

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

MINUTES OF THE FORTY-FIRST ANNUAL GENERAL MEETING 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** : As per attendance sheet
- IN ATTENDANCE** : Ms Santhi Saminathan
Ms Chiam Mei Ling
(Company Secretaries)
- CHAIRMAN** : The Chairman of the Board, Datuk Beh Kim Ling welcomed all shareholders present at the Forty-First Annual General Meeting of the Company and declared the meeting open. The Chairman invited Mr Chong Chin Siong (the Alternate Director to Mr Beh Chern Wei) to assist in the conduct of the Meeting.
- Mr Chong greeted the shareholders present and informed that voice or video recording of the meeting is strictly prohibited. Without further delay, he called upon the Secretary, Ms Santhi to present the proxies and confirm the quorum.
- PROXIES AND QUORUM** : The Secretary reported that the Company has received 211 proxies totaling 2,088,065,151 shares representing 54.19% of the Company's total number of shares issued and holders of 1,131,924,041 shares had appointed the Chairman of the Meeting to be their proxy. She confirmed that the requisite quorum was present.
- Having noted the presence of a quorum, the Chairman then called the Meeting to order.
- POLL VOTE** : The Chairman informed the shareholders that all resolutions to be considered at the Meeting will be by way of poll and the identification wristbands had been given to the shareholders upon registration. The shareholders may cast their votes after all the resolutions have been tabled for consideration.
- The representative from the Share Registrar who is the Poll Administrator will be invited to brief the shareholders on the polling procedures before the casting of vote.
- NOTICE OF MEETING** : On the proposal of the Chairman and there being no objections from the floor, the Notice convening the meeting which had been circulated with the Annual Report was taken as read.

ORDINARY RESOLUTIONS:

1. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

LETTER FROM MINORITY SHARE- HOLDER WATCHDOG (“MSWG”)

The Chairman informed the shareholders present that the Company received a letter from MSWG seeking clarifications from the Board of Directors on some Operational & Financial, Sustainability and Corporate Governance matters which would be addressed under Agenda No. 1 together with any further questions which may be raised by the shareholders present in relation to the Audited Financial Statements for the year ended 31 July 2023.

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1. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

**LETTER FROM MINORITY SHARE- HOLDER WATCHDOG (“MSWG”)
-continuation**

The Chairman explained that the Audited Financial Statements for the year ended 31 July 2023 which have been approved by the Board and circulated to shareholders were tabled before the meeting for discussion only.

The Chairman also informed that in accordance with the provision of Section 340(1)(a) of the Companies Act 2016, the Audited Financial Statements for the year ended 31 July 2023 do not require a formal approval of the shareholders and hence is not put forward for voting.

The Chairman then presented the enquiries raised by MSWG and the Board replied to the enquiries raised by the MSWG at the Meeting. The enquiries raised by MSWG and the replies from the Board of Directors were as per Appendix I annexed.

There being no further matter arising from the Audited Financial Statements, the Chairman declared the Audited Financial Statements for the year ended 31 July 2023 together with the Reports of the Directors and Auditors thereon be hereby received.

2. FINAL DIVIDEND OF 0.5 SEN PER ORDINARY SHARE

The Chairman invited a proposer and a seconder for the Resolution 1 in relation to the approval of the final dividend of 0.5 sen per ordinary share for the year ended 31 July 2023.

Having proposed and seconded by the shareholders, Resolution 1 was put to the meeting for vote by poll.

3. DIRECTORS’ FEES

The Chairman invited a proposer and a seconder for the Resolution 2 in relation to the approval of the payment of directors’ fee up to an amount of RM931,200 for the financial year ending 31 July 2024.

Having proposed and seconded by the shareholders, Resolution 2 was put to the meeting for vote by poll.

4. RE-ELECTION OF RETIRING DIRECTORS

4.1 The Chairman invited a proposer and a seconder for the Resolution 3 in relation to the re-election of Dato’ Gan Tiong Sia who was retiring pursuant to Clause 110 of the Company’s Constitution as Director of the Company.

Having proposed and seconded by the shareholders, Resolution 3 was put to the meeting for vote by poll.

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4. RE-ELECTION OF RETIRING DIRECTORS
- continuation

- 4.2 The Chairman invited a proposer and a seconder for the Resolution 4 in relation to the re-election of Datuk Gan Sem Yam who was retiring pursuant to Clause 110 of the Company's Constitution as Director of the Company.

Having proposed and seconded by the shareholders, Resolution 4 was put to the meeting for vote by poll.

- 4.3 The Chairman invited a proposer and a seconder for the Resolution 5 in relation to the re-election of Mr Wong Cheer Feng who was retiring pursuant to Clause 110 of the Company's Constitution as Director of the Company.

Having proposed and seconded by the shareholders, Resolution 5 was put to the meeting for vote by poll.

- 4.4 The Chairman invited a proposer and a seconder for the Resolution 6 in relation to the re-election of Ms Lee Li Ming who was retiring pursuant to Clause 117 of the Company's Constitution as Director of the Company.

Having proposed and seconded by the shareholders, Resolution 6 was put to the meeting for vote by poll.

- 4.5 The Chairman invited a proposer and a seconder for the Resolution 7 in relation to the re-election of Dato' Lai Kim Seong who was retiring pursuant to Clause 117 of the Company's Constitution as Director of the Company.

Having proposed and seconded by the shareholders, Resolution 7 was put to the meeting for vote by poll.

5. RE-APPOINTMENT OF RETIRING AUDITORS

The Chairman invited a proposer and a seconder for the Resolution 8 that the retiring auditors, Messrs KPMG PLT be and are hereby re-appointed auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration. Noted that the retiring auditors, Messrs KPMG PLT have expressed their willingness to continue office.

Having proposed and seconded by the shareholders, Resolution 8 was put to the meeting for vote by poll.

6. EMPOWER DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 75 AND 76 OF THE COMPANIES ACT 2016 ("CA 2016") AND WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO THE CA 2016.

The Chairman invited a proposer and a seconder for the Resolution 9, empowering the Directors of the Company to issue shares pursuant to Section 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights Pursuant to the CA 2016.

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Having proposed and seconded by the shareholders, Resolution 9 was put to the meeting for vote by poll.

7. RENEWAL OF SHAREHOLDERS' APPROVAL FOR SHARE BUY-BACK

The Chairman invited a proposer and a seconder for Resolution 10 on the Proposed Renewal of Shareholders' Approval for Share Buy-Back.

Having proposed and seconded by the shareholders, Resolution 10 was put to the meeting for vote by poll.

Prior to the conduct of the subsequent agendas to consider the proposed Ordinary Resolution 11 to 14 contained in the Notice of Meeting, the Chairman informed the shareholders that the interested directors, major shareholders and persons connected to them, namely Datuk Beh Kim Ling, Datuk Gan Sem Yam, Dato' Gan Tiong Sia, Mr Beh Chern Wei, Mr Gan Pee Yong and Mr Gan Tong Chuan will abstain from voting in respect of their direct and indirect shareholdings on the resolutions approving the Proposed Renewal of Shareholders' Mandate at this meeting. These interested parties have also given their undertaking to ensure that persons connected or associated to them will also abstain from voting in respect of their direct and indirect shareholdings on the resolutions pertaining to the Proposed Renewal of Shareholders' Mandate at the meeting.

8. 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")

The Chairman invited a proposer and seconder for Resolution 11 on the Proposed Renewal of Shareholders' Mandate for RRPTs with V.S. International Group Limited, its subsidiaries and associates.

Having proposed and seconded by the shareholders, Resolution 11 was put to the meeting for vote by poll.

9. 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.")

The Chairman invited a proposer and seconder for Resolution 12 on the Proposed Renewal of Shareholders' Mandate for RRPTs with Lip Sheng International Ltd and/or Lip Sheng Precision (Zhuhai) Co. Ltd.

Having proposed and seconded by the shareholders, Resolution 12 was put to the meeting for vote by poll.

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10. 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.")

The Chairman invited a proposer and a seconder for Resolution 13 on the Proposed Renewal of Shareholders' Mandate for RRPTs with Beeantah Pte. Ltd.

Having proposed and seconded by the shareholders, Resolution 13 was put to the meeting for vote by poll.

11. 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.")

The Chairman invited a proposer and a seconder for Resolution 14 on the Proposed Renewal of Shareholders' Mandate for RRPTs with Liphup Mould Sdn. Bhd.

Having proposed and seconded by the shareholders, Resolution 14 was put to the meeting for vote by poll.

12. ANY OTHER BUSINESS

The Chairman informed the Shareholders that the Secretary has confirmed that the Company has not received any notice to transact any other business at the Meeting.

13. BRIEFING BY THE POLL ADMINISTRATOR, M/S TRICOR INVESTOR & ISSUING SERVICES SDN. BHD. ("TRICOR") ON THE POLLING PROCESS AND POLL RESULTS

The Chairman invited the representative of the Poll Administrator, Tricor to brief the shareholders on the poll procedures.

After the short briefing on the poll procedure via video presentation by the Poll Administrator, the shareholders were invited to cast their votes accordingly via e-polling.

The Chairman adjourned the Meeting for some refreshment while the Poll Administrator proceeded to compile the voting results.

14. POLL VOTING RESULTS

The Meeting resumed once the poll results were ready for announcement by the Chairman at 11.53 p.m. The poll results which have been vetted by the independent scrutineer were made available for the Chairman's announcement to the shareholders present.

The Chairman read the poll results as per the Appendix II enclosed herewith. Further to the poll results, the Chairman declared that all the resolutions tabled at the Meeting had been duly passed.

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15. CLOSE OF MEETING

The Chairman thanked the shareholders for their attendance and declared the meeting closed at 12.00 noon.

CONFIRMED AND SIGNED AS A CORRECT RECORD

Chong Chin Siong
(Alternate Director to Mr Beh Chern Wei)
Chairperson of the Meeting

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MINUTES OF THE FORTY FIRST ANNUAL GENERAL MEETING

APPENDIX I

**PART I – ENQUIRIES RAISED BY MINORITY SHAREHOLDERS WATCH GROUP
("MSWG") VIA THEIR LETTER DATED 28 DECEMBER 2023**

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?

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?

Response

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.

- b) Has the Company successfully passed on the cost increase to its customers, and if so, to what extent?

Response

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

- c) What strategies does the Company have in place to mitigate these challenges?

Response

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?

Response

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%.

- b) Was automation integrated into the said expansion?

Response

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.

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?

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.

V.S. INDUSTRY BERHAD
(198201008437)

Forty First Annual General Meeting

Kingfisher 1, Fraser Place Puteri Harbour, Residensi & Hotel Marina, Persiaran Tanjung,
Pengkalan Puteri, 79000 Iskandar Puteri, Johor Darul Takzim.
On 05-January-2024 at 10:30AM

Result On Voting By Poll

Resolution(s)	Vote For			Vote Against			Total Votes		
	No of Units	%	No of P/S	No of Units	%	No of P/S	No of Units	%	No of P/S
Ordinary Resolution 1	2,138,495,709	99.999995	232	100	0.000005	1	2,138,495,809	100.000000	233
Ordinary Resolution 2	1,903,155,919	99.999995	220	100	0.000005	1	1,903,156,019	100.000000	221
Ordinary Resolution 3	1,717,589,130	95.833225	166	74,679,805	4.166775	26	1,792,268,935	100.000000	192
Ordinary Resolution 4	1,792,952,635	96.103800	195	72,689,144	3.896200	25	1,865,641,779	100.000000	220
Ordinary Resolution 5	1,551,435,548	99.566142	165	6,760,361	0.433858	12	1,558,195,909	100.000000	177
Ordinary Resolution 6	2,137,085,209	99.950957	230	1,048,600	0.049043	2	2,138,133,809	100.000000	232
Ordinary Resolution 7	1,912,763,209	99.945209	214	1,048,600	0.054791	2	1,913,811,809	100.000000	216
Ordinary Resolution 8	2,123,351,648	99.308642	215	14,782,161	0.691358	21	2,138,133,809	100.000000	236
Ordinary Resolution 9	1,556,977,509	72.819461	199	581,156,300	27.180539	33	2,138,133,809	100.000000	232
Ordinary Resolution 10	2,137,461,209	99.970979	229	620,500	0.029021	2	2,138,081,709	100.000000	231
Ordinary Resolution 11	1,638,706,421	99.999994	215	100	0.000006	1	1,638,706,521	100.000000	216
Ordinary Resolution 12	1,638,706,421	99.999994	215	100	0.000006	1	1,638,706,521	100.000000	216
Ordinary Resolution 13	1,638,706,421	99.999994	215	100	0.000006	1	1,638,706,521	100.000000	216
Ordinary Resolution 14	1,638,706,421	99.999994	215	100	0.000006	1	1,638,706,521	100.000000	216



Resolution(s)	Pre-determined Abstain *		Abstain / Spoilt #	
	No of Units	No of P/S	No of Units	No of P/S
Ordinary Resolution 1	0	0	0	0
Ordinary Resolution 2	235,339,790	12	0	0
Ordinary Resolution 3	346,226,874	47	0	0
Ordinary Resolution 4	272,492,030	18	362,000	1
Ordinary Resolution 5	579,937,900	58	362,000	1
Ordinary Resolution 6	0	0	362,000	1
Ordinary Resolution 7	224,322,000	16	362,000	1
Ordinary Resolution 8	0	0	362,000	1
Ordinary Resolution 9	0	0	362,000	1
Ordinary Resolution 10	52,100	1	362,000	1
Ordinary Resolution 11	499,427,288	16	362,000	1
Ordinary Resolution 12	499,427,288	16	362,000	1
Ordinary Resolution 13	499,427,288	16	362,000	1
Ordinary Resolution 14	499,427,288	16	362,000	1

* These votes refer to holders who have pre-determined abstain from voting in proxy forms or holders refrained from voting due to conflict of interest.

These refer to:

- 1) Holders who have chosen not to vote (e-voting) or
- 2) Abstain / Spoilt votes as reflected in poll slips (poll slip voting)

