V.S. Industry™

Passion to grow your business™

V.S. INDUSTRY BERHAD

(Registration No.198201008437 (88160-P))

DRIVING SUSTAINABLE GROWTH

ANNUAL REPORT 2021

DRIVING SUSTAINABLE GROWTH

“In an unprecedented year, V.S. Industry Berhad continues to embrace challenges and strenghten its leading position as an Electronics Manufacturing Services (EMS) provider in the region with a heightened emphasis on sustainability.

As it pushes forward, V.S. Industry Berhad remains focused on setting the foundation for a sustainable future as it optimises its capabilities to deliver innovative and quality products and services to clients.

The cover design and theme of “Driving Sustainable Growth” symbolise V.S. Industry Berhad's commitment to expand and capture growth opportunities in a responsible and sustainable manner. This represents a balanced integration of economic, environmental and social factors into the Group’s business, with the goal of delivering greater long-term value to its stakeholders.”

CONTENTS

CORPORATE PROFILE

VISION & MISSION

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

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

In fact, VS is now ranked alongside top global EMS providers – making the list into the world's top 50 EMS providers for 14 consecutive years from 2007 to 2020.

Together with our Hong Kong Stock Exchange listed subsidiary V.S. International Group Limited, VS has advanced manufacturing facilities located in Malaysia, China, Indonesia and Vietnam, which collectively employ a workforce of more than 10,000 people. The VS Group offers one-stop manufacturing solutions to world-renowned customers from Europe, Japan and the USA.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Beh Kim Ling
Executive Chairman

Datuk Gan Sem Yam
Managing Director

Dato' Gan Tiong Sia
Executive Director

Ng Yong Kang
Executive Director

Beh Chern Wei (Ma Chengwei)
Executive Director

Gan Pee Yong
Executive Director

Diong Tai Pew
Independent Non-Executive Director

Tan Pui Suang
Independent Non-Executive Director

Dato' Chang Lik Sean
Independent Non-Executive Director

Wong Cheer Feng
Independent Non-Executive Director

Chong Chin Siong
Alternate Director to Beh Chern Wei

AUDIT AND RISK MANAGEMENT COMMITTEE

Diong Tai Pew *(Chairman)*
Tan Pui Suang
Dato' Chang Lik Sean
Wong Cheer Feng

NOMINATION COMMITTEE

Dato' Chang Lik Sean *(Chairman)*
Diong Tai Pew

REMUNERATION COMMITTEE

Dato' Chang Lik Sean *(Chairman)*
Wong Cheer Feng

JOINT COMPANY SECRETARIES

Santhi A/P Saminathan
Leong Siew Foong
Chiam Mei Ling

AUDITORS

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

REGISTRAR

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

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

HEADQUARTER

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

STOCK EXCHANGE LISTING

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

ONLINE LINKS

Corporate Website : www.vs-i.com

CORPORATE STRUCTURE

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

Shareholding	Company	Shareholding	Company
100%	V. S. PLUS SDN. BHD.		
100%	V. S. ELECTRONICS SDN. BHD.		
100%	V. S. TECHNOLOGY SDN. BHD.		
91.51%			PT. V.S. TECHNOLOGY INDONESIA
100%	V. S. INTEGRATED MANAGEMENT SDN. BHD.	8.49%	PT. V.S. TECHNOLOGY INDONESIA
43.34%	V.S. INTERNATIONAL GROUP LIMITED		
100%	V S INTERNATIONAL VENTURE PTE. LTD.	100%	GUARDIAN SOUTH EAST ASIA PTE. LTD.
80.07%	V. S. ASHIN TECHNOLOGY SDN. BHD.		
100%	SKREEN FABRIC (M) SDN. BHD.	100%	SKREEN FABRIC MARKETING SDN. BHD.
51%	V S MARKETING & ENGINEERING PTE. LTD.	96.67%	SERUMI INTERNATIONAL PRIVATE LIMITED
45%	PT. VS MINING RESOURCES		
20%	NEP HOLDINGS (MALAYSIA) BERHAD		

CORPORATE STRUCTURE
(Cont'd)

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

FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY

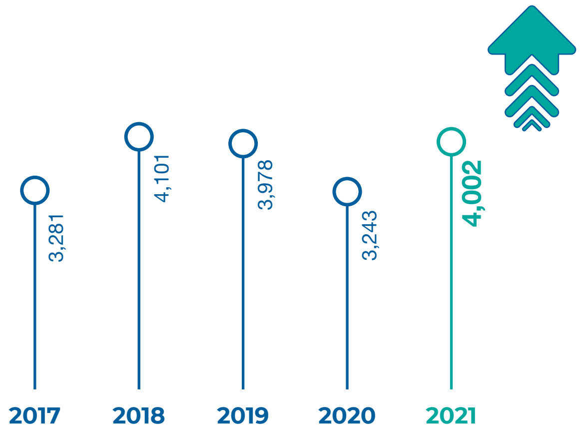
For the Financial Year Ended 31 July (RM '000)	2021	2020	2019	2018	2017
Revenue	**4,002,281**	3,243,192	3,978,350	4,100,736	3,281,350
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	**438,587**	253,152	302,252	287,801	322,047
Earnings before Interest and Tax ("EBIT")	**337,116**	161,337	203,069	206,150	243,996
Share of Results of Associates	**(663)**	2,264	(2,181)	(6,635)	(235)
Profit before Tax ("PBT")	**329,130**	153,362	181,856	176,216	223,673
Net Profit after Minority Interest	**245,351**	116,478	165,394	151,074	156,319
Total Dividends Paid	**113,812***	48,624	80,226	69,382	71,639
AS AT 31 JULY (RM '000)					
Shareholders' Funds	**2,040,513**	1,709,016	1,606,466	1,437,590	1,070,910
Share Capital	**842,358**	782,947	753,077	603,303	369,109
Reserves (Net of Treasury Shares at Cost)	**1,198,155**	926,069	853,389	834,287	701,801
Total Assets	**3,598,384**	2,833,259	3,037,600	3,123,040	2,914,931
Net Current Assets	**1,032,359**	887,339	803,704	640,886	421,710
Total Borrowings	**404,610**	252,024	428,441	645,448	706,881
Cash and Cash Equivalents	**402,404**	404,512	379,457	415,636	344,919
PER SHARE					
Basic Earnings per Share (sen)^	**6.6**	3.2	4.7	4.7	5.2
Total Tax-Exempt Dividend per Share (sen)^	**3.0***	1.3	2.2	2.1	2.4
Net Tangible Assets per Share (RM)^	**0.54**	0.46	0.44	0.43	0.35
RETURNS (%)					
Return on Average Shareholders' Equity (%)	**13.1**	7.0	10.9	12.0	16.1
Return on Average Total Assets (%)	**7.6**	4.0	5.4	5.0	6.4
FINANCIAL ANALYSIS					
Gross Margin (%)	**13.2**	9.9	9.3	9.4	14.0
Operating Margin (%)	**8.4**	5.0	5.1	5.0	7.4
PBT Margin (%)	**8.2**	4.7	4.6	4.3	6.8
Net Margin (%)	**6.1**	3.6	4.2	3.7	4.8
Gearing (Net of Cash) (times)	**0.0**	Net cash	0.0	0.2	0.3
Interest Coverage (times)	**46.0**	15.8	10.7	8.8	12.1
Dividend Payout Ratio (%)	**46.4**	41.7	48.5	45.9	45.5

* *inclusive of proposed final dividend of 0.5 sen per share for shareholders' approval*
^ *adjusted for bonus issue*

FINANCIAL HIGHLIGHTS
(Cont'd)

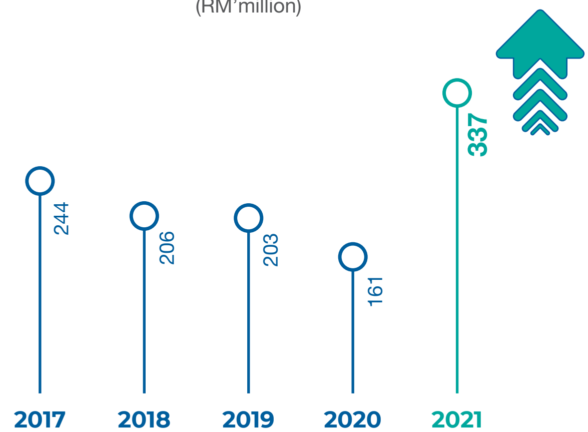
REVENUE
(RM'million)

CAGR
5.1%



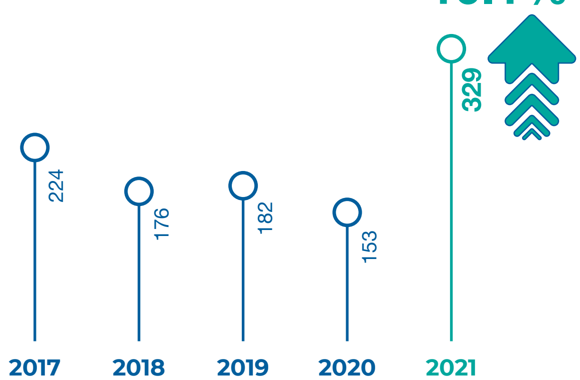
EARNINGS BEFORE INTEREST AND TAX
(RM'million)

CAGR
8.4%



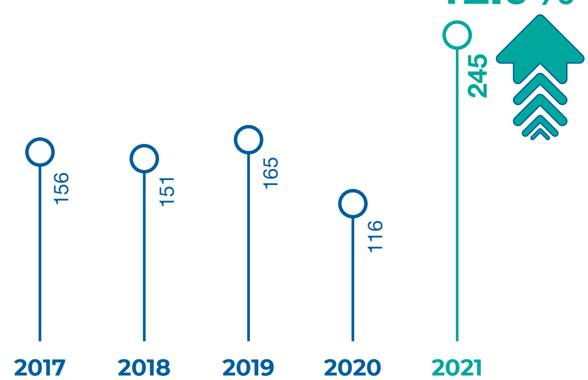
PROFIT BEFORE TAX
(RM'million)

CAGR
10.1%

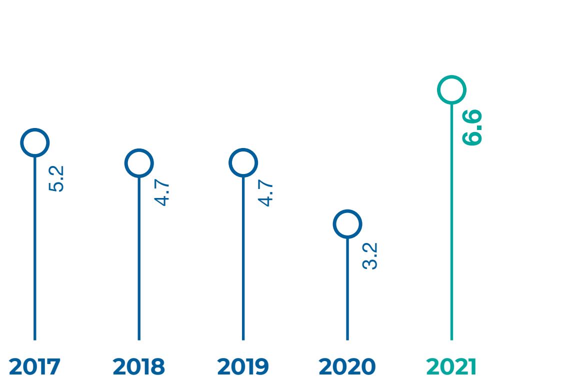


NET PROFIT
(RM'million)

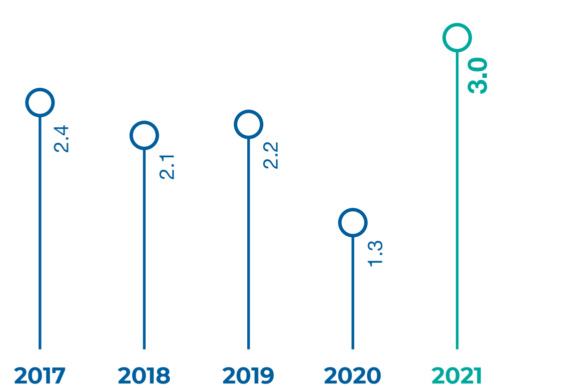
CAGR
12.0%



BASIC EARNINGS PER SHARE
(Sen)



TAX-EXEMPT DIVIDEND PER SHARE
(Sen)



CHAIRMAN'S STATEMENT

Dear Esteemed Shareholders,

On behalf of the Board of Directors of V.S. Industry Berhad ("VS" or the "Group"), it is an honour to present to you the Annual Report of VS for the financial year ended 31 July 2021 ("FY2021").

It was indeed a demanding year for us at VS as the world continued to grapple with the unprecedented challenges and chaos brought about by the Coronavirus disease 2019 ("Covid-19"), which caused disruptions to businesses globally and affected the entire value chain. This was over and above lingering issues such as the trade tension between the United States ("US") and China.

At VS, we dug deep and sailed past the challenges, emerging stronger than before by drawing upon our extensive technical expertise and capabilities, in-depth experience and established track record as well as our healthy balance sheet. We strongly believe that this has fortified our resilience and collective strength as a Group, further strengthening our position as a leading electronics manufacturing services provider.

In fact, against all odds, VS thrived and reached another major milestone by posting our highest-ever profit attributable to the owners of the Group ("net profit") in our history, surpassing the previous record of RM165.4 million achieved in FY2019. For the financial year under review, net profit surged 2.1 folds or 110.6% year-on-year ("YoY") to a record-breaking RM245.4 million. As for the top-line performance, FY2021 revenue jumped 23.4% YoY to RM4.00 billion.

Revenue
RM4.0 billion
+23.4% YoY

Net Profit
RM245.4 million
+110.6% YoY

Record-Breaking Net Profit

INDUSTRY AND BUSINESS OVERVIEW

Uncertainties in the global markets remain elevated owing to the economic upheaval and health crisis brought about by the pandemic. This resulted in the enforcement of lockdowns or movement control restrictions in various countries. Moreover, the reimposition of these measures to control the spike in Covid-19 cases caused further strain to the value chain, which exacerbated the existing taxing business operating environment and had a detrimental impact on the global economy. According to the International Monetary Fund ("IMF"), the global economy contracted 3.5% in 2020 as compared to a growth of 2.9% in 2019.

On the home front, various versions of movement controls were implemented in response to the pandemic, which inevitably affected our economy. Malaysia's gross domestic product ("GDP") declined 5.6% in 2020 versus growth of 4.3% in the year before according to Bank Negara Malaysia ("BNM"). As for 2021, Malaysia's GDP shrunk 0.5% in the first quarter before recovering strongly by 16.1% in the second quarter of 2021.

For the financial year under review, there were no major disruptions to our operations in Malaysia despite some temporary halts to our production as a result of the various versions of movement control orders ("MCOs") implemented and the Covid-19 situation. We adapted swiftly to the conditions and took extra precautions that are over and above the stringent standard operating procedures ("SOPs") imposed by the authorities. This is to safeguard the health and wellbeing of our employees, and to minimise any operational disruptions. With the majority of our workforce vaccinated, we have been operating with a full workforce since mid-September 2021. On the other hand, our operations in Indonesia and China continued to run as usual and in accordance with the respective SOPs enforced.

Meanwhile, we are pleased to share that our new facilities at I-Park @ Senai Airport City, Senai, Johor were completed. More importantly, we have commenced mass production for a new customer at the new location and utilization has been picking up healthily. We are also in the midst of relocating our headquarter to this new facility.

PROSPECTS FOR FY2022

As we head into the new financial year, the demanding operating environment is expected to prevail stemming from the pandemic coupled with supply chain disruption, amongst others. On a brighter note, the reopening of the Malaysian economy has been picking up pace following the successful Covid-19 vaccine rollout.

Meanwhile, we are also mindful of the challenges ahead, while keeping a balanced perspective on our prospects going forward. Order flow from our key customers in Malaysia remains healthy and robust at this juncture, with ready capacity at our new facilities to fulfil the demand. Not resting on our laurels, the Group is on the lookout to further expand our capacity. On the business development front, we expect our special business development taskforce to continue making meaningful progress, particularly following the lifting of travel restrictions. This will enable us to seize more opportunities presented by the US-China trade tension.

All in all, the outlook of VS remains positive as we continue focusing on the execution of our customers' orders and maximizing value to all our stakeholders.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our management and staff at VS for their resolute dedication and immense efforts especially such challenging times. All credit goes to our team, which enabled us to achieve what we did and allowed us to grow from strength to strength.

Additionally, I would like to take this opportunity to convey my profound appreciation to all our other stakeholders including our valued shareholders, customers, business partners, bankers, and suppliers for their unwavering support and trust in us.

I am also delighted to welcome Mr. Wong Cheer Feng as our Independent Non-Executive Director. He brings with him a wealth of valuable knowledge and experience, which we are confident will contribute positively to the Group.

Finally, my heartfelt gratitude goes to my fellow Board members for your commitment, invaluable advice and service. I have full confidence that under the leadership of our Board, we will continue charting greater milestones on our journey to ensure sustainable growth for the Group.

DATUK BEH KIM LING
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

FY2021 was a taxing but yet rewarding year for us as VS emerged triumphant, having navigated past the incredibly challenging business conditions and delivered a record-breaking profit attributable to the owners of the Group ("net profit") of RM245.4 million. Our team at VS deserve full credit for unlocking this major achievement. I would like to take this opportunity to give recognition and acknowledge their hard work as well as for sticking with us through the tough times.

VS currently ranks 26th in the Top 50 electronics manufacturing services ("EMS") companies in the world according to the latest publication of the Manufacturing Marketing Insider. We have been listed as one of the Top 50 EMS providers in the world every year since 2007, making this the fourteen consecutive year. The Group is also the 6th largest EMS player in the ASEAN region and one of the largest homegrown EMS organizations in Malaysia.

Achievement Highlights	
Achieved highest-ever net profit of RM245.4 million	One of the largest homegrown EMS providers in Malaysia
High cash & cash equivalent of RM402.4 million	Ranked 6th in Manufacturing Marketing Insider's 2020 Top 50 EMS in the ASEAN
Healthy net operating cash flow generation of RM123.9 million	Ranked 26th in Manufacturing Marketing Insider's 2020 Top 50 EMS in the World

As part of our commitment towards sustainability, we are a member of the Responsible Business Alliance ("RBA"), the world's largest industry coalition dedicated to corporate social responsibility in global supply chains. VS complies with RBA's code of conduct, which outlines practices within the electronic industry that promote fair and safe working conditions, adoption of environmental-friendly manufacturing processes and ensure the welfare of the workers. We passed all RBA audits carried out on VS with no major risk identified during the process.

Responsible Business Alliance
Advancing Sustainability Globally

BUSINESS AND OPERATIONAL REVIEW

The operating landscape in the financial year under review was highly demanding as a result of the Covid-19 pandemic. The pandemic has also further strained the global supply chain and exacerbated the existing difficult business environment.

The Group deftly adjusted and adapted accordingly to the new environment to minimize any disruptions to our operations while fully abiding by the stipulated standard operating procedures ("SOPs") imposed by the authorities, including capping of the workforce at premises. VS took extra precautionary measures to safeguard our employees and minimise the spread of the virus. Besides enforcing social distancing, all workers were provided with sufficient and appropriate Personal Protective Equipment ("PPE"). Deep cleaning and sanitization exercises were carried out frequently, along with screening exercises. Any employees found infected were provided with the necessary care and treatment whereas close contacts were swiftly identified and quarantined.

On the local front, there was no major adverse impact to our production in FY2021 apart from several operational disruptions due to Covid-19. Our prudent approach and careful planning enabled us to weather through such disturbances without considerably affecting the delivery to our customers. On a positive note, notwithstanding the challenges, the Group charted good progress in the financial year under review as we have commenced mass production of several new product models for our key customers.

Meanwhile, our special business development taskforce continued to assess and seize the trade diversion opportunities arising from the ongoing tension between the US and China. To recap, the Group had in FY2021 successfully secured a new key customer from the US as a result of the trade war. This great achievement was a testament to our established track record and extensive technical capabilities.

Over in Indonesia, we made positive development in our operations for the financial year under review. The Group received higher sales orders from a key customer in consumer electronics. This resulted in a higher production utilization rate and in turn, achieving better economies of scale. Our production continued to run throughout the year without any substantial impact from the pandemic.

As for our operations in China, the difficult operating climate prevailed from the previous financial year. The US-China trade tension has a polarizing effect on our business in Malaysia versus China. While Malaysia benefits from the diversion of orders from China, this has adversely impacted our business in China, leading to the underutilization of capacity. In mitigation, we have been pursuing an asset-light model and undertaking streamlining exercises over the past 3 financial years. These initiatives continued to bear fruit in FY2021, which enabled us to significantly narrow down the losses incurred.

CORPORATE DEVELOPMENTS

On the corporate front, the Group completed the bonus issue of shares and the free issue of warrants in FY2021. The bonus issue of shares on the basis of 1 bonus share for every 1 existing VS share was completed in May 2021 and subsequently the free issue of warrants on the basis of 1 warrant for every 5 existing VS shares was concluded in June 2021.

The Group continuously seeks avenues to reward our shareholders in addition to dividends for going through the thick and thin with us. We are grateful for the support and confidence entrusted to us by our shareholders especially during these challenging times. The bonus issue of shares would further improve the trading liquidity of our shares, thus encouraging even greater participation by investors, and in turn, leads to broadening of the shareholder base.

On the other hand, the free warrants, which are issued at no cost to our shareholders, enable our shareholders the option to further increase their equity participation in the Group by exercising the warrants at the exercise price over the tenure of the warrants. From VS' standpoint, this would potentially provide additional funds to the Group for working capital purposes and may be utilized to repay bank borrowings as well as for potential investments and expansion of our facilities.

During the financial year under review, the Group completed the acquisition of 6 pieces of land with industrial buildings with a total land size of approximately 413,682 square feet ("sf.") at I-Park @ Senai Airport City, Senai, Johor for a total consideration of RM98.8 million ("Acquisition"). This Acquisition boosted our built-up area in Malaysia by about 25% to 2.1 million sf., enabling us to continue growing the business.

Subsequent to the end of FY2021, the construction of the facilities was completed in November 2021 and we have commenced mass production for a new customer at the location. Furthermore, we are also in the midst of relocating our headquarter to the I-Park @ Senai Airport City, freeing up space at the existing manufacturing facilities to capture the rising orders from our existing customers.

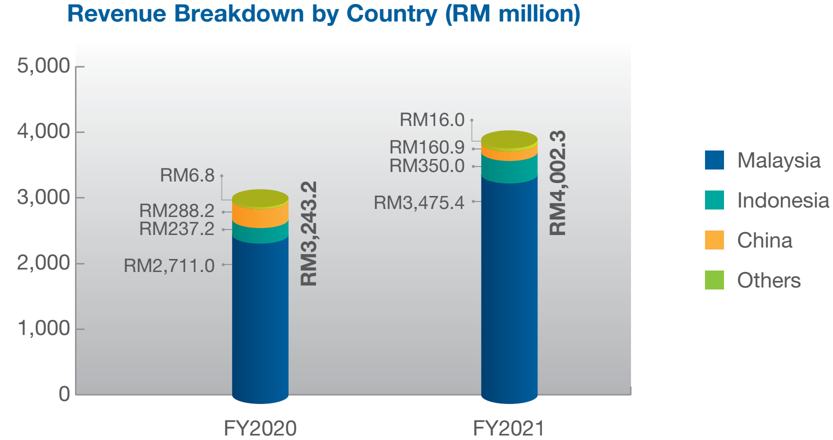
VS' new headquarter at I-Park @ Senai Airport City, Johor, Malaysia

The I-Park @ Senai Airport City is an integrated, gated and guarded industrial park developed by AME Elite Consortium Berhad. Recognized as a sustainable industrial development, the concept embraces clean and green atmosphere, which is aligned with our focus to be a responsible corporate citizen with sustainability instilled into our way of business.

FINANCIAL PERFORMANCE REVIEW

For the financial year under review, the Group recorded a revenue of RM4.00 billion. This was a jump of 23.4% year-on-year ("YoY") from RM3.24 billion in the previous year. The double-digit growth was primarily attributed to higher sales orders received from key customers in Malaysia and Indonesia.

Revenue Breakdown by Country (RM million)



YoY Change:

Group 23.4%

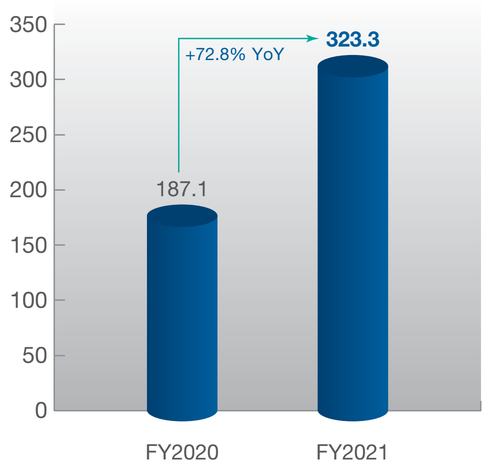
Others 135.3%

China 44.2%

Indonesia 47.5%

Malaysia 28.2%

Malaysia's PBT (RM million)



In terms of revenue breakdown by country, Malaysia remained the Group's anchor revenue contributor, accounting for 86.8% or RM3.48 billion to FY2021 total sales. Sales from Malaysia leapt 28.2% YoY to RM3.48 billion in FY2021 from RM2.70 billion a year ago. In tandem with the top-line improvement, profit before tax ("PBT") from our local operations swelled 72.8% YoY to a record-high of RM323.3 million in FY2021 versus RM187.1 million posted in FY2020. The larger-than-proportionate increase in profitability was largely due to a favourable product sales mix stemming from a more diversified clientele.

Indonesia Returned to Black in FY2021 With a PBT of

RM11.0 million

Over in Indonesia, the performance showed marked improvement after receiving higher sales orders from a key customer there. As a result, revenue from Indonesia surged to RM350.0 million in FY2021, which contributed 8.7% to the Group's top-line. This represented a healthy rise of 47.5% YoY from RM237.2 million recorded in the previous financial year. The strong turnover performance enabled the Indonesian operations to deliver a healthy turnaround in terms of profitability. Indonesia segment returned to black by registering a PBT of RM11.0 million in the financial year under review versus a loss before tax ("LBT") of RM11.4 million in FY2020.

LBT incurred in China

narrowed down

substantially by

RM13.7 million

Meanwhile, revenue from China declined 44.2% YoY to RM160.9 million in FY2021, which was mainly due to lower sales volume. This was not unexpected given the fiercely competitive landscape in the country, which was further exacerbated by the diversion of orders out of China following the trade tension between the US and China. On a positive note, we managed to narrow down the losses substantially with lower expenses incurred following a series of streamlining initiatives. This demonstrated that the aforementioned asset-light model and rationalizing exercise have yielded good results. For the financial year under review, LBT was reduced to RM10.2 million from RM23.9 million a year ago.

Record-Breaking FY2021 net profit

RM245.4 million

110.6% YoY

On the Group's bottom-line, we registered our highest-ever net profit in FY2021. Net profit for the financial year under review soared 2.1 folds or 110.6% YoY to RM245.4 million as compared to RM116.5 million in FY2020. This has surpassed the previous record of RM165.4 million achieved in FY2019. Besides, this is also the first time our net profit exceeded the RM240 million-mark. This achievement was parallel with the top-line improvement while the larger-than-proportionate rise in profitability was due to a favourable product sales mix in Malaysia stemming from a more diversified clientele, turnaround in performance from Indonesia as well as much narrower losses incurred in China. The all-time high bottom-line translated to a net profit margin of 6.1% in FY2021, which is a healthy increase of 2.5 percentage points from a year ago.

MANAGEMENT DISCUSSION
AND ANALYSIS
(Cont'd)

CAPITAL STRUCTURE AND RESOURCES

As at 31 July 2021, the equity attributable to owners of the company stood at RM2.04 billion, having expanded 19.4% YoY from RM1.71 billion a year ago.

Total assets on the other hand rose 27.0% YoY to RM3.60 billion at the end of the financial year under review versus RM2.83 billion as at 31 July 2020. The increase was primarily due to property, plant and equipment, investment properties, other investments, inventories, contract assets and trade and other receivables.

VS' cash and cash equivalent remained relatively stable on a YoY basis. At the close of the financial year, the Group's cash and cash equivalent stood at RM402.4 million as compared to RM404.5 million in the same period last year. Total borrowings were higher at RM404.6 million as at 31 July 2021 versus RM252.0 million a year ago to fund the business growth. Despite higher borrowings, net gearing was negligible at the close of the financial year under review.

Being in a position with negligible net gearing and backed by strong cash holding provides the Group with financial flexibility and enable us to take advantage of any good business opportunities that arise.

In FY2021, we incurred a capital expenditure ("CAPEX") of approximately RM252.6 million. The CAPEX was mainly invested in the new land and buildings at I-Park @ Senai Airport City, Senai, Johor as part of our capacity expansion as well as new machineries and equipment. In addition, part of this amount was also utilized on the maintenance of machineries and R&D activities. These investments were funded through a combination of internally generated funds and bank borrowings.

In terms of net cash flow from operating activities ("NOCF"), VS continued to generate a strong NOCF in FY2021 totalling RM123.9 million.

BALANCE SHEET AND KEY RATIO HIGHLIGHTS AS AT 31 JULY 2021

Total Assests
RM3,598.4
million

Total Equity
RM2,217.5
million

Total Cash and Cash Equivalent
RM402.4
million

Net Cash Flow from Operating Activities
RM123.9
million

Return on Assets
7.6%

Return on Equity
13.1%

OUTLOOK AND PROSPECTS

Looking ahead, the demanding operating environment brought about by the Covid-19 pandemic, coupled with supply chain disruption, among others, are expected to prevail over the next 12 months. On a brighter note, the Covid-19 situation has been improving following the swift and successful vaccination program in Malaysia. With most states now in Phase 4 of the National Recovery Plan, economic and business activities are gradually picking up pace again.

Our operations in Malaysia have returned to full capacity and workforce since the second half of September 2021 while complying to the stringent SOPs following complete inoculation of our workers. The Group completed the vaccination exercise for all our employees in Malaysia at our own Industrial Vaccination Centre ("PPVIN") under the PIKAS initiative at one of our factories.

On the demand outlook, orders across key customers in Malaysia continues to be healthy and robust. There are several new product models coming into production progressively over the upcoming financial year. Having commenced box-build production for our new customer from the US at our latest facility at I-Park @ Senai Airport City, we expect the utilization to pick up gradually as well.

With the inclusion of this facility, our total built-up area in Malaysia stands at 2.1 million sf., which are fully taken up based on the orders in the pipeline. As part of our plan to expand continuously and ensure sustainable growth, we are actively on the lookout to enlarge our capacity.

Over in Indonesia, the good performance so far is expected to sustain based on current order visibility. As for our operations in China, there are some preliminary discussions with prospective customers, but our immediate focus remains on cost management given the taxing environment there.

Meanwhile, our special business development taskforce remains in active discussion with several prospective customers as the Group continues to receive enquiries as a result of the trade war. With the lifting of international travel restrictions, our team will be able to make even more meaningful progress.

All in all, we are cognizant of the challenges ahead. The leadership is fully hands-on in managing the situation and is confident to deliver the optimal outcome for clients while keeping employees safe. With prudent planning and careful execution by the management, the Board opines that the financial performance of the Group for the coming financial year will be satisfactory.

ANTICIPATED OR KNOWN RISKS

Dependence on Major Customers

Based on the past financial years, a few major customers made up a sizeable share of our revenue, resulting in customer concentration risk. We do not have any long-term contracts with them too. In the event of payment default or loss of business from any of these major customers, our financial performance may be adversely affected.

To moderate the risk, we are doubling down in our efforts to enhance our competitive edge over our peers through innovation and R&D, as well as raising our level of customer service. We engage in constant dialogue with our key customers to gather useful feedback and adapt to their changing needs in a timely manner. Comparatively speaking, our clientele today already reflects a more diversified base vis-à-vis a few years ago. Notwithstanding this, we continue to push our business development efforts to gain new customers and further expand our customer base.

MANAGEMENT DISCUSSION
AND ANALYSIS
(Cont'd)

Fluctuation in Foreign Currency Exchange Rates

The Group is subjected to foreign currency risk. Primarily, we engage in financial transactions denominated in currencies such as the United States Dollar ("USD"), Singapore Dollar ("SGD") and Euro. Any unfavourable movements in the said currencies could have an impact on our financial performance. To mitigate undesirable foreign exchange ("forex") fluctuations, we monitor the volatility of the said currencies closely and are prepared to enter into hedging contracts as and when necessary.

Operational Risk

The risk of operational disruptions has been elevated since the emergence of the Covid-19 pandemic. Due to the various restrictions from the previous MCOs, we were unable to operate at our optimal efficiency in a consistent manner throughout the period. As a manufacturing firm, we do not have the option to employ a work-from-home approach for the production floor. Adding to that, the current foreign labour shortage issue in Malaysia has further accentuated the operational risk of the Group.

At VS, we attempt to minimise the risk related to Covid-19 by creating the safest work environment possible through various means such as periodic disinfections, regular screenings and the provision of quality PPE. In regard to the foreign labour shortage issue, mitigation efforts include hiring more local workers on the production floor. In addition, we continue to implement automation solutions, taking into account the financial and economic feasibility to reduce our reliance on manual labour while at the same time, drive productivity higher.

Other risks are also partially alleviated with the Group's insurance policies which provide coverage against the risk of fire, burglary, and workplace accidents. However, external factors such as natural disasters, riots, and strikes are beyond our control.

Supply Chain Disruptions

Other than the operational disruptions faced by VS, the Covid-19 pandemic has also increased the risk of supply chain interruption on a global scale. As we source our raw materials from different parts of the world, operational problems faced by our suppliers could result in raw material shortages from our end.

In mitigation, we constantly keep in close contact with our key suppliers to get a sense of the latest situation. Besides, we are also improving our inventory management system to ensure that we have sufficient stock on hand to weather potential supply chain issues at any given time.

DIVIDENDS

For the financial year under review, VS has resumed its quarterly dividend payout practice after skipping two quarters in FY2020 following the pandemic. The Board has declared a fourth interim dividend of 0.5 sen per share for the quarter under review. It has also proposed a final dividend of another 0.5 sen per share, subject to shareholders' approval at the upcoming annual general meeting. The total dividend for the current financial year shall amount to approximately RM113.8 million, representing a 46.4% payout based on FY2021 net profit of RM245.4 million. The Group has a dividend policy of a 40% payout of net profit.

FY2021
Dividend Payout
46.4%

DATUK GAN SEM YAM
Managing Director

DATUK BEH KIM LING

Executive Chairman

Age	*63*
Gender	*Male*
Nationality	*Malaysian*

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

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

He holds directorship positions in various subsidiary companies of the Company and also in other private limited companies. Datuk Beh is the brother-in-law to Datuk Gan Sem Yam and Dato' Gan Tiong Sia. He is also the father to Beh Chern Wei (Ma Chengwei). Datuk Beh has no other conflict of interest with the Group except for those transactions as disclosed in Note 29 to the financial statements. He has not been convicted of any offences within the past five (5) years.

DATUK GAN SEM YAM

Managing Director

Age	*65*
Gender	*Male*
Nationality	*Malaysian*

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

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

Datuk Gan was instrumental in the business integration and expansion of the Group since 1990. He sits on the board of various subsidiary companies of the Company and also holds directorship in other private limited companies. Datuk Gan is the brother to Dato' Gan Tiong Sia and brother-in-law to Datuk Beh Kim Ling. He is also the father to Gan Pee Yong. Datuk Gan has no other conflict of interest with the Group except for those transactions as disclosed in Note 29 to the financial statements. He has not been convicted of any offences within the past five (5) years.

DATO' GAN TIONG SIA

Executive Director

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

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

He also sits on the board of various subsidiary companies of the Company. Dato' Gan is the brother to Datuk Gan Sem Yam and brother-in-law to Datuk Beh Kim Ling. Dato' Gan has no other conflict of interest with the Group except for those transactions as disclosed in Note 29 to the financial statements. He has not been convicted of any offences within the past five (5) years.

NG YONG KANG

Executive Director

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

Ng Yong Kang joined the Board on 1 August 2005.

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

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

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

BEH CHERN WEI (MA CHENGWEI)

Executive Director

Age	*36*
Gender	*Male*
Nationality	*Malaysian*

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

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

He currently sits on the board of VSIG. Mr. Beh is the son of Datuk Beh Kim Ling and the nephew of Datuk Gan Sem Yam and Dato' Gan Tiong Sia. Mr. Beh has no conflict of interest with the Group except for those transactions as disclosed in Note 29 to the financial statement. He has not been convicted of any offences within the past five (5) years.

GAN PEE YONG

Executive Director

Age	*36*
Gender	*Male*
Nationality	*Malaysian*

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

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

Mr. Gan also sits on the board of various subsidiary companies of the Company. He is the son of Datuk Gan Sem Yam and also the nephew of Datuk Beh Kim Ling and Dato' Gan Tiong Sia. Mr. Gan has no conflict of interest with the Group except for those transactions as disclosed in Note 29 to the financial statement. He has not been convicted of any offences within the past five (5) years.

DIONG TAI PEW

Independent
Non-Executive Director

Age	*70*
Gender	*Male*
Nationality	*Malaysian*

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

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

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

TAN PUI SUANG

Independent
Non-Executive Director

Age	*50*
Gender	*Female*
Nationality	*Malaysian*

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

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

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

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

DATO' CHANG LIK SEAN

Independent
Non-Executive Director

Age	*47*
Gender	*Male*
Nationality	*Malaysian*

Dato' Chang Lik Sean joined the Board on 1 April 2019. He is the Chairman of the Nomination Committee as well as Remuneration Committee, and a member of the Audit and Risk Management Committee.

He brings with him a wealth of technical experience and expertise in the Internet Technology ("IT") and telecommunication industries, having gained exposure in the areas of technical specification & evaluation, design & development, contract negotiations, project management, resource management, business strategy and business development.

In 2001, he founded MV Group of Companies, which is principally involved in providing IT and telecommunication products and solutions. He presently serves as the Chairman of MV Group of Companies.

Dato' Chang graduated from the University of Northumbria, UK with a Bachelor (Hons) in Electrical and Electronic Engineering in 1999. He then furthered his studies and obtained a Master of Science in Computing Programming from University of Northumbria, UK in 2001. Dato' Chang later attained a Diploma in Industrial Robotics from First Robotics Industrial Science ("FRIS") Institute, Penang in 2008.

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

WONG CHEER FENG

Independent
Non-Executive Director

Age	*65*
Gender	*Male*
Nationality	*Malaysian*

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

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

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

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

CHONG CHIN SIONG

Alternate Director to
Beh Chern Wei (Ma Chengwei)

Age	*54*
Gender	*Male*
Nationality	*Malaysian*

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

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

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

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

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

SENIOR MANAGEMENT TEAM

MOHAMAD BIN YUSOF
President Director, PT. V.S. Technology Indonesia
Age 56, Male, Malaysian

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

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

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

GAN PEE KE'NG
Senior General Manager
Age 53, Male, Malaysian

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

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

LIM MING CHOY
Senior General Manager
Age 54, Male, Malaysian

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

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

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

ABOUT THIS REPORT

V.S. Industry Berhad ("VS Industry", "VS", the "Company or the "Group") recognises its responsibility to all stakeholders and is committed to reporting its social and environmental performance regularly and transparently.

Consistently upholding the principles of sincerity, pragmatism, transparency and joint sustainable development, VS discloses its corporate sustainability philosophy and stakeholder approach. Since 2017, both financial and non-financial information of VS and its subsidiaries have been published together in an Annual Report.

Sustainability disclosure has evolved over time from social disclosure to the broader triple bottom line approach, which covers economic, environmental and social ("EES") development and VS' current responsible business practices.

Reporting Scope and Boundary	This statement covers the operations of V.S. Industry Berhad ("VSI") and two of its Malaysian subsidiaries: V.S. Electronics Sdn. Bhd. ("VSE") and V.S. Plus Sdn Bhd. ("VSP").
Reporting Cycle	Annually
Reporting Period	1 August 2020 to 31 July 2021 ("FY2021")
Reporting Guidelines and Principles	**Principle Guideline:** Global Reporting Initiative (GRI) Standards: Core Option **Additional Guidelines:** • Bursa Malaysia's Sustainability Reporting Guide • FTSE4Good Bursa Malaysia ESG Index • United Nations Sustainable Development Goals (UNSDGs) • International Organization for Standardisation (ISO) 26000:2010 Guidance on Social Responsibility
Reporting Approach	This Statement summarises the sustainability performance of VS' strategic businesses. The GRI reporting principles of stakeholder inclusiveness, sustainability context, materiality and completeness have been applied when defining the content. Accuracy, balance, clarity, comparability, reliability and timeliness have also been considered. The content of this Statement has been developed according to defined material topics. These topics were identified following a review of the overall sustainability risks and opportunities, which were determined by macroeconomic analysis, sustainability trends and senior management input. Stakeholders' views, concerns and key expectations also helped shape the overall materiality assessment. This assessment helped the Board realign the Group's sustainability strategy while ensuring the transparent coverage of key topics.
Reliability of Information Disclosed	The accuracy of the Statement's content has been: • Reviewed by the Sustainability Committee; and • Presented to the Board for approval.
Feedback	VS is fully committed to listening to stakeholders and welcomes feedback on its sustainability reporting and performance. Please send your comments or questions via the 'Contact Us' section of our website (http://www.vs-i.com) and attention it to our Compliance Officer, Ms Chelynn Lim.

SUSTAINABILITY STATEMENT
(Cont'd)

SUSTAINABILITY ACROSS OUR OPERATIONS

As a leading integrated Electronics Manufacturing Services (EMS) provider in the region, we embrace our social and environmental responsibilities. Proactively managing risks to our operations and reputation, we capitalise on opportunities by integrating sustainability into the overall business strategy.

Sustainability has gradually been incorporated into the business to create value while addressing pressing issues such as climate change, talent acquisition, innovation advancement and corporate transparency.

VS SUSTAINABILITY POLICY

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

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

VS Sustainability Policy covers the following commitment:

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

Ongoing innovation deepens our positive influence on the economic, social, low-carbon and employment environment. We also achieve the environmental, social and governance ("ESG") performance expected from stakeholders.

OUR SUSTAINABILITY VALUE CHAIN

Capitals	Focus Areas	Input	Value Created	Outcome	UNSDGs
Financial, technological and intellectual	Sustainability-led innovation	• Cash flow generated by operations • Efficient systems, controls and processes • Resources, equipment and infrastructure	• Our advanced manufacturing facilities are located in Malaysia, China, Indonesia and Vietnam. As a leading integrated Electronics Manufacturing Services (EMS) provider in the region, our proven capabilities meet the manufacturing needs of global brand names for electrical and electronic products for the office and home.	Long-term sustainable returns are generated for investors through a sustainable design and manufacturing process. The business is sustained through continuous investment and growth with a considerable targeted return on capital.	9 Industry, Innovation and Infrastructure 12 Responsible Consumption and Production 17 Partnerships for the Goals
Natural	Low-carbon environment	• Waste and natural resources • Biodiversity and conservation • Resources and utilities	• Working with supply chain partners, we promote energy-efficient electronic solutions and build a low-carbon impact. • We have made a considerable effort to ensure that all products comply with RoHS Requirement.	Operations have a minimal impact on the environment and the Group is committed to addressing climate issues.	6 Clean Water and Sanitation 12 Responsible Consumption and Production 7 Affordable and Clean Energy 13 Climate Action
Human	Integrated and resilient workforce	• People • Skills, knowledge and expertise	• A diversified, progressive and inclusive workplace is the goal of sustainable employment. • We ensure that all employees are protected by effective occupational safety measures at all business levels to create a healthy workplace environment.	Our cohesive and effective management team develops a safe and conducive environment that allows employees to achieve their career aspirations and makes VS an Employer of Choice.	3 Good Health and Well-Being 5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities
Social and Relationship	Maximising shared societal value	• Extended communities • Our people • Ethics and human rights	Redesigning our business and operation models enables us to provide society with a creative, relevant and differentiating experience.	Being an exemplary corporate citizen with a strong community partnership.	10 Reduced Inequalities 11 Sustainable Cities and Communities 16 Peace, Justice and Strong Institutions 17 Partnerships for the Goals

Following an integrated approach to sustainability helps create stakeholder value by mitigating risks, reducing costs, increasing brand value and identifying new market opportunities.

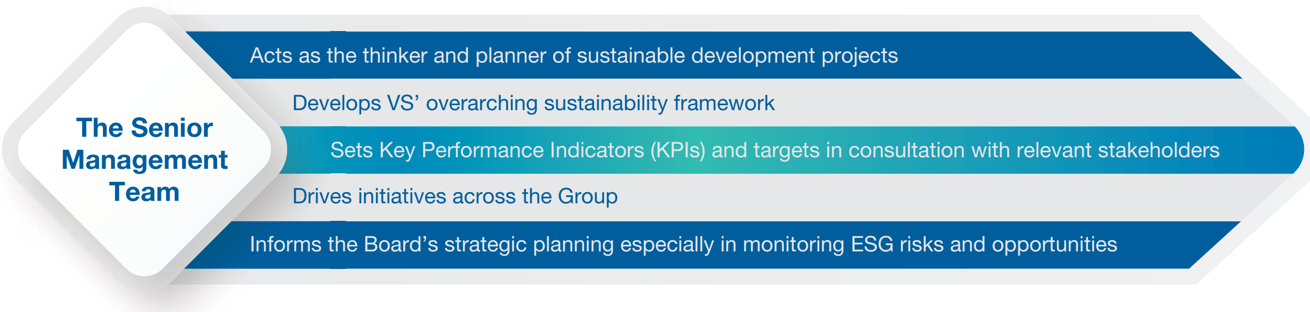
SUSTAINABILITY STATEMENT
(Cont'd)

SUSTAINABILITY GOVERNANCE

VS has included ESG factors as a strategic consideration in the decision-making process. Responsible department heads are tasked with identifying, assessing and mitigating current and potential ESG risks.

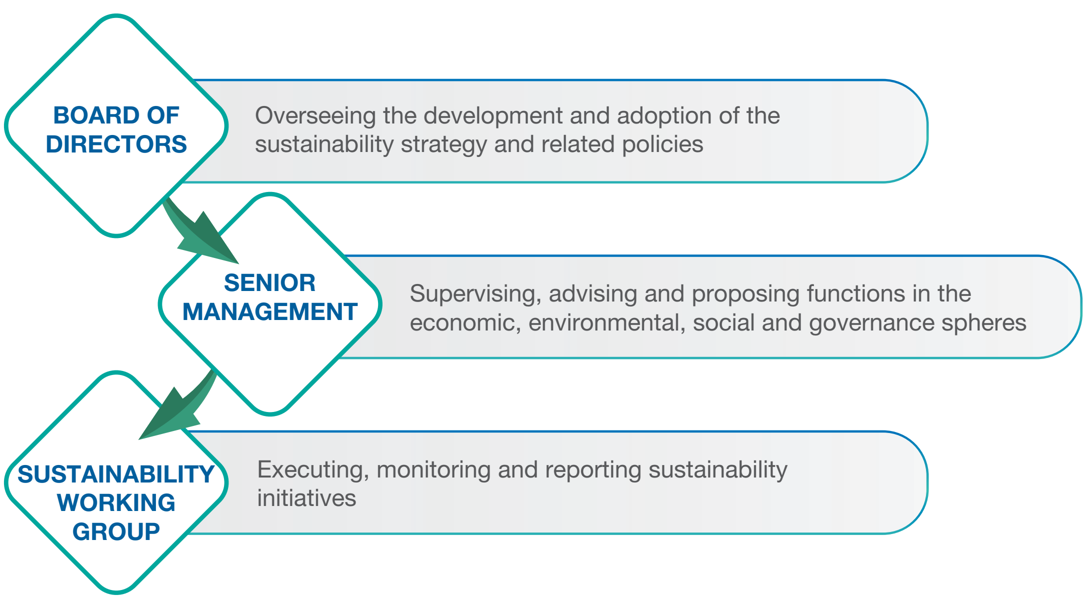
The Board of Directors has the overall responsibility for sustainability and considers ESG matters in the Group's strategy development. ESG matters that affect value creation are included in the balanced scorecard, which helps set objectives, drive behaviours, measure performance and determine remuneration.

The Group Sustainability Committee is headed by the Group Managing Director with support from the senior management team. He oversees the execution of VS' sustainable strategy in day-to-day operations.



The Team meets regularly and updates Group Executives. During the year, the Group optimised its organisational structure for managing ESG issues, which enabled a clearer segregation of duties and improved operational efficiency.

Established in 2017, the Sustainability Working Group ("SWG") is responsible for implementing and managing sustainability efforts. Led by the Operations Director, the SWG is supported by Heads of Department including Finance, Supply Chain, Marketing, Human Resources and Operations. The Board and the Group Managing Director are updated regularly on the Group's sustainability performance.



BUILDING ENDURING PARTNERSHIPS WITH STAKEHOLDERS

A company is a core component of society and our activities are closely monitored to ensure we:

- Abide by relevant laws and regulations;
- Meet the expectations of stakeholders; and
- Achieve the high standards we set for ourselves.

Our wide network of stakeholders consists of shareholders, employees, customers, suppliers, local communities, analysts, media, industry peers and Non-Governmental Organisations (NGOs). Engaging in meaningful dialogue and collaboration with stakeholders allows us to clarify both our position and share policy while understanding different viewpoints.

STAKEHOLDER IDENTIFICATION

Identifying and Categorising Stakeholder

Stakeholder categories were identified in accordance with the AA 1000 Stakeholders Engagement Standards. We have fully familiarised ourselves with the issues and areas of stakeholder concern through daily engagement and communication with the nine major categories of stakeholders. Our stakeholder groups, engagement methods and topics addressed are presented in the table below.

Stakeholders	Engagement Channels	Areas of Interest	Concerned Material Issues
Board of Directors	• Board meetings • Annual General Meetings • Company-organised events	• Corporate governance • Company direction and strategy	• Regulatory Compliance
Major Shareholders	• Annual General Meetings • Investor presentations and meetings • Media releases • Corporate website	• Dividends • Return on Investment • Financial performance • Share price performance	• Regulatory Compliance • Sustainable Design & Manufacturing

Stakeholders	Engagement Channels	Areas of Interest	Concerned Material Issues
Employees	• Induction training • Learning and development programmes • Employee performance appraisals • Corporate-organised events	• Occupational safety and health • Fair remuneration • Fair employment practices • Career development opportunities	• Safety & Health • Human Rights • Training & Development • Data Privacy & Security • Employee Engagement
Customers	• Face-to-face interactions • Manufacturing collaborations • Feedback survey • Customer audits	• Manufacturing quality • Manufacturing capacity • Research & Development • Equitable business operations	• Quality & Satisfaction • Data Privacy & Security
Suppliers	• Interviews • Evaluations/re-evaluations • Face-to-face interactions	• Agreeable contracts • Terms of payment • Maintaining partnerships	• Safety & Health • Training & Development • Sustainable Supply Chain Management • Data Privacy & Security
Local Communities	• Online platforms (e.g. corporate website and online job applications) • Corporate volunteering programmes (e.g. community events, knowledge-sharing initiatives & partnerships with non-governmental organisations)	• Support for community development • Job creation for local communities • Undertaking business in a responsible manner	• Human Rights • Energy, Climate Change and Pollution Control • Community Contribution
Analysts/Media	• Press conferences and events • Media releases • Media Interviews • Analyst briefings	• Company performance • Responsible business practices • Corporate governance	• Industrial Advancement & Nation Building • Regulatory Compliance
Industry Peers	• Annual reports • Industry collaborative programmes • Industry organisations	• Manufacturing practices • Industry outlook • Collaborations	• Industrial Advancement & Nation Building • Regulatory Compliance • Sustainable Design & Manufacturing
Non-Governmental Organisation	• Public events • Face-to-face interactions	• Working conditions • Labour rights	• Safety & Health • Human Rights • Energy, Climate Change and Pollution Control • Efficient Resource Use & Minimising Waste

REFINING OUR PRIORITIES

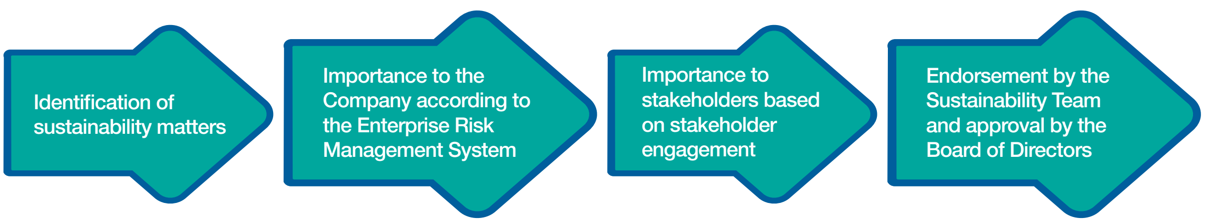
VS interacts with many stakeholders in conducting its business. All stakeholders can influence or be influenced, directly or indirectly, by the achievement of business objectives. VS conducts an annual materiality review to understand the most important social, economic and environmental issues for stakeholders and long-term business success.

Our sustainability disclosure is aligned with the Bursa Malaysia Sustainability Reporting Guide. Material topics are those that:

- Significantly affect the ESG performance of the Company; or
- May substantially influence stakeholders' perceptions and decisions.

THE PROCESS

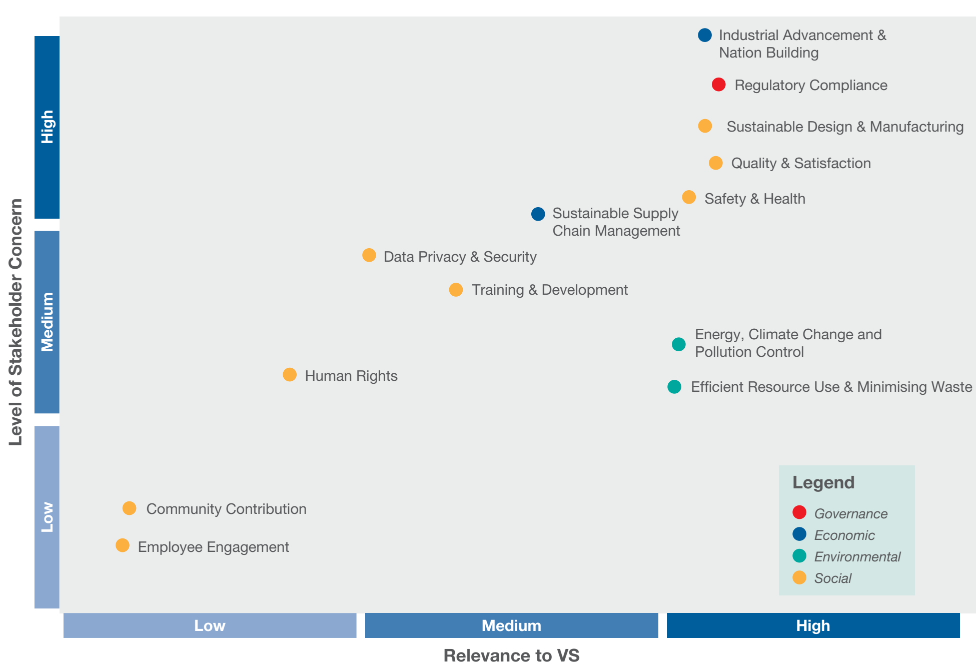
The Four-Step Process of the Materiality Assessment



Following the principle of materiality, we conduct a stakeholder-driven assessment every year to identify material issues which reflect VS' significant economic, environmental and social impacts and/or substantively influence the assessments and decisions of our stakeholders. This inclusive process allows us to identify and address concerns and priorities commonly shared by the Company and stakeholders.

The overall position of each issue in the matrix determines its level of materiality (low, medium or high). The materiality assessment is reviewed and approved by the Board of Directors.

The results of the materiality analysis are presented below.



SUSTAINABILITY STATEMENT
(Cont'd)

ECONOMIC

The electrical and electronics industry is a pillar of the Malaysian economy and a significant contributor to exports. Following the Covid-19 outbreak, the industry has also played a critical role in the country's recovery and re-growth. The global semiconductor market has shown early signs of resilience to the economic turmoil caused by the pandemic. Part of this strength comes from the nature of the industry itself, which is instrumental in the growth of other vital sectors such as healthcare, automotive and retail.

The demand for electrical and electronic products in Malaysia is stabilising as a result of smart manufacturing capabilities, automation and technological innovations. Transforming the economy through digital empowerment is vital to achieving competitive advantages.

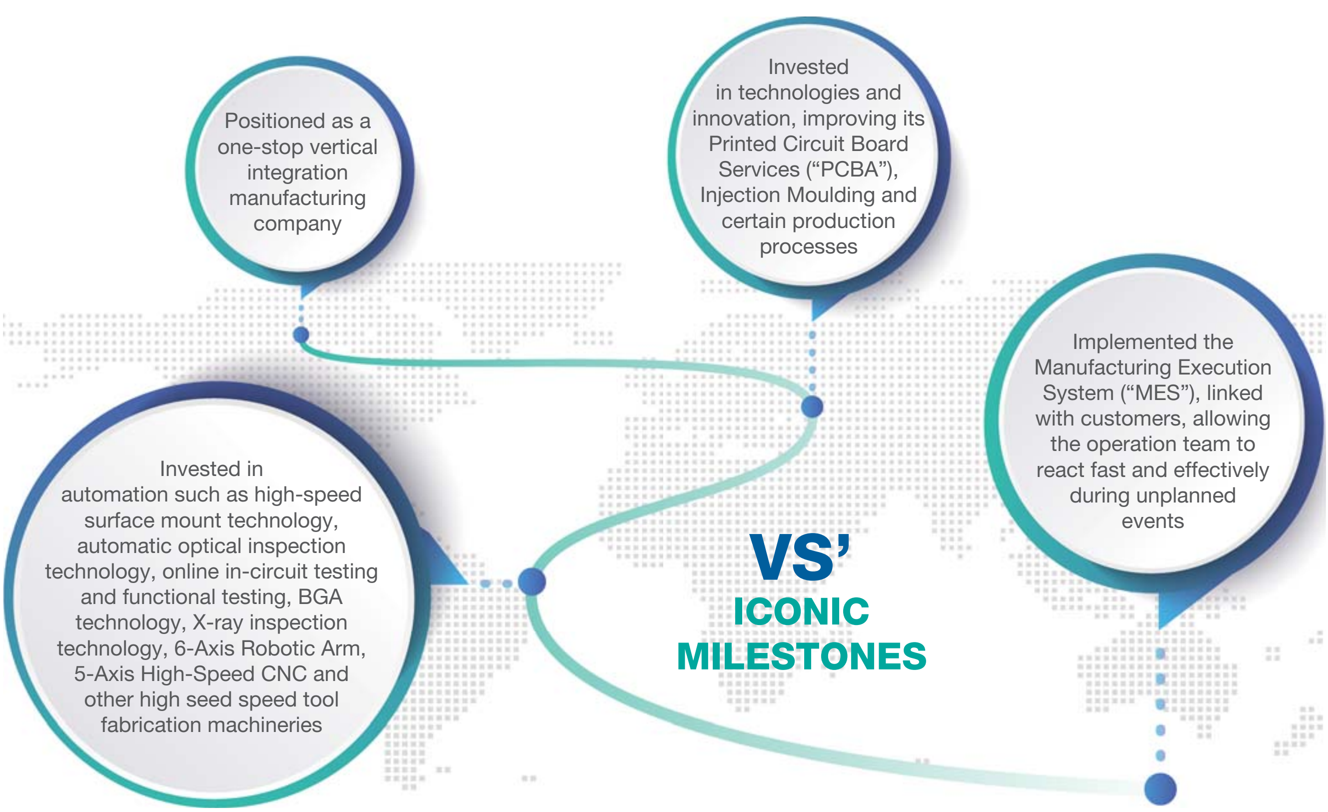
VS is optimistic about the future as Malaysia becomes a leading global manufacturing nation by adopting Industry 4.0. Delivering a standard of excellence in our execution remains our key focus. We will continue to create value for our customers, employees, shareholders and other stakeholders within our industry and sphere of influence.

INNOVATION, GROWTH AND SUSTAINABLE DEVELOPMENT

VS is a home-grown manufacturing company that is transitioning to 'Industry 4.0'. The Group strives to create profitable growth, with clear and focused leadership objectives in its end markets.

Innovation drives sustainability and growth. Customers enjoy an extensive array of services, ranging from product design and development to product manufacturing, material procurement and logistics solutions. Customers can focus on growing their businesses.

Over the years, business operations have expanded to include value-added products and services such as plastic finishes, PVC labelling and electronic assemblies using advanced auto insertion and surface mounting technology.



Our Economic Impact

As a leading one-stop integrated Electronic Manufacturing Services provider, we contribute our expertise in advancing the nation and the industry through memberships in various industry associations.

Active Memberships in Industry Associations

Expansion is inevitable due to continuous growth. Our new facilities, constructed at I-Park @ Senai Airport City, Senai, Johor, are almost complete. Six new plots of land, measuring 413,682 ft^2, will increase the production land area by almost 25% to approximately 50 acres (20.23ha). This increase will cater to allow future expansion including capturing opportunities from the global market.

Federal of Malaysian Manufacturers ("FMM")	Supplier Ethical Data Exchange Certification ("SEDEX")
Malaysian Employers Federation ("MEF")	Responsible Business Alliance ("RBA")
Malayan Employers' Consultative Association ("MECA")	Malaysia-China Chamber of Commerce ("MCCC")
Malaysian International Chambers of Commerce and Industry ("MICCI")	Malaysian Plastics Manufacturers Association ("MPMA")

BUILDING A RESPONSIBLE SUPPLY CHAIN

VS is committed to conducting all business operations sustainably by applying the highest ethical standards. Suppliers play an important role as enablers of our sustainable growth and overall success. Our supply chain practices are guided by the Group's Supplier Code of Ethics on Business Integrity. Suppliers must explicitly acknowledge and adhere to the principles in this Code and ensure that any sub-contractors also comply with these principles. Suppliers must apply our high standards to their own supply chain. Sustainability is incorporated into the supply chain by:

- Managing environmental, social and economic impacts; and
- Encouraging good governance practices throughout the lifecycles of our operations.

> ***"Business is often taking the initiative to move things forward. Focusing only on the business case underplays the value that business is and should be providing in society and with regards to development"***
>
> *– Mads Øvlisen, Chair of the UN Global, Compact Advisory Group on Supply Chain Sustainability*

VS is also committed to honouring the ten principles of the UN Global Compact in its supply chain, which:

- Prohibit all types of discrimination or the use of child or forced labour; and
- Require that the freedom of association and the right to collective bargaining be upheld.

The UN Global Compact principles are included in our Code of Conduct by reference and specifically cover relationships with external service providers under the headings of human rights, labour conditions, environmental impacts and anti-corruption.

Our main supply chain responsibility agenda address labour and human rights, safety, ethics and environmental risks. New products and suppliers are evaluated to ensure they comply with these requirements during the overall evaluation and selection process. We also take a fresh look at existing strategic suppliers in our periodic contract reviews and perform on-site inspections of individual suppliers. We partnered and collaborated with vendors virtually due to the Covid-19 pandemic.

Suppliers can notify the Group of any known or suspected improper behaviour using a dedicated reporting channel. They can reach out to the Head of Internal Audit and all reports are strictly confidential.

Local Procurement

Local procurement creates value for local communities. Improving our local content approach is similar to considering the impact our actions have on the local environment. Helping local suppliers improve their capabilities also supports them attaining higher technical, health and safety, and business standards.

However, VS' operations require niche mechanical parts and components. Foreign suppliers are sought as some of these parts and components are unavailable locally.

Percentage of Local and Foreign Suppliers Engaged

	FY2019		FY2020		FY2021	
	Local	Foreign	Local	Foreign	Local	Foreign
VSI	74%	26%	71%	29%	70%	30%
VSP	50%	50%	47%	53%	42%	58%
VSE	60%	40%	59%	41%	58%	42%

Percentage of Local and Foreign Suppliers Expenditures

	FY2019		FY2020		FY2021	
	Local	Foreign	Local	Foreign	Local	Foreign
VSI	52%	48%	49%	51%	48%	52%
VSP	50%	50%	45%	55%	47%	53%
VSE	18%	82%	22%	78%	20%	80%

Supply Chain Sustainability

We have integrated environmental, social and financial business practices into our supply chain life cycle. Suppliers' materials selection, quality, treatment of workers and overall sustainable practices are considered along with more formal certification including:

√ ISO 9001:2015 Quality Management Systems including safety requirements
√ Safety Management Standards
√ ISO 14001:2015 Environmental Management System

Our supplier agreements stipulate that:

- Suppliers must operate their businesses in line with Bursa Malaysia's and other authorities' sustainability requirements; and
- Suppliers' businesses must be economically, environmentally and socially sustainable at all times.

Environmental Supply Chain

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

Environmental policies are integrated into the supply chain. Our expectations of major suppliers are communicated through our regular communication with the suppliers.

Potential/new suppliers are subject to an environmental risk assessment as part of due diligence to ensure their complete compliance with our environmental standards. Similar risk assessments are also performed for existing suppliers, especially those who are environmentally high-risk. We conduct random and timely inspection audits on our suppliers. There were no major cases of non-compliance discovered during our FY2021 inspections. Suppliers and dealers are invited to join us on our green journey. They are encouraged to monitor, record and report their environmental performance and impact reduction.

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

SUSTAINABILITY STATEMENT
(Cont'd)

Social Supply Chain

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

- Policies on the prevention of child labour: VS and all suppliers must adhere to the Malaysian Labour Law on the minimum legal working age. VS and its suppliers will obtain copies of legal documentation providing the age of all workers and conduct background checks to support documentation if necessary
- Policies on the prevention of forced labour, which states that no work shall be performed under the threat of punishment or confiscation of belongings that the worker has not agreed to. Employment should be freely chosen and VS workers are never forced to lodge deposits or identity papers with the Company.
- Policies on the provision of equal opportunities and non-discrimination in hiring, remuneration or access to training, promotion, overtime, termination or retirement.
- Freedom of association where everyone is respected to have the freedom to belong to any organisation of their choice, in accordance with local freedom of association law.
- Right to collective bargaining and forming a union including the right to representation and discussion with the company on employment matters.
- Eliminating excessive working hours by offering fair overtime pay and limiting working hours. It is clearly stated in VS' Ethical and Environmental Code of Conduct that overtime shall be voluntary and must be paid at a premium rate. In any case, VS has set a policy that working hours are not more than 60 hours per week, including overtime, except in cases of emergency or unusual situations.
- Meeting or exceeding Malaysia's minimum wage.
- A safety policy, code and practices on the provision of a safe and healthy workplace.

Helping suppliers to Improve their Performance

VS helps suppliers improve their sustainability performance through dedicated learning about risk issues. Areas covered include labour (including working hours and forced labour), ethics, health and safety, the environment and management systems.

Engaging with major suppliers helps build capacity in areas such as social and environmental issues. During these engagement sessions, we share best practices from other industry players for their development.

Regular training raises awareness of our global suppliers worldwide and engages them in responsible business. Suppliers can raise their concerns through the supply chain team channel and during regular meetings with the supply chain team and suppliers, the annual supplier assessment and the critical component supplier quarterly business review.

Responsible Sourcing of Materials and Labour

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

- Sourced materials and minerals are produced or mined in an environmentally responsible manner;
- Working conditions are safe and the work is chosen freely; and
- Sourcing of minerals must be in accordance with local, national and international laws.

VS has established a policy to reasonably assure any 3TG (tin, tungsten, tantalum and gold) materials, used in manufacturing its products, neither directly nor indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or adjoining countries. VS exercises due diligence on the source and chain of custody of these minerals. These due diligence measures are made available annually, shared with customers and retrievable at all times.

Affirmation of Our Compliance to Social and Environmental Supply Chain

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

The RBA code of conduct covers five principal areas. It outlines practices that promote fair working conditions, comprehensive labour protection and environmentally-friendly manufacturing processes for the electronics industry. Formerly known as the Electronic Industry Citizenship Coalition (EICC), the Code provides the basis of the RBA auditing. VS excelled in its recent RBA audit, which certifies VS' compliance with its guidelines.

THE RBA CODE OF CONDUCT

A. Labor

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

B. Health and Safety

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

E. Management Systems

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

D. Ethics

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

C. Environmental

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

Source: RBA Code of Conduct www.responsiblebusiness.org

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Precisely Right.

ETHICS AND INTEGRITY

Integrity is a fundamental business philosophy and deeply rooted in the corporate culture. All board members and employees have accepted the company's integrity and delivery of the anti-corruption policy. They have also completed anti-corruption education and training.

Anti-Bribery and Corruption

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

We recognise and value	V.S. Group of Companies' relationships with all third parties including business associates, partners, vendors, suppliers and service providers.
We are committed to	Building good relationships with Business Partners who share the same ethical business practice and standards.
We do not tolerate	Any form of corruption and take serious action against any attempt of corrupt practices by employees and business partners.

Bribery and corruption refer to the offering, promising, giving, accepting or soliciting of a benefit or gratification of any value which can be financial or non-financial, directly or indirectly, and irrespective of location, in violation of applicable law as an inducement or reward for a person acting or refraining from acting in relation to the performance of the person's duties.

Employees found to have been involved in bribery are subject to disciplinary action that can lead to termination. Heads of departments and sections must ensure that all employees adhere to the Anti-Bribery and Corruption Policy.

The Board of Directors oversees our compliance with anti-corruption policies and compliance. Every employee is responsible for preventing and reporting instances of corruption, bribery, suspicious activity or wrongdoing which may lead to bribery using our whistleblowing channels.

Components of Our Comprehensive Anti-Corruption Efforts

A keen understanding of corruption risk exposure is the foundation of an effective anti-corruption compliance programme. Corruption risks, including bribery, are important elements in VS' risk register. This keen understanding helps the Company design effective mitigation strategies and strategically deploy resources to combat potential instances of bribery, corruption and fraud. This is especially important for operations deemed to be of high risk. VS conducts corruption risk assessments for intermediaries including contractors and agents. Our anti-corruption policy is clearly communicated to these intermediaries.

Communicating our firm position on anti-corruption and anti-bribery to all stakeholders

- Employees receive a copy of the Employee Handbook, which includes anti-corruption and anti-bribery, upon joining the Company.
- Each must sign an acknowledgement form and return it to the Human Resources Department.
- Employees are reminded of our firm opposition to corruption during regular engagement sessions.
- The anti-corruption policy is also communicated to suppliers, contractors, subcontractors, agents, joint venture companies and third parties.

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

All business dealings are transparent and are accurately reflected in VS' business books and records. Monitoring and enforcement procedures have been implemented to ensure compliance with anti-corruption laws in Malaysia.

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

Policy Engagement

Sound public policy requires input from a variety of stakeholders. Public policy decisions made at all levels of government can significantly affect current and future operations. We exercise our right to support policies that promote stable investment for long-term business viability.

All donations and sponsorships are made in accordance with VS' internal regulations to prevent:

- Any bribes from being offered or received; and
- Any illegal political contributions from being given.

No political contributions (RM0) were made during the year.

Whistleblowing

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

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

Whistle-blowers are encouraged to contact the Group Internal Audit Department or the appointed Independent Non-Executive Director who is the Chairman of Audit and Risk Management Committee (ERMC) by e-mail or in writing. The Head of Internal Audit prepares a summary report, without naming the whistle-blower, and presents it to the Company's Audit and Risk Management Committee.

These senior officers of the Company are trained to handle these reports, bullying, harassment, bribery, financial irregularity and other offences.

ENVIRONMENTAL

VS relentlessly pursues environmental sustainability, increasing resources to manage its environmental impact amidst business growth. The Group shoulders a fair share of responsibility and acts as a responsible corporate citizen in embracing sustainability. Closely monitoring trends and changes in environmental policies allows us to update our management systems to conform to new regulations and requirements as necessary.

Environmental management system improvements are realised by:

- Continuously monitoring our performance in key indicators such as electricity, fuel and water consumption; and
- Implementing the corresponding resource-efficiency and conservation initiatives.

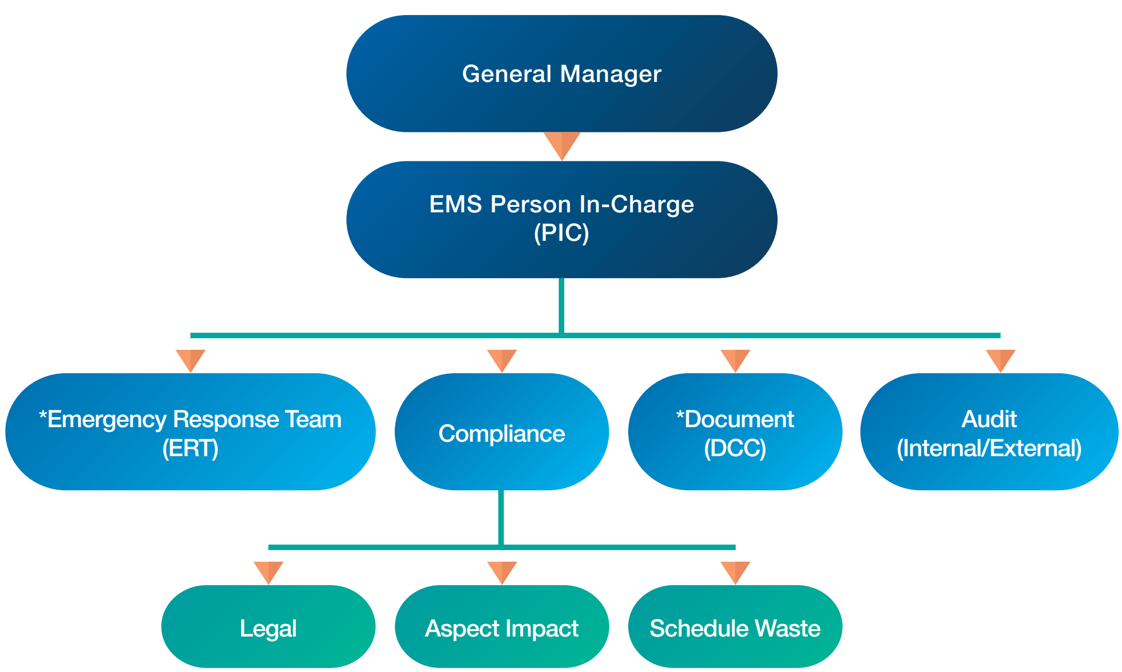
Currently, V.S. Plus Sdn Bhd has been certified with the ISO 14001:2015 Environment Management System for assembly services for mechanical and electrical products. VS is in the process of expanding this accreditation scope. During FY2021, verification work by an independent technical reviewer, SGS's Certifying Office HQ, was completed at VS Industry Berhad and we have received a recommendation for ISO 14001:2015. As of FY2021, most sites (at least 50%) are covered by ISO 14001. The remaining plants do not require such certification due to the nature of operations. In FY2021, there were no fines, penalties or non-monetary sanctions (RM0) for non-compliance with environmental laws and regulations.

OPTMISE ENVIRONMENTAL MANAGEMENT APPROACH

VS is exploring several models to improve the effectiveness of its environmental management framework.

Led by the General Manager, VS' Environmental Management Team is responsible for ensuring that the environmental policy and objectives are established and integrated into the organisation's business processes.

ENVIRONMENT MANAGEMENT SYSTEM ORGANIZATION CHART



EMBRACING GREEN PRODUCTION

VS is committed to providing green products to customers and end users. The environmental impact of the production process is considered from the early stages of research and design. During the manufacturing process, the quality of raw materials is strictly controlled to ensure that the final product meets the relevant environmental standards and acts as a green foundation for EMS industries.

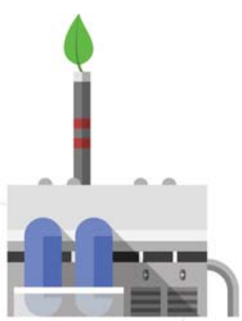
Many materials used in electronics manufacturing, such as solder, protective coatings and paints, are toxic for humans and the environment. These materials can pollute the environment when electronics are discarded; sometimes, they harm workers during recycling.

VS has introduced many safety restrictions governing the use of these hazardous materials to protect the environment and recycling workers. For example, the Restriction of Certain Hazardous Substances (RoHS) came into effect in 2006. RoHS significantly reduced the levels of toxic materials entering the environment during recycling. Lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ethers were reduced.

ENERGY MANAGEMENT

VS is committed to addressing energy use and efficiency and has continued to replace traditional lightings with energy-saving LED and induction lights throughout the year. All new air-conditioning units are at least a three, but preferably four-star rating, which indicates their power efficiency.

Macro Environmental Protection Initiatives



Adopt cleaner production policies

Reduce the use of unnecessary resources

Implement new energy-saving and emission reduction measures

Improve energy efficiency and reduce exhaust gas through technological innovation and implementation

VS ENERGY MANAGEMENT POLICY

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

- Adhere with the relevant legislation and regulations with respect to energy
- Train, improve and promote energy efficiency continuously by implementing effective energy management programmes throughout the organisation
- Communicate with employees, government agencies and the community on energy management
- Identify, implement and develop measurable target of the energy conservation projects
- Conserve energy resources through best practices and integrate energy management in business activities
- Periodically review the energy management policy to ensure its effectiveness and suitability to nature of work

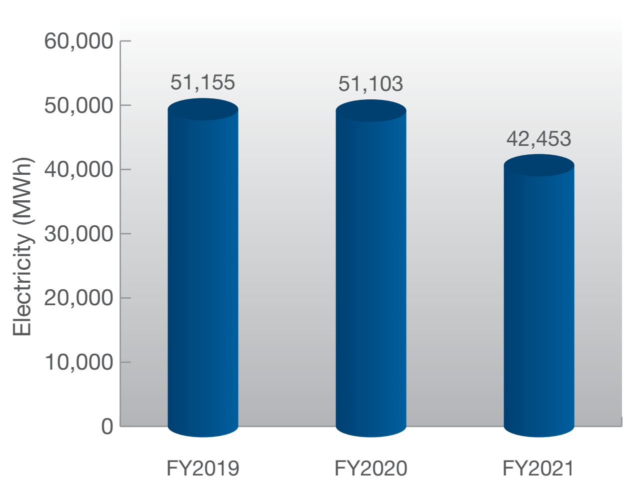
VS' Environmental Management Plan examines the management and analysis of resource consumption and formulating and implementing annual energy-saving measures. The operations team regularly inspects each plant's energy consumption and adjusts the output level of facilities, such as lighting and ventilation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

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

2% REDUCTION

Annual Energy Target

Group Electricity Consumption



What's Coming Up

Currently, there are ongoing discussions regarding the installation of solar panels at selected sites. Renewable energy will help reduce the Group's energy consumption and GHG emissions. The system's performance can be monitored remotely and key system data can be accessed and analysed in real time.

CLIMATE CHANGE MANAGEMENT

VS is committed to producing in a way that helps protect people, the environment and local communities. Mitigating climate change risks is a significant part of this commitment. We recognise the devastating effects and associated short- and long-term business risks that climate change presents. VS' strong commitment to addressing this issue includes avoiding the impact of climate change by improving the efficiency of operations. Our climate change strategy includes working with employees and supply chain partners on energy-saving processes and a complete climate change risk assessment.

Climate-related risk management is integrated into the company-wide risk scorecard and is part of the foundation in formulating our business strategy, deciding on future R&D as well as investments in technology. VS' climate risk management process includes mitigation efforts to reduce greenhouse emissions, climate engineering and expanding climate system knowledge.

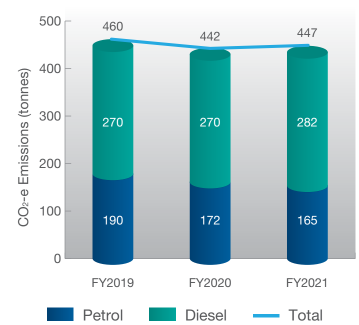
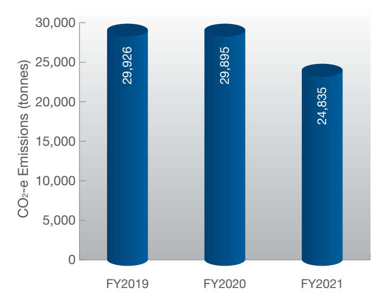
Inevitably, climate change affects operating costs (OPEX) and capital expenditure (CAPEX). Efficiency, output and performance of assets and equipment can decrease due to changing climate conditions. Additional CAPEX may be required due to asset damage or decreased asset performance. Further, complying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

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

Our management team, overseen by our Operations Director, Mr Ng Yong Kang, who also sits on the Board, devises strategies to manage and minimise our environmental footprint. Progress reports and proposals on energy management, climate change and pollution reduction, supported by financial indicators and Return on Investment (ROI) calculations, are presented to the Board. In FY2021, we invested RM184.65 million on initiatives associated with climate change. These costs were spent on R&D, advancing building and facilities, machinery and automation. This investment increased threefold compared with the previous year.

Total Investment (RM)	2019	2020	2021
	RM86 million	RM64 million	RM184.65 million
Composition of Investment			
Building and facilities	79%	13%	47%
Machines	21%	87%	46%
Automation	0%	0%	7%

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

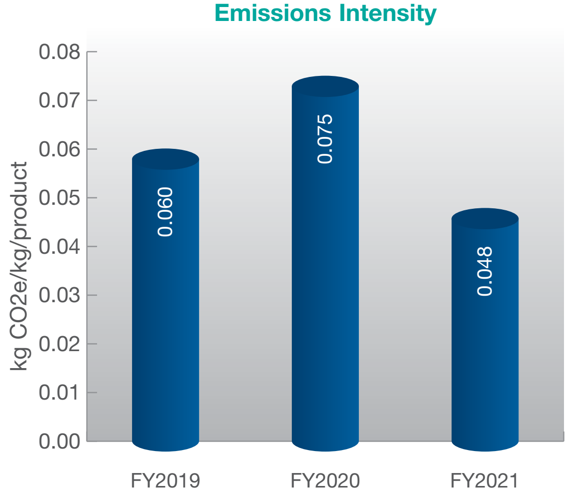
Scope 1 **Coverage: entire Group (100%)**	Petrol and diesel are used to power company-owned vehicles. Small amounts of diesel are also used to test VS' generators. CO_2 emissions from the consumption of fuel were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.	
Scope 2 **Coverage: entire Group (100%)**	CO_2 emissions from electricity use: • In Malaysia were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid	
Scope 3 **Coverage: entire Group (100%)**	GHG emissions resulting from air travel were calculated point to point including the number of employees on board and distance travelled. Separate calculations were performed for business and economy class flights. Online tools derived from the WRI Greenhouse Gas Protocol were used to calculate the CO_2 emissions from air travel.	*Our scope 3 GHG emissions are derived by calculating emissions resulting from air travel. We did not perform this calculation due to travel restrictions and border shut-down during most of FY2021.*

EMISSIONS INTENSITY

Total operational emissions are a poor indicator of emissions efficiency as the volume of products can fluctuate each year. As the number of products manufactured increases, one would expect the carbon emissions to increase accordingly.

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

Emissions Intensity



POLLUTION PREVENTION AND CONTROL

Increasingly, pollution is responsible for harming all life. VS is committed to addressing pollution by:

- Identifying resources and the generation of all types of waste;
- Avoiding their impact and improving efficiency;
- Examining our water and energy performance;
- Reducing or eliminating pollution at its source; and
- Modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials where applicable.

Resource use and the cost of materials can be reduced by adopting efficient production and packaging procedures. VS commits to addressing its resource use and avoiding impact by using resources more efficiently and reducing the quantity and toxicity of waste generated.

Proportionally Decreasing Materials Costs

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

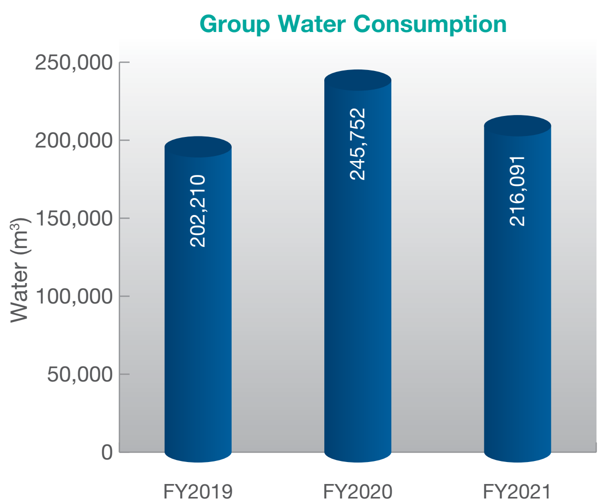
The manufacturing plants at VSI and VSE facilities emit air through chimneys. Regular chimney emission testing, also known as stack sampling or stack monitoring, is conducted to study the levels of effluent pollutants being released into the atmosphere. Tests conducted during the year confirm that emissions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

The replacement of Air Conditioning Refrigerant Gas R22 with environmentally-friendly R32 also continued throughout the year.

MANAGEMENT OF WATER USAGE

VS does not have any (0%) operations in water-stressed regions. However, we make every effort to manage this resource efficiently and minimise water use at all sites. All stakeholders we work with are invited to support us in this endeavour. Primarily, raw water is sourced from Ranhill SAJ Sdn Bhd, an integrated water supply company.

Similar to energy management, each business division is responsible for managing water resources. VS formulates and implements water-saving measures and carries out a water balance test if necessary. During FY2021, we replaced auto-closure water taps at our plants and offices to reduce water consumption. We also practise rainwater harvesting for our cooling tower and toilet use.



We have set goals to minimise resource use wherever possible. Quantified targets, beyond regulatory requirements to reduce resource use including water have been set at several of our plants. Our progress against previously set targets are presented below. We will continue to monitor and manage our water consumption and conserve water whenever possible.

Plants	Time-specific Target (yearly)	Total Consumption per unit produced in FY2021
V.S. Industry Berhad (VSI)	<0.030 m^3/unit	0.023 m^3/unit
V.S. Electronics Sdn Bhd (VSE)	3.329 m^3/worker	3.337 m^3/worker

WASTE MANAGEMENT

VS is committed to avoiding the impact of waste by addressing the volume generated and recycling it whenever possible. VS promotes reducing waste, recycling, proper waste management and waste sorting activities. We will continue to explore feasible waste and pollution reduction options.

Waste is categorised, stored and handled depending on its type. Hazardous waste is treated with particular caution to minimise the risk of contamination or spillage. The storage facilities of each plant are carefully configured to safely store all waste, particularly hazardous.

Two audits were performed in FY2021: an EMS internal audit and a third-party audit. Both audits were qualified with minor observations.

VS will continue to track its waste generated and disposed of by operations. The following sections detail the management of each type of waste and volume disposed of during the past three years. The coverage of hazardous, non-recycled and recycled waste data reported below covers the entire Group (100%).

Harzardous Waste

Chemicals and other materials that are environmentally hazardous are identified and managed. VS appointed a Department of Environment-licensed contractor for the safe handling, movement, storage, use, recycling or reuse and disposal of hazardous waste. VS conducts regular audits on the licensed contractor to ensure complete compliance with Malaysian law.

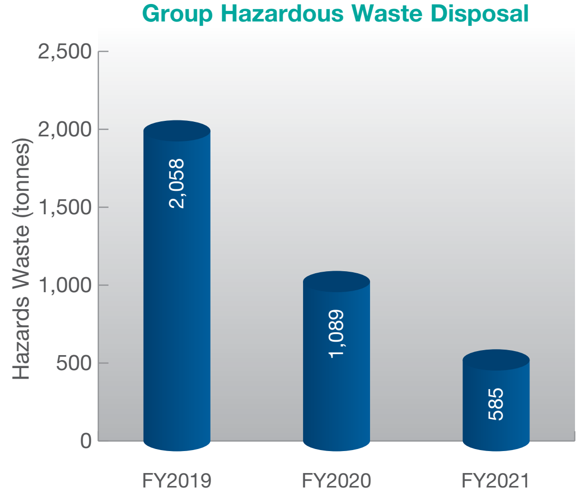
All hazardous wastes from operations handling	• Environmental Quality (Scheduled Wastes) Regulations 2005 • Other relevant environmental-related legislations in the Environmental Quality Act 1974 (EQA 1974)
Hazardous waste containers labelling	• Third Schedule (Regulation 10), Environmental Quality (Scheduled Wastes) Regulations 2005

VS adheres to all applicable laws of Malaysia, regulations and customer requirements regarding the prohibition or restriction of specific hazardous waste substances in products and manufacturing, including labelling hazardous waste for recycling and disposal. Adequate and effective programmes, established for materials restrictions as a formal part of the procurement and manufacturing processes, include:

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

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

Group Hazardous Waste Disposal



We have set goals to reduce waste wherever possible. Quantified targets, beyond regulatory requirements to reduce waste have been set at several of our plants. Our progress against previously set targets are presented below. We will continue to monitor and manage our waste disposal across all our plants.

Plants	Time-specific Target (yearly target)	Total Scheduled Waste in FY2021
V.S. Industry Berhad (VSI)	<0.0033 kg/unit	0.00205 kg/unit

Progress Against Targets at V.S. Industry Berhad

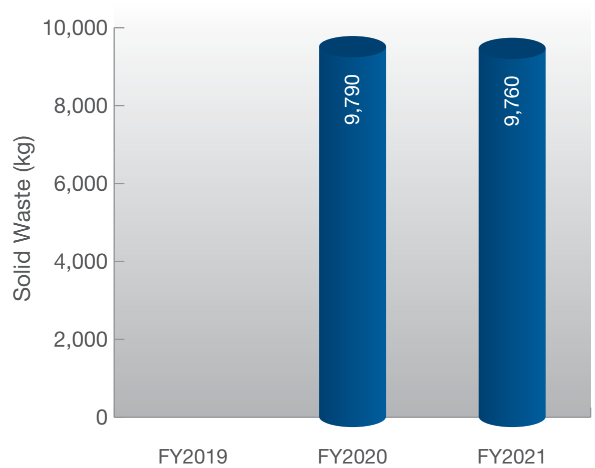
SW 410	2019	2020	2021
Target (kg)	2140.00	2140.00	2842.00
Actual (kg)	4548.00	2538.00	2110.00
Act/Target Index	2.13	1.19	0.74

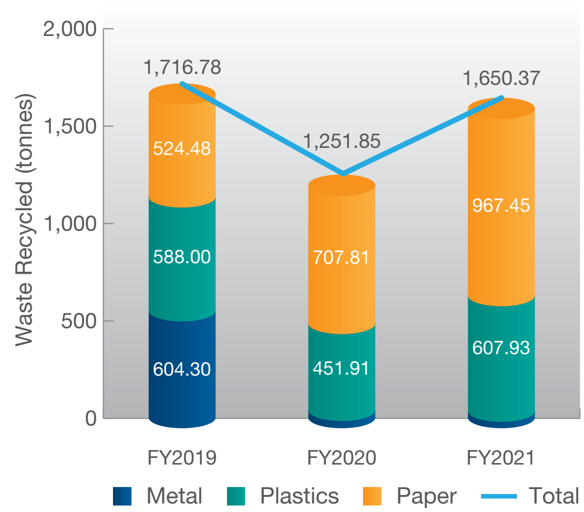
Solid Waste

VS implements a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous). Initiatives undertaken include:

- Delivering adequate and effective training for those who handle solid waste;
- Establishing metrics and systems to track, report and improve targets;
- Adopting a compliance monitoring process.

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





PREVENTING NOISE POLLUTION

Occupational noise is regulated in the workplace with corrective steps being taken to protect employees from excessive exposure. Noise from plant machinery could also affect the surrounding environment. Voluntary monitoring activities are being implemented at six sites and the results show that all noise levels are acceptable.

VS implements noise reduction strategies in its industrial settings. An effective approach to noise attenuation is using systems that minimise noise from the onset. Control techniques include selecting efficient equipment and adjusting fan speeds.

SOCIETY

VS' community investment principles are aligned with the focus area of building the wellbeing and development of local communities. Closer alignment of the business strategy and community investment produces better outcomes for the Company and local communities. Community investment focuses on a well-defined purpose of achieving transformation for the better.

Helping our neighbours during the pandemic was an important focus of our social investment activities in FY2021. A series of social investment and support initiatives helped communities, non-profit organisations and the Government address the Covid-19 crisis. We supported local communities through donations to meet Covid-19-related needs and through creative, socially distanced employee volunteer opportunities.

We will continue to advocate children's rights, especially their right to education. In FY2021, donations to schools and non-profit organisations totalled RM78,600. Forty families and ten students, children and other individuals benefited from this.

HUMAN RIGHTS

Human rights are respected throughout operations and extended value chain as we conduct business ethically and sustainably. We operate in accordance with international human rights instruments including the Universal Declaration of Human Rights. We adhere to all applicable employment and human rights laws where operations are based.

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

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

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

VS' Principles on Labour Practices and Human Rights

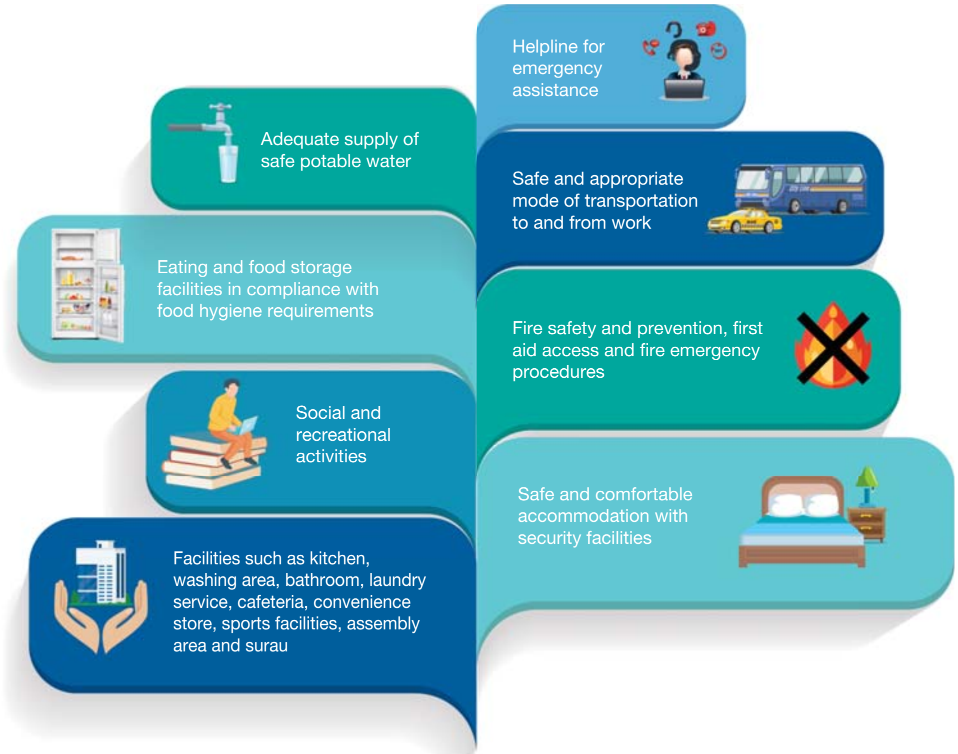
- ✔ Provides a safe and healthy workplace for associates, free from discrimination and harassment
- ✔ Respects and protect the rights of indigenous people
- ✘ Does not use child, forced, prison, indentured, bonded or involuntary labour
- ✘ Prohibits discrimination in the hiring and employment practices including gender, race, religion, age, disability and nationality
- ✘ Prohibits physical abuse, harassment of associates and threats of either
- ✔ Supports freedom of association and the rights of workers and employers to bargain collectively
- ✔ Foreign or migrant workers must be employed in full compliance with labour and immigration laws.

SALIENT HUMAN RIGHTS ISSUES

VS assessed potential negative human rights impacts and performed an assessment of salient human rights issues. Integrating salient human rights into company practices and related processes ensures human rights are respected and promoted throughout all operations. VS identified the following potential human rights impacts affecting its operations.

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

Facilities Provided for Workers at Our Hostels



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

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

LABOUR PRACTICES AND DECENT WORK

The Company's success is dependent on having a world-class workforce and a culture defined by our values. FY2021 continued to focus on making VS a great place to work through quality leadership, learning and engagement, diversity, equity and inclusion for all employees.

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

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

A DIVERSE WORKFORCE

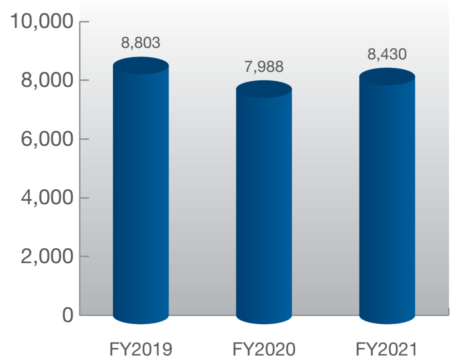
VS is committed to employment policies that provide and promote equal employment opportunities for all employees. We maintain a workforce that is tolerant and respects inclusion and the dignity of all staff. As of FY2021, we have 8,430 employees of which 1,882 are new hires. All employees are employed on a fulltime basis. Currently, we employ no (0%) contractors or temporary staff.

Moving the Gender Equality Needle in the Electronics Industry

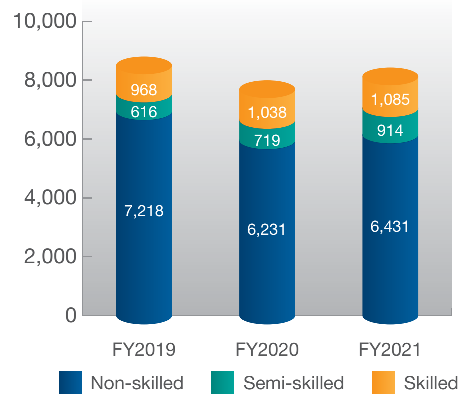
The challenge of attracting and retaining female talent in the electronics industry has been pushed further up the boardroom agenda. Traditionally, the tech industry has endured male dominance for many reasons.

This is not true of VS as we integrate strong diversity agendas into our strategic business goals. We introduced diversity initiatives many years ago to raise awareness in the industry.

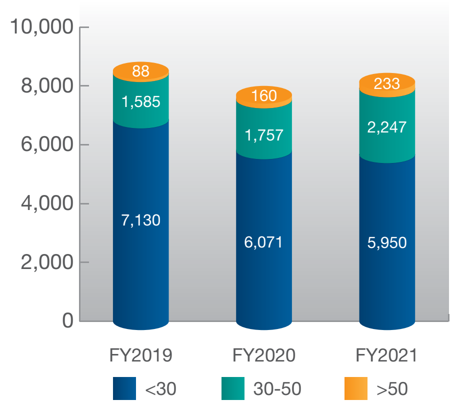
Workforce Strength



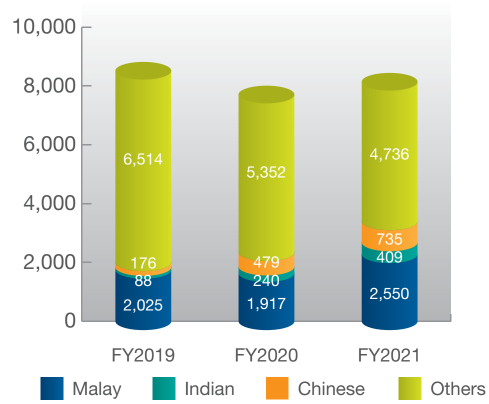
Breakdown of Employees by Category

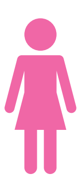


Breakdown of Employees by Age Group



Employees breakdown by Ethnicity



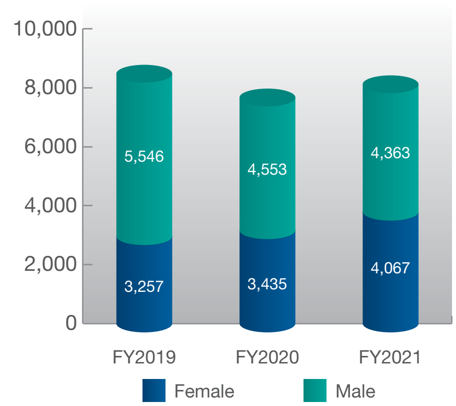


48%

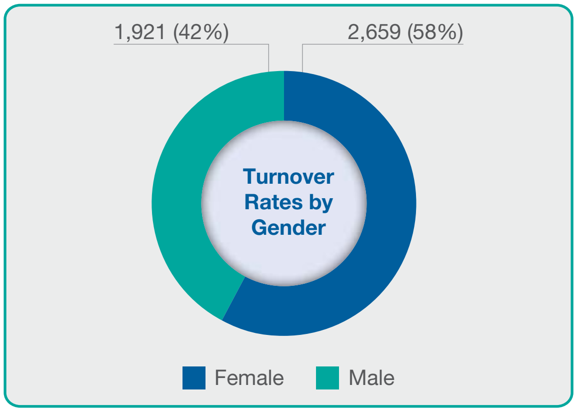
of VS' total workforce are women

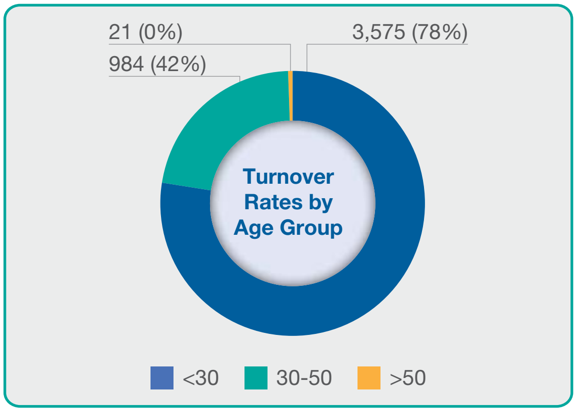
Today, women make up 48% of the total workforce with 27% of managers and 20% of senior managers also being women.

Breakdown of Employees by Gender



In FY2021, the turnover rate of our full-time staff was 54% of which 86% are direct labour.





Non-Discrimination

VS is committed to a workforce that is free of harassment and unlawful discrimination.

All employees are treated equally and fairly regardless of:

race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation, covered veteran status, protected genetic information or marital status.

All employees are protected in:

Hiring and employment practices such as wages, promotions, rewards and access to training.

We uphold our stand of 'equal pay for equal work' and comply with all local laws. The principle of equal remuneration for work of equal value must be respected when setting different minimum wages.

We do not subject employees or potential employees to any medical tests or physical exams that could be mismanaged in any discriminatory way. There were no reported cases of discrimination related to equality and diversity in FY2021.

Equality in Recruitment

VS adheres to local labour laws during recruitment with preference being given to hiring locally. However, diverse talent and expertise are extremely important for a Group with an ever-expanding international customer base. When these talents and expertise are unavailable locally, they are sourced internationally. VS does not discriminate in its hiring process. However, 0% of our employees were disabled as of the end of FY2021.

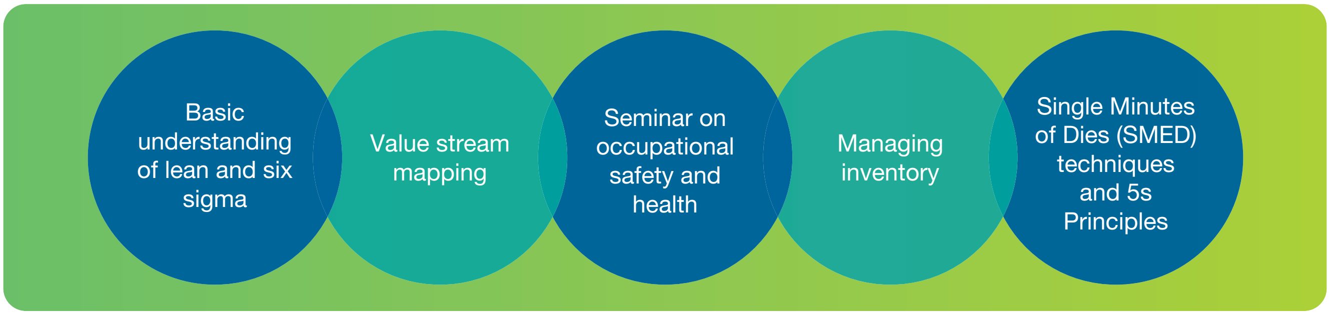
TRAINING AND DEVELOPMENT

The Group's international reach creates a rich multicultural environment and a diverse choice of professional fields. Maintaining employees' long-term employability is a key factor in business success. Investing in employee development through personal development training has helped manage this risk. Our customised training policy is designed to:

- Make it easier for employees to acquire new skills to stay abreast with changing industry expectations and technology; and
- Help maintain each employee's long-term employability.

The total annual training hours per employee decreased slightly in FY2021 due to the Movement Control Order (MCO) that was enforced for much of the year.

Examples of Personal Development Training Programmes Conducted in FY2021



Training	Unit	FY2019	FY2020	FY2021
Total time	hours	655	972	475
Average hours of training per year per employee	hours	1.8	1.5	1.0

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

In conformance with the laws of Malaysia, VS respects the right of all employees to:

- Freedom of association
- Form and join trade unions of their own choosing
- Bargain collectively
- Engage in peaceful assembly
- Refrain from such activities

Employees and their representatives can communicate openly and share their ideas and concerns with the management. They are free to discuss working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment.

VS respects the Industrial Relations Act 1967 and relevant local laws that protect the rights of workers to bargain collectively in the context of the International Labour Organisation (ILO) standards. Although we do not have a formal union in place, our employees and workers are free to join any of their choice. We support them by addressing any raised issues.

Our Ethical and Environmental Code of Conduct clearly states that every worker has the lawful right of free association, whether joining or not joining such bodies. Where the right to freedom of association and collective bargaining is restricted under Malaysian law, VS will facilitate and does not hinder the development of parallel means for independent and free association and bargaining.

Our whistleblowing channel also serves as a mechanism to allow employee representatives to engage with management.

SALARY AND BENEFIT

VS' reasonable salary policies are based on the principles of fairness and reasonableness. The principle of equal pay for equal work is also recognised, provided the basic terms are the same. Remuneration investigations ensure that all basic salaries exceed the minimum wage required by law.

Employees' wages comply with all applicable Malaysian laws such as working hours, minimum living wages, overtime hours and legally mandated benefits. In compliance with Malaysian law, workers are compensated for overtime at pay rates greater than the stated regular hourly rates. Docking wages as a disciplinary measure is not permitted. We also try to eliminate excessive working hours by limiting them.

Employment Benefits

How COVID-19 Affected Employee Benefits

RECOGNISING VOLUNTEERISM AND ENCOURAGING PARTICIPATION

We held an In-House Vaccination Programme at our headquarters from 11 to 26 August 2021. We achieved a 99.8% vaccination record for the entire workforce with 11,040 employees coming forward.

Employee volunteerism contributed to the success of this programme and is embedded in the individual scorecard. VS has a specific target in facilitating employee engagement by making employees feel part of a community. Employees have the opportunity to share and display their very best work. We also facilitate channels where each employee can raise issues and give feedback.

NOTICE PERIOD FOR OPERATIONAL CHANGES

VS' practice is to provide a minimum of one month notice period for any operational changes that may affect employees' working arrangements.

SPEAK UP AND OPEN-DOOR POLICY IN THE WORKPLACE

A grievance procedure allows employees to raise any concerns before they become unmanageable. Employees are encouraged to resolve disputes and minor problems amicably and informally between themselves or with their immediate supervisors whenever possible. Employees may raise unresolved issues to the Human Resource Manager who may escalate them to the Board of Directors if necessary.

Due consideration is given to all grievances and complaints and the Company makes every effort to resolve them promptly and fairly.

HEALTH AND SAFETY

VS' prime objective is to establish a safe, healthy and environmental (SHE) friendly working environment for all workers in a practical manner. Health and safety are important and prioritised throughout the group.

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

Our Safety and Health Committee comprises a chairman, a secretary and both management and employee representatives. This committee meets regularly to review safety concerns and performance. Operations Director, Mr Ng Yong Kang, who also sits on the Board, devises and oversees the implementation of EHS programmes and management of EHS risks. The Company conducts internal and external audits to verify the effective implementation of the EHS programmes and conformance to safety and health standards.

Composition of VS' Safety and Health Committees

Property	Chairman	Secretary	Employer Representatives	Employee Representatives
VSI (18/20)	2	1	6	8
VSI 98	1	1	7	7
VSI 78	1	1	6	6
VSE	1	1	10	10
VS-89	1	1	6	6

VS has established an ongoing practice to minimise incidences of work-related injury and illness. Ongoing training and education are also delivered to employees to identify and solve workplace health and safety issues. Most health and safety training programmes were conducted virtually during the year. These programmes were attended by Environmental, Health and Safety members, with at least 51 individuals.

Safety and Health Training	Training period
OSH Connect Conference and Exhibition 2020	30 November - 1 December 2020
Seminar Orang Yang Berwabawa Siri 1/2021: Ke Arah Pemamutan yang Berterusan	27 March 2021
Control of Industrial Major Hazards 1996: Demonstrategion of Safe Operation (DOSO)	16 - 17 July 2021
How to Formulate ERP – Contingency Plan in SW Facilities to Prevent Environment Pollution	5 - 6 June 2021
Safety Edge Virtual Conference 2021	24 - 25 May 221

Employees are provided with appropriate, well-maintained, personal protective equipment and relevant educational materials if hazards cannot be adequately controlled through normal means. Employees are actively encouraged to raise safety concerns to the management through:

- Anonymous suggestion boxes located throughout our facilities
- Designated helplines; or
- Direct feedback to a safety and health officer or committee member.

VS conducts health and safety risk assessments on potential new or existing operations or projects. The assessment results are benchmarked against industry standards and previously set safety performance targets.

Lost-Time Incident Rate of Employees and Contractors

Employees			Contractors		
FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
4	9	1	0	1	0

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

Our Safety Performance

Description	FY2019	FY2020	FY2021
Fatality Cases	0	1	0
Lost Workday Cases (LWC)	3	9	1
Restricted Workday Cases (RWC)	1	0	0
First Aid Cases (FAC)	0	0	0
Near Miss Cases	0	0	0
Dangerous Occurrence Cases	0	0	0
Fire Cases	0	0	0
Property Damage Cases	0	0	0
Vehicle Accident Cases	0	0	0
No. of Days Lost	19	6,069	5
Total Safe Man-Hours Worked	**8,560,800**	**5,520,000**	**5,428,000**

TOWARD ZERO ACCIDENTS

The health and safety of our people always come first. Accidents are preventable and we will continue to:

Instil a **ZERO** accident culture;	Empower our people to identify unsafe behaviours; and	Take action to help their colleagues adopt safe ways of working.

This relentless safety focus is effective with LTI rates falling significantly over the past few years. There were zero fatalities in this reporting period.

Emergency Preparedness and Response

VS' Safety Committee has identified and assessed potential emergency situations and events. Several emergency plans and response procedures have been implemented to mitigate these risks.

Emergency Plans and Response Procedures

Emergency reporting	Employee notification and evacuation procedures	Worker training and drills	Appropriate fire detection and suppression equipment	Adequate exit facilities and recovery plans

VS' Planning and Response to Covid-19

Covid-19 was a central focus of our occupational safety and emergency response efforts in FY2021. The safety of our workforce, their families and local communities were our first priority in responding to this crisis.

VS' Covid Task Force, comprising directors, was established to lead the Company's response to Covid-19. The Task Force was responsible for implementing Standard Operating Procedures ("SOPs") in line with the guidelines issued by the Ministry of Health (MOH) and the National Security Council.

A range of health and safety measures were introduced to keep employees safe based on:

- Guidance from the health authorities; and
- Ongoing engagement with various medical experts, industry peers and local communities.

SUSTAINABILITY STATEMENT
(Cont'd)

VS will closely follow the recommended safety measures from the World Health Organisation (WHO) and local governments to promptly update its procedures as necessary.

OPERATING RESPONSIBLY

VS places a strong emphasis on quality management. Our products and services comply with relevant regulations and maintain our reputation and market standing.

Our quality, environmental, safety and health management system meets international standards. The Group's products and services are well defined at every stage of manufacturing in terms of quality, environmental, and safety and health requirements.

Our Standards and Certifications

Company	ISO Standard	1st Certified Date	Certificate Expiration Date (Latest)
VSI (VS18 & VS20)	ISO 9001:2015	15/01/2003	21/11/2023
VSI (VS18 & VS20 & VS98 & VS78)	ISO 14001:2015	16/11/2019	15/11/2022
VSI (VS98 & VS78)	ISO 9001:2015	07/10/2019	06/10/2022
VSE	ISO 9001:2015	11/08/1997	03/12/2022
VSE	ISO 14001:2015	16/09/2004	15/09/2022
VSE	ISO 13485:2016	31/08/2010	27/12/2023
VSE	IATF 16949:2016	31/01/2007	25/10/2021
VS PLUS (VSP28)	ISO 9001:2015	18/10/2017	17/03/2023
VS PLUS (VSP 89)	ISO 9001:2015	10/01/2013	09/01/2022
VS PLUS (VSP 89)	ISO 14001:2015	16/04/2019	15/04/2022

CUSTOMER RELATIONSHIP MANAGEMENT

Delivering high-quality service is key to sustainable competitive advantage in the current environment.

Satisfying customer requirements and achieving excellence in customer relationship management are top priorities. Customer service regulations and processes have been systemised to ensure the consistency of VS' service quality. This serves as the basis for providing high-quality customer services, helping customers create value and maximising profits. We continue to support customers in technical, environmental and economic aspects.

Customer Satisfaction

Understanding customer requirements and expectations more clearly drive continuous improvement. Key customers are engaged bi-annually. A scorecard is used to rate various aspects of performance such as quality, delivery, technical support and cost management. The results are also used in reviewing VS' internal performance evaluations.

Customer Satisfaction Index (CSI) methodology is used to map customer satisfaction levels of our products and services. The CSI provides a comprehensive insight into our customers before and after their purchases. The CSI score indicates the company's health and is useful for raising its service excellence standard, quality improvement and brand reputation. Eventually, it can gauge long-term customer relationships and loyalty.

	FY2019	FY2020	FY2021
Customer Satisfaction Index	75%	85%	88%

Customer Complaints

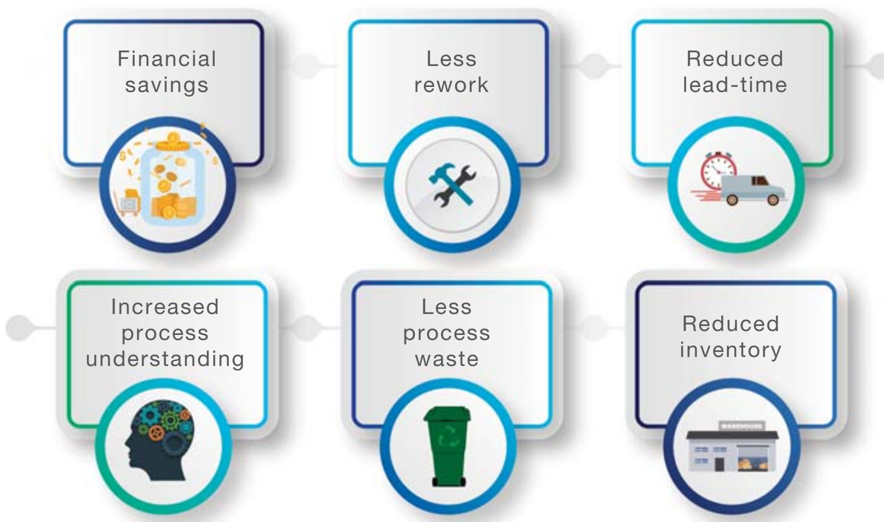
Establishing a customer complaints management process has improved the efficiency of the response process for customer complaints and customer satisfaction. Customers' experiencing a quality issue, or having complaints or questions, can communicate through the customer complaints channel.

INCREASING EFFICIENCY AND REDUCING WASTE

The orderly removal of waste eases the cost of working the prolonged enterprises and satisfies customers' need for supreme value at a lower cost through the lean manufacturing concept.

VS has implemented the Lean Programme, which includes adopting the 5S system. The complex processes and various nuances involved in electronic assembly have been simplified through this programme. The Lean Programme is specifically centred around our clients: their needs, expectations and requirements.

Benefits Gained From the Lean Programme



Lean manufacturing really is about making problems visible, addressing problems and solving problems.

PRIVACY AND SECURITY

New technology brings new challenges; the threat of cybercrime has become more acute. The internet age has been characterised by exponential growth in digital data. Our data-protection efforts include 24/7 monitoring, vulnerability assessment, employee education, regular drills and phishing tests, and close cooperation with the government and industry partners. We spent close to RM300,000 in implementing and upgrading various data security protection systems in FY2021. This is double the amount invested in the previous year.

We invested heavily in a data protection management system, which protects employees', customers', suppliers' and business partners' right to privacy in line with the Personal Data Protection Act 2010 (PDPA).

There were no major cases of data leakage, data misuse or other noncompliance reported during the financial year.

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

The Board is cognisant of the growing level of expectation by regulators and stakeholders for increased corporate governance more so as promulgated by the Malaysian Code on Corporate Governance 2017 ("the MCCG") and, accordingly has taken necessary steps to ensure strong governance practices are adopted throughout the Group.

The ensuing paragraphs in this Corporate Governance Overview Statement ("CG Overview Statement") describes the extent of how the Group has applied and complied with the three (3) key Principles and 36 Practices of the MCCG for the financial year ended 31 July 2021 ("FY2021") and up to to-date. This CG Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") with guidance drawn from Practice Note 9 of MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Securities.

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Part I Board Responsibilities

1 Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

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

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

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

The Board Charter, which was last updated in September 2020, would be periodically reviewed with a view to enhance its scope, by the Board as and when required to take into consideration the changing needs of the Company as well as development in rules, guidelines and regulations that may have an impact on the discharge of Board's functions and responsibilities.

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

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

Part I Board Responsibilities (Cont'd)

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

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

The Board is assisted by three (3) Board Committees, namely, Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") to ensure appropriate checks and balances in discharging its oversight function. These Committees comprise of all Independent Non-Executive Directors ("INEDs"). Each of these Committees operates under clearly defined Terms of Reference ("TOR") as approved by the Board to oversee and deliberate matters within their purviews. The TOR for the aforesaid Board Committees are available on the Company's website at www.vs-i.com.

Notwithstanding the delegation of specific powers, the Board keeps itself apprised of the key matters discussed and recommendations made by each Board Committee through the reports by the Chairman of the respective Board Committees at Board meetings. The decision on whether to act on recommendations by Board Committees lies with the Board. As a whole, the Board is the ultimate decision making body retaining full responsibility for the direction and control of the Company and the Group.

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

1.2 Chairman of the Board

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

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

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

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

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

1.4 Qualified and Competent Company Secretaries

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

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

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

Part I Board Responsibilities (Cont'd)

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

1.4 Qualified and Competent Company Secretaries (Cont'd)

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

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

1.5 Access to Information and Advice

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

The notice of Board and Board Committees meeting together with Board papers are circulated to the Directors at least one (1) week prior to each meeting. This enables the Directors to have ample time to review, seek additional information and/or clarification from the management or the Company Secretaries on the matters to be deliberated to facilitate constructive and effective discussion during the meetings. The Board papers circulated include financial results, forecasts and latest development in the Group. The Company leverages technology to expeditely disseminate additional information and latest updates to the Board and Board Committees for a better well-informed decision making.

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

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

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

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

2 Demarcation of responsibilities

2.1 Board Charter

The Board Charter, which serves as a guide for the operation of the Board, outlines the composition, roles, functions and processes of the Board and those powers and functions delegated to the Board Committees as well as matters specifically reserved for collective decision of the Board.

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

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

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

Part I Board Responsibilities (Cont'd)

3 Good business conduct and corporate culture

3.1 Code of Ethics and Conduct

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

The aim of the Code of Ethics is the enhancement of standard of corporate governance and corporate behaviour through establishing standards of ethical behaviour based on trustworthiness and values as well as uphold the spirit of accountability and social responsibility in line with legislations, regulations and guidelines for administration of a company.

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

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

Adherence this and the Whistleblowing Policy under Principle 3.2 by all in the performance of their duties is essential to maintain the Group's reputation for fair and ethical practices among customers, suppliers, shareholders, employees, communities and other stakeholders. Working with a strong sense of integrity is essential to achieve the Group's business goals in an open, honest, ethical and principled manner.

3.2 Whistleblowing Policy

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

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

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

All whistle blowing reports are to be addressed to the Internal Audit Department (on behalf of the Chairman of the ARMC). The policy also affirms that the identity of the whistle blower will be kept confidential and protection will be accorded to the whistle blower against any form of reprisal or retribution save and except for circumstances as prescribed in the policy.

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

Part II Board Composition

4 Board objectivity

4.1 Board Composition

The Board presently comprised of ten (10) members with the composition as outlined below:

Directorate	Director(s)
Executive Chairman	Datuk Beh Kim Ling
Managing Director	Datuk Gan Sem Yam
Executive Director	Dato' Gan Tiong Sia Ng Yong Kang Beh Chern Wei (Ma Chengwei) (his alternate, Chong Chin Siong) Gan Pee Yong
Independent Non-Executive Director	Diong Tai Pew Tan Pui Suang Dato' Chang Lik Sean Wong Cheer Feng

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

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

Part II Board Composition (Cont'd)

4 Board objectivity (Cont'd)

4.1 Board Composition (Cont'd)

The appointment of Beh Chern Wei (Ma Chengwei) and Gan Pee Yong to the Board as Executive Directors on 1 July 2020, were part of the executive Board members' succession plan for a new generation of leaders of the Group.

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

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

The Board is mindful that the Board still does not comprise of a majority INEDs and is of the view that the present INEDs, with the breadth of professional background, have enabled the Board to exercise objective judgement on various issues and decisions are made through their sharing of impartial, objective and unbiased opinion and viewpoints. Although all Directors shared equal responsibility for the Group's business directions and operations, the presence of INEDs is essential in ensuring that the management proposals are fully discussed, challenged and evaluated, by taking into account the interest not only of the Group but also all interested parties, including shareholders, employees, customers, suppliers and the communities as a whole.

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

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

4.2 Tenure and Policy on Tenure of Independent Directors

The Board is mindful of the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative or consecutive term of nine (9) years. Upon completion of the tenure, an Independent Director may continue to serve the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director.

The Company does not have a policy which limits the tenure of its INEDs to nine (9) years presently as the Board viewed that the mere fact that a Director has served on a board for a substantial period does not mean that he has become too close to management or his independence has been compromised by his length of service.

However, the Board with the recommendation of the NC must justify the decision and seek shareholders' approval at general meeting if the Board intends to retain the Director as INED after serving a cumulative or consecutive term of nine (9) years. In the event the Board continues to retain the Independent Director after the twelfth (12th) year, annual shareholders' approval must be sought through a two-tier voting process to retain the said Director as an Independent Director. The Board is also mindful of the recommendation of the Code not to retain an Independent Director for a period of more than twelve (12) years.

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

Part II Board Composition (Cont'd)

4 Board objectivity (Cont'd)

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

There are four (4) INEDs on the Board presently, namely Diong Tai Pew, Tan Pui Suang, Dato' Chang Lik Sean and Wong Cheer Feng. As at to-date, none of the INEDs have served a consecutive term of nine (9) years.

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

Diversity of Board and Senior management

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

The present Directors, with their diverse background and professional specialisation, collectively, bring with them a wealth of experience and expertise in areas such as engineering, manufacturing, strategic planning, general management, sales and marketing, finance and accounting, banking and tax. As such, the Group is essentially led and guided by a competent Board.

4.3 Gender Diversity

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

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

4.4 Diverse sources for new candidate(s) for Board appointment

There was one (1) new appointment of Independent Director to the Board during FY2021. The appointment of Wong Cheer Feng as an INED on 10 December 2020 seeks to further strengthen the Board composition.

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

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

Part II Board Composition (Cont'd)

4 Board objectivity (Cont'd)

4.5 Nomination Committee ("NC")

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

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

Name	Position
Dato' Chang Lik Sean	*Chairman*
Diong Tai Pew	*Member*

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

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

(a) Considered and reviewed the Board's present size, structure and composition of the Board as well as the required mix of skills, experience, composition, size and competency required.

(b) Assessed and recommended to the Board for the continuation of service of the Directors who are eligible to stand for re-election based on the schedule of retirement by rotation.

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

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

(e) Reviewed and assessed the contribution of each Director and the effectiveness of the Board and Board Committees.

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

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

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

(i) Considered appointment of additional INED(s) to meet gender diversity and balance of INEDs on the Board and recommended to the Board the appointment of an additional Independent Director.

5 Board Assessments

5.1 Overall effectiveness of the Board and individual Directors

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

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

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

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

Part II Board Composition (Cont'd)

5 Board Assessments (Cont'd)

5.1 Overall effectiveness of the Board and individual Directors (Cont'd)

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

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

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

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

All the Directors shall retire from office once at least in three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their appointment or reappointment. A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately. The Director who is subject to re-election at next AGM is assessed by the NC before recommendation is made to the Board and shareholders for re-election. Appropriate assessment and recommendation by the NC is based on the annual assessment conducted.

The Board is scheduled to meet at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings with sufficient notice. During FY2021, the Board held four (4) meetings to deliberate and decide on various issues including the Group's financial results, strategic decisions and the direction of the Group.

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

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

Part II Board Composition (Cont'd)

5 Board Assessments (Cont'd)

5.1 Overall effectiveness of the Board and individual Directors (Cont'd)

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

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

*Note: * Appointed on 10 December 2020*

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

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

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

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

Training

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

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

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

Part II Board Composition (Cont'd)

5 Board Assessments (Cont'd)

5.1 Overall effectiveness of the Board and individual Directors (Cont'd)

Training (Cont'd)

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

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

For the financial year ended 31 July 2021, the training programmes and seminars attended by the Directors are as follows:

Director	Training/Conference/Seminar
Datuk Beh Kim Ling	• Anti-Corruption Framework (ACF) Awareness
Datuk Gan Sem Yam	• Anti-Corruption Framework (ACF) Awareness
Dato' Gan Tiong Sia	• Anti-Corruption Framework (ACF) Awareness
Ng Yong Kang	• Anti-Corruption Framework (ACF) Awareness • Bank Negara Malaysia's Virtual Briefing on Economic Monetary Review (Southern Region)
Beh Chern Wei (Ma Chengwei)	• Anti-Corruption Framework (ACF) Awareness
Gan Pee Yong	• Anti-Corruption Framework (ACF) Awareness
Diong Tai Pew	• Sustainability Reporting: Global Trends, updates and addressing Covid-19 • Sustainability Reporting: Key principles of reporting, refining materiality & stakeholder engagement • Addressing the SDGs in your Sustainability Report • Sustainable Finance and investor perspective • Changing role of KPIs and governance
Tan Pui Suang	• American Chamber of Commerce and BMCC tax audit webinar • ACCA Enterprise Value Creation - The Good Governance Academy 5th Colloquium • MIA membership induction • ACCA Rethinking Risk • Tax and Asia Update - regulatory and Covid-19 updates in India, Indonesia, Malaysia and Philippines
Chong Chin Siong	• Anti-Corruption Framework (ACF) Awareness • Virtual FX Outlook: Riding the choppy recovery in 2H 2021 • Liberalisation in Bank Negara Malaysia's Foreign Exchange Policy

Due to the pandemic and various stages of movement control order implemented, two of the Directors were unable to attend any scheduled training in FY2021.

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

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

Part III Remuneration

6 Level and composition of Remuneration

6.1 Remuneration policy

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

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

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

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

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

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

6.2 Remuneration Committee ("RC")

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

Name	Position
Dato' Chang Lik Sean[i]	*Chairman*
Wong Cheer Feng[ii]	*Member*

Note: i. Re-designated as Chairman on 10 December 2020 following the resignation of Diong Tai Pew as member of the RC.
ii. Appointed as member of RC on 10 December 2020.

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

(a) Reviewed and recommended the fee structure and allowances for Directors.

(b) Reviewed and recommended the annual bonus and performance incentive for Executive Directors.

(c) Reviewed and recommended remuneration package of Executive Directors.

(d) Recommended the appointment of new member and change of RC Chairman to the Board.

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

Part III Remuneration (Cont'd)

7 Remuneration of Directors and Senior management

7.1 Details of Directors' Remuneration

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

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

The remuneration received/receivable by the Directors of the Group and the Company for FY2021 is tabulated below:-

<u>**Group Level**</u>

Directors	Salaries and other emoluments[1] RM million	Fees RM million	Benefits-in-kind RM million	Incentives and share-based benefits[2] RM million	Total RM million
Executive Directors					
Datuk Beh Kim Ling	5.548	0.018	0.024	2.591	8.181
Datuk Gan Sem Yam	5.209	0.018	0.028	3.377	8.632
Dato' Gan Tiong Sia	2.842	0.114	0.016	3.449	6.421
Ng Yong Kang	1.603	0.018	0.015	1.329	2.965
Chong Chin Siong	1.255	0.009	0.024	1.335	2.623
Beh Chern Wei (Ma Chengwei)	1.305	0.009	0.028	1.681	3.023
Gan Pee Yong	1.289	0.018	0.028	1.681	3.016
Non-Executive Directors					
Diong Tai Pew	-	0.271	-	-	0.271
Tan Pui Suang	-	0.108	-	-	0.108
Dato' Chang Lik Sean	-	0.152	-	-	0.152
Wong Cheer Feng **	-	0.079	-	-	0.079
Total	**19.051**	**0.814**	**0.163**	**15.443**	**35.471**

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

Part III Remuneration (Cont'd)

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

7.1 Details of Directors' Remuneration (Cont'd)

Company Level

Directors	Salaries and other emoluments[1]	Fees	Benefits-in-kind	Incentives and share-based benefits[2]	Total
	RM million	RM million	RM million	RM million	RM million
Executive Directors					
Datuk Beh Kim Ling	0.926	0.018	0.024	0.707	1.675
Datuk Gan Sem Yam	1.256	0.018	0.028	0.862	2.164
Dato' Gan Tiong Sia	0.655	0.018	0.016	0.884	1.573
Ng Yong Kang	1.603	0.018	0.015	1.329	2.965
Chong Chin Siong	1.255	0.009	0.024	1.335	2.623
Beh Chern Wei (Ma Chengwei)	0.829	0.009	0.028	1.681	2.547
Gan Pee Yong	0.885	0.018	0.028	1.681	2.612
Non-Executive Directors					
Diong Tai Pew	-	0.143	-	-	0.143
Tan Pui Suang	-	0.108		-	0.108
Dato' Chang Lik Sean	-	0.152	-	-	0.152
Wong Cheer Feng **	-	0.079	-	-	0.079
Total	**7.409**	**0.590**	**0.163**	**8.479**	**16.641**

Note:

1 This comprises bonus and contribution to state plans

2 This comprises performance incentive and equity settles share based transaction

*** Appointed on 10 December 2020*

7.2 Details of top 5 Senior Management's Remuneration

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

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I Audit and Risk Management Committee ("ARMC")

8 Effective and Independent ARMC

8.1 Chairman of the ARMC

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

8.2 Policy requiring former key audit partner to observe 2-year cooling off period

None of the members of the Board were former key audit partners. Hence, no former key audit partner is appointed to the ARMC.

As such, there was no need to establish such policy presently. The policy will be established when the need arises in future. The Board will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the ARMC is a former key audit partner.

8.3 Policy and procedures to assess the suitability, objectivity and independence of the external auditor

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

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

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

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

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

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

The ARMC would look into formalizing a policy on selection, appointment and assessment of external auditors as well as provision of non-audit fees to guide the ARMC in reviewing the suitability, objectivity and independence of the external auditor of the Company and the provision of non-audit services on an annual basis.

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

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

Part I Audit and Risk Management Committee ("ARMC") (Cont'd)

8 Effective and Independent ARMC (Cont'd)

8.4 Composition of the ARMC

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

8.5 Diversity in skills of the ARMC

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

Part II Risk management and Internal Control

9 Effective risk management and internal control framework

9.1 Establish an effective risk management and internal control

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

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

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

9.2 Disclosure on the features of risk management and internal control framework

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

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

9.3 Risk Management Committee

The ARMC assists the Board in ensuring adequate and effective risk management and internal controls and processes are in place.

The ARMC provides support to the Board by reviewing the ERM Framework adopted by the Group and the risk management process employed to identify, evaluate and manage key business risk. The ARMC by far, with support from the risk management team, has assisted the Board in fulfilling its oversight funtions in the risk governance by establishing a sound internal control and risk management framework to manage the various risks faced by the Group with the overall responsibility for overseeing the risk management activities of the Group and approving the appropriate risk management procedures and measurement methodologies across the Group.

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

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

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

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

10 Effective governance, risk management and internal control

10.1 Effectiveness of the internal audit function
10.2 Disclosure on the internal audit function

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

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

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

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

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

Part I Communication with Stakeholders

11 Continuous communication between Company and stakeholders

11.1 Effectiveness and transparent and regular communication with stakeholders

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

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

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

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

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

Part I Communication with Stakeholders (Cont'd)

11 Continuous communication between Company and stakeholders (Cont'd)

11.1 Effectiveness and transparent and regular communication with stakeholders (Cont'd)

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

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

11.2 Integrated Reporting

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

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

Part II Conduct of General Meetings

12 Encourage Shareholder Participation at General Meeting

12.1 Notice for Annual General Meeting

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

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

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

The Company encourage shareholders' participation in AGM by providing adequate notice. The Company had dispatched its Notice of the 38th AGM held in 2021 to shareholders more than twenty-eight (28) days before the date of the meeting to enable shareholders to peruse the annual report and papers supporting the resolutions proposed. Each item of special business included in the Notice of AGM will be accompanied by a full explanation of the effects of the proposed resolution.

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

Part II Conduct of General Meetings (Cont'd)

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

12.1 Notice for Annual General Meeting (Cont'd)

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

The notice for the upcoming AGM in 2022 will be sent at least twenty-eight (28) days in advance for the shareholders to make the necessary arrangements to attend and participate in person or through corporate representatives or proxies. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting. The rights of shareholders, including the rights to demand for a poll, are found in the Company's Constitution.

12.2 Directors to attend general meetings

All Directors of the Company had attended the Company's 38th AGM held on 8 January 2021.

12.3 Leveraging on technology for voting in absentia and remote shareholders' participation

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

STATEMENT ON COMPLIANCE

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

The CG Overview Statement is issued in accordance with a resolution of the Board of Directors dated 19 November 2021.

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

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

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

In preparing the financial statements, the Directors have:

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

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

(ii) Material Contracts

Other than the related party transactions entered into in the ordinary course of business as disclosed in Note 29 to the financial statements, there are no other material contracts entered into by the Group involving Directors' or major shareholders' interest, either subsisting at the end of the financial year ended 31 July 2021 or entered into since the end of the previous financial year.

(iii) Non-Audit Fees

The amount of audit fees and non-audit fees incurred for the financial year ended 31 July 2021 for services rendered by the Company's external auditors are as follows:-

Fee incurred	Audit Fees (RM'000)	Non-Audit Fees (RM'000)
Company	218	8
Group	406	22

The non-audit services rendered relate mainly to review of the Statement on Risk Management and Internal Control and tax compliance.

(iv) Employees' Share Option Scheme

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

Since the commencement of the scheme, 30.76% of the options granted under the scheme have been granted to Directors and senior management.

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

At the Annual General Meeting held on 8 January 2021, the Company obtained shareholders' mandate allowing the Group to enter into recurrent related party transactions of a revenue or trading nature as disclosed in the Statement/ Circular to Shareholders dated 27 November 2020.

In accordance with Section 3.1.5 of Practice Note No. 12 of the MMLR, the details of recurrent related party transactions conducted during the financial year ended 31 July 2021 pursuant to the shareholders' mandate are disclosed as follows:

Transacting Parties	Related Parties	Nature of Transactions	Amount transacted during the financial year RM'000
VSI Group and VSIG Group	Datuk Beh Kim Ling Datuk Gan Sem Yam Dato' Gan Tiong Sia Beh Chern Wei (Ma Chengwei) Gan Pee Yong	Purchases of tooling, bins, resins, plastic component parts and equipments	22
VSI Group and Lip Sheng International Ltd/Lip Sheng Precision (Zhuhai) Co., Ltd	Datuk Gan Sem Yam Dato' Gan Tiong Sia Datuk Beh Kim Ling Beh Chern Wei (Ma Chengwei) Gan Pee Yong	Purchases of tooling/sales related to tooling fabrication and sales commission income	5,415
VSI Group and Beeantah Pte. Ltd.	Datuk Gan Sem Yam Gan Pee Yong	Purchases/sales of small metal parts, resins, etc	16,486

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

MEMBERSHIP

The Audit Committee was established on 13 March 1998 and has been renamed as Audit and Risk Management Committee ("Committee") with effect from 1 July 2019. The Committee comprises of the following members:

Chairman	-	Diong Tai Pew *(Independent Non-Executive Director)*
Members	-	Tan Pui Suang *(Independent Non-Executive Director)*
	-	Dato' Chang Lik Sean *(Independent Non-Executive Director)*
	-	Wong Cheer Feng *(Independent Non-Executive Director)* *Appointed on 10 December 2020*

MEETINGS

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

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

Details of attendance are listed below:

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

TERMS OF REFERENCE

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

SUMMARY OF ACTIVITIES

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

1. **Financial reporting**

   - Reviewed the quarterly financial results and announcement as well as annual financial statements of the Group and Company prior to recommending the same for approval by the Board;
   - In the review of the quarterly financial results and annual audited financial statements, the Committee discussed with the Management and the external auditors, amongst others, the accounting policies and standards that were applied and their exercise of judgment on the items that may affect the financial results and the financial statements;
   - Confirmed with the Management and the external auditors that the annual financial statements of the Group have been prepared in compliance with applicable Financial Reporting Standards. New financial reporting standards and amendments that are effective for the financial year were discussed. The impact of the adoption of these new standards and amendments on the Group's reported financial position, financial performance and cash flows are disclosed in the quarterly consolidated financial statements.

2. **Internal Audit**

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

3. **External Audit**

- Reviewed and endorsed the external auditors' audit plan, audit strategy and scope of work for the financial year before their commencement of the audit of the financial statements of the Group;

- Reviewed the results of annual audit, audit report and management letter together with Management's response to their findings including all the key audit matters raised. Major issues that arose during the course of the audit were discussed with management and resolved, wherever possible, or held for further monitoring and resolution in future;

- Assessed the independence and objectivity of the external auditors and the services provided, including non-audit services. The Committee undertook an annual assessment to assess the performance, suitability and independence of external auditors based on, amongst others, the quality of service, sufficiency of resources, communication and interaction as well as independence, objectivity and professional skepticism. Assurance was also obtained from the external auditors regarding their independence in accordance with the terms of all professional and regulatory requirements;

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

4. **Related Party Transactions**

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

5. **Risk Management**

The Committee reviewed the risk management processes and deliberated on the reports submitted by the Risk Sub-Committee of the Company and the Statement on Risk Management and Internal Control to ensure that all necessary risk mitigation measures to address the critical risk areas have been or were being put in place.

The Committee also reviewed the adequacy and effectiveness of the internal control system to ensure amongst others, that assets of the Company are safeguarded, reliability of financial reporting and compliance with applicable laws and regulations.

RISK MANAGEMENT PROCESS

As proper risk management is a significant component of a sound system of internal control, the Group has also put in place a risk management process to help the Board in identifying, evaluating and managing risks. The implementation and maintenance of the risk management process is carried out by the respective Business Units of the Group.

The review of the risk management processes and reports is delegated by the Board to the Committee. In this regards, annual risk management reports and the Statement on Risk Management and Internal Control are reviewed and deliberated by the Committee prior to recommending for endorsement by the Board.

A Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out on pages 85 to 89 of this Annual Report.

INTERNAL AUDIT FUNCTION

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

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

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

The total costs incurred in connection with the internal audit function during the financial year amounted to RM1.37 million.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of V.S. Industry Berhad ("VSIB" or the "Company") is pleased to present herewith the Statement on Risk Management and Internal Control which outlines the nature and state of the risk management and internal control of the Group for the financial year ended 31 July 2021.

This Statement is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code of Corporate Governance 2017 and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

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

BOARD RESPONSIBILITY

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

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

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

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

KEY INTERNAL CONTROL PROCESSES

The Group's internal control system comprises the following key processes:

1. **Policies and Procedures**

   Internal policies and standard operating procedures are appropriately communicated and clearly documented in manuals which are reviewed and revised when necessary to meet changing business, operational and statutory reporting needs.

2. **Internal Audits**

   The Internal Audits ("IA") performs internal audits on various operating units within the Group on a risk – based approach based on the annual audit plan approved by the Audit and Risk Management Committee.

   IA monitors compliance with the Group's policies and procedures and applicable laws and regulations, and provides independent and objective assurance on the adequacy and effectiveness of risk management and internal control system by conducting regular audits and continuous assessments.

   Significant audit findings and recommendations for improvement are tabled quarterly in the ARMC Meetings. IA will also conduct follow up reviews on the implementation of corrective action plans on the audit findings and recommendations.

3. **Risk Management**

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

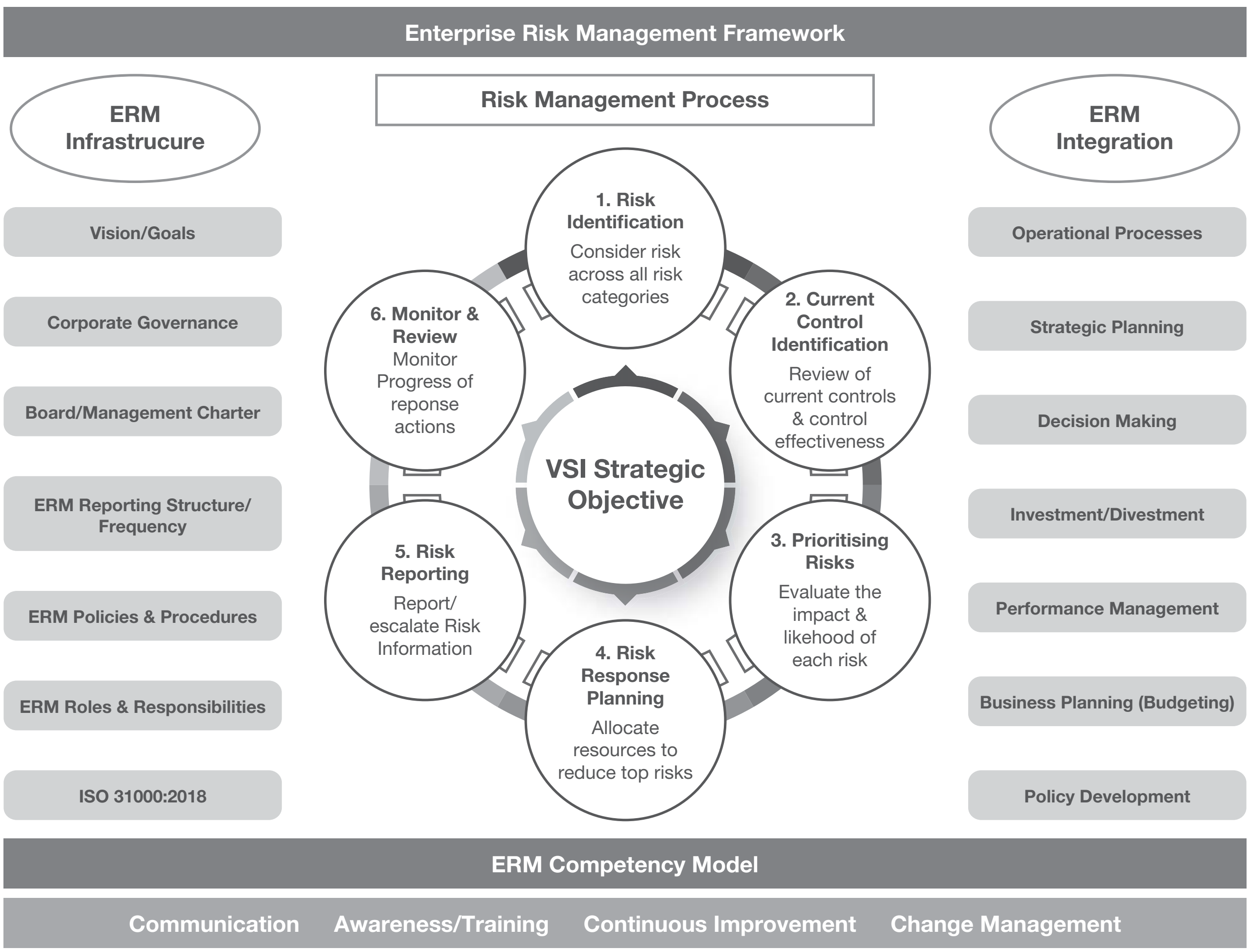
   The Group's ERM Framework is benchmarked against the ISO 31000: 2018 Risk Management – Principles and Guidelines with the aims to provide an integrated and organized approach in managing the key risks. Risk factors are incorporated into the risk register and individually rated as High, Significant, Moderate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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(Cont'd)

KEY INTERNAL CONTROL PROCESSES (CONT'D)

3. Risk Management (Cont'd)

The ERM Framework are illustrated in the following diagram:

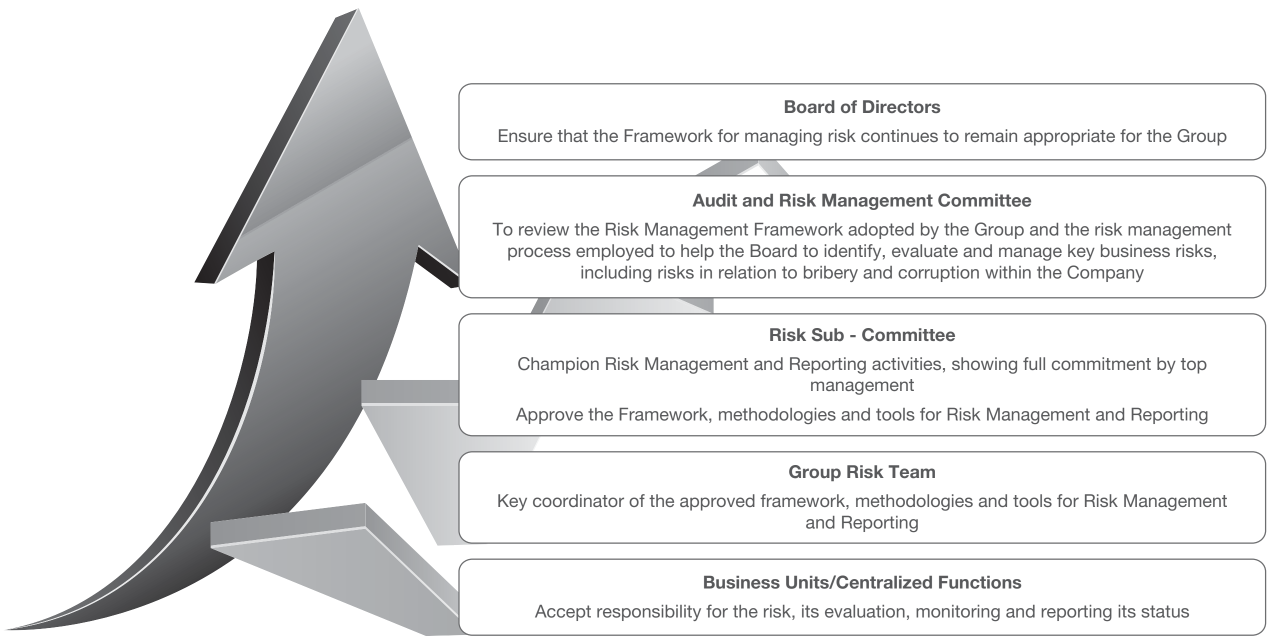


KEY INTERNAL CONTROL PROCESSES (CONT'D)

3. Risk Management (Cont'd)

The Risk Management Function consisting of the Risk Sub – Committee and Group Risk Team is responsible for championing and coordinating the ERM process, while the Heads of Business Units or Centralized Functions is required to assume responsibility for the management of risk ensuring that risk management is embedded in their day – to – day business processes.

Risk Reporting Structure



BOARD

- Responsible in establishing and maintaining a sound risk management framework and internal control system within the Group to safeguard the Group's assets and to enhance shareholders' value; and
- Responsible for reviewing the risk management framework, processes and to provide reasonable assurance that risks are managed within tolerable ranges and ensure implementation of appropriate control measures to manage the risks.

AUDIT AND RISK MANAGEMENT COMMITTEE

- To review the Risk Management Framework adopted by the Group and the risk management process employed to help the Board to identify, evaluate and manage key business risks, including risks in relation to bribery and corruption within the Company; and
- To review the risk reports in relation to the Anti-Corruption Framework ("ACF") and reporting the same to the Board of Directors.

KEY INTERNAL CONTROL PROCESSES (CONT'D)

3. Risk Management (Cont'd)

RISK SUB – COMMITTEE

- Champion risk management and reporting activities, showing full commitment by top management
- Approve the framework, methodologies and tools for risk management and reporting
- Ensure required resource and support are made available
- Review the most significant risks to VS and consider how they are being managed, the effectiveness of internal controls and other mitigation actions
- Ensure the management of key risk exposures are communicated to stakeholders
- Report on the status of VS's top risks to the ARMC and Board
- Seek input from the Audit Committee on the effectiveness of the risk management and reporting process

GROUP RISK TEAM

- Raise awareness of risk across the Group and share knowledge/provide guidance on risk and control improvements
- Highlight where minimum standards are not being complied with
- Keep abreast of risk and governance developments that may affect VS
- Coordinate risk management activities and develop/maintain the necessary infrastructure for risk management
- Support Business Unit/Centralized Function Risk Management Coordinators to undertake a quarterly risk assessment
- Provide a consolidated risk report to the Risk Sub – Committee, ARMC and Board

BUSINESS UNITS/CENTRALISED FUNCTIONS

- Assist Group Risk Team in driving and coordinate the Risk Management and reporting process, as set out in the Risk Management Policies and procedures
- Accept responsibility for the risk, its evaluation, monitoring and reporting its status
- Coordinate and contribute to the development and maintenance of an appropriate control environment
- Monitor the status of Risk Response actions
- In combination with the Group Risk Team, update the Risk Report to reflect the current status of the risk

ACTION OWNERS

- Accept responsibility for the risk response action, ensuring it is put in place by the target completion date
- In combination with the Group Risk Team, update the risk report to reflect the current status of risk response actions

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

4. Board Meetings

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

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

KEY INTERNAL CONTROL PROCESSES (CONT'D)

5. **Staff Competency**

   Recruitment and termination guidelines are in place while training and development programs are conducted to ensure that staff are kept up to date with the necessary competencies to carry out their respective duties towards achieving the Group's objectives.

6. **Conduct of Staff**

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

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

7. **Insurance**

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

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

ASSURANCE FROM MANAGEMENT

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

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

FINANCIAL CONTENTS

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2021.

PRINCIPAL ACTIVITIES

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

SUBSIDIARIES

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	245,351	219,915
Non-controlling interests	(3,734)	--
	241,617	219,915

RESERVES AND PROVISIONS

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

DIVIDENDS

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

i) In respect of the financial year ended 31 July 2020 as reported in the Directors' Report of that year:

- a second dividend of 0.8 sen per ordinary share totalling RM15,042,132 declared on 28 September 2020 and paid on 30 October 2020; and

- a final dividend of 0.8 sen per ordinary share totalling RM15,050,801 approved on 8 January 2021 and paid on 5 February 2021.

DIVIDENDS (CONT'D)

ii) In respect of the financial year ended 31 July 2021:

- a first dividend of 1.2 sen per ordinary share totalling RM22,582,160 declared on 17 December 2020 and paid on 5 March 2021;
- a second dividend of 1.2 sen per ordinary share totalling RM22,588,919 declared on 30 March 2021 and paid on 30 April 2021;
- a third dividend of 0.8 sen per ordinary share totalling RM30,473,945 declared on 15 June 2021 and paid on 30 July 2021; and
- a fourth dividend of 0.5 sen per ordinary share totalling RM19,082,901 declared on 24 September 2021 and paid on 29 October 2021.

The Directors recommended a final dividend of 0.5 sen per ordinary share totalling RM19,083,662 in respect of the year ended 31 July 2021 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

These financial statements do not reflect the fourth dividend and the proposed final dividend, which will be accounted for in the statement of changes in equity as an appropriation of retained earnings in the financial year ending 31 July 2022.

DIRECTORS OF THE COMPANY

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

Directors	Alternate
Datuk Beh Kim Ling	
Datuk Gan Sem Yam	
Dato' Gan Tiong Sia	
Mr. Ng Yong Kang	
Mr. Beh Chern Wei (Ma Chengwei)	Mr. Chong Chin Siong
Mr. Gan Pee Yong	
Mr. Diong Tai Pew	
Ms. Tan Pui Suang	
Dato' Chang Lik Sean	
Mr. Wong Cheer Feng (appointed on 10 December 2020)	

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

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

		Number of ordinary shares ('000)				
Name of Directors	**Interest**	**At 1 August 2020**	**Bought/ ESOS exercised**	**Bonus issue**	**Sold**	**At 31 July 2021**
Company						
Ordinary shares						
Datuk Beh Kim Ling	Direct	148,951	11,388	134,888	(20,471)	274,756
	Deemed	198,332	5,550	136,100	(67,127)	272,855
Datuk Gan Sem Yam	Direct	85,178	1,485	83,466	(2,207)	167,922
	Deemed	23,083	--	12,500	(10,583)	25,000
Dato' Gan Tiong Sia	Direct	33,273	1,485	31,568	(2,200)	64,126
Mr. Ng Yong Kang	Direct	695	900	12	(983)	624
Mr. Beh Chern Wei (Ma Chengwei)	Direct	22,350	46,299	68,239	(840)	136,048
Mr. Gan Pee Yong	Direct	10,583	450	10,733	--	21,766
Dato' Chang Lik Sean	Direct	--	200	--	(200)	--
	Deemed	--	700	200	(900)	--
Mr. Diong Tai Pew	Direct	100	--	--	(100)	--
Mr. Chong Chin Siong	Direct	500	900	100	(1,200)	300
	Deemed	300	--	300	--	600

		Number of Warrants ('000)				
Name of Directors	**Interest**	**At 1 August 2020**	**Acquired***	**Bought**	**Sold**	**At 31 July 2021**
Datuk Beh Kim Ling	Direct	--	54,951	--	--	54,951
	Deemed	--	54,531	--	--	54,531
Datuk Gan Sem Yam	Direct	--	33,585	--	(9,198)	24,387
	Deemed	--	5,000	--	--	5,000
Dato' Gan Tiong Sia	Direct	--	12,825	--	--	12,825
Mr. Ng Yong Kang	Direct	--	125	--	--	125
Mr. Beh Chern Wei (Ma Chengwei)	Direct	--	27,378	2,600	--	29,978
Mr. Gan Pee Yong	Direct	--	4,353	--	--	4,353
Dato' Chang Lik Sean	Direct	--	20	--	(20)	--
	Deemed	--	80	700	(780)	--
Mr. Chong Chin Siong	Direct	--	160	--	--	160
	Deemed	--	120	--	--	120

* Acquired pursuant to the Company's bonus warrants.

DIRECTORS' REPORT

For the financial year ended 31 July 2021
(Cont'd)

DIRECTORS' INTERESTS IN SHARES (CONT'D)

Name of Directors	Interest	Number of ordinary shares ('000) At 1 August 2020	Bought	Sold	At 31 July 2021
Subsidiaries					
- V.S. Ashin Technology Sdn. Bhd.					
Ordinary shares					
Datuk Beh Kim Ling	Deemed	672	--	(224)	448
Datuk Gan Sem Yam	Direct	747	--	--	747
Mr. Beh Chern Wei (Ma Chengwei)	Deemed	--	224	--	224
- VS Marketing & Engineering Pte. Ltd.					
Ordinary shares					
Datuk Gan Sem Yam	Deemed	816	--	--	816
Dato' Gan Tiong Sia	Deemed	120	--	--	120
Mr. Gan Pee Yong	Deemed	816	--	--	816
- Serumi International Private Limited					
Ordinary shares					
Datuk Gan Sem Yam	Deemed	1,933	--	--	1,933
- V.S. International Group Limited					
Ordinary shares of HKD0.05 each					
Datuk Beh Kim Ling	Direct	148,453	10,452	--	158,905
	Deemed	71,928	1,068	(37,112)	35,884
Datuk Gan Sem Yam	Direct	44,671	--	--	44,671
	Deemed	31,571	7,893	--	39,464
Dato' Gan Tiong Sia	Direct	17,215	--	--	17,215
	Deemed	16,300	--	--	16,300
Mr. Diong Tai Pew	Direct	1,766	--	--	1,766
Mr. Beh Chern Wei (Ma Chengwei)	Direct	27,000	10,112	--	37,112

DIRECTORS' INTERESTS IN SHARES (CONT'D)

Name of Directors	Interest	Number of shares ('000) At 1 August 2020	Bought	Sold	At 31 July 2021
- V.S. Corporation (Hong Kong) Co., Limited Non-voting deferred share of HKD1.00 each					
Datuk Beh Kim Ling	Direct	3,750	--	--	3,750
	Deemed	3,750	--	(1,250)	2,500
Datuk Gan Sem Yam	Direct	3,750	--	--	3,750
Dato' Gan Tiong Sia	Direct	3,750	--	--	3,750
Mr. Beh Chern Wei (Ma Chengwei)	Direct	--	1,250	--	1,250

Name of Directors	Interest	Number of ordinary shares At 1 August 2020	Bought	Sold	At 31 July 2021
- V.S. Investment Holdings Limited Ordinary shares of HKD1.00 each					
Datuk Beh Kim Ling	Direct	5	--	(5)	--
	Deemed	5	--	(5)	--
Datuk Gan Sem Yam	Direct	5	--	(5)	--

Name of Directors	Date of offer	Option Price*	Number of options ('000) over ordinary shares At 1 August 2020	Bonus issue	Exercised	At 31 July 2021
Company						
Datuk Beh Kim Ling	2.7.2020	RM0.45	1,650	1,650	(1,980)	1,320
Datuk Gan Sem Yam	2.7.2020	RM0.45	1,650	1,155	(1,485)	1,320
Dato' Gan Tiong Sia	2.7.2020	RM0.45	1,650	1,155	(1,485)	1,320
Mr. Ng Yong Kang	2.7.2020	RM0.45	1,000	700	(900)	800
Mr. Beh Chern Wei (Ma Chengwei)	2.7.2020	RM0.45	500	350	(450)	400
Mr. Gan Pee Yong	2.7.2020	RM0.45	500	350	(450)	400
Mr. Chong Chin Siong	2.7.2020	RM0.45	1,000	700	(900)	800

* The Company completed its bonus issue exercise on 18 May 2021 and the option exercise price has been adjusted accordingly.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 29 to the financial statements.

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

ISSUE OF SHARES

During the financial year, the Company issued:

a) 6,437,050 new ordinary shares for cash totalling RM5,728,975 arising from the exercise of the employees' share options at an exercise price of RM0.89 per ordinary share;

b) 40,031,400 new ordinary shares for cash totalling RM18,014,130 arising from the exercise of the employees' share options at an exercise price of RM0.45 per ordinary share;

c) 3,712,376 new ordinary shares totalling RM1,670,569 at the exercise price of RM0.45 per ordinary share under the shares held under trust as disclosed in Note 14 to the financial statements;

d) 22,000,000 new ordinary shares totalling RM19,580,000 at the exercise price of RM0.89 per ordinary share under the shares held under trust as disclosed in Note 14 to the financial statements; and

e) bonus issue of 1,882,750,098 new ordinary shares on the basis of one (1) bonus share for one (1) existing ordinary share held in the Company.

At the Annual General Meeting held on 8 January 2021, the shareholders of the Company renewed their approval for the Company to repurchase its own shares. During the financial year, the Company did not repurchase any ordinary shares.

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

ISSUE OF WARRANTS

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

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

The main features of the Warrants are as follows:

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

ISSUE OF WARRANTS (CONT'D)

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

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

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

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

No Warrants were exercised during the financial year. As at year end, 761,848,258 Warrants remained unexercised.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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

The salient features of the ESOS are as follows:

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

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

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

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

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

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

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

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

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

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

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

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

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

		Number of options ('000)				
Date of offer	**Exercise price**	**At 1 August 2020**	**Granted**	**Exercised**	**Forfeited**	**At 18 May 2021**
02 July 2020	RM0.89	94,087	--	(25,294)	(1,784)	67,009

Date of offer	**Exercise price***	**At 18 May 2021**	**Bonus issue**	**Exercised**	**Forfeited**	**At 31 July 2021**
02 July 2020	RM0.45	67,009	67,009	(43,593)	(785)	89,640

* The Company completed its bonus issue exercise on 18 May 2021 and the exercise price has been adjusted accordingly.

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

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of premium paid for insurance effected for Directors and certain officers of the Group and of the Company was RM40,000 for total sum insured of RM20 million. There were no indemnity given to or insurance effected for auditor of the Company during the financial year.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

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

OTHER STATUTORY INFORMATION

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

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

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

OTHER STATUTORY INFORMATION (CONT'D)

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, except for the impairment losses provided for property, plant and equipment and investments in associates as disclosed in Note 3 and Note 7 respectively to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 July 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

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

The auditors' remuneration is disclosed in Note 21 to the financial statements.

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

Datuk Gan Sem Yam
Director

Dato' Gan Tiong Sia
Director

19 November 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 July 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	989,519	846,875	379,284	272,642
Right-of-use assets	4	103,406	98,575	--	--
Investments properties	5	23,114	6,500	16,614	--
Investments in subsidiaries	6	--	--	450,306	407,204
Investments in associates	7	39,254	67,754	35,000	60,000
Other investments	8	205,020	78,017	8,305	7,321
Prepayments	9	--	3,813	--	--
Deferred tax assets	10	5,614	5,059	--	--
Total non-current assets		1,365,927	1,106,593	889,509	747,167
Inventories	11	636,542	331,800	253,391	104,037
Contract assets	12	194,962	103,648	69,548	30,147
Trade and other receivables	9	992,132	884,372	522,650	331,341
Current tax assets		6,417	2,334	--	--
Dividends receivable		--	--	50,000	20,000
Cash and cash equivalents	13	402,404	404,512	37,671	31,378
Total current assets		2,232,457	1,726,666	933,260	516,903
Total assets		3,598,384	2,833,259	1,822,769	1,264,070
Equity					
Share capital	14	842,358	782,947	842,358	782,947
Reserves	14	1,198,155	926,069	220,786	106,691
Equity attributable to owners of the Company		2,040,513	1,709,016	1,063,144	889,638
Non-controlling interests	6	176,996	167,587	--	--
Total equity		2,217,509	1,876,603	1,063,144	889,638
Liabilities					
Loans and borrowings	15	88,855	27,997	71,060	9,104
Loan from a Director	16	23,551	23,614	--	--
Deferred tax liabilities	10	68,371	65,718	17,281	15,128
Total non-current liabilities		180,777	117,329	88,341	24,232
Liabilities					
Loans and borrowings	15	315,755	224,027	217,129	121,719
Trade and other payables	17	846,985	575,972	447,779	225,163
Contract liabilities	12	16,750	7,553	--	--
Due to a Director	16	2,384	2,384	--	--
Current tax liabilities		18,224	29,391	6,376	3,318
Total current liabilities		1,200,098	839,327	671,284	350,200
Total liabilities		1,380,875	956,656	759,625	374,432
Total equity and liabilities		3,598,384	2,833,259	1,822,769	1,264,070

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	18	4,002,281	3,243,192	1,866,940	1,299,779
Cost of sales		(3,475,042)	(2,921,880)	(1,727,524)	(1,225,062)
Gross profit		527,239	321,312	139,416	74,717
Other income		20,771	13,502	193,344	69,825
Distribution expenses		(27,130)	(22,633)	(2,996)	(3,337)
Administrative expenses		(141,899)	(126,109)	(53,550)	(40,805)
Other expenses		(41,865)	(24,735)	(26,299)	(20,327)
Results from operating activities		337,116	161,337	249,915	80,073
Finance income		3,964	7,029	251	1,067
Finance costs	19	(11,287)	(17,268)	(4,995)	(5,707)
Net finance costs		(7,323)	(10,239)	(4,744)	(4,640)
Operating profit		329,793	151,098	245,171	75,433
Share of (loss)/profit of equity accounted associates, net of tax		(663)	2,264	--	--
Profit before tax		329,130	153,362	245,171	75,433
Tax expense	20	(87,513)	(48,871)	(25,256)	(8,736)
Profit for the year	21	241,617	104,491	219,915	66,697
Other comprehensive income/(expense), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Net change in fair value of equity instrument designated at fair value through other comprehensive income		124,144	(20,941)	2,888	--
Revaluation of property, plant and equipment upon transfer of properties to investment properties		--	82	--	--
		124,144	(20,859)	2,888	--
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		24,779	20,760	--	--
Remeasurement of actuarial gain		(337)	87	--	--
Share of other comprehensive income of equity accounted associates		--	871	--	--
		24,442	21,718	--	--
Other comprehensive income for the year, net of tax		148,586	859	2,888	--
Total comprehensive income for the year		390,203	105,350	222,803	66,697

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 July 2021
(Cont'd)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit attributable to:					
Owners of the Company		245,351	116,478	219,915	66,697
Non-controlling interests		(3,734)	(11,987)	--	--
Profit for the year		241,617	104,491	219,915	66,697
Total comprehensive income attributable to:					
Owners of the Company		380,794	115,758	222,803	66,697
Non-controlling interests		9,409	(10,408)	--	--
Total comprehensive income for the year		390,203	105,350	222,803	66,697
Basic earnings per ordinary share (sen)	22	6.59	3.15		
Diluted earnings per ordinary share (sen)	22	6.49	3.09		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2021

		← Attributable to owners of the Company →											
		← Non-distributable →								Distributable			
	Note	Share capital RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Exchange fluctuation reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Employee share -based reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group													
At 1 August 2019		753,077	(1,659)	56,465	58,500	10,208	(5,264)	5,296	(4,979)	734,822	1,606,466	177,995	1,784,461
Foreign currency translation differences for foreign operation		--	--	--	19,181	--	--	--	--	--	19,181	1,579	20,760
Remeasurement of actuarial gain		--	--	--	--	--	--	--	--	87	87	--	87
Net change in fair value of equity instrument designated at FVOCI		--	--	--	--	--	(20,941)	--	--	--	(20,941)	--	(20,941)
Revaluation of property, plant and equipment upon transfer of properties to investment properties		--	--	82	--	--	--	--	--	--	82	--	82
Share of other comprehensive income of equity accounted associates		--	--	--	871	--	--	--	--	--	871	--	871
Total other comprehensive income/ (expense) for the year		--	--	82	20,052	--	(20,941)	--	--	87	(720)	1,579	859
Profit for the year		--	--	--	--	--	--	--	--	116,478	116,478	(11,987)	104,491
Total comprehensive income/ (expense) for the year		--	--	82	20,052	--	(20,941)	--	--	116,565	115,758	(10,408)	105,350
Contributions by and distributions to owners of the Company													
Equity settled share based transaction	14												
- Share option granted		--	--	--	--	--	--	9,270	--	--	9,270	--	9,270
- Share option exercised		11,020	(5,110)	--	--	--	--	(5,910)	--	--	--	--	--
- Shares issued pursuant to ESOS		8,770	10,080	--	--	--	--	--	--	--	18,850	--	18,850
- Shares issued pursuant to ESOS Trust Funding ("ETF")		10,080	(3,311)	--	--	--	--	--	--	--	6,769	--	6,769
Dividends to owners of the Company	23	--	--	--	--	--	--	--	--	(48,097)	(48,097)	--	(48,097)
Total transactions with owners of the Group		29,870	1,659	--	--	--	--	3,360	--	(48,097)	(13,208)	--	(13,208)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2021
(Cont'd)

	Attributable to owners of the Company											
	Non-distributable								Distributable			
	Share capital RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Exchange fluctuation reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Employee share -based reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Transferred from retained earnings	--	--	--	--	164	--	--	--	(164)	--	--	--
Realisation of revaluation reserve	--	--	(2,219)	--	--	--	--	--	2,219	--	--	--
At 31 July 2020	782,947	--	54,328	78,552	10,372	(26,205)	8,656	(4,979)	805,345	1,709,016	167,587	1,876,603

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2021
(Cont'd)

		Attributable to owners of the Company											
		Non-distributable								Distributable			
	Note	Share capital RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Exchange fluctuation reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Employee share -based reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group													
At 1 August 2020		782,947	--	54,328	78,552	10,372	(26,205)	8,656	(4,979)	805,345	1,709,016	167,587	1,876,603
Foreign currency translation differences for foreign operation		--	--	--	11,524	--	--	--	--	--	11,524	13,255	24,779
Remeasurement of actuarial loss		--	--	--	--	--	--	--	--	(337)	(337)	--	(337)
Net change in fair value of equity instrument designated at FVOCI		--	--	--	--	--	124,256	--	--	--	124,256	(112)	124,144
Transfer upon disposal of equity investment designated at fair value through other comprehensive income		--	--	--	--	--	(2,888)	--	--	2,888	--	--	--
Total other comprehensive income for the year		--	--	--	11,524	--	121,368	--	--	2,551	135,443	13,143	148,586
Profit for the year		--	--	--	--	--	--	--	--	245,351	245,351	(3,734)	241,617
Total comprehensive income for the year		--	--	--	11,524	--	121,368	--	--	247,902	380,794	9,409	390,203
Contributions by and distributions to owners of the Company													
Equity settled share based transaction	14												
- Share option granted		--	--	--	--	--	--	14,344	--	--	14,344	--	14,344
- Share option exercised		14,417	--	--	--	--	--	(14,417)	--	--	--	--	--
- Shares issued pursuant to ESOS		23,743	21,251	--	--	--	--	--	--	--	44,994	--	44,994
- Shares issued pursuant to ESOS Trust Funding ("ETF")		21,251	(24,148)	--	--	--	--	--	--	--	(2,897)	--	(2,897)
Dividends to owners of the Company	23	--	--	--	--	--	--	--	--	(105,738)	(105,738)	--	(105,738)
Total transactions with owners of the Group		59,411	(2,897)	--	--	--	--	(73)	--	(105,738)	(49,297)	--	(49,297)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2021
(Cont'd)

	Attributable to owners of the Company											
	Non-distributable								Distributable			
	Share capital RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Exchange fluctuation reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Employee share -based reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Transferred from retained earnings	--	--	--	--	171	--	--	--	(171)	--	--	--
Realisation of revaluation reserve	--	--	(2,975)	--	--	--	--	--	2,975	--	--	--
At 31 July 2021	842,358	(2,897)	51,353	90,076	10,543	95,163	8,583	(4,979)	950,313	2,040,513	176,996	2,217,509

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2021

		Attributable to owners of the Company							
		Non-distributable						Distributable	
	Note	Share capital RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Employee share-based reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Company									
At 1 August 2019		753,077	(1,659)	27,334	--	5,484	(4,979)	56,892	836,149
Profit for the year/ **Total comprehensive income for the year**		--	--	--	--	--	--	66,697	66,697
Contributions by and distributions to owners of the Company									
Equity settled share-based transaction	14								
- Share option granted		--	--	--	--	9,270	--	--	9,270
- Share option exercised		11,020	(5,110)	--	--	(5,910)	--	--	--
- Shares issued pursuant to ESOS		8,770	10,080	--	--	--	--	--	18,850
- Shares issued pursuant to ESOS Trust Funding ("ETF")		10,080	(3,311)	--	--	--	--	--	6,769
Dividends to owners of the Company	23	--	--	--	--	--	--	(48,097)	(48,097)
Total transactions with owners of the Company		29,870	1,659	--	--	3,360	--	(48,097)	(13,208)
Realisation of revaluation reserve		--	--	(605)	--	--	--	605	--
At 31 July 2020		782,947	--	26,729	--	8,844	(4,979)	76,097	889,638

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2021
(Cont'd)

		Attributable to owners of the Company							
		Non-distributable						Distributable	
	Note	Share capital RM'000	Shares held under trust RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Employee share-based reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Company									
At 1 August 2020		782,947	--	26,729	--	8,844	(4,979)	76,097	889,638
Net change in fair value of equity instrument designated at FVOCI		--	--	--	2,888	--	--	--	2,888
Transfer upon disposal of equity investment designated at fair value through other comprehensive income		--	--	--	(2,888)	--	--	2,888	--
Total other comprehensive income for the year		--	--	--	--	--	--	2,888	2,888
Profit for the year		--	--	--	--	--	--	219,915	219,915
Total comprehensive income for the year		--	--	--	--	--	--	222,803	222,803
Contributions by and distributions to owners of the Company									
Equity settled share-based transaction	14								
- Share option granted		--	--	--	--	14,344	--	--	14,344
- Share option exercised		14,417	--	--	--	(14,417)	--	--	--
- Shares issued pursuant to ESOS		23,743	21,251	--	--	--	--	--	44,994
- Shares issued pursuant to ESOS Trust Funding ("ETF")		21,251	(24,148)	--	--	--	--	--	(2,897)
Dividends to owners of the Company	23	--	--	--	--	--	--	(105,738)	(105,738)
Total transactions with owners of the Company		59,411	(2,897)	--	--	(73)	--	(105,738)	(49,297)
Realisation of revaluation reserve		--	--	(605)	--	--	--	605	--
At 31 July 2021		842,358	(2,897)	26,124	--	8,771	(4,979)	193,767	1,063,144

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

STATEMENTS OF CASH FLOWS

For the year ended 31 July 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from operating activities					
Profit before tax		329,130	153,362	245,171	75,433
Adjustments for:					
Depreciation of:					
- Property, plant and equipment		98,583	89,097	35,601	25,892
- Right-of-use assets		2,888	2,718	--	--
Dividend income		--	--	(3,000)	--
Equity settled share-based transactions	14	14,344	9,270	6,608	4,503
Finance costs	19	10,645	16,459	4,746	5,513
Property, plant and equipment:					
- Gain on disposal		(1,816)	(1,554)	(115)	(52)
- Written off		421	904	2	--
(Reversal)/Write down of obsolete and slow moving inventories		(1,671)	14,500	--	3,044
(Reversal of impairment loss)/Impairment loss on:					
- Trade receivables		(708)	2,608	--	--
- Other receivables		3,769	--	--	--
- Investments in subsidiaries		--	--	(29,220)	18,126
- Investments in associates		25,000	--	25,000	--
- Property, plant and equipment		5,760	16,124	--	--
Finance income		(3,964)	(7,029)	(251)	(1,067)
Share of loss/(profit) of equity accounted associates		663	(2,264)	--	--
Unrealised loss/(gain) on foreign exchange		1,266	(473)	1,299	(862)
Bad debts recovered		--	--	(3,800)	--
Operating profit before changes in working capital		484,310	293,722	282,041	130,530
Change in inventories		(303,071)	25,243	(149,354)	30,693
Change in contract assets		(91,314)	55,256	(39,401)	11,433
Change in contract liabilities		9,197	(2,723)	--	--
Change in trade and other receivables		(110,821)	112,917	(209,923)	95,635
Change in trade and other payables		232,267	(119,529)	210,187	(67,220)
Cash generated from operations		220,568	364,886	93,550	201,071
Interest received		3,964	7,029	251	1,067
Tax paid		(100,665)	(49,234)	(20,045)	(5,799)
Net cash from operating activities		123,867	322,681	73,756	196,339

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

STATEMENTS OF CASH FLOWS

For the year ended 31 July 2021
(Cont'd)

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Acquisition of:					
- property, plant and equipment	24	(230,541)	(115,611)	(149,469)	(54,791)
- right-of-use assets		(2,742)	(4,985)	--	--
- investments in subsidiaries		--	--	(6,146)	(12,866)
- other investments		(7,078)	(5,419)	(2,315)	(2,594)
- prepayments		3,813	874	--	--
Proceed from disposal of:					
- property, plant and equipment		6,304	13,417	227	285
- other investments		4,219	--	4,219	--
Changes in pledged deposits		6,072	2,850	--	--
Dividend received from an associate		3,000	--	3,000	--
Net cash used in investing activities		(216,953)	(108,874)	(150,484)	(69,966)
Cash flows from financing activities					
Repayment of term loans		(34,811)	(34,641)	(30,131)	(26,227)
Drawdown of term loans		90,988	--	80,988	--
Repayments of hire purchase liabilities		(8,641)	(11,829)	(716)	(569)
Net drawdown/(repayment) from short term borrowings		110,955	(126,784)	101,267	(76,126)
Interest paid		(10,674)	(16,601)	(4,746)	(5,513)
(Repayment)/Drawdown of loan from a Director		(63)	13,267	--	--
Proceeds from issuance of shares		42,097	20,509	42,097	20,509
Dividend paid to owners of the Company		(105,738)	(48,097)	(105,738)	(48,097)
Net cash from/(used in) financing activities		84,113	(204,176)	83,021	(136,023)
Exchange differences on translation of the financial statements of foreign operations		11,524	19,181	--	--
Net increase/(decrease) in cash and cash equivalents		2,551	28,812	6,293	(9,650)
Cash and cash equivalents at 1 August		361,208	329,640	31,378	41,028
Effect of exchange rate fluctuation on cash held		7,618	2,756	--	--
Cash and cash equivalents at 31 July	13	371,377	361,208	37,671	31,378

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

Cash outflows for leases as a lessee

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Included in net cash from operating activities					
Payment related to short-term leases/ **Total cash outflows for leases**	21	12,286	9,014	9,107	8,626

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

	At 1 August 2019 RM'000	Net changes from financing cash flows RM'000	Hire purchase liabilities obtained during the year RM'000	At 31 July 2020/ 1 August 2020 RM'000	Net changes from financing cash flows RM'000	Hire purchase liabilities obtained during the year RM'000	At 31 July 2021 RM'000
Group							
Term loans	89,809	(34,641)	--	55,168	56,177	--	111,345
Hire purchase liabilities	24,525	(11,829)	500	13,196	(8,641)	300	4,855
Trust receipts/Onshore loan	183,333	(74,569)	--	108,764	79,870	--	188,634
Short term loan	51,527	761	--	52,288	(26,720)	--	25,568
Bankers' acceptances	69,379	(52,976)	--	16,403	57,805	--	74,208
Loan from a Director (Note 16)	10,347	13,267	--	23,614	(63)	--	23,551
Total liabilities from financing activities	428,920	(159,987)	500	269,433	158,428	300	428,161

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

Reconciliation of movement of liabilities to cash flows arising from financing activities (Cont'd)

	At 1 August 2019 RM'000	Net changes from financing cash flows RM'000	Hire purchase liabilities obtained during the year RM'000	At 31 July 2020/ 1 August 2020 RM'000	Net changes from financing cash flows RM'000	Hire purchase liabilities obtained during the year RM'000	Exchanges difference RM'000	At 31 July 2021 RM'000
Company								
Term loans	60,945	(26,227)	--	34,718	50,857	--	2,642	88,217
Hire purchase liabilities	2,172	(569)	500	2,103	(716)	300	6	1,693
Trust receipts/Onshore loan	105,414	(27,815)	--	77,599	54,472	--	--	132,071
Bankers' acceptances	64,714	(48,311)	--	16,403	46,795	--	3,010	66,208
Total liabilities from financing activities	233,245	(102,922)	500	130,823	151,408	300	5,658	288,189

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

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

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

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

The consolidated financial statements of the Company as at and for the financial year ended 31 July 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the financial year ended 31 July 2021 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 19 November 2021.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments,* MFRS 139, *Financial Instruments: Recognition and Measurement,* MFRS 7, *Financial Instruments: Disclosures,* MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

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

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

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

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company upon their first adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - Property, plant and equipment
- Note 6 - Investments in subsidiaries
- Note 11 - Inventories

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations (Cont'd)

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(v) Associates (Cont'd)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (Cont'd)

(i) Foreign currency transactions (Cont'd)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

The categories of financial assets at initial recognition are as follows:

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

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

Financial assets **(Cont'd)**

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(l)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

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

***Financial liabilities* (Cont'd)**

(a) Fair value through profit or loss (Cont'd)

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(iv) Financial guarantee contracts (Cont'd)

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

Property, plant and equipment under the revaluation model

The Group revalues its property comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The buildings are depreciated over their useful lives from the date of acquisition or subsequently over the remaining useful lives from the date of revaluation.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 - 50 years
Plant and machinery	10 years
Furniture, fittings and renovation	3 - 5 years
Motor vehicles	5 years
Building improvements	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

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

(a) As a lessee (Cont'd)

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

(iii) Subsequent measurement (Cont'd)

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see Note 2(l)(i)).

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Intangible assets

Intangible assets that are acquired by the Group, which have indefinite useful lives are measured at cost less any accumulated impairment losses.

(iii) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(g) Investment properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment properties (Cont'd)

(i) Investment properties carried at fair value (Cont'd)

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Non-current asset held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Non-current asset held for sale or distribution to owners (Cont'd)

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale or distribution.

(j) Contract asset and contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix/individual assessment with reference to historical credit loss experience.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (Cont'd)

(i) Financial assets (Cont'd)

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, deferred tax assets and investment property measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (Cont'd)

(ii) Other assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(iv) Shares held under trust

Shares issued by the Company under the Employees' Share Option Scheme ("ESOS") Trust Funding Mechanism ("ETF Mechanism") are recorded as shares held under trust in the statement of financial position. The subscription amounts of the shares are included in equity attributable to owners of the Company as shares held under trust and are reduced upon the exercise of options under the ETF Mechanism.

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits (Cont'd)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(o) Provision

A provision is recognised if, as a result of a past event, the Group has present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding or the discount is recognised as finance cost.

(p) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Revenue (Cont'd)

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iii) Dividend income

Dividend income is recognised in profit or loss when the right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, investment tax allowance and enhanced export incentive being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(u) Contingencies

Contingent liabilities

Where is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Capital work-in -progress RM'000	Total RM'000
Group							
At cost/valuation							
At 1 August 2019		499,623	992,809	96,426	26,537	33,389	1,648,784
Additions		11,837	63,510	1,746	1,284	14,874	93,251
Transfer		23,673	4,151	--	--	(27,824)	--
Transfer to investment properties:							
- Revaluation of property transferred		91	--	--	--	--	91
- Offset of accumulated depreciation		(90)	--	(744)	--	--	(834)
- Transfer of carrying amount	5	(2,326)	--	(2,974)	--	--	(5,300)
Disposals		--	(98,961)	(106)	(2,311)	--	(101,378)
Written off		--	(3,087)	(1,441)	--	--	(4,528)
Exchange differences		4,606	8,202	932	178	48	13,966
At 31 July 2020/1 August 2020		537,414	966,624	93,839	25,688	20,487	1,644,052
Additions		68,797	102,312	14,076	1,142	63,534	249,861
Transfer		--	784	--	--	(784)	--
Transfer to investment properties	5	(16,718)	--	--	--	--	(16,718)
Disposals		(2,300)	(20,365)	(1,355)	(3,757)	--	(27,777)
Written off		--	(8,093)	(148)	--	--	(8,241)
Exchange differences		14,117	28,102	3,246	606	57	46,128
At 31 July 2021		601,310	1,069,364	109,658	23,679	83,294	1,887,305
Representing items at:							
Cost		207,264	1,069,364	109,658	23,679	83,294	1,493,259
Directors' valuation - 2017		394,046	--	--	--	--	394,046
		601,310	1,069,364	109,658	23,679	83,294	1,887,305
Accumulated depreciation							
At 1 August 2019		31,838	637,380	65,730	17,845	--	752,793
Depreciation charge		16,128	62,561	7,703	2,705	--	89,097
Offset of accumulated depreciation on property transferred to investment properties		(90)	--	(744)	--	--	(834)
Disposals		--	(80,575)	(99)	(2,057)	--	(82,731)
Written off		--	(2,837)	(787)	--	--	(3,624)
Exchange differences		467	5,463	735	139	--	6,804
At 31 July 2020/1 August 2020		48,343	621,992	72,538	18,632	--	761,505
Depreciation charge		20,001	68,814	7,426	2,342	--	98,583
Transfer to investment properties	5	(104)	--	--	--	--	(104)
Disposals		(97)	(16,220)	(1,065)	(3,237)	--	(20,619)
Written off		--	(7,674)	(146)	--	--	(7,820)
Exchange differences		1,891	19,794	2,420	530	--	24,635
At 31 July 2021		70,034	686,706	81,173	18,267	--	856,180

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

	Note	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Capital work-in -progress RM'000	Total RM'000
Group							
Accumulated impairment losses							
At 1 August 2019		3,000	20,294	2,625	--	--	25,919
Impairment loss		--	14,723	908	493	--	16,124
Disposal		--	(6,784)	--	--	--	(6,784)
Exchange differences		--	371	36	6	--	413
At 31 July 2020/1 August 2020		3,000	28,604	3,569	499	--	35,672
Impairment loss		--	5,251	50	459	--	5,760
Disposal		--	(2,075)	(261)	(334)	--	(2,670)
Exchange differences		--	2,498	287	59	--	2,844
At 31 July 2021		3,000	34,278	3,645	683	--	41,606
Carrying amounts							
At 1 August 2019		464,785	335,135	28,071	8,692	33,389	870,072
At 31 July 2020/1 August 2020		486,071	316,028	17,732	6,557	20,487	846,875
At 31 July 2021		528,276	348,380	24,840	4,729	83,294	989,519
Company							
At cost/valuation							
At 1 August 2019		143,883	175,729	18,771	10,204	20,247	368,834
Additions		4,579	25,422	1,061	1,037	3,663	35,762
Disposals		--	(663)	(7)	(83)	--	(753)
Written off		--	(3)	(169)	--	--	(172)
Net transfer from subsidiaries		--	5	(1)	--	--	4
Transfer		23,673	--	--	--	(23,673)	--
At 31 July 2020/1 August 2020		172,135	200,490	19,655	11,158	237	403,675
Additions		51,317	42,771	3,108	765	60,861	158,822
Disposals		--	(835)	(4)	(551)	--	(1,390)
Written off		--	(945)	(113)	--	--	(1,058)
Net transfer from subsidiaries		--	216	18	--	--	234
Transfer to investment properties	5	(16,718)	--	--	--	--	(16,718)
At 31 July 2021		206,734	241,697	22,664	11,372	61,098	543,565
Representing items at:							
Cost		132,864	241,697	22,664	11,372	61,098	469,695
Directors' valuation - 2017		73,870	--	--	--	--	73,870
		206,734	241,697	22,664	11,372	61,098	543,565

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

	Note	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Capital work-in -progress RM'000	Total RM'000
Company							
Accumulated depreciation							
At 1 August 2019		5,864	81,610	13,329	5,034	--	105,837
Depreciation charge		4,836	17,499	2,022	1,535	--	25,892
Disposals		--	(491)	(2)	(27)	--	(520)
Written off		--	(1)	(169)	--	--	(170)
Net transfer from subsidiaries		--	(4)	(2)	--	--	(6)
At 31 July 2020/1 August 2020		10,700	98,613	15,178	6,542	--	131,033
Depreciation charge		8,121	23,514	2,308	1,658	--	35,601
Disposals		--	(809)	(2)	(467)	--	(1,278)
Written off		--	(945)	(111)	--	--	(1,056)
Net transfer from subsidiaries		--	77	8	--	--	85
Transfer to investment properties	5	(104)	--	--	--	--	(104)
At 31 July 2021		18,717	120,450	17,381	7,733	--	164,281
Carrying amounts							
At 1 August 2019		138,019	94,119	5,442	5,170	20,247	262,997
At 31 July 2020/1 August 2020		161,435	101,877	4,477	4,616	237	272,642
At 31 July 2021		188,017	121,247	5,283	3,639	61,098	379,284

3.1 Carrying amounts of land and buildings

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At valuation				
Land	32,053	32,099	22,570	22,570
Buildings	317,117	320,356	45,600	47,025
At cost				
Land	50,195	40,465	37,795	27,040
Buildings	128,911	93,151	82,052	64,800
	528,276	486,071	188,017	161,435

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

3.2 Carrying amounts by geographical area

	Group	
	2021 RM'000	2020 RM'000
Malaysia	704,022	548,897
China	235,881	241,944
Others	49,616	56,034
	989,519	846,875

3.3 Fair value information

Land and buildings other than those acquired subsequent to the revaluation and acquired through acquisition of subsidiaries, are stated at Directors' valuation based on independent professional valuations carried out as at 31 July 2017.

Fair value of land and buildings are categorised as follows:

	Level 3	
	Group RM'000	Company RM'000
Land	44,533	22,570
Buildings	349,513	51,300
	394,046	73,870

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method:		
Sales price of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	• Price per square foot: RM25 to RM50.	• The estimated fair value would increase (decrease) if the price per square foot is higher (lower).
Building is determined based on depreciated replacement cost. Estimated cost of construction of the buildings is based on current market price.	• Price per square foot: RM52 to RM134.	

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

3.4 Security

At 31 July 2021, the carrying amount of the plant and machinery and motor vehicles of the Group and of the Company pledged for hire purchase liabilities is RM17,022,000 (2020: RM24,360,000) and RM2,321,000 (2020: RM2,258,000) respectively.

3.5 Impairment loss

The recoverable amounts have been determined and based on fair value less costs of disposal or value-in-use calculations as appropriate. To determine the recoverable amount based on fair value less costs of disposal, the Group obtains quoted market prices when available or used independent appraisals. To determine the recoverable amount based on value-in-use calculations, the Group used cash flow projection discounted at an appropriate pre-tax discount rate. The pre-tax discount rate reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement. The cash flow projection also requires the use of judgement and estimation regarding the financial forecasts prepared by management with major assumptions such as percentage changes in revenue and operating costs. Management derives the required cash flow projection from historical results, internal business plans, the prevailing market trends and the expected remaining useful lives of the relevant assets. Changes to major assumptions and estimation could affect the value-in-use calculations and as a result affect the Group's reported financial condition and results of operations.

The global political uncertainty continues to adversely impact the business environment in China and created uncertainty in the business environment in China. In light of that, management has decided to cease operation of certain manufacturing lines and accordingly, certain machinery and equipment were not expected to be used in production in the future.

For these machinery and equipment with a carrying amount of RM20,686,000 that were not expected to be used in production in the future, management estimated the recoverable amount of RM14,926,000 based on their fair value less costs of disposal by making reference to quotations obtained from third-party buyers in the second-hand equipment and machinery trading market. The fair value of these machinery and equipment is categorised in level 2 of the fair value hierarchy. Accordingly, for the year ended 31 July 2021, impairment loss of RM5.8 million (2020: RM16.1 million) is recognised as other expenses in the statement of profit or loss and other comprehensive income.

For the remaining of property, plant and equipment (excluding land and buildings) with carrying value of RM61,590,000, management considered each business segment as a separately identifiable cash-generating unit ("CGU") and performed impairment assessment by each CGU accordingly as at 31 July 2021. For the impairment testing purpose, the estimates of the recoverable amounts were based on value-in-use calculations. In estimating the present value of future net cash flows, after considering the historical results, the prevailing market trends and the expected remaining useful lives of the relevant property, plant and equipment, the management has made key assumptions and estimation on the financial forecasts with major assumptions such as percentage changes in revenue and operating costs as well as pre-tax discount rate of 11% (2020: 11%) and a growth rate of 3% from 2023 (2020: 3% from 2023). Given the recoverable amount was higher than the carrying value of the remaining of property, plant and equipment allocated to each CGU with headroom over 10% of the carrying value, no impairment provision was made.

For land and buildings of RM225,353,000, management has assessed the recoverable amount based on its fair value less costs of disposal with reference to fair value of the land and building assessed by independent professional valuer through market approach. The fair value of land and buildings is categorised in level 3 of the fair value hierarchy. No impairment provision was made for the land and buildings as its recoverable amount was higher than the carrying value.

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

3.6 Transfer to investment properties

A property is transferred to investment properties because it is no longer used by the Group and the Company and it is leased to a third party.

In prior year, the Group remeasured the property at fair value and recognised a net gain of RM81,555 in other comprehensive income immediately before the transfer.

The valuation techniques and significant unobservable inputs used in measuring the fair value of the property at the date of transfer are disclosed in Note 5.

3.7 Others

Had the revalued land and buildings been carried at cost, their carrying amounts would have been as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Land	15,536	15,536	11,717	11,717
Buildings	106,558	109,464	22,439	23,168
	122,094	125,000	34,156	34,885

Motor vehicles of the Group and of the Company with carrying amount of RM1,143,000 (2020: RM1,755,000) are registered in the names of the Directors held in trust for the companies.

Included in the Group's additions of property, plant and equipment is an interest being capitalised of RM30,000 (2020: RM142,000) at a rate of 5.1% (2020: 4.8%) per annum.

4. RIGHT-OF-USE ASSETS

	Land RM'000
Group	
At cost/valuation	
At 1 August 2019	95,055
Additions	4,985
Depreciation	(2,718)
Exchange differences	1,253
At 31 July 2020/1 August 2020	98,575
Additions	2,742
Depreciation	(2,888)
Exchange differences	4,977
At 31 July 2021	103,406

The Group leases land that run for 30 - 81 years. The leases have been prepaid by the Group entities.

5. INVESTMENT PROPERTIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 August	6,500	1,200	--	--
Transfer from property, plant and equipment (see Note 3)	16,614	5,300	16,614	--
At 31 July	23,114	6,500	16,614	--

Properties were transferred from property, plant and equipment to investment properties (see Note 3) because the properties are leased to a third party.

Investment properties comprise a number of factory buildings that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 to 3 years. Subsequent renewals are negotiated with the lease and on average renewal periods are 1 to 3 years. The Group and the Company do not charge variable lease payments that do not depend on an index or rate.

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Rental income	479	271	169	--
Direct operating expenses:				
- income generating investment properties	24	14	13	--

5.1 Fair value information

Fair value of investment properties are categorised as follows:

	Level 3	
	2021 RM'000	2020 RM'000
Group		
Land	7,078	2,030
Buildings	16,036	4,470
	23,114	6,500
Company		
Land	5,048	--
Buildings	11,566	--
	16,614	--

5. INVESTMENT PROPERTIES (CONT'D)

5.1 Fair value information (Cont'd)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method:		
Sales price of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	• Price per square foot: RM51 to RM415 (2020: RM51 to RM415)	• The estimated fair value would increase (decrease) if the price per square foot is higher (lower).
Building is determined based on depreciated replacement cost. Estimated cost of construction of the buildings is based on current market price.	• Price per square foot: RM157 to RM267 (2020: RM89 to RM151).	

Valuation processes applied by the Group for Level 3 fair value

Directors are in the opinion that the fair value of the new investment property approximates the carrying amount as the investment property was newly acquired in October 2020.

The fair value of the remaining investment property is determined by Directors by reference to the valuation conducted as at 31 July 2021 by independent professional valuers.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Cost of investment	456,968	443,086
Less: Impairment loss	(6,662)	(35,882)
	450,306	407,204

Impairment exist when the carrying value of the investment in subsidiaries exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The Company determined the recoverable amount of the investment in subsidiaries based on the fair value less costs of disposal.

During the year, the Company recognised a reversal of impairment losses of RM29,220,000 on its investments in a subsidiary. The reversal was mainly due to excess of recoverable amount over the Company's investment cost due to more favourable market conditions. The recoverable amount of RM209,737,000 has been determined based on the fair value less costs of disposal. The fair value was determined mainly based on share price of the quoted investments held by the subsidiary as at year end. The reversal of impairment losses was recorded within other income in the statement of profit or loss and other comprehensive income of the Company.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

In prior year, the Company has fully recognised impairment losses of RM6,662,000 on its dormant subsidiaries. The recoverable amounts of the Company's investments in those subsidiaries have been determined based on the fair value less cost of disposals of the respective subsidiaries. The net assets of these subsidiaries approximate the fair value due to its short-term nature. The impairment charge was recorded within other expense in the statement of profit or loss and other comprehensive income of the Company.

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
V.S. Plus Sdn. Bhd.	Malaysia	Manufacturing, assembly and sale of plastic moulded components and parts and electrical products	100	100
V.S. Electronics Sdn. Bhd.	Malaysia	Manufacturing, assembling and sale of electronic and electrical products, components and parts	100	100
V.S. Technology Sdn. Bhd.	Malaysia	Design and fabrication of tools and moulds	100	100
V.S. Integrated Management Sdn. Bhd.	Malaysia	Hostel management services, trading of electrical and electronic products	100	100
V.S. Ashin Technology Sdn. Bhd.	Malaysia	Dormant	74.40	74.40
Skreen Fabric (M) Sdn. Bhd.	Malaysia	Manufacturer of screen fabric printing, filter components and other related products	100	100
PT. V.S. Technology Indonesia[@]	Indonesia	Assembling and sale of electronic products and injection moulding of plastic components	100	100
VS Marketing & Engineering Pte. Ltd.[@]	Singapore	Trading of electronic components	51	51
V S International Venture Pte. Ltd.[@]	Singapore	Investment holding	100	100
V.S. International Group Limited[@] - Listed on Hong Kong Stock Exchange	People's Republic of China/Cayman Islands	Investment holding	43.34	43.34

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2021 %	2020 %
Subsidiaries of V.S. International Group Limited@				
V.S. International Industry Limited	People's Republic of China/British Virgin Islands	Investment holding	43.34	43.34
V.S. Investment Holdings Limited	People's Republic of China/British Virgin Islands	Dormant	43.34	43.34
V.S. Corporation (Hong Kong) Co., Limited	People's Republic of China/ Hong Kong	Trading of electronic products, parts and components and investment holding	43.34	43.34
V.S. Technology Industry Park (Zhuhai) Co., Ltd.	People's Republic of China	Manufacturing, assembling and selling of plastic moulded products and electronic products, parts and components	43.34	43.34
Haivs Industry (Qingdao) Co., Ltd.	People's Republic of China	Investment holding	43.34	43.34
Qingdao GP Precision Mold Co., Ltd.	People's Republic of China	Investment holding	43.34	43.34
VSA Holding Hong Kong Co., Limited	People's Republic of China/ Hong Kong	Investment holding	43.34	43.34
VSA Electronics Technology (Zhuhai) Co., Ltd.	People's Republic of China	Investment holding	43.34	43.34
V.S. Industry (Zhuhai) Co., Ltd.	People's Republic of China	Manufacturing and selling of plastic moulded products and parts	43.34	43.34
V.S. Holding Vietnam Limited	Vietnam/ British Virgin Islands	Investment holding	43.34	43.34

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2021 %	2020 %
Subsidiaries of V.S. International Group Limited@ cont'd				
V.S. Industry Holding Limited	People's Republic of China/ Hong Kong	Investment holding	43.34	43.34
V.S. ECO-TECH (Zhuhai) Co., Ltd.	People's Republic of China	Dormant	43.34	43.34
V.S. Industrial Product Design (Zhuhai) Co., Ltd.	People's Republic of China	Dormant	43.34	43.34
Energy Ally Global Limited	People's Republic of China/British Virgin Islands	Investment holding	43.34	43.34
Zhuhai Deyuan Energy Conservation Technology Company Limited	People's Republic of China	Operation and management of rooftop solar plant	43.34	43.34
Subsidiary of VS Marketing & Engineering Pte. Ltd.@				
Serumi International Private Limited	Singapore	Design and sale of healthcare products	49.30	49.30
Subsidiary of V S International Venture Pte. Ltd.@				
Guardian South East Asia Pte. Ltd.	Singapore	Trading of driver safety products	100	100
Subsidiary of Skreen Fabric (M) Sdn. Bhd.				
Skreen Fabric Marketing Sdn. Bhd.	Malaysia	Trading in all kinds of screen printing equipment, material and kits	100	100

@ *Not audited by KPMG PLT.*

Although the Group owns less than half of the ownership interest and voting power in V. S. International Group Limited ("VSIG") and its subsidiaries, the Directors have determined that the Group controls these entities. The Group controls VSIG by virtue of an agreement with certain Directors; the Group has de facto control over VSIG on the basis that the total voting shares held by the said Directors together with the Company's interest in VSIG exceeds more than half of the total voting shares in VSIG.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

6.1 Non-controlling interests in subsidiaries

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

	2021		
	V. S. International Group Limited	**Other subsidiaries with immaterial NCI**	**Total**
NCI percentage of ownership interest and voting interest	56.66%		
	RM'000	**RM'000**	**RM'000**
Carrying amount of NCI	177,538	(542)	176,996
(Loss)/Profit allocated to NCI	(3,759)	25	(3,734)

	2020		
	V. S. International Group Limited	**Other subsidiaries with immaterial NCI**	**Total**
NCI percentage of ownership interest and voting interest	56.66%		
	RM'000	**RM'000**	**RM'000**
Carrying amount of NCI	168,157	(570)	167,587
Loss allocated to NCI	(11,929)	(58)	(11,987)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	Group	
	2021 RM'000	2020 RM'000
V. S. International Group Limited		
Summarised financial information before intra-group elimination		
As at 31 July		
Non-current assets	308,471	312,152
Current assets	127,065	178,448
Non-current liabilities	(55,263)	(54,129)
Current liabilities	(66,933)	(139,689)
Net assets	313,340	296,782
Year ended 31 July		
Revenue	160,917	288,769
Loss for the year	(6,634)	(23,155)
Total comprehensive expense	(6,822)	(23,155)
Cash flows from operating activities	4,117	42,499
Cash flows from investing activities	3,907	2,941
Cash flows used in financing activities	(41,377)	(21,889)
Net (decrease)/increase in cash and cash equivalents	(33,353)	23,551
Dividends paid to NCI	--	--

7. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Investment in shares	92,198	92,198	76,623	76,623
Gain on deemed disposal	591	--	--	--
Share of post-acquisition reserves	(16,884)	(12,793)	--	--
Less: Impairment loss	(36,651)	(11,651)	(41,623)	(16,623)
	39,254	67,754	35,000	60,000

An associate was operating below the normal capacity due to the economic disruption and the Group and the Company have assessed the recoverable amount accordingly.

During the year, the Group and the Company recognised impairment losses of RM25,000,000. The recoverable amount of RM36,984,000 has been determined by reference to the fair value of assets and liabilities of the associate. The impairment losses were recorded within other expenses in the statement of profit or loss and other comprehensive income.

In prior year, the Group and the Company had reduced the carrying amount to zero by recognising impairment losses in full of RM16,623,000 and RM11,651,000 respectively on an inactive associate. The impairment charge was recorded within other expense in the statement of profit or loss and other comprehensive income.

7. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of associates are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest 2021 %	2020 %
PT. VS Mining Resources	Indonesia	General survey and mining, exploration and exploitation, and processing and distribution of coal	45.00	45.00
VS Industry Vietnam Joint Stock Company	Vietnam	Manufacturing and selling of plastic moulded products and parts	18.74	24.31
NEP Holdings (Malaysia) Berhad	Malaysia	Designing, manufacturing and distributing water filtration systems	20.00	20.00

On 1 August 2020, VS Industry Vietnam Joint Stock Company ("VS Vietnam") entered into a capital injection agreement with an existing shareholder which agreed to contribute a total of USD4,000,000 (equivalent to approximately RM16,890,000) into VS Vietnam. Upon the completion of the transaction on 25 August 2020, the Group's effective equity interest in VS Vietnam decreased from 24.31% to 18.74%. An amount of USD140,000 (equivalent to approximately RM591,000) resulting from gain on deemed disposal of the Group's equity interest in associate was recognised in the consolidated statements of profit or loss and other comprehensive income of the Group.

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates:

	2021			2020		
	NEP Holdings (Malaysia) Berhad RM'000	VS Industry Vietnam Joint Stock Company RM'000	Total RM'000	NEP Holdings (Malaysia) Berhad RM'000	VS Industry Vietnam Joint Stock Company RM'000	Total RM'000
Group						
Summarised financial information						
As at 31 July/30 June						
Non-current assets	67,815	138,014	205,829	73,503	78,824	152,327
Current assets	310,966	48,617	359,583	337,783	19,928	357,711
Non-current liabilities	(5,415)	(147,834)	(153,249)	(11,811)	(79.314)	(91,125)
Current liabilities	(188,446)	(20,066)	(208,512)	(211,044)	(21,757)	(232,801)
Net assets/(liabilities)	184,920	18,731	203,651	188,431	(2,319)	186,112

7. INVESTMENTS IN ASSOCIATES (CONT'D)

	2021			2020		
	NEP Holdings (Malaysia) Berhad	VS Industry Vietnam Joint Stock Company	Total	NEP Holdings (Malaysia) Berhad	VS Industry Vietnam Joint Stock Company	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 July/30 June						
(Loss)/Profit from continuing operations/Total comprehensive (expense)/ income	(11,038)	4,160	(6,878)	19,866	(2,076)	17,790
Included in the total comprehensive income is:						
Revenue	187,545	282,543	470,088	238,557	170,284	408,841
Reconciliation of net assets to carrying amount						
As at 31 July/30 June						
Group's share of net assets	35,744	3,510	39,254	43,994	--	43,994
Goodwill	--	--	--	23,760	--	23,760
Carrying amount in statements of financial position	35,744	3,510	39,254	67,754	--	67,754
Group' shares of results						
Year ended 31 July/30 June						
Group's share of (loss)/profit and total comprehensive (expense)/income	(3,456)	2,793	(663)	2,264	--	2,264
Other information						
Dividends received by the Group	3,000	--	3,000	--	--	--

The comparative figures have been restated to reflect the latest financial information of the associate.

8. OTHER INVESTMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fair value through other comprehensive income/				
Shares	205,020	78,017	8,305	7,321

8.1 Equity investment designated at fair value through other comprehensive income

The Group and the Company designated the investment shown above as equity instruments as at fair value through other comprehensive income because the equity security represents investments that the Group and the Company intend to hold for long-term strategic purposes.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fair value through other comprehensive income				
Quoted shares	183,387	62,356	--	--
Unquoted shares	21,633	15,661	8,305	7,321
	205,020	78,017	8,305	7,321

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Prepayments	--	24,410	--	--
Less: Impairment loss	--	(20,597)	--	--
	--	3,813	--	--
Current				
Trade receivables	896,602	823,869	150,690	194,123
Other receivables, deposits and prepayments	94,393	59,458	52,710	23,513
Due from associates				
- trade	1,137	1,045	--	--
Due from subsidiaries				
- trade	--	--	318,174	110,085
- non-trade	--	--	1,076	3,620
	992,132	884,372	522,650	331,341
	992,132	888,185	522,650	331,341

9. TRADE AND OTHER RECEIVABLES (CONT'D)

Included in the non-current prepayments were prepayment of CNY34.0 million (approximately RM22.2 million) made to a vendor pursuant to an agreement entered into by the Group with the vendor in relation to the acquisition of a 20% interest in a company involved in solar energy project in Inner Mongolia for a consideration of CNY44.0 million (approximately RM28.8 million) subject to the fulfilment of certain conditions set out therein. Upon completion of the acquisition, the Group will be entitled to an option for an exercisable period of 3 months to acquire the remaining 80% equity interest of the said company at its sole discretion.

On 1 November 2015, the agreement lapsed as certain conditions set out in the agreement had not been fulfilled. The Group has been in discussions with the vendor regarding the full refund of the prepayment of CNY34.0 million (approximately RM22.2 million). On 31 August 2016, a settlement agreement was entered into between the Group and the vendor, pursuant to which the vendor shall repay the prepayment and the interest thereon at 5% per annum by 30 November 2016.

Up to the date of these consolidated financial statements, the prepayment has not yet been refunded to the Group. In view of the lapse of the agreement and settlement agreement, and there is no collateral or guarantee provided by the vendor to the Group on the refund of the prepayment, a provision for impairment was made on the entire amount of the prepayment in the year ended 31 July 2016. The vendor has been declared bankrupt by the Court in October 2020 and no legal action could be taken any further to recover the prepayment. Hence, the prepayment were fully written off against the provision made in prior year.

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

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Group						
Property, plant and equipment						
- capital allowances	--	--	(31,829)	(28,637)	(31,829)	(28,637)
- revaluation	--	--	(15,662)	(15,261)	(15,662)	(15,261)
- fair value adjustments	--	--	(26,415)	(26,415)	(26,415)	(26,415)
Contract assets	--	--	(6,126)	(4,359)	(6,126)	(4,359)
Deductible temporary differences	16,993	13,309	--	--	16,993	13,309
Others	282	704	--	--	282	704
Tax assets/(liabilities)	17,275	14,013	(80,032)	(74,672)	(62,757)	(60,659)
Set off of tax	(11,661)	(8,954)	11,661	8,954	--	--
Net tax assets/(liabilities)	5,614	5,059	(68,371)	(65,718)	(62,757)	(60,659)

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

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

Deferred tax assets and liabilities are attributable to the following: (Cont'd)

	Company	
	2021 RM'000	2020 RM'000
Property, plant and equipment		
- capital allowances	(12,584)	(11,332)
- revaluation	(5,960)	(6,151)
Contract assets	(1,472)	(280)
Deductible temporary differences	2,735	2,635
	(17,281)	(15,128)

Movement in temporary differences during the year:

	At 1.8.2020 RM'000	Recognised in profit or loss (Note 20) RM'000	Revaluation RM'000	Exchange differences RM'000	At 31.7.2021 RM'000
Group					
Property, plant and equipment					
- capital allowances	(28,637)	(3,209)	--	17	(31,829)
- revaluation	(15,261)	1,818	--	(2,219)	(15,662)
- fair value adjustments	(26,415)	--	--	--	(26,415)
Contract assets	(4,359)	(1,753)	--	(14)	(6,126)
Deductible temporary differences	13,309	3,645	--	39	16,993
Others	704	(422)	--	--	282
	(60,659)	79	--	(2,177)	(62,757)

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

	At 1.8.2019 RM'000	Recognised in profit or loss (Note 20) RM'000	Revaluation RM'000	Exchange differences RM'000	At 31.7.2020 RM'000
Group					
Property, plant and equipment					
- capital allowances	(28,380)	(4)	--	(253)	(28,637)
- revaluation	(16,469)	1,582	(9)	(365)	(15,261)
- fair value adjustments	(26,415)	--	--	--	(26,415)
Contract assets	(4,817)	530	--	(72)	(4,359)
Deductible temporary differences	4,917	8,319	--	73	13,309
Others	--	704	--	--	704
	(71,164)	11,131	(9)	(617)	(60,659)

	At 1.8.2020 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.7.2021 RM'000
Company			
Property, plant and equipment			
- capital allowance	(11,332)	(1,252)	(12,584)
- revaluation	(6,151)	191	(5,960)
Contract assets	(280)	(1,192)	(1,472)
Deductible temporary differences	2,635	100	2,735
	(15,128)	(2,153)	(17,281)

Movement in temporary differences during the year:

	At 1.8.2019 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.7.2020 RM'000
Company			
Property, plant and equipment			
- capital allowance	(10,917)	(415)	(11,332)
- revaluation	(6,342)	191	(6,151)
Contract assets	(724)	444	(280)
Deductible temporary differences	1,318	1,317	2,635
	(16,665)	1,537	(15,128)

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

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2021 RM'000	**2020 RM'000**
Unutilised tax losses		
- China entities (see Note (a) below)	60,504	65,829
- Malaysia entities (see Note (b) below)	12,920	12,920
	73,424	78,749

(a) Unutilised tax losses of subsidiaries incorporated in the People's Republic of China are subjected to a 5-year time limit under the tax legislation of People's Republic of China. The unutilised tax losses will expire between year 2022 and 2026.

(b) Pursuant to the Finance Act 2018, unutilised tax losses can only be carried forward up to 7 consecutive year of assessment. The unutilised tax losses will expire in year 2025.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

11. INVENTORIES

	Malaysia RM'000	**China RM'000**	**Others RM'000**	**Total RM'000**
Group				
2021				
Raw materials	555,129	8,230	39,912	603,271
Work-in-progress	1,922	528	7,869	10,319
Finished goods	2,193	7,225	4,312	13,730
Packing materials	9,222	--	--	9,222
	568,466	15,983	52,093	636,542
Recognised in profit or loss:				
- Inventories recognised as cost of sales	3,018,046	132,623	326,044	3,476,713
- Reversal of obsolete and slow-moving inventories	--	(1,671)	--	(1,671)
2020				
Raw materials	263,013	7,093	33,614	303,720
Work-in-progress	1,212	2,207	2,548	5,967
Finished goods	1,870	5,638	4,515	12,023
Packing materials	10,090	--	--	10,090
	276,185	14,938	40,677	331,800
Recognised in profit or loss:				
- Inventories recognised as cost of sales	2,280,432	251,229	375,719	2,907,380
- Write down of obsolete and slow-moving inventories	5,901	5,626	2,973	14,500

11. INVENTORIES (CONT'D)

	Company	
	2021 RM'000	2020 RM'000
Raw materials	244,169	93,947
Packaging materials	9,222	10,090
	253,391	104,037
Recognised in profit or loss:		
- Inventories recognised as cost of sales	1,727,524	1,222,018
- Write down of obsolete and slow-moving inventories	--	3,044

A write-down of stocks will be made when the estimated net realisable value of stocks decline below their carrying amounts. In assessing the net realisable value and making appropriate allowances, management identifies, using their judgement, inventories that are slow moving or obsolete, and considering their sales forecasts, physical conditions, age, market conditions and market price for similar items. Management reassesses these estimates at the end of each reporting period.

12. CONTRACT ASSETS/(LIABILITIES)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Contract assets	194,962	103,648	69,548	30,147
Contract liabilities	(16,750)	(7,553)	--	--

The contract assets primarily relate to the Group's and Company's rights to consideration for work completed on contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 30 to 360 days.

The contract liabilities primarily relate to the advance consideration received from a customer for non-recurring engineering cost in setting up the new production lines. The contract liabilities are expected to be offset against the cost to be incurred in the next twelve months.

The contract assets at the beginning of the period was recognised as trade receivables during the financial year.

The contract liabilities at the beginning of the period was offset against cost during the financial year.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Cash and bank balances	370,223	366,923	37,457	31,169
Fixed deposits with licensed banks	32,181	37,589	214	209
Cash and cash equivalent in the statements of financial position	402,404	404,512	37,671	31,378
Less: Pledged deposits	(31,027)	(37,099)	--	--
Bank overdrafts	--	(6,205)	--	--
Cash and cash equivalents in the statements of cash flows	371,377	361,208	37,671	31,378

Included in the deposits placed with licensed banks of the Group is RM31,027,000 (2020: RM37,099,000) pledged for bank facilities granted to certain subsidiaries.

14. CAPITAL AND RESERVES

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2021 RM'000	**2020 RM'000**	**2021 '000**	**2020 '000**
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At 1 August	782,947	753,077	1,864,744	1,831,326
Shares issued under ESOS	23,743	8,770	46,468	15,418
Shares held under trust	21,251	10,080	25,712	18,000
Share options exercised	14,417	11,020	--	--
Bonus issue	--	--	1,882,750	--
At 31 July	842,358	782,947	3,819,674	1,864,744

14. CAPITAL AND RESERVES (CONT'D)

Reserves

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable				
Revaluation reserve	51,353	54,328	26,124	26,729
Exchange fluctuation reserve	90,076	78,552	--	--
Capital reserve	10,543	10,372	--	--
Fair value reserve	95,163	(26,205)	--	--
Employee share-based reserve	8,583	8,656	8,771	8,844
Treasury shares	(4,979)	(4,979)	(4,979)	(4,979)
Shares held under trust	(2,897)	--	(2,897)	--
	247,842	120,724	27,019	30,594
Distributable				
Retained earnings	950,313	805,345	193,767	76,097
	1,198,155	926,069	220,786	106,691

Revaluation reserve

Revaluation reserve represents surplus on revaluation of land and buildings of the Group and of the Company, net of deferred tax.

Exchange fluctuation reserve

Exchange fluctuation reserve represents all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

Capital reserve

Capital reserve represents appropriation of net profit of certain foreign subsidiaries in accordance with their local regulation.

Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of equity securities designed at fair value through other comprehensive income.

Employee share-based reserve

Employee share-based reserve represent cumulative value of employee services received for the issue of share options.

When the option is exercised, the amount from the Employee share-based reserve is transferred to share capital. When the share options expire, the amount from the Employee share-based reserve is transferred to retained earnings.

14. CAPITAL AND RESERVES (CONT'D)

Equity settled share-based transaction

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

The terms and conditions relating to the grants of the new share option programme are as follows; all options are to be settled by physical delivery of shares:

Grant date/ employees entitled	Number of options '000	Vesting conditions	Contractual life of options
Option granted to all employees on			
- 12 May 2015	30,800	- 20% of the options issued for each calendar year	5 years
- 28 February 2017	13,179	- 30% of the options issued for third and fourth calendar year	3 years
		- 40% of the options issued for fifth calendar year	
- 15 September 2017	700	- 50% of the options issued for fourth and fifth calendar year	2 years
- 2 July 2020	94,333	- 30% of the options issued for first calendar year	5 years
		- 30% of the options issued for second calendar year	
		- 40% of the options issued for third calendar year onwards	

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

	2021		2020	
	Weighted average exercise price RM	Number of options ('000)	Weighted average exercise price RM	Number of options ('000)
Outstanding at 1 August	0.89	94,087	0.68	38,771
Granted during the year	--	--	0.89	94,334
Bonus issue during the year	--	67,009	--	--
Forfeited during the year	0.76	(2,569)	1.32	(2,638)
Exercised during the year	0.61	(68,887)	0.64	(36,380)
Outstanding at 31 July	0.45	89,640	0.89	94,087
Exercisable at 31 July	0.45	17,178	0.89	28,226

The options outstanding at 31 July 2021 have an exercise price of RM0.45 (2020: RM0.89) and a weighted average contractual life of 4 years (2020: 5 years).

During the financial year, 68,887,050 share options were exercised (2020: 36,379,625 share options were exercised).

14. CAPITAL AND RESERVES (CONT'D)

Fair value of share options and assumptions

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured based on a binomial lattice model with the following inputs:

	2020
Fair value at grant date	RM0.27
Share price at grant date	RM1.00
Expected volatility (weighted average volatility)	51.87%
Option life (expected weighted average life)	3.3 years
Expected dividends	2.57%
Risk-free interest rate (based on Malaysian Government Securities)	1.82%

Value of employee services received for issue of share options

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total expense recognised as equity settled share-based transactions	14,344	9,270	6,608	4,503

Treasury shares

At the Annual General Meeting held on 8 January 2021, the shareholders of the Company renewed their approval for the Company to repurchase its own shares.

During the financial year, the Company did not repurchase any ordinary shares.

At 31 July 2021, a total of 10,430,480 (2020: 10,430,480) repurchased shares are being held as treasury shares. The number of outstanding ordinary shares in issue after the set off is 3,809,243,972 (2020: 1,854,313,048).

Treasury shares have no rights to voting, dividends and participation in any other distribution. Treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, take-overs, notices, the requisition of meeting, the quorum for a meeting and the result of a vote on a resolution at a meeting.

Shares held under trust

The Group employees can elect to fund the exercise of the options by cash or through an ESOS Trust Funding Mechanism ("ETF Mechanism"). To facilitate ETF Mechanism, the Company provides funding to the trustee to subscribe for new shares of the Company which are held under a trust and managed by a trustee. Shares issued by the Company under the ETF Mechanism are recorded as shares held under trust in the financial statements. The shares issued under the ETF Mechanism rank pari passu in all respects with the existing ordinary shares of the Company.

14. CAPITAL AND RESERVES (CONT'D)

Shares held under trust (Cont'd)

The movement of shares held under trust during the financial year is as follows:

	Number of shares	
	2021 '000	2020 '000
As at 1 August	--	2,962
Subscription of new shares	25,712	18,000
Adjustment for bonus issue during the year	3,144	--
Exercise of ESOS options by eligible employees via ETF Mechanism	(22,418)	(20,962)
As at 31 July	6,438	--

Warrants

The Company issued 761,848,258 free Warrants on the basis of one (1) Warrant for every five (5) existing shares held, which were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 22 June 2021 at exercise price of RM1.38 to subscribe for one (1) new ordinary share. No Warrants were exercised during the financial year. As at year end, 761,848,258 Warrants remained unexercised.

15. LOANS AND BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Secured				
Term loans	--	1,952	--	--
Hire purchase liabilities	2,033	4,566	984	1,415
	2,033	6,518	984	1,415
Unsecured				
Term loans	86,822	21,479	70,076	7,689
	88,855	27,997	71,060	9,104
Current				
Secured				
Term loans	--	189	--	--
Bank overdrafts	--	6,205	--	--
Trust receipts/Onshore loan	20,767	30,903	--	--
Short term loan	14,309	40,770	--	--
Hire purchase liabilities	2,822	8,630	709	688
	37,898	86,697	709	688
Unsecured				
Term loans	24,523	31,548	18,141	27,029
Bankers' acceptances	74,208	16,403	66,208	16,403
Trust receipts/Onshore loan	167,867	77,861	132,071	77,599
Short term loan	11,259	11,518	--	--
	277,857	137,330	216,420	121,031
	315,755	224,027	217,129	121,719
	404,610	252,024	288,189	130,823

15. LOANS AND BORROWINGS (CONT'D)

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 26.5.

16. LOAN FROM A DIRECTOR

Non-current loan from a Director is unsecured, subject to interest at 3.0% per annum and due for repayment on 21 March 2023.

Current amounts due to a Director is unsecured, interest free and repayable on demand.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Trade payables	690,356	454,541	350,269	152,862
Other payables and accrued expenses	156,629	121,431	54,946	31,010
Due to subsidiaries - trade	--	--	42,564	41,291
	846,985	575,972	447,779	225,163

Included in other payables and accrued expenses are:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Property, plant and equipment creditors	26,979	7,989	10,990	1,937
Sundry creditors	46,881	37,051	16,623	10,120
Accrued expenses	82,644	73,992	27,333	18,953
Progress billings to customers	125	2,399	--	--
	156,629	121,431	54,946	31,010

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

18. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Timing and recognition				
- Over time	2,633,488	2,626,625	1,866,940	1,299,779
- At a point in time	1,368,793	616,516	--	--
Revenue from contracts with customers	4,002,281	3,243,141	1,866,940	1,299,779
Other revenue	--	51	--	--
Total revenue	4,002,281	3,243,192	1,866,940	1,299,779

18.1 Disaggregation of revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Primary geographical markets				
Malaysia	1,174,042	1,470,100	1,007,574	1,134,893
United States of America	1,710,084	1,067,081	48,649	17,057
Indonesia	356,537	236,322	--	125
Europe	230,018	140,269	430	975
People's Republic of China	99,330	96,376	2,646	1,482
Singapore	82,814	34,640	796,399	137,542
Others	349,456	198,404	11,242	7,705
	4,002,281	3,243,192	1,866,940	1,299,779

18.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable consideration	Warranty
Electrical and electronic components and products, plastic moulded components and parts	Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group has rights to payment for work performed	Credit period of 60 to 360 days from invoice date	Early settlement rebate is given to certain customer when repayment is made before the due date	Assurance warranties of 18 - 24 months are given to certain customers
Plastic injection and moulding, driver safety products, screen fabric printing, filter components and other related products	Revenue is recognised when the goods are delivered and accepted by the customers at their premises	Credit period of 30 to 60 days from invoice date	Not applicable	Not applicable

18. REVENUE (CONT'D)

18.2 Nature of goods and services (Cont'd)

The Group applies the practical expedients for exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

Certain revenue streams from contracts with customers of the Company are not subject to variable element in the consideration, obligation for returns or refunds and warranty.

19. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	10,675	16,601	4,746	5,513
Less: Amount capitalised in property, plant and equipment (Note 3.7)	(30)	(142)	--	--
	10,645	16,459	4,746	5,513
Add: Other finance costs	642	809	249	194
	11,287	17,268	4,995	5,707

20. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax expense on continuing operations	87,513	48,871	25,256	8,736
Share of tax of equity-accounted associates	--	868	--	--
	87,513	49,739	25,256	8,736

20. TAX EXPENSE (CONT'D)

Major components of income tax expense include:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expense				
- Current year	90,114	57,008	23,581	10,118
- Prior years	(2,522)	2,994	(478)	155
	87,592	60,002	23,103	10,273
Deferred tax (income)/expense				
- Origination and reversal of temporary differences	585	(8,118)	2,377	(1,440)
- Over provision in prior years	(664)	(3,013)	(224)	(97)
	(79)	(11,131)	2,153	(1,537)
Share of tax of equity-accounted associates	--	868	--	--
Total tax expense	87,513	49,739	25,256	8,736
Reconciliation of tax expense				
Profit for the year	241,617	104,491	219,915	66,697
Total income expense	87,513	49,739	25,256	8,736
Profit excluding tax	329,130	154,230	245,171	75,433
Income tax calculated using Malaysian tax rate of 24%	78,991	37,015	58,841	18,104
Effect of different tax rates in foreign jurisdictions	(691)	36	--	--
Deferred tax assets not recognised in subsidiaries	331	2,685	--	--
Non-deductible expenses	14,901	10,079	10,851	7,304
Non-taxable income	(36)	(57)	(43,734)	(16,730)
Tax incentives	(2,797)	--	--	--
	90,699	49,758	25,958	8,678
(Over)/Under provision in prior years	(3,186)	(19)	(702)	58
Total tax expense	87,513	49,739	25,256	8,736

21. PROFIT FOR THE YEAR

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Profit for the year is arrived at after charging/(crediting)					
Audit fees					
- KPMG PLT		406	361	218	188
- Other auditors		1,174	1,163	--	--
Non-audit fees					
- KPMG PLT		8	8	8	8
- Local affiliates of KPMG PLT		14	14	--	--
- Other auditors		112	125	--	--
Depreciation:					
- Property, plant and equipment	3	98,583	89,097	35,601	25,892
- Right-of-use assets		2,888	2,718	--	--
Expenses relating to short-term leases	a	12,286	9,014	9,107	8,626
(Reversal of Impairment loss)/ Impairment loss on:					
- Trade receivables		(708)	2,608	--	--
- Other receivables		3,769	--	--	--
- Investment in subsidiaries		--	--	(29,220)	18,126
- Property, plant and equipment		5,760	16,124	--	--
- Investments in associates		25,000	--	25,000	--
Personnel expenses (including key management personnel):					
- Contributions to state plans		20,377	13,475	9,801	5,497
- Wages, salaries and others		464,068	394,534	183,131	122,000
- Equity settled share-based transactions		14,344	9,270	6,608	4,503
Bad debts recovered		--	--	(3,800)	--
(Reversal)/write down of obsolete and slow moving inventories		(1,671)	14,500	--	3,044
Net foreign exchange (gain)/loss		(4,607)	(327)	(5,334)	2,201
Dividend income from:					
- Subsidiaries		--	--	(150,000)	(68,000)
- An associate		--	--	(3,000)	--
Property, plant and equipment:					
- Gain on disposal		(1,816)	(1,554)	(115)	(52)
- Written off		421	904	2	--
Rental income		(567)	(341)	(192)	(16)

Note a

The Group and the Company lease property, plant and equipment with contract term within one year. These leases are short-term. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

22. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 July 2021 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021 RM'000	2020 RM'000
Profit for the year attributable to owners	245,351	116,478

Weighted average number of ordinary shares are determined as follows:

	Group	
	2021 '000	2020 '000
Weighted average number of ordinary shares at 31 July	3,723,715	3,697,608
	2021	**2020**
Basic earnings per ordinary share (sen)	6.59	3.15

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 July 2021 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2021 RM'000	2020 RM'000
Profit for the year attributable to owners (diluted)	245,351	116,478

Weighted average number of ordinary shares (diluted):

	Group	
	2021 '000	2020 '000
Weighted average number of ordinary shares (basic)	3,723,715	3,697,608
Effect of share options in issue	58,269	67,688
Effect of conversion of warrants *	--	--
Weighted average number of ordinary shares at 31 July (diluted)	3,781,984	3,765,296

22. EARNINGS PER ORDINARY SHARE

Diluted earnings per ordinary share (Cont'd)

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

	2021	2020
Diluted earnings per ordinary share (sen)	6.49	3.09

The basis and diluted weighted average number of ordinary shares of the previous year were restated to reflect the retrospective adjustments arising from the bonus issue completed during the year.

* No effect of conversion of warrants is made for the year as it is anti-dilutive.

23. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2021			
Second dividend 2020	0.8	15,042	30 October 2020
Final dividend 2020	0.8	15,051	5 February 2021
First dividend 2021	1.2	22,582	5 March 2021
Second dividend 2021	1.2	22,589	30 April 2021
Third dividend 2021	0.8	30,474	30 July 2021
		105,738	
2020			
Fourth dividend 2019	0.8	14,749	31 October 2019
Final dividend 2019	0.8	14,817	24 January 2020
First dividend 2020	1.0	18,531	6 March 2020
		48,097	

After the end of the reporting period, the following dividends were declared/proposed by the Directors. These dividends will be recognised in subsequent financial period.

	Sen per share	Total amount RM'000	Date of payment
Fourth dividend 2021	0.5	19,083	29 October 2021
Final dividend 2021	0.5	19,084	--
		38,167	

The final dividend will be recognised in the subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

24. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Acquisition of property, plant and equipment represents:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current year additions (Note 3)	249,861	93,251	158,822	35,762
Less: Amount financed by:				
- finance lease creditors	(300)	(500)	(300)	(500)
- amount under credit term (Note 17)	(26,979)	(7,989)	(10,990)	(1,937)
- finance cost capitalised (Note 3)	(30)	(142)	--	--
Add: Payment in respect of previous year's purchase of property, plant and equipment (Note 17)	7,989	30,991	1,937	21,466
	230,541	115,611	149,469	54,791

25. Operating segments

Group

The Group's main business activities comprise investment holding and the manufacturing, assembling and sale of electronic and electrical products and plastic moulded components and parts. These activities are principally located in Malaysia, People's Republic of China and Indonesia. Inter-segment pricing is determined based on negotiated terms.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Managing Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is also included in the internal management reports provided to the Group's Managing Director.

25. OPERATING SEGMENTS (CONT'D)

	Malaysia		People's Republic of China		Indonesia		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Segment profit/(loss)	323,309	187,109	(10,199)	(23,942)	11,045	(11,429)	324,155	151,738
Included in the measure of segment profit are:								
Revenue from external customers	3,475,385	2,711,036	160,896	288,193	350,010	237,220	3,986,291	3,236,449
Inter-segment revenue	302	143,209	21	576	--	--	323	143,785
Depreciation	(75,270)	(63,020)	(19,654)	(21,517)	(6,093)	(6,795)	(101,017)	(91,332)
Finance costs	(6,839)	(9,862)	(3,908)	(6,644)	(540)	(762)	(11,287)	(17,268)
Finance income	3,622	6,473	325	500	17	23	3,964	6,996
Not included in the measure of segment profit but provided to Group Managing Director								
Tax (expense)/income	(86,078)	(49,641)	772	787	(1,366)	3	(86,672)	(48,851)
Segment assets	3,260,690	2,549,072	435,536	490,600	162,861	146,021	3,859,087	3,185,693
Included in the measure of segment assets are:								
Additions to non-current assets other than financial instruments and deferred tax assets	251,446	92,511	327	4,397	810	1,321	252,583	98,229
Segment liabilities	1,215,154	742,770	122,196	193,818	78,309	70,683	1,415,659	1,007,271

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

	2021 RM'000	2020 RM'000
Profit		
Total profit for reportable segments	324,155	151,738
Other non-reportable segments	5,638	(640)
Share of loss/(profit) of equity accounted associates not included in reportable segments	(663)	2,264
Consolidated profit before tax	329,130	153,362

25. OPERATING SEGMENTS (CONT'D)

	External revenue RM'000	Depreciation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Investments in associates RM'000	Additions to non-current assets RM'000	Segment liabilities RM'000
2021								
Total reportable segments	3,986,291	(101,017)	(11,287)	3,964	3,859,087	--	252,603	1,415,646
Other non-reportable segments	15,990	(454)	--	--	528,747	--	--	307,610
Components not monitored by Group Managing Director	--	--	--	--	--	39,254	--	--
Elimination of inter-segment transaction or balances	--	--	--	--	(789,450)	--	--	(342,381)
Consolidated total	4,002,281	(101,471)	(11,287)	3,964	3,598,384	39,254	252,603	1,380,875
2020								
Total reportable segments	3,236,449	(91,332)	(17,268)	6,996	3,185,693	--	98,229	1,007,271
Other non-reportable segments	6,743	(483)	--	33	183,911	--	7	91,823
Components not monitored by Group Managing Director	--	--	--	--	--	67,754	--	--
Elimination of inter-segment transaction or balances	--	--	--	--	(536,345)	--	--	(142,438)
Consolidated total	3,243,192	(91,815)	(17,268)	7,029	2,833,259	67,754	98,236	956,656

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates) and deferred tax assets.

	Revenue		Non-current assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group				
Malaysia	1,174,042	1,470,100	761,213	586,241
United States of America	1,710,084	1,067,081	--	--
Indonesia	356,537	236,322	52,156	58,203
Europe	230,018	140,269	--	--
People's Republic of China	99,330	96,376	304,289	311,459
Singapore	82,814	34,640	203,401	77,877
Others	349,456	198,404	--	--
Total	4,002,281	3,243,192	1,321,059	1,033,780

25. OPERATING SEGMENTS (CONT'D)

Major customers

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

	Revenue		Segment
	2021 RM'000	2020 RM'000	
Customer A	858,586	842,687	Malaysia
Customer B	787,341	146,457	Malaysia
Customer C	730,057	720,163	Malaysia

26. FINANCIAL INSTRUMENTS

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ("AC")
(b) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR")

	Carrying amount RM'000	AC RM'000	FVOCI-EIDUIR RM'000
Group			
2021			
Financial assets			
Other investments	205,020	--	205,020
Trade and other receivables	992,132	992,132	--
Cash and cash equivalents	402,404	402,404	--
	1,599,556	1,394,536	205,020
Financial liabilities			
Loans and borrowings	(404,610)	(404,610)	--
Trade and other payables	(846,860)	(846,860)	--
Loan from a Director	(23,551)	(23,551)	--
Due to a Director	(2,384)	(2,384)	--
	(1,277,405)	(1,277,405)	--

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000	FVOCI-EIDUIR RM'000
Group			
2020			
Financial assets			
Other investments	78,017	--	78,017
Trade and other receivables	884,372	884,372	--
Cash and cash equivalents	404,512	404,512	--
	1,366,901	1,288,884	78,017
Financial liabilities			
Loans and borrowings	(252,024)	(252,024)	--
Trade and other payables	(573,573)	(573,573)	--
Loan from a Director	(23,614)	(23,614)	--
Due to a Director	(2,384)	(2,384)	--
	(851,595)	(851,595)	--
Company			
2021			
Financial assets			
Other investments	8,305	--	8,305
Trade and other receivables	522,650	522,650	--
Dividend receivable	50,000	50,000	--
Cash and cash equivalents	37,671	37,671	--
	618,626	610,321	8,305
Financial liabilities			
Loans and borrowings	(288,189)	(288,189)	--
Trade and other payables	(447,779)	(447,779)	--
	(735,968)	(735,968)	--
2020			
Financial assets			
Other investments	7,321	--	7,321
Trade and other receivables	331,341	331,341	--
Dividend receivable	20,000	20,000	--
Cash and cash equivalents	31,378	31,378	--
	390,040	382,719	7,321
Financial liabilities			
Loans and borrowings	(130,823)	(130,823)	--
Trade and other payables	(225,163)	(225,163)	--
	(355,986)	(355,986)	--

26. FINANCIAL INSTRUMENTS (CONT'D)

26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net (losses)/gains on:				
Financial assets at amortised cost	10,567	4,421	11,637	1,929
Equity instruments designated at fair value through other comprehensive income				
- recognised in other comprehensive income	124,256	(20,941)	2,888	--
Financial liabilities at amortised cost	(15,702)	(16,132)	(6,998)	(8,576)
	119,121	(32,652)	7,527	(6,647)

26.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its customers and fixed deposits placements with licensed banks. The Company's exposure to credit risk arises principally from its customers, loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior period.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are required to be performed on customers requiring credit over a certain amount.

At each reporting date, the Group and the Company assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to prior period.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Concentration of credit risk

The Group and the Company have significant concentration of credit risk arising from amounts due from three (2020: two) major customers, representing 66% and 79% (2020: 49% and 90%) of the Group's and of the Company's trade receivables respectively.

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by geographic region was:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	280,317	323,627	193,393	218,721
United States of America	702,956	456,304	18,332	2,352
Philippines	15,793	47,953	--	--
Indonesia	35,590	26,941	--	--
People's Republic of China	15,699	19,040	--	--
Others	41,209	53,652	8,513	3,197
	1,091,564	927,517	220,238	224,270

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group and the Company manage its debtors and takes appropriate actions to recover long overdue balances.

As there are only few customers, the Group and the Company assess the risk of loss of the customer individually based on their financial information past trend of payment and external credit ratings, where applicable. The Group also uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before year end and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for trade receivables and contract assets as at the end of reporting period which are grouped together as they are expected to have similar risk nature.

	Group			Company
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000	Gross carrying amount/ Net balance RM'000
2021				
Current (not past due)	921,501	8	921,493	182,806
1 - 30 days past due	145,150	6	145,144	34,773
31 - 60 days past due	14,829	--	14,829	2,608
61 - 90 days past due	3,073	--	3,073	51
	1,084,553	14	1,084,539	220,238
Credit impaired				
More than 90 days past due	9,875	2,850	7,025	--
	1,094,428	2,864	1,091,564	220,238
Trade receivables	899,466	2,864	896,602	150,690
Contract assets	194,962	--	194,962	69,548
	1,094,428	2,864	1,091,564	220,238
2020				
Current (not past due)	586,472	11	586,461	188,384
1 - 30 days past due	177,546	12	177,534	35,550
31 - 60 days past due	97,729	3	97,726	189
61 - 90 days past due	59,799	--	59,799	1
	921,546	26	921,520	224,124
Credit impaired				
More than 90 days past due	9,512	3,515	5,997	146
	931,058	3,541	927,517	224,270
Trade receivables	827,410	3,541	823,869	194,123
Contract assets	103,648	--	103,648	30,147
	931,058	3,541	927,517	224,270

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

	Credit impaired/Total	
Group	**2021 RM'000**	**2020 RM'000**
Balance at 1 August	3,541	1,052
Amounts written off	--	(141)
Net remeasurement of loss allowance	(708)	2,608
Exchange differences	31	22
Balance at 31 July	2,864	3,541

The trade receivables that are past due but not impaired as at end of the statement of financial position are regular customers that have been transacting with the Group. The Group does not consider it necessary to impair the receivable amount.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Risk management objectives, policies and processes for managing the risk

The Group and the Company monitor the exposure to credit risk on individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position and the Group and the Company do not recognise any allowance for impairment losses.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service its loans on an individual basis.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (Cont'd)

Financial guarantees (Cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM81.1 million (2020: RM37.0 million) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries are unlikely to repay their credit obligation to the bank in full; or
- The subsidiaries are continuously loss making and are having deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

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

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company trades and provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

The Company considers amounts due from subsidiaries have low credit risk.

The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. The Company considers subsidiary to be credit impaired when:

- The subsidiaries are unlikely to repay their advance to the Company in full; or
- The subsidiaries are continuously loss making and are having deficit shareholders' fund.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (Cont'd)

Inter-company balances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for amounts due from subsidiaries.

Company	Gross carrying amount/Net balance 2021 RM'000	2020 RM'000
Low credit risk	319,250	113,705

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

26.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
2021							
Non-derivative financial liabilities							
Secured hire purchase liabilities	4,855	2.28 - 3.65	5,099	3,007	1,716	376	--
Secured short term loan	14,309	5.20	14,660	14,660	--	--	--
Secured trust receipts	20,767	4.30	21,009	21,009	--	--	--
Unsecured short term loan	11,259	6.50	11,259	11,259	--	--	--
Unsecured term loans	111,345	3.35 - 6.18	118,512	27,989	24,764	61,674	4,085
Unsecured bankers' acceptances	74,208	1.78 - 4.24	74,208	74,208	--	--	--
Unsecured trust receipts/ onshore loan	167,867	0.85 - 3.74	167,867	167,867	--	--	--
Loan from a Director	23,551	--	24,628	657	23,971	--	--
Due to a Director	2,384	--	2,384	2,384	--	--	--
Trade and other payables	846,860	--	846,860	846,860	--	--	--
	1,277,405		1,286,486	1,169,900	50,451	62,050	4,085
Derivative financial liabilities							
Forward exchange contracts (gross settled)							
- Outflow	--	--	306,498	306,498	--	--	--
- Inflow	--	--	(306,498)	(306,498)	--	--	--
	1,277,405		1,286,486	1,169,900	50,451	62,050	4,085
2020							
Non-derivative financial liabilities							
Secured hire purchase liabilities	13,196	2.28 - 3.80	14,121	9,338	2,920	1,863	--
Secured term loans	2,141	4.94 - 12.15	2,885	290	278	822	1,495
Secured short term loan	40,770	5.40	41,877	41,877	--	--	--
Secured trust receipts	30,903	3.90	31,199	31,199	--	--	--
Secured bank overdrafts	6,205	7.00	6,668	6,668	--	--	--
Unsecured short term loan	11,518	6.50	11,518	11,518	--	--	--
Unsecured term loans	53,027	3.70 - 6.18	55,454	33,002	12,766	9,686	--
Unsecured bankers' acceptances	16,403	2.33 - 2.85	16,403	16,403	--	--	--
Unsecured trust receipts/ onshore loan	77,861	1.02 - 3.72	77,861	77,861	--	--	--
Loan from a Director	23,614	4.30	24,872	914	23,958	--	--
Due to a Director	2,384	--	2,384	2,384	--	--	--
Trade and other payables	573,573	--	573,573	573,573	--	--	--
	851,595		858,815	805,027	39,922	12,371	1,495

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

Company	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
2021							
Non-derivative financial liabilities							
Secured hire purchase liabilities	1,693	2.10 - 2.42	1,797	776	645	376	--
Unsecured term loans	88,217	3.87 - 4.78	93,749	20,852	17,810	51,002	4,085
Unsecured bankers' acceptances	66,208	1.93 - 2.45	66,208	66,208	--	--	--
Unsecured trust receipts/ onshore loan	132,071	0.55 - 3.35	132,071	132,071	--	--	--
Trade and other payables	447,779	--	447,779	447,779	--	--	--
Financial guarantee*	--	--	81,054	81,054	--	--	--
	735,968		822,658	748,740	18,455	51,378	4,085
Derivative financial liabilities							
Forward exchange contracts (gross settled)							
- Outflow	--	--	23,336	23,336	--	--	--
- Inflow	--	--	(23,336)	(23,336)	--	--	--
	735,968		822,658	748,740	18,455	51,378	4,085
2020							
Non-derivative financial liabilities							
Secured hire purchase liabilities	2,103	2.28 - 2.42	2,257	765	697	795	--
Unsecured term loans	34,718	3.87 - 6.18	35,627	27,839	7,788	--	--
Unsecured bankers' acceptances	16,403	2.33 - 2.85	16,403	16,403	--	--	--
Unsecured trust receipts/ onshore loan	77,599	1.02 - 3.72	77,599	77,599	--	--	--
Trade and other payables	225,163	--	225,163	225,163	--	--	--
Financial guarantee*	--	--	36,958	36,958	--	--	--
	355,986		394,007	384,727	8,485	795	--

* Represents the amount outstanding as disclosed in Note 26.4.

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

Currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD") and Ringgit Malaysia ("RM").

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market risk (Cont'd)

Currency risk (Cont'd)

The other currencies such as Euro, Singapore Dollar, Japanese Yen and Hong Kong Dollar are also used by the Group for sales and purchase purposes. However, the exposures to these currencies are not considered significant to the Group as their usages are not extensive.

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts from time to time to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contacts are rolled over at maturity. The Group and the Company entered forward exchange contracts with notional contract amount of RM306,498,000 (2020: NIL) and RM23,336,000 (2020: NIL) respectively in order to manage the foreign currency exposures.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currencies (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in RM		Denominated in USD			
	Group		Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade and other receivables	5,067	3,676	385,701	191,928	319,383	91,051
Cash and cash equivalents	32,519	21,712	71,674	86,659	15,399	14,566
Trade and other payables	(46,372)	(37,428)	(347,498)	(145,277)	(250,561)	(75,453)
Unsecured trust receipts	--	--	--	(45,247)	--	(44,985)
Unsecured onshore loan	--	--	(123,076)	--	(123,076)	--
Unsecured term loans	(9,387)	--	(97,983)	(35,425)	(87,217)	(21,515)
Secured trust receipts	--	--	(7,292)	(9,374)	--	--
Loan from a Director	--	--	(12,678)	(12,695)	--	--
Unsecured bankers' acceptances	(8,000)	--	--	--	--	--
Finance lease liabilities	(32)	(169)	--	--	--	--
	(26,205)	(12,209)	(131,152)	30,569	(126,072)	(36,336)

Currency risk sensitivity analysis

Foreign currency risk mainly arises from Group entities which have Ringgit Malaysia ("RM") and US Dollar ("USD") functional currencies. The exposure to currency risk of the other Group entities which do not have RM and USD functional currencies is not material and hence, sensitivity analysis is not presented.

A 10% (2020: 10%) strengthening of the USD/RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market risk (Cont'd)

Currency risk (Cont'd)

Currency risk sensitivity analysis (Cont'd)

	Denominated in		
	RM	USD	
	Group RM'000	Group RM'000	Company RM'000
2021			
Profit or (loss)	1,992	9,968	9,581
2020			
Profit or (loss)	928	(2,323)	2,762

A 10% (2020: 10%) weakening of USD/RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's investments in fixed rate deposits and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group and the Company have entered into interest rate swaps with notional contract amounts of RM61,182,179 (2020: RM9,986,400) and RM51,195,779 (2020: NIL) respectively in order to achieve an appropriate mix of fixed and floating rate exposure. At 31 July 2021, the swap matures over the next two to five years following the maturity of a fixed rate bank loan of 3.20% - 4.85% (2020: 4.85%) and 3.20% (2020: NIL) and has a floating swap rate of USD LIBOR-1 month + 1.35% and USD LIBOR-1 month + 1.25% (2020: USD LIBOR-1 month + 1.35%) respectively.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate instruments				
Financial assets	32,181	37,589	214	209
Financial liabilities	(260,670)	(149,384)	(199,972)	(96,105)
	(228,489)	(111,795)	(199,758)	(95,896)
Floating rate instruments				
Financial liabilities	(143,940)	(126,254)	(88,217)	(34,718)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market risk (Cont'd)

Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the end of the reporting period would have increased/(decreased) the Group's and the Company's post-tax profit or loss by RM1,094,000 (2020: RM960,000) and RM670,000 (2020: RM264,000) respectively. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

26.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 1 RM'000	Level 3 RM'000	Total RM'000	Level 3 RM'000	RM'000	RM'000
Group						
2021						
Financial assets						
Investment in shares	183,387	21,633	205,020	--	205,020	205,020
Financial liabilities						
Term loans	--	--	--	(110,090)	(110,090)	(111,345)
Hire purchase liabilities	--	--	--	(4,579)	(4,579)	(4,855)
Loan from a Director	--	--	--	(23,551)	(23,551)	(23,551)
	--	--	--	(138,220)	(138,220)	(139,751)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair value information (Cont'd)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 1 RM'000	Level 3 RM'000	Total RM'000	Level 3 RM'000	RM'000	RM'000
Company						
2021						
Financial assets						
Investment in shares	--	8,305	8,305	--	8,305	8,305
Financial liabilities						
Term loans	--	--	--	(87,118)	(87,118)	(88,217)
Hire purchase liabilities	--	--	--	(1,500)	(1,500)	(1,693)
	--	--	--	(88,618)	(88,618)	(89,910)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 1 RM'000	Level 3 RM'000	Total RM'000	Level 3 RM'000	RM'000	RM'000
Group						
2020						
Financial assets						
Investment in shares	68,273	9,744	78,017	--	78,017	78,017
Financial liabilities						
Term loans	--	--	--	(52,803)	(52,803)	(55,168)
Hire purchase liabilities	--	--	--	(12,738)	(12,738)	(13,196)
Loan from a Director	--	--	--	(23,614)	(23,614)	(23,614)
	--	--	--	(89,155)	(89,155)	(91,978)
Company						
2020						
Financial assets						
Investment in shares	--	7,321	7,321	--	7,321	7,321
Financial liabilities						
Term loans	--	--	--	(32,531)	(32,531)	(34,718)
Hire purchase liabilities	--	--	--	(1,826)	(1,826)	(2,103)
	--	--	--	(34,357)	(34,357)	(36,821)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair value information (Cont'd)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

a) Financial instruments carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurements
Unquoted shares	The fair value of unquoted shares are based on the adjusted net asset method by reference to the fair value of the assets and liabilities of the investee and also the fair value determined by the investee in the recent capital call	Net assets value	The higher the value of net assets the higher the fair value.
		Price determined for capital call	The higher the price offered the higher the fair value.

Sensitivity analysis

Management believes that the changing in one or more of the unobservable inputs would not change the fair value significantly. The sensitivity of the fair value measurements to changes in unobservable inputs is therefore not presented.

b) Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loans/Hire purchase liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the Group entities at the reporting date.

27. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to support the underlying risks in its business activities and to enable future business growth. The Directors monitor and determine to maintain debt-to-equity ratios that complies with debt covenants.

The debt-to-equity ratios at 31 July 2021 and 31 July 2020 were as follows:

	Group	
	2021 RM'000	2020 RM'000
Total loans and borrowings (Note 15)	404,610	252,024
Less: Cash and cash equivalents (Note 13)	(402,404)	(404,512)
Net debt/(cash)	2,206	(152,488)
Total equity	2,217,509	1,876,603
Debt-to-equity ratio	0.001	--

28. CAPITAL COMMITMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Capital expenditure commitments				
Property, plant and equipment				
Contracted but not provided for	17,763	4,752	15,358	4,478

29. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its significant investors, subsidiaries, associates and key management personnel.

29. RELATED PARTIES (CONT'D)

Significant related party transactions

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

		Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
A.	**Subsidiaries**				
	Sales of goods	--	--	912,504	247,940
	Sales of plant and equipment	--	--	--	273
	Purchases of goods	--	--	246,872	162,757
	Purchases of plant and equipment	--	--	151	13
	Rental expense	--	--	11,274	10,464
	Dividend receivable	--	--	150,000	68,000
B.	**Associates**				
	Sales of goods	1,092	1,046	--	--
	Outstanding balances:				
	- due from	1,137	1,045	--	--
C.	**Companies which are wholly - owned by close family member of certain Directors**				
	Purchases of tooling	5,415	2,766	--	--
	Outstanding balances:				
	- due to	731	1,464	--	--
D.	**Company in which the spouse of a Director has financial interest**				
	Purchases of goods	13,939	9,338	10,438	6,460
	Sales of goods	2,547	1,664	2,547	1,664
	Outstanding balances				
	- due to	1,737	2,646	1,022	1,775
	- due from	622	257	622	257

29. RELATED PARTIES (CONT'D)

Significant related party transactions (Cont'd)

		Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
E.	**Remuneration paid to staff who are close family member of certain Directors**	1,419	1,381	332	315
F.	**A company controlled by a Director**				
	Operating lease charges and management fee expense	919	2,939	--	--
	Outstanding balances:				
	- due to	105	215	--	--
	- due from	222	399	--	--
G.	**A company controlled by the family member of a Director**				
	Sub-contracting fee expense	523	3,099	--	--
	Outstanding balances	--	587	--	--
H.	**A company controlled by the family member of a key management personnel**				
	Repair and maintenance services	91	398	--	--
	Outstanding balances	--	22	--	--
I.	**A company wholly owned by close family member of a Director**				
	Sales	--	528	--	--
	Sales of plant and equipment	--	5,346	--	--
	Technical service fee receivable	252	--	--	--
	Outstanding balances	--	3,592	--	--
J.	**A company wholly owned by a Director**				
	Rental receivable	263	225	--	--
K.	**A company controlled by certain Directors**				
	Purchase of property	5,074	--	5,074	--

29. RELATED PARTIES (CONT'D)

Significant related party transactions (Cont'd)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
L. A company controlled by a Director				
Purchase of plant and equipment	283	--	--	--
M. Key management personnel				
Directors				
- Fees	814	759	590	533
- Remuneration	29,015	21,474	12,507	8,442
- Contributions to state plans	4,267	2,595	2,169	1,297
- Equity settled share-based transaction	1,212	747	1,212	747
Total short term employee benefits	35,308	25,575	16,478	11,019
Other key management personnel:				
- Wages, salaries and others	4,619	4,274	704	571
- Contributions to state plans	321	276	84	68
- Other short term employee benefits	40	42	9	9
- Equity settled share-based transaction	571	352	107	66
	5,551	4,944	904	714
	40,859	30,519	17,382	11,733

The estimated monetary value of Directors' benefit-in-kind of the Group/Company is RM163,000 (2020: RM162,000).

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 100 to 189 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 July 2021 and of their financial performance and cash flows for the financial year then ended.

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

Datuk Gan Sem Yam
Director

Dato' Gan Tiong Sia
Director

Date: 19 November 2021

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Beh Chern Wei (Ma Chengwei)**, the Director primarily responsible for the financial management of V. S. INDUSTRY BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 100 to 189 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Rule 8(3)(c) of the Notaries Public Rules.

Subscribed and solemnly declared by the above named Beh Chern Wei (Ma Chengwei), Passport No. A54514777, at Republic of Singapore on 19 November 2021

Beh Chern Wei (Ma Chengwei)

Before me:

Sim Bock Eng
Notary Public
NP2021/0370

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of V. S. Industry Berhad, which comprise the statements of financial position as at 31 July 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 100 to 189.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 July 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of non-financial assets and investment in a subsidiary group namely V.S. International Group Limited and its subsidiaries (hereinafter referred to as "VSIG Group")

(i) Property, plant and equipment - Note 3 (Group)
(ii) Investment in subsidiaries - Note 6 (Company)

Refer to Note 2(a)(i) and Note 2(l)(ii) - Significant accounting policies and Note 3 - Property, plant and equipment and Note 6 - Investment in subsidiaries

The key audit matter

VSIG Group has recorded losses for the past three financial years and the carrying amount of the net assets of the entity exceeded its market capitalisation. In view of the current uncertainties on VSIG Group's future profitability, there is an indication that the carrying amount of the property, plant and equipment and the investment in subsidiaries may be impaired.

We have identified this as a key audit matter because judgement is required in our assessment of the recoverable amount and the significance of the carrying amount of its property, plant and equipment and the investment in VSIG Group.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

How the matter was addressed in our audit:

Our audit procedures performed in this area included, amongst others:

- We evaluated the appropriateness of the recoverable amounts determined by the Directors and the method used by the Directors.

- We evaluated the key assumptions used in determining the recoverable amounts, including fair value less costs of disposal and those used in value-in-use calculations in estimating the present value of future net cash flows.

- We reviewed the audit documentation of the component auditors to evaluate the audit procedures performed on the determination of the appropriateness of the recoverable amounts and key assumptions used in determining the recoverable amounts.

- We determined the adequacy of the impairment loss provided by comparing the carrying amount of the non-financial assets against the recoverable value.

- We considered the adequacy of the Group's disclosures in the financial statements related to the impairment of non-financial assets.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Tan Teck Eng
Approval Number: 02986/05/2022 J
Chartered Accountant

Johor Bahru

19 November 2021

LIST OF PROPERTIES

Location	Land Area (Acres)	Built-up Area (Sq.Ft.)	Existing Use	Tenure/ (Approximate Age of Building)	Net Book Value as at 31 July 2021 RM'000	Date of Last Revaluation (R) /Acquisition (A)
PTD 88447, Jalan Murni 12 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	12.26	462,101	Factory/office (2-storey)	Freehold (15-18 years)	64,661	31-Jul-17 (R)
PTD 86366, Jalan Murni 8 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	1.76	-	Parking lot	Freehold	3,870	31-Jul-17 (R)
PTD 102902, Jalan Murni 8 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	8.19	106,024	Factory/office	Freehold (3 years)	51,079	31-Jul-17 (R)
Lot 76803, Jalan Murni 12 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	4.49	121,678	Factory/office (2-storey)	Freehold (3 years)	35,928	5-Dec-17 (A)
Lot 45151-45170, Jalan Murni 8 Taman Perindustrian Murni 81400 Senai Johor Darul Takzim	2.83	-	Warehouse under construction	Freehold	7,717	8-Apr-19 (A)
No. 88, Jalan I-Park SAC 5 Taman Perindustrian I-Park SAC 81400 Senai Johor Darul Takzim	1.60	69,000	Office	Freehold	18,985	28-Aug-20 (A)
No. 89, Jalan I-Park SAC 5 Taman Perindustrian I-Park SAC 81400 Senai Johor Darul Takzim	1.55	65,000	Rented out (Single storey factory with 2 storey office)	Freehold	16,614	14-Oct-20 (A)
PTD 4520 Jalan Padi Mahsuri 1 Taman Senai Baru 81400 Senai Johor Darul Takzim	1.79	-	Vacant commercial land	Freehold	5,778	1-Sep-20 (A)
PTD 105623 - PLO 39 Jalan Perindustrian 4 Kawasan Perindustrian Senai II 81400 Senai Johor Darul Takzim	3.31	275,834	Factory/office (4-storey)	Leasehold for 60 years expiring on 03/10/2077 (29 years)	29,746	31-Jul-17 (R)

LIST OF PROPERTIES
(Cont'd)

Location	Land Area (Acres)	Built-up Area (Sq.Ft.)	Existing Use	Tenure/ (Approximate Age of Building)	Net Book Value as at 31 July 2021 RM'000	Date of Last Revaluation (R) /Acquisition (A)
PTD 105624 - PLO 46 Jalan Perindustrian 1 Kawasan Perindustrian Senai II 81400 Senai Johor Darul Takzim	1.55	54,807	Factory/office (2-storey)	Leasehold for 60 years expiring on 03/10/2077 (28 years)	6,293	31-Jul-17 (R)
PTD 105625 - PLO 129 Jalan Cyber 5 Kawasan Perindustrian Senai III 81400 Senai Johor Darul Takzim	1.00	27,226	Factory/office (1-storey with mezzanine floor)	Leasehold for 60 years expiring on 03/10/2077 (24 years)	3,591	31-Jul-17 (R)
PTD 104700 - PLO 116 & PLO 174 Jalan Cyber 5 Kawasan Perindustrian Senai III 81400 Senai Johor Darul Takzim	1.50	52,342	Warehouse (1-storey with mezzanine floor)	Leasehold for 60 years expiring on 28/02/2077 (24 years)	5,651	31-Jul-17 (R)
Lot 214, Jalan Seelong-Senai 81400 Senai Johor Darul Takzim	6.30	227,099	Factory/office (2-storey)	Freehold (11 years)	31,142	31-Jul-17 (R)
PTD 8817 Kawasan Perindustrian Senai (FASA 1) 81400 Senai Johor Darul Takzim	1.00	-	Vacant	Leasehold for 60 years expiring on 9/12/2050	2,650	20-May-19 (A)
PLO 92, Jalan Cyber 7 Kawasan Perindustrian Senai III 81400 Senai Johor Darul Takzim	1.00	37,002	Factory (1-storey with mezzanine floor)	Leasehold for 60 years expiring on 27/10/2055	6,312	10-Sep-20 (A)
PLO 93, Jalan Cyber 7 Kawasan Perindustrian Senai III 81400 Senai Johor Darul Takzim	1.06	37,002	Factory (1-storey)	Leasehold for 60 years expiring on 13/02/2060	7,141	10-Sep-20 (A)
Lot 72061- PLO 121 Jalan Cyber 5 Kawasan Perindustrian Senai III 81400 Senai Johor Darul Takzim	1.00	27,900	Factory (1-storey with mezzanine floor)	Leasehold for 60 years expiring on 15/06/2064 (21 years)	3,943	31-Jul-17 (R)

Location	Land Area (Acres)	Built-up Area (Sq.Ft.)	Existing Use	Tenure/ (Approximate Age of Building)	Net Book Value as at 31 July 2021 RM'000	Date of Last Revaluation (R) /Acquisition (A)
PTD 105622 - PLO 47 Jalan Perindustrian 1 Kawasan Perindustrian Senai II 81400 Senai Johor Darul Takzim	3.30	185,039	Factory/office (5-storey)	Leasehold for 60 years expiring on 03/10/2077 (25 years)	21,353	31-Jul-17 (R)
PTD 105626 - PLO 7 Jalan Perindustrian Kawasan Perindustrian Senai I 81400 Senai Johor Darul Takzim	1.19	55,640	Factory/office (2-storey)	Leasehold for 60 years expiring on 03/10/2077 (34 years)	5,687	31-Jul-17 (R)
PTD 8784 - PLO 4 Jalan Perindustrian Kawasan Perindustrian Senai I 81400 Senai Johor Darul Takzim	2.00	50,002	Factory/office (2-storey)	Leasehold for 60 years expiring on 22/09/2045 (29 years)	8,487	25-Jun-19 (A)
PTB 11133 72, 72A-B, Jalan Padi 1 Bandar Baru Uda 81200 Tampoi, Johor Bahru Johor Darul Takzim	0.04	5,280	Rented out (3-storey shop office)	Freehold (29 years)	1,200	31-Jul-17 (R)
PTD 42659 & 42660 Jalan Cyber 8 Kawasan Perindustrian Senai III 81400 Senai Johor Darul Takzim	2.28	93,371	Three (3) blocks of 5-storey hostel	Leasehold for 99 years expiring on 07/09/2094 (10-25 years)	5,972	31-Jul-17 (R)
PTD 94882 Jalan Perindustrian 1 Kawasan Perindustrian Senai II 81400 Senai Johor Darul Takzim	1.48	122,040	One (1) block of 5-storey hostel	Leasehold for 60 years expiring on 09/12/2050 (5 years)	12,635	31-Jul-17 (R)
Lot 7044 Jalan Sawi 6 Taman Seri Senai 81400 Senai Johor Darul Takzim	5.30	85,980	Two (2) block of 5-storey hostel	Freehold (3 years)	22,976	13-Sep-17 (A)

LIST OF PROPERTIES
(Cont'd)

Location	Land Area (Acres)	Built-up Area (Sq.Ft.)	Existing Use	Tenure/ (Approximate Age of Building)	Net Book Value as at 31 July 2021 RM'000	Date of Last Revaluation (R) /Acquisition (A)
652, Jalan Taman Perindustrian Senai Taman Perindustrian Senai 81400 Senai Johor Darul Takzim	0.58	26,363	Rented out (1 1/2-storey)	Freehold (6 years)	5,300	31-Jul-17 (A)
2 Venture Drive #13-08 Vision Exchange Singapore 608526	-	1,388	Office	Leasehold for 99 years expiring on 09/06/2111 (3 years)	8,985	4-Oct-16 (A)
Jl. Cendana Raya Blok F.10 No. 06B Kawasan Industri Delta Silicon III Lippo Cikarang Bekasi 17550 Indonesia	6.28	247,754	Factory/ office (2-storey)	Leasehold for 30 years expiring on 30/11/2032 (7 years)	35,192	31-Jul-17 (R)
Jl. Alam Serasi I/31 Cluster Ambrosia Lippo Cikarang Bekasi 17550 Indonesia	0.04	936	Hostel (Double storey terrace)	Leasehold for 30 years expiring on 24/09/2024 (3 years)	555	30-Sep-17 (A)
Beisha Village Tangjia Wan Town Xiangzhou District Zhuhai Guangdong Province The People's Republic of China	78.21	1,499,771	Factory/ office/ warehouse	Leasehold for 50 years expiring on 20/02/2051 (20 years)	225,353	31-Jul-17 (R)

ANALYSIS OF SHAREHOLDINGS

As at 1 November 2021

Issued Shares	:	3,816,728,122@
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shares	No. of Shareholders	Percentage (%)	No. of Shares	Percentage (%)
1 - 99	299	1.84	11,430	0.00
100 - 1,000	2,569	15.82	1,444,620	0.04
1,001 - 10,000	8,107	49.92	38,874,353	1.02
10,001 - 100,000	4,151	25.56	131,571,778	3.44
100,001 - 190,836,405 *	1,113	6.85	3,362,798,229	88.11
190,836,406 AND ABOVE **	1	0.01	282,027,712	7.39
Total	16,240	100.00	3,816,728,122@	100.00

* less than 5% of issued shares
** 5% and above of issued shares
@ Net of treasury shares of 10,430,480 ordinary shares

THIRTY LARGEST SHAREHOLDERS AS AT 1 NOVEMBER 2021

No.	Name of Shareholders	Shares Held	Percentage (%)
1.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	282,027,712	7.39
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH KIM LING	187,920,350	4.92
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	157,604,100	4.13
4.	HSBC NOMINEES (TEMPATAN) SDN BHD HBAP FOR GAN SEM YAM	121,932,724	3.19
5.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	117,175,624	3.07
6.	HSBC NOMINEES (TEMPATAN) SDN BHD HBAP FOR BEH KIM LING	83,836,636	2.20
7.	PERMODALAN NASIONAL BERHAD	66,000,000	1.73
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GAN TONG CHUAN (PB)	61,315,700	1.61
9.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	58,259,800	1.53
10.	HSBC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - HBAP SG FOR BEH CHERN WEI (PB-SGDIV)	57,350,000	1.50
11.	LEMBAGA TABUNG HAJI	55,600,000	1.46
12.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	55,051,800	1.44

ANALYSIS OF SHAREHOLDINGS

As at 1 November 2021
(Cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 1 NOVEMBER 2021 (CONT'D)

No.	Name of Shareholders	Shares Held	Percentage (%)
13.	HSBC NOMINEES (TEMPATAN) SDN BHD HBAP FOR BEH HWEE LEE	53,716,000	1.41
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	51,721,900	1.36
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)	47,367,800	1.24
16.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BEH HWEE LEE (PB)	46,446,536	1.22
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN SEM YAM	43,000,030	1.13
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD CBHK PBGSG FOR BEH HWEE LEE	40,604,750	1.06
19.	HSBC NOMINEES (ASING) SDN BHD HBAP FOR BEH HWEE SZE (PB-SGDIV)	40,150,000	1.05
20.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	40,049,000	1.05
21.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BEH CHERN WEI (MA CHENGWEI) (PB)	39,839,000	1.04
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	39,157,300	1.03
23.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR BEH HWEE SZE (PB)	37,870,762	0.99
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	37,732,200	0.99
25.	CITIGROUP NOMINEES (ASING) SDN BHD CBHK PBGSG FOR BEH HWEE SZE	36,604,750	0.96
26.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	36,397,700	0.95
27.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	36,198,800	0.95
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	35,212,800	0.92
29.	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	34,854,900	0.91
30.	GAN TIONG SIA	34,126,074	0.89
	Total	**2,035,124,748**	**53.32**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 1 NOVEMBER 2021

		Interests in Shares			
No.	**Name of Substantial Shareholders**	**Direct**	**Deemed**	**Note**	**Percentage (%)**
1.	Datuk Beh Kim Ling	274,756,986	273,354,798	(a)	14.36
2.	Datuk Gan Sem Yam	165,922,754	26,000,000	(b)	5.03
3.	Datin Ling Sok Mooi	1,000,000	190,922,754	(c)	5.03
4.	Kumpulan Wang Persaraan (Diperbadankan)	285,825,600	63,630,300		9.16
5.	Employees Provident Fund Board	196,724,200	-		5.15

DIRECTORS' INTERESTS IN SHARES AS AT 1 NOVEMBER 2021

		Interests in Shares			
	Name of Directors	**Direct**	**Deemed**	**Note**	**Percentage (%)**
A.	**In the Company**				
	Datuk Beh Kim Ling	274,756,986	273,354,798	(a)	14.36
	Datuk Gan Sem Yam	165,922,754	26,000,000	(b)	5.03
	Dato' Gan Tiong Sia	64,126,074	-		1.68
	Ng Yong Kang	623,600	-		0.02
	Beh Chern Wei (Ma Chengwei)	131,417,150	-		3.44
	Gan Pee Yong	21,765,624	-		0.57
	Diong Tai Pew	-	-		-
	Tan Pui Suang	-	-		-
	Dato' Chang Lik Sean	-	-		-
	Wong Cheer Feng	-	-		-
	Chong Chin Siong (Alternate Director to Beh Chern Wei (Ma Chengwei))	-	600,000	(d)	0.02
B.	**In Related Corporations**				
	(i) V.S. Ashin Technology Sdn. Bhd.				
	Datuk Beh Kim Ling	-	1,740,320	(a)	5.67
	Datuk Gan Sem Yam	3,130,026	-		10.20
	Beh Chern Wei (Ma Chengwei)	870,160	-		2.84
	(ii) VS Marketing & Engineering Pte. Ltd.				
	Datuk Gan Sem Yam	-	816,000	(e)	34.00
	Dato' Gan Tiong Sia	-	120,000	(f)	5.00
	Gan Pee Yong	-	816,000	(g)	34.00
	(iii) Serumi International Private Limited				
	Datuk Gan Sem Yam	-	1,933,400	(e)	96.67
	Gan Pee Yong	-	1,933,400	(g)	96.67

DIRECTORS' INTERESTS IN SHARES AS AT 1 NOVEMBER 2021 (CONT'D)

	Interests in Shares			
Name of Directors	**Direct**	**Deemed**	**Note**	**Percentage (%)**
B. In Related Corporations (Cont'd)				
(iv) V.S. International Group Limited (Ordinary shares of HKD0.05 each)				
Datuk Beh Kim Ling	158,904,532	35,883,920	(a)	8.44
Datuk Gan Sem Yam	44,671,395	39,464,093	(h)	3.65
Dato' Gan Tiong Sia	17,215,074	16,300,000	(f)	1.45
Beh Chern Wei (Ma Chengwei)	37,111,960	-		1.61
Diong Tai Pew	1,766,411	-		0.08
(v) V.S. Corporation (Hong Kong) Co., Limited (Non-voting deferred shares of HKD1.00 each)				
Datuk Beh Kim Ling	3,750,000	2,500,000	(a)	8.33
Datuk Gan Sem Yam	3,750,000	-		5.00
Dato' Gan Tiong Sia	3,750,000	-		5.00
Beh Chern Wei (Ma Chengwei)	1,250,000	-		1.67

Note:

(a) By virtue of the shareholdings of his daughters, Beh Hwee Lee and Beh Hwee Sze.
(b) By virtue of the shareholdings of his spouse, Datin Ling Sok Mooi and daughters, Gan Chian Yi and Gan Chian Yin.
(c) By virtue of the shareholdings of her spouse, Datuk Gan Sem Yam and daughters, Gan Chian Yi and Gan Chian Yin.
(d) By virtue of the shareholdings of his spouse, Chai Ming Er.
(e) By virtue of the shareholdings of his spouse, Datin Ling Sok Mooi, children, namely Gan Pee Yong, Gan Chian Yi and Gan Chian Yin and his shareholding in V. Plus Resources Pte. Ltd..
(f) By virtue of the shareholdings of his daughter, Gan Swu Juan.
(g) By virtue of the shareholding of his parents, Datuk Gan Sem Yam and Datin Ling Sok Mooi, siblings namely Gan Chian Yi and Gan Chian Yin and his shareholding in V. Plus Resources Pte. Ltd..
(h) By virtue of the shareholdings of his daughter, Gan Chian Yi.

ANALYSIS OF WARRANT HOLDINGS
As at 1 November 2021

No. of Unexercised Warrants	:	761,578,108
Exercise Price	:	RM1.38 per Warrant
Warrant Issued Date	:	15 June 2021
Expiry Date	:	14 June 2024
No. of Warrant Holders	:	13,229

DISTRIBUTION OF WARRANT HOLDINGS

Range of Warrants	No. of Warrant Holders	Percentage (%)	No. of Warrants	Percentage (%)
1 - 99	1,601	12.10	53,297	0.01
100 - 1,000	3,397	25.68	1,765,522	0.23
1,001 - 10,000	5,000	37.80	21,800,555	2.86
10,001 - 100,000	2,594	19.61	84,266,781	11.07
100,001 - 38,078,904*	637	4.81	653,691,953	85.83
38,078,905 and above**	0	0.00	0	0.00
Total	13,229	100.00	761,578,108	100.00

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

THIRTY LARGEST WARRANT HOLDERS AS AT 1 NOVEMBER 2021

No.	Name of Warrant Holders	Warrants Held	Percentage (%)
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH KIM LING	37,584,070	4.94
2.	HSBC NOMINEES (TEMPATAN) SDN BHD HBAP FOR GAN SEM YAM	24,386,544	3.20
3.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	21,949,899	2.88
4.	HSBC NOMINEES (TEMPATAN) SDN BHD HBAP FOR BEH KIM LING	16,767,327	2.20
5.	AMANAHRAYA TRUSTEES BERHAD AC PRINCIPAL DALI ASIA PACIFIC EQUITY GROWTH FUND	15,079,100	1.98
6.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL DALI EQUITY FUND	14,586,635	1.92
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BEH CHERN WEI (MA CHENGWEI) (PB)	14,437,200	1.90
8.	PERMODALAN NASIONAL BERHAD	12,800,000	1.68
9.	HSBC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - HBAP SG FOR BEH CHERN WEI (PB-SGDIV)	11,470,000	1.51
10.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND	11,351,160	1.49

ANALYSIS OF WARRANT HOLDINGS

As at 1 November 2021
(Cont'd)

THIRTY LARGEST WARRANT HOLDERS AS AT 1 NOVEMBER 2021 (CONT'D)

No.	Name of Warrant Holders	Warrants Held	Percentage (%)
11.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	11,251,960	1.48
12.	HSBC NOMINEES (TEMPATAN) SDN BHD HBAP FOR BEH HWEE LEE	10,743,200	1.41
13.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	10,305,420	1.35
14.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GAN TONG CHUAN (PB)	9,153,140	1.20
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BEH HWEE LEE (PB)	9,049,307	1.19
16.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND	8,762,800	1.15
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD CBHK PBGSG FOR BEH HWEE LEE	8,120,950	1.06
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	7,911,840	1.04
19.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	7,809,800	1.03
20.	GAN TIONG SIA	7,587,200	1.00
21.	HSBC NOMINEES (ASING) SDN BHD HBAP FOR BEH HWEE SZE (PB-SGDIV)	7,530,000	0.99
22.	CITIGROUP NOMINEES (ASING) SDN BHD CBHK PBGSG FOR BEH HWEE SZE	7,320,950	0.96
23.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	7,279,540	0.96
24.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR BEH HWEE SZE (PB)	7,074,152	0.93
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD CBHK PBGSG FOR BEH CHERN WEI	6,320,950	0.83
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	6,317,320	0.83
27.	GAN SWU KIM	5,728,124	0.75
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND	5,438,459	0.71
29.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT ENTERPRISES FUND	4,931,760	0.64
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROSLI BIN HAMAT	4,442,280	0.58
	Total :	**333,491,087**	**43.79**

DIRECTORS' INTERESTS IN WARRANTS AS AT 1 NOVEMBER 2021

		Interests in Shares			
	Name of Directors	**Direct**	**Deemed**	**Note**	**Percentage (%)**
A.	**In the Company**				
	Datuk Beh Kim Ling	54,951,397	54,430,959	(a)	14.36
	Datuk Gan Sem Yam	24,386,544	5,000,000	(b)	3.86
	Dato' Gan Tiong Sia	7,587,200	-		1.00
	Ng Yong Kang	-	-		-
	Beh Chern Wei (Ma Chengwei)	34,477,750	-		4.53
	Gan Pee Yong	3,936,724	-		0.52
	Diong Tai Pew	-	-		-
	Tan Pui Suang	-	-		-
	Dato' Chang Lik Sean	-	-		-
	Wong Cheer Feng	-	-		-
	Chong Chin Siong (Alternate Director to Beh Chern Wei (Ma Chengwei))	-	120,000	(c)	0.02

Note:

(a) By virtue of the warrant holdings of his daughters, Beh Hwee Lee and Beh Hwee Sze.
(b) By virtue of the warrant holdings of his daughters, Gan Chian Yi and Gan Chian Yin.
(c) By virtue of the warrant holdings of his spouse, Chai Ming Er.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Ninth Annual General Meeting ("39th AGM") of **V.S. INDUSTRY BERHAD** ("VSI" or "the Company") will be held at Iskandar Ballroom, Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan, Puteri Harbour, 79000 Iskandar Puteri, Johor Darul Takzim on Friday, 7 January 2022 at 10.30 a.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 July 2021 together with the Directors' and Auditors' reports thereon. **(Please refer to Note No. 1)**

2. To approve the payment of a final dividend of 0.5 sen per ordinary share for the financial year ended 31 July 2021. **RESOLUTION 1**

3. To approve the payment of Directors' fees up to an amount of RM825,600 for the financial year ending 31 July 2022, to be payable on quarterly basis in arrears. **RESOLUTION 2**

4. To re-elect the following Directors retiring in accordance with the Company's Constitution:

    (a) Datuk Beh Kim Ling - Clause 103 **RESOLUTION 3**
    (b) Ng Yong Kang - Clause 103 **RESOLUTION 4**
    (c) Diong Tai Pew - Clause 103 **RESOLUTION 5**

5. To re-appoint the retiring Auditors, Messrs KPMG PLT as Auditors and to authorise the Directors to fix their remuneration. **RESOLUTION 6**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

6. **ORDINARY RESOLUTION**
    Proposed Authority to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016

    "THAT pursuant to Section 75 and Section 76 of the Companies Act 2016 and subject to the approval of the relevant governmental / regulatory authorities (if any), the Directors be and are hereby authorised to allot shares in the Company, from time to time, at such price, upon such terms and conditions and for such purposes and to such person or person whomsoever as the Directors may, in their absolute discretion deem fit provided that the aggregate number of shares to be allotted does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being **AND THAT** the Directors be and hereby also empowered to obtain approval for the listing of and quotation for the additional shares to be allotted on the Bursa Malaysia Securities Berhad **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by a resolution of the Company at a general meeting." **RESOLUTION 7**

7. **ORDINARY RESOLUTION**
Proposed Renewal of Shareholders' Approval for Share Buy-Back

"THAT, subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act 2016, the provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company be and is hereby authorised to the fullest extent permitted by law, to buy-back and/or hold from time to time and at any time such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("Proposed Share Buy-Back") provided that:

(a) the maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities;

(b) the maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of retained profits of the Company based on its latest audited financial statements and/or the latest management accounts (where applicable) available up to the date of a transaction pursuant to the Proposed Share Buy-Back;

THAT the shares purchased by the Company pursuant to the Proposed Share Buy-Back may be dealt with in all or any of the following manner (as selected by the Company):

(i) the shares so purchased may be cancelled; and/or

(ii) the shares so purchased may be retained as treasury shares in accordance with the relevant rules of Bursa Securities for distribution as dividend to the shareholders and/or resell through Bursa Securities and/or subsequently cancelled; and/or

(iii) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled.

THAT such authority shall commence upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by ordinary resolution of the shareholders of the Company in general meeting but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act 2016, the provisions of the Company's Constitution and the requirements of the Bursa Securities and all other relevant governmental/regulatory authorities." **RESOLUTION 8**

8. **ORDINARY RESOLUTION**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") with V.S. International Group Limited, its subsidiaries and associates ("Proposed Renewal of Shareholders' Mandate for RRPTs with V.S. International Group Limited, its subsidiaries and associates")

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into RRPTs with V.S. International Group Limited, its subsidiaries and associates as set out in Section 2.3, Part B, the Statement/Circular to the Shareholders of VSI dated 29 November 2021, subject to the following:

(i) the RRPTs are:

(a) necessary for the day-to-day operations;
(b) undertaken in the ordinary course of business and at arm's length basis and are on terms not more favourable to the related parties than those generally available to the public; and
(c) are not detrimental to the shareholders of the Company; and

(ii) the disclosure is made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the related parties and their relationship with the Company pursuant to the Proposed Renewal of Shareholders' Mandate for RRPTs with V.S. International Group Limited, its subsidiaries and associates during the period in which the Proposed Renewal of Shareholders' Mandate for RRPTs with V.S. International Group Limited, its subsidiaries and associates is in force; and

(iii) the Proposed Renewal of Shareholders' Mandate for RRPTs with V.S. International Group Limited, its subsidiaries and associates is subject to annual renewal and will continue to be in full force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution." **RESOLUTION 9**

9. **ORDINARY RESOLUTION**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd ("Proposed Renewal of Shareholders' Mandate for RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd")

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd as set out in Section 2.3, Part B, the Statement/Circular to the Shareholders of VSI dated 29 November 2021, subject to the following:

(i) the RRPTs are:

  (a) necessary for the day-to-day operations;
  (b) undertaken in the ordinary course of business and at arm's length basis and are on terms not more favourable to the related parties than those generally available to the public; and
  (c) are not detrimental to the shareholders of the Company; and

(ii) the disclosure is made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the related parties and their relationship with the Company pursuant to the Proposed Renewal of Shareholders' Mandate for RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd during the period in which the Proposed Renewal of Shareholders' Mandate for RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd is in force; and

(iii) the Proposed Renewal of Shareholders' Mandate for RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd is subject to annual renewal and will continue to be in full force until:

  (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  (c) revoked or varied by resolution passed by the shareholders in general meeting,

  whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution." **RESOLUTION 10**

10. **ORDINARY RESOLUTION**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") with Beeantah Pte. Ltd. ("Proposed Renewal of Shareholders' Mandate for RRPTs with Beeantah Pte. Ltd.")

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into RRPTs with Beeantah Pte. Ltd. as set out in Section 2.3, Part B, the Statement/Circular to the Shareholders of VSI dated 29 November 2021, subject to the following:

(i) the RRPTs are:

(a) necessary for the day-to-day operations;
(b) undertaken in the ordinary course of business and at arm's length basis and are on terms not more favourable to the related parties than those generally available to the public; and
(c) are not detrimental to the shareholders of the Company; and

(ii) the disclosure is made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the related parties and their relationship with the Company pursuant to the Proposed Renewal of Shareholders' Mandate for RRPTs with Beeantah Pte. Ltd. during the period in which the Proposed Renewal of Shareholders' Mandate for RRPTs with Beeantah Pte. Ltd. is in force; and

(iii) the Proposed Renewal of Shareholders' Mandate for RRPTs with Beeantah Pte. Ltd. is subject to annual renewal and will continue to be in full force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution." **RESOLUTION 11**

11. **ORDINARY RESOLUTION**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") with Liphup Mould Sdn. Bhd. ("Proposed Renewal of Shareholders' Mandate for RRPTs with Liphup Mould Sdn. Bhd.")

"THAT subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into RRPTs with Liphup Mould Sdn. Bhd. as set out in Section 2.3, Part B, the Statement/Circular to the Shareholders of VSI dated 29 November 2021, subject to the following:

(i) the RRPTs are:

(a) necessary for the day-to-day operations;
(b) undertaken in the ordinary course of business and at arm's length basis and are on terms not more favourable to the related parties than those generally available to the public; and
(c) are not detrimental to the shareholders of the Company; and

(ii) the disclosure is made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the related parties and their relationship with the Company pursuant to the Proposed Renewal of Shareholders' Mandate for RRPTs with Liphup Mould Sdn. Bhd. during the period in which the Proposed Renewal of Shareholders' Mandate for RRPTs with Liphup Mould Sdn. Bhd. is in force; and

(iii) the Proposed Renewal of Shareholders' Mandate for RRPTs with Liphup Mould Sdn. Bhd. is subject to annual renewal and will continue to be in full force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
(b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution." **RESOLUTION 12**

12. **SPECIAL RESOLUTION**
Proposed Adoption of the New Constitution of the Company

"That the Proposed New Constitution as set out in Appendix 2 of Part C of the Statement/ Circular to Shareholders dated 29 November 2021 be and is hereby approved and adopted as the Constitution of the Company to replace the existing Constitution in its entirety with immediate effect.

And That the Board of Directors and/or Secretary of the Company be and are hereby authorised to do all such acts and things in any manner as they may deem necessary and/or expedient in order to give full effect to the Proposed Adoption of the New Constitution of the Company with full power to assent to any conditions, modifications and/or amendments as may be required or permitted by any relevant authorities." **SPECIAL RESOLUTION**

13. To transact any other business for which due notice shall have been given.

Further notice is hereby given that for the purpose of determining a member who shall be entitled to attend the 39th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 31 December 2021. Only a depositor whose name appears on the Record of Depositors as at 31 December 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

LEONG SIEW FOONG (MAICSA 7007572)
SANTHI A/P SAMINATHAN (MAICSA 7069709)
CHIAM MEI LING (MIA 12128)
Company Secretaries

Johor Bahru
29 November 2021

NOTES:

1. Audited Financial Statements

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Vote by way of poll

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

3. Form of Proxy

i. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy must be of full age. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

ii. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

iii. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. Where an Exempt Authorised Nominee appoints more than one (1) proxy in respect of each omnibus account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy.

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 Seal or under the hand of an officer or attorney duly authorised.

v. The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the Form of Proxy, duly completed must be deposited at the Registered Office of the Company situated at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia.

In the case of electronic appointment, the Form of Proxy must be deposited via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission. All Form of Proxy submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote.

In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).

4. Explanatory Notes on Ordinary Business

i. To approve the payment of a final dividend of 0.5 sen per ordinary share for the financial year ended 31 July 2021 (Resolution 1)

Declaration of a final dividend for the year ended 31 July 2021 in accordance with Paragraph 8.26 of the Listing Requirements, the final dividend, if approved, shall be paid not later than three (3) months from the date of the shareholders' approval.

Pursuant to Sections 131 and 132 of the Companies Act 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. Having performed the solvency test on the Company, the Board is satisfied that the Company will remain solvent for the period of twelve months after the date of declaration.

ii. To approve the payment of Director's fees up to an amount of RM825,600 for the financial year ending 31 July 2022, to be payable on quarterly basis in arrears (Resolution 2)

Section 230(1) of the Companies Act 2016 provides that "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this Thirty Ninth Annual General Meeting (39th AGM) for the payment of Directors' fees to the Directors of the Company up to an amount of RM825,600 for the financial year ending 31 July 2022, to be payable on quarterly basis in arrears under Resolution 2.

Under Ordinary Resolution 2, the quantum of the Directors' fees proposed for the Directors for the period are based on the current Directors' fees structure and assuming that all the Directors will hold office until the conclusion of the financial year ending 31 July 2022 and including fee provision for two additional Independent Non-Executive Directors to be appointed during the financial year ending 31 July 2022. In the event that any Director hold office for only part of the financial year ending 31 July 2022, the Director's fee payable to him will be appropriately pro-rated.

The total Directors' fees paid for the financial year ended 31 July 2021 did not exceed the amount of RM717,600 approved by the shareholders at the Company's Thirty Eighth Annual General Meeting held on 8 January 2021.

The proposed Resolution 2, if passed, is to facilitate the payment of Directors' fees as and when incurred. The Board opined that it is just and equitable for the Directors to be paid such payment on such basis upon them discharging their responsibilities and rendering their services to the Company.

iii. To re-elect the retiring Directors (Ordinary Resolution 3, 4 and 5)

Clause 103 of the Company's Constitution expressly states that at the Annual General Meeting ("AGM") in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then, the number nearest to one-third shall retire from office and be eligible for re-election.

Pursuant to Clause 103 of the Company's Constitution, Datuk Beh Kim Ling, Mr Ng Yong Kang and Mr Diong Tai Pew are standing for re-election at this AGM. The profile of the aforesaid Directors standing for re-election are provided on pages 17 to 19 of the Board of Directors' Profile in the 2021 Annual Report.

5. Explanatory Notes on Special Business

i. Proposed Authority to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016 (Resolution 7)

The proposed Resolution No. 7, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company up to an amount not exceeding in total ten percent (10%) of the total number of issued shares of the Company for such purposes and to such person or persons as the Directors in their absolute discretion consider to be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The mandate sought under Ordinary Resolution No. 7 above is a renewal of an existing mandate. There was no issuance of share and thus no proceed being raised since the last renewal was sought.

The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital, repayment/paring down of borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

ii. Proposed Renewal of Shareholders' Approval for Share Buy-Back (Resolution 8)

The proposed Resolution No. 8, if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the total number of issued shares of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information on the Proposed Share Buy-Back, please refer to Part A, the Statement/Circular to the Shareholders of VSI dated 29 November 2021 which was circulated together with the Company's 2021 Annual Report.

iii. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") (Resolution 9, Resolution 10, Resolution 11 and Resolution 12)

The proposed Resolutions No. 9 to 12, if passed, will authorise the Company and/or its subsidiaries to enter into RRPTs with the respective related parties as set out in Section 2.3, Part B, the Statement/Circular to the Shareholders of VSI dated 29 November 2021. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information on the Proposed Renewal of Shareholders' Mandate for RRPTs, please refer to the Statement/Circular to the Shareholders of VSI dated 29 November 2021 which was circulated together with the Company's 2021 Annual Report.

iv. Proposed Adoption of the New Constitution of the Company ("Proposed Adoption") (Special Resolution)

The purpose of the Proposed Adoption is to provide greater flexibility for the Company, to enhance administrative efficiency (in the event of any unexpected circumstances or situations, for example the Covid-19 pandemic), to further streamline and to provide greater clarity and consistency throughout in accordance with the provisions of the Act, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the prevailing statutory and regulatory requirements.

The relevant information on the Special Resolution is set out in Part C of the Statement/Circular to Shareholders dated 29 November 2021 which can be viewed and downloaded from the websites of the Company at www.vs-i.com and/or Bursa Malaysia Securities Berhad at https://www.bursamalaysia.com.

The Constitution shall take effect once the Special Resolution has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the Company's 39th AGM.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Subject to the approval of the shareholders at the Thirty Ninth Annual General Meeting, a final dividend of 0.5 sen per ordinary share for the financial year ended 31 July 2021, will be paid on 31 January 2022 to those registered in the Record of Depositors at the close of business on 21 January 2022.

A depositor shall qualify for entitlement to dividend only in respect of:

a. Shares transferred into the Depositor's Securities Account before 4 p.m. on 21 January 2022 in respect of ordinary transfers; and

b. Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF
THIRTY NINTH ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

i. The Directors standing for re-election are:

(a)	Datuk Beh Kim Ling	- Clause 103	**RESOLUTION 3**
(b)	Ng Yong Kang	- Clause 103	**RESOLUTION 4**
(c)	Diong Tai Pew	- Clause 103	**RESOLUTION 5**

Further details of the above named Directors and their interest in the securities of the Company are set out in the profile of Directors on pages 17 to 19, pages 201 to 202 and page 205 of the 2021 Annual Report respectively.

ii. The general mandate for issuance of shares by the Company under Section 75(1) and 76(1) of the Companies Act 2016 is for the purpose of granting renewal of the mandate obtained from its shareholders at the 38th Annual General Meeting held on 8 January 2021. The Company did not issue any shares pursuant to this mandate obtained.

The purpose of this general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital, repayment/paring down of borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

FORM OF PROXY

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

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 Thirty Ninth Annual General Meeting of the Company, to be held at Iskandar Ballroom, Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan, Puteri Harbour, 79000 Iskandar Puteri, Johor Darul Takzim on Friday, 7 January 2022 at 10.30 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

NO.	ORDINARY RESOLUTIONS:	FOR	AGAINST
1	Approval of a final dividend of 0.5 sen per ordinary share for the financial year ended 31 July 2021		
2	Approval of Directors' fee for the financial year ending 31 July 2022, to be payable on quarterly basis in arrears.		
3	Re-election of retiring Director, Datuk Beh Kim Ling		
4	Re-election of retiring Director, Ng Yong Kang		
5	Re-election of retiring Director, Diong Tai Pew		
6	Re-appointment of Messrs KPMG PLT as Auditors and authorise the Directors to fix their remuneration		
7	Authorise Directors to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016		
8	Renewal of Shareholders' Approval for Share Buy-Back		
9	Renewal of Shareholders' Mandate for RRPTs with V.S. International Group Limited, its subsidiaries and associates		
10	Renewal of Shareholders' Mandate for RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co., Ltd		
11	Renewal of Shareholders' Mandate for RRPTs with Beeantah Pte. Ltd.		
12	Renewal of Shareholders' Mandate for RRPTs with Liphup Mould Sdn. Bhd.		
	SPECIAL RESOLUTION:		
	Proposed Adoption of the New Constitution of the Company		

Signed this ________________ day of ________________ 2021/2022

____
Signature of Member/Common Seal

*Strike out whichever is not desired.
[Unless otherwise instructed, the proxy may vote as he/she thinks fit.]

NOTES:

i. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy must be of full age. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

ii. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

iii. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. Where an Exempt Authorised Nominee appoints more than one (1) proxy in respect of each omnibus account, the appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of its shareholding to be represented by each proxy.

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 Seal or under the hand of an officer or attorney duly authorised.

v. All duly completed forms of proxy must be deposited at the Registered Office of the Company situated at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

In the case of electronic appointment, the Form of Proxy must be deposited via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for further information on electronic submission. All Form of Proxy submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote.

In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).

vi. Only members registered in the Record of Depositors as at 31 December 2021 shall be eligible to attend the meeting or appoint a proxy to attend, participate, speak and vote on his behalf.

vii. Please bring along the ORIGINAL of the following documents (whichever applicable) for verification purposes at the registration counter:-

(a) Identity Card (NRIC for Malaysian), or
(b) Police report (for loss of NRIC for Malaysian), or
(c) Passport (for Foreigner).

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 39th Annual General Meeting dated 29 November 2021.

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP
HERE

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

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

1st Fold Here

CORPORATE DIRECTORY

HEADQUARTERS

MALAYSIA

No. 88, Jalan I-Park SAC 5
Taman Perindustrian I-Park SAC
81400 Senai
Johor Darul Takzim
Tel No : 607-552 8888
Fax No : 607-552 8899
Website : www.vs-i.com

SUBSIDIARY COMPANIES

MALAYSIA

V.S. Plus Sdn. Bhd.
PLO 129, Jalan Cyber 5
Kawasan Perindustrian Senai III
81400 Senai
Johor Darul Takzim
Tel No : 607-598 3000
Fax No : 607-598 2000

PLO 39, Jalan Perindustrian 4
Kawasan Perindustrian Senai II
81400 Senai
Johor Darul Takzim
Tel No : 607-599 4199
Fax No : 607-599 5845

Lot 214, Jalan Seelong
81400 Senai
Johor Darul Takzim
Tel No : 607-596 8989
Fax No : 607-596 8800

V.S. Electronics Sdn. Bhd.
PLO 47, Jalan Perindustrian 1
Kawasan Perindustrian Senai II
81400 Senai
Johor Darul Takzim
Tel No : 607-597 3199
Fax No : 607-599 7608

V.S. Technology Sdn. Bhd.
PLO 7, Jalan Perindustrian
Kawasan Perindustrian Senai I
81400 Senai
Johor Darul Takzim
Tel No : 607-599 5050
Fax No : 607-599 5479

Skreen Fabric (M) Sdn. Bhd.
Skreen Fabric Marketing Sdn. Bhd.
PLO 46, Jalan Perindustrian 1
Kawasan Perindustrian Senai II
81400 Senai
Johor Darul Takzim
Tel No : 607-595 9599
Fax No : 607-595 9598

V.S. Ashin Technology Sdn. Bhd.
Registered Office
Suite 9D, Level 9, Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim
Tel No : 607-224 1035
Fax No : 607-221 0891

V.S. Integrated Management Sdn. Bhd.
Registered Office
Unit 901, Level 9, City Plaza
21, Jalan Tebrau
80300 Johor Bahru
Johor Darul Takzim
Tel No : 607-333 1898
Fax No : 607-333 0899

INDONESIA

PT. V.S. Technology Indonesia
Jl. Cendana Raya
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17550 Indonesia
Tel No : 62-212 9288 998
Fax No : 62-212 9617 877

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Serumi International Private Limited
Registered Office
36 Armenian Street
#02-02
Singapore 179934

VS International Venture Pte. Ltd.
Guardian South East Asia Pte. Ltd.
Registered Office
Vision Exchange
2 Venture Drive
#13-08
Singapore 608526

HONG KONG

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

Principal Place of Business
40th Floor, Jardine House
1 Connaught Place
Central, Hong Kong

V.S. Industry™

Passion to grow your business™

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