

THIS STATEMENT/CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

PART A
SHARE BUY-BACK STATEMENT
in relation to the

**PROPOSED RENEWAL OF SHAREHOLDERS' APPROVAL
FOR SHARE BUY-BACK BY THE COMPANY UP TO TEN PERCENT (10%) OF THE TOTAL
NUMBER OF ISSUED SHARES OF THE COMPANY
("PROPOSED SHARE BUY-BACK")**

PART B
CIRCULAR TO SHAREHOLDERS
in relation to the

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE
("PROPOSED SHAREHOLDERS' MANDATE")**

The above proposals will be tabled as Special Business at V.S. INDUSTRY BERHAD's ("the Company") Forty First Annual General Meeting of the Company ("41st AGM") to be held at Kingfisher 1, Fraser Place Puteri Harbour, Residensi & Hotel Marina, Persiaran Tanjung, Pengkalan Puteri, 79000 Iskandar Puteri, Johor Darul Takzim on Friday, 5 January 2024 at 10.30 a.m. or any adjournment thereof. The Notice of the 41st AGM together with the Form of Proxy, are set out in the Company's 2023 Annual Report and this Statement / Circular can be viewed and downloaded from the Company's website at www.vs-i.com.

The Form of Proxy in hard copy must be lodged 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 and in the case of electronic appointment, the Form of Proxy must be deposited via TIH Online at <https://tiih.online>, all not later than forty-eight (48) hours before the time set for holding the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodgment of Form of Proxy : Wednesday, 3 January 2024 at 10.30 a.m.

Date and time of 41st AGM : Friday, 5 January 2024 at 10.30 a.m.

This Statement / Circular is dated 29 November 2023

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement/Circular:

“Act”	: Companies Act, 2016 as may be amended from time to time and any re-enactment thereof.
“AGM”	: Annual General Meeting.
“BKL”	: Datuk Beh Kim Ling, a Director and Major Shareholder of VSIB. Datuk Beh Kim Ling is the brother-in-law of Datuk Gan Sem Yam and Dato’ Gan Tiong Sia who are the Directors and/or substantial shareholders of V. S. Industry Berhad. He is also the brother-in-law of Gan Tong Chuan.
“BCW”	: Beh Chern Wei (Ma Chengwei), a Director of VSIB. Beh Chern Wei (Ma Chengwei) is the son of Datuk Beh Kim Ling who is a Director and Major Shareholder of VSIB.
“Board”	: Board of Directors of VSIB.
“Bursa Securities”	: Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)].
“Code”	: Malaysian Code on Take-Overs and Mergers, 2016 (and any amendments thereto).
“Director”	: The directors of VSIB for the time being and shall have the meaning given in Section 4 of the Act and Section 2(1) of the Capital Markets and Services Act 2007 (“CMSA”), includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of VSIB, its subsidiary or holding company.
“GSY”	: Datuk Gan Sem Yam, a Director and Substantial Shareholder of VSIB. Datuk Gan Sem Yam, Dato’ Gan Tiong Sia and Gan Tong Chuan are siblings. Datuk Gan Sem Yam is the brother-in-law of Datuk Beh Kim Ling.
“GTC”	: Gan Tong Chuan, sibling of the Directors of VSIB, namely Datuk Gan Sem Yam and Dato’ Gan Tiong Sia. Gan Tong Chuan is the brother-in-law of Datuk Beh Kim Ling.
“GTS”	: Dato’ Gan Tiong Sia, a Director of VSIB. Dato’ Gan Tiong Sia, Datuk Gan Sem Yam and Gan Tong Chuan are siblings. Dato’ Gan Tiong Sia is the brother-in-law of Datuk Beh Kim Ling.
“GPY”	: Gan Pee Yong, a Director of VSIB. Gan Pee Yong is the son of Datuk Gan Sem Yam who is a Director and Substantial Shareholder of VSIB.
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time.
“LPD”	: 31 October 2023, being the latest practicable date prior to the printing of this Statement / Circular.

DEFINITIONS (*Con't*)

“Major Shareholder”	: Means a person (including any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of VSIB or any other company which is its subsidiary or holding company) who has an interest or interests in one or more voting shares in VSIB and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: (a) equal to or more than 10% of the aggregate of the total number of all the voting shares in VSIB; or (b) equal to or more than 5% of the aggregate of the total number of all the voting shares in VSIB where such person is the largest shareholder of VSIB. For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act.
“Person(s) connected”	: Shall have the same meaning given in Chapter 1, paragraph 1.01 of the Listing Requirements.
“Proposed Shareholders’ Mandate”	: Proposed renewal of shareholders’ mandate pursuant to Paragraph 10.09, Chapter 10 and Practice Note 12 of the Listing Requirements, in relation to RRPTs.
“Related Party(ies)”	: Director(s), Major Shareholder(s) and/or person(s) connected with such Director or Major Shareholder.
“RRPTs”	: Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and are in the ordinary course of business of the VSIB Group.
“RM”	: Ringgit Malaysia.
“Substantial Shareholder(s)”	: Shall have the meaning given in Section 136(2) of the Act.
“VSIB” or “Company”	: V. S. Industry Berhad (Registration No. 198201008437 (88160-P)).
“VSIB Group” or “Group”	: V. S. Industry Berhad and its subsidiaries collectively.
“VSIB Shares”	: Ordinary shares of VSIB.

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PART B PROPOSED SHAREHOLDERS' MANDATE

LETTER FROM THE BOARD TO THE SHAREHOLDERS OF VSIB CONTAINING:

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PART A

SHARE BUY-BACK STATEMENT

in relation to the

**PROPOSED RENEWAL OF SHAREHOLDERS' APPROVAL
FOR SHARE BUY-BACK BY THE COMPANY UP TO TEN PERCENT (10%) OF THE TOTAL
NUMBER OF ISSUED SHARES OF THE COMPANY
("PROPOSED SHARE BUY-BACK")**

1. INTRODUCTION

At the AGM of VSIB held on 6 January 2023, the Company obtained its shareholders' approval for the renewal of the Proposed Share Buy-Back. The aforesaid approval will expire at the conclusion of the forthcoming Forty First AGM ("41st AGM"), which has been scheduled to be held on 5 January 2024 unless the approval is renewed.

The Company had on 2 November 2023 announced that the Company proposes to seek shareholders' approval for the renewal of the Proposed Share Buy-Back.

The purpose of this Statement is to provide you with information on the Proposed Share Buy-Back, to set out the recommendation of your Board and to seek your approval for the resolution pertaining to the renewal of shareholders' approval for the Proposed Share Buy-Back to be tabled at the forthcoming 41st AGM of the Company to be convened at Kingfisher 1, Fraser Place Puteri Harbour, Residensi & Hotel Marina, Persiaran Tanjung, Pengkalan Puteri, 79000 Iskandar Puteri, Johor Darul Takzim on Friday, 5 January 2024 at 10.30 a.m., notice of which is set out on page 233 to 242 of the 2023 Annual Report of the Company.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

At the AGM of the Company held on 6 January 2023, the Company obtained its shareholders' approval for the Company to purchase and/or hold up to a maximum of ten percent (10%) of the total number of issued shares of the Company.

In accordance with the Listing Requirements governing the purchase of own shares by a listed company, the aforesaid approval obtained at the Company's AGM held on 6 January 2023 will expire at the conclusion of the forthcoming 41st AGM of the Company which will be held on 5 January 2024 unless the approval is renewed.

The renewal of shareholders' approval for the Proposed Share Buy-Back shall be effective upon the passing of the resolution in the forthcoming 41st AGM of VSIB until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the shareholders' approval is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first.

As at the LPD, the total number of issued shares of the Company is 3,878,482,392 ordinary shares. The maximum number of Shares which may be purchased by the Company pursuant to the Proposed Share Buy-Back will be 10% of the prevailing number of issued shares of the Company.

While the purchased shares are held as treasury shares, Section 127(8) and (9) of the Act states that the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting of the shareholders.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK – cont'd

In accordance with Section 127 of the Act, the purchased shares may be dealt with by our Directors in the following manner:

- (a) to cancel the purchased shares; or
 - (b) to retain the purchased shares as treasury shares, where such shares are held as treasury shares, the Board may, at its discretion:
 - (i) distribute the shares as dividends to shareholders of the Company, such dividends to be known as “share dividends”;
 - (ii) resell the shares, or any of the shares in accordance with the relevant rules of Bursa Securities;
 - (iii) transfer the shares, or any of the shares for the purposes of or under an employees’ share scheme;
 - (iv) transfer the shares, or any of the shares as purchase consideration;
 - (v) cancel the shares or any of the shares; or
 - (vi) sell, transfer or otherwise use the shares for such other purposes pursuant to Section 127 of the Act;
- or
- (c) to retain part of the purchased shares as treasury shares and cancel the remainder.

Pursuant to Section 127(2) of the Act, a company shall not purchase its own shares unless:

- (a) the company is solvent at the date of the purchase and will not become insolvent by incurring the debts involved in the obligation to pay for the shares so purchased;
- (b) the purchase is made through Bursa Securities and in accordance with the rules of Bursa Securities; and
- (c) the purchase is made in good faith and in the interests of the company.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back would enable the Company to utilise its surplus financial resources to purchase shares when appropriate, and at prices which the Board view as favourable. The Proposed Share Buy-Back would also enable the Company to stabilise the supply and demand of VSIB Shares traded on Bursa Securities and thereby supports its fundamental value, if required.

Other things being equal, the Proposed Share Buy-Back, regardless of whether the Purchased Shares are maintained as treasury shares or cancelled, will result in a lower number of VSIB Shares being used for the purpose of computing the earning per share. Therefore, the Proposed Share Buy-Back will improve the earning per share of VSIB , which in turn is expected to have a positive impact on the market price of VSIB Shares.

The Purchased Shares may be cancelled at such time(s) where the Directors are of the view that there is excess share capital and wish to reduce the number of shares in circulation. If the Purchased Shares are held as treasury shares, such shares may potentially be resold on Bursa Securities at a higher price and therefore realising a potential gain in reserves without affecting the total issued share capital of the Company. Should any treasury shares be distributed to share dividends, this would serve to reward the shareholders of the Company.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES

The Proposed Share Buy-Back is expected to potentially benefit the Company and its shareholders as follows:

- (i) The Company may be able to stabilise the supply and demand of VSIB Shares in the open market thereby supporting their fundamental value and reducing the volatility of VSIB Shares;

4. POTENTIAL ADVANTAGES AND DISADVANTAGES – cont'd

- (ii) The Proposed Share Buy-Back provides VSIB the option to return its surplus financial resources to the shareholders of VSIB by enhancing the return-on-equity of VSIB Shares via the purchase of VSIB Shares in the market;
- (iii) The Proposed Share Buy-Back may enhance the earnings per share of the Company (in the case where the Board resolves to cancel the shares so purchased) and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company; and
- (iv) If the shares bought back are kept as treasury shares, it will give the Board an option to sell the shares so purchased at a higher price and therefore make an exceptional gain for the Company. Alternatively, the shares so purchased can be distributed as share dividends to shareholders.

However, the Proposed Share Buy-Back, if exercised, will reduce the financial resources of the Company, which may result in the Company foregoing other investment opportunities that may emerge in the future and may also reduce the amount of cash dividends that can be declared to shareholders. Nevertheless, the Board will be mindful of the interests of the Company and the shareholders in implementing the Proposed Share Buy-Back.

5. SOURCE OF FUNDS AND TREATMENT

5.1 Source of Funds

The Company proposes to utilise internally generated funds to finance the Proposed Share Buy-Back.

Under the Listing Requirements, the maximum funds to be utilised for the purchase of the shares shall not exceed the total retained profits of the Company. Accordingly, the Directors shall allocate an amount of funds which will not be more than the aggregate sum of the retained profits of the Company in respect of any purchase of shares pursuant to the Proposed Share Buy-Back.

Based on the latest audited financial statements of the Company for the financial year ended 31 July 2023 ("FYE 2023"), the retained profits of the Company were RM267,325,000. The Company shall ensure that the maximum funds to be utilised for the Proposed Share Buy-Back shall not exceed the aggregate of the retained profits of the Company.

The actual number of shares to be purchased, the total amount of funds to be utilised, impact on cash flows and the timing of the purchase(s) will depend on the prevailing equity market conditions and sentiments as well as the financial resources available to the Company at the time of the purchase(s). In the event the Company decides to utilise bank borrowings to finance the purchase of its own shares, the Board will ensure that there are sufficient funds to repay such borrowings and that such repayment will not have a material impact on the cash flow or earnings of the Company. In addition, the Board will ensure that the Company satisfies the solvency test as stated under Section 112(2) of the Act before executing the Proposed Share Buy-Back.

5.2 Treatment of Shares Buy-Back

Section 127 of the Act allows the treatment of purchased shares to be cancelled upon purchase, held as treasury shares or combination of both. Purchased shares held as treasury shares may be distributed as share dividends, resold on Bursa Securities in accordance with the relevant rules of Bursa Securities or subsequently cancelled.

Pursuant to the provision of Paragraph 12.17 of the Listing Requirements, VSIB may only purchase its own shares at a price which is not more than fifteen percent (15%) above the weighted average market price of VSIB Shares for the past five (5) market days immediately preceding the date of the purchase(s).

5.2 Treatment of Shares Buy-Back – cont'd

Pursuant to the provision of Paragraph 12.18 of the Listing Requirements, the treasury shares arising from the share buy-back shall be resold or transferred, if so determined by the Board, at a price that is: -

- (a) not less than the weighted average market price ("WAMP") of VSIB Shares for the past five (5) market days immediately preceding the date of the resale or transfer; or
- (b) at a discount of not more than five percent (5%) to the five (5) market days WAMP of VSIB Shares immediately prior to the resale or transfer, provided that:-
 - (i) the resale or transfer take place no earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

An immediate announcement will be made to Bursa Securities in respect of the intention of our Directors to either retain the purchased Shares or cancel them or a combination of both following any transactions executed pursuant to the approval granted under the Proposed Share Buy-Back.

The Proposed Share Buy-Back shall only be effected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined under the rules of Bursa Securities.

5.3 Pricing

The monthly highest and lowest price of VSIB Shares as traded on Bursa Securities for the preceding twelve (12) months from November 2022 to October 2023 are as follows:-

Month	Share Price	
	High (RM)	Low (RM)
<u>2022</u>		
November	0.920	0.790
December	0.965	0.865
<u>2023</u>		
January	0.980	0.870
February	1.030	0.880
March	0.890	0.775
April	0.845	0.800
May	0.820	0.760
June	0.940	0.750
July	0.910	0.830
August	0.975	0.865
September	1.050	0.955
October	1.030	0.880

The last transacted price of VSIB Shares on LPD being the last practicable date prior to the printing of this Statement was RM0.89.

6. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

Assuming that the Proposed Share Buy-Back is carried out in full, the financial effects are as follows:-

6.1 Share Capital

The total number of issued shares of the Company as at LPD is 3,878,482,392 ordinary shares.

	Minimum Scenario [*] No. of VSIB Shares	Maximum Scenario ^{**} No. of VSIB Shares
Total number of issued shares as at LPD	3,878,482,392 [#]	3,878,482,392 [#]
Shares to be issued arising from the full exercise of Warrants [@]	-	760,927,118
	3,878,482,392	4,639,409,510
Shares to be issued arising from the full exercise of Employees' Share Option Scheme ("ESOS") Option [^]	-	695,911,426
	3,878,482,392	5,335,320,936
Maximum no. of ordinary shares to be purchased and cancelled pursuant to the Proposed Share Buy-Back	(387,848,239)	(533,532,093)
Resultant number of issued shares after the Proposed Share Buy-Back	3,490,634,153	4,801,788,843

Notes:

* Minimum scenario assumes that there is no exercise of Warrants outstanding as at LPD and ESOS Option prior to the implementation of the Proposed Share Buy-back.

** Maximum scenario assumes that all outstanding Warrants as at LPD and ESOS Option are fully exercised prior to the implementation of the Proposed Share Buy-back.

The total number of issued shares is inclusive of the treasury shares held by the Company. As at LPD, the number of VSIB Shares held as treasury shares are 25,712,880, none of which are cancelled.

@ Maximum scenario assumes that all outstanding Warrants are fully exercised prior to the full exercise of ESOS Option and the implementation of the Proposed Share Buy-back.

^ Assuming that the number of ESOS Option granted amounts to 15% of the total number of issued shares of the Company.

The Proposed Share Buy-Back will have no effect on the total number of issued shares of the Company if the purchased shares are retained as treasury shares or resold in the open market or distributed to its shareholders as share dividend.

6.2 Net Assets

The effect of the Proposed Share Buy-Back on the consolidated Net Assets ("NA") of VSIB Group will depend on the purchase price of VSIB Shares, the number of VSIB Shares purchased, the effective funding cost of VSIB Group to finance the shares buy-back, if any, or loss in interest income to the Company, and whether the Purchased Shares are cancelled, retained as treasury shares, resold on Bursa Securities or distributed as share dividends to shareholders.

6.2 Net Assets – cont'd

In the event that all the Purchased Shares are cancelled, the Proposed Share Buy-Back would reduce the NA per share of VSIB Group if the purchase price of each Purchased Share exceeds the NA per share at the relevant point in time, and vice versa.

The NA of VSIB Group would decrease if the Purchased Shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and to be offset against equity, resulting in a decrease in the NA of VSIB Group by the cost of the treasury shares.

If the treasury shares are resold through Bursa Securities, the NA of VSIB Group would increase if the Company realises a gain from resale, and vice versa. If the treasury shares are distributed as share dividends, the NA of VSIB Group would decrease by the cost of the treasury shares.

6.3 Working Capital and Cashflow

The working capital of the Group may be affected, as any purchase of VSIB Shares will reduce the Group's working capital depending on the actual number of VSIB shares purchased and the purchase price. However, the working capital of VSIB Group may recover and increase upon the reselling of the Purchased Shares held as treasury shares.

Nevertheless, the Board will be mindful of the interests of the Company and the shareholders in implementing the Proposed Share Buy-Back.

6.4 Earnings Per Share

The effect of the Proposed Share Buy-Back on the earnings per share of the VSIB Group will depend on the purchase price and the number of shares purchased as well as any loss in interest income to the Company. In the event the VSIB Shares purchased are held as treasury shares or cancelled, the lower number of VSIB Shares used in the computation of the earnings per share is expected to result in a general increase in the earnings per share of the VSIB Group for the financial year ending 31 July 2024.

6.5 Dividends

The Proposed Share Buy-Back will have the effect of increasing the effective dividend rate of the Company as dividends will be paid on the remaining issued shares of VSIB (excluding the shares already purchased). The Proposed Share Buy-Back may reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the level of future dividend to be declared or recommended by VSIB will be determined by the Board after taking into consideration the performance, cash flow position and financing requirements of VSIB Group besides, the treasury shares purchased may be distributed as dividends to the shareholders, if the Company so decides.

7. PUBLIC SHAREHOLDING SPREAD

As at LPD, the public shareholding spread of the Company was approximately 62.49% comprising 16,321 public shareholders holding 2,407,643,213 VSIB Shares. Assuming the Company implements the Proposed Share Buy-Back in full (under minimum scenario) and the shares purchased are from public shareholders, the public shareholding spread would be reduced to approximately 58.60%. In this regard, the Board undertakes that the purchase of VSIB Shares will be conducted in compliance with the 25% public shareholding spread as required by the Listing Requirements.

8. IMPLICATIONS RELATING TO THE CODE

The Board is mindful of any potential implications relating to the Code and does not intend to undertake the Proposed Share Buy-Back such that it will cause any party to trigger any obligation to undertake a Mandatory Offer pursuant to the Code. However, in the event an obligation to undertake a Mandatory Offer is expected to arise with respect to any parties resulting from the Proposed Share Buy-Back, which is an action outside its direct participation, the relevant parties shall make the necessary application to the Securities Commission for an exemption from undertaking the Mandatory Offer under the Code prior to any buy-back of VSIB Shares.

9. PURCHASE, RESALE AND CANCELLATION OF SHARES

During the FYE 2023, VSIB purchased a total of 15,282,400 VSIB Shares from the open market at an average cost of RM0.79 per VSIB Share or a total consideration of RM12,004,650.43 and were financed by internally generated funds. The VSIB Shares purchased are being held as treasury shares and none of the treasury shares were resold or cancelled during FYE 2023. As at LPD, total treasury shares accumulated was 25,712,880 VSIB Shares.

10. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the Directors and substantial shareholders of VSIB as a consequence of the Proposed Share Buy-Back, none of the Directors and substantial shareholders of VSIB or persons connected to them, have any interest, direct or indirect, in the Proposed Share Buy-Back.

The effects of the Proposed Share Buy-Back on the shareholdings of Directors and substantial shareholders are as per Appendix A enclosed.

11. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that it is in the best interest of the Company and accordingly, recommends that you vote in favour of the ordinary resolution pertaining to the renewal of shareholders' approval for the Proposed Share Buy-Back at the forthcoming 41st AGM.

12. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of the Company, who collectively and individually accept full responsibility for the accuracy of the information given and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any information, data or statement herein misleading.

13. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix 1 for further information.

This Statement is dated 29 November 2023.

PART B

CIRCULAR TO SHAREHOLDERS

in relation to the

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

("PROPOSED SHAREHOLDERS' MANDATE")



V.S. INDUSTRY BERHAD
Registration No. 1982010084370 (88160-P)
(Incorporated in Malaysia)

Registered Office:

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

29 November 2023

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 and Non-Executive Director*)
Dato' Lai Kim Seong (*Independent and Non-Executive Director*)
Chong Chin Siong (*Alternate Director to Beh Chern Wei (Ma Chengwei)*)

To: The Shareholders of V.S. Industry Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 6 January 2023, the shareholders of the Company had approved the shareholders' mandate in relation to the recurrent related party transactions of a revenue or trading nature for the VSIB Group. The aforesaid Shareholders' Mandate is subject to annual renewal and will expire at the conclusion of the Company's forthcoming Forty First Annual General Meeting ("41st AGM") unless such authority is renewed by an ordinary resolution passed at the AGM.

On 2 November 2023, the Directors of VSIB announced the Company's intention to seek shareholders' approval for the Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and are in the ordinary course of business of the Group at the forthcoming 41st AGM of the Company.

The purpose of this circular is to provide you with details of the Proposed Shareholders' Mandate, to set out the views of the Board and to seek your approval for the relevant ordinary resolutions in respect of the Proposed Shareholders' Mandate to be tabled at the forthcoming 41st AGM of the Company.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Introduction

Under Paragraph 10.09, Chapter 10 of the Listing Requirements and Practice Note 12, VSIB may seek a mandate from its shareholders for RRPTs subject to, inter-alia, the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year, where:
 - (a) in relation to a listed issuer with an issued and paid-up capital of RM60 million and above:
 - (aa) the consideration, value of assets, capital outlay or costs of the recurrent transactions is equal to or exceeds RM1 million; or
 - (bb) the percentage ratio of such recurrent transaction is equal to or exceeds 1%,whichever is the higher; or
 - (b) in relation to a listed issuer with an issued and paid-up capital which is less than RM60 million:
 - (aa) the consideration, value of assets, capital outlay or costs of the recurrent transactions is equal to or exceeds RM1 million; or
 - (bb) the percentage ratio of such recurrent transaction is equal to or exceeds 1%,whichever is the lower.
- (iii) issuance of a circular to shareholders by the listed issuer which includes the information as may be prescribed by the Bursa Securities; and
- (iv) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with the Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that person(s) connected with him abstain from voting on the resolutions approving the transactions.
- (v) the listed issuer immediately announces to the Exchange when the actual value of a Recurrent Related Party Transaction entered into by the listed issuer, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.

In accordance with Paragraph 10.09 of the Listing Requirements above, the Board hereby seeks the approval of the shareholders of VSIB for the Group to enter into RRPTs with the Related Parties set out in Section 2.3 of this Circular, provided such transactions are entered into at arm's length and on normal commercial terms that are not more favourable to the Related Parties than those generally available to the public and which will not be to the detriment of the minority shareholders. The RRPTs are also subject to the review procedures set out in Section 2.4 of this Circular.

2.1 Introduction – cont'd

The Proposed Shareholders' Mandate, if approved at the forthcoming 41st AGM, will continue to be in force until:

- (i) the conclusion of the next AGM following the 41st AGM at which such ordinary resolutions for the Proposed Shareholders' Mandate will be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

Thereafter, approval from shareholders for a renewal of the mandate in relation to the RRPTs will be sought at each subsequent AGM of the Company.

2.2 Principal Activities of the VSIB Group

VSIB is principally involved in investment holding, manufacturing, assembling and sale of electronic and electrical products and plastic moulded components and parts. The principal activities of its subsidiaries are as follows:

Subsidiaries	Effective equity interest %	Principal activities
V.S. Plus Sdn Bhd ("VSP")	100.00	Manufacturing, assembly and sale of plastic moulded components and parts, and electrical products
V.S. Ashin Technology Sdn Bhd ("VSAT")	80.07	Dormant
V.S. Electronics Sdn Bhd ("VSE")	100.00	Manufacturing, assembling and sale of electronics and electrical products, components and parts
V.S. Technology Sdn Bhd ("VST")	100.00	Design and fabrication of tools and moulds
V.S. Integrated Management Sdn Bhd ("VSIM")	100.00	Hostel management services
VS Capital Management Sdn Bhd ("VSCM")	100.00	Conducting treasury and financing activities
PT. V. S. Technology Indonesia ("PTVS")	100.00	Assembling and sale of electronic products and injection moulding of plastic components
VS Marketing & Engineering Pte. Ltd. ("VSME")	51.00	Trading of electronic components
Serumi International Private Limited ("Serumi")	49.30	Design and sale of healthcare products
V.S. International Group Limited ("VSIG")	43.34	Investment Holding
V S International Venture Pte. Ltd. ("VSIV")	100.00	Investment Holding
Guardian South East Asia Pte. Ltd. ("GSEA")	100.00	Trading of driver safety products
Sscreen Fabric (M) Sdn. Bhd. ("SFSB")	100.00	Manufacturing screen fabric printing, filter components and other related products

2.2 Principal Activities of the VSIB Group – cont'd

Subsidiaries	Effective equity interest %	Principal activities
Skreen Fabric Marketing Sdn. Bhd. ("SFMSB")	100.00	Trading in all kinds of screen printing equipment, material and kits
HT Press Work Sdn. Bhd. ("HTPW")	51.00	Metal stamping, tool and die design and fabrication, machining and surface finishing of aluminium product
HT Press Work Industries (M) Sdn. Bhd. ("HTPWI")	51.00	Metal stamping, tool and die design and fabrication, machining and surface finishing of aluminium product

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2.3 Classes of Related Parties and Nature of Transactions

The Proposed Shareholders' Mandate for RRPTs shall apply to the following transactions:

Companies within the VSIB Group	Transacting party	Related parties	Nature of relationship	Nature of transaction	Estimated Value disclosed in preceding year's Circular to Shareholders dated 29.11.2022 RM	Actual Value transacted from date of last AGM on 6.1.2023 to latest practicable date, 31.10.2023⁽²⁾ RM	Estimated value of transactions from 5.1.2024 to next AGM⁽¹⁾ RM
VSIB VSP VST VSE VSME PTVS Serumi GSEA SFSB SFMSB HTPW HTPWI	V. S. International Group Limited, its subsidiaries and its associates ("VSIG Group")	BKL GSY GTS BCW GPY	BKL, GSY, GTS and BCW are also Directors and/or Shareholders of V.S. International Group Limited ("VSIG").	Purchases of tooling, bins, resins, plastic component parts, plant and equipments.	10,000,000	Nil	10,000,000
VSIB VSP VST VSE VSME PTVS Serumi GSEA SFSB SFMSB HTPW HTPWI	VSIG Group	BKL GSY GTS BCW GPY	BKL, GSY, GTS and BCW are also Directors and/or Shareholders of VSIG.	Sales of resins, plastic and electronics component parts, plant and equipments and sales commission income.	5,000,000	Nil	5,000,000

2.3 Classes of Related Parties and Nature of Transactions – cont'd

Companies within the VSIB Group	Transacting party	Related parties	Nature of relationship	Nature of transaction	Estimated Value disclosed in preceding year's Circular to Shareholders dated 29.11.2022 RM	Actual Value transacted from date of last AGM on 6.1.2023 to latest practicable date, 31.10.2023 ⁽²⁾ RM	Estimated value of transactions from 5.1.2024 to next AGM ⁽¹⁾ RM
VST VSME GSEA HTPW HTPWI	Lip Sheng International Ltd and Lip Sheng Precision (Zhuhai) Co., Ltd	GSY GTS BKL BCW GPY	Lip Sheng International Ltd and Lip Sheng Precision (Zhuhai) Co., Ltd are wholly owned by GTC.	Purchases of tooling for consumer electronics, home appliances, automobile and information technology products, sales related to tooling fabrication and sales commission income.	10,000,000	172,752	10,000,000
VSIB VSP VST VSE PTVS GSEA HTPW HTPWI	Beeantah Pte Ltd ("BPL")	GSY GPY	GSY's spouse is a Director and major shareholder of BPL with direct shareholding of 90%.	Purchases/sales of small metal parts, resin, etc.	60,000,000	68,634,742	120,000,000

2.3 Classes of Related Parties and Nature of Transactions – cont'd

Companies within the VSIB Group	Transacting party	Related parties	Nature of relationship	Nature of transaction	Estimated Value disclosed in preceding year's Circular to Shareholders dated 29.11.2022 RM	Actual Value transacted from date of last AGM on 6.1.2023 to latest practicable date, 31.10.2023 ⁽²⁾ RM	Estimated value of transactions from 5.1.2024 to next AGM ⁽¹⁾ RM
VST VSME GSEA HTPW HTPWI	Liphup Mould Sdn. Bhd.	GSY GTS BKL BCW GPY	Liphup Mould Sdn. Bhd. is wholly owned by GTC.	Purchases of tooling for consumer electronics, home appliances, automobile and information technology products, sales related to tooling fabrication and sales commission income.	10,000,000	4,122,590	20,000,000

Notes:

(1) The estimated values of the RRPTs from the date of the forthcoming AGM to the next AGM are based on historical records and/or management estimates.

(2) None of the Actual Value exceeds the Total Estimated Value for the similar related parties by 10% or more

2.4 Methods or Procedures on which transactions prices are determined and Review Procedures for Recurrent Related Party Transactions

The Group has established the following procedures to ensure that the RRPTs are undertaken at arm's length basis and on normal commercial terms consistent with the Group's usual business practices and policies, which are generally no more favourable to the Related Parties than those generally available to the public and are not detrimental to VSIB's minority shareholders.

These procedures include the following:

- (i) all companies within the Group have been informed of the definition of Related Party(ies) and that all RRPTs are required to be undertaken on arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public;
- (ii) all RRPTs are necessary for day-to-day operations. These transactions may be constrained by the proprietary nature and confidentiality of such transactions. For transaction where it is vital that confidentiality be maintained, it will not be feasible for the Group to obtain quotation or comparative pricing from unrelated third parties as this will entail the release of details of the transaction and may adversely affect the interests of the Group and place the Group at a disadvantage to its competitors. Where practical and/or feasible, at least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and or quantities. In the event that comparative is not obtainable, the pricing of products/services shall be determined based on the usual commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms to ensure that the transactions are not detrimental to the Group;
- (iii) where applicable, the terms of the pricing of the RRPTs will be consistent with the Group's usual business practices and policies and will take into consideration the terms and conditions, level of service and expertise required, quality, reliability and consistency of products and services as compared with the prevailing market rate of prices and general practices by other service providers of similar capacity and capability;
- (iv) all RRPTs will be reviewed by the Audit Committee of the Company on a quarterly basis. Any member of the Audit Committee may as he deems fit, request for additional information pertaining to the RRPTs from independent sources or advisers;
- (v) the Audit Committee shall review the procedures annually, and shall continue to review the procedures, as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate;
- (vi) the annual internal audit plan shall incorporate procedures to ensure that the RRPTs have been entered into in accordance with the review procedures. Any divergence will be reported to the Audit Committee;
- (vii) if a member of the Board or the Audit Committee has an interest in the transaction, he will abstain from any decision making by the Board or the Audit Committee in respect of the transaction; and
- (viii) there are no specific threshold for approval of RRPTs. However, all RRPTs are approved by Operations Director or any other authorised senior management (not being a person connected to the Related Party).

2.5 Amount Due and Owing by Related Parties

As at 31 July 2023, there were no amounts due and owing to the Group under the Recurrent Related Party Transactions which exceeded the credit term.

2.6 Disclosure in Annual Report

Disclosure will be made in the annual report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the Related Parties and their relationship with the Company during the period in which the Proposed Shareholders' Mandate is in force.

2.7 Statement by Audit Committee

The Audit Committee has reviewed the procedures for the RRPTs mentioned in Section 2.4 of this Circular and is satisfied that the said procedures are sufficient to ensure that the RRPTs as well as the annual reviews by the Audit Committee in relation thereto, are carried out on normal commercial terms which are not prejudicial to the interests of shareholders, and the terms are not more favourable to the Related Parties than those generally available to the public and such transactions are not detrimental to the interests of the minority shareholders of VSIB.

The Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The Audit Committee shall review the RRPTs on a quarterly basis and also review the established guidelines and procedures annually to ascertain their compliance. If during the periodic reviews, the Audit Committee is of the opinion that the guidelines and procedures are not sufficient to ensure that the RRPTs:

- (i) will be conducted on an arm's length basis;
- (ii) are on normal commercial terms in the ordinary course of business;
- (iii) are not more favourable to the Related Parties than those generally available to the public;
- (iv) are not more prejudicial to the interests of shareholders; and
- (v) are not detrimental to the interests of minority shareholders,

the Company will seek a fresh mandate based on new guidelines and procedures.

3. RATIONALE AND BENEFITS

The RRPTs are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature, which are likely to occur with some degree of frequency and arise at any time and from time to time. As these transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, it may be impractical to seek shareholders' approval on a case-to-case basis before entering into such RRPTs. As such, the Company is seeking a shareholders' mandate pursuant to Paragraph 10.09, Chapter 10 of the Listing Requirements to allow the Group to enter into such RRPTs made on an arm's length basis and on normal commercial terms and which are not detrimental to the Company's shareholders.

3. RATIONALE AND BENEFITS – cont'd

By obtaining the Proposed Shareholders' Mandate on an annual basis, the need to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPTs occur, would not arise. This will substantially improve administrative efficiency and avoid expenses associated with the convening of such general meetings on an ad hoc basis without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The RRPTs are intended to meet the business needs of the Group at the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have close co-operation and a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPTs.

4. FINANCIAL EFFECTS

The Proposed Shareholders' Mandate will not have any material effect on the share capital, shareholdings of Major Shareholders, net assets, earnings or gearing of the VSIB Group.

5. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is conditional upon approval being obtained from the shareholders of VSIB at the forthcoming 41st AGM.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save as disclosed below, none of the other Directors and Major Shareholders of VSIB or person(s) connected to them (as defined in Paragraph 1.01, Chapter 1 of the Listing Requirements) has any interest, direct or indirect, in the Proposed Shareholders' Mandate:

	<u>Interests in Ordinary Shares as at</u>			
	<u>LPD</u>			
	Direct		Deemed	
	No. of VSIB	% #	No. of VSIB	% #
	Shares		Shares	
<i>Interested Directors</i>				
BKL	295,106,886	7.66	282,595,198 ⁽¹⁾	7.33
GSY	179,602,754	4.66	26,000,000 ⁽²⁾	0.67
GTS	65,816,074	1.71	-	-
BCW	123,431,350	3.20	-	-
GPY	21,765,624	0.56	-	-
<i>Person connected to Interested Directors and/or Major Shareholders</i>				
GTC	55,989,500	1.45	-	-

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM – cont'd

	Interests in Warrants as at			
	<u>LPD</u>			
	Direct	% **	Deemed	% **
	No. of Warrants		No. of Warrants	
<i>Interested Directors</i>				
BKL	56,451,397	7.42	18,865,009 ⁽¹⁾	2.48
GSY	24,386,544	3.20	5,000,000 ⁽²⁾	0.66
GTS	7,587,200	1.00	-	-
BCW	200,050	0.03	-	-
GPY	3,936,724	0.52	-	-
<i>Person connected to Interested Directors and/or Major Shareholders</i>				
GTC	7,983,040	1.05	-	-

Notes:

Percentage computed based on the total number of shares in issue of 3,878,482,392 and after deducting a total of 25,712,880 shares bought back and retained as treasury shares as at LPD.

** Percentage computed based on the total number of outstanding Warrants of 760,927,118 as at LPD.

(1) Deemed interested through his daughters, Beh Hwee Lee and Beh Hwee Sze by virtue of Section 8 of the Act

(2) Deemed interested through his daughters, Gan Chian Yi and Gan Chian Yin by virtue of Section 8 of the Act

Accordingly, the interested Directors, namely BKL, GSY, GTS, BCW and GPY, have and will continue to abstain from all Board deliberations and voting in respect of the transactions in which they have an interest as detailed in Section 2.3 of this Circular. The interested Directors and Major Shareholders will abstain from voting in respect of their direct and indirect shareholdings on the resolutions approving the Proposed Shareholders' Mandate at the forthcoming 41st AGM.

GTC is the brother of GSY and GTS and therefore he is a person connected to a Director/Major Shareholder. He will also abstain from voting in respect of his shareholdings on the resolutions approving the Proposed Shareholders' Mandate at the forthcoming 41st AGM.

The interested Directors and Major Shareholders have also undertaken to ensure that person(s) connected or associated to them will abstain from voting in respect of their direct and indirect shareholdings on the resolutions, deliberating or approving pertaining to the Proposed Shareholders' Mandate at the forthcoming 41st AGM.

7. DIRECTORS' RECOMMENDATION

The Board (with the exception of the interested Directors who have abstained from giving any opinion and making any recommendation in respect of the transactions in which they have an interest in), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and accordingly recommend that you vote in favour of the resolutions pertaining to the Proposed Shareholders' Mandate at the forthcoming 41st AGM.

8. RESOLUTIONS ON PROPOSED SHAREHOLDERS' MANDATE AND AGM

The 41st AGM will be held at Kingfisher 1, Fraser Place Puteri Harbour, Residensi & Hotel Marina, Persiaran Tanjung, Pengkalan Puteri, 79000 Iskandar Puteri, Johor Darul Takzim on Friday, 5 January 2024 at 10.30 a.m. or any adjournment thereof for the purpose of considering and, if thought fit, passing the ordinary resolutions to give effect to the Proposed Shareholders' Mandate, with or without modification. The said resolutions are set out in the 2023 Annual Report of VSIB.

The Notice of the 41st AGM and the Form of Proxy are enclosed in the 2023 Annual Report of VSIB which is also available on VSIB's website: www.vs-i.com.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions contained therein as soon as possible and in any event so as to arrive 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 and in the case of electronic appointment, the Form of Proxy must be deposited via TIIH Online at <https://tiih.online>, all not less than 48 hours before the time set for the meeting or any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

9. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix 1 for further information.

Yours faithfully

For and on behalf of the Board of Directors

V. S. INDUSTRY BERHAD

DATUK BEH KIM LING

Executive Chairman

APPENDIX A

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The effects of the Proposed Share Buy-Back on the shareholdings of Directors and substantial shareholders are as follows:

Minimum Scenario:

	As at LPD Date ^(a)				After the Proposed Share Buy- Back ^(b)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Datuk Beh Kim Ling	295,106,886	7.66	282,595,198 ⁽¹⁾	7.33	295,106,886	8.45	282,595,198 ⁽¹⁾	8.10
Datuk Gan Sem Yam	179,602,754	4.66	26,000,000 ⁽²⁾	0.67	179,602,754	5.15	26,000,000 ⁽²⁾	0.74
Dato' Gan Tiong Sia	65,816,074	1.71	-	-	65,816,074	1.89	-	-
Ng Yong Kang	1,423,600	0.04	-	-	1,423,600	0.04	-	-
Beh Chern Wei (Ma Chengwei)	123,431,350	3.20	-	-	123,431,350	3.54	-	-
Gan Pee Yong	21,765,624	0.56	-	-	21,765,624	0.62	-	-
Tan Pui Suang	-	-	-	-	-	-	-	-
Wong Cheer Feng	-	-	-	-	-	-	-	-
Dr. Lim Boh Soon	-	-	-	-	-	-	-	-
Wee Beng Chuan	-	-	-	-	-	-	-	-
Lee Li Ming	-	-	-	-	-	-	-	-
Dato' Lai Kim Seong	-	-	-	-	-	-	-	-
Chong Chin Siong (Alternate Director to Beh Chern Wei (Ma Chengwei))	200,000	0.01	610,000 ⁽³⁾	0.02	200,000	0.01	610,000 ⁽³⁾	0.02

APPENDIX A

Minimum Scenario:

	As at LPD Date ^(a)				After the Proposed Share Buy- Back ^(b)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial Shareholders								
Datuk Beh Kim Ling	295,106,886	7.66	282,595,198 ⁽¹⁾	7.33	295,106,886	8.45	282,595,198 ⁽¹⁾	8.10
Datuk Gan Sem Yam	179,602,754	4.66	26,000,000 ⁽²⁾	0.67	179,602,754	5.15	26,000,000 ⁽²⁾	0.74
Datin Ling Sok Mooi	1,000,000	0.03	204,602,754 ⁽⁴⁾	5.31	1,000,000	0.03	204,602,754 ⁽⁴⁾	5.86
Kumpulan Wang Persaraan (Diperbadankan)	283,658,600	7.36	65,418,500	1.70	283,658,600	8.13	65,418,500	1.87
Employees Provident Fund Board	261,866,200	6.80	-	-	261,866,200	7.50	-	-

Minimum Scenario:

Notes:

Minimum scenario assumes that there is no exercise of Warrants outstanding as at LPD and ESOS Option prior to the implementation of the Proposed Share Buy-back (reference is also made to Section 6.1, Page 5 of the Statement/Circular dated 29 November 2023):

- (a) The computation of percentage of shareholdings is based on the total number of issued shares of 3,878,482,392 excluding the 25,712,880 VSIB Shares held as treasury shares as at LPD i.e. 3,852,769,512 ordinary shares.
- (b) The computation of percentage of shareholdings is based on the resultant number of the total issued shares of 3,878,482,392 after the Proposed Share Buy-Back of 10% i.e. 3,490,634,153 ordinary shares.
- (1) By virtue of the shareholdings of his daughters, Beh Hwee Lee and Beh Hwee Sze.
- (2) By virtue of the shareholdings of his spouse, Datin Ling Sok Mooi and daughters, Gan Chian Yi and Gan Chian Yin.
- (3) By virtue of the shareholdings of his spouse, Chai Ming Er.
- (4) By virtue of the shareholdings of her spouse, Datuk Gan Sem Yam and daughters, Gan Chian Yi and Gan Chian Yin.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS – Cont'd

Maximum Scenario:

	As at LPD Date ^(a)				After full exercise of the Outstanding Warrants and ESOS (if applicable) ^(b)				After the Proposed Share Buy- Back ^(c)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors												
Datuk Beh Kim Ling	295,106,886	7.66	282,595,198 ⁽¹⁾	7.33	354,498,283	6.64	301,860,207 ⁽¹⁾	5.66	354,498,283	7.38	301,860,207 ⁽¹⁾	6.29
Datuk Gan Sem Yam	179,602,754	4.66	26,000,000 ⁽²⁾	0.67	206,629,298	3.87	31,000,000 ⁽²⁾	0.58	206,629,298	4.30	31,000,000 ⁽²⁾	0.65
Dato' Gan Tiong Sia	65,816,074	1.71	-	-	74,063,274	1.39	-	-	74,063,274	1.54	-	-
Ng Yong Kang	1,423,600	0.04	-	-	2,083,600	0.04	-	-	2,083,600	0.04	-	-
Beh Chern Wei (Ma Chengwei)	123,431,350	3.20	-	-	124,031,400	2.32	-	-	124,031,400	2.58	-	-
Gan Pee Yong	21,765,624	0.56	-	-	26,102,348	0.49	-	-	26,102,348	0.54	-	-
Tan Pui Suang	-	-	-	-	-	-	-	-	-	-	-	-
Wong Cheer Feng	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Lim Boh Soon	-	-	-	-	-	-	-	-	-	-	-	-
Wee Beng Chuan	-	-	-	-	-	-	-	-	-	-	-	-
Lee Li Ming	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Lai Kim Seong	-	-	-	-	-	-	-	-	-	-	-	-
Chong Chin Siong (Alternate Director to Beh Chern Wei (Ma Chengwei)	200,000	0.01	610,000 ⁽³⁾	0.02	1,560,000	0.03	610,000 ⁽³⁾	0.01	1,560,000	0.03	610,000 ⁽³⁾	0.01

**APPENDIX A
DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS – Cont'd**

Maximum Scenario:

(cont'd)

	As at LPD Date ^(a)			After full exercise of the Outstanding Warrants and ESOS (if applicable) ^(b)			After the Proposed Share Buy- Back ^(c)		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of Shares	%		No. of Shares	%		No. of Shares	%	
Substantial Shareholders									
Datuk Beh Kim Ling	295,106,886	7.66	282,595,198 ⁽¹⁾	354,498,283	6.64	301,860,207 ⁽¹⁾	354,498,283	7.38	301,860,207 ⁽¹⁾
Datuk Gan Sem Yam	179,602,754	4.66	26,000,000 ⁽²⁾	206,629,298	3.87	31,000,000 ⁽²⁾	206,629,298	4.30	31,000,000 ⁽²⁾
Datin Ling Sok Mooi	1,000,000	0.03	204,602,754 ⁽⁴⁾	1,000,000	0.02	236,629,298 ⁽⁴⁾	1,000,000	0.02	236,629,298 ⁽⁴⁾
Kumpulan Wang Persaraan (Diperbadankan) Employees Provident Fund Board	283,658,600	7.36	65,418,500	283,658,600	5.32	67,744,760	283,658,600	5.91	67,744,760
	261,866,200	6.80	-	272,648,820	5.11	-	272,648,820	5.68	-

Notes:

Maximum scenario assumes that all outstanding Warrants as at LPD and ESOS Option are fully exercised prior to the implementation of the Proposed Share Buy-back (reference made to Section 6.1, Page 5 of the Statement/Circular dated 29 November 2023):

- The computation of percentage of shareholdings is based on the total number of issued shares of 3,878,482,392 excluding the 25,712,880 VSIB Shares held as treasury shares as at LPD i.e. 3,852,769,512 ordinary shares.
- The computation of percentage of shareholdings is based on the total number of issued shares of 3,878,482,392 and the exercise of all outstanding Warrants of 760,927,118 and ESOS of 695,911,426 respectively to ordinary shares as at LPD i.e. 5,335,320,936 ordinary shares.
- The computation of percentage of shareholdings is based on the resultant number of the total issued shares subsequent to the exercise of all outstanding Warrants and ESOS as at LPD as per item (b) above and the implementation of the Proposed Share Buy-Back of 10% i.e. 4,801,788,843 ordinary shares
- By virtue of the shareholdings of his daughters, Beh Hwee Lee and Beh Hwee Sze.
- By virtue of the shareholdings of his spouse, Datin Ling Sok Mooi and daughters, Gan Chian Yi and Gan Chian Yin.
- By virtue of the shareholdings of his spouse, Chai Ming Er.
- By virtue of the shareholdings of her spouse, Datuk Gan Sem Yam and daughters, Gan Chian Yi and Gan Chian Yin.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement/Circular has been seen and approved by the Directors of VSIB who collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Statement/Circular false or misleading.

2. MATERIAL CONTRACTS

VSIB and its subsidiaries have not entered into any contract which is or may be material (not being contracts entered into in the ordinary course of business of VSIB Group) within the two (2) years preceding the date of this Statement/Circular.

3. MATERIAL LITIGATION

The Company and the Executive Chairman of the Company had on 8 August 2022 received a Writ and Statement of Claim dated 2 August 2022 filed in the Kuala Lumpur High Court by NEP Holdings (Malaysia) Berhad ("NEP"), Lim Chang Huat ("LCH") and Lim Chee Kon ("LCK") (Plaintiffs). The aforesaid had been announced to Bursa Securities on 22 August 2022.

NEP, LCH and LCK allege that certain Clauses of the Shareholders Agreement dated 25 July 2016 entered into by the Company with NEP, LCH and LCK have been breached and further alleges that there has been a breach of fiduciary duties on the part of the Executive Chairman of the Company. In their Statement of Claim, NEP, LCH and LCK are seeking general damages, exemplary damages and aggravated damages arising from these alleged breaches.

The financial impact could not be ascertained at this juncture as the damages arising from alleged breaches have not been quantified by the Plaintiffs. No provision is recognised as the Directors are of the opinion that there is a good defence on the litigations and will vigorously oppose to the claim.

Save for the above mentioned as at the latest practicable date prior to the issuance of this Circular, the Board has confirmed that the VSIB Group is not engaged in any other litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of the VSIB Group and the Board has no knowledge of any proceedings, pending or threatened, against the VSIB Group or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of the VSIB Group.

FURTHER INFORMATION – cont'd

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours from Mondays to Fridays (except for public holidays) at the Registered Office of the Company at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor from the date of this Circular up to and including the date of the forthcoming 41st AGM:

- (i) Constitution of VSIB;
- (ii) The audited consolidated financial statements of VSIB Group for the past two (2) financial years ended 31 July 2022 and 2023; and
- (iii) The relevant cause papers in respect of material litigation referred to in Item 3 above.