

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

(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE FORTY FIRST ANNUAL GENERAL MEETING (“41ST AGM”) OF V.S. INDUSTRY BERHAD HELD AT KINGFISHER 1, FRASER PLACE PUTERI HARBOUR, RESIDENSI & HOTEL MARINA, PERSIARAN TANJUNG, PENGKALAN PUTERI, 79000 ISKANDAR PUTERI, JOHOR DARUL TAKZIM ON FRIDAY, 5 JANUARY 2024 AT 10.30 A.M.

PRESENT

Datuk Beh Kim Ling	Executive Chairman
Datuk Gan Sem Yam	Managing Director
Dato’ Gan Tiong Sia	Executive Director
Mr. Ng Yong Kang	Executive Director
Mr. Beh Chern Wei	Executive Director
Mr. Gan Pee Yong	Executive Director
Ms. Tan Pui Suang	Independent Non-Executive Director
Mr. Wong Cheer Feng	Independent Non-Executive Director
Dr. Lim Boh Soon	Independent Non-Executive Director
Mr. Wee Beng Chuan	Independent Non-Executive Director
Ms. Lee Li Ming	Independent Non-Executive Director
Dato’ Lai Kim Seong	Independent Non-Executive Director
Mr. Chong Chin Siong	Alternate Director to Mr. Beh Chern Wei
Ms. Santhi Saminathan	Company Secretary
Ms. Chiam Mei Ling	Company Secretary

PROXIES AND QUORUM

The Company has received 211 proxies totalling 2,088,065,151 shares representing 54.19% of the Company’s total number of shares issued and holders of 1,131,924,041 had appointed the Chairman of the Meeting to be their proxy. The Secretary confirmed that the requisite quorum was present.

QUESTIONS RECEIVED BY THE COMPANY

The Company received a letter from Minority Shareholders Watch Group (“MSWG”) dated 28 December 2023 and the Company’s written reply to the questions were presented and read out to the shareholders at the AGM.

Operational and Financial Matters

1. In view of the challenging global economic conditions, including geopolitical tensions and inflationary pressures, what are the specific plans in place to manage potential risks and uncertainties in the coming year?

SUMMARY OF KEY MATTERS DISCUSSED AT THE FORTY FIRST ANNUAL GENERAL MEETING (“41ST AGM”) OF V.S. INDUSTRY BERHAD HELD AT KINGFISHER 1, FRASER PLACE PUTERI HARBOUR, RESIDENSI & HOTEL MARINA, PERSIARAN TANJUNG, PENGKALAN PUTERI, 79000 ISKANDAR PUTERI, JOHOR DARUL TAKZIM ON FRIDAY, 5 JANUARY 2024 AT 10.30 A.M.

Response

The Group will continue to adopt prudence in ensuring a lean and efficient operating structure to weather through the challenges ahead. Our key focus will be on cost optimisation, increasing automation and upgrading capabilities.

The Group’s operations are supported by our lean balance sheet with low net gearing and healthy cashflow, which would strengthen our agility to navigate any unforeseen issues.

In our operating history of more than 30 years, we have undergone several economic cycles and overcome various challenges. VS always emerge stronger, growing from strength to strength.

2. *“The Group had to proactively manage various headwinds such as rising costs - electricity, labour and financing expenses, against the backdrop of weaker consumer sentiments and reduced purchasing power” (Page 9 of the Annual Report 2023 “AR2023”)*
 - a) What is the extent of the increase observed in each of these cost components?
 - b) Has the Company successfully passed on the cost increase to its customers, and if so, to what extent?
 - c) What strategies does the Company have in place to mitigate these challenges?

Response (a)

The magnitude of the cost increase ranges from 10% to 40%. For instance, electricity cost rose close to 40% due to the increase in tariff.

Response (b)

We are able to pass on most of the cost increases to our customers however, there is a lag due to the negotiation process.

Response (c)

One of the key focuses for FY24 is on cost optimisation where we will be streamlining our cost structure and further expanding our rooftop solar project to other facilities. On that note, we are pleased to share that the data from our first solar rooftop project has been encouraging.

3. *“Despite the tough landscape, we remained steadfast in enhancing our capacity and continued to invest in new equipment. For our printed circuit board assembly (“PCBA”) division, we expanded the facility and purchased new PCBA machines to expand our production lines.”*
 - a) Pursuant to the aforementioned expansion, what is the total capacity and utilisation rate of the production line in PCBA division?
 - b) Was automation integrated into the said expansion?

SUMMARY OF KEY MATTERS DISCUSSED AT THE FORTY FIRST ANNUAL GENERAL MEETING (“41ST AGM”) OF V.S. INDUSTRY BERHAD HELD AT KINGFISHER 1, FRASER PLACE PUTERI HARBOUR, RESIDENSI & HOTEL MARINA, PERSIARAN TANJUNG, PENGKALAN PUTERI, 79000 ISKANDAR PUTERI, JOHOR DARUL TAKZIM ON FRIDAY, 5 JANUARY 2024 AT 10.30 A.M.

Response (a)

We added one new SMT (surface-mount technology) machine and the Group currently more than 20 in total. In terms of utilisation rate, it is averaging at about 60%.

Response (b)

For our PCBA expansion, the SMT machines are highly automated.

4. The Group’s total borrowings stood at RM855.0 million at the end of the financial year under review. This was a result of the drawdown of Sukuk Wakalah of RM500.00 million. (Pages 15 and 130 of AR2023)

Please provide a detailed breakdown on the utilisation of the RM500.00 million proceeds.

Response

Below is the breakdown of the utilisation:

Details	RM million
Machineries	50
Rooftop Solar	8
Repayment of Existing Borrowings	184
Working Capital	258
Total	500

5. For the financial year ended 31 July 2023, there was a write-down of RM9.72 million for obsolete and slow-moving inventories as compared to RM5.10 million in the previous financial year (Page 129 of AR2023).

How did such a substantial increase in write down of inventories arise?

Response

The increase was largely due to higher slow-moving inventories. Customers are taking longer than usual to receive inventory in view of the global economic uncertainty. Therefore, the Group recognised these higher slow-moving inventories as part of prudent management and accounting provisioning.

SUMMARY OF KEY MATTERS DISCUSSED AT THE FORTY FIRST ANNUAL GENERAL MEETING (“41ST AGM”) OF V.S. INDUSTRY BERHAD HELD AT KINGFISHER 1, FRASER PLACE PUTERI HARBOUR, RESIDENSI & HOTEL MARINA, PERSIARAN TANJUNG, PENGKALAN PUTERI, 79000 ISKANDAR PUTERI, JOHOR DARUL TAKZIM ON FRIDAY, 5 JANUARY 2024 AT 10.30 A.M.

Sustainability Matters

1. The Company has made progress in ESG initiatives, particularly in the installation of solar PV systems.

How does the Company plan to further integrate sustainability into its business operations, and are there specific targets for future ESG improvements?

Response

VS is committed to enhancing our ESG performance through a comprehensive set of initiatives. To underscore our commitment, we have formalised robust ESG policies that guide our decision-making process across the Group. These policies are structured to encompass environmental stewardship, social responsibility and sound governance practices, setting clear benchmarks for our performance and ensuring accountability at all levels.

In FY23, we incorporated ESG criteria into our investment evaluations and decision-making processes, ensuring that our investments align with responsible practices.

Environmental, VS is implementing climate change mitigation and adoption measures, including tracking and reporting of greenhouse gas (GHG) emissions and adopting sustainable practices, among others. We have also set time-specific targets in relation to energy, GHG emissions, water and waste, to reduce our environmental impact.

For example, we aim to improve energy efficiency and reduce water usage, water effluent and manufacturing waste by 10%, 20% and 25% for FY25, FY30 and FY40 indexed to sales respectively. We also want to increase our renewable energy consumption by 5% in FY25, 10% in FY30 and 20% in FY40.

Through these initiatives, we target to reduce our Scope 1 & 2 GHG emissions by at least 15% in FY25, 20% in FY30 and 30% in FY40. For a more in-depth elaboration on our ESG efforts and initiatives, kindly refer to our Sustainability Statement section of the annual report.

Corporate Governance Matters

1. The Group acknowledges its deviation from Practice 5.2 of the Malaysian Code on Corporate Governance (MCCG), which stipulates that the at least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

In explaining the departure in CG Report 2023, it was stated the Board is mindful that the Board does not comprise a majority of Independent Non-Executive Directors (“INEDs”) and continues to source for suitable candidate to join the Board as INED.

How many INED candidates has the Company interviewed to-date?

SUMMARY OF KEY MATTERS DISCUSSED AT THE FORTY FIRST ANNUAL GENERAL MEETING (“41ST AGM”) OF V.S. INDUSTRY BERHAD HELD AT KINGFISHER 1, FRASER PLACE PUTERI HARBOUR, RESIDENSI & HOTEL MARINA, PERSIARAN TANJUNG, PENGKALAN PUTERI, 79000 ISKANDAR PUTERI, JOHOR DARUL TAKZIM ON FRIDAY, 5 JANUARY 2024 AT 10.30 A.M.

Response

In FY23, the Group interviewed 5 candidates and appointed 3 new Independent Non-Executive Directors. Meanwhile, 1 Independent Non-Executive Director resigned in FY23. Nevertheless, 50% of the Board now comprises Independent Non-Executive Directors.

QUESTIONS RAISED BY THE SHAREHOLDERS/PROXY HOLDERS AT THE MEETING

There were no other questions raised by shareholders/proxy holders at the meeting.

ANNOUNCEMENT OF POLL RESULTS

The resolutions set out in the Notice of the 41st AGM dated 29 November 2023 were put to vote by way of poll.

The poll results which have been vetted by the independent scrutineer were made available for the Chairman announcement to the shareholders present.

The results of the poll voting were as follows:-

Resolution	Vote in favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 1 To approve the payment of a final dividend of 0.5 sen per ordinary share for the financial year ended 31 July 2023.	2,138,495,709	99.999995	100	0.000005	Accepted
Ordinary Resolution 2 To approve the payment of Director's fees up to an amount of RM931,200 for the financial year ending 31 July 2024, to be payable on quarterly basis in arrears.	1,903,155,919	99.999995	100	0.000005	Accepted
Ordinary Resolution 3 To re-elect the following Directors retiring in accordance with the Company's Constitution: (a) Dato' Gan Tiong Sia	1,717,589,130	95.833225	74,679,805	4.166775	Accepted

SUMMARY OF KEY MATTERS DISCUSSED AT THE FORTY FIRST ANNUAL GENERAL MEETING (“41ST AGM”) OF V.S. INDUSTRY BERHAD HELD AT KINGFISHER 1, FRASER PLACE PUTERI HARBOUR, RESIDENSI & HOTEL MARINA, PERSIARAN TANJUNG, PENGKALAN PUTERI, 79000 ISKANDAR PUTERI, JOHOR DARUL TAKZIM ON FRIDAY, 5 JANUARY 2024 AT 10.30 A.M.

Resolution	Vote in favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
Ordinary Resolution 4 To re-elect the following Directors retiring in accordance with the Company’s Constitution: (b) Datuk Gan Sem Yam	1,792,952,635	96.103800	72,689,144	3.896200	Accepted
Ordinary Resolution 5 To re-elect the following Directors retiring in accordance with the Company’s Constitution: (c) Wong Cheer Feng	1,551,435,548	99.566142	6,760,361	0.433858	Accepted
Ordinary Resolution 6 To re-elect the following Directors retiring in accordance with the Company’s Constitution: (d) Lee Li Ming	2,137,085,209	99.950957	1,048,600	0.049043	Accepted
Ordinary Resolution 7 To re-elect the following Directors retiring in accordance with the Company’s Constitution: (e) Dato’ Lai Kim Seong	1,912,763,209	99.945209	1,048,600	0.054791	Accepted
Ordinary Resolution 8 To re-appoint the retiring Auditors, Messrs KPMG PLT as Auditors and to authorise the Directors to fix their remuneration.	2,123,351,648	99.308642	14,782,161	0.691358	Accepted
Ordinary Resolution 9 Proposed Authority to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016	1,556,977,509	72.819461	581,156,300	27.180539	Accepted

SUMMARY OF KEY MATTERS DISCUSSED AT THE FORTY FIRST ANNUAL GENERAL MEETING (“41ST AGM”) OF V.S. INDUSTRY BERHAD HELD AT KINGFISHER 1, FRASER PLACE PUTERI HARBOUR, RESIDENSI & HOTEL MARINA, PERSIARAN TANJUNG, PENGKALAN PUTERI, 79000 ISKANDAR PUTERI, JOHOR DARUL TAKZIM ON FRIDAY, 5 JANUARY 2024 AT 10.30 A.M.

Resolution	Vote in favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
and Waiver of Pre-Emptive Rights Pursuant to the Companies Act 2016					
Ordinary Resolution 10 Proposed Renewal of Shareholders’ Approval for Share Buy-Back	2,137,461,209	99.970979	620,500	0.029021	Accepted
Ordinary Resolution 11 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”)	1,638,706,421	99.999994	100	0.000006	Accepted
Ordinary Resolution 12 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”)	1,638,706,421	99.999994	100	0.000006	Accepted
Ordinary Resolution 13 Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party	1,638,706,421	99.999994	100	0.000006	Accepted

SUMMARY OF KEY MATTERS DISCUSSED AT THE FORTY FIRST ANNUAL GENERAL MEETING (“41ST AGM”) OF V.S. INDUSTRY BERHAD HELD AT KINGFISHER 1, FRASER PLACE PUTERI HARBOUR, RESIDENSI & HOTEL MARINA, PERSIARAN TANJUNG, PENGKALAN PUTERI, 79000 ISKANDAR PUTERI, JOHOR DARUL TAKZIM ON FRIDAY, 5 JANUARY 2024 AT 10.30 A.M.

Resolution	Vote in favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
Transactions of a Revenue or Trading Nature (“RRPTs”) with Beeantah Pte. Ltd. (“Proposed Renewal of Shareholders’ Mandate for RRPTs with Beeantah Pte. Ltd.”)					
Ordinary Resolution 14 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.”)	1,638,706,421	99.999994	100	0.000006	Accepted

CLOSE OF MEETING

The Secretary informed the Chairman that no notice of any other business for transacting at the meeting has been received. The Chairman thanked the shareholders for their attendance and declared the meeting closed at 12.00 p.m.