426
Year ended 31 July		
Profit from continuing operations/Total comprehensive income	8,212	7,459
Included in the total comprehensive income is:		
Revenue	248,809	289,995

7. INVESTMENTS IN ASSOCIATES (CONT'D)

	Group	
	2023 RM'000	2022 RM'000
VS Industry Vietnam Joint Stock Company		
Reconciliation of net assets to carrying amount		
As at 31 July		
Group's share of net assets/Carrying amount in statements of financial position	6,530	4,952
Group' shares of results		
Year ended 31 July		
Group's share of profit and total comprehensive income	1,539	1,398

8. INVESTMENT IN A JOINT VENTURE

	Group/Company	
	2023 RM'000	2022 RM'000
Investment in shares	6,400	--

In May 2023, the Company acquired an equity interest of 40% in HT Press Work Sdn. Bhd. ("HTP"). HTP is a joint arrangement by virtue of a shareholder agreement amongst parties and provides the Group and the Company with the rights to the net assets of the entity. Accordingly, the Group and the Company have classified the investment in HTP as a joint venture.

HTP is incorporated and has its principal place of business in Malaysia. It is principally involved in the business of metal stamping, tools and die design and fabrication, machining and surface finishing of aluminium product. HTP is part of the Group's strategy to enhance its value chains in tools and die design and fabrication, machining and surface finishing division.

No disclosure of other information is made as the joint venture is not significant to the Group.

Subsequent to the year end, HTP became a 51% owned subsidiary of the Company. Please see Note 32 for details of the acquisition.

9. OTHER INVESTMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fair value through other comprehensive income				
Shares	129,898	156,699	9,469	15,363

9. OTHER INVESTMENTS (CONT'D)

9.1 Equity investment designated at fair value through other comprehensive income

The Group and the Company designated the equity investment shown above as 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fair value through other comprehensive income				
Quoted shares	112,339	109,451	--	--
Unquoted shares	17,559	47,248	9,469	15,363
	129,898	156,699	9,469	15,363

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Group						
Property, plant and equipment - capital allowances	--	--	(59,661)	(51,114)	(59,661)	(51,114)
Fair value adjustments on properties	--	--	(22,721)	(24,716)	(22,721)	(24,716)
Contract assets	--	--	(5,468)	(5,462)	(5,468)	(5,462)
Deductible temporary differences	15,125	16,239	--	--	15,125	16,239
Unabsorbed capital allowances	2,055	5,325	--	--	2,055	5,325
Unutilised reinvestment allowance	6,934	5,740	--	--	6,934	5,740
Unutilised tax losses	278	--	--	--	278	--
Tax assets/(liabilities)	24,392	27,304	(87,850)	(81,292)	(63,458)	(53,988)
Set off of tax	(19,309)	(22,165)	19,309	22,165	--	--
Net tax assets/(liabilities)	5,083	5,139	(68,541)	(59,127)	(63,458)	(53,988)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Recognised deferred tax assets/(liabilities) (Cont'd)

	Company	
	2023 RM'000	**2022 RM'000 Restated**
Property, plant and equipment		
- capital allowances	(28,655)	(25,880)
Fair value adjustment on properties	(106)	--
Contract assets	(2,404)	(1,084)
Deductible temporary differences	6,380	3,850
Unabsorbed capital allowances	--	4,665
Unutilised reinvestment allowances	6,284	5,424
	(18,501)	(13,025)

Movement in temporary differences during the year:

	At 1 August 2022 RM'000 Restated	**Recognised in profit or loss (Note 21) RM'000**	**Exchange differences RM'000**	**At 31 July 2023 RM'000**
Group				
Property, plant and equipment				
- capital allowances	(51,114)	(8,350)	(197)	(59,661)
Fair value adjustment on properties	(24,716)	966	1,029	(22,721)
Contract assets	(5,462)	(426)	420	(5,468)
Deductible temporary differences	16,239	(433)	(681)	15,125
Unabsorbed capital allowances	5,325	(3,270)	--	2,055
Unutilised reinvestment allowance	5,740	1,194	--	6,934
Unutilised tax losses	--	278	--	278
	(53,988)	(10,041)	571	(63,458)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Movement in temporary differences during the year: (Cont'd)

	At 1 August 2021 RM'000 Restated	Recognised in profit or loss (Note 21) RM'000 Restated	Exchange differences RM'000 Restated	At 31 July 2022 RM'000 Restated
Group				
Property, plant and equipment				
- capital allowances	(29,110)	(21,433)	(571)	(51,114)
Fair value adjustment on properties	(24,455)	(78)	(183)	(24,716)
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)	--	--
	(42,416)	(11,373)	(199)	(53,988)

	At 1 August 2021 RM'000 Restated	Recognised in profit or loss (Note 21) RM'000 Restated	At 31 July 2022/ 1 August 2022 RM'000 Restated	Recognised in profit or loss (Note 21) RM'000	At 31 July 2023 RM'000
Company					
Property, plant and equipment	(12,584)	(13,296)	(25,880)	(2,775)	(28,655)
Fair value adjustment on properties	--	--	--	(106)	(106)
Contract assets	(1,472)	388	(1,084)	(1,320)	(2,404)
Deductible temporarily differences	2,735	1,115	3,850	2,530	6,380
Unabsorbed capital allowances	--	4,665	4,665	(4,665)	--
Unutilised reinvestment allowances	--	5,424	5,424	860	6,284
	(11,321)	(1,704)	(13,025)	(5,476)	(18,501)

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2023 RM'000	**2022 RM'000**
Unutilised tax losses		
- China entities (see Note (a) below)	75,911	81,809
- Malaysia entities (see Note (b) below)	18,282	15,569
Unutilised reinvestment allowances		
- Malaysia entities (see Note (c) below)	6,226	1,537
	100,419	98,915

(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 2024 and 2029 (2022: year 2023 and 2028).

(b) The unutilised tax losses will expire in 2032 to 2033 (2022: year 2032).

(c) The unutilised reinvestment allowances will expire in 2032 (2022: year 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.

11. INVENTORIES

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Raw materials	653,312	889,323	257,938	400,415
Work-in-progress	17,790	6,871	4,459	--
Finished goods	23,541	16,081	2,448	--
Packing materials	9,136	12,731	9,136	12,731
	703,779	925,006	273,981	413,146
Recognised in profit or loss:				
- Inventories recognised as cost of sales	4,151,677	3,501,457	2,755,100	1,942,306
- Write down of obsolete and slow-moving inventories	9,717	5,096	8,568	1,875

A write-down of inventories will be made when the estimated net realisable value of inventories decline below their carrying amounts. In assessing the net realisable value and making appropriate allowances, management identifies, using their past experience and 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.

12. CONTRACT ASSETS/(LIABILITIES)

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Contract assets	179,123	139,582	104,122	61,854
Contract liabilities	(18,490)	(23,543)	--	--

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 60 to 120 days.

The contract liabilities primarily relate to the advance consideration received from a customer for 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.

13. TRADE AND OTHER RECEIVABLES

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Trade receivables	1,095,408	1,027,983	472,476	323,984
Other receivables, deposits and prepayments	91,762	64,059	39,934	24,515
Due from associates				
- trade	--	214	--	--
Due from subsidiaries				
- trade	--	--	235,889	154,733
- non-trade	--	--	1,539	2,156
	1,187,170	1,092,256	749,838	505,388

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.

14. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	682,703	274,134	52,729	14,566
Fixed deposits with licensed banks	6,570	4,473	222	218
Deposits, bank and cash balances in the statements of financial position	689,273	278,607	52,951	14,784
Pledged deposits	--	(3,964)	--	--
Bank overdraft	(300)	--	(300)	--
Cash and cash equivalents in the statements of cash flows	688,973	274,643	52,651	14,784

Certain deposits placed with licensed banks of the Group in the previous year was pledged for bank facilities granted to certain subsidiaries.

15. CAPITAL AND RESERVES

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2023 RM'000	2022 RM'000	2023 '000	2022 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At 1 August	855,306	842,358	3,839,521	3,819,674
Shares issued under ESOS	7,857	5,379	5,615	4,927
Shares held under trust	10,350	6,300	23,000	14,000
Conversion of Warrants	2	1,269	1	920
At 31 July	873,515	855,306	3,868,137	3,839,521

15. CAPITAL AND RESERVES (CONT'D)

Reserves

	Group		Company	
	2023 RM'000	**2022 RM'000 Restated**	**2023 RM'000**	**2022 RM'000 Restated**
Non-distributable				
Revaluation reserve	4,375	4,453	--	--
Exchange fluctuation reserve	97,828	108,640	--	--
Capital reserve	10,532	10,543	--	--
Fair value reserve	(3,618)	25,812	(7,468)	--
Employee share-based reserve	25,267	17,166	25,455	17,354
Treasury shares	(16,983)	(4,979)	(16,983)	(4,979)
Shares held under trust	(4,113)	(2,098)	(4,113)	(2,098)
	113,288	159,537	(3,109)	10,277
Distributable				
Retained earnings	1,160,387	1,056,778	267,325	291,909
	1,273,675	1,216,315	264,216	302,186

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Revaluation reserve

Revaluation reserve represents surplus on revaluation of land of the Group, 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 designated 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.

15. 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	3 years
		- 40% of the options issued for third calendar year	
- 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	5 years
		- 30% of the options issued for second calendar year	
		- 40% of the options issued for third calendar year onwards	
- 17 May 2022	58,480	- 18% of the options issued for first calendar year	3 years
		- 82% of the options issued for second calendar year onwards	
- 11 July 2023	4,161	- 100% of the options issued for first calendar year onwards	2 years

15. CAPITAL AND RESERVES (CONT'D)

Equity settled share-based transaction (Cont'd)

The number and weighted average exercise prices of the share options are as follows:

	2023		2022	
	Weighted average exercise price RM	Number of options ('000)	Weighted average exercise price RM	Number of options ('000)
Outstanding at 1 August	0.64	124,746	0.45	89,640
Granted during the year	0.78	4,161	0.87	58,480
Forfeited during the year	0.87	(5,195)	0.68	(2,671)
Exercised during the year	0.46	(24,137)	0.45	(20,703)
Outstanding at 31 July	0.68	99,575	0.64	124,746
Exercisable at 31 July		99,575		77,624

The options outstanding at 31 July 2023 have an exercise price of RM0.68 (2022: RM0.64) and a weighted average contractual life of 2 years (2022: 3 years).

During the financial year, 24,136,800 (2022: 20,703,300) share options were exercised. The weighted average share price at the date of exercise for the year was RM0.46 (2022: RM0.45)

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	ESOS 3 (11 July 2023) 2023
Fair value at grant date	RM0.27	RM0.33	RM0.21
Share price at grant date	RM1.00	RM0.97	RM0.87
Expected volatility (weighted average volatility)	51.87%	50.00%	40.00%
Option life (expected weighted average life)	3.3 years	3 years	2 years
Expected dividends	2.57%	3.40%	3.04%
Risk-free interest rate (based on Malaysian Government Securities)	1.82%	3.73%	3.40%

15. CAPITAL AND RESERVES (CONT'D)

Value of employee services received for issue of share options

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Share options granted in 2020	--	5,273	--	2,429
Share options granted in 2022	12,428	6,472	6,772	3,527
Share options granted in 2023	881	--	356	--
Total expense recognised as equity settled share-based transactions	13,309	11,745	7,128	5,956

Treasury shares

At the Annual General Meeting held on 6 January 2023, the shareholders of the Company renewed their approval for the Company to repurchase its own shares.

During the financial year, the Company repurchased a total of 15,282,400 of its own shares with an average repurchase price of RM0.79.

At 31 July 2023, a total of 25,712,880 (2022: 10,430,480) repurchased shares are being held as treasury shares. The number of outstanding ordinary shares in issue after the set off is 3,842,425,112 (2022: 3,829,090,832).

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.

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	
	2023 '000	2022 '000
As at 1 August	4,662	6,438
Subscription of new shares	23,000	14,000
Exercise of ESOS options by eligible employees via ETF Mechanism	(18,522)	(15,776)
As at 31 July	9,140	4,662

15. CAPITAL AND RESERVES (CONT'D)

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. A total of 1,280 (2022: 919,860) Warrants were exercised during the financial year. As at year end, 760,927,118 (2022: 760,928,398) Warrants remained unexercised.

16. LOANS AND BORROWINGS

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Non-current				
Secured				
Hire purchase liabilities	195	492	195	453
Unsecured				
Term loans	84,962	123,297	68,765	98,004
Sukuk	500,000	--	--	--
	585,157	123,789	68,960	98,457
Current				
Secured				
Hire purchase liabilities	299	1,536	260	527
Unsecured				
Term loans	36,362	39,646	29,186	27,966
Bankers' acceptances	137,355	109,089	137,355	82,760
Onshore loan	88,458	226,950	88,458	226,950
Trust receipts	--	81,621	--	--
Short term loan	7,020	17,442	--	--
Bank overdraft	300	--	300	--
	269,495	474,748	255,299	337,676
	269,794	476,284	255,559	338,203
	854,951	600,073	324,519	436,660

On 21 September 2022, the Group issued a Sukuk Wakalah ("Sukuk"), an Islamic medium term notes of RM200 million and RM300 million repayable on 22 September 2025 and 21 September 2027, at a profit rate of 4.28% and 4.74% per annum respectively.

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 27.5.

17. LOAN FROM A DIRECTOR

The loan from a Director is unsecured, subject to interest at 4.57% (2022: 4.57%) per annum and due for repayment on 30 June 2024 (2022: 30 June 2024).

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Due to a subsidiary - loan	--	--	290,000	--
Current				
Trade payables	600,870	647,981	353,561	371,093
Other payables and accrued expenses	181,524	212,305	73,787	106,037
Due to subsidiaries				
- trade	--	--	95,329	79,140
- non-trade	--	--	8,684	3,717
	782,394	860,286	531,361	559,987
	782,394	860,286	821,361	559,987

Included in other payables and accrued expenses are:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment creditors	19,551	67,405	13,144	51,374
Sundry creditors	54,456	45,374	18,235	15,781
Accrued expenses	107,517	99,526	42,408	38,882
	181,524	212,305	73,787	106,037

The loan from a subsidiary is unsecured, subject to interest of 5.00% (2022: NIL) per annum with RM200 million and RM90 million repayable in 2025 and 2027 respectively.

The trade portion of amounts due to subsidiaries are subject to normal trade terms.

The non-trade amounts due to subsidiaries are unsecured, interest free and repayable on demand.

19. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Timing and recognition				
- Over time	4,098,703	3,418,212	2,870,195	2,007,590
- At a point in time	505,518	495,847	--	--
Total revenue	4,604,221	3,914,059	2,870,195	2,007,590

19. REVENUE (CONT'D)

19.1 Disaggregation of revenue

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Primary geographical markets				
Malaysia	1,943,467	1,083,512	1,784,618	970,371
United States of America	1,661,366	1,819,014	260,564	261,380
Indonesia	237,916	325,289	151	138
Europe	161,233	223,676	459	639
People's Republic of China	47,750	62,754	6,956	1,743
Singapore	376,211	55,416	792,945	765,507
Others	176,278	344,398	24,502	7,812
	4,604,221	3,914,059	2,870,195	2,007,590

19.2 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	Obligation for returns or refunds	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 120 days from invoice date	Early settlement rebate is given to certain customer when repayment is made before the due date	The Group and the Company only allow the return for repair or replacement of defective products for certain customers	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 at a point in time 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	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.

20. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	39,884	11,462	26,570	7,525
Other finance costs	1,017	823	352	295
	40,901	12,285	26,922	7,820

21. TAX EXPENSE/(INCOME)

Recognised in profit or loss

Major components of tax expense/(income) include:

	Group		Company	
	2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
Current tax expense				
- Current year	66,614	61,408	1,430	294
- Prior years	(632)	(18,350)	(98)	(6,779)
	65,982	43,058	1,332	(6,485)
Deferred tax expense				
- Origination and reversal of temporary differences	6,069	7,754	5,006	(1,680)
- Under provision in prior years	3,972	3,619	470	3,384
	10,041	11,373	5,476	1,704
Total tax expense/(income)	76,023	54,431	6,808	(4,781)
Reconciliation of tax expense/(income)				
Profit for the year	169,319	151,328	52,297	180,920
Total tax expense/(income)	76,023	54,431	6,808	(4,781)
Profit excluding tax	245,342	205,759	59,105	176,139
Income tax calculated using Malaysian tax rate of 24%	58,882	49,382	14,185	42,273
Effect of different tax rates in foreign jurisdictions	(627)	(522)	--	--
Effect of changes in tax rate	--	1,273	--	--
Deferred tax assets not recognised	361	6,118	--	--
Non-deductible expenses	10,298	18,384	4,251	11,218
Non-taxable income	--	(253)	(12,000)	(49,453)
Tax incentives	(1,459)	(7,051)	--	(5,424)
Effect of translating tax base of assets from local currency to functional currency	5,228	1,831	--	--
	72,683	69,162	6,436	(1,386)
Under/(Over) provision in prior years	3,340	(14,731)	372	(3,395)
Total tax expense/(income)	76,023	54,431	6,808	(4,781)

22. PROFIT FOR THE YEAR

	Note	Group 2023 RM'000	Group 2022 RM'000 Restated	Company 2023 RM'000	Company 2022 RM'000 Restated
Profit for the year is arrived at after charging/(crediting)					
Audit fees					
- KPMG PLT		516	478	273	263
- Other auditors		1,140	1,213	--	--
Non-audit fees					
- KPMG PLT		11	16	11	16
- Local affiliates of KPMG PLT		207	16	207	--
- Other auditors		44	73	--	--
Change in fair value of investment properties		--	(1,056)	--	(1,056)
Depreciation:					
- Property, plant and equipment	3	114,741	114,710	54,105	49,157
- Right-of-use assets	4	5,366	3,995	--	--
Expenses relating to short-term leases	a	17,265	12,563	22,392	13,768
Impairment loss on:					
- Trade receivables		81	3,833	--	--
- Property, plant and equipment		4,658	12,393	--	--
- Investments in associates		--	26,826	--	28,000
Personnel expenses (including key management personnel):					
- Contributions to state plans		22,978	21,421	11,874	10,262
- Wages, salaries and others		549,180	465,935	253,009	194,559
- Equity settled share-based transactions		13,309	11,745	7,128	5,956
Write down of obsolete and slow moving inventories		9,717	5,096	8,568	1,875
Net foreign exchange loss/(gain)		6,623	(11,308)	9,637	1,621
Dividend income from subsidiaries		--	--	(50,000)	(205,000)
Property, plant and equipment:					
- Loss/(Gain) on disposal		177	7,360	(394)	(633)
- Written off		38	191	--	--
Rental income		(1,507)	(1,324)	(1,050)	(1,046)

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.

23. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 July 2023 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2023 RM'000	2022 RM'000 Restated
Profit for the year attributable to owners	178,793	170,760

Weighted average number of ordinary shares are determined as follows:

	Group	
	2023 '000	2022 '000
Weighted average number of ordinary shares at 31 July	3,840,771	3,818,366

	2023	2022 Restated
Basic earnings per ordinary share (sen)	4.66	4.47

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 July 2023 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	
	2023 RM'000	2022 RM'000 Restated
Profit for the year attributable to owners (diluted)	178,793	170,760

Weighted average number of ordinary shares (diluted):

	Group	
	2023 '000	2022 '000
Weighted average number of ordinary shares (basic)	3,840,771	3,818,366
Effect of share options in issue	23,582	59,853
Weighted average number of ordinary shares at 31 July (diluted)	3,864,353	3,878,219

23. EARNINGS PER ORDINARY SHARE (CONT'D)

The Warrants are anti-dilutive

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.

	2023	2022 Restated
Diluted earnings per ordinary share (sen)	4.63	4.40

24. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2023			
Fourth dividend 2022	0.4	15,349	28 October 2022
Final dividend 2022	0.4	15,385	3 February 2023
First dividend 2023	0.5	19,236	3 March 2023
Second dividend 2023	0.3	11,543	28 April 2023
Third dividend 2023	0.4	15,368	28 July 2023
		76,881	
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	

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 2023	0.5	19,263	27 October 2023
Final dividend 2023	0.5	19,264	--
		38,527	

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.

25. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Acquisition of property, plant and equipment represents:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current year additions (Note 3)	90,710	248,738	21,616	164,934
Less: Amount financed by:				
- amount under credit term (Note 18)	(19,551)	(67,405)	(13,144)	(51,374)
Add: Payment in respect of previous year's purchase of property, plant and equipment (Note 18)	67,405	26,979	51,374	10,990
	138,564	208,312	59,846	124,550

26. 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.

26. OPERATING SEGMENTS (CONT'D)

	Malaysia		People's Republic of China		Indonesia		Singapore		Total	
	2023 RM'000	**2022 RM'000 Restated**	**2023 RM'000**	**2022 RM'000 Restated**	**2023 RM'000**	**2022 RM'000 Restated**	**2023 RM'000**	**2022 RM'000 Restated**	**2023 RM'000**	**2022 RM'000 Restated**
Segment profit/(loss)	251,389	233,970	(19,111)	(36,474)	7,170	8,364	4,355	419	243,803	206,279
Included in the measure of segment profit are:										
Revenue from external customers	3,402,033	2,714,609	49,000	79,700	345,153	327,755	808,035	791,995	4,604,221	3,914,059
Inter-segment revenue	789,204	774,131	--	--	--	--	--	--	789,204	774,131
Depreciation	(102,301)	(94,790)	(11,909)	(18,318)	(5,529)	(5,414)	(368)	(183)	(120,107)	(118,705)
Finance costs	(38,342)	(10,284)	(1,174)	(1,456)	(1,385)	(545)	--	--	(40,901)	(12,285)
Finance income	10,647	1,883	590	693	24	20	10	--	11,271	2,596
Not included in the measure of segment profit but provided to Group Managing Director										
Tax (expense)/income	(73,562)	(52,849)	803	880	(1,951)	(2,304)	(1,313)	(158)	(76,023)	(54,431)
Segment assets	4,162,682	3,625,206	287,271	328,938	160,396	172,638	387,588	307,169	4,997,937	4,433,951
Included in the measure of segment assets are:										
Additions to non-current assets other than financial instruments and deferred tax assets	87,452	249,777	--	168	3,286	3,228	14	1,386	90,752	254,559
Segment liabilities	1,870,048	1,448,141	53,827	66,652	56,969	77,222	237,001	139,318	2,217,845	1,731,333

26. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items.

	2023 RM'000	2022 RM'000 Restated
Profit		
Total profit for reportable segments	243,803	206,279
Share of profit/(loss) of equity accounted associates not included in reportable segments	1,539	(520)
Consolidated profit before tax	245,342	205,759

	Segment assets RM'000	Investments in associates RM'000	Investment in joint venture RM'000	Segment liabilities RM'000
2023				
Total reportable segments	4,997,937	--	--	2,217,845
Components not monitored by Group Managing Director	(12,930)	6,530	6,400	--
Elimination of inter-segment transaction or balances	(955,398)	--	--	(454,161)
Consolidated total	4,029,609	6,530	6,400	1,763,684
2022, Restated				
Total reportable segments	4,433,951	--	--	1,731,333
Components not monitored by Group Managing Director	(4,952)	4,952	--	--
Elimination of inter-segment transaction or balances	(641,742)	--	--	(158,732)
Consolidated total	3,787,257	4,952	--	1,572,601

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 joint venture) and deferred tax assets.

	Revenue		Non-current assets	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000 Restated
Group				
Malaysia	1,943,467	1,083,512	851,666	860,930
United States of America	1,661,366	1,819,014	--	--
Indonesia	237,916	325,289	51,033	52,681
Europe	161,233	223,676	--	--
People's Republic of China	47,750	62,754	203,247	233,842
Singapore	376,211	55,416	10,425	10,651
Others	176,278	344,398	--	--
Total	4,604,221	3,914,059	1,116,371	1,158,104

26. OPERATING SEGMENTS (CONT'D)

Major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:

	Revenue		Segment
	2023 RM'000	2022 RM'000	
Customer A	1,686,122	832,241	Malaysia
Customer B	774,643	772,595	Singapore
Customer C	496,391	625,137	Malaysia
Customer D	--	477,071	Malaysia

27. FINANCIAL INSTRUMENTS

27.1 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			
2023			
Financial assets			
Other investments	129,898	--	129,898
Trade and other receivables	1,187,170	1,187,170	--
Deposits, bank and cash balances	689,273	689,273	--
	2,006,341	1,876,443	129,898
Financial liabilities			
Loans and borrowings	(854,951)	(854,951)	--
Trade and other payables	(782,394)	(782,394)	--
Loan from a Director	(22,121)	(22,121)	--
	(1,659,466)	(1,659,466)	--

27. FINANCIAL INSTRUMENTS (CONT'D)

27.1 Categories of financial instruments (Cont'd)

	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	--
Deposits, bank and cash balances	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)	--
Company			
2023			
Financial assets			
Other investments	9,469	--	9,469
Trade and other receivables	749,838	749,838	--
Dividend receivable	171,000	171,000	--
Deposits, bank and cash balances	52,951	52,951	--
	983,258	973,789	9,469
Financial liabilities			
Loans and borrowings	(324,519)	(324,519)	--
Trade and other payables	(821,361)	(821,361)	--
	(1,145,880)	(1,145,880)	--
2022			
Financial assets			
Other investments	15,363	--	15,363
Trade and other receivables	505,388	505,388	--
Dividend receivable	196,000	196,000	--
Deposits, bank and cash balances	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)	--

27. FINANCIAL INSTRUMENTS (CONT'D)

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	12,696	11,932	1,068	177
Equity instruments designated at fair value through other comprehensive income				
- recognised in other comprehensive income	(29,430)	(69,408)	(7,468)	164
Financial liabilities at amortised cost	(48,013)	(13,323)	(36,207)	(9,146)
	(64,747)	(70,799)	(42,607)	(8,805)

27.3 Financial risk management

The Group and the Company have exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.4 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, 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.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

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 (2022: two) major customers, representing 54% and 92% (2022: 49% and 86%) of the Group's and of the Company's trade receivables respectively.

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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Malaysia	546,424	321,270	459,166	237,512
United States of America	615,316	714,061	106,481	142,043
Philippines	12,054	47,745	--	--
Indonesia	44,078	43,028	--	--
People's Republic of China	11,349	9,117	--	--
Others	45,310	32,344	10,951	6,283
	1,274,531	1,167,565	576,598	385,838

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.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 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
2023				
Current (not past due)	885,085	2	885,083	444,393
1 - 30 days past due	242,955	26	242,929	126,470
31 - 60 days past due	90,413	--	90,413	3,890
61 - 90 days past due	49,262	--	49,262	1,143
	1,267,715	28	1,267,687	575,896
Credit impaired				
More than 90 days past due	13,685	6,841	6,844	702
	1,281,400	6,869	1,274,531	576,598
Trade receivables	1,102,277	6,869	1,095,408	472,476
Contract assets	179,123	--	179,123	104,122
	1,281,400	6,869	1,274,531	576,598
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

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 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	
	2023 RM'000	2022 RM'000
Group		
Balance at 1 August	6,928	2,864
Amounts written off	(192)	(16)
Net remeasurement of loss allowance	81	3,833
Exchange differences	52	247
Balance at 31 July	6,869	6,928

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.

Deposits, bank and cash balances

The deposits, bank and cash balances 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 are 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.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 Credit risk (Cont'd)

Financial guarantees (Cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM530.4 million (2022: RM163.4 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 the probability of default is remote.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company trades and provides unsecured 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's balances 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.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.4 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 2023 RM'000	Gross carrying amount/Net balance 2022 RM'000
Company		
Low credit risk	237,428	156,889

As at the end of the reporting period, the Company does not recognise any loss allowance as the balances are categorised as low risk.

27.5 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.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.5 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
Group						
2023						
Non-derivative financial liabilities						
Secured hire purchase liabilities	494	2.10 - 3.15	511	312	177	22
Unsecured short term loan	7,020	6.50	7,020	7,020	--	--
Unsecured term loans	121,324	2.86 - 6.88	130,386	40,501	47,247	42,638
Unsecured bankers' acceptances	137,355	3.45 - 4.31	137,355	137,355	--	--
Unsecured onshore loan	88,458	3.08 - 6.12	88,458	88,458	--	--
Unsecured bank overdraft	300	8.10	300	300	--	--
Unsecured sukuk	500,000	4.28 - 4.74	596,780	18,983	22,780	555,017
Loan from a Director	22,121	4.57	22,121	22,121	--	--
Trade and other payables	782,394	--	782,394	782,394	--	--
Lease liabilities	1,392	4.05	1,392	1,392	--	--
	1,660,858		1,766,717	1,098,836	70,204	597,677
Derivative financial liabilities						
Forward exchange contracts (gross settled)						
- Outflow	--	--	150,347	150,347	--	--
- Inflow	--	--	(150,347)	(150,347)	--	--
	1,660,858		1,766,717	1,098,836	70,204	597,677

27. FINANCIAL INSTRUMENTS (CONT'D)

27.5 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
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	860,286	--	860,286	860,286	--	--
Lease liabilities	3,704	4.05	4,234	2,419	1,815	--
	1,488,782		1,501,964	1,345,225	70,997	85,742
Derivative financial liabilities						
Forward exchange contracts (gross settled)						
- Outflow	--	--	215,150	215,150	--	--
- Inflow	--	--	(215,150)	(215,150)	--	--
	1,488,782		1,501,964	1,345,225	70,997	85,742

27. FINANCIAL INSTRUMENTS (CONT'D)

27.5 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
Company						
2023						
Non-derivative financial liabilities						
Secured hire purchase liabilities	455	2.10 - 2.42	472	273	177	22
Unsecured term loans	97,951	2.86 - 6.88	105,549	33,043	31,681	40,825
Unsecured bankers' acceptances	137,355	3.45 - 4.31	137,355	137,355	--	--
Unsecured onshore loan	88,458	3.08 - 6.12	88,458	88,458	--	--
Unsecured bank overdraft	300	8.10	300	300	--	--
Trade and other payables	531,361	--	531,361	531,361	--	--
Due to a subsidiary	290,000	5.00	330,417	14,500	14,500	301,417
Financial guarantee*	--	--	530,432	530,432	--	--
	1,145,880		1,724,344	1,335,722	46,358	342,264
Derivative financial liabilities						
Forward exchange contracts (gross settled)						
- Outflow	--	--	34,853	34,853	--	--
- Inflow	--	--	(34,853)	(34,853)	--	--
	1,145,880		1,724,344	1,335,722	46,358	342,264

27. FINANCIAL INSTRUMENTS (CONT'D)

27.5 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
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

* Represents the amount outstanding as disclosed in Note 27.4.

27.6 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.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 Market risk (Cont'd)

Currency risk (Cont'd)

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 RM150,347,000 (2022: RM215,150,000) and RM34,853,000 (2022: RM119,489,000) 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade and other receivables	5,803	5,571	393,533	345,724	341,123	256,736
Cash and cash equivalents	190,928	3,557	164,784	128,140	33,739	4,346
Trade and other payables	(28,294)	(40,612)	(324,478)	(409,199)	(256,819)	(339,264)
Unsecured trust receipts	--	--	--	(17,856)	--	--
Unsecured onshore loan	--	--	(64,920)	(216,535)	(64,920)	(216,535)
Unsecured term loans	(5,570)	(7,500)	(82,982)	(71,631)	(74,877)	(63,526)
Loan from a Director	--	--	(13,479)	(13,367)	--	--
Unsecured bankers' acceptances	--	(26,329)	--	--	--	--
	162,867	(65,313)	72,458	(254,724)	(21,754)	(358,243)

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.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 Market risk (Cont'd)

Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

A 10% (2022: 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
2023			
Profit or (loss)	(12,378)	(5,507)	1,653
2022			
Profit or (loss)	4,964	19,359	27,226

A 10% (2022: 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 RM33,396,142 (2022: RM45,061,927) and RM33,277,256 (2022: RM43,516,412) respectively in order to achieve an appropriate mix of fixed and floating rate exposure. At 31 July 2023, the swap matures over the next one to three years following the maturity of a fixed rate bank loan of 3.20% - 4.85% (2022: 3.20% - 4.85%) and 3.20% (2022: 3.20%) respectively. The Group and the Company have a floating swap rate of USD SOFR + 1.49% (2022: USD LIBOR-1 month + 1.35% and USD LIBOR-1 month + 1.25%).

27. FINANCIAL INSTRUMENTS (CONT'D)

27.6 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-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Fixed rate instruments				
Financial assets	6,570	4,473	222	218
Financial liabilities	(727,756)	(449,163)	(516,268)	(310,690)
	(721,186)	(444,690)	(516,046)	(310,472)
Floating rate instruments				
Financial liabilities	(127,195)	(150,911)	(98,251)	(125,970)

(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 RM967,000 (2022: RM1,147,000) and RM747,000 (2022: RM957,000) respectively. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

27.7 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.

27. FINANCIAL INSTRUMENTS (CONT'D)

27.7 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						
2023						
Financial assets						
Other investments	112,339	17,559	129,898	--	129,898	129,898
Financial liabilities						
Sukuk	--	--	--	(481,362)	(481,362)	(500,000)
Term loans	--	--	--	(123,104)	(123,104)	(121,324)
Hire purchase liabilities	--	--	--	(443)	(443)	(494)
	--	--	--	(604,909)	(604,909)	(621,818)
Company						
2023						
Financial assets						
Other investments	--	9,469	9,469	--	9,469	9,469
Financial liabilities						
Term loans	--	--	--	(96,327)	(96,327)	(97,951)
Hire purchase liabilities	--	--	--	(443)	(443)	(455)
Due to a subsidiary	--	--	--	(284,321)	(284,321)	(290,000)
	--	--	--	(381,091)	(381,091)	(388,406)

27. FINANCIAL INSTRUMENTS (CONT'D)

27.7 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
Group						
2022						
Financial assets						
Other investments	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						
Other investments	--	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)

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares				
At 1 August	47,248	21,633	15,363	8,305
Purchases	1,574	10,211	1,574	58
Reclassification from investment in associates	--	7,000	--	7,000
(Loss)/Gain recognised in other comprehensive income	(31,263)	8,404	(7,468)	--
At 31 July	17,559	47,248	9,469	15,363

27. FINANCIAL INSTRUMENTS (CONT'D)

27.7 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 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

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/ Sukuk/Due to a subsidiary	Discounted cash flows using a rate based on the current market rate of borrowing of the Group entities at the reporting date.

28. 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 are determined to maintain debt-to-equity ratios that complies with debt covenants.

The debt-to-equity ratios at 31 July 2023 and 31 July 2022 were as follows:

	Group	
	2023 RM'000	2022 RM'000 Restated
Total loans and borrowings (Note 16)	854,951	600,073
Less: Deposits, bank and cash balances (Note 14)	(689,273)	(278,607)
Net debt	165,678	321,466
Total equity	2,278,855	2,219,608
Debt-to-equity ratio	0.073	0.145

There is no change in the Group's approach to capital management during the financial year.

29. CAPITAL COMMITMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital expenditure commitments				
Property, plant and equipment				
Contracted but not provided for	12,466	17,023	12,401	1,972

30. 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 alleged 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 alleged 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.

31. 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, joint venture and key management personnel.

Significant related party transactions

The significant related party transactions of the Group and the Company as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
A. Subsidiaries				
Sales of goods	--	--	878,370	893,225
Sales of plant and equipment	--	--	1,886	175
Purchases of goods	--	--	397,791	305,877
Purchases of plant and equipment	--	--	830	174
Rental expense	--	--	21,528	13,825
Dividend income	--	--	50,000	205,000
Loan received	--	--	290,000	--
Loan interest expense	--	--	11,978	--
B. Associates				
Sales of goods	--	453	--	--
Outstanding balances:				
- due from	--	214	--	--
C. Companies which are wholly owned by close family member of certain Directors				
Sales of plant and equipment	400	353	--	--
Sales of goods	49	--	--	--
Technical service fee receivable	--	278	--	--
Purchases of tooling	2,644	3,338	--	--
Outstanding balances:				
- due from	408	--	--	--
- due to	974	257	--	--

31. RELATED PARTIES (CONT'D)

Significant related party transactions (Cont'd)

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
D. Companies in which the spouse of certain Directors have financial interest				
Purchases of goods	60,244	27,540	45,500	19,823
Sales of goods	--	1,340	--	1,340
Technical fee payable	356	--	--	--
Outstanding balances				
- due to	8,304	3,066	6,815	2,164
E. Company wholly owned by a Director				
Rental receivable	150	150	--	--
F. Company in which certain Directors have financial interest				
Purchase of properties	6,000	--	--	--
G. Firm in which spouse of a Director is a Partner				
Professional fees	363	--	363	--
H. Company controlled by a Director				
Operating lease charges and management fee expense	937	960	--	--
Outstanding balances:				
- due to	--	25	--	--
- due from	189	224	--	--
I. A company controlled by the family member of a key management personnel				
Repair and maintenance services	119	207	--	--
J. Remuneration paid to staff who are close family member of certain Directors	1,698	1,650	384	389

31. RELATED PARTIES (CONT'D)

Significant related party transactions (Cont'd)

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
K. Key management personnel				
Directors:				
- Fees	711	709	671	633
- Remuneration	29,658	26,494	12,450	11,112
- Contributions to state plans	4,142	3,671	2,097	1,862
- Equity settled share-based transaction	1,064	1,000	1,064	1,000
Total short-term employee benefits	35,575	31,874	16,282	14,607
Other key management personnel:				
- Wages, salaries and others	5,457	5,190	851	774
- Contributions to state plans	391	364	102	93
- Other short-term employee benefits	41	41	9	9
- Equity settled share-based transaction	395	356	73	62
	6,284	5,951	1,035	938
	41,859	37,825	17,317	15,545

The estimated monetary value of Directors' benefit-in-kind of the Group and the Company is RM171,000 (2022: RM151,000) and RM107,000 (2022: RM151,000) respectively.

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.

32. SUBSEQUENT EVENT

The Company currently holds 40% equity interest in HTP, classified as joint venture (see Note 8). Subsequent to the year end, on 19 September 2023, the Company entered into a Share Sale Agreement ("SSA") with two (2) individual shareholders (collectively the "Vendors") to acquire 2,200,000 ordinary shares, representing 11% equity interest in the joint venture. With the additional acquisition completed in October 2023, the Company thereby holds 51% of the total issued and fully paid-up share capital of HTP, making it a subsidiary of the Company.

The total cash consideration ("Purchase Consideration") for the additional acquisition amounted to RM2.64 million. As part of the terms of the SSA, the Company and the Vendors agree that if HTP achieves the profit target (excluding non-operating gains or losses) for any financial year before 31 December 2025 of a profit after taxation of RM20 million based on the audited financial statement for the relevant financial year, the Company will pay a premium equivalent to the Purchase Consideration to the Vendors. Subsequent to the completion of the SSA, the Vendors have offered a call option over 1,800,000 ordinary shares, representing 9% of the total issued share capital of HTP to the Company as per the terms and conditions stipulated in the Call Option Agreement.

No disclosure of the financial effect on the new acquisition is made as the impact is not expected to be material to the Group.

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

The Group and the Company have changed the measurement of land and buildings from a revaluation model to a cost model and the impact has been applied retrospectively.

33.1 Impacts on financial statements

The following tables summarise the impacts arising from the change in accounting policy on the Group's and the Company's financial statements.

a. Statements of financial position

Group	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
1 August 2021			
Assets			
Property, plant and equipment	989,519	(78,973)	910,546
Right-of-use assets	103,406	--	103,406
Investment properties	23,114	--	23,114
Investments in associates	39,254	--	39,254
Other investments	205,020	--	205,020
Deferred tax assets	5,614	--	5,614
Total non-current assets	1,365,927	(78,973)	1,286,954
Inventories	636,542	--	636,542
Contract assets	194,962	--	194,962
Trade and other receivables	992,132	--	992,132
Current tax assets	6,417	--	6,417
Deposits, bank and cash balances	402,404	--	402,404
Total current assets	2,232,457	--	2,232,457
Total assets	3,598,384	(78,973)	3,519,411
Equity			
Share capital	842,358	--	842,358
Reserves	1,198,155	(44,450)	1,153,705
Equity attributable to owners of the Company	2,040,513	(44,450)	1,996,063
Non-controlling interests	176,996	(14,182)	162,814
Total equity	2,217,509	(58,632)	2,158,877

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

33.1 Impacts on financial statements (Cont'd)

a. Statements of financial position (Cont'd)

Group	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
1 August 2021			
Liabilities			
Loans and borrowings	88,855	--	88,855
Loan from a Director	23,551	--	23,551
Deferred tax liabilities	68,371	(20,341)	48,030
Total non-current liabilities	180,777	(20,341)	160,436
Loans and borrowings	315,755	--	315,755
Trade and other payables	846,985	--	846,985
Contract liabilities	16,750	--	16,750
Loan from a Director	2,384	--	2,384
Current tax liabilities	18,224	--	18,224
Total current liabilities	1,200,098	--	1,200,098
Total liabilities	1,380,875	(20,341)	1,360,534
Total equity and liabilities	3,598,384	(78,973)	3,519,411

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

33.1 Impacts on financial statements (Cont'd)

a. Statements of financial position (Cont'd)

Group	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
1 July 2022			
Assets			
Property, plant and equipment	1,214,528	(187,968)	1,026,560
Right-of-use assets	107,374	--	107,374
Investment properties	24,170	--	24,170
Investments in associates	4,952	--	4,952
Other investments	156,699	--	156,699
Deferred tax assets	5,166	(27)	5,139
Total non-current assets	1,512,889	(187,995)	1,324,894
Inventories	925,006	--	925,006
Contract assets	139,582	--	139,582
Trade and other receivables	1,092,256	--	1,092,256
Current tax assets	31,864	--	31,864
Deposits, bank and cash balances	278,607	--	278,607
Total current assets	2,467,315	--	2,467,315
Total assets	3,980,204	(187,995)	3,792,209
Equity			
Share capital	855,306	--	855,306
Reserves	1,335,006	(118,691)	1,216,315
Equity attributable to owners of the Company	2,190,312	(118,691)	2,071,621
Non-controlling interests	170,673	(22,686)	147,987
Total equity	2,360,985	(141,377)	2,219,608
Liabilities			
Loans and borrowings	123,789	--	123,789
Lease liabilities	1,392	--	1,392
Loan from a Director	24,719	--	24,719
Deferred tax liabilities	105,745	(46,618)	59,127
Total non-current liabilities	255,645	(46,618)	209,027
Loans and borrowings	476,284	--	476,284
Lease liabilities	2,312	--	2,312
Trade and other payables	860,286	--	860,286
Contract liabilities	23,543	--	23,543
Current tax liabilities	1,149	--	1,149
Total current liabilities	1,363,574	--	1,363,574
Total liabilities	1,619,219	(46,618)	1,572,601
Total equity and liabilities	3,980,204	(187,995)	3,792,209

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

33.1 Impacts on financial statements (Cont'd)

a. Statements of financial position (Cont'd)

Company	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
1 August 2021			
Assets			
Property, plant and equipment	379,284	(31,000)	348,284
Investment properties	16,614	--	16,614
Investments in subsidiaries	450,306	--	450,306
Investments in associates	35,000	--	35,000
Other investments	8,305	--	8,305
Total non-current assets	889,509	(31,000)	858,509
Inventories	253,391	--	253,391
Contract assets	69,548	--	69,548
Trade and other receivables	522,650	--	522,650
Dividend receivables	50,000	--	50,000
Deposits, bank and cash balances	37,671	--	37,671
Total current assets	933,260	--	933,260
Total assets	1,822,769	(31,000)	1,791,769
Equity			
Share capital	842,358	--	842,358
Reserves	220,786	(25,040)	195,746
Total equity	1,063,144	(25,040)	1,038,104
Liabilities			
Loans and borrowings	71,060	--	71,060
Deferred tax liabilities	17,281	(5,960)	11,321
Total non-current liabilities	88,341	(5,960)	82,381
Loans and borrowings	217,129	--	217,129
Trade and other payables	447,779	--	447,779
Current tax liabilities	6,376	--	6,376
Total current liabilities	671,284	--	671,284
Total liabilities	759,625	(5,960)	753,665
Total equity and liabilities	1,822,769	(31,000)	1,791,769

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

33.1 Impacts on financial statements (Cont'd)

a. Statements of financial position (Cont'd)

Company	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
31 July 2022			
Assets			
Property, plant and equipment	536,195	(72,718)	463,477
Investment properties	17,670	--	17,670
Investments in subsidiaries	464,911	--	464,911
Other investments	15,363	--	15,363
Total non-current assets	1,034,139	(72,718)	961,421
Inventories	413,146	--	413,146
Contract assets	61,854	--	61,854
Trade and other receivables	505,388	--	505,388
Current tax assets	14,571	--	14,571
Dividend receivables	196,000	--	196,000
Deposits, bank and cash balances	14,784	--	14,784
Total current assets	1,205,743	--	1,205,743
Total assets	2,239,882	(72,718)	2,167,164
Equity			
Share capital	855,306	--	855,306
Reserves	358,709	(56,523)	302,186
Total equity	1,214,015	(56,523)	1,157,492
Liabilities			
Loans and borrowings	98,457	--	98,457
Deferred tax liabilities	29,220	(16,195)	13,025
Total non-current liabilities	127,677	(16,195)	111,482
Loans and borrowings	338,203	--	338,203
Trade and other payables	559,987	--	559,987
Total current liabilities	898,190	--	898,190
Total liabilities	1,025,867	(16,195)	1,009,672
Total equity and liabilities	2,239,882	(72,718)	2,167,164

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

33.1 Impacts on financial statements (Cont'd)

b. Statement of profit or loss and other comprehensive income

Group	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
For the year ended 31 July 2022			
Revenue	3,914,059	--	3,914,059
Cost of sales	(3,509,292)	2,739	(3,506,553)
Gross profit	404,767	2,739	407,506
Other income	29,279	--	29,279
Distribution expenses	(23,049)	--	(23,049)
Administrative expenses	(138,852)	--	(138,852)
Other expenses	(61,234)	2,318	(58,916)
Results from operating activities	210,911	5,057	215,968
Finance income	2,596	--	2,596
Finance costs	(12,285)	--	(12,285)
Net finance costs	(9,689)	--	(9,689)
Operating profit	201,222	5,057	206,279
Share of loss of equity accounted associates, net of tax	(520)	--	(520)
Profit before tax	200,702	5,057	205,759
Tax expense	(53,740)	(691)	(54,431)
Profit for the year	146,962	4,366	151,328
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)	--	(69,408)
Revaluation of properties	83,430	(83,430)	--
Remeasurement of actuarial loss	(41)	--	(41)
	13,981	(83,430)	(69,449)
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	39,907	(3,681)	36,226
Other comprehensive income/(expense) for the year, net of tax	53,888	(87,111)	(33,223)
Total comprehensive income for the year	200,850	(82,745)	118,105

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

33.1 Impacts on financial statements (Cont'd)

b. Statement of profit or loss and other comprehensive income

Group	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
For the year ended 31 July 2022			
Profit attributable to:			
Owners of the Company	166,806	3,954	170,760
Non-controlling interests	(19,844)	412	(19,432)
Profit for the year	146,962	4,366	151,328
Total comprehensive income attributable to:			
Owners of the Company	207,173	(74,241)	132,932
Non-controlling interests	(6,323)	(8,504)	(14,827)
Total comprehensive income for the year	200,850	(82,745)	118,105
Basic earnings per ordinary share (sen)	4.37	0.10	4.47
Diluted earnings per ordinary share (sen)	4.30	0.10	4.40

Company	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
For the year ended 31 July 2022			
Revenue	2,007,590	--	2,007,590
Cost of sales	(1,944,977)	796	(1,944,181)
Gross profit	62,613	796	63,409
Other income	210,668	--	210,668
Distribution expenses	(3,674)	--	(3,674)
Administrative expenses	(54,302)	--	(54,302)
Other expenses	(33,452)	1,133	(32,319)
Results from operating activities	181,853	1,929	183,782
Finance income	177	--	177
Finance costs	(7,820)	--	(7,820)
Net finance costs	(7,643)	--	(7,643)
Profit before tax	174,210	1,929	176,139
Tax income	4,972	(191)	4,781
Profit for the year	179,182	1,738	180,920
Other comprehensive 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	164	--	164
Revaluation of properties	33,221	(33,221)	--
Other comprehensive income for the year, net of tax	33,385	(33,221)	164
Total comprehensive income for the year	212,567	(31,483)	181,084

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

33.1 Impacts on financial statements (Cont'd)

c. Statement of cash flows

Group	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
For the year ended 31 July 2022			
Cash flows from operating activities			
Profit before tax	200,702	5,057	205,759
Adjustments for:			
Depreciation of:			
- Property, plant and equipment	117,447	(2,737)	114,710
- Right-of-use assets	3,995	--	3,995
Equity settled share-based transactions	11,745	--	11,745
Finance costs	11,462	--	11,462
Property, plant and equipment:			
- Loss on disposal	7,360	--	7,360
- Written off	191	--	191
Write down of obsolete and slow moving inventories	5,096	--	5,096
Impairment loss on:			
- Trade receivables	3,833	--	3,833
- Investments in associates	26,826	--	26,826
- Property, plant and equipment	12,393	--	12,393
Finance income	(2,596)	--	(2,596)
Share of loss of equity accounted associates	520	--	520
Unrealised loss on foreign exchange	4,319	--	4,319
Changes in fair value of investment properties	(1,056)	--	(1,056)
Deficit on revaluation of properties	2,320	(2,320)	--
Operating profit before changes in working capital	404,557	--	404,557
Change in inventories	(293,560)	--	(293,560)
Change in contract assets	55,380	--	55,380
Change in contract liabilities	6,793	--	6,793
Change in trade and other receivables	(103,158)	--	(103,158)
Change in trade and other payables	(55,348)	--	(55,348)
Cash generated from operations	14,664	--	14,664
Interest received	2,596	--	2,596
Tax paid	(82,230)	--	(82,230)
Net cash used in operating activities	(64,970)	--	(64,970)

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

33.1 Impacts on financial statements (Cont'd)

c. Statement of cash flows (Cont'd)

Group	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
For the year ended 31 July 2022			
Cash flows from investing activities			
Acquisition of:			
- property, plant and equipment	(208,312)	--	(208,312)
- right-of-use assets	(1,181)	--	(1,181)
- other investments	(14,087)	--	(14,087)
Proceed from disposal of:			
- property, plant and equipment	7,503	--	7,503
- other investments	167	--	167
Changes in pledged deposits	27,063	--	27,063
Net cash used in investing activities	(188,847)	--	(188,847)
Cash flows from financing activities			
Repayment of term loans	(25,679)	--	(25,679)
Drawdown of term loans	77,277	--	77,277
Repayments of hire purchase liabilities	(2,827)	--	(2,827)
Net drawdown from short term borrowings	146,692	--	146,692
Interest paid	(11,462)	--	(11,462)
Drawdown of loan from a Director	1,168	--	1,168
Proceeds from issuance of shares	9,786	--	9,786
Dividend paid to owners of the Company	(84,026)	--	(84,026)
Payment of lease	(936)	--	(936)
Net cash from investing activities	109,993	--	109,993
Exchange differences on translation of the financial statements of foreign operations	41,268	--	41,268
Net decrease in cash and cash equivalents	(102,556)	--	(102,556)
Cash and cash equivalents at 1 August	371,377	--	371,377
Effect of exchange rate fluctuation on cash held	5,822	--	5,822
Cash and cash equivalents at 31 July	274,643	--	274,643

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

33.1 Impacts on financial statements (Cont'd)

c. Statement of cash flows (Cont'd)

Company	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
For the year ended 31 July 2022			
Cash flows from operating activities			
Profit before tax	174,210	1,929	176,139
Adjustments for:			
Depreciation of property, plant and equipment	49,953	(796)	49,157
Equity settled share-based transactions	5,956	--	5,956
Finance costs	7,525	--	7,525
Loss on disposal of property, plant and equipment	(633)	--	(633)
Write down of obsolete and slow moving inventories	1,875	--	1,875
Impairment loss on investments in associates	28,000	--	28,000
Finance income	(177)	--	(177)
Unrealised loss on foreign exchange	4,319	--	4,319
Changes in fair value of investment properties	(1,056)	--	(1,056)
Deficit on revaluation of properties	1,133	(1,133)	--
Operating profit before changes in working capital	271,105	--	271,105
Change in inventories	(161,630)	--	(161,630)
Change in contract assets	7,694	--	7,694
Change in trade and other receivables	(127,939)	--	(127,939)
Change in trade and other payables	67,516	--	67,516
Cash generated from operations	56,746	--	56,746
Interest received	177	--	177
Tax paid	(14,462)	--	(14,462)
Net cash from operating activities	42,461	--	42,461

33. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

33.1 Impacts on financial statements (Cont'd)

c. Statement of cash flows

Company	As previously reported RM'000	Effects of change in accounting policy RM'000	As restated RM'000
For the year ended 31 July 2022			
Cash flows from investing activities			
Acquisition of:			
- property, plant and equipment	(124,550)	--	(124,550)
- investments in subsidiaries	(8,816)	--	(8,816)
- other investments	(58)	--	(58)
Proceed from disposal of:			
- property, plant and equipment	1,206	--	1,206
- other investments	164	--	164
Net cash used in investing activities	(132,054)	--	(132,054)
Cash flows from financing activities			
Repayment of term loans	(18,694)	--	(18,694)
Drawdown of term loans	56,447	--	56,447
Repayments of hire purchase liabilities	(713)	--	(713)
Net drawdown from short term borrowings	111,431	--	111,431
Interest paid	(7,525)	--	(7,525)
Proceeds from issuance of shares	9,786	--	9,786
Dividend paid to owners of the Company	(84,026)	--	(84,026)
Net cash from investing activities	66,706	--	66,706
Net decrease in cash and cash equivalents	(22,887)	--	(22,887)
Cash and cash equivalents at 1 August	37,671	--	37,671
Cash and cash equivalents at 31 July	14,784	--	14,784

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 121 to 218 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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 2023 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

20 November 2023

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 121 to 218 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 Declarations 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 20 November 2023.

Beh Chern Wei (Ma Chengwei)

Before me:

Lau Lay Sung
Commissioner for Oaths
J-246

INDEPENDENT AUDITORS' REPORT
To the Members of **V. S. Industry Berhad**

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 2023 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 121 to 218.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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) 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 (Group)
- Investments in subsidiaries (Company)

Refer to Note 2(j)(ii) - Significant accounting policies: impairment in other assets, 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 as at 31 July 2023. 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 used by VSIG Group in their 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)

i) 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, IFRS Accounting 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:

(i) 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.

(ii) 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.

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(iv) 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.

(v) 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.

(vi) 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

Florence Chua Lei Choon
Approval Number: 03347/01/2024 J
Chartered Accountant

Johor Bahru

20 November 2023

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 2023 RM'000	Date of Last Revaluation (R) / Acquisition
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 (22 years)	174,336	Jul-13 (R)
No. 88 Jalan I-Park SAC 5 Taman Perindustrian I-Park SAC 81400 Senai Johor Darul Takzim	7.95	433,316	Factory/ office (3-storey)	Freehold (2 years)	107,045	Oct-20
Lot 7044 Jalan Sawi 6 Taman Seri Senai 81400 Senai Johor Darul Takzim	5.30	445,007	Hostel (5-storey/ 8-storey)	Freehold (5 years)	75,102	Sep-17
Lot 76803 Jalan Murni 12 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	4.49	209,390	Factory/ office (2-storey)	Freehold (5 years)	45,180	Dec-17
PTD 105622 - PLO 47 Jalan Perindustrian 1 Kawasan Perindustrian Senai II 81400 Senai Johor Darul Takzim	3.30	272,011	Factory/ office (5-storey)	Leasehold for 60 years expiring on 03/10/2077 (27 years)	39,738	Apr-96
PTD 102246 Jalan Murni 12 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	12.27	462,101	Factory/ office (2-storey)	Freehold (17-20 years)	38,406	Oct-02
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 (9 years)	36,876	Jul-11

Location	Land Area (Acres)	Built-up Area (Sq.Ft.)	Existing Use	Tenure/ (Approximate Age of Building)	Net Book Value as at 31 July 2023 RM'000	Date of Last Revaluation (R) / Acquisition
PTD 102902 Jalan Murni 8 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	8.19	216,015	Factory/ office (3-storey)	Freehold (5 years)	35,358	Nov-17
Lot 214, Jalan Seelong-Senai 81400 Senai Johor Darul Takzim	6.31	260,404	Factory/ office (3-storey)	Freehold (13 years)	28,223	Oct-10
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 (31 years)	20,065	Sep-92

ANALYSIS OF SHAREHOLDINGS
As at 31 October 2023

Issued Shares	:	3,852,769,512[@]
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	308	1.85	11,679	0.00
100 - 1,000	2,177	13.05	1,224,376	0.03
1,001 - 10,000	7,632	45.74	39,203,386	1.02
10,001 - 100,000	5,321	31.89	177,011,289	4.59
100,001 - 192,638,474*	1,245	7.46	3,356,911,770	87.13
192,638,475 AND ABOVE **	1	0.01	278,407,012	7.23
Total	16,684	100.00	3,852,769,512[@]	100.00

* less than 5% of issued shares
** 5% and above of issued shares
@ Net of treasury shares of 25,712,880 ordinary shares

THIRTY LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2023

No.	Name of Shareholders	Shares Held	Percentage (%)
1.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	278,407,012	7.23
2.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AIA BHD.	169,900,500	4.41
3.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BEH KIM LING (MY4460)	139,613,900	3.62
4.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HBAP FOR GAN SEM YAM	131,432,724	3.41
5.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BEH KIM LING	124,220,350	3.22
6.	LEMBAGA TABUNG HAJI	120,670,200	3.13
7.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	117,160,624	3.04
8.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (AHAM AM)	62,822,300	1.63
9.	HSBC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - HBAP SG FOR BEH CHERN WEI (PB-SGDIV)	62,501,200	1.62
10.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	60,539,800	1.57
11.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR GAN TONG CHUAN (PB)	55,989,500	1.45

THIRTY LARGEST SHAREHOLDERS AS AT 31 OCTOBER 2023 (CONT'D)

No.	Name of Shareholders	Shares Held	Percentage (%)
12.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HBAP FOR BEH HWEE LEE	54,311,000	1.41
13.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	53,667,500	1.39
14.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	52,253,700	1.36
15.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PAMB FOR PRULINK EQUITY FUND	50,564,600	1.31
16.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR BEH HWEE LEE (PB)	49,156,736	1.28
17.	HSBC NOMINEES (ASING) SDN. BHD. HBAP FOR BEH HWEE SZE (PB-SGDIV)	47,620,000	1.24
18.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI EQUITY GROWTH FUND	45,107,300	1.17
19.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GAN SEM YAM	43,000,030	1.12
20.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR BEH CHERN WEI (MA CHENGWEI) (PB)	41,034,100	1.07
21.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. CBHK PBGSG FOR BEH HWEE LEE	40,604,750	1.05
22.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	40,499,000	1.05
23.	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	40,297,800	1.05
24.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	37,788,700	0.98
25.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBHK PBGSG FOR BEH HWEE SZE	36,604,750	0.95
26.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	36,397,700	0.95
27.	CIMSEC NOMINEES (ASING) SDN. BHD. CIMB FOR BEH HWEE SZE (PB)	36,335,962	0.94
28.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	35,990,296	0.93
29.	GAN TIONG SIA	35,816,074	0.93
30.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	35,667,000	0.93
	Total	**2,135,975,108**	**55.44**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 OCTOBER 2023

No.	Name of Substantial Shareholders	Interests in Shares Direct	Interests in Shares Deemed	Note	Percentage (%)
1.	Datuk Beh Kim Ling	295,106,886	282,595,198	(a)	14.99
2.	Datuk Gan Sem Yam	179,602,754	26,000,000	(b)	5.34
3.	Datin Ling Sok Mooi	1,000,000	204,602,754	(c)	5.34
4.	Kumpulan Wang Persaraan (Diperbadankan)	283,658,600	65,418,500		9.06
5.	Employees Provident Fund Board	261,866,200	-		6.80

DIRECTORS' INTERESTS IN SHARES AS AT 31 OCTOBER 2023

	Name of Directors	Interests in Shares Direct	Interests in Shares Deemed	Note	Percentage (%)
A.	**In the Company**				
	Datuk Beh Kim Ling	295,106,886	282,595,198	(a)	14.99
	Datuk Gan Sem Yam	179,602,754	26,000,000	(b)	5.34
	Dato' Gan Tiong Sia	65,816,074	-		1.71
	Ng Yong Kang	1,423,600	-		0.04
	Beh Chern Wei (Ma Chengwei)	123,431,350	-		3.20
	Gan Pee Yong	21,765,624	-		0.56
	Tan Pui Suang	-	-		-
	Wong Cheer Feng	-	-		-
	Dr. Lim Boh Soon	-	-		-
	Wee Beng Chuan	-	-		-
	Lee Li Ming	-	-		-
	Dato' Lai Kim Seong	-	-		-
	Chong Chin Siong (Alternate Director to Beh Chern Wei (Ma Chengwei))	200,000	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 (Ma Chengwei)	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 2023 (CONT'D)

			Interests in Shares			
		Name of Directors	**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	54,778,921	(a)	9.26
		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
	(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 2023

No. of Unexercised Warrants	:	760,927,118
Exercise Price	:	RM1.38 per Warrant
Warrant Issued Date	:	15 June 2021
Expiry Date	:	14 June 2024

DISTRIBUTION OF WARRANT HOLDINGS

Range of Warrants	No. of Warrant Holders	Percentage (%)	No. of Warrants	Percentage (%)
1 - 99	1,743	16.21	60,417	0.01
100 - 1,000	2,692	25.03	1,361,366	0.18
1,001 - 10,000	3,372	31.35	14,147,171	1.86
10,001 - 100,000	2,139	19.89	77,981,413	10.25
100,001 - 38,046,354*	808	7.51	620,692,681	81.57
38,046,355 and above**	1	0.01	46,684,070	6.13
Total	10,755	100.00	760,927,118	100.00

* less than 5% of issued warrants
** 5% and above of issued warrants

THIRTY LARGEST WARRANT HOLDERS AS AT 31 OCTOBER 2023

No.	Name of Warrant Holders	Warrants Held	Percentage (%)
1.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BEH KIM LING	46,684,070	6.14
2.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIN CHIN SEONG (7014455)	34,874,100	4.58
3.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HBAP FOR GAN SEM YAM	24,386,544	3.21
4.	RHB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEO HIN WEE	14,720,000	1.94
5.	PERMODALAN NASIONAL BERHAD	12,800,000	1.68
6.	HSBC NOMINEES (ASING) SDN. BHD. HBAP FOR BEH HWEE SZE (PB-SGDIV)	12,550,450	1.65
7.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PAMB FOR PRULINK EQUITY FUND	9,805,420	1.29
8.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAY MOY KOH (SEGAMAT-CL)	9,686,600	1.27
9.	TAN KUAN TECK	9,510,000	1.25
10.	DING HUI WEN	9,160,000	1.20
11.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HBAP FOR BEH KIM LING	8,767,327	1.15
12.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR GAN TONG CHUAN (PB)	7,983,040	1.05

THIRTY LARGEST WARRANT HOLDERS AS AT 31 OCTOBER 2023 (CONT'D)

No.	Name of Warrant Holders	Warrants Held	Percentage (%)
13.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	7,911,840	1.04
14.	GAN TIONG SIA	7,587,200	1.00
15.	GAN SWU KIM	7,228,124	0.95
16.	TAN KUAN TECK	6,970,000	0.92
17.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	6,317,320	0.83
18.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KUAN TECK	6,176,700	0.81
19.	RESOLUSI KREATIF SDN. BHD.	5,800,500	0.76
20.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAY MOY KOH (MY3164)	5,786,500	0.76
21.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON HUAT (TAN1456C)	5,150,000	0.68
22.	ONG HONG SIONG	5,060,000	0.66
23.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YAP YOON SUN	5,000,000	0.66
24.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR WU WAI KONG	4,507,300	0.59
25.	KOH SOON KIAT	4,500,000	0.59
26.	TEO SIM GUAN	4,281,700	0.56
27.	LUI CHONG HUAT	4,079,900	0.54
28.	MOHD JAFNI BIN MD SHUKOR	3,960,000	0.52
29.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN TECK KUNG (E-TJJ)	3,895,040	0.51
30.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HBAP FOR GAN PEE YONG (PB-SGDIV)	3,876,724	0.51
	Total:	**299,016,399**	**39.30**

ANALYSIS OF WARRANT HOLDINGS

As at 31 October 2023
(Cont'd)

DIRECTORS' INTERESTS IN WARRANTS AS AT 31 OCTOBER 2023

		Interests in Warrants			
	Name of Directors	**Direct**	**Deemed**	**Note**	**Percentage (%)**
A.	**In the Company**				
	Datuk Beh Kim Ling	56,451,397	18,865,009	(a)	9.90
	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)	200,050	-		0.03
	Gan Pee Yong	3,936,724	-		0.52
	Tan Pui Suang	-	-		-
	Wong Cheer Feng	-	-		-
	Dr. Lim Boh Soon	-	-		-
	Wee Beng Chuan	-	-		-
	Lee Li Ming	-	-		-
	Dato' Lai Kim Seong	-	-		-
	Chong Chin Siong (Alternate Director to Beh Chern Wei (Ma Chengwei))	-	-		-

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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty First Annual General Meeting ("41st AGM") of **V.S. INDUSTRY BERHAD** ("VSI" or "the Company") will be held at Kingfisher 1, Fraser Place Puteri Harbour, Residensi & Hotel Marina, Persiaran Tanjung, Pengkalan Puteri, 79000 Iskandar Puteri, Johor Darul Takzim, Malaysia on Friday, 5 January 2024 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 2023 together with the Directors' and Auditors' reports thereon. **(Please refer to Note No. 1)**

2. To approve the payment of a final dividend of 0.5 sen per ordinary share for the financial year ended 31 July 2023. **RESOLUTION 1**

3. To approve the payment of Directors' fees up to an amount of RM931,200 for the financial year ending 31 July 2024, 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)	Dato' Gan Tiong Sia	- Clause 110	**RESOLUTION 3**
(b)	Datuk Gan Sem Yam	- Clause 110	**RESOLUTION 4**
(c)	Wong Cheer Feng	- Clause 110	**RESOLUTION 5**
(d)	Lee Li Ming	- Clause 117	**RESOLUTION 6**
(e)	Dato' Lai Kim Seong	- 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 and Waiver of Pre-Emptive Rights Pursuant to the Companies Act 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("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 2023, 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 2023, 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 2023, 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 2023, 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 41st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 29 December 2023. Only a depositor whose name appears on the Record of Depositors as at 29 December 2023 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) (SSM PC No.: 202308000591)
Company Secretaries

Johor Bahru
29 November 2023

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 Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, 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 41st 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 Tricor Investor & Issuing House Services Sdn Bhd of Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia Office or please write in to is.enquiry@my.tricorglobal.com.

vii. 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).

4. Explanatory Notes on Ordinary Business

i. To approve the payment of a final dividend of 0.5 sen per ordinary share for the financial year ended 31 July 2023 (Ordinary Resolution 1)

Declaration of a final dividend for the year ended 31 July 2023 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 RM931,200 for the financial year ending 31 July 2024, 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 Forty First Annual General Meeting (41st AGM) for the payment of Directors' fees to the Directors of the Company up to an amount of RM931,200 for the financial year ending 31 July 2024, 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 2024. In the event that any Director hold office for only part of the financial year ending 31 July 2024, the Director's fee payable to him will be appropriately pro-rated.

The total Directors' fees paid for the financial year ended 31 July 2023 did not exceed the amount of RM809,600 approved by the shareholders at the Company's Fortieth Annual General Meeting held on 6 January 2023.

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, Dato' Gan Tiong Sia, Datuk Gan Sem Yam and Wong Cheer Feng whereas pursuant to Clause 117, Lee Li Ming and Dato' Lai Kim Seong are standing for re-election at this AGM. The profile of the aforesaid Directors standing for re-election are set out in the Board of Directors' Profile in the 2023 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. To 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 and Waiver of Pre-Emptive Rights Pursuant to 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 2023 which was circulated together with the Company's 2023 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 2023. 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 2023 which was circulated together with the Company's 2023 Annual Report.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of the shareholders at the Forty First Annual General Meeting, a final dividend of 0.5 sen per ordinary share for the financial year ended 31 July 2023, will be paid on 2 February 2024 to those registered in the Record of Depositors at the close of business on 19 January 2024.

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 19 January 2024 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 Forty First Annual General Meeting of the Company as follows:-

(a) Dato' Gan Tiong Sia	- Clause 110	Ordinary Resolution 3
(b) Datuk Gan Sem Yam	- Clause 110	Ordinary Resolution 4
(c) Wong Cheer Feng	- Clause 110	Ordinary Resolution 5
(d) Lee Li Ming	- Clause 117	Ordinary Resolution 6
(e) Dato' Lai Kim Seong	- Clause 117	Ordinary Resolution 7

The details of the Directors who are standing for re-election are set out in the Board of Directors' Profile in the 2023 Annual Report.

Information on securities holdings in the Company by the Directors standing for re-election are set out in the Directors' Report and/or Analysis of Shareholdings in the 2023 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 40th Annual General Meeting held on 6 January 2023. 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.

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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 Forty First Annual General Meeting of the Company, to be held at Kingfisher 1, Fraser Place Puteri Harbour, Residensi & Hotel Marina, Persiaran Tanjung, Pengkalan Puteri, 79000 Iskandar Puteri, Johor Darul Takzim, Malaysia on Friday, 5 January 2024 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 0.5 sen per ordinary share for the financial year ended 31 July 2023			
2	Approval of Directors' fee for the financial year ending 31 July 2024, to be payable on quarterly basis in arrears.			
3	Re-election of retiring Director, Dato' Gan Tiong Sia			
4	Re-election of retiring Director, Datuk Gan Sem Yam			
5	Re-election of retiring Director, Wong Cheer Feng			
6	Re-election of retiring Director, Lee Li Ming			
7	Re-election of retiring Director, Dato' Lai Kim Seong			
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 and waiver of Pre-Emptive Rights Pursuant to 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 _____________ 2023/2024

____
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.

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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.

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vii. Only members registered in the Record of Depositors as at 29 December 2023 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 41st Annual General Meeting dated 29 November 2023.

Fold This Flap For Sealing

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AFFIX
STAMP
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The Share Registrar
V.S. INDUSTRY BERHAD
(Registration No. 198201008437 (88160-P))

Unit 32-01, Level 32
Tower A, Vertical Business Suite Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
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

HT Press Work Sdn. Bhd.
HT Press Work Industries (M) Sdn. Bhd.
PLO 92, Jalan Cyber 7
Kawasan Perindustrian Senai III
81400 Senai
Johor Darul Takzim
Tel No : 607-599 6012

VS Capital Management Sdn. Bhd.
V.S. Ashin Technology Sdn. Bhd.
Registered Office
Suite 9D, Level 9, Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim
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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
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Fax No : 607-333 0899

INDONESIA

PT. V.S. Technology Indonesia
Jl. Cendana Raya
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Kawasan Industri Delta Silicon III
Lippo Cikarang Bekasi
17550 Indonesia
Tel No : 62-212 9288 998
Fax No : 62-212 9617 877

SINGAPORE

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Serumi International Private Limited
V S International Venture Pte. Ltd.
Guardian South East Asia Pte. Ltd.
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Vision Exchange
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HONG KONG

V.S. International Group Limited
Registered Office
Cricket Square
Hutchins Drive
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Grand Cayman
KY1-1111
Cayman Islands

Passion to grow your business™

V.S. INDUSTRY BERHAD
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