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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED BONUS ISSUE OF UP TO 395,670,739 FREE NEW WARRANTS C IN V.S. INDUSTRY BERHAD ("VSIB") ("WARRANTS C") ON THE BASIS OF 1 WARRANT C FOR EVERY 10 EXISTING ORDINARY SHARES IN VSIB HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser



RHB Investment Bank Berhad
(Registration No. 197401002639 (19663-P))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") of VSIB is scheduled to be held at Kingfisher 1, Fraser Place Puteri Harbour, Residensi & Hotel Marina, Persiaran Tanjung, Pengkalan Puteri, 79000 Iskandar Puteri, Johor Darul Takzim on Monday, 19 August 2024 at 10:30 a.m. or any adjournment thereof.

The Notice of EGM and Proxy Form are enclosed in this Circular and can be downloaded from the Company's website at <https://www.vs-i.com/investors/> or Bursa Securities' website at <https://www.bursamalaysia.com>. Shareholders are advised to refer to the Notice of EGM for further information.

If you wish to appoint a proxy to attend, participate, speak and vote on your behalf at the EGM, you may complete, sign and deposit the Proxy Form at VSIB's share registrar's office 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 or lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently decide to do so.

Last date and time for lodging the Proxy Form : Saturday, 17 August 2024 at 10:30 a.m.

Date and time of the EGM : Monday, 19 August 2024 at 10:30 a.m. or any adjournment thereof

This Circular is dated 1 August 2024

DEFINITIONS

Except where the context otherwise requires, the following abbreviations and definitions shall apply throughout this Circular:

"Act"	: Companies Act, 2016
"Board"	: Board of Directors of VSIB
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"Circular"	: This circular dated 1 August 2024 comprising letter to shareholders of VSIB and appendices in relation to the Proposed Bonus Issue of Warrants, Notice of EGM and Proxy Form
"Deed Poll"	: The deed poll to be executed by the Company constituting the Warrants C and governing the rights of the Warrant C holders
"Directors"	: A natural person who holds a directorship in an executive or a non-executive capacity within the Group, within the meaning of section 2(1) of the Act and has the meaning given in section 2(1) of the Capital Markets and Services Act, 2007, which for the avoidance of doubt excludes an alternate director
"E&E"	: Electronic and electrical
"EGM"	: Extraordinary general meeting
"Entitled Shareholders"	: The shareholders of VSIB who are registered as a member and whose names appear in the Record of Depositors of the Company on the Entitlement Date in order to participate in the Proposed Bonus Issue of Warrants
"Entitlement Date"	: The date as at the close of business at 5:00 p.m. to be determined by the Board and announced by the Company at a later date, on which names of shareholders of VSIB must appear in the Record of Depositors of the Company in order to be entitled to the Warrants C
"EPF"	: Employees Provident Fund Board
"EPS"	: Earnings per share
"ESOS"	: The existing employees' share option scheme of VSIB of up to 15% of the total number of issued shares of the Company (excluding treasury shares) for the eligible Directors and employees of VSIB Group (excluding subsidiaries which are dormant) which was implemented on 12 May 2015. The ESOS is in force for a duration of 10 years up to 11 May 2025. As at the LPD, there are outstanding 37,713,800 ESOS Options
"ESOS Option(s)"	: Options granted pursuant to the ESOS
"FYE"	: Financial year ended/ending, as the case may be
"HTPW"	: HT Press Work Sdn Bhd, a 60%-owned subsidiary of VSIB Group
"KWAP"	: Kumpulan Wang Persaraan (Diperbadankan)
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities

DEFINITIONS (CONT'D)

"LPD"	: 22 July 2024, being the latest practicable date prior to the printing and despatch of this Circular
"Market Day"	: A day on which the stock market of Bursa Securities is open for trading in securities, which may include a Surprise Holiday
"Maximum Scenario"	: Assuming all the 63,212,480 treasury shares are resold in the open market at cost and all the outstanding 37,713,800 ESOS Options are fully exercised (of which 11,382,500 ESOS Options are satisfied through the existing VSIB Shares held under the Company's ESOS trust funding pooling scheme and the remaining 26,331,300 ESOS Options are satisfied through issuance of new VSIB Shares) prior to the implementation of the Proposed Bonus Issue of Warrants
"Minimum Scenario"	: Assuming none of the 63,212,480 treasury shares are resold in the open market and none of the outstanding 37,713,800 ESOS Options are fully exercised prior to the implementation of the Proposed Bonus Issue of Warrants
"NA"	: Net assets
"Official List"	: A list specifying all securities listed on Bursa Securities
"Proposed Bonus Issue of Warrants"	: Proposed bonus issue of up to 395,670,739 free new Warrants C on the basis of 1 Warrant C for every 10 existing VSIB Shares held on the Entitlement Date
"Record of Depositors"	: A record of securities holders established and maintained by Bursa Depository under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991
"RHB Investment Bank" or the "Principal Adviser"	: RHB Investment Bank Berhad
"RM" and "sen"	: Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
"Surprise Holiday"	: A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as a public holiday at the beginning of the calendar year
"VSIB" or the "Company"	: V.S. Industry Berhad
"VSIB Group" or the "Group"	: Collectively, VSIB and its subsidiaries
"VSIB Shares" or the "Shares"	: Ordinary shares in VSIB
"VWAP"	: Volume weighted average share price
"Warrant C Holder(s)"	: The holders of the Warrants C
"Warrant(s) C"	: Up to 395,670,739 free new warrants in VSIB to be issued pursuant to the Proposed Bonus Issue of Warrants

DEFINITIONS (CONT'D)

References to "our Company" in this Circular are to VSIB and references to "our Group" are to VSIB and its subsidiaries. References to "we", "us", "our" and "ourselves" in this Circular are to VSIB and where the context otherwise requires, shall include its subsidiaries. All references to "you" in this Circular are to the shareholders of VSIB.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to the provisions of any statute, rules, regulation or rules of stock exchange shall (where the context admits) be construed as a reference to the provisions of such statute, rules, regulation or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments to the statute, rules, regulation or rules of stock exchange for the time being in force.

Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date respectively, unless otherwise specified.

Certain amounts and percentage figures included herein have been subject to rounding adjustments. Any discrepancy between the figures shown herein and figures published by the Company, such as in its annual reports or quarterly results, is due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due inquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that the Company's and/or the Group's plans and objectives will be achieved.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Bonus Issue of Warrants in this Circular. You are advised to read and carefully consider the contents of this Circular and the appendices contained herein in its entirety for further details and not to rely solely on this Executive Summary in forming a decision on the Proposed Bonus Issue of Warrants before voting at the forthcoming EGM.

Salient information	Description	Reference to Circular
Basis and number of Warrants C to be issued	<p>The Proposed Bonus Issue of Warrants will entail the issuance of up to 395,670,739 free Warrants C on the basis of 1 Warrant C for every 10 existing VSIB Shares held by the Entitled Shareholders.</p> <p>The Board had resolved to fix the tenure of Warrants C for 2 years after taking into consideration the Group's expected funding which the Group may raise from the exercise of Warrants C to further expand its business to cater for higher demand for its products from its customers.</p>	Section 2.1 of this Circular
Rationale for the Proposed Bonus Issue of Warrants	<p>After taking into consideration the various options available to reward the shareholders of the Company, including but not limited to bonus issue of shares and additional issuance of dividends, the Board is of the view that at this juncture, the Proposed Bonus Issue of Warrants is the most appropriate avenue to reward the shareholders for their continuous support after taking into consideration that the warrants 2021/2024 ("Warrants B") have recently expired and the intention of the Board to conserve cash for the business operations of the Group.</p> <p>The Proposed Bonus Issue of Warrants aims to:</p> <ul style="list-style-type: none">(i) reward the shareholders of the Company for their continuous support by enabling them to own the Warrants C which are tradable on Bursa Securities without incurring any cost;(ii) provide the shareholders of the Company with an opportunity to further increase their equity participation in the Company through the exercise of the Warrants C at a pre-determined price during the tenure of the Warrants C; and(iii) strengthen the capital base of the Group by increasing the size of its shareholders' funds pursuant to the exercise of Warrants C as well as enable the Group to raise additional funds for partial repayment of interest-bearing borrowings, its working capital requirements and potential investments and expansion of facilities, as and when the Warrants C are exercised, without incurring additional interest expense as compared to bank borrowings.	Section 3 of this Circular

EXECUTIVE SUMMARY (CONT'D)

Salient information	Description	Reference to Circular
Approvals required/obtained for the Proposed Bonus Issue of Warrants	<p>The Proposed Bonus Issue of Warrants is subject to the following approvals being obtained:</p> <ul style="list-style-type: none"> (i) Bursa Securities, for the following: <ul style="list-style-type: none"> (a) the admission to the Official List of Bursa Securities and the listing and quotation of up to 395,670,739 Warrants C to be issued pursuant to the Proposed Bonus Issue of Warrants on the Main Market of Bursa Securities; and (b) the listing and quotation of up to 395,670,739 new VSIB Shares to be issued pursuant to the exercise of the Warrants C on the Main Market of Bursa Securities, <p>which was obtained vide its letter dated 16 July 2024, subject to the conditions as set out in Section 7 of this Circular;</p> (ii) the shareholders of VSIB, for the Proposed Bonus Issue of Warrants at the forthcoming EGM by way of poll; and (iii) any other relevant authorities and/or parties, if required. <p>The Proposed Bonus Issue of Warrants is not conditional upon any other proposals undertaken or to be undertaken by the Company.</p>	Section 7 of this Circular
Interests of Directors, major shareholders, chief executive and/or persons connected with them	None of the Directors, major shareholders and/or chief executive of VSIB and/or persons connected with them has any interest, whether direct or indirect, in the Proposed Bonus Issue of Warrants, save for their respective entitlements under the Proposed Bonus Issue of Warrants which is available to all Entitled Shareholders on a pro-rata basis.	Section 8 of this Circular
Directors' statement and recommendation	<p>The Board, having considered all aspects of the Proposed Bonus Issue of Warrants, is of the opinion that the Proposed Bonus Issue of Warrants is in the best interest of the Company.</p> <p>Accordingly, the Board recommends that you VOTE IN FAVOUR of the resolution pertaining to the Proposed Bonus Issue of Warrants to be tabled at the forthcoming EGM.</p>	Section 11 of this Circular



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

Registered Office

Suite 9D, Level 9
Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor

1 August 2024

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)*)

To: Our shareholders

Dear Sir/Madam,

PROPOSED BONUS ISSUE OF WARRANTS

1. INTRODUCTION

On 24 June 2024, RHB Investment Bank had, on behalf of the Board, announced that the Company proposes to undertake an issuance of up to 395,670,739 Warrants C on the basis of 1 Warrant C for every 10 existing VSIB Shares held on the Entitlement Date.

Subsequently on 28 June 2024, RHB Investment Bank had, on behalf of the Board, announced that after further deliberation, the Board has resolved to revise the basis and justification of determining the exercise price of the Warrants C to be at a discount of up to 20% to the 5-day VWAP of VSIB Shares immediately preceding the price-fixing date to be determined and announced later.

On 17 July 2024, RHB Investment Bank had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 16 July 2024, approved the following:

- (a) the admission to the Official List of Bursa Securities and the listing and quotation of up to 395,670,739 Warrants C to be issued pursuant to the Proposed Bonus Issue of Warrants on the Main Market of Bursa Securities; and
- (b) the listing and quotation of up to 395,670,739 new VSIB Shares to be issued pursuant to the exercise of the Warrants C on the Main Market of Bursa Securities,

subject to the conditions as set out in Section 7 of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF WARRANTS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR AND THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED BONUS ISSUE OF WARRANTS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED BONUS ISSUE OF WARRANTS

2.1 Basis and number of Warrants C to be issued

The Proposed Bonus Issue of Warrants will entail the issuance of up to 395,670,739 free Warrants C on the basis of 1 Warrant C for every 10 existing VSIB Shares held by the Entitled Shareholders.

As at the LPD, the Company has an issued share capital of RM927,677,774 comprising 3,930,384,572 VSIB Shares including 11,382,500 existing VSIB Shares held under the Company's ESOS trust funding pooling scheme which will be used to meet the Company's obligation as and when employees exercise their ESOS Options as well as 63,212,480 treasury shares. For the avoidance of doubt, the Warrants B of the Company have expired on 14 June 2024 and the Warrants B have also been delisted from the Main Market of Bursa Securities on 18 June 2024.

The Company has implemented the ESOS for the eligible directors and employees of VSIB Group (excluding subsidiaries which are dormant) on 12 May 2015. The ESOS is in force for a duration of 10 years up to 11 May 2025. As at the LPD, there are a total of 37,713,800 outstanding ESOS Options.

For shareholders' information, to facilitate the Proposed Bonus Issue of Warrants, the Board has confirmed that the Company will not grant further ESOS Options until the completion of the Proposed Bonus Issue of Warrants.

Accordingly, assuming prior to the implementation of the Proposed Bonus Issue of Warrants, all 63,212,480 treasury shares are resold in the open market and 37,713,800 ESOS Options are fully exercised (which will be satisfied through existing 11,382,500 VSIB Shares held under the ESOS trust funding pooling scheme and issuance of 26,331,300 new VSIB Shares), a total of up to 395,671,587 Warrants C may be issued pursuant to the Proposed Bonus Issue of Warrants. In addition, assuming all Warrants C are exercised, a total of up to 395,671,587 new VSIB Shares may be issued therefrom.

Notwithstanding this, the Company undertakes that it will not issue more than 395,670,739 Warrants C as well as not more than 395,670,739 new VSIB Shares to be issued arising from the exercise of the Warrants C in line with the maximum number of Warrants C and new VSIB Shares to be issued pursuant to the Proposed Bonus Issue of Warrants as approved by Bursa Securities, details of which are set out in Section 7 of this Circular.

The actual number of Warrants C to be issued pursuant to the Proposed Bonus Issue of Warrants will depend on the number of VSIB Shares in issue (excluding treasury shares) on the Entitlement Date.

The Entitlement Date will be determined by the Board and announced by the Company at a later date upon receipt of all relevant approvals for the Proposed Bonus Issue of Warrants.

Fractional entitlements of the Warrants C arising from the Proposed Bonus Issue of Warrants, if any, will be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit, expedient and in the best interest of the Company.

The entitlement basis for the Proposed Bonus Issue of Warrants was determined after taking into consideration the following:

- (i) amount of proceeds which the Company would potentially raise as and when the Warrants C are exercised during the exercise period of the Warrants C;
- (ii) dilutive effects arising from the full exercise of the Warrants C on the consolidated EPS and NA per Share of the Company; and
- (iii) compliance with Paragraph 6.50 of the Listing Requirements which states that the number of new VSIB Shares which will arise from the exercise of all outstanding convertible equity securities, shall not exceed 50% of the total number of issued Shares of the Company (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

For shareholders' information, the total number of up to 395,670,739 Warrants C to be issued represents approximately 10.23% of the existing total number of issued Shares of the Company (excluding 63,212,480 treasury shares) as at the LPD and approximately 10.00% of the enlarged total number of issued Shares of the Company assuming all the 63,212,480 treasury shares are resold in the open market and assuming all the 37,713,800 outstanding ESOS Options are fully exercised (satisfied through 11,382,500 existing VSIB Shares held under the ESOS trust funding pooling scheme and issuance of 26,331,300 new VSIB Shares) prior to the implementation of the Proposed Bonus Issue of Warrants.

The Proposed Bonus Issue of Warrants will be implemented in a single issuance and is not intended to be implemented on a staggered basis over a period of time. The Warrants C which will be issued in registered form and constituted by the Deed Poll will have a tenure of 2 years. The Board had resolved to fix the tenure of Warrants C for 2 years after taking into consideration the Group's expected funding which the Group may raise from the exercise of Warrants C to further expand its business to cater for higher demand for its products from its customers.

The indicative salient terms of the Warrants C are set out in Appendix I of this Circular. For avoidance of doubt, no reserves will be capitalised for the issuance of Warrants C under the Proposed Bonus Issue of Warrants.

2.2 Basis and justification of determining the exercise price of the Warrants C

The Warrants C will be issued at no cost to the Entitled Shareholders. The exercise price of the Warrants C will be determined by the Board at a later date, after the receipt of all relevant approvals but before the announcement of the Entitlement Date, after taking into consideration, among others, the following:

- (i) the historical price movement of VSIB Shares;
- (ii) a discount of up to 20% to the 5-day VWAP of VSIB Shares immediately preceding the price-fixing date to be determined and announced later;
- (iii) the prevailing market conditions; and
- (iv) the future funding requirements of VSIB Group.

The discount of up to 20% to the 5-day VWAP of VSIB Shares was determined after taking into consideration, among others, the following:

- (i) the historical price movement of VSIB Shares and the prevailing market conditions;
- (ii) the future funding requirements of VSIB Group;
- (iii) the Warrants C being exercisable at any time within a 2-year period from the date of issue of the Warrants C; and
- (iv) the potential future earnings of VSIB Group.

For clarity, the intention of determining the actual exercise price of the Warrants C closer to the implementation of the Proposed Bonus Issue of Warrants serves to provide the Board with greater flexibility to determine the exercise price of the Warrants C based on the foregoing basis and allow the exercise price to be more reflective of the prevailing market price of VSIB Shares at that point in time.

For illustrative purposes throughout this Circular, the indicative exercise price of the Warrants C is assumed to be at RM1.10 each, which represents a discount of approximately RM0.2093 or 15.99% to the 5-day VWAP of VSIB Shares up to and including the LPD of RM1.3093.

The Board wishes to emphasise that the indicative exercise price should not be taken as an indication of or reference to the actual exercise price of the Warrants C as it will only be determined and announced at a later date and dependent on the abovementioned factors.

An announcement on the exercise price of the Warrants C, the basis of determining the exercise price of the Warrants C and justifications for the pricing will be made by the Board on the price-fixing date of the Warrants C.

2.3 Ranking of the Warrants C and the new VSIB Shares to be issued arising from the exercise of the Warrants C

The Warrant C Holders will not be entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such Warrant C Holders exercise their Warrants C into new VSIB Shares.

The new VSIB Shares to be issued arising from the exercise of the Warrants C shall, upon issuance and allotment, rank equally in all respects with the then existing VSIB Shares, save and except that the new VSIB Shares to be issued arising from the exercise of the Warrants C will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of allotments and issuance of the new VSIB Shares.

2.4 Listing and quotation of the Warrants C and the new VSIB Shares to be issued arising from the exercise of the Warrants C

Bursa Securities had, vide its letter dated 16 July 2024, approved the following:

- (a) the admission to the Official List of Bursa Securities and the listing and quotation of up to 395,670,739 Warrants C to be issued pursuant to the Proposed Bonus Issue of Warrants on the Main Market of Bursa Securities; and
- (b) the listing and quotation of up to 395,670,739 new VSIB Shares to be issued pursuant to the exercise of the Warrants C on the Main Market of Bursa Securities,

subject to the conditions as set out in Section 7 of this Circular.

2.5 Utilisation of proceeds

The Proposed Bonus Issue of Warrants will not raise any immediate funds to the Company as the Warrants C will be issued at no cost to the Entitled Shareholders. The actual gross proceeds that may be raised by the Company will depend on the exercise price of the Warrants C and the number of Warrants C exercised during the exercise period of the Warrants C. As such, the exact timeframe and manner in which the said proceeds will be utilised cannot be determined at this juncture.

Nevertheless, the Board anticipates that any proceeds to be raised from the exercise of the Warrants C will be utilised by VSIB Group within 15 months from the date of receipt of such proceeds.

Based on the indicative exercise price of RM1.10 per Warrant C and in the event the Warrants C are fully exercised, the Company is expected to raise gross proceeds of up to approximately RM435.24 million. The gross proceeds are expected to be utilised in the following manner:

Details	Indicative allocation
Partial repayment of interest-bearing borrowings ⁽¹⁾	50%
Working capital requirements ⁽²⁾	30%
Potential investments and expansion of facilities ⁽³⁾	20%
Total	100.00%

Notes:**(1) Partial repayment of interest-bearing borrowings**

As at the LPD, the Group's total interest-bearing borrowings amounted to approximately RM902.36 million, details of which are set out below:

Type of facility	Amount outstanding RM'000
Short-term borrowings	
Hire purchase liabilities	245
Term loans	76,033
Bankers' acceptances	144,855
Onshore loan	91,173
Short term loan	12,978
Sub-total	325,284
Long-term borrowings	
Hire purchase liabilities	346
Term loans	76,734
Sukuk	500,000
Sub-total	577,080
Total	902,364

Subject to the availability of funds, the Group may repay up to RM217.62 million of its interest-bearing borrowings before the respective repayment due dates. For shareholders' information, the Group's total cash and bank balances as at the LPD is approximately RM780.15 million. Based on the aforementioned, the Group's net interest-bearing borrowings as at the LPD amounted to approximately RM122.21 million.

The Group intends to partially repay its interest-bearing borrowings comprising Sukuk and bankers' acceptances. For shareholders' information, the Group intends to earmark up to RM200.00 million of the gross proceeds to be raised to partially repay its Sukuk and up to RM17.62 million to partially repay its bankers' acceptances. For illustrative purposes, the partial repayment of the Group's interest-bearing borrowings of approximately RM217.62 million is expected to result in an interest cost savings of approximately RM10.17 million per annum, which translates to an effective interest rate of approximately 4.67% per annum.

(2) Working capital requirements

The proceeds to be raised from the exercise of Warrants C is intended to be utilised for working capital requirements of VSIB Group which include, among others, payment of trade and other payables, staff cost and other operating expenses as set out below:

Working capital requirements	Percentage of allocation
Payment of trade and other payables which include payment to suppliers, property, plant and equipment creditors and sundry creditors	75%
Staff cost, which include staff salaries, statutory contributions and staff benefits	20%
Other operating expenses, which include general office expenses and upkeep of machineries	5%
Total	100%

The actual utilisation may vary and is dependent on the Group's working capital requirements at the relevant point in time.

(3) Potential investments and expansion of facilities

VSIB Group is principally involved in the manufacturing, assembling and sale of E&E products and plastic moulded components and parts. The proceeds to be raised are intended to be utilised for potential investments which include, among others, acquisition(s) of businesses or investment relating to the Group's existing business, as and when suitable opportunities arise. The Group may also from time to time utilise such proceeds for the expansion of facilities which include, among others, purchase of equipment, machineries and capital expenditure for construction of additional facilities. For the avoidance of doubt, the Group has not identified any businesses or investments to be acquired at this juncture. In the event the Group is unable to identify suitable or viable investments or does not require an expansion of facilities within the tenure of the Warrants C, the proceeds will be allocated for working capital requirements of the Group and will be allocated in priority for payment of trade and other payables, staff cost and other operating expenses.

The actual gross proceeds to be raised from the exercise of Warrants C are dependent on the exercise price and the actual number of Warrants C exercised. In the event the actual gross proceeds to be raised from the exercise of Warrants C are lower or higher than the estimated gross proceeds of up to approximately RM435.24 million, such variance will be adjusted and allocated in the following priority:

- (i) partial repayment of interest-bearing borrowings; and
- (ii) working capital requirements.

Pending utilisation of the proceeds to be raised as and when the Warrants C are exercised, such proceeds will be placed in interest-bearing deposit(s) with licensed financial institution(s) and/or short-term money market instrument(s) as the Board may deem fit. The interest derived from such deposit(s) and/or any gain arising from such short-term money market instrument(s) will also be utilised for the future working capital requirements of the Group.

2.6 Equity fundraising exercises in the past 12 months

The Company has not undertaken any equity fundraising exercises in the past 12 months before the announcement of the Proposed Bonus Issue of Warrants.

3. RATIONALE FOR THE PROPOSED BONUS ISSUE OF WARRANTS

After taking into consideration the various options available to reward the shareholders of the Company, including but not limited to bonus issue of shares and additional issuance of dividends, the Board is of the view that at this juncture, the Proposed Bonus Issue of Warrants is the most appropriate avenue to reward the shareholders for their continuous support after taking into consideration that the Warrants B have recently expired and the intention of the Board to conserve cash for the business operations of the Group. The Proposed Bonus Issue of Warrants aims to:

- (i) reward the shareholders of the Company for their continuous support by enabling them to own the Warrants C which are tradable on Bursa Securities without incurring any cost;
- (ii) provide the shareholders of the Company with an opportunity to further increase their equity participation in the Company through the exercise of the Warrants C at a pre-determined price during the tenure of the Warrants C; and
- (iii) strengthen the capital base of the Group by increasing the size of its shareholders' funds pursuant to the exercise of Warrants C as well as enable the Group to raise additional funds for partial repayment of interest-bearing borrowings, its working capital requirements and potential investments and expansion of facilities, as and when the Warrants C are exercised, without incurring additional interest expense as compared to bank borrowings.

4. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS OF VSIB GROUP

4.1 Overview and outlook for the Malaysian economy

The Malaysian economy grew at a higher rate of 4.2% in the 1st quarter of 2024 (4th quarter of 2023 ("**Q4 2023**"): 2.9%), driven by stronger private expenditure and positive turnaround in exports. Household spending was higher amid continued growth in employment and wages. Better investment activities were supported by higher capital spending by both the private and public sectors. Exports rebounded amid higher external demand.

On the supply side, most sectors registered higher growth. The manufacturing sector was lifted by a rebound across both the E&E and non-E&E industries. The stronger growth in the services sector was driven by higher retail trade activities and continued support from the transport and storage subsector. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 1.4% (Q4 2023: -1%).

Growth in 2024 will be driven by resilient domestic expenditure with additional support from the recovery in external demand. On the domestic front, continued employment and wage growth will support household spending. Improvement in tourist arrivals and spending are expected to continue. Investment activities will be driven by progress in multi-year projects across private and public sectors, alongside catalytic initiatives announced in national master plans, as well as the higher realisation of approved investments. The growth outlook remains subject to downside risks stemming from weaker-than-expected external demand, further escalation in geopolitical conflicts and larger declines in commodity production domestically. Nonetheless, there are upside risks from greater spillover from the tech upcycle, more robust tourism activities and faster implementation of existing and new investment projects.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2024, Bank Negara Malaysia)

For 2024, the Malaysian economy is projected to grow within the range of 4.0% to 5.0%. The growth is envisaged to be broad-based, led by the services sector as intermediate and final services groups are anticipated to rise further driven by sustained domestic consumption and improved export activities. The retail trade, accommodation and restaurants as well as communication segments are expected to increase in line with consumption trend, while the wholesale trade segment and transport and storage subsector will benefit from higher trade-related activities.

On the demand side, growth will be buoyed by strong private sector expenditure and improving global demand. The encouraging performance of private sector is partly due to the Malaysian Government's deliberate efforts to accelerate a more vibrant and dynamic private sector by providing a conducive business and investment environment, underpinned by the implementation of comprehensive Ekonomi MADANI framework as well as policies and blueprints such as the National Energy Transition Roadmap and New Industrial Master Plan 2030. Meanwhile, consumer spending is envisaged to be robust supported by improved labour market conditions.

(Source: Economy Outlook 2024, Ministry of Finance, Malaysia)

4.2 Overview and outlook of the manufacturing sector in Malaysia

The manufacturing sector grew by 1.7% during the first half of 2023 underpinned by resilient domestic-oriented industries amid sluggish external demand. The domestic oriented industries' steady growth of 4.4% was backed by increasing demand for consumer goods and construction-related segments. Meanwhile, export-oriented industries expanded marginally by 0.5% weighed down by the lower production of E&E due to cyclical downturn in global semiconductor industry.

The sector is forecast to grow by 1.2% in the second half of the year with domestic oriented industries remain as the mainstay of growth. All segments are projected to expand particularly food and beverages, as well as transport equipment. These segments will benefit from the strengthening of tourism activities and increasing demand for passenger cars and related motor parts and accessories.

In addition, anticipated acceleration and realisation of projects in the construction sector will increase the demand for metal-related segments.

Meanwhile, within the export-oriented industries, the E&E segment is expected to pivot away from the downcycle trend, in line with gradual improvements in global demand especially for computing devices, electronics and semiconductors as well as growing domestic demand for industrial electronics, electric vehicles (EV) and medical technology devices. Furthermore, the demand for chemicals segment is expected to increase in line with the bottom out of E&E downcycle. Hence, the manufacturing sector is anticipated to register a modest growth of 1.4% in 2023.

The manufacturing sector is expected to accelerate, accounted by improved export-oriented industries particularly the E&E products as external demand recovers, while the domestic-oriented industries are anticipated to remain favourable in line with robust domestic consumption and investment.

The manufacturing sector is forecast to expand by 4.2% in 2024 driven by better performance in both export and domestic-oriented industries. The export-oriented industries are expected to benefit from the recovery of external demand with E&E segment projected to surge, primarily driven by memory products. This is in line with the rebound in demand for technologically advanced products. Similarly, domestic-oriented industries are anticipated to grow steadily backed by higher output in transport- and construction-related segments, in tandem with better consumer spending and business activities. In addition, the implementation of initiatives under the Chemical Industry Roadmap 2030, National Energy Transition Roadmap and New Industrial Master Plan 2030 will further strengthen the sector's growth.

(Source: Economy Outlook 2024, Ministry of Finance, Malaysia)

4.3 Prospect of VSIB Group

VSIB Group is principally involved in the manufacturing, assembling and sale of E&E products and plastic moulded components and parts. In the FYE 31 July 2023, the Group's revenue had improved by approximately 17.65% from RM3.91 billion in FYE 31 July 2022 to RM4.60 billion, whilst the Group's profit after tax had improved by approximately 11.89% to RM169.32 million in FYE 31 July 2023 from RM151.33 million in FYE 31 July 2022.

The Group had invested approximately RM90.7 million in its capital expenditure during FYE 31 July 2023 whereby part of the capital expenditure was utilised on enhancing its printed circuit board assembly ("PCBA") division by purchasing new PCBA machines to expand its production lines while part of the capital expenditure was spent on upgrading its existing machinery and equipment.

The Group had in October 2023 completed the acquisition of additional 11% equity interest in HTPW for RM2.60 million ("**Acquisition**"). This was on top of the 40%-stake in HTPW that VSIB Group first acquired back in May 2023. Subsequently, the Group further acquired additional 9%-stake in HTPW, which was completed in April 2024. As such, HTPW is now a 60%-owned subsidiary of VSIB Group.

HTPW is a specialist in metal stamping, tools and die design and fabrication, machining and surface finishing of aluminium products with more than 28 years of track record. The Acquisition represents a synergistic move for VSIB Group to leverage on HTPW's expertise to enhance its value chain within the tools and die design and fabrication, machining and surface finishing division and broaden its manufacturing services offerings as well as further strengthen its position as a vertically-integrated electronics manufacturing services provider.

As at the LPD, VSIB Group has primary manufacturing operations which are located in Malaysia, the People's Republic of China, Indonesia and Singapore. For the FYE 31 July 2023, the Group's Malaysian operations contributed to approximately 73.89% of the Group's total revenue whilst its Singapore, Indonesia and the People's Republic of China's operations contributed to approximately 17.55% 7.50% and 1.06% respectively of the Group's total revenue.

For the first and second quarters of the FYE 31 July 2024, the Group's operation in Malaysia and Indonesia recorded a lower revenue due to lower orders from its key customers, which in turn affected the overall utilisation rate of production capacity. However, the Group has been experiencing pickup in orders from key customers following improvement in consumer sentiments in addition to renewed market interests from new models launched by its customers in the third quarter of FYE 31 July 2024 where revenue and profit before tax both improved healthily on a year-on-year basis during the quarter.

The Group's operations in Singapore that acts as the marketing arm for the Group's Malaysia operations, achieved higher profit before tax, which is in line with the higher sales orders from a key customer for the cumulative 6-month performance for the FYE 31 July 2024. For the Group's operations in the People's Republic of China, under-utilisation of capacity continues to be an ongoing issue due to the highly difficult operating conditions in the country. Therefore, the Group's efforts remain on the implementation of asset-light strategy by maintaining minimal property, plant and equipment required for ongoing operations with streamlined operations.

Overall, the outlook for the Group is promising as the progressive uptrend in orders to prevail into the near foreseeable future. The Group also strengthened its vertical integration capability with the recent successful development of several new processes in-house. Mass production for the Group's key customer has already started for some of these processes. Separately, the Group's ongoing discussions with prospective customers remain in progress as part of its efforts to expand its clientele.

(Source: Management of VSIB)

5. EFFECTS OF THE PROPOSED BONUS ISSUE OF WARRANTS

For illustrative purposes, the pro forma effects of the Proposed Bonus Issue of Warrants are illustrated based on the Minimum Scenario and Maximum Scenario.

5.1 Issued share capital

The Proposed Bonus Issue of Warrants will not have an immediate effect on the issued share capital of the Company until such time when the new VSIB Shares are issued pursuant to the exercise of the Warrants C. The issued share capital of the Company will increase progressively as and when new VSIB Shares are issued arising from the exercise of the Warrants C.

The pro forma effects of the Proposed Bonus Issue of Warrants on the issued share capital of VSIB are set out below:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	3,930,384,572 ^(a)	927,677,774	3,930,384,572 ^(a)	927,677,774
Treasury shares at cost	(63,212,480)	(45,582,516)	-	-
Assuming all ESOS Options are exercised	-	-	26,331,300	33,189,727 ^(b)
	3,867,172,092	882,095,258	3,956,715,872	960,867,501
Shares to be issued assuming full exercise of all Warrants C	386,717,209	425,388,930 ^(c)	395,670,739 ^(d)	435,237,813 ^(c)
Enlarged issued share capital	4,253,889,301	1,307,484,188	4,352,386,611	1,396,105,314

Notes:

(a) Including 11,382,500 VSIB Shares held under the Company's ESOS trust funding pooling scheme.

(b) Assuming all the outstanding ESOS Options are fully exercised at the respective exercise price as set out below and after taking into consideration the transfer of the employee share-based reserve of RM10,566,796 to share capital arising from the exercise of the outstanding ESOS Options:

Exercise price RM	Number of outstanding ESOS Options	RM
0.87	23,161,300	20,150,331
0.78	3,170,000	2,472,600
Total	26,331,300	22,622,931

(c) Calculated based on the indicative exercise price of Warrants C of RM1.10 per Warrant C.

(d) Being up to 395,670,739 VSIB Shares to be issued arising from the exercise of the Warrants C pursuant to the Proposed Bonus Issue of Warrants as approved by Bursa Securities, details of which are set out in Section 7 of this Circular.

5.2 NA, NA per Share and gearing

For illustrative purposes, based on the latest audited consolidated financial statements of VSIB as at 31 July 2023, the pro forma effects of the Proposed Bonus Issue of Warrants on the consolidated NA per Share and gearing of VSIB are set out below:

Minimum Scenario:

		I	II	III
	Audited as at 31 July 2023 RM'000	Subsequent events up to the LPD ^(a) RM'000	After I and the Proposed Bonus Issue of Warrants RM'000	After II and assuming full exercise of the Warrants C RM'000
Share capital	873,515	927,678	927,678	1,353,067 ^(c)
Retained earnings	1,160,387	1,083,551	1,083,251 ^(b)	1,083,251
Other reserves	105,004	105,004	105,004	105,004
Employee share-based reserve	25,267	10,567	10,567	10,567
Treasury shares	(16,983)	(45,583)	(45,583)	(45,583)
Shareholders' funds/NA	2,147,190	2,081,217	2,080,917	2,506,306
Non-controlling interests	131,665	131,665	131,665	131,665
Total equity	2,278,855	2,212,882	2,212,582	2,637,971
No. of Shares in issue (excluding treasury shares) ('000)	3,842,425 ^(d)	3,867,172 ^(e)	3,867,172 ^(e)	4,253,889 ^(f)
NA per Share (RM) ^(g)	0.56	0.54	0.54	0.59
Total interest-bearing borrowings (RM'000)	854,951	854,951	854,951	854,951
Gearing ratio (times) ^(h)	0.38	0.39	0.39	0.32

Notes:

(a) After adjusting for the following:

- (i) a total of 37,499,600 Shares which were repurchased by the Company from 1 August 2023 up to the LPD for a total cash consideration of RM28,599,193;
- (ii) a fourth interim dividend of 0.5 sen per Share amounting to RM19,263,237 in respect of FYE 31 July 2023, which was paid on 27 October 2023;
- (iii) a final dividend of 0.5 sen per Share amounting to RM19,250,750 in respect of the FYE 31 July 2023, which was paid on 2 February 2024;
- (iv) a first interim dividend of 0.3 sen per Share amounting to RM11,462,152 in respect of the FYE 31 July 2024, which was paid on 8 March 2024;
- (v) a second interim dividend of 0.3 sen per Share amounting to RM11,454,203 in respect of the FYE 31 July 2024, which was paid on 30 April 2024;
- (vi) a third interim dividend of 0.4 sen per Share amounting to RM15,405,727 in respect of the FYE 31 July 2024, which was paid on 26 July 2024; and

- (vii) exercise of the following ESOS Options from 1 August 2023 up to the LPD at the respective exercise price and after taking into consideration the transfer of the employee share-based reserve of RM14,701,663 to share capital arising from the exercise of ESOS Options as set out below:

Exercise price RM	Number of ESOS Options exercised	RM
0.45	34,821,500	15,669,675
0.87	26,394,100	22,962,867
0.78	991,000	772,980
Total	62,206,600	39,405,522

- (viii) issuance of 39,980 new Shares arising from the exercise of 39,980 Warrants B at the exercise of RM1.38 each from 1 August 2023 up to the LPD.

- (b) After deducting the estimated expense of approximately RM300,000 in relation to the Proposed Bonus Issue of Warrants.
- (c) Assuming all 386,717,209 Warrants C are exercised into new VSIB Shares at the indicative exercise price of RM1.10 per Warrant C.
- (d) Excluding 25,712,880 treasury shares held by the Company as at 31 July 2023.
- (e) Excluding 63,212,480 treasury shares held by the Company as at the LPD.
- (f) Excluding 63,212,480 treasury shares held by the Company and assuming the full exercise of 386,717,209 Warrants C into 386,717,209 new VSIB Shares.
- (g) Calculated based on shareholders' funds/NA over the number of Shares in issue.
- (h) Calculated based on total interest-bearing borrowings over total equity.

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Maximum Scenario:

	I	II	III	IV
		After I and assuming all treasury shares are resold and all outstanding ESOS Options are fully exercised ^(b)	After II and the Proposed Bonus Issue of Warrants	After III and assuming full exercise of the Warrants C
	Audited as at 31 July 2023 RM'000	Subsequent events up to the LPD ^(a) RM'000	RM'000	RM'000
Share capital	873,515	927,678	960,868	1,396,105 ^(d)
Retained earnings	1,160,387	1,083,551	1,083,251 ^(c)	1,083,251
Other reserves	105,004	105,004	105,004	105,004
Employee share-based reserve	25,267	10,567	-	-
Treasury shares	(16,983)	(45,583)	-	-
Shareholders' funds/NA	2,147,190	2,081,217	2,149,123	2,584,360
Non-controlling interests	131,665	131,665	131,665	131,665
Total equity	2,278,855	2,212,882	2,280,788	2,716,025
No. of Shares in issue (excluding treasury shares) ('000)	3,842,425 ^(e)	3,867,172 ^(f)	3,956,716	4,352,387
NA per Share (RM) ^(g)	0.56	0.54	0.54	0.59
Total interest-bearing borrowings (RM'000)	854,951	854,951	854,951	854,951
Gearing ratio (times) ^(h)	0.38	0.39	0.37	0.31

Notes:

(a) After adjusting for the following:

- (i) a total of 37,499,600 Shares which were repurchased by the Company from 1 August 2023 up to the LPD for a total cash consideration of RM28,599,193;
- (ii) a fourth interim dividend of 0.5 sen per Share amounting to RM19,263,237 in respect of FYE 31 July 2023, which was paid on 27 October 2023;
- (iii) a final dividend of 0.5 sen per Share amounting to RM19,250,750 in respect of the FYE 31 July 2023, which was paid on 2 February 2024;
- (iv) a first interim dividend of 0.3 sen per Share amounting to RM11,462,152 in respect of the FYE 31 July 2024, which was paid on 8 March 2024;
- (v) a second interim dividend of 0.3 sen per Share amounting to RM11,454,203 in respect of the FYE 31 July 2024, which was paid on 30 April 2024;
- (vi) a third interim dividend of 0.4 sen per Share amounting to RM15,405,727 in respect of the FYE 31 July 2024, which was paid on 26 July 2024; and

- (vii) exercise of the following ESOS Options from 1 August 2023 up to the LPD at the respective exercise price and after taking into consideration the transfer of the employee share-based reserve of RM14,701,663 to share capital arising from the exercise of ESOS Options as set out below:

Exercise price RM	Number of ESOS Options exercised	RM
0.45	34,821,500	15,669,675
0.87	26,394,100	22,962,867
0.78	991,000	772,980
Total	62,206,600	39,405,522

- (viii) issuance of 39,980 new Shares arising from the exercise of 39,980 Warrants B at the exercise of RM1.38 each from 1 August 2023 up to the LPD.

- (b) Assuming all the outstanding ESOS Options are fully exercised at the following respective exercise price as set out below and after taking into consideration the transfer of the employee share-based reserve of RM10,566,796 to share capital arising from the exercise of the outstanding ESOS Options:

Exercise price RM	Number of outstanding ESOS Options	RM
0.87	23,161,300	20,150,331
0.78	3,170,000	2,472,600
Total	26,331,300	22,622,931

- (c) After deducting the estimated expense of approximately RM300,000 in relation to the Proposed Bonus Issue of Warrants.
- (d) Assuming all 395,670,739 Warrants C are exercised into new VSIB Shares at the indicative exercise price of RM1.10 per Warrant C.
- (e) Excluding 25,712,880 treasury shares held by the Company as at 31 July 2023.
- (f) Excluding 63,212,480 treasury shares held by the Company as at the LPD.
- (g) Calculated based on shareholders' funds/NA over the number of Shares in issue.
- (h) Calculated based on total interest-bearing borrowings over total equity.

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5.3 Substantial shareholders' shareholdings

The Proposed Bonus Issue of Warrants will not have any effect on the substantial shareholders' shareholdings in the Company until such time when the Warrants C are exercised. As the Warrants C will be allotted on a pro-rata basis to all Entitled Shareholders, the number of VSIB Shares held by each substantial shareholder will increase proportionately assuming full exercise of the Warrants C.

The pro forma effects of the Proposed Bonus Issue of Warrants on the substantial shareholders' shareholdings of VSIB are set out below:

Minimum Scenario:

Substantial shareholders	Shareholdings as at the LPD						I After the Proposed Bonus Issue of Warrants						II After I and assuming full exercise of Warrants C					
	<-----Direct----->		<-----Indirect----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Indirect----->	
	No. of Shares	% ^(a)	No. of Shares	% ^(a)	No. of Shares	% ^(a)	No. of Shares	% ^(a)	No. of Shares	% ^(a)	No. of Shares	% ^(b)	No. of Shares	% ^(b)	No. of Shares	% ^(b)	No. of Shares	% ^(b)
Datuk Beh Kim Ling	295,306,886	7.64	283,149,898 ^(c)	7.32	295,306,886	7.64	283,149,898 ^(c)	7.32	324,837,574	7.64	311,464,887 ^(c)	7.32	324,837,574	7.64	311,464,887 ^(c)	7.32	324,837,574	7.32
KWAP	182,279,400	4.71	68,953,400	1.78	182,279,400	4.71	68,953,400	1.78	200,507,340	4.71	75,848,740	1.78	200,507,340	4.71	75,848,740	1.78	200,507,340	1.78
EPF	309,037,700	7.99	-	-	309,037,700	7.99	-	-	339,941,470	7.99	-	-	339,941,470	7.99	-	-	339,941,470	-

Notes:

(a) Based on the total of 3,867,172,092 VSIB Shares in issue (excluding 63,212,480 treasury shares) as at the LPD.

(b) Based on the enlarged total shares in issue of 4,253,889,301 VSIB Shares (excluding 63,212,480 treasury shares) assuming full exercise of 386,717,209 Warrants C.

(c) Deemed interested by virtue of the shareholdings of his daughters, Beh Hwee Lee and Beh Hwee Sze pursuant to Section 59(11)(c) of the Act.

Maximum Scenario:

	I					
	Shareholdings as at the LPD			After all treasury shares are resold and all outstanding ESOS Options are fully exercised		
	Direct	Indirect		Direct	Indirect	
Substantial shareholders	No. of Shares	% ^(a)	No. of Shares	% ^(a)	No. of Shares	% ^(b)
Datuk Beh Kim Ling	295,306,886	7.64	283,149,898 ^(d)	7.32	298,246,886 ^(e)	7.54
KWAP	182,279,400	4.71	68,953,400	1.78	182,279,400	4.61
EPF	309,037,700	7.99	-	-	309,037,700	7.81
						-
	II					
	After I and the Proposed Bonus Issue of Warrants			After II and assuming full exercise of Warrants C		
	Direct	Indirect		Direct	Indirect	
Substantial shareholders	No. of Shares	% ^(b)	No. of Shares	% ^(b)	No. of Shares	% ^(c)
Datuk Beh Kim Ling	298,246,886	7.54	283,149,898 ^(d)	7.16	328,071,574	7.54
KWAP	182,279,400	4.61	68,953,400	1.74	200,507,340	4.61
EPF	309,037,700	7.81	-	-	339,941,470	7.81
						-
	III					
	After I and the Proposed Bonus Issue of Warrants			After II and assuming full exercise of Warrants C		
	Direct	Indirect		Direct	Indirect	
Substantial shareholders	No. of Shares	% ^(b)	No. of Shares	% ^(b)	No. of Shares	% ^(c)
Datuk Beh Kim Ling	298,246,886	7.54	283,149,898 ^(d)	7.16	328,071,574	7.54
KWAP	182,279,400	4.61	68,953,400	1.74	200,507,340	4.61
EPF	309,037,700	7.81	-	-	339,941,470	7.81
						-
Notes:						
(a)	Based on the total of 3,867,172,092 VSIB Shares in issue (excluding 63,212,480 treasury shares) as at the LPD.					
(b)	Based on the enlarged total shares in issue of 3,956,715,872 VSIB Shares assuming all of the 63,212,480 treasury shares are resold in the open market at cost and all the outstanding 37,713,800 ESOS Options are fully exercised (of which 11,382,500 ESOS Options are satisfied through the existing VSIB Shares held under the Company's ESOS trust funding pooling scheme and the remaining 26,331,300 ESOS Options are satisfied through issuance of new VSIB Shares) prior to the implementation of the Proposed Bonus Issue of Warrants.					
(c)	Based on the enlarged total shares in issue of 4,352,386,611 VSIB Shares assuming full exercise of 395,670,739 Warrants C.					
(d)	Deemed interested by virtue of the shareholdings of his daughters, Beh Hwee Lee and Beh Hwee Sze pursuant to Section 59(1)(c) of the Act.					
(e)	After taking into consideration the exercise of Datuk Beh Kim Ling's 2,940,000 outstanding ESOS Options as at the LPD.					

5.4 Earnings and EPS

The Proposed Bonus Issue of Warrants Issue is not expected to have any material effect on the consolidated earnings of the Group for the FYE 31 July 2024. The potential effect of any exercise of the Warrants C on the consolidated EPS of the Group may depend on, among others, the number of Warrants C exercised at any point in time. Although the consolidated EPS of the Group may be diluted as a result of the increase in the number of VSIB Shares as and when the Warrants C are exercised, the utilisation of proceeds arising therefrom may contribute positively to the future earnings of the Group.

For illustrative purposes, based on the audited consolidated financial statements of VSIB for the FYE 31 July 2023 and assuming that the Proposed Bonus Issue of Warrants had been completed at the beginning of the FYE 31 July 2023, the pro forma effects of the Proposed Bonus Issue of Warrants on the earnings and EPS are set out below:

Minimum Scenario:

		I After the Proposed Bonus Issue of Warrants	II After I and assuming full exercise of the Warrants C
	Audited for the FYE 31 July 2023		
Profit after tax attributable to the owners of the Company (RM'000)	178,793	178,493 ^(b)	178,493
Number of Shares in issue (excluding treasury shares) ('000)	3,842,425 ^(a)	3,867,172 ^(c)	4,253,889 ^(c)
EPS (sen)	4.65	4.62	4.20

Notes:

- (a) Excluding 25,712,880 treasury shares held by the Company as at 31 July 2023.
- (b) After deducting the estimated expenses of approximately RM300,000 in relation to the Proposed Bonus Issue of Warrants.
- (c) Excluding 63,212,480 treasury shares held by the Company as at the LPD.

Maximum Scenario:

		I Assuming all treasury shares are resold and all outstanding ESOS Options are fully exercised	II After I and the Proposed Bonus Issue of Warrants	III After II and assuming full exercise of the Warrants C
	Audited for the FYE 31 July 2023			
Profit after tax attributable to the owners of the Company (RM'000)	178,793	178,793	178,493 ^(b)	178,493
Number of Shares in issue (excluding treasury shares) ('000)	3,842,425 ^(a)	3,956,716	3,956,716	4,352,387
EPS (sen)	4.65	4.52	4.51	4.10

Notes:

- (a) Excluding 25,712,880 treasury shares held by the Company as at 31 July 2023.
- (b) After deducting the estimated expenses of approximately RM300,000 in relation to the Proposed Bonus Issue of Warrants.

5.5 Convertible securities

As at the LPD, save for the 37,713,800 outstanding ESOS Options, VSIB does not have any other outstanding convertible securities in issue.

Depending on the quantum of discount to be applied when fixing the exercise price of the Warrants C, if any, adjustments may need to be made to the exercise price and/or number of outstanding ESOS Options which remain unexercised in accordance with the by-laws governing the ESOS Options upon the issue of the Warrants C pursuant to the Proposed Bonus Issue of Warrants.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of VSIB Shares as traded on Bursa Securities for the past 12 months are set out below:

	High RM	Low RM
2023		
August	0.954	0.846
September	1.027	0.934
October	1.008	0.865
November	0.910	0.865
December	0.895	0.782
2024		
January	0.826	0.703
February	0.770	0.703
March	0.874	0.720
April	0.947	0.807
May	1.087	0.897
June	1.326	1.047
July	1.340	1.160
Last transacted market price on 21 June 2024 (being the last trading day prior to the announcement of the Proposed Bonus Issue of Warrants on 24 June 2024)		1.300
Last transacted market price on the LPD		1.290

(Source: Bloomberg)

7. APPROVALS REQUIRED/OBTAINED FOR THE PROPOSED BONUS ISSUE OF WARRANTS

The Proposed Bonus Issue of Warrants is subject to the following approvals being obtained:

- (i) Bursa Securities, for the following:
- (a) the admission to the Official List of Bursa Securities and the listing and quotation of up to 395,670,739 Warrants C to be issued pursuant to the Proposed Bonus Issue of Warrants on the Main Market of Bursa Securities; and

- (b) the listing and quotation of up to 395,670,739 new VSIB Shares to be issued pursuant to the exercise of the Warrants C on the Main Market of Bursa Securities,

which was obtained vide its letter dated 16 July 2024 ("**Approval Letter**"), subject to the following conditions:

No.	Condition	Status of compliance
(a)	VSIB and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants;	To be complied
(b)	RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;	To be complied
(c)	RHB Investment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue of Warrants is completed;	To be complied
(d)	VSIB to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants C as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied
(e)	to incorporate Bursa Securities' comments made in the circular to shareholders provided in the attachment to the Approval Letter.	Complied
(ii)	the shareholders of VSIB, for the Proposed Bonus Issue of Warrants at the forthcoming EGM by way of poll; and	
(iii)	any other relevant authorities and/or parties, if required.	

The Proposed Bonus Issue of Warrants is not conditional upon any other proposals undertaken or to be undertaken by the Company.

8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and/or chief executive of VSIB and/or persons connected with them has any interest, whether direct or indirect, in the Proposed Bonus Issue of Warrants, save for their respective entitlements under the Proposed Bonus Issue of Warrants which is available to all Entitled Shareholders on a pro-rata basis.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to receipt of all required approvals from the relevant authorities and parties, the Board expects the Proposed Bonus Issue of Warrants to be completed by the 3rd quarter of 2024.

The tentative timeline for the implementation of the Proposed Bonus Issue of Warrants is set out below:

Date/Month	Events
19 August 2024	<ul style="list-style-type: none"> • Convening of the EGM to obtain the approval from the shareholders of VSIB for the Proposed Bonus Issue of Warrants
End August 2024	<ul style="list-style-type: none"> • Announcement of the Entitlement Date for the Warrants C
Early September 2024	<ul style="list-style-type: none"> • Entitlement Date for the Warrants C • Listing and quotation of the Warrants C on the Main Market of Bursa Securities • Completion of the Proposed Bonus Issue of Warrants

10. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Bonus Issue of Warrants, there is no other corporate exercise which has been announced by the Company but not yet completed as at the date of this Circular.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Bonus Issue of Warrants, is of the opinion that the Proposed Bonus Issue of Warrants is in the best interest of the Company.

Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Bonus Issue of Warrants to be tabled at the forthcoming EGM.

12. EGM

The EGM of VSIB is scheduled to be held at Kingfisher 1, Fraser Place Puteri Harbour, Residensi & Hotel Marina, Persiaran Tanjung, Pengkalan Puteri, 79000 Iskandar Puteri, Johor Darul Takzim on Monday, 19 August 2024 at 10:30 a.m. or any adjournment thereof.

The Notice of EGM and Proxy Form are enclosed in this Circular and can be downloaded from the Company's website at <https://www.vs-i.com/investors/> or Bursa Securities' website at <https://www.bursamalaysia.com>. Shareholders are advised to refer to the Notice of EGM for further information.

If you wish to appoint a proxy to attend, participate, speak and vote on your behalf at the EGM, you may complete, sign and deposit the Proxy Form at VSIB's share registrar's office 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 or lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof. The lodgement of the Proxy Form will not preclude you from attending, participating, speaking and voting in person at the EGM should you subsequently decide to do so.

13. ADDITIONAL INFORMATION

You are advised to refer to the attached appendices for additional information.

Yours faithfully,
For and on behalf of the Board
V.S. INDUSTRY BERHAD

DATUK BEH KIM LING
Executive Chairman

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INDICATIVE SALIENT TERMS OF THE WARRANTS C

The indicative salient terms of the Warrants C are set out below:

Issue size and basis of allotment	:	Up to 395,670,739 free Warrants C on the basis of 1 Warrant C for every 10 existing VSIB Shares held by the Entitled Shareholders on the Entitlement Date.
Form and constitution	:	The Warrants C will be issued in registered form and constituted by the Deed Poll.
Tenure	:	2 years commencing from and inclusive of the date of issuance of the Warrants C.
Expiry Date	:	The Market Day falling immediately preceding the 2nd anniversary of the date of issuance of the Warrants C and if such day falls on a day which is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day.
Exercise Period	:	The period commencing from and including the date of issuance of the Warrants C and ending at the close of business at 5:00 p.m. in Malaysia on the Expiry Date. Any Warrants C not exercised during the Exercise Period will thereafter lapse and cease to be valid.
Exercise Price	:	The Exercise Price of the Warrants C will be determined by the Board and announced by the Company at a later date upon receipt of all relevant approvals for the Proposed Bonus Issue of Warrants but before the announcement of the Entitlement Date.
Exercise Rights	:	Each Warrant C entitles the Warrant C Holders to subscribe for 1 new VSIB Share at the Exercise Price at any time during the Exercise Period, subject to the adjustments in accordance with the provisions of the Deed Poll.
Mode of exercise	:	The Warrant C Holders must complete and sign the exercise form (which shall be irrevocable) and deliver the duly completed and executed exercise form to the Company's warrant registrar together with payment of the exercise price by way of cashier's order or banker's draft drawn by a bank operating in Malaysia or money order or postal order issued by a post office in Malaysia or electronic means.
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrants C shall comprise 100 Warrants C carrying the right to subscribe for 100 new VSIB Shares at any time during the Exercise Period, or such other number of Warrants C as may be varied from time to time by Bursa Securities and/or any relevant authorities to constitute a board lot.
Ranking of the new VSIB Shares to be issued arising from the exercise of the Warrants C	:	The new VSIB Shares to be issued arising to the exercise of the Warrants C shall, upon issuance and allotment, rank equally in all respects with the then existing VSIB Shares, save and except that the new VSIB Shares will not be entitled to any dividends, rights, allotments and/or other distribution that may be declared, made or paid prior to the date of allotments of such new VSIB Shares to be issued arising from the exercise of the Warrants C.
Rights in general meeting and in any distribution and/or offer of further securities	:	The Warrant C Holders will not be entitled to any voting rights in any general meeting of the Company or to participate in any form of distribution and/or offer of securities in the Company until and unless such Warrant C Holders exercise their Warrants C into new VSIB Shares.

INDICATIVE SALIENT TERMS OF THE WARRANTS C (CONT'D)

Rights in the event of winding up, liquidation, compromise and/or arrangement	: If a resolution is passed for a members' voluntary winding-up of the Company or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company, amalgamation or merger of the Company with 1 or more companies then: <ul style="list-style-type: none"> (i) for the purpose of such winding up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant C Holders, or some persons designated by them for such purpose by a special resolution, shall be a party, the terms of such winding up, compromise or arrangement shall be binding on all the Warrant C Holders; or (ii) in any case and to the extent permitted by law, every Warrant C Holder shall be entitled (upon and subject to the conditions in the Deed Poll) at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or 6 weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his/her Warrants C to the Company by submitting the duly completed exercise form(s) and payment of the exercise price, elect to be treated as if he/she had immediately prior to the commencement of such winding up, compromise or arrangement exercised the exercise rights represented by such Warrants C to the extent specified in the exercise form(s) and be entitled to receive out of the assets of the Company which would be available in liquidation as if he/she had on such date been the holder of the VSIB Shares to which he/she would have become entitled pursuant to such exercise and the liquidator or the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all exercise rights of the Warrants C shall lapse and cease to be valid for any purpose.
Adjustments to the exercise price and/or number of Warrants C	: The exercise price and/or number of unexercised Warrants C may be adjusted if any alteration is made to the share capital of the Company at any time during the tenure of the Warrants C, whether by way of rights issue, consolidation of shares, subdivision or conversion of shares, capitalisation issue, reduction of capital or otherwise.
Modification of rights of the Warrant C Holders	: Save for modification to the Deed Poll which is not materially prejudicial to the interest of the Warrant C Holders, manifest error or to comply with the prevailing laws of Malaysia and/or the Listing Requirements, any modification, amendment, deletion or addition to the Deed Poll shall require the approval of the Warrant C Holders sanctioned by special resolution, be subjected to the approval of the relevant authorities, if any, and be effected by a supplemental deed poll executed by the Company and expressed to be supplemental and comply with the requirements of the Deed Poll.
Listing status	: The Warrants C will be listed on the Main Market of Bursa Securities.
Governing laws	: The Warrants C and the Deed Poll shall be governed by the laws and regulations of Malaysia.

ADDITIONAL INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accepts full responsibility for the accuracy of the information given herein. The Board hereby confirms that, after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

RHB Investment Bank, being the Principal Adviser to VSIB for the Proposed Bonus Issue of Warrants, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

RHB Investment Bank, its subsidiaries and associated companies, as well as its holding company, RHB Bank Berhad ("**RHB Bank**"), and the subsidiaries and associated companies of RHB Bank ("**RHB Banking Group**") form a diversified financial group. RHB Banking Group may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, among others, brokerage, securities trading, asset and fund management and credit transaction service businesses. RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for the Company and/or its affiliates, in addition to the role as set out in this Circular. RHB Banking Group, its directors and major shareholders may from time to time hold or deal in the securities of the Company and/or its affiliates for their own accounts or their proprietary accounts.

EPF and KWAP are the substantial shareholders of RHB Bank and the Company. However, EPF and KWAP are not involved in the day-to-day operations of RHB Banking Group and the Company.

Furthermore, in the ordinary course of business, RHB Banking Group may at any time offer or provide its services or engage in any transactions (whether on its own account or otherwise) with the Company and/or its affiliates and/or any other entity or person, hold long or short positions in the securities offered by the Company and/or its affiliates, make investments recommendations and/or publish or express independent research views on such securities and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of the Company and/or its affiliates.

The business of RHB Banking Group generally act independently of each other, and accordingly, there may be situations where parts of RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese Wall between different business divisions.

Notwithstanding the above, RHB Investment Bank is of the opinion that concerns of any potential conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to VSIB for the Proposed Bonus Issue of Warrants is mitigated by the following:

- (a) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser to VSIB for the Proposed Bonus Issue of Warrants is in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefits save for the professional fees received in relation to its appointment as the Principal Adviser to VSIB for the Proposed Bonus Issue of Warrants;

ADDITIONAL INFORMATION (CONT'D)

- (b) the Corporate Finance division of RHB Investment Bank is required under its investment banking license to comply with strict policies and guidelines issued by the Securities Commission Malaysia, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese Wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (c) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act, 2013, the Capital Markets and Services Act, 2007 and RHB Banking Group's own internal controls which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

As at the LPD, save as disclosed above, RHB Investment Bank confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to its capacity as the Principal Adviser to VSIB for the Proposed Bonus Issue of Warrants.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1 Material commitments

As at the LPD, there is no material commitment incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material and adverse impact on the financial results/position of the Group.

3.2 Contingent liabilities

As at the LPD, there is no contingent liabilities incurred or known to be incurred by the Group, which upon becoming enforceable, may have a material and adverse impact on the financial results/position of the Group.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, save as disclosed below, the Group is not involved in any other material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group:

- (i) On 25 July 2016, the Company had entered into a conditional subscription agreement with NEP Holdings (Malaysia) Berhad ("**NEP**") and NEP's majority shareholder at the material time, an individual named Lim Chang Huat ("**LCH**") to subscribe for up to 251,451 new ordinary shares in NEP, representing up to 20.00% of the enlarged issued and paid-up capital of NEP for total cash consideration of up to RM60.00 million. On even day, the Company had also entered into a shareholders' agreement with LCH together with an individual named Lim Chee Kon ("**LCK**") and NEP to govern the rights, duties, liabilities and obligations of the shareholders in relation to the management and operation of NEP and its subsidiaries.

ADDITIONAL INFORMATION (CONT'D)

On 24 January 2022, the Company and one of its Directors, Datuk Beh Kim Ling filed an originating summons ("**OS**") at the Kuala Lumpur High Court for an order that NEP and its subsidiaries' accounting and other records required to be kept pursuant to Section 245(1) of the Act ("**Accounting Records**") be opened for inspection by the Company and Datuk Beh Kim Ling's approved company auditor as NEP has refused to grant them access despite requests being made.

On 10 June 2022, the Kuala Lumpur High Court accepted the OS and ordered the Accounting Records to be opened for inspection to the Company and Datuk Beh Kim Ling's approved company auditor ("**Inspection Order**"). As NEP breached the Inspection Order, upon the Company and Datuk Beh Kim Ling's application for committal, NEP and 4 of its officers were adjudged guilty of contempt of court on 17 August 2023 ("**Committal Order**"). NEP appealed against the Inspection Order but was dismissed by the Court of Appeal on 27 September 2023. NEP and 4 of its officers also appealed against the Committal Order which is fixed for hearing on 30 September 2024.

As at the LPD, the current pending litigations by the respective parties are as follows:

No.	Details	Status as at the LPD
(i)	Court of Appeal Civil Appeal No. W-02(IM)(NCC)-790-05/2024 ("Appeal 790") being an appeal made by LCH, LCK and NEP (as appellants) against the Company (as respondent) in respect of the High Court's dismissal of LCK, LCH and NEP's application to transfer OS 400/ Minority Oppression (defined in item (iii) below) to Suit 371 (defined in item (iv) below).	Appeal 790 is scheduled for first case management on 5 August 2024.
(ii)	Court of Appeal Civil Appeal No. W-02(NCC)(A)-1497-09/2023 ("Appeal 1497") being an appeal made by NEP & 4 others (as appellant) against Datuk Beh Kim Ling and the Company (as respondent) in respect of the committal order made by the High Court Judge on 24 August 2023 where NEP and its 4 officers, LCH, LCK, Chow Chun Pooi @ Chow Chan Leong (" CCP ") and Kong Kian Huat (collectively, known as the " Contemnors ") were ordered to pay fines, comply with the Inspection Order and pay costs of the committal proceedings to Datuk Beh Kim Ling and the Company.	NEP has filed and served its Record of Appeal for Appeal 959 and Appeal 1497. The Appeal 959, Appeal 1497 and the respondents' cross appeal under Appeal 1497 have been scheduled for a hearing on 30 September 2024.
	Court of Appeal Civil Appeal No. W-02(IM)(NCC)-959-06/2023 ("Appeal 959") being an appeal made by NEP (as appellant) against Datuk Beh Kim Ling and the Company (as respondents) in respect of the dismissal of NEP's Cross-Examination Application referred to in the OS.	

ADDITIONAL INFORMATION (CONT'D)

No.	Details	Status as at the LPD
(iii)	<p>Kuala Lumpur High Court Originating Summons No. WA-24NCC-400-07/2023 ("OS 400/Minority Oppression") being an action initiated by the Company (as plaintiff) against LCH, LCK, CCP and NEP (as defendants) for an order that NEP be wound up and an order that 2 private liquidators be appointed to liquidate NEP and investigate into the affairs of NEP in view of the lack of visibility as to the financial position of NEP on the grounds that LCH, LCK and CCP have conducted and/or are conducting the affairs of NEP and/or exercising their powers as directors of NEP in a manner oppressive or unfairly prejudicial to the Company and/or in disregard of the Company's interest as a member of NEP.</p> <p>On 14 March 2024, LCH, LCK and NEP filed an application for OS 400/Minority Oppression to be heard by way of oral evidence and for conversion of OS 400/Minority Oppression under Order 28 Rule 4 & Rule 8 of the Rules of Court 2012 ("Conversion").</p>	<p>The hearing for OS 400/Minority Oppression together with the Conversion application was fixed on 19 June 2024. The Conversion application was heard on 19 June 2024 and reserved for decision on 12 July 2024. On 12 July 2024, the High Court Judge dismissed the Conversion application with cost of RM10,000 to be paid to the Company.</p> <p>The OS 400/Minority Oppression suit is fixed for hearing on 10 September 2024.</p>
(iv)	<p>Kuala Lumpur High Court Suit No. WA-22NCC-371-08/2022 ("Suit 371") being an action initiated by NEP, LCH and LCK (collectively, as plaintiffs) against Datuk Beh Kim Ling and the Company (as defendants) alleging that the defendants have breached the shareholders' agreement and breached fiduciary duties on the part of Datuk Beh Kim Ling.</p>	<p>The trial is scheduled to continue from 9 July 2024 to 10 July 2024, 29 August 2024 to 30 August 2024 and 16 October 2024 to 17 October 2024.</p>

The Directors are of the view that the Company has a good and arguable case in all the actions initiated and the appeals.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor during normal business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM:

- (i) the Constitution of the Company;
- (ii) audited consolidated financial statements of the Group for the FYE 31 July 2022 and FYE 31 July 2023 and the latest unaudited consolidated financial statements of VSIB Group for the financial period ended 30 April 2024;
- (iii) draft Deed Poll constituting the Warrants C to be issued pursuant to the Proposed Bonus Issue of Warrants as set out in Appendix I of this Circular;
- (iv) letter of consent and declaration on conflict of interest referred in Section 2 of Appendix II of this Circular; and
- (v) the relevant cause papers in relation to the material litigation referred to in Section 4 of Appendix II of this Circular.



V.S. INDUSTRY BERHAD

(Registration No. 198201008437 (88160-P))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of V.S. Industry Berhad ("**VSIB**" 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 on Monday, 19 August 2024 at 10:30 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following ordinary resolution with or without modifications:

ORDINARY RESOLUTION

PROPOSED BONUS ISSUE OF UP TO 395,670,739 FREE NEW WARRANTS C IN VSIB ("WARRANTS C") ON THE BASIS OF 1 WARRANT C FOR EVERY 10 EXISTING ORDINARY SHARES IN VSIB ("VSIB SHARES" OR "SHARES") HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("ENTITLEMENT DATE") ("PROPOSED BONUS ISSUE OF WARRANTS")

"**THAT** subject to the approvals of all relevant authorities and/or parties (where applicable) being obtained for the Proposed Bonus Issue of Warrants, including but not limited to the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and to the extent permitted by law and the Constitution of the Company, approval be and is hereby given to the Board of Directors of VSIB ("**Board**") to issue up to 395,670,739 Warrants C on the basis of 1 Warrant C for every 10 existing VSIB Shares held by the shareholders whose names appear in the Record of Depositors of the Company at the close of business on the Entitlement Date in accordance with the provisions in the deed poll to be executed by the Company constituting the Warrants C ("**Deed Poll**");

THAT the Board be and is hereby authorised to allot and issue new VSIB Shares arising from the exercise of the Warrants C by the holders of the Warrants C of their rights in accordance with the provisions of the Deed Poll and such new VSIB Shares shall, upon allotment and issuance, carry the same rights in all respects with the existing VSIB Shares, save and except that the new VSIB Shares to be issued arising from the exercise of the Warrants C will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of allotment and issuance of the new VSIB Shares;

THAT the fractional entitlement arising from the Proposed Bonus Issue of Warrants, if any, shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deem fit, expedient and in the best interest of the Company;

THAT approval be and is hereby given to the Board to issue additional Warrants C as a consequence of any adjustments in accordance with the provisions of the Deed Poll and to allot and issue further new VSIB Shares as may be required or permitted to be issued pursuant to such adjustments and upon any exercise by the holders of such additional Warrants C and such new VSIB Shares shall, upon allotment and issuance, carry the same rights in all respects with the existing VSIB Shares, save and except that the new VSIB Shares to be issued arising from the exercise of the additional Warrants C will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of allotment and issuance of the new VSIB Shares;

THAT the proceeds arising from the exercise of the Warrants C, if any, be utilised for the purposes set out in the circular to the shareholders of the Company dated 1 August 2024 in relation to the Proposed Bonus Issue of Warrants, and the Board be authorised with full power to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject to the approval of the relevant authorities, where required;

THAT the Board be and is hereby authorised to enter into and execute the Deed Poll with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities or deemed necessary by the Board, and subject to all provisions and adjustments contained in the Deed Poll, to assent to any modifications and/or amendments to the exercise price, exercise period and/or number of Warrants C as may be required or permitted to be revised pursuant to the provisions of the Deed Poll with full power to implement and give effects to the terms and conditions of the Deed Poll, and to do all acts, deeds and things as they may deem fit and/or expedient in order to implement, finalise and give effect to the Deed Poll;

AND THAT the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Bonus Issue of Warrants with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or imposed by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as the Board may consider necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue of Warrants."

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
1 August 2024

Notes:

1. Vote by way of poll

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, the resolution set out in this Notice shall be put to vote by way of poll.

2. Proxy Form

- (i) *A member including authorised nominee of the Company entitled to attend, participate, speak and vote at the above meeting is entitled to appoint not more than 2 proxies to attend, participate, speak and vote in his/her 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 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy appointed to attend, participate, speak and vote at a meeting of the Company shall have the same rights as the member to attend, participate, speak and vote 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 Proxy Form, 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 Proxy Form must be deposited via TIIH Online at <https://tiih.online>. All Proxy Form submitted must be received by the Company not less than 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 Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/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, participating, speaking and voting in 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 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 or email to is.enquiry@my.tricorglobal.com.*
- (vii) *Only members registered in the Record of Depositors as at 12 August 2024 shall be eligible to attend, participate, speak and vote in the meeting or appoint a proxy to attend, participate, speak and vote on his/her 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) to attend, participate, speak and vote at the EGM 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (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.*



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

PROXY FORM

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 Extraordinary 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 on Monday, 19 August 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 RESOLUTION	FOR	AGAINST	ABSTAIN
1.	Proposed Bonus Issue of Warrants			

Signed this _____ day of _____ 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:

1. Vote by way of poll

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out in this Notice shall be put to vote by way of poll.



2. Proxy Form

- (i) A member including authorised nominee of the Company entitled to attend, participate, speak and vote at the above meeting is entitled to appoint not more than 2 proxies to attend, participate, speak and vote in his/her 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 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy appointed to attend, participate, speak and vote at a meeting of the Company shall have the same rights as the member to attend, participate, speak and vote 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 Proxy Form, 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.

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

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

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