

ADVANCING TECHNOLOGY ECOSYSTEMS

ANNUAL REPORT 2024



Our Vision

- To be the leading provider of Information & Communication Technology products and value-added services.
- We strive for sustainable growth to achieve optimum returns to shareholders.

Our Mission

- We shall strive to be a leading provider within Malaysia of reputable, quality computer systems, hardware, software, services and support for our customers.
- We shall conduct business with our valued customers and suppliers with professionalism and integrity.
- We shall have an environment to develop, motivate and reward our employees by providing training and incentives for productivity.
- We shall achieve the profitability for future growth and to give an adequate return to shareholders.
- We shall be good corporate citizens with social responsibilities to our communities.

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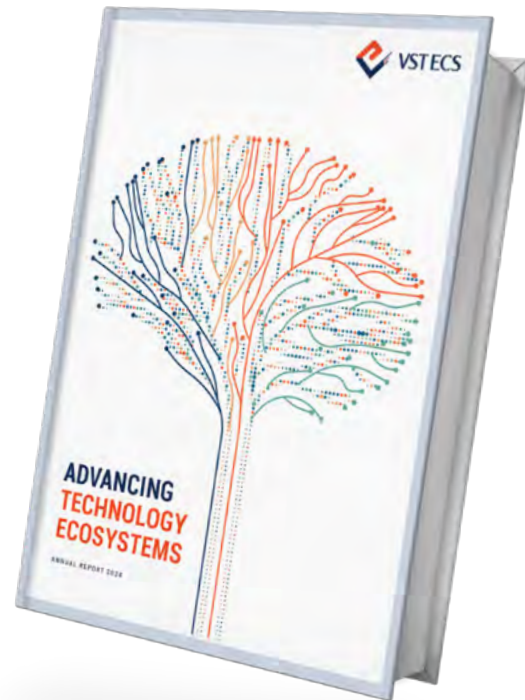
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Scan the QR code to view our Annual Report online.

Cover Rationale



ADVANCING TECHNOLOGY ECOSYSTEMS

VSTECS is committed to support Malaysia's digital transformation, striving to seamlessly connecting enterprises, consumers, and global technology leaders. As the nation's leading ICT distributor, we do more than just distribute products—we strive to cultivate a thriving technology ecosystem. By delivering state-of-the-art solutions in AI, cloud computing, and emerging technologies, we enable businesses to scale with agility, empower consumers to embrace digital lifestyles, and drive innovation in an ever-evolving digital landscape.

This year's cover design places unique emphasis on the symbiotic relationship between human creativity and artificial intelligence. Digital networks and neural pathways meld to form new inter-existences in virtual domains impacting global real world ecosystems.

Corporate Profile

VSTECs Berhad ("**VSTECs**" or the "**Company**") and its subsidiaries ("**the Group**") started in 1985 with the establishment of VSTECs KU Sdn. Bhd. Today, the Group is a leading distribution hub for Information and Communication Technology ("**ICT**") products and services in Malaysia via VSTECs Astar Sdn. Bhd. and VSTECs Pericomp Sdn. Bhd.. In addition to its established distribution capabilities, VSTECs serves enterprise clients and provides ICT products and services.

Listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on 15 April 2010, VSTECs is an associate company of VSTECs Holdings (Singapore) Limited, which is one of the leading ICT distributors in Asia Pacific, accessing to the network of more than 25,000 channel partners across nine countries: China, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Cambodia, Laos and Myanmar. VSTECs Holdings (Singapore) Limited is a wholly-owned subsidiary of VSTECs Holdings Limited listed on the Hong Kong Stock Exchange.

VSTECs distributes a comprehensive range of ICT products to both the retail and enterprise market comprising notebooks, personal computers ("**PCs**"), smartphones, tablets, printers, software, network and communication infrastructure, servers, and enterprise software from more than 50 leading principals.

With a nationwide channel network of more than 4,000 resellers comprising of retailers, system integrators ("**SI**") and corporate dealers, VSTECs also provides value-added product support and technical services. Additionally, the Group's ICT services capability extend to pre-sales, solutioning, and post-sales support in alignment with the brands we represent. For more information, please visit www.vstecs.com.my.

AMD

APC

Apple
Authorised
DistributorASI
APPLIED
SECURITY
INTELLIGENCE

ASUS

aws

Alibaba Cloud

CISCO
Distributor

Commvault

DELL Technologies

EPSON

erwin
by Quest

f5

FUJITSU

G

Hewlett Packard
Enterprise

Hisense

HONOR

hp

HUAWEI

HYPER

IBM
Distributor

intel

JUNIPER
NETWORKS

kaspersky

legrand

Lenovo

LG

SKYWORTH | METZ

Microsoft

msi

NetApp

NUTANIX

NVIDIA

paloalto
NETWORKSPRINTRONIX
AUTO ID

puppet

Qualcomm

RAISECOM

Red Hat

ruark
Connected to Music

rubrik

SAMSUNG

SONY

splunk
a CISCO company

STARLINK

SUPERMICRO

SUSE

TmaxSoft

TUNGSTEN
AUTOMATION
POWERLIT SYSTEMS

TREND

veeam

vmware
by Broadcom

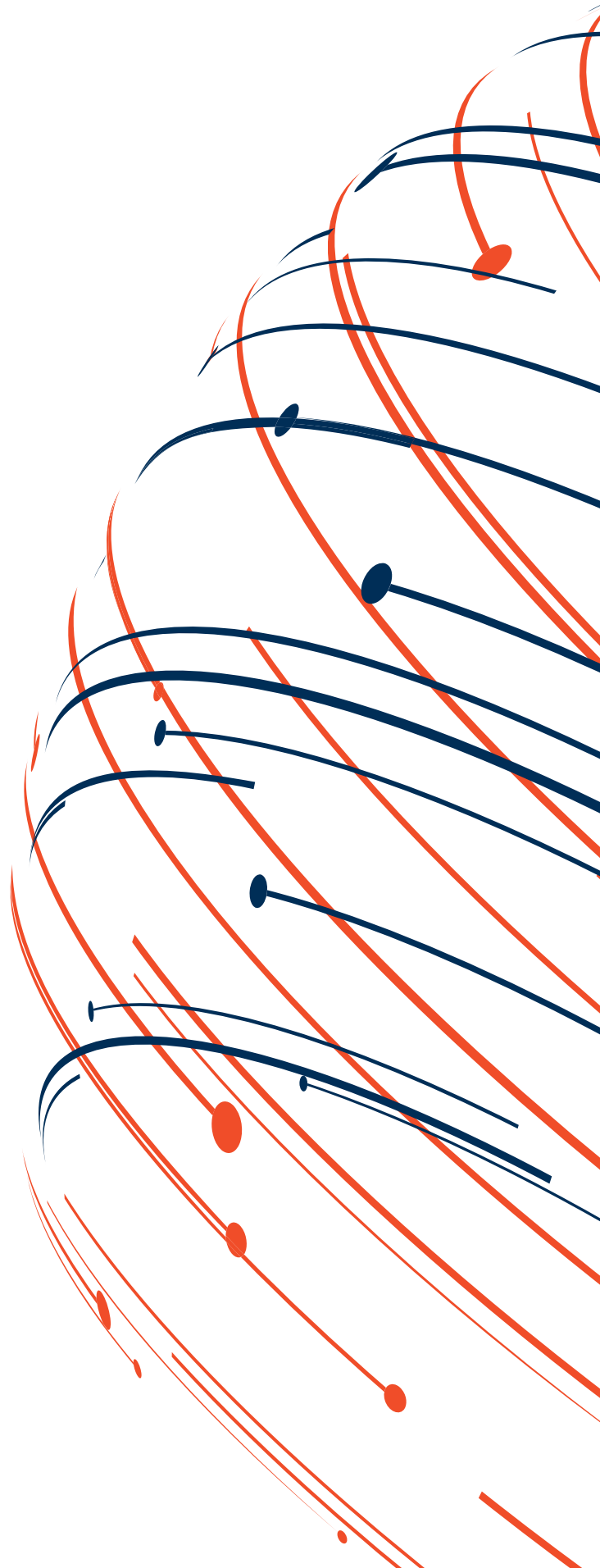
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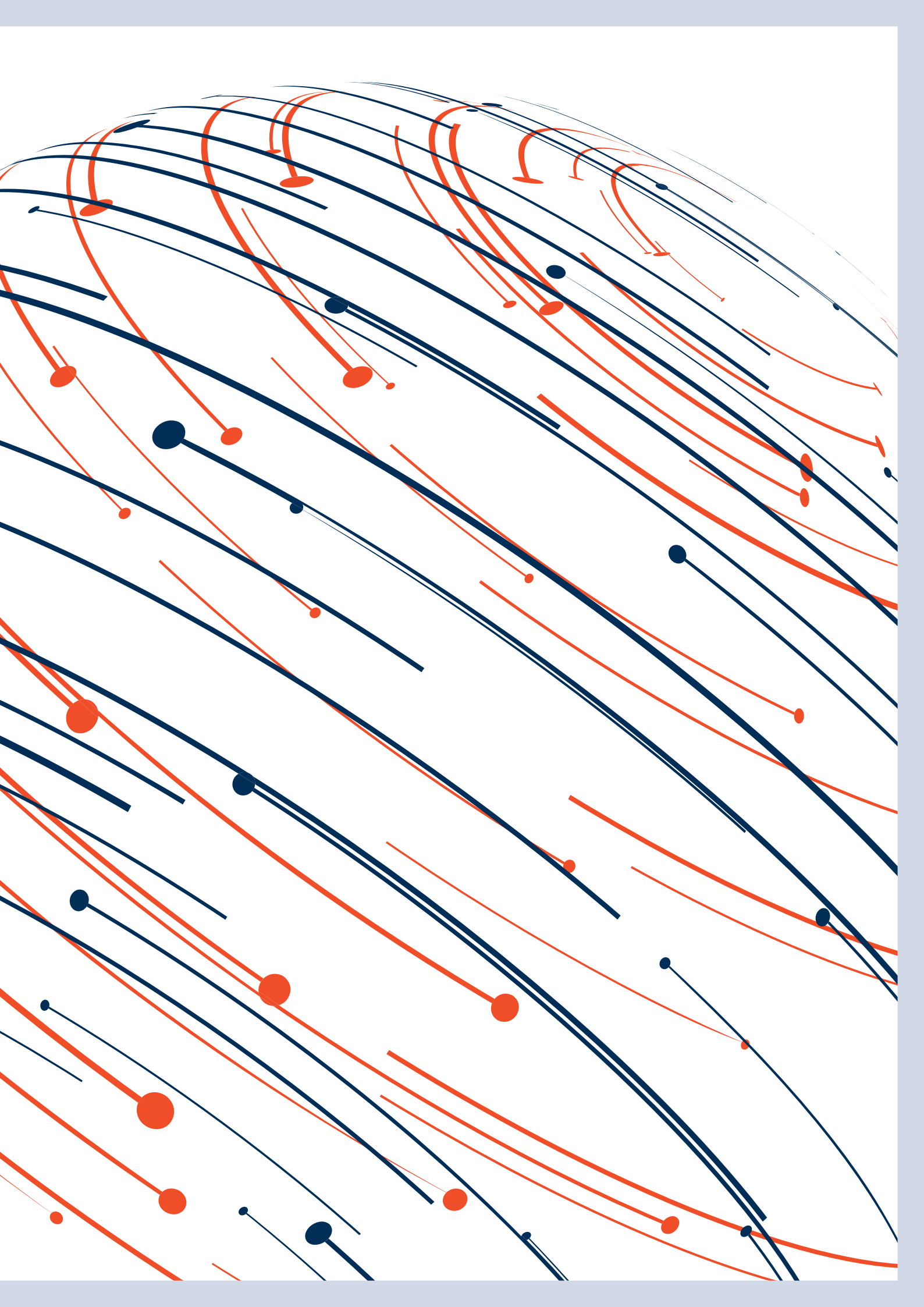
ZEBRA

zoom

INNOVATING FOR A DIGITAL FUTURE

VSTECS plays a pivotal role in driving Malaysia's digital transformation by introducing cutting-edge technology solutions. By continuously innovating and adapting to market trends, we enable businesses and consumers to embrace a future powered by digital advancement.





Chairman's Statement



MADAM LEE MARN FONG @ WU MARN FONG
Non-Independent Non-Executive Chairman

Dear Stakeholders,

As I reflect on the milestones we achieved in 2024, the journey that began four decades ago with the vision of our founders, who has the vision in serving the ICT sector recognising its vast potential. Today, that vision has become a foundation of excellence, shaping VSTECS into a leading player in Malaysia's ICT distribution landscape.

Chairman's Statement

I am filled with immense pride and gratitude for the progress VSTECS Berhad ("VSTECS" or the "Company") has made over the years, navigating varying economic cycles with resilience and agility. Guided by an unwavering ability to adapt to shifting technology trends, we have consistently seized opportunities, expanded our portfolio and strengthened our role in advancing Malaysia's digital ecosystem.

As Chairman, I am privileged to present this Annual Report, which highlights our key achievements in 2024 and provides insight into the exciting opportunities for VSTECS.

A YEAR OF SIGNIFICANT ACCOMPLISHMENTS

In the financial year ended 31 December 2024 ("FYE 2024"), VSTECS once again delivered solid financial results, posting record-breaking revenue of RM2.90 billion and net profit of RM70.6 million. This was driven by the strong momentum in our ICT Distribution and ICT Services segments. While the Enterprise Systems segment experienced a temporary slowdown, our multi-pronged strategy across three segments proved highly effective in achieving overall performance growth.

Our commitment to delivering value to shareholders remains steadfast. In recognition of our financial achievement, the Board has declared total dividends of 7.7 sen per share for FYE 2024, including a special dividend of 0.8 sen per share, representing a payout ratio of 39%. This reflects our commitment to balancing a healthy dividend payout while reinvesting for future expansion. We continue to strive for sustainable growth to achieve optimum returns for our shareholders.

GOVERNANCE AND TRANSPARENCY

We firmly believe that strong corporate governance and transparency are the cornerstones of sustainable growth. We are committed to conducting business with our valued customers and suppliers with professionalism and integrity. Our governance framework is built on a strong Board structure, robust risk management practices, and strict regulatory compliance. We ensure that our Board remains diverse and well-equipped to provide strategic oversight. To this end, we continuously invest in board training and development to keep abreast of evolving governance best practices.

Through transparent communication, well-defined corporate policies, and proactive stakeholder engagement, we continue to enhance governance practices that foster long-term value creation and corporate responsibility. I encourage all stakeholders to refer to our Corporate Governance Overview Statement and Corporate Governance Report for further details on our governance framework and initiatives throughout the year.

Revenue
RM2.9 billion

Net profit of
RM70.6 million

Total dividend of
7.7 sen
per share in
FYE 2024

Dividend payout ratio
39%
of PATAMI



Chairman's Statement

SUSTAINABILITY AS A CORE COMMITMENT

Sustainability is a core principle that guides our operations and decision-making.

As we advance Malaysia's ICT ecosystem, we are equally mindful of our commitment to protect the natural ecosystem that sustains us all. We aim to be good corporate citizens, prioritising environmental and social responsibilities to our communities. Sustainability is a core principle that guides our operations and decision-making. We are committed to reducing our environmental footprint and have set time-bound and measurable targets since 2023 to reduce energy consumption and minimise resource wastage. We advanced our sustainability efforts by reducing reliance on the main grid through increased solar energy usage, which now accounts for approximately 40% of our total electricity consumption, while also minimising the use of key resources such as paper and water.

Beyond environmental initiatives, we are dedicated to creating a positive social impact within the organisation and externally by supporting knowledge advancement and education and promoting inclusivity. We are continuously creating an environment that develops, motivates, and rewards our staff by providing training and incentives for productivity.

For a comprehensive overview of our sustainability efforts, please refer to our Sustainability Statement.

ADAPTING FOR THE FUTURE

We are mindful that ongoing global trade tensions and tariff developments may weigh on near-term economic visibility. In this environment, resilience and adaptability remain central to how we navigate the path ahead. While external conditions may remain fluid, we will continue to stay agile, further enhancing our execution capability to be ready to capture opportunities as they emerge.

We remain committed to the fast-changing technology landscape and respond effectively to industry shifts and customer needs. As part of the VSTECS Group, with a presence in nine countries across the Asia-Pacific region, we continue to draw on the Group's collective strength and experience to navigate market changes.



Chairman's Statement



ACKNOWLEDGEMENTS

VSTECS' success is built upon our people dedication, talent and resilience. Our employees are the heart of our organisation, and I extend my deepest appreciation to them for their hard work and commitment.

I also want to take this moment to acknowledge the contributions of past and present employees, many of whom have been with us for decades. From our humble beginnings in a shoplot office in Damansara Utama to our current headquarters in Kota Damansara, their contributions have been instrumental in shaping the Company we are today.

I also express my deepest gratitude to the Board of Directors and senior management for their visionary leadership and guidance. Your strategic insights and steadfast commitment have been instrumental in shaping the Company's trajectory and achieving new milestones, year after year.

To our principals, partners, customers, and shareholders, thank you for your continued trust and support. Your belief in us has been the driving force behind our success and growth.

Our task is far from over. The years ahead will bring new opportunities, and we must remain agile, forward-thinking and ready to embrace change. We will continue to expand our partnerships, invest in talent, and leverage emerging technologies to strengthen our position in the industry.

Thank you for being part of our journey.

MADAM LEE MARN FONG @ WU MARN FONG
Non-Independent Non-Executive Chairman

CEO's Statement Management Discussion & Analysis



SOONG JAN HSUNG

Executive Director/Chief Executive Officer

The year 2024 has been another extraordinary one, marked by significant achievements and strategic advancements. We were able to serve the increasingly sophisticated requirements of both consumers and enterprises, achieving record-breaking revenue and profitability amidst an increasingly dynamic and fast-evolving ICT market. These accomplishments underscore our ability to navigate complexities while seizing opportunities in a rapidly changing digital landscape.

CEO's Statement Management Discussion & Analysis

CEO'S FOREWORD

Our Annual Report for 2024 is aptly themed "**Advancing Technology Ecosystems**", a reflection of our crucial role at the heart of Malaysia's rapid digital transformation. As the nation's leading ICT distributor, we are more than just a conduit for technology products—we aim to connect enterprises and consumers to global technology leaders. Our mission is to cultivate a vibrant technology ecosystem that empowers businesses to scale and enable consumers to access digital lifestyle enrichments, contributing to the advancement of Malaysia's digital economy.

Throughout this Management Discussion & Analysis, we invite you to explore the key initiatives, achievements, and forward-looking strategies that defines our journey and will continue to shape our future. In an industry characterised by rapid change, success demands foresight—anticipating tomorrow's technologies and preparing for future opportunities. This forward-thinking approach has been the foundation of our success and will continue to drive us ahead. We strive to be the enablers of the digital revolution, actively shaping the future of Malaysia's technology ecosystem.

SUMMARY AND OVERVIEW OF THE GROUP'S BUSINESS

VSTECs Berhad ("**VSTECs**" or the "**Company**"), together with its wholly-owned subsidiaries (the "**Group**"), is Malaysia's leading ICT distributor, serving both consumers and enterprises. Since our establishment in 1985, the Group has played a role in advancing the technology ecosystem in Malaysia by distributing a diverse range of ICT products and providing comprehensive IT services, including

pre-sales consultation, solution design, and post-sales support. Our operations are structured across three core business segments: **ICT Distribution, Enterprise Systems and ICT Services**.

The key activities of our business encompass the marketing, sales, and channel management of the brands we represent, ensuring their reach and visibility across the market. We also operate warehouse facilities and manage nationwide logistics to support seamless product distribution. In addition, we provide a range of related services, including pre-sales system solutions, post-sales support, and warranty assistance, to deliver a comprehensive and value-added experience for our customers and partners.

At the end of 2024, we have distributorship agreements with over 50 brand principals, enabling us to offer a comprehensive portfolio of products and solutions to a vast network of IT retailers, resellers, and Enterprise System Integrators ("**SI**"). These partnerships allow us to cater to the diverse needs of our customers, from individual consumers to large-scale enterprises.

Our head office and warehouse facilities are in Kota Damansara, Petaling Jaya, with sales offices in Pulau Pinang, Kuantan, Johor Bahru, Kuching, and Kota Kinabalu. Over the past 39 years, we have built an extensive reseller network of over 4,000 partners, comprising IT retailers, corporate dealers, and Enterprise SIs. This network serves a broad customer base, ranging from small and medium enterprises ("**SMEs**") to large corporations and the public sector. In line with our

50+

Brand Principals – Distributorship agreements for a vast product portfolio

4,000+

Reseller Network – IT retailers, corporate dealers, enterprise SIs

E-commerce Presence

– Official online brand stores for B2B & B2C fulfillment

expanding portfolio, which now includes smart consumer electronics and Internet-of-things ("**IoT**") devices, we have also extended our reach to consumer electronics retailers and lifestyle stores. Our presence in major local e-commerce platforms is by way of operating the official online brand stores to fulfil the online B2B and B2C coverage on behalf of the brand vendors/ principals.

We hold a 40% equity interest in ISATEC Sdn. Bhd. ("**ISATEC**"). ISATEC is an IT services and software development company specialising in enterprise and public sector solutions. This investment aligns with our expansion into the IT software and services segment, unlocking synergies that enable us to offer a broader range of products and services to meet the evolving demands of the ICT market.

As of the end of 2024, the Group has a workforce of 441 employees, with approximately 21% comprising technical personnel and solution architects, while 51% are on sales and marketing. This structure ensures that we remain agile and responsive to the needs of our customers and partners while driving innovation and growth across all segments of our business.

CEO's Statement Management Discussion & Analysis

Revenue

RM2.9
Billion

YoY Growth

+6%

Gross Profit

RM172.3
Million

YoY Growth

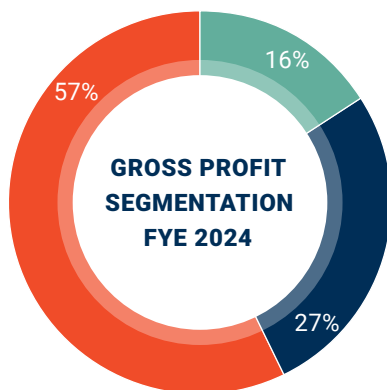
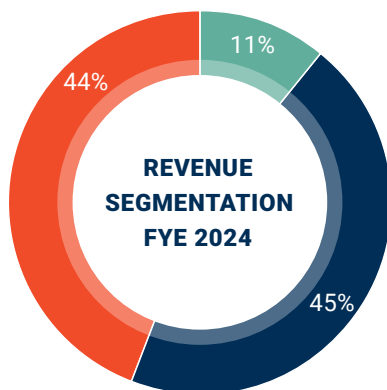
+12%

Profit Before Taxation

RM93.1
Million

YoY Growth

+12%



- ICT Distribution
- Enterprise Systems
- ICT Services

OVERVIEW OF GROUP FINANCIAL PERFORMANCE

The financial year ended 31 December 2024 ("**FYE 2024**") marked a milestone for VSTECS as we achieved record-breaking revenue and profitability. The Group reported revenue of RM2.90 billion, representing a 6% increase compared to the previous year. This growth was primarily driven by the performance of the ICT Distribution and ICT Services segments, which saw full-year growth of 18% and 21%, respectively. Key contributors to this success included the replacement cycle for consumer products, heightened demand for cloud solutions and increased demand for ICT services.

The higher revenue translated into a 12% increase in gross profit, reaching RM172.3 million. Our gross profit margin ("**GPM**") also improved, rising from 5.6% to 5.9%, as we successfully secured higher-margin projects during the year. This contributed to a 12% year-on-year growth in profit before tax ("**PBT**"), which climbed to RM93.1 million, our highest achievement to date. For the full year, profit after tax and minority interest ("**PATAMI**") stood at RM70.6 million, underscoring our improved financial performance.

Our associate company, ISATEC, also delivered a robust performance, contributing RM3.3 million to our profitability, representing a 22% increase from the previous year. This growth was fuelled by digitalisation projects across various industries and the successful rollout of e-invoicing solutions.

Liquidity and Financial Resources

The Group continues to operate with exceptional efficiency, achieving a cash conversion (working capital) cycle of 52 days in FYE 2024, reflecting our ability to manage resources effectively and maintain strong liquidity. We pride ourselves on maintaining a robust balance sheet, with a net cash position of RM102.0 million and minimal leverage, as evidenced by a low gross gearing ratio of 0.01 times. As of 31 December 2024, our net assets stood at RM502.4 million, translating to a net asset ("**NA**") per share of RM1.41. Our current ratio of 2.2 times and a 14.7% return on equity ("**ROE**") for the year demonstrate our financial strength and operational excellence. These healthy financial ratios underscore our ability to sustain growth, manage risks, and deliver long-term value to our shareholders, positioning us well for future opportunities in a dynamic market environment.

Financial and Credit Risk Management

The Group maintains a disciplined and well-established framework for financial and credit risk management, ensuring optimal control and monitoring of receivables. Our robust credit policies and practices are designed to facilitate prudent and responsible credit management, supported by active engagement with our debtors to ensure timely collections. As of 31 December 2024, the Group maintained a net positive cash position, reflecting our strong financial health and effective liquidity management.

CEO's Statement Management Discussion & Analysis

To mitigate credit and fraud risks, we have stringent operational policies in place, including comprehensive credit eligibility assessments and system-embedded controls. These measures are designed to safeguard against potential credit defaults and fraudulent activities, ensuring the integrity of our financial operations.

For FYE 2024, our impairment allowance on trade receivables stood at RM3.3 million, representing just 0.11% of our total revenue of RM2.9 billion. This low impairment ratio underscores the effectiveness of our credit risk management practices and our commitment to maintaining a healthy and sustainable financial position.

As at 31 December RM'000	2022	2023	2024
Trade Receivables	347,707	381,785	430,973
Impairment Loss	(763)	(2,103)	(3,272)
Impairment % on Receivables	0.22%	0.55%	0.76%

Inventory Management

As a trusted distributor of numerous global ICT brands, we place a strong emphasis on efficient inventory management to mitigate stock obsolescence risks and ensure optimal stocking levels. Our approach involves continuous monitoring and strategic review of product stocking levels, allowing us to balance the anticipation of emerging market trends with the agility to respond swiftly to shifts in consumer demand.

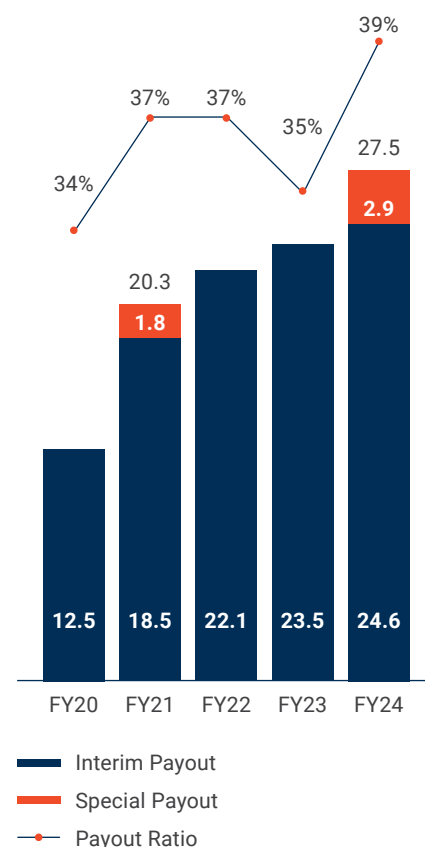
Effective inventory management is a cornerstone of our operations, supported by dedicated teams that oversee stock levels and trade purchases. Each product manager is responsible for forecasting, purchase planning, and managing inventory levels for the brands under their purview. Stocking levels are meticulously tracked on a sell-through basis, with regular reporting and analysis of stock aging to ensure timely adjustments and minimise excess inventory. This proactive approach enables us to maintain a lean and efficient inventory system.

As at 31 December RM'000	2022	2023	2024
Inventories	253,198	200,802	247,745
Inventories (written down)/ written back	(4,781)	1,234	(2,646)
% against Inventories	-1.89%	0.61%	-1.07%

Dividends

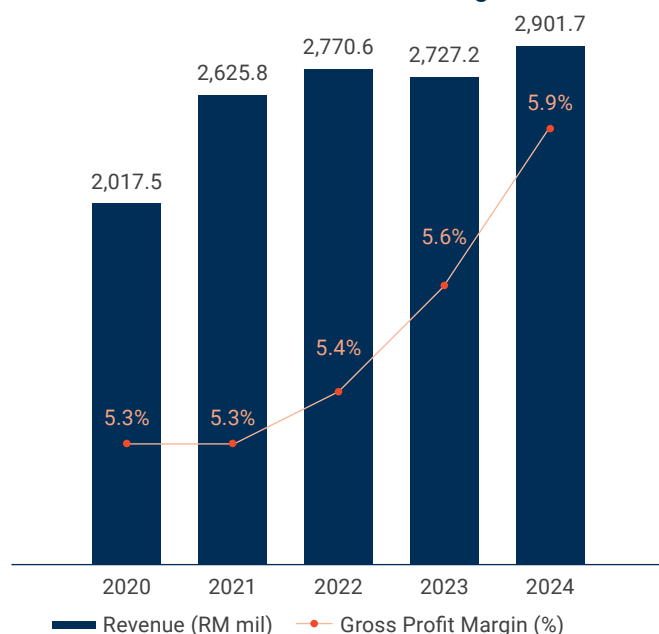
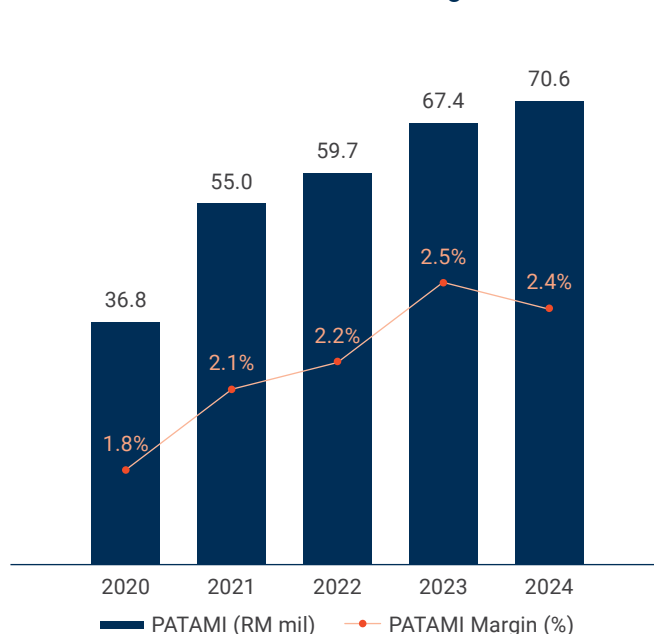
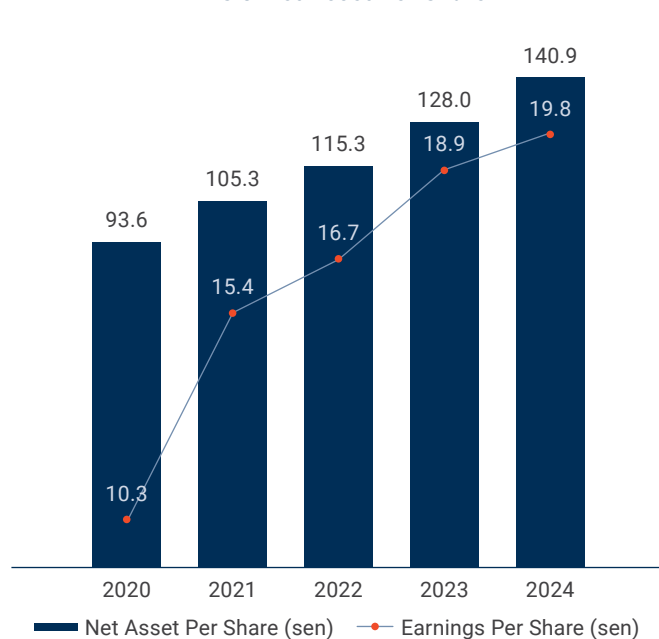
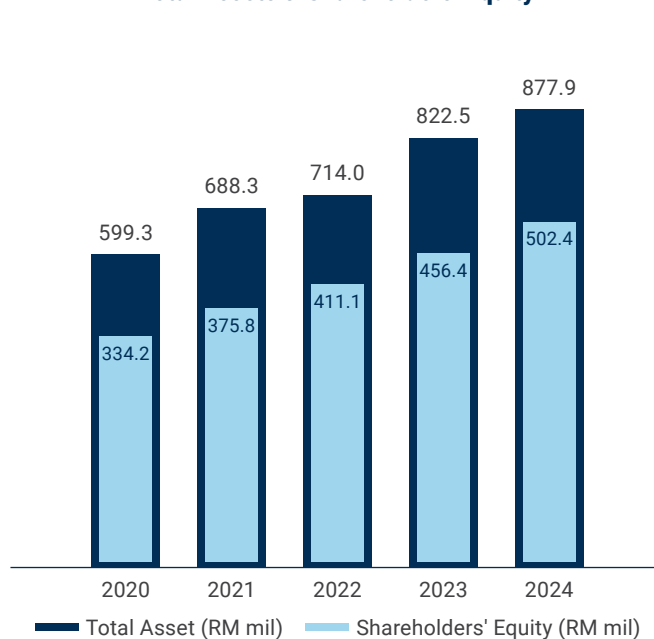
We remain steadfast in our commitment to delivering long-term value to our shareholders, and consistent dividend payments are a cornerstone of this promise. For the financial year under review, we distributed two interim dividends and a special dividend, totalling 7.7 sen per share. This represents a payout ratio of 39%, amounting to a total payout of RM27.5 million. Over the years, we have upheld a disciplined approach to shareholder returns, maintaining a minimum dividend payout ratio of 30% of net profit. This practice reflects our dedication to rewarding our shareholders while ensuring sustainable growth and financial resilience for the Company.

**Dividend Payout (RM' million)
and Payout Ratio (%)**



CEO's Statement Management Discussion & Analysis

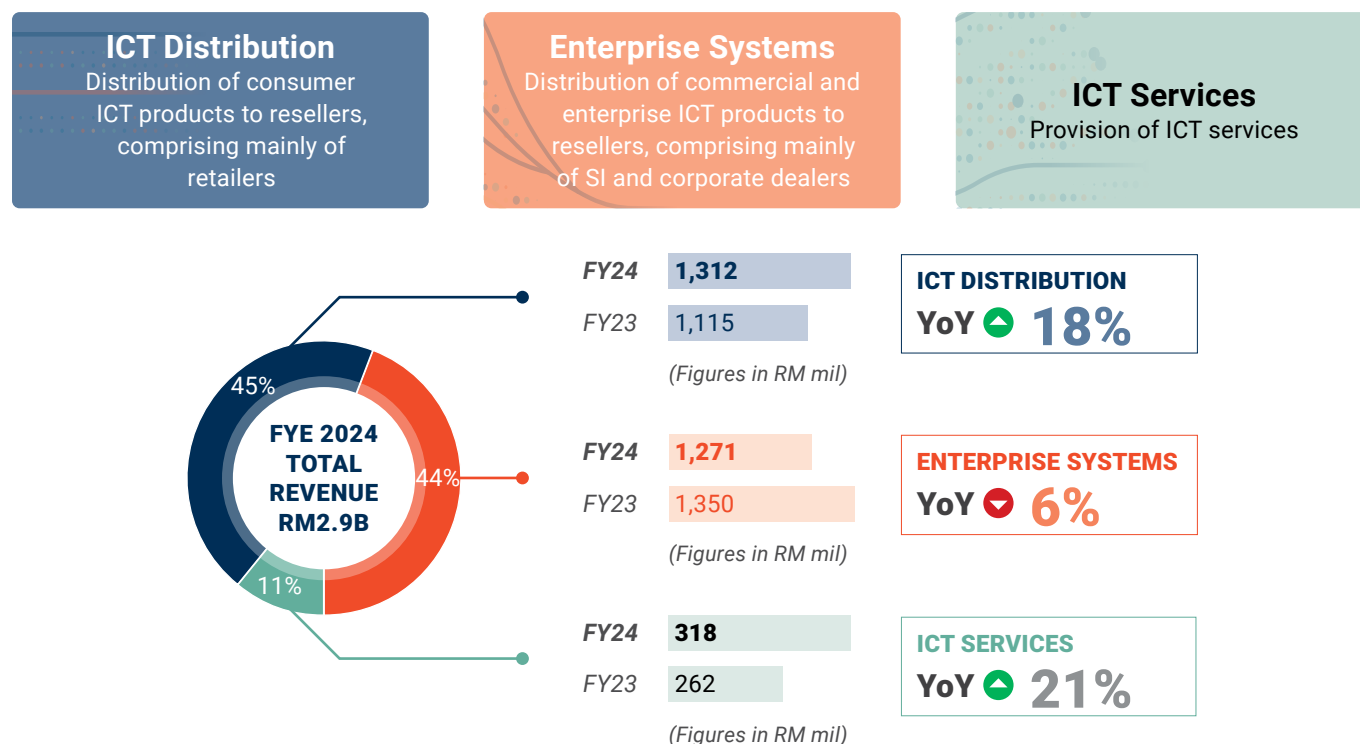
Summary of Five Years Performance

Revenue & Gross Profit Margin

PATAMI & PATAMI Margin

EPS & Net Asset Per Share

Total Assets & Shareholders' Equity


CEO's Statement Management Discussion & Analysis

PERFORMANCE REVIEW BY BUSINESS SEGMENTS

The Group's business segments are as follows:



ICT Distribution

In FYE 2024, the ICT Distribution segment recorded healthy growth, driven by the accelerating device replacement and refresh cycle for devices purchased during the pandemic era, with momentum building significantly in the second half of the year. Segment revenue grew by 18% year-on-year ("YoY"), reaching RM1.31 billion, up from RM1.11 billion in the previous year. This growth was driven by strategic initiatives, such as expanding our portfolio with innovative offerings like satellite internet hardware and services, as well as securing exclusive distributorships for leading smartphone brands, positioning us as the first to bring such brands to the Malaysian market.

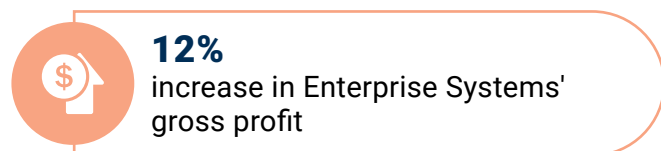
The segment also benefited from the launch of AI-capable notebooks, which spurred additional demand as consumers increasingly sought out tools to enhance productivity and creativity. AI-enabled devices are gaining strong traction, reflecting a broader shift towards advanced technologies that empower users to achieve more in an increasingly digitalised world.

Notably, sales volumes have remained convincingly above pre-pandemic levels for the past four years, a trend that is expected to continue as digitalisation accelerates. This sustained demand underscores the enduring importance of ICT products in both personal and professional spheres, positioning the ICT Distribution segment for continued growth in the years ahead.

CEO's Statement Management Discussion & Analysis

Enterprise Systems

In FYE 2024, the Enterprise Systems segment recorded revenue of RM1.27 billion, reflecting a 6% year-on-year decline. This temporary contraction was primarily attributed to delays in some public sector projects. Despite the revenue dip, we achieved a 12% increase in gross profit, driven by our ability to secure higher-margin projects. Private sector enterprise spending on digital infrastructure remained stable, with a growing focus on cybersecurity and AI-driven cloud transformation.



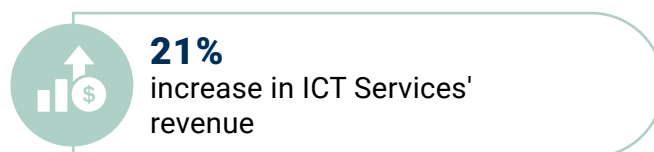
Under the Enterprise Systems segment, we continue to offer a comprehensive suite of data centre ("DC") solutions, ranging from software and servers to power solutions, some of which are AI-powered. These offerings position us to capitalise on the increasing demand for advanced infrastructure as businesses accelerate their digital transformation journeys.

A notable development during the year was the appointment of the VSTECs Group as the Business Representative Partner for a leading provider of server virtualisation and cloud infrastructure solutions. This partnership strengthens our ability to deliver software and services for cutting-edge virtualisation technologies to our enterprise clients, further enhancing our portfolio.

With the introduction of the new Cybersecurity Act 2024, cybersecurity has become an even higher priority for enterprises, driving strong demand for solutions that safeguard businesses against evolving threats. In response to this growing need, we took on the distributorship for Cybersecurity diagnostic solutions specifically designed for SMEs, allowing us to provide efficient, robust cybersecurity measures to this critical segment of the market.

ICT Services

The ICT Services segment was once again the key growth engine in FYE 2024, with revenue increasing by 21% year-on-year to reach RM318.4 million. This growth was driven by strong demand for cloud services and cloud subscriptions, as well as higher maintenance revenue. As authorised distributors for several major Cloud Service Providers (CSPs), we have been able to capitalise on the accelerating shift toward cloud adoption across industries.



A significant achievement for the segment is the steady growth of recurring revenue, which now accounts for approximately 20% of segment revenue. We are committed to further expanding this recurring revenue stream, as it provides greater visibility and stability for the Group's financial performance.

To support this growth in demand for ICT Services, we have expanded our service team, which now comprises more than 90 skilled personnel. Additionally, we are actively building up technical certifications for our team, positioning ourselves for the deployment of multi projects in the near future.

PROSPECTS, FUTURE PLANS & STRATEGIES

ICT Distribution

The ICT Distribution segment is entering a new phase of growth, driven by AI-powered devices and shifting consumer behaviours. With the device replacement cycle in full swing and expected to extend into 2025, we are well-positioned to capitalise on this trend with our extensive suite of consumer end-point devices. The launch of AI-capable notebooks in mid-2024 has begun reshaping the PC market, with these devices driving volume and poised to account for a significant share of future laptop sales.

CEO's Statement Management Discussion & Analysis

Major smartphone brands are launching more affordable models to cater to mass-market consumers. To capitalise on this and boost sales volumes, we will work closely with our principals to ensure a steady supply of these devices to capture a larger share of the volume-driven smartphone segment. We are also focusing on broadening our nationwide coverage to reach second and third-tier towns across Malaysia. By strengthening our distribution network, we aim to tap into underserved markets, increase our market share, and support the government's digital inclusion agenda, ensuring more Malaysians have access to the tools needed to thrive in a digital economy.

As mentioned earlier, we were appointed as a distributor of satellite internet connectivity tools and services in January 2024, supporting our mission to bridge the digital divide and accelerate Malaysia's Digital Economy Blueprint. This will drive deeper internet penetration, creating a ripple effect that fuels demand for complementary endpoint devices and unlocks new growth opportunities.

We remain committed to staying ahead of the curve by monitoring emerging technologies and consumer preferences. Our agility and responsiveness will ensure that we continue delivering the latest endpoint devices and bringing cutting-edge technologies to consumers in Malaysia.



Enterprise Systems

Despite a temporary slowdown in 2024, the Enterprise Systems segment is poised for a rebound as public sector projects gain traction in 2025. Our order book remains robust, with government tenders materialising in late 2024 and deliveries commencing in early 2025. This recovery will benefit the Enterprise Systems segment and drive growth in the ICT Services segment, as many public sector projects include integrated service components.

Enterprises are ramping up investments in AI, DCs, and digital transformation initiatives, creating new opportunities for infrastructure deployments and tailored solutions. Prior to the DC boom in Malaysia, we have been supplying DC infrastructure for over a decade, and this continues to account for more than half of the segment's revenue. The growing demand for cloud and application workloads will continue to fuel steady growth in traditional DC equipment. At the same time, new DCs in Malaysia are expected to drive exponential demand for AI servers, storage, and networking solutions over the coming years.

The rise of open-source AI platforms signals a shift toward a more decentralised AI landscape, which we view as a significant opportunity rather than a threat. Open-source AI is democratising access to AI technologies, reducing development costs, and enabling businesses of all sizes to adopt AI-driven capabilities. To capitalise on this trend, we are expanding our AI infrastructure solutions and offering flexible deployment models, empowering enterprises across industries to integrate AI seamlessly.

ICT Services

The ICT Services segment is poised for further growth, driven by the accelerating adoption of cloud solutions, advancements in cybersecurity and increased demand for IT services across both public and private sectors.

A key catalyst for this growth is the upcoming launch of hyper-scalar and co-location DCs in Malaysia, accelerating cloud adoption and creating new opportunities for our ICT Services segment. In recent months, we have seen consistent growth in cloud services and subscription revenue, a trend we expect to gain momentum as more enterprises transition to the cloud to enhance efficiency, scalability, and cost-effectiveness. In addition, a significant portion of the public sector is expected to migrate to the cloud, which aligns with national digitalisation plans and present a substantial opportunity for us to support this transformation.

CEO's Statement Management Discussion & Analysis

KEY RISKS & MITIGATING PLANS

The following are some of the key risks affecting our business, operations and industry that we are currently facing or that may develop in the future, as well as our mitigation actions/plans towards the said risks:

Operation Defaults	
Risk factor:	Mitigation measures:
One of the primary operational risks we face stems from operation defaults on accounts receivables, inventory holding costs, and stock obsolescence, which collectively form a significant portion of our current assets. To mitigate these risks, the Group has implemented robust policies and monitoring mechanisms.	<ul style="list-style-type: none"> • Control of credit facilities: Rigorous credit approval processes and proactive debt management and collection practices. • Inventory management: Continuous monitoring of inventory sell-through rates and stock aging to minimise obsolescence risks. • Cash flow management: Ensuring sufficient working capital to maintain liquidity and operational flexibility.
Foreign Exchange Fluctuations	
Risk factor:	Mitigation measures:
We purchase from multiple brand principals and a significant amount of our costs are in USD while our revenue is mostly in Ringgit Malaysia.	We have a practice of hedging forward all our USD-denominated purchases by fixing the currency exchange rates on payment due dates. This practice ensures stability in the cost of our trade purchases irrespective of currency market fluctuations.
Dependency on Brand Principals	
Risk factor:	Mitigation measures:
Our business relies heavily on brand principals for the supply of ICT products. Any disruption or material change in our relationships with major OEM suppliers could adversely impact our operations, financial position, and results.	To address this, we maintain strong partnerships with key suppliers and diversify our product portfolio to reduce dependency on any single brand. Additionally, we continuously evaluate and onboard new principals to ensure a steady supply of products to meet customer demand.
Revenue Visibility	
Risk factor:	Mitigation measures:
In the ICT Distribution segment, revenue visibility is inherently variable due to the purchase-order-based nature of transactions with channel partners. Demand fluctuations, influenced by seasonal buying patterns, technological advancements, and broader economic conditions, pose a challenge.	This risk is partially offset by the more predictable revenue streams from our Enterprise Systems and ICT Services segments, where projects typically have longer tenures and provide better earnings visibility.

CEO's Statement Management Discussion & Analysis

Supply Chain Disruptions	
Risk factor:	Mitigation measures:
Supply chain disruptions, whether caused by natural disasters, geopolitical tensions, or global health crises, remain a critical risk.	We have established a robust supply chain monitoring system, cultivated strategic supplier relationships, and developed alternative sourcing strategies. These measures ensure business continuity and minimise the impact of potential disruptions.
Cybersecurity	
Risk factor:	Mitigation measures:
The escalating threat of cybersecurity incidents, including data breaches and ransomware attacks, necessitates a comprehensive defense strategy. Such incidents could damage our reputation or lead to financial losses.	We have implemented stringent cybersecurity measures, including regular audits, employee training, and collaboration with cybersecurity experts. These efforts are designed to fortify our defenses and protect sensitive data across our operations.
Talent Acquisition and Retention	
Risk factor:	Mitigation measures:
The rapidly growing ICT market is challenged by a shortage of skilled and experienced talent. A high turnover and/or any reduction in numbers to the headcount of our senior management or other critical technical personnel may be disruptive to our business and may result in loss of crucial and confidential knowledge about our customers which, in turn, could lead to the loss of our customers.	We actively recruit talent through internships, career fairs, and partnerships with educational institutions, while leveraging professional recruitment agencies and online platforms to identify suitable candidates. Our talent acquisition strategy highlights attractive incentives, employee benefits, and a positive corporate culture. For talent management, we prioritise internal development by offering structured training, mentoring programs, and financial support for professional qualifications, certifications, and their ongoing maintenance.
Economic Landscape	
Risk factor:	Mitigation measures:
The overall economic environment, including GDP growth, inflation, interest rates, and currency fluctuations, may impact business confidence, corporate IT spending, and consumer demand. Economic slowdowns or uncertainties could lead to deferred technology investments by enterprises and lower discretionary spending by consumers, potentially affecting our performance.	We have a diversified product and service portfolio across all segments: consumer, enterprise and services, ensuring resilience against market fluctuations. A disciplined approach to cost management, inventory optimisation, and financial prudence further strengthens its ability to navigate economic uncertainties.

CEO's Statement Management Discussion & Analysis

AWARDS & ACCOLADES

VSTECs Berhad

- Asian-Oceanian Computing Industry Organization (ASOCIO) – Outstanding Tech Organisation Award
- The Edge Centurion Club 2024 – TECHNOLOGY – Highest Returns to Shareholders Over Three Years

VSTECs Pericomp Sdn. Bhd.

Huawei

- Excellent Distributor of the Year (2023)

Juniper

- Valued Distributor of the year 2024

IBM

- Best Automation Platform Distributor 2024
- Top Sustainability Distributor 2023 and Top Automation Distributor 2023

Lenovo

- TOP ISG (Infrastructure Solutions Group) Distributor Champion 2024

Red Hat

- CY23 Top Distribution Partner of the Year

VSTECs Astar Sdn. Bhd.

APC

- In Recognition of Outstanding Performance

ASUS

- Top Growth Distributor FYE 2024

Dell Technologies

- Top Distributor Client Solutions (Workstation)
- Top Distributor Data Center Solutions (Storage+)
- Top Distributor Entry & Midrange Storage
- Top Distributor Excellence in New Business Development
- Top Distributor Stock-and-Sell (Server+)
- Top Distributor 2-Socket Servers

EPSON

- Financial year ended 31 December 2023 ("FYE 2023") Growth Achiever SIDG
- FYE 2023 Top Performer Business Inkjet Printers

Hewlett-Packard

- Best of the Best Distributor in FYE 2023
- Best of the Best Distributor in FYE 2024
- Best Distributor Product Manager in FYE 2023
- Best Distributor Product Manager in FYE 2024
- Top Commercial Notebook Distributor in FYE 2023
- Top Commercial Notebook Distributor in FYE 2024
- Top Consumer Desktop Distributor in FYE 2023
- Top Consumer Desktop Distributor in FYE 2024
- Top Consumer Notebook Distributor in FYE 2023
- Top Consumer Notebook Distributor in FYE 2024
- Top Distributor in 1H23 Intel BPS Sales Challenge
- Top Distributor in 2H23 Intel BPS Sales Challenge
- Top HPS Printer Distributor in FYE 2023
- Top HPS Printer Distributor in FYE 2024
- Top Ink Supplies Distributor in FYE 2023
- Top Ink Supplies Distributor in FYE 2024
- Top Large Format DesignJet Printer Distributor in FYE 2023
- Top Large Format DesignJet Printer Distributor in FYE 2024
- Top Workstation Distributor in FYE 2023

Hewlett-Packard Enterprise

- FYE 2023 Top Compute and Storage Distributor
- FYE 2023 Top Performing Coverage Distributor
- FYE 2023 Top Broadbase Business Distributor
- FYE 2023 Top Customer Success Lifetime Value Distributor

Lenovo

- Top Distributor Champion 2024
- Top Consumer Distributor Champion 2024
- Top Consumer Tablet Distributor Champion 2024



Asian-Oceanian Computing Industry Organization (ASOCIO) – Outstanding Tech Organisation Award

CEO's Statement Management Discussion & Analysis



ACKNOWLEDGEMENT & CONCLUSION

As we reflect on another exceptional year, we extend our deepest appreciation to our dedicated employees, valued business partners, and customers. Your unwavering support and commitment have been instrumental in driving VSTECS Berhad's continued success.

We also express our gratitude to our brand principals and resellers for their trust and collaboration, which have strengthened our position as Malaysia's leading ICT distributor.

To our shareholders, we sincerely appreciate your confidence in our vision and strategy. Our record-breaking financial performance in FYE 2024 is a testament to the resilience and adaptability of our business, and we remain steadfast in our commitment to delivering sustainable growth and long-term value.

2025 marks a significant milestone for VSTECS as we celebrate our 40th anniversary founding. Over the past four decades, we have not only thrived but continuously progressed, expanding our relevance in the ICT industry. From our early days of inception, we have now grown to become a key enabler of Malaysia's digital ecosystem. Throughout the years, we have embraced change, navigated challenges, and positioned ourselves at the forefront of technology advancements.

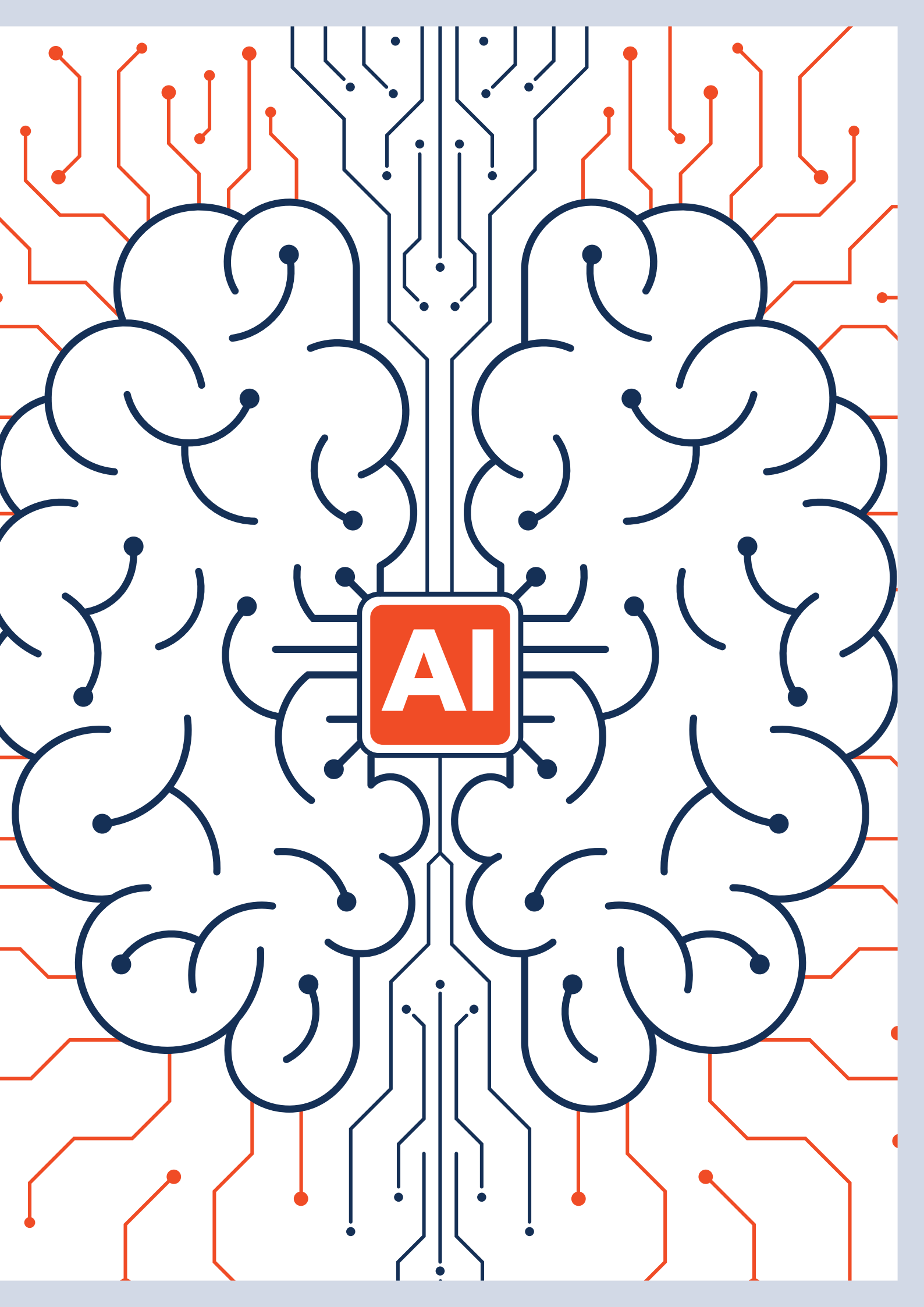
Looking ahead, we are optimistic about the opportunities in the evolving digital landscape. We will continue to invest in talent, broaden our partnerships, and drive innovation to stay ahead in an increasingly dynamic market. We will keep advancing technology ecosystems and building on our legacy.

JH Soong
Chief Executive Officer

EMPOWERING BUSINESSES WITH INTELLIGENT SOLUTIONS

Artificial Intelligence (AI) is revolutionising industries, and VSTECS is at the forefront of delivering AI-driven solutions. By equipping enterprises with intelligent technologies, automation, and data-driven insights, we empower them to enhance efficiency, improve decisionmaking, and stay competitive in a fast-evolving digital economy.





Board of Directors



SOONG JAN HSUNG

*Executive Director/
Chief Executive Officer*



**LEE MARN FONG @
WU MARN FONG**

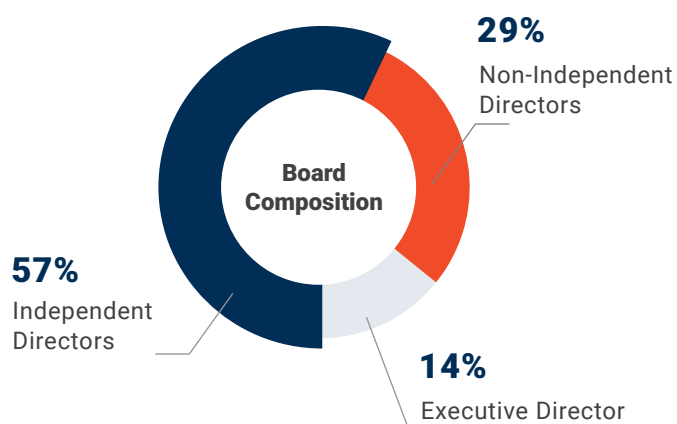
*Non-Independent
Non-Executive Chairman*



DATO' KHOO SIN AIK

*Senior Independent
Non-Executive Director*

BOARD AT A GLANCE



Board of Directors



**ABDUL AZIZ BIN
ZAINAL ABIDIN**
*Independent
Non-Executive Director*



**ANNE RODRIGUES NEE
KOH LAN HEONG**
*Independent
Non-Executive Director*

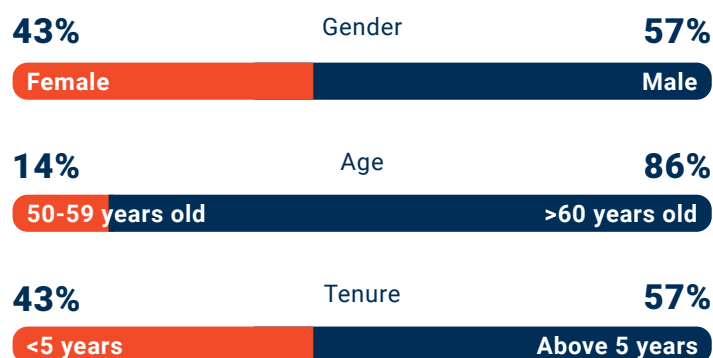


**JOSEPHINE PHAN
SU HAN**
*Independent
Non-Executive Director*



ONG WEI HIAM
*Non-Independent
Non-Executive Director*

Diversity



Profile of Board Directors



LEE MARN FONG @ WU MARN FONG

Non-Independent Non-Executive Chairman

Female

77

Malaysian

**Number of
Board Meeting
Attended
during FY 2024:** **4/4**

Date of appointment as Director

16 February 2022

Length of service as director since appointment (as at 15 April 2025)

3 years 2 months

Board Committee(s) served on

Nil

Academic/Professional Qualification(s)

- Fellowship of the Chartered Institute of Management Accountants (CIMA), United Kingdom
- Certified Educator for Secondary Education from the Specialist Teachers Training Institute (Ministry of Education)

Present Directorship(s)

(i) Other Public Listed Companies

Nil

(ii) Public Companies

Nil

Working experience

Madam Lee has more than 30 years of experience in a multinational corporation group of companies with diversified business activities consisting of manufacturing of material handling equipment, engineering projects and services, trading of chemical, pharmaceutical, medical, consumer electronics and communications equipment.

Madam Lee's term of service with the multinational group involved in multiple discipline management experiences in Finance, Human Resource, Business Risk, Operational Quality Assurance, Business Restructuring, Enterprise Resource Planning (ERP) Project implementation and Sustainability Certification programs.

Since 2008, Madam Lee has been an Advisor to VSTECS group of companies in business process engineering in the support of business goals and continuous improvement of operational and administrative functions.

Madam Lee is one of the major shareholders of the Company through her substantial shareholdings in Sengin Sdn. Bhd. and the shareholdings of her children and spouse, the late Mr. Foo Sen Chin, the Co-Founder and the former Non-Independent Non-Executive Chairman of the Company.

She has not been convicted of any offences within the past 5 years and there have been no public sanctions or penalties imposed on her by the relevant regulatory bodies during the financial year ended 31 December 2024.

Profile of Board Directors



SOONG JAN HSUNG

Executive Director/ Chief Executive Officer

Male

61

Malaysian

**Number of
Board Meeting
Attended
during FY 2024:** **4/4**

Date of appointment as Director

21 February 1997

Length of service as director since appointment (as at 15 April 2025)

15 years 0 month

Board Committee(s) served on

Nil

Academic/Professional Qualification(s)

- Bachelor of Science (Honours) majoring in Mathematics from the University of Malaya in 1987

Present Directorship(s)

(i) Other Public Listed Companies

Nil

(ii) Public Companies

Nil

Sustainability Governance Initiative Management Committee(s) served on

Chairman of Enterprise Risk Management Committee

Working experience

Mr. Soong began his career as a Marketing Representative with VSTECS Pericomp Sdn. Bhd. in 1987. His hard work and dedication in the next 7 years led to several promotions in sales and marketing position to become the General Manager in 1994. Mr. Soong was promoted to Executive Director in 2001 and was appointed as a Deputy Chief Executive Officer of VSTECS Berhad on 1 January 2014. On 1 January 2015, Mr. Soong was promoted to the position of Executive Director/Chief Executive Officer of VSTECS Berhad to lead and manage the Group, in conjunction with the elevation of the late Mr. Foo Sen Chin as the Executive Chairman of the Board.

Mr. Soong has more than 35 years of experience in the ICT distribution market. He is also an Executive Director of the subsidiary companies, namely, VSTECS Astar Sdn. Bhd., VSTECS Pericomp Sdn. Bhd., VSTECS KU Sdn. Bhd. and VSTECS Kush Sdn. Bhd.. He has been primarily responsible for developing new sales and marketing strategies, as well as the ICT product distribution, ICT sales and services, and, enterprise systems operations of the Group.

Mr. Soong has contributed significantly to the Group in becoming the leading ICT hub in Malaysia.

Mr. Soong has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He has not been convicted of any offences within the past 5 years and there have been no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2024.

Profile of Board Directors



DATO' KHOO SIN AIK

Senior Independent Non-Executive Director

Male

63

Malaysian

Number of
Board Meeting
Attended
during FY 2024:

4/4

Date of appointment as Director

1 January 2020

Length of service as director since appointment (as at 15 April 2025)

5 years 3 months

Board Committee(s) served on

- Chairman of Remuneration Committee
- Chairman of Nominating Committee

Academic/Professional Qualification(s)

- Diploma in Business Administration from Business School University of Hull, United Kingdom

Present Directorship(s)

(i) Other Public Listed Companies

Nil

(ii) Public Companies

Nil

Working experience

Dato' Khoo has more than 35 years of experience in the Information Technology industry. He has served in diverse capacities in public and private sector organisations such as The National Tech Association of Malaysia ("PIKOM") (as Chairman from 1995 to 1997), Patimas Computers Bhd (as Executive Director from 1996 to 1998), Malaysia Digital Economy Corporation Sdn. Bhd. ("MDEC") (as Vice President of Corporate Strategy from 2006 to 2015), WCIT 2008 Sdn. Bhd. (as CEO from 2006 to 2008) and World Information Technology and Services Alliance ("WITSA") (as Chairman of the Board from 2008 to 2012).

Dato' Khoo currently holds the position of Chairman Emeritus of WITSA. He was the President and Chief Executive Officer of MDEC Americas Inc (Silicon Valley) from 2015 to 2019.

Dato' Khoo has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He has not been convicted of any offences within the past 5 years and there have been no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2024.

Profile of Board Directors



ABDUL AZIZ BIN ZAINAL ABIDIN

Independent Non-Executive Director

Male

66

Malaysian

**Number of
Board Meeting
Attended
during FY 2024:** **4/4**

Date of appointment as Director

1 January 2020

Length of service as director since appointment (as at 15 April 2025)

5 years 3 months

Board Committee(s) served on

- Chairman of Audit Committee
- Member of Remuneration Committee

Academic/Professional Qualification(s)

- Certificate of Insurance from ITM (MARA Institute of Technology)
- Fellowship of the Malaysian Insurance Institute

Present Directorship(s)

(i) Other Public Listed Companies

Nil

(ii) Public Companies

Nil

Working experience

Encik Abdul Aziz has more than 35 years of experience in the Insurance industry and holds a Fellowship of the Malaysian Insurance Institute ("FMII").

Encik Abdul Aziz was formerly the Chief Executive Officer and a member of the Board of Directors of Sime Darby Lockton Insurance Brokers Sdn. Bhd.. Prior to joining Sime Darby Lockton Insurance Brokers Sdn. Bhd., he was the Marketing Director of Asia Capital Reinsurance, Malaysia from 2008 to 2012. He was also the Deputy Chairman of Malaysian Insurance Takaful Brokers Association ("MITBA"). Encik Abdul Aziz was a Director at the Islamic Banking & Finance Institute Malaysia ("IBFIM").

In 1977, Encik Abdul Aziz began his career with Tugu Insurance, Malaysia. He then joined Tokio Marine and Fire Insurance as Head of Reinsurance Department handling treaty reinsurance program and facultative reinsurance and had his training in Tokyo, Japan. He also advanced his insurance career by assuming senior positions in subsidiary companies within the Pernas Group, Khazanah National Berhad, and Sime Darby Berhad.

Encik Abdul Aziz has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He has not been convicted of any offences within the past 5 years and there have been no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2024.

Profile of Board Directors



ANNE RODRIGUES NEE KOH LAN HEONG

Independent Non-Executive Director

Female

74

Malaysian

**Number of
Board Meeting
Attended
during FY 2024:** **4/4**

Date of appointment as Director

30 December 2022

Length of service as director since appointment (as at 15 April 2025)

2 years 3 months

Board Committee(s) served on

- Member of Audit Committee

Academic/Professional Qualification(s)

- Bachelor Degree in Economics from Universiti of Malaya
- Master in Business Administration from University of Bath
- Member of Malaysian Institute of Accountants
- Fellow of Association of Chartered Certified Accountants

Present Directorship(s)

(i) Other Public Listed Companies

Kuala Lumpur Kepong Berhad

(ii) Public Companies

Nil

Working experience

Madam Anne Rodrigues has more than 35 years of work experience and her areas of expertise covers finance specifically in Accounting, Treasury, Corporate Finance, Internal Audit and Risk Management. She has also acquired varied expertise in Product Research and Product Planning as well as Contracts and Procurement.

Madam Anne began her career with Federal Land Development Authority ("FELDA") in 1973. From 1984 to 1997, she was seconded by FELDA to various companies and gained diverse financial, commercial and corporate experience in Malaysia International Shipping Corporation Berhad and Boustead Group. She returned to serve Felda Holdings Berhad as its Group Finance Director from 1998 to 2006 and Senior Executive Director (Finance) from 2006 to 2009. She was then appointed as the Group Chief Financial Officer, and subsequently Financial Advisor of Felda Global Ventures Holdings Berhad. Her last position was as Chief Financial Officer of TRT Holdings, Inc. (a subsidiary of Felda Global Ventures Holdings Bhd based in Boston, USA) from September 2011 to 2012.

Madam Anne has obtained a Certificate on Project Appraisal and Risk Management for Bankers from Harvard Institute for International Development and Institute of Banks Malaysia and has also completed a training program on Japanese Securities Business by Nomura Securities Co., Ltd, Japan. She had been a lecturer on International Finance and New Business Development for MBA programs offered by Master in Management/University of Bath (1995-1996) and KDU/University of Liverpool and Humberside UK (1996). She had been a regular speaker at local and international conferences related to Cash and Treasury Management and was a president of Malaysian Association of Corporate Treasurers (2012-2014).

In 2018, she was appointed by the Minister of Finance as a member of the Financial Reporting Foundation, an independent body established under the Financial Reporting Act 1997.

Madam Anne has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. She has not been convicted of any offences within the past 5 years and there have been no public sanctions or penalties imposed on her by the relevant regulatory bodies during the financial year ended 31 December 2024.

Profile of Board Directors



JOSEPHINE PHAN SU HAN

Independent Non-Executive Director

Female

60

Malaysian

**Number of
Board Meeting
Attended
during FY 2024:** **4/4**

Date of appointment as Director

15 June 2023

Length of service as director since appointment (as at 15 April 2025)

1 year 10 months

Board Committee(s) served on

- Member of Nominating Committee

Academic/Professional Qualification(s)

- Bachelor of Economics (Accounting and Computer Science) from Monash University, Melbourne, Australia
- Fellow Member of the Certified Practising Accountant (CPA), Australia
- Chartered Accountant of the Malaysia Institute of Accountants (MIA)
- Alumni of INSEAD Business School
- Alumni of Harvard Business School
- Platinum member of Information Systems Audit and Controls Association (ISACA), Malaysia Chapter

Present Directorship(s)

(i) Other Public Listed Companies

Mulpha International Berhad

(ii) Public Companies

Nil

Working experience

Prior to her retirement as Senior Partner in PricewaterhouseCoopers Malaysia, Madam Josephine Phan led the Information Technology ("IT") Risk Assurance Practice in providing assurance and advisory services to clients on their IT systems and financial processes. Madam Josephine has more than 30 years of professional experience working with clients across various industries, both locally and overseas. Her experience includes financial statutory audits, IT governance, IT internal and external audits, information security, IT risk and regulatory compliance, IT and operational due diligence.

Madam Josephine was the past President of CPA Australia (Malaysia Division) and past Vice President of Information Systems Audit and Control Association (Malaysia Chapter) as well as past Member of the Auditing and Assurance Standards Board, MIA Disciplinary Appeal Board and CPA Australia Board Nomination Committee respectively.

Madam Josephine is a member of MIA Education Board and MIA Digital Technology Implementation Committee. She is also a panel member for MIA Accreditation of Local Universities Accounting Degrees. Currently, Madam Josephine serves as the Independent Non-Executive Director of Mulpha International Berhad.

Madam Josephine has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. She has not been convicted of any offences within the past 5 years and there have been no public sanctions or penalties imposed on her by the relevant regulatory bodies during the financial year ended 31 December 2024.

Profile of Board Directors



ONG WEI HIAM

Non-Independent Non-Executive Director

Male

53

Malaysian

**Number of
Board Meeting
Attended
during FY 2024:** **4/4**

Date of appointment as Director

4 June 2013

Length of service as director since appointment (as at 15 April 2025)

11 years 10 months

Board Committee(s) served on

- Member of Audit Committee
- Member of Nominating Committee
- Member of Remuneration Committee

Academic/Professional Qualification(s)

- Bachelor Degree in Economics from University College London
- Master Degree in Analysis, Design & Management of Information Systems from London School of Economics and Political Science
- Fellow of the Hong Kong Institute of Certified Public Accountants
- Fellow of Institute of Chartered Accountants in England and Wales

Present Directorship(s)

(i) Other Public Listed Companies

Nil

(ii) Public Companies

VSTECS Holdings Limited (Listed on the Stock Exchange of Hong Kong)

Working experience

Mr. Ong was appointed as the Group Chief Executive Officer of VSTECS Holdings (Singapore) Limited on 1 January 2013 and was appointed as an Executive Director of VSTECS Holdings (Singapore) Limited on 16 April 2012. Mr. Ong concurrently holds the positions of Group Chief Financial Officer and Executive Director of VSTECS Holdings Limited, the parent company of VSTECS Holdings (Singapore) Limited.

Mr. Ong serves as a director for the following VSTECS Group's subsidiaries:-

- A Non-Independent Non-Executive Director of VSTECS
- An Executive Director of VSTECS Holdings (Singapore) Limited
- An Executive Director and the Group Chief Financial Officer of VSTECS Holdings Limited
- A Director of VSTECS (Singapore) Pte. Ltd.
- A Director of VSTECS Phils., Inc.
- A Director of VST ECS (Thailand) Co. Ltd.
- A Director of VSTECS (HK) Limited (formerly known as VST Computers (H.K.) Limited)

Mr. Ong has no family relationship with any Director and/or major shareholder of the Group and has no conflict of interest or potential conflict of interest, including interest in any competing business with the Group. He has not been convicted of any offences within the past 5 years and there have been no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year ended 31 December 2024.

Senior Leadership Team



A CHUAH KEE HENG
General Manager of
VSTECs Astar Sdn. Bhd.

B LI CHIN YEO
General Manager of
VSTECs Pericomp Sdn. Bhd.

C FOO LEK CHOONG
Chief Information Officer

D TEE ANG KUAN
Group General Manager

E SOONG JAN HSUNG
Executive Director/
Chief Executive Officer

F CHAN PUAY CHAI
Chief Financial Officer

Profile of Senior Leadership Team



Male

Age 61

Malaysian

SOONG JAN HSUNG

Executive Director/ Chief Executive Officer

- Sustainability Committee Member

For the profile of Soong, please refer to page 27 of this Annual Report.



Male

Age 63

Malaysian

TEE ANG KUAN

Group General Manager

- Sustainability Committee Member
- Compliance Committee Member

Tee was promoted to Group General Manager in 2015, in-charge of the overall distribution and services businesses of the Group. Prior to this role, he was the General Manager of VSTECS Astar Sdn. Bhd. overseeing operations, including the design and development of business and marketing strategies, marketing and distribution of ICT products, and management of sales staff.

Tee graduated with Bachelors of Art (Honours) majoring in Economics from the University of Malaya in 1985. He began his career with a computer company in sales line upon graduation.

From 1986 to 1995, Tee worked with several ICT distributors, specialising in sales and marketing of ICT products, such as notebooks and desktop PCs, printers and software. In 1996, he assumed the role of Business Manager at VSTECS Astar Sdn. Bhd. and subsequently promoted to General Manager in 1999. With over 40 years of experience in the ICT distribution market, his wealth of knowledge and expertise has contributed significantly to the growth of the Group.

Profile of Senior Leadership Team

**Male****58****Malaysian**

CHAN PUAY CHAI

Chief Financial Officer

- **Compliance Committee Chairman**
- **Sustainability Committee Member**

Chan was promoted to Chief Financial Officer of the Group in 2016, in-charge of financial planning and control, financial compliances, credit management, risk management, and other financial and management related functions. He is an Associate Member of the Chartered Institute of Management Accountants (U.K.) and a registered Accountant with the Malaysian Institute of Accountants.

In 1995, Chan joined VSTECS Kush Sdn. Bhd. as a Finance Manager and was promoted to Financial Controller in 2005. His extensive professional journey encompasses a diverse range of experiences, including the review of accounting systems, implementation of computerisation, management accounting, budgeting, corporate exercises, financial analysis and its related functions.

With a wealth of experience in the ICT industry and financial management, he has made significant and enduring contributions to the Group's success. Remarkably, he has dedicated 29 years to the Group. His strategic financial insight and unwavering dedication have played a crucial role in fostering sustained growth and prosperity within the Group.

**Male****Age 56****Malaysian**

CHUAH KEE HENG

General Manager of VSTECS Astar Sdn. Bhd.

- **Sustainability Committee Member**

Chuah was appointed as General Manager of VSTECS Astar Sdn. Bhd. in 2016, in-charge of the operations, including the design and development of business and marketing strategies, marketing and distribution of the Group's ICT products, and management of sales staff.

He graduated with a Degree in Business Administration from Upper Iowa University, USA in 1998.

Before joining the Group, Chuah accumulated extensive experience working with various ICT distributors and industry players from 1991 to 2016. With his rich experience in the dynamic ICT industry, he is well-positioned to make substantial and strategic contributions to the continued success and growth of the Group.

Profile of Senior Leadership Team



Male

Age 51

Malaysian

LI CHIN YEO

General Manager of VSTECS Pericomp Sdn. Bhd.

- **Sustainability Committee Member**

Li was promoted to General Manager of VSTECS Pericomp Sdn. Bhd. in 2018, in-charge of the operations, including the design and development of business and marketing strategies, marketing and distribution of our ICT products, and management of sales staff.

A graduate of Bachelor of Commerce from University Of Wollongong, Australia, Li joined VSTECS Pericomp Sdn. Bhd. as a Support Executive. He progressed through various roles including Technology Specialist, Assistant Business Development Manager, Business Development Manager, Product Manager, Senior Manager (Sales), and followed by the appointment as Assistant General Manager before being promoted to the General Manager.

His wealth of experience has been a driving force, making substantial contributions to the collective success and expansion of the Group.



Male

Age 49

Malaysian

FOO LEK CHOONG

Chief Information Officer

- **Compliance Committee Member**
- **Sustainability Committee Member**

Foo is the Chief Information Officer of the Group responsible for the overall IT strategy and technology implementations within the Group. A graduate from Cornell University in 1998 with a degree in Electrical Engineering, he brings a combined 25 years of experience in systems integration of internetworking architectures in the ICT industry and market engagement strategies including product development, management and product life-cycle evolution in a national Tier-1 Telco/ISP environment. In his previous roles in the Telco industry, his responsibilities included product management, partnership and alliance management, and corporate strategy. Foo's experience extends to product development, management, and service life-cycle sustenance with in-depth experience relating to wired and wireless broadband access services.

Within VSTECS, he drives the Group's ICT strategy including Enterprise Resource Planning ("ERP") systems and real-time business intelligence and information management. In line with the Group's sustainability strategies, Foo plays an active role in corporate strategy and group sustainability, and is one of the Directors in the Group's associate company, ISATEC Sdn. Bhd..

Foo is the son of the Non-Independent Non-Executive Chairman, Madam Lee Marn Fong and late Mr. Foo Sen Chin, the Co-founder and the former Non-Independent Non-Executive Chairman.

Profile of Senior Leadership Team

Notes 1:-

Save as disclosed above, none of the Senior Leadership Team has:-

- (a) any other directorship in public companies and listed issuers;
- (b) any family relationship with any Director and/or major shareholder of the Company;
- (c) any conflict of interest with the Company; and
- (d) any conviction of offences (other than traffic offences) within the past five (5) years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

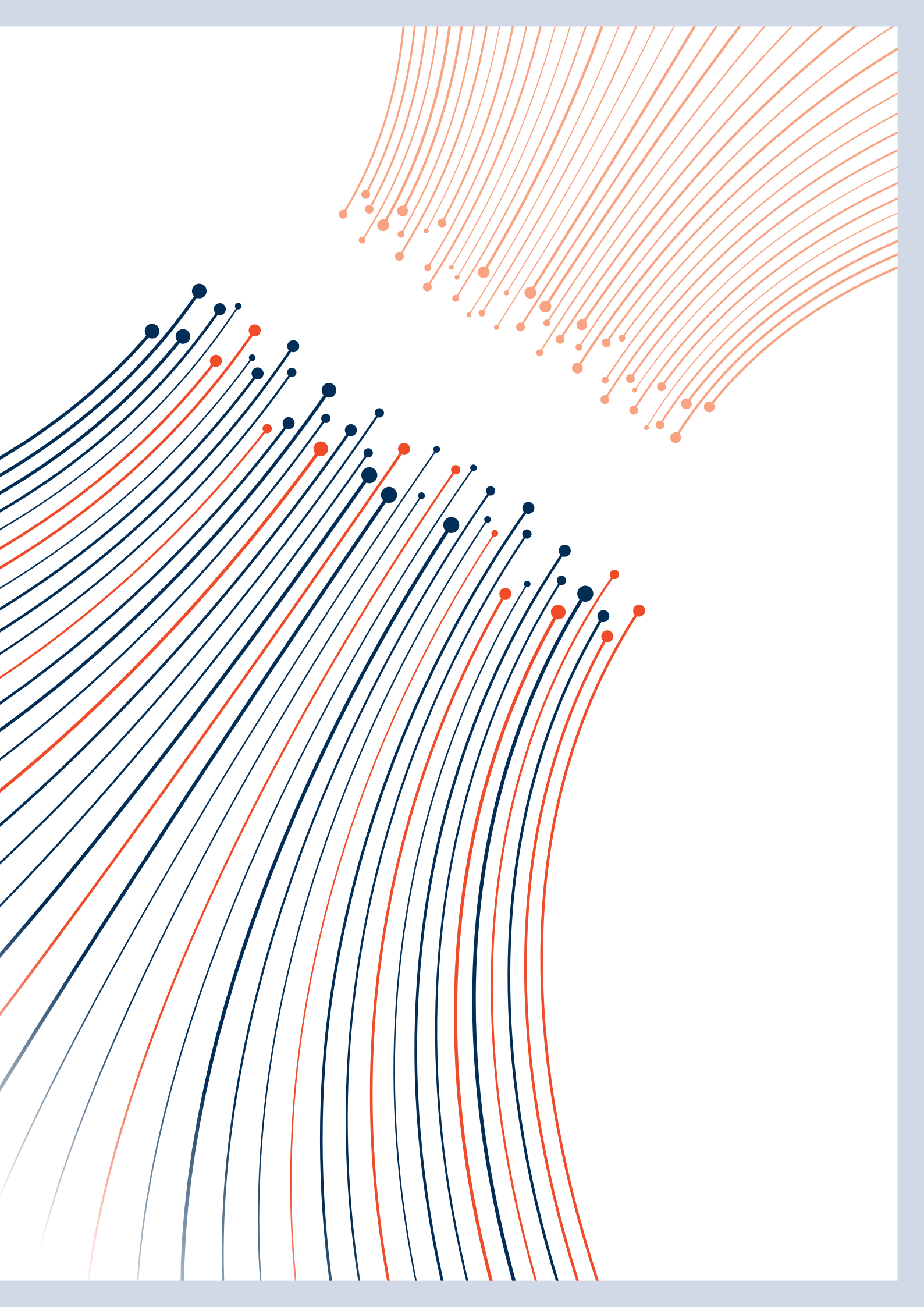
Notes 2:-

- (a) **Compliance Committee** – Including Anti-Bribery and Corruption Compliance Committee and Internal Operational Policies Compliance; and
- (b) **Sustainability Committee** – Including Enterprise Risk Management Committee, Environmental, Social and Governance Committee, and Health and Safety Committee (Refer to Sustainability Governance Structure in Page 86 - The ESG structure is headed by the CEO and supported by the Environmental, Social and Governance Committee ("**ESGC**") and Health and Safety Committee ("**HSC**").

SEAMLESS CONNECTIVITY, SMARTER ECOSYSTEMS

An abstract graphic consisting of several curved lines in dark blue and orange, flowing from the left towards the right, creating a sense of movement and connectivity.

The digital world thrives on connectivity, and VSTECS bridges enterprises, consumers, and global technology leaders. By providing end-to-end ICT solutions, cloud computing, and IoT integration, we create a seamless, interconnected ecosystem where businesses and individuals can collaborate and grow.



Corporate Information

BOARD OF DIRECTORS

Non-Independent Non-Executive Chairman
LEE MARN FONG @ WU MARN FONG

Executive Director/ Chief Executive Officer
SOONG JAN HSUNG

Senior Independent Non-Executive Director
DATO' KHOO SIN AIK

Non-Independent Non-Executive Director
ONG WEI HIAM

Independent Non-Executive Directors
ABDUL AZIZ BIN ZAINAL ABIDIN
ANNE RODRIGUES NEE KOH LAN HEONG
JOSEPHINE PHAN SU HAN

AUDIT COMMITTEE

Abdul Aziz Bin Zainal Abidin –
Chairman
 Ong Wei Hiam
 Anne Rodrigues Nee Koh Lan Heong

NOMINATING COMMITTEE

Dato' Khoo Sin Aik – *Chairman*
 Ong Wei Hiam
 Josephine Phan Su Han

REMUNERATION COMMITTEE

Dato' Khoo Sin Aik – *Chairman*
 Abdul Aziz Bin Zainal Abidin
 Ong Wei Hiam

SECRETARIES

Chua Siew Chuan
 (MAICSA 0777689)
 (SSM PC NO. 201908002648)
 Cheng Chia Ping
 (MAICSA 1032514)
 (SSM PC NO. 202008000730)

REGISTERED OFFICE

Level 7, Menara Milenium,
 Jalan Damanlela,
 Pusat Bandar Damansara,
 Damansara Heights,
 50490 Kuala Lumpur,
 Wilayah Persekutuan
 Telephone : 03-2084 9000
 Facsimile : 03-2094 9940
 Email : info@sshsb.com.my

SHARE 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,
 Wilayah Persekutuan
 Telephone : 03-2783 9299
 Facsimile : 03-2783 9222
 Email : is.enquiry@vistra.com

AUDITORS

KPMG PLT, Chartered Accountants
 Level 10, KPMG Tower,
 8 First Avenue, Bandar Utama,
 47800 Petaling Jaya,
 Selangor Darul Ehsan

PRINCIPAL BANKERS

CIMB Bank Berhad
 Citibank Berhad
 Malayan Banking Berhad
 Hong Leong Bank Berhad
 OCBC Bank (Malaysia) Berhad
 United Overseas Bank
 (Malaysia) Berhad

STOCK EXCHANGE LISTING

Listed on Main Market of
 Bursa Malaysia Securities Berhad
 on 15 April 2010
 Stock Code : 5162
 Stock Name : VSTECs
 Sector : Technology

Group Financial Highlights

Financial year ended 31 December	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
KEY OPERATING RESULTS					
Revenue	2,017,489	2,625,818	2,770,614	2,727,185	2,901,716
Gross Profit	106,003	139,371	149,783	153,853	172,309
Profit Before Tax	48,478	74,428	80,112	82,796	93,145
Profit For The Year	36,781	54,992	59,680	67,426	70,566
AS AT 31 DECEMBER KEY FINANCIAL DATA					
Total Assets	559,321	688,270	713,992	822,535	877,922
Total Liabilities	225,098	312,443	302,876	366,100	375,523
Total Equity	334,223	375,827	411,116	456,435	502,399
FINANCIAL RATIOS					
	%	%	%	%	%
Profit growth	24.3	49.5	8.5	13.0	4.7
Return on Equity	11.5	15.5	15.2	15.5	14.7
Dividend Yield ⁽¹⁾	3.5	4.6	5.3	5.0	1.9
Dividend Payout Ratio ⁽²⁾	34.0	37.0	37.0	34.9	38.9

(1) Based on total dividend, inclusive Special Dividend, as a percentage of VSTECS share price as at 31 December

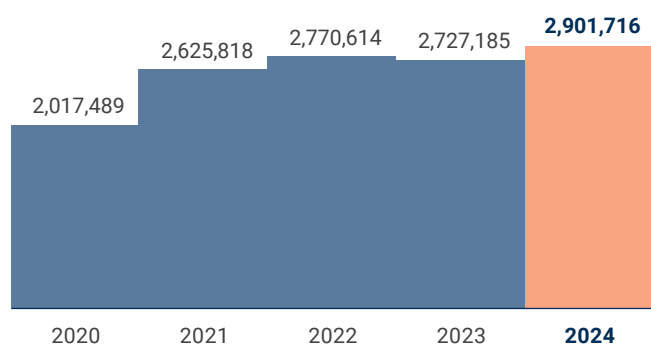
(2) Based on total dividend, inclusive Special Dividend, as a percentage of Basic Earning Per Share

Group Financial Highlights

GROUP FINANCIAL HIGHLIGHTS

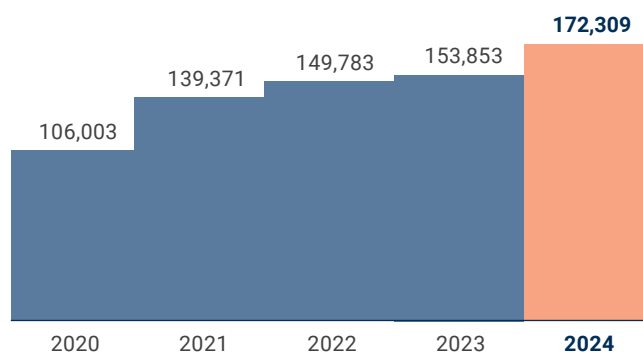
Revenue (RM'000)

6.4% ▲



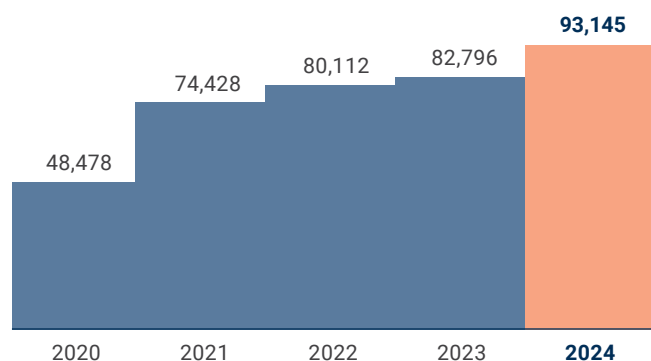
Gross Profit (RM'000)

12.0% ▲



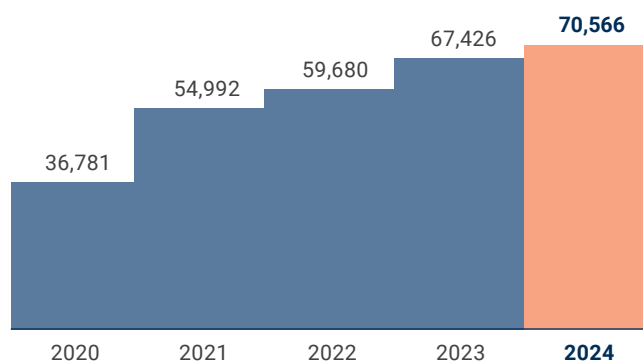
Profit Before Tax (RM'000)

12.5% ▲



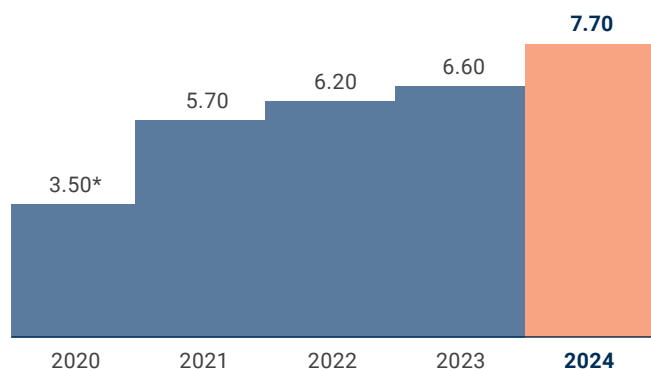
Profit After Tax (RM'000)

4.7% ▲



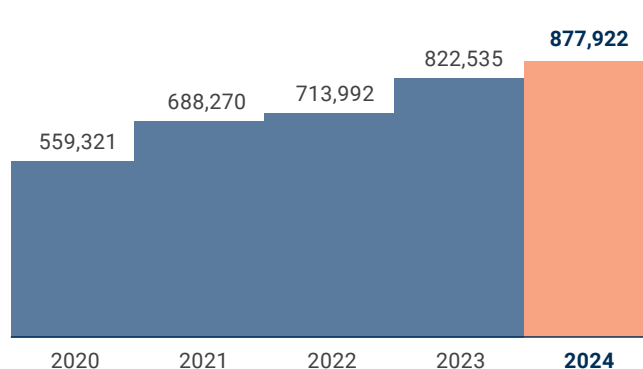
Dividend per share (sen)

16.7% ▲



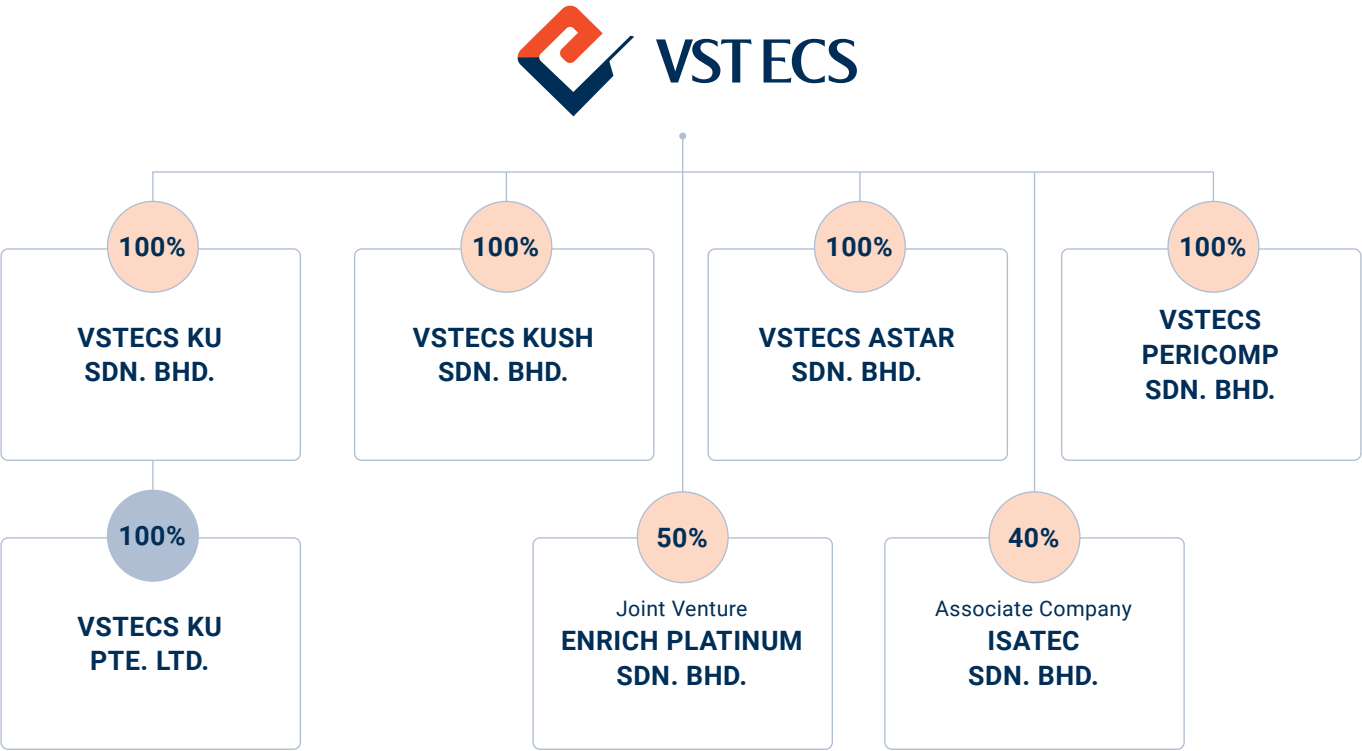
Total Assets (RM'000)

6.7% ▲



* Note: After adjustment for 1:1 Bonus Issue in year 2021

Group Corporate Structure



Corporate Governance Overview Statement

INTRODUCTION

Corporate governance is ... holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources.

(Sir Adrian Cadbury, 20 September 1999)

Subscribing to Sir Cadbury's ethos on corporate governance ("**CG**"), the Board of Directors ("**the Board**") of VSTECS Berhad ("**VSTECS**" or "**the Company**") views corporate governance as a fundamentally essential process contributing towards achieving long-term shareholders' value, taking into account the interest of other stakeholders.

The Board noted that the goal of good CG is to establish an effectively organised management structure and system that will enable the Company to meet the needs and expectation of its stakeholders.

VSTECS's CG Commitment

The Company and its subsidiaries ("**Group**") are fully committed to business integrity, transparency and professionalism whilst pursuing their corporate objectives to enhance shareholders' value and their overall competitive positioning. As part of this commitment, the Board recognises the importance of governance and plays an active role in administering and reviewing the Group's governance practices and framework to ensure its relevance and ability to meet future challenges.

The Board takes note of the updates on the Malaysian Code on CG issued by the Securities Commission Malaysia ("**SC**") with effect from 28 April 2021 ("**MCCG 2021**"). MCCG 2021 introduces new practices and additional guidance to strengthen the CG culture of public listed companies.

The Board is pleased to present this CG Overview Statement ("**CG Statement**") to provide the investors with an overview of the extent of compliance with three (3) Principles as set out below in MCCG 2021 under the stewardship of the Board for the financial year ended 31 December 2024 ("**FYE 2024**") and/or up to the date of this CG Statement (where applicable) (hereinafter referred to as "**Applicable Period**"):-

Principle A
Board Leadership &
Effectiveness

Principle B
Effective Audit &
Risk Management

Principle C
Integrity in Corporate Reporting
& Meaningful Relationship with
Stakeholders

This CG Statement also serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). In addition, the Corporate Governance Report ("**CG Report**") which sets out the application of each Practice is available for viewing in the Company's corporate website at:

[https:// www.vsteecs.com.my](https://www.vsteecs.com.my)

Corporate Governance Overview Statement

VSTECS's Key CG Focus Area

The Board is pleased to provide below a snapshot of the key CG focus areas during the Applicable Period for information.

During the Applicable Period, the Board has the insight and foresight to assess and steer the Group's business model to a progressive sustainability-driven governance model in order to move the Group forward. The Board recognise the need to look "inwards" before looking "outwards" in order to ensure the long term sustainability of the Group.

MCCG Practices	Applications by VSTECS
Practice 1.1 Key Responsibilities of the Board.	<p>(1) <u>Corporate Strategy</u></p> <ul style="list-style-type: none"> ✓ Strategic planning and direction to Chief Executive Officer ("CEO"), his Senior Leadership and management teams. ✓ Adoption of good corporate governance culture that engenders integrity, transparency and fairness. <p>(2) <u>Oversight over Management</u></p> <ul style="list-style-type: none"> ✓ Human resources planning and remuneration – ensure Executive Management retain key Senior Leadership personnel and management with integrity and competence. ✓ Internal Control and compliance – ensure robustness, adequate and with integrity. ✓ Review of financial and non-financial reporting from Management, External Auditors, Outsourced Internal Auditors and In-House Internal Auditors. <p>(3) <u>Overseeing the overall risk and opportunities</u></p> <ul style="list-style-type: none"> ✓ Risk Management oversight vide the Audit Committee ("AC") – which in turn is assisted by the Enterprise Risk Management ("ERM") Committee. ✓ Business overview on consumer and industrial trends as well as the Group's financial performance oversight. <p>(4) <u>Ensuring fair return to shareholders</u></p> <ul style="list-style-type: none"> ✓ Providing shareholders with decent returns in the form of dividends based on prevailing retained earnings and cash flow of the Company. <p>(5) <u>Stakeholders' management</u></p> <ul style="list-style-type: none"> ✓ Stakeholders' communication – Investors Relation Policy which clearly identified designated spokesperson for external parties and general public.

Corporate Governance Overview Statement

MCCG Practices	Applications by VSTECS				
Practice 4.1 The Board and management take responsibility for the governance of sustainability in the company.	<u>Driving Strategic Thinking on Sustainability</u> <ul style="list-style-type: none"> ✓ The Board has been proactively considering sustainability matters, in particular the Environmental, Social and Governance ("ESG") issues during FYE 2024 when it receives the ESG updates by the CEO. ✓ For FYE 2024, the Board received industry briefing update by International Data Corporation ("IDC") and being kept abreast with sustainability issues relevant to the Group and its businesses. ✓ In respect of risk management oversight, the AC and Board received updates from ERM Committee on changes to risk rankings and risk mitigation measures on a quarterly basis. ✓ To further enhance the role of the ERM in tandem with the emphasis on ESG considerations, the Board has established two sub-committees under ERM Committee, chaired by Senior Leadership and management teams:- <table border="1"> <tr> <td>Environmental, Social and Governance Committee ("ESGC")</td><td>Chaired by Chief Financial Officer ("CFO"), Mr. Chan Puay Chai ("Mr. Chan")</td></tr> <tr> <td>Health and Safety Committee</td><td>Chaired by General Manager, Mr. Tan Say Meng</td></tr> </table>	Environmental, Social and Governance Committee ("ESGC")	Chaired by Chief Financial Officer (" CFO "), Mr. Chan Puay Chai (" Mr. Chan ")	Health and Safety Committee	Chaired by General Manager, Mr. Tan Say Meng
Environmental, Social and Governance Committee ("ESGC")	Chaired by Chief Financial Officer (" CFO "), Mr. Chan Puay Chai (" Mr. Chan ")				
Health and Safety Committee	Chaired by General Manager, Mr. Tan Say Meng				

Adoption of Step Up Practices

The Board is pleased to inform that VSTECS has gone a step further in strengthening its governance practices and processes by adopting the following Step Up Practices of MCCG 2021:-

MCCG Step-Up Practices	Applications by VSTECS
Step Up Practice 4.5 A designated person within management to provide dedicated focus to manage sustainability strategically.	<ul style="list-style-type: none"> ✓ The Board has designated Mr. Chan, the CFO of the Company as the Head of ESGC. ✓ As one of the Senior Leadership team members, Mr. Chan has been tasked to lead the ESGC with the following key responsibility areas:- <ul style="list-style-type: none"> - Identify, evaluate and manage environmental impacts arising from business operations; and - Identify, address and improve on workforce environment and social well-being.

Corporate Governance Overview Statement

The detail applications of each of the three (3) key CG principles were set out below:-

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(1) Board Responsibilities

1.1 Roles and Responsibilities of the Board

For the Applicable Period, the Board has discharged its responsibilities as follows:-

Leadership & Stewardship	<u>Board Leadership and Stewardship</u> <ul style="list-style-type: none">• Responsible for the overall CG, strategic direction, corporate goals and therefore monitors the achievement of these goals; and• Sustainability controls and practices involved the ways in which the Group is integrating sustainability into core management processes, including target-setting, risk management, capital allocation, rewards and incentives. The Board's role is to ensure there is continuous improvement made by Senior Leadership and Management teams.
Strategy Planning	<u>Joint Board-Management Strategic Planning Session</u> <ul style="list-style-type: none">• Reviewed the strategic plan for the Group (including strategies on economic, environmental and social considerations underpinning sustainability), as tabled by the CEO.
Overseeing the conduct of the Group's business	<u>Regular reporting by CEO and Declaration of Interest by a Director</u> <ul style="list-style-type: none">• The Board supervised and assessed Senior Leadership team's performance to determine whether the Group's business have been properly managed; and• With the varying mix of board calibre and experiences, the Board has been providing advices/ guidance to Senior Leadership and Management teams on business issues faced by Senior Leadership and Management teams.
Risk Identification & Risk Management	<u>Regular review of materiality and key risks matrix</u> <ul style="list-style-type: none">• Take cognisance of the principal risks of the Company's business and understanding the rationale and business decisions made arising from taking appropriate risks as well as the risk mitigation measures; and• To receive updates from ERM Committee on a quarterly basis on the risk ranking and risk appetite of Senior Leadership and Management teams in managing financial and non-financial risks.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(1) Board Responsibilities *cont'd*

1.1 Roles and Responsibilities of the Board *cont'd*

For the Applicable Period, the Board has discharged its responsibilities as follows:- *cont'd*

Succession Planning	<p><u>Board mix and Composition</u></p> <ul style="list-style-type: none"> • The Board, with the assistance of Nominating Committee ("NC"), ensures that an appropriate framework and plan for succession within the Group are in place; and • The Board conducted annual board evaluation on board skills gap and composition to ensure it has the right blend of knowledge and experience on board.
Adequacy and integrity of management information and internal controls system of the Group	<ul style="list-style-type: none"> • The Board has been regularly reviewing the adequacy and the integrity of the Group's internal control systems and ERM Framework; • The Board has been receiving financial and non-financial reporting from Management/ advisor such as External Auditor/ Internal Auditors and whether any disclosure made were consistent with Directors' own knowledge of Company's affairs; and • Two (2) private sessions (without the presence of the executive management) were held between the AC and the External Auditors.
Stakeholder Management	<p><u>Stakeholder Management Activities</u></p> <ul style="list-style-type: none"> • The Board noted the stakeholders' communication activities undertaken by the Company's nominated spokesperson; • During the Applicable Period, ten (10) press releases were issued and twenty-six (26) engagement sessions were held with investors and analysts; and • The Board has been providing shareholders with decent and consistent returns in the form of dividends based on prevailing retained earnings and cash flow of the Company.
ESG consideration	<ul style="list-style-type: none"> • The Board has been actively cultivating good corporate governance culture within the Group by establishing all the governance policies and procedures and monitor the implementation thereof by the Senior Leadership and Management teams; • To further enhance the role of the ERM in tandem with the emphasis on ESG considerations, the Board has established two sub-committees under ERM Committee, namely ESG Committee and Health & Safety Committee, chaired by Senior Leadership and management personnel, respectively; • Ensure the ERM Committee reviewed the material sustainability matters and verified the data presented in the Sustainability Statement prior to undertaking final review of the Sustainability Statement for disclosure in the Annual Report 2024; and • Review of the Sustainability Statement.

Details of the roles and responsibilities of the Board were set out in Practice 1.1 of the CG Report, available for viewing in the Company's corporate website at www.vstecs.com.my.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(1) Board Responsibilities *cont'd*

1.2 Key Responsibilities of the Chairman of the Board

The Board is led by Madam Lee Marn Fong @ Wu Marn Fong ("**Madam Lee**"), the Non-Independent Non-Executive Chairman of the Board since 16 February 2022.

Non-Independent
Non-Executive
Chairman

Madam Lee Marn Fong
@
Wu Marn Fong

As the Board Chairman, Madam Lee is primarily responsible for:-

- leading the Board in setting the direction and policies of the Group;
- advising on the strategic plans for medium to long term growth of the Group;
- representing the Board to shareholders and to chair and to ensure the efficient organisation and conduct of the Board and/or meeting of the shareholders;
- ensuring the integrity of the governance process and issues;
- maintaining regular communication with the CEO over all operational matters and consulting with the remainder of the Board promptly over any matters that gives her cause for major concern;
- ensuring that CEO and Senior Leadership team as well as management look beyond their executive function and accept their share of responsibilities in governance;
- guiding and mediating Board actions with respect to organisational priorities and governance concerns; and
- performing other responsibilities assigned by the Board from time to time.

The roles and responsibilities of the Chairman of the Board have been clearly specified in Paragraph 5.2 of the Board Charter, available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vstecs.com.my.

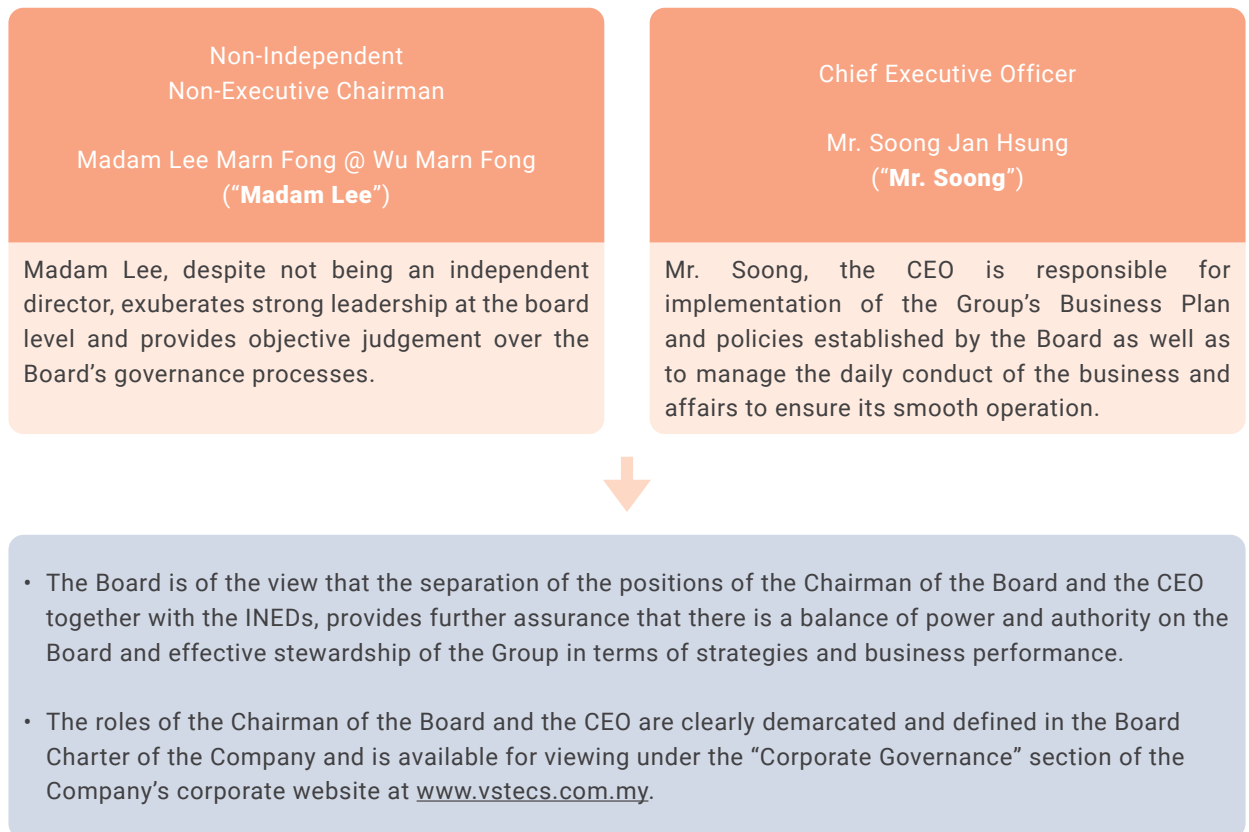
Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(1) Board Responsibilities *cont'd*

1.3 Separation of the positions of the Chairman of the Board and the CEO

The Board recognises the importance of having a clearly accepted division of roles and responsibilities at the head of the Group to ensure a balance of power and authority.



MCCG Practices	Applications by VSTECS
Practice 1.4 The Chairman of the board should not be a member of the audit committee, nomination committee or remuneration committee.	<ul style="list-style-type: none"> ✓ Madam Lee, the Chairman of the Board in FYE 2024, does not sit on any Board Committee nor attend any Board Committees' meetings. ✓ This facilitates the Board to have better check and balance function as well as objective review by the Board on matters recommended by the Board Committees.
APPLIED	

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(1) Board Responsibilities *cont'd*

1.4 Company Secretaries

MCCG Practices	Applications by VSTECs
<p>Practice 1.5</p> <p>The board is supported by a suitably qualified and competent company secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.</p> <p>APPLIED</p>	<p>✓ The Board is supported by two (2) suitably qualified and competent Company Secretaries as follows:-</p> <ul style="list-style-type: none">• Ms. Chua Siew Chuan, FCIS• Mr. Cheng Chia Ping, ACIS <p>✓ <u>Qualifications</u></p> <p>Both are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 ("CA 2016"). Both have also obtained their Practising Certificate issued by the Companies Commission of Malaysia pursuant to Section 241(1) of the CA 2016.</p> <p>Details of the qualifications and experience of the Company Secretaries are set out in Practice 1.5 of the CG Report, available for viewing in the Company's corporate website at www.vstecs.com.my.</p> <p>✓ <u>Unrestricted access to the Company Secretary</u></p> <p>The appointment and removal of the Company Secretaries is a matter for the Board. All Directors have access to the advice and services of the Company Secretaries, who are responsible for ensuring that board procedures are followed and that applicable rules and regulations are complied with.</p> <p>✓ <u>Minute-taker</u></p> <p>The Company Secretaries ensure that the deliberations at the Board meetings are well captured and minuted.</p> <p>Minutes of the Board Meetings have been accurately recorded by the Company Secretaries to reflect the deliberations, in terms of the issues discussed, and the conclusions thereof in discharging its duties and responsibilities. The minutes were then tabled at the next following Board Meeting for perusal and confirmation. Upon Directors' confirmation, the Chairman of the Board Meeting signs the minutes as a correct record of the proceedings and thereafter, the said minutes of all proceedings are kept in the statutory book at the registered office of the Company to be made available for inspection under the CA 2016.</p>

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(1) Board Responsibilities *cont'd*

1.4 Company Secretaries *cont'd*

MCCG Practices	Applications by VSTECS
<p>Practice 1.5 <i>cont'd</i></p> <p>The board is supported by a suitably qualified and competent company secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> ✓ Facilitator The Company Secretaries also play a key role to facilitate communication between the Board and Senior Leadership team. ✓ Continuous Professional Development The Company Secretaries had and will continue to constantly keep themselves abreast on matters concerning company law, capital market, corporate governance, other pertinent matters and with changes in the same regulatory environment, through continuous training and industry updates. <p>For FYE 2024, the Company Secretaries have attended the relevant continuous professional development programmes as required by MAICSA for practising company secretaries to enhance their ability in discharging their duties and responsibilities.</p>

1.5 Circulation of meeting materials

MCCG Practices	Applications by VSTECS
<p>Practice 1.6</p> <p>Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> ✓ As a standing practice, the notice of the Board Meetings is served at least seven (7) days before each Board Meetings. In compliance with Practice 1.6 of the MCCG 2021 as well as the Board Charter of the Company, by leveraging on technology, comprehensive meeting materials have been circulated in electronic form via e-mail at least seven (7) days prior to the Meetings to allow ample time for the Directors to consider the relevant information.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(1) Board Responsibilities *cont'd*

1.6 Board Charter

MCCG Practices	Applications by VSTECs
<p>Practice 2.1</p> <p>The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–</p> <ul style="list-style-type: none"> • the respective roles and responsibilities of the board, board committees, individual directors and management; and • issues and decisions reserved for the board. 	<ul style="list-style-type: none"> ✓ The Board has adopted a Board Charter which governs how the Board conducts its affairs. The Board Charter is applicable to all Directors of the Company and, amongst other things, provides for that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of Company's business. ✓ The Board Charter sets out the authority, responsibilities, membership and operation of the Board of the Group, adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia. ✓ <u>Publication on the corporate website</u> <p>A copy of the Board Charter is available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vstecs.com.my.</p>
APPLIED	

1.7 Code of Conduct and Ethics

MCCG Practices	Applications by VSTECs
<p>Practice 3.1</p> <p>The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering. The Code of Conduct and Ethics is published on the company's website.</p>	<ul style="list-style-type: none"> ✓ One of the key roles of the Board is to promote good business conduct which engenders integrity, transparency and fairness that permeates throughout the Group. Consequently, the Board has formalised the following Codes in compliance with Practice 3.1 of the MCCG 2021 to ensure the implementation of appropriate internal systems for the Senior Leadership and Management teams to support, promote and ensure its compliance. <ul style="list-style-type: none"> (a) Directors' Code of Ethics; and (b) VSTECs's Code of Conduct. <p>(Collectively, referred to as the "Codes")</p> ✓ <u>Publication on the corporate website</u> <p>A copy each of the Codes is available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vstecs.com.my.</p>
APPLIED	

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(1) Board Responsibilities *cont'd*

1.8 Anti-Bribery and Corruption Policy ("ABC Policy")

In line with global trends in anti-corruption legislations, amendments to the Malaysian Anti-Corruption Commission Act 2009 ("**MACC Act 2009**") have been passed by Parliament, the Board has on 28 May 2020 adopted an Anti-Bribery and Corruption Policy to prevent the occurrence of corrupt practices within the Group.

Stand guided by the five principles as illustrated in the Guidelines on Adequate Procedures pursuant to Section 17A(5) of the MACC Act 2009, the Board had been taken steps and actions to prevent the occurrence of corrupt practices:-

- Top Level Commitment;
- Risk Assessment;
- Undertake Control Measures;
- Systematic Review, Monitoring and Assessment; and
- Training and Communication.

Compliance of ABC Policy and practices is further supported with internal operational policies which are published on the employees' intranet and accessible by all employees.

A copy of the ABC Policy is available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vstecs.com.my.

For FYE 2024, the Group has undertaken the following activities:

- (1) ABC training as part of the orientation programme for all new employees;
- (2) Refresher ABC training for all employees;
- (3) Review of ABC pledge acknowledgement for all non-trade service providers to the Group;
- (4) Enhancement of operational Sales Terms & Conditions for business transactions; and
- (5) Refined the scope and role of the Compliance Committee within the Group.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(1) Board Responsibilities *cont'd*

1.9 Whistle Blowing Policy and Procedures

MCCG Practices	Applications by VSTECs
<p>Practice 3.2</p> <p>The board establishes, reviews and together with management implements policies and procedures on whistleblowing.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> ✓ Whistle-blowing is an act of voluntary disclosure/ reporting to Senior Leadership and Management teams of the Group for further action of any improper conduct committed or about to be committed by an employee, officer or Management of the Group. ✓ As guided by Guidance 3.2 of the MCCG 2021, the Board has adopted a Whistle Blowing Policy and Procedures. This Policy shall also similarly apply to all the vendors, partners, associates or any individuals, including the general public, in the performance of their assignment or conducting the business for or on behalf of the Group. ✓ <u>Publication on the corporate website</u> <p>A copy of the Whistle-blowing Policy is available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vstecs.com.my.</p> <ul style="list-style-type: none"> ✓ <u>Handling of Reported Allegation(s)</u> <p>The AC is responsible for the interpretation and supervision of the enforcement of this Policy. The action to be taken by the Group in response to a report of concern under this Policy will depend on the nature of the concern. The AC shall receive information on each report of concern and ensure that follow-up actions be taken accordingly.</p> <ul style="list-style-type: none"> ✓ <u>Communication and Feedback Channel</u> <p>In general, whistle-blowers are expected to utilise the appropriate channels provided, prior to making public statements (as a last resort measure).</p> <p>In line with the advent of technology and electronic communications, report(s) can now be made in verbal or in writing/e-mail and forwarded in a sealed envelope to the designated person(s) as set out in Practice 3.2 of the CG Report which available for viewing in the Company's corporate website at www.vstecs.com.my, labelling with a legend such as "To be opened by the AC Chairman/ Non-Independent Non-Executive Chairman/ CEO or Head of Human Resources only" (where applicable).</p> <p>For FYE 2024, there was no whistleblowing report being made.</p>

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(1) Board Responsibilities *cont'd*

1.10 Sustainability Policy

MCCG Practices	Applications by VSTECs
<p>Practice 4.2</p> <p>The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> ✓ The Group recognises the importance of sustainability and its increasing impact to the business. The Group is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success. ✓ The Board has adopted a Sustainability Policy which apply to the Group. Vide the ERM Committee, the Board has set long-term and short-term targets for its sustainability efforts. The targets must be set along with metrics for measurement, tracking and reporting. The Company will integrate the metrics into the Company's performance management as part of the sustainability strategy. ✓ <u>Publication on the corporate website</u> <p>A copy of this Policy is available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vstecs.com.my.</p>

(2) Board Composition

MCCG Practices	Applications by VSTECs
<p>Practice 5.1</p> <p>The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> ✓ For FYE 2024, the tenure of each Director has been reviewed by the NC and annual re-election of a Director has been contingent on satisfactory evaluation of the Directors' performance and contribution to the Board:- <p>(a) Re-election of Directors</p> <p>All Directors are subject to election by shareholders at the first opportunity after their appointment in the next annual general meeting ("AGM"). The Constitution of the Company ensures that at least one third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM and all Directors stand for re-election at least once in every three (3) years.</p>

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(2) Board Composition *cont'd*

MCCG Practices

Practice 5.1 *cont'd*

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

APPLIED

Applications by VSTECs

(a) Re-election of Directors *cont'd*

Pursuant to Clause 21.6 of the Constitution of the Company, the following Directors are to retire at the forthcoming Twenty-Ninth ("**29th**") AGM (hereinafter referred to as "**the Retiring Directors**"):-

- Madam Lee Marn Fong @ Wu Marn Fong; and
- Madam Anne Rodrigues Nee Koh Lan Heong.

The NC has conducted the following assessment based on the criteria as prescribed by the Main LR of Bursa Securities ("**Prescribed Criteria**") for the Retiring Directors:-

- Mix of skills;
- Character;
- Experience;
- Integrity;
- Competence; and
- Time commitment to discharge their roles.

The NC, as guided by the Directors' Assessment Policy, has undertaken a formal assessment of the Retiring Directors using the Prescribed Criteria as well as non-Prescribed Criteria such as the following:-

- Participation at the Board Committee(s)/ Board Meeting(s);
- Advice/ Guidance rendered to the Board Committee(s) and/or Board based on individual experience and background; and
- The Retiring Directors fitness and propriety with reference to the Directors' Fit and Proper Policy.

Being satisfied with the performance as well as the fit and properness of the Retiring Directors, the NC and in turn, the Board has recommended to shareholders, their re-election at the forthcoming 29th AGM.

(b) Board composition and mix of skills

On behalf of the Board, the NC, in appointing or re-appointing a board member, has considered the current composition of the Board and as well as the skills mix matrix of the Board.

Upon review, the Board opined that the current composition of 7 members would be optimal to support objective and independent deliberation, review and decision making process for FYE 2024.

The biographical details of the Board members are set out in the Directors' Profile section of this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(2) Board Composition *cont'd*

Practice 5.2

At least half the Board comprises independent directors.

APPLIED

57% INEDs

29% NINEDs

14% ED

✓ 57% of the Board comprises Independent Non-Executive Directors (“INEDs”), 29% are Non-Independent Non-Executive Directors (“NINEDs”) while the remaining 14% is the Executive Director (“ED”).

✓ As the Board with a majority of INEDs, the Board believed that it would allow for more effective and impartial oversight of management.

Practice 5.3

The tenure of an independent director does not exceed a term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

APPLIED

✓ As at the date of this Statement, none of the INEDs of the Company has served the Company exceeding a cumulative term of nine (9) years.

Practice 5.4 – Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

APPLIED

✓ The Board had adopted a policy that the tenure of its independent directors shall not exceed a cumulative term of nine (9) years as specified in the Board Charter.

✓ On 26 February 2025, the Board amended its Board Charter to stipulate that the tenure of an INED shall end at the conclusion of nine (9) years and may continue to serve the Board as Non-Independent Director subject to recommendation by the NC and the Board should justify and seek annual shareholders’ approval through a two-tier voting process as described in the MCCG, upon the recommendation from the NC.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

APPLIED

✓ The Board through the NC, undergone the four-staged process as follows, for appointment/ re-appointment of the Director:-

Stage 1

Stage 2

Stage 3

Stage 4

Review of the potential candidates based on stated criteria, with due regard to gender diversity

Board gaps review

Fit and Proper Review

Recommendation to the Board

✓ The NC assesses the suitability of the candidates by taking into consideration the mix of skills, knowledge, expertise and experience, competencies, time commitment and professionalism required by the Board.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(2) Board Composition *cont'd*

MCCG Practices	Applications by VSTECS
Practice 5.6 In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders.	<ul style="list-style-type: none"> ✓ The Board has utilised a variety of sources for the identification of suitable candidates, in addition to the recommendations from existing Board members, management or major shareholders. ✓ In its quest to search for the best possible candidates, the Board, vide the NC has considered the recommendations from the Institute of Corporate Directors Malaysia ("ICDM"), a reputable and independent source as part of its Stage 1 identification process.
APPLIED	
Practice 5.7 The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director.	<ul style="list-style-type: none"> ✓ The details of the Directors interest, position and experience are set out in the Directors' profile in the Annual Report. The performance of the retiring directors is assessed by the NC and the Board before recommendation is made to the shareholders for consideration. For INED, the NC also assesses their relationship with the executives that might influence, or reasonably be perceived to influence their capacity to bring an independent judgement and to act in the best interests of the Company as a whole.
APPLIED	<ul style="list-style-type: none"> ✓ The Board has also provided a statement in the Notice of AGM on its opinion in relation to the appointment and/or re-appointment of candidate, together with its rationale for such opinion, for shareholders' consideration and information.
Practice 5.8 Nominating Committee is chaired by an independent director or Senior Independent Director.	<ul style="list-style-type: none"> ✓ The Board has appointed Dato' Khoo Sin Aik ("Dato' Khoo") as the Senior Independent Non-Executive Director ("SINED") and the Chairman of the NC with effect of 17 May 2023.
APPLIED	

2.1 Board Diversity

The Board has adopted the Board Diversity Policy to affirm its commitment to boardroom diversity as a truly diversified Board can enhance the Board's effectiveness, creativity and capacity to thrive in good times and weather tough times.

Bearing in mind that an appointment to the Board is a long-term commitment to the Company, the Board has not set any quick-fix target or measure for boardroom diversity but nevertheless works to ensure that there is no discrimination on the basis of, but not limited to, ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region, during the recruitment of new Board members.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(2) Board Composition *cont'd*

2.1 Board Diversity *cont'd*

2.1.1 Gender Diversity

For FYE 2024 and up to the date of this Statement, there are three (3) female Directors out of seven (7) Directors, representing 42.86% of the total Board members.



The Board is putting its efforts in getting suitable women who could meet the objective criteria, merit and with due regard for diversity in skills, experience, age and cultural background to join the Board.

Bearing in mind that an appointment to the Board is a long-term commitment to the Company and upon assessment for FYE 2024, the Board opined that the current Board number was at optimum level taking into consideration the size and scale of business operations of the Company. Should the Board decide otherwise in the future which will require the appointment of additional Board members, the Board hereby affirms that due consideration on gender diversity would be one of the assessment criteria during the Stage 1 Review Process.

2.1.2 Ethnicity Diversity

Encik Abdul Aziz Bin Zainal Abidin ("**Encik Abdul Aziz**"), an INED of Malay descent, serves as the Chairman of AC and a member of RC.

2.1.3 Age Diversity

The Board believes that the Directors with younger age profile will be able to provide a different perspective and bring vibrancy to the Group's strategy-making process.

While the general age profile of the majority of the Directors were above fifty years of age, the CEO, Mr. Soong is 61 years of age; while Dato' Khoo, a SINED, is 63 years of age; Mr. Ong Wei Hiam, the NINED, is 53 years of age; Madam Josephine, an INED, is 60 years of age; Encik Abdul Aziz, an INED, is 66 years of age; Madam Anne, an INED, is 74 years of age; and Madam Lee, the NINE Chairman, is 77 years of age, respectively which underlines the Board's commitment to age diversity at the Board level appointment.

2.1.4 Geographical Diversity

The Board believes that its composition of Board members of various nationality and expertise/ Pan-Asian market experiences greatly enhanced its thought process in strategy making and decision-making process. With its members possessing Pan-Asian market experience in Singapore, Hong Kong and China, the Board could have a better outlook on the trends and development on various jurisdictions in which the Group were operating.

A copy of the Board Diversity Policy is available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vsteecs.com.my.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(2) Board Composition *cont'd*

2.2 Nominating Committee

The NC is chaired by Dato' Khoo, who has been re-designated from an INED to a SINED since 17 May 2023.

The NC is governed by the Terms of Reference ("**TOR**") of the NC. A copy of this TOR is available for reviewing under the "Corporate Governance" section of the Company's corporate website at www.vstecs.com.my.

For FYE 2024, the NC comprises exclusively of Non-Executive Directors, majority being INEDs, i.e. two (2) INEDs and one (1) NINED as follows:-

Nominating Committee	Number of Nominating Committee Meetings attended/held in the financial year under review
Dato' Khoo Sin Aik (Chairman)	1/1
Ong Wei Hiam (Member)	1/1
Josephine Phan Su Han (Member)	1/1

The NC met once during the financial year under review for undertaking the following activities:-

- Conducted the online assessment of the AC Members' Self and Peers and the effectiveness of the AC as a whole;
- Conducted the online assessment of the Board Members' Self and Peers;
- Conducted the online assessment of the Board, the Committees of the Board and the contribution of the CEO and Non-Independent Non-Executive Chairman;
- Assessed the size and composition of the Board and Board Committees;
- Reviewed the adequacy of the Board;
- Reviewed the independence of the Independent Directors;
- Reviewed and recommended to the Board, the re-election of the Directors who will be retiring at the forthcoming AGM of the Company;
- Reviewed the attendance of the Board Members at Board and Board Committees Meetings;
- Reviewed the Directors' training programmes attended by the Board of Directors; and
- Reviewed and recommended to the Board on the appointment of a new Director.

2.3 Directors' Time Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as the Directors of the Company, and to use their best endeavours to attend meetings, regardless of their principal place of residence. This time committed also forms one of the criteria for determining the quantum of the meeting allowance payable to the Board members.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(2) Board Composition *cont'd*

2.3 Directors' Time Commitment *cont'd*

For FYE 2024, the Directors have committed a total of 26 hours 31 minutes in discharging their fiduciary duties and oversight function and responsibilities in Board and Board Committee Meetings, as well as the general meetings:-

Type of Meetings	Time Committed
Board of Directors' Meeting	10 hours 53 minutes
Audit Committee Meeting	10 hours 48 minutes
Nominating Committee Meeting	1 hour
Remuneration Committee Meeting	2 hours 10 Minutes
Annual General Meeting	1 hour 40 minutes
Total	26 hours 31 minutes

For FYE 2024, the Board had convened a total of four (4) Board Meetings for the purposes of deliberating on the Group's quarterly financial results at the end of every quarter and discussing important matters which demanded immediate attention and decision-making. During the Board Meetings, the Board reviewed the operation and performance of the Group and other strategic issues that may affect the Group's business. Relevant employees were invited to attend some of the Board Meetings to provide the Board with their views and clarifications on issues raised by the Directors.

The NC has been tasked to review the attendance of the Directors at Board and/or Board Committee Meetings. Upon review, the NC noted the Board members have devoted sufficient time and effort to attend Board and/or Board Committee Meetings for FYE 2024.

For FYE 2024, the current Board members achieved a 100% attendance at the Board Meetings held. The attendance record of each Director at the Board Meetings held during FYE 2024 is as follows:-

Name of Directors	Attendance	Percentage of Attendance
Lee Marn Fong @ Wu Marn Fong	4 out of 4	100%
Soong Jan Hsung	4 out of 4	100%
Dato' Khoo Sin Aik	4 out of 4	100%
Abdul Aziz Bin Zainal Abidin	4 out of 4	100%
Ong Wei Hiam	4 out of 4	100%
Anne Rodrigues Nee Koh Lan Heong	4 out of 4	100%
Josephine Phan Su Han	4 out of 4	100%

The Board will also meet on an ad-hoc basis to deliberate urgent issues and matters that require expeditious Board's direction or approval. In the intervals between Board Meetings, any matters requiring urgent Board's decisions and/or approval can be sought via directors' circular resolution(s) which are supported with all the relevant information and explanations required for an informed decision to be made. Directors' circular resolution(s) which were approved in the intervals between the Board Meetings, would be tabled to the next following Board Meeting for ratification.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(2) Board Composition *cont'd*

2.4 Annual Meeting Timetable

In facilitating the schedule of the Directors, in particular the Directors whose principal place of residence are out of Malaysia, the Company Secretaries will prepare and circulate in advance an annual meeting timetable, which includes all the proposed meeting dates for Board and Board Committee Meetings, as well as the AGM. Upon the concurrence by all the Board members, the annual meeting timetable will be adopted for the applicable financial year.

2.5 Protocol for acceptance of New Directorships

The Board has formalised in the Board Charter its expectations on time commitment for its members as well as the requirement to notify the Chairman prior to accepting any new directorships. Such notification shall also include an indication of time that will be spent on the new appointment.

2.6 Directors' Training

The Board acknowledges the importance of continuous education and training to equip itself for the effective discharge of its duties.

At VSTECS, the Board has adopted the following training formats for its Directors:-

On-boarding training (for newly appointed Director only)	1 Industry Briefing	1 Skills Briefing
<u>Training Objective</u> New appointees to the Board undergo a familiarisation programme, which includes visits to the Group's business operations and meetings with Senior Leadership team to facilitate their understanding of the Group's operations and businesses.	<u>Training Objective</u> To equip the Directors with the latest trend and development affecting the industry and sector as a whole.	<u>Training Objective</u> To enhance the Directors' skills and knowledge on selected topics.

All members of the Board have attended the Mandatory Accreditation Programme – Part I, as prescribed by Bursa Securities. For the Applicable Period, one of the Directors have successfully completed the MAP Part II – Leading for Impact.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(2) Board Composition *cont'd*

2.6 Directors' Training *cont'd*

For FYE 2024, the Directors had participated in the following training programmes in addressing their own training needs (hereinafter referred to as the **"2024 Directors' Trainings"**):-

Name of Directors	Trainings Programmes/Seminars/Forums Attended
Lee Marn Fong @ Wu Marn Fong	<ul style="list-style-type: none"> Conflict of Interest ("COI") and Governance of COI, by Bursa Malaysia in collaboration with Iclif Executive Education Center at The Asia School of Business ("ASB") Cybersecurity Oversight: Board responsibilities in light of the Cybersecurity Bill 2024, by KPMG 2024 International Data Corporation ("IDC") Market Update, by IDC The Rise of Artificial Intelligence ("AI"), by Dato' Khoo Sin Aik ("Dato' Khoo") Mandatory Accreditation Program, Part II ("MAP II") : Leading for impact ("LIP"), by Institute of Corporate Directors Malaysia ("ICDM")
Soong Jan Hsung	<ul style="list-style-type: none"> Cybersecurity Oversight: Board responsibilities in light of the Cybersecurity Bill 2024, by KPMG 2024 IDC Market Update, by IDC The Rise of AI, by Dato' Khoo
Dato' Khoo Sin Aik	<ul style="list-style-type: none"> Cybersecurity Oversight: Board responsibilities in light of the Cybersecurity Bill 2024, by KPMG 2024 IDC Market Update, by IDC The Rise of AI, by Dato' Khoo
Abdul Aziz Bin Zainal Abidin	<ul style="list-style-type: none"> Cybersecurity Oversight: Board responsibilities in light of the Cybersecurity Bill 2024, by KPMG 2024 IDC Market Update, by IDC The Rise of AI, by Dato' Khoo
Ong Wei Hiam	<ul style="list-style-type: none"> Cybersecurity Oversight: Board responsibilities in light of the Cybersecurity Bill 2024, by KPMG 2024 IDC Market Update, by IDC The Rise of AI, by Dato' Khoo
Anne Rodrigues Nee Koh Lan Heong	<ul style="list-style-type: none"> International Sustainability Standards Board ("ISSB") Session with Regulators, by Securities Commission COI and Governance of COI, by Bursa Malaysia in collaboration with Iclif Executive Education Center at the ASB Cybersecurity Oversight: Board responsibilities in light of the Cybersecurity Bill 2024, by KPMG 2024 IDC Market Update, by IDC The Rise of AI, by Dato' Khoo
Josephine Phan Su Han	<ul style="list-style-type: none"> Apply the Requirements of ISSB Sustainability Standards (S1 and S2), by CPA Australia Mastering ISSB: A Deep Dive into International Financial Reporting Standards (IFRS) S1 and S2 2024 IDC Market Update, by IDC The Rise of AI, by Dato' Khoo

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(2) Board Composition *cont'd*

2.6 Directors' Training *cont'd*

In addition, the Company Secretaries and External Auditors update the Board on a regular basis the respective changes and amendments to regulatory requirements and laws and accounting standards to help Directors keep abreast of such developments.

Upon review, the Board concluded that the 2024 Directors' Trainings were adequate.

2025 Directors' Training Needs

Upon review of the training needs of the Directors for the financial year ending 31 December 2025 ("**FYE 2025**"), the Board resolved that the training formats as outlined above be maintained and Senior Leadership team be requested to identify and organise the relevant training sessions accordingly.

The Board also agreed that the remaining Directors should endeavour to enrol for the MAP Part II – Leading for Impact during the FYE 2025, depending on the seat availability of the ICDM.

2.7 Annual Assessment of the Board

MCCG Practices	Applications by VSTECS
<p>Practice 6.1</p> <p>The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> ✓ Echoing the theme of "Sustainable Digitalisation" for financial year ended 31 December 2022 ("FYE 2022"), VSTECS has "digitised" the hardcopy assessment forms. ✓ Directors have been completing the online assessment forms at their convenience and the results were electronically compiled. ✓ Datuk Khoo, as the Chair of the NC led the annual review of board effectiveness, ensuring the performance of each director, the Board Committees as well as the Board as a whole were duly assessed by the NC and documented by the Company Secretaries. ✓ On behalf of the Board, the NC conducted the following assessments annually and subsequently reported the respective results to the Board for notation:- <ul style="list-style-type: none"> (a) Directors' self-assessment and peer assessment survey; (b) Evaluation on the effectiveness of the Board of Directors and the Board Committees; (c) Evaluation on the contribution of the CEO; (d) Evaluation on the contribution of the Non-Independent Non-Executive Chairman; and (e) Annual Assessment of Independence of Directors. ✓ Details of the assessments are set out in Practice 6.1 of the CG Report as set out in the Directors' Assessment Policy is available for viewing under the "Corporate Governance" section in the Company's corporate website at www.vstecs.com.my.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(3) Remuneration

MCCG Practices	Applications by VSTECS								
<p>Practice 7.1</p> <p>The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> ✓ The policies and procedures for determining the remuneration packages of the Directors and CEO of the Group are formalised in the form of a Directors' Remuneration Policy, adopted by the Board. <p><u>Publication on the corporate website</u></p> <ul style="list-style-type: none"> ✓ A copy of this Policy is available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vstecs.com.my. 								
<p>Practice 7.2</p> <p>The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> ✓ The Board has established a Remuneration Committee ("RC") to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and Senior Leadership team. ✓ For FYE 2024, the RC comprises solely of Non-Executive Directors and two (2) of them are Independent Directors during FYE 2024. ✓ The RC of the Company was formed to recommend to the Board the remuneration package of ED and Non-Executive Directors of the Company and its subsidiaries to attract, retain and motivate Directors. The membership of the RC is set out as follows:- <table> <tr> <th>Remuneration Committee</th><th>Number of Nominating Committee Meetings attended/held in the financial year under review</th></tr> <tr> <td>Dato' Khoo Sin Aik (Chairman)</td><td>2/2</td></tr> <tr> <td>Abdul Aziz Bin Zainal Abidin (Member)</td><td>2/2</td></tr> <tr> <td>Ong Wei Hiam (Member)</td><td>2/2</td></tr> </table> <ul style="list-style-type: none"> ✓ The remit of the RC is governed by the TOR of the RC. A copy of the TOR of the RC is available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vstecs.com.my. ✓ The RC met twice during FYE 2024, reviewed and recommended to the Board for approval the following matters:- <ol style="list-style-type: none"> the Group's total bonus for year 2023 and total salary increment for year 2024; the bonus payments to the CEO for year 2023; the bonus payment to the Senior Leadership Team for year 2023; the increments to the Senior Leadership and management teams for year 2024; the Directors' and Board Committee's fees for FYE 2024; the benefits payable to the Directors under Section 230(1)(b) of the CA 2016; the remuneration package of the Non-Independent Non-Executive Chairman as an Advisor of the Company for FYE 2025; and the remuneration package of the ED/CEO for FYE 2025. 	Remuneration Committee	Number of Nominating Committee Meetings attended/held in the financial year under review	Dato' Khoo Sin Aik (Chairman)	2/2	Abdul Aziz Bin Zainal Abidin (Member)	2/2	Ong Wei Hiam (Member)	2/2
Remuneration Committee	Number of Nominating Committee Meetings attended/held in the financial year under review								
Dato' Khoo Sin Aik (Chairman)	2/2								
Abdul Aziz Bin Zainal Abidin (Member)	2/2								
Ong Wei Hiam (Member)	2/2								

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(3) Remuneration *cont'd*

3.1 Details of the Directors' Remuneration for FYE 2024

The RC recommends to the Board the policy and framework of the Directors' remuneration and the remuneration package of the ED. It is the ultimate responsibility of the Board to approve the remuneration packages of Directors.

In compliance with Practice 8.1 of the MCGG 2021, there is detailed disclosure on named basis for the remuneration of individual directors.

For FYE 2024, the aggregate of remuneration received and receivable by the Non-Executive Directors/Chairman of the Company and the Group categorised into appropriate components are as follows:-

Name of Director	Fee RM'000	Meeting Allowance RM'000	Salary RM'000	Benefits- in-kind RM'000	Other Emoluments RM'000	Total RM'000
Executive Director						
Soong Jan Hsung	54	-	-	-	-	54
Sub-total	54	-	-	-	-	54
Non-Executive Directors						
Lee Marn Fong @ Wu Marn Fong	82	3	-	-	-	85
Dato' Khoo Sin Aik	74	5	-	-	-	79
Abdul Aziz Bin Zainal Abidin	77	8	-	-	-	85
Ong Wei Hiam	77	8	-	-	-	85
Anne Rodrigues Nee Koh Lan Heong	63	6	-	-	-	69
Josephine Phan Su Han	61	4	-	-	-	65
Sub-total	434	34	-	-	-	468
Total	488	34	-	-	-	522

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

(3) Remuneration *cont'd*

3.1 Details of the Directors' Remuneration for FYE 2024 *cont'd*

Received on Group Basis

Name of Director	Fee RM'000	Meeting Allowance RM'000	Salary RM'000	Benefits- in-kind RM'000	Other Emoluments RM'000	Total RM'000
Executive Director						
Soong Jan Hsung	58	-	3,111	16	-	3,185
Sub-total	58	-	3,111	16	-	3,185
Non-Executive Directors						
Lee Marn Fong @ Wu Marn Fong	86	3	-	-	177	266
Dato' Khoo Sin Aik	74	5	-	-	-	79
Abdul Aziz Bin Zainal Abidin	77	8	-	-	-	85
Ong Wei Hiam	77	8	-	-	-	85
Anne Rodrigues Nee Koh Lan Heong	63	6	-	-	-	69
Josephine Phan Su Han	61	4	-	-	-	65
Sub-total	438	34	-	-	177	649
Total	496	34	3,111	16	177	3,834

Note: Salaries include bonus and EPF

3.2 Details of Top Five (5) Senior Leadership team's Remuneration for FYE 2024

In accordance with Practice 8.2 of the MCCG 2021, a band of the remuneration for the top five senior management (excluding the ED/CEO of the Company), during FYE 2024 are as follows:-

Senior Leadership team	
RM1,400,001 - RM1,450,000	1
RM950,001 to RM1,000,000	1
RM900,001 to RM950,000	1
RM650,001 to RM700,000	1
RM550,001 to RM600,000	1

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(4) Audit Committee

The membership, a summary of the activities of the AC and Internal Audit Function and activities are stated in the Report of the AC of this Annual Report on pages 119 to 125.

MCCG Practices	Applications by VSTECs
Practice 9.1 The Chairman of the Audit Committee is not the Chairman of the board.	<ul style="list-style-type: none"> ✓ As of the date of this Statement, the Chairman of the AC is Encik Abdul Aziz, an INED, while Madam Lee is the Non-Independent Non-Executive Chairman of the Board.
APPLIED	
Practice 9.2 The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.	<ul style="list-style-type: none"> ✓ For the Applicable Period, the AC has in its TOR adopted the Practice 9.2 of the MCCG 2021 where the TOR of the AC requires a former key audit partner to observe a cooling-off period of at least three (3) years only before being appointed as a member of the AC. ✓ Publication on the corporate website A copy of the revised TOR of AC is available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vstecs.com.my.
APPLIED	
Practice 9.3 The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.	<ul style="list-style-type: none"> ✓ The AC has adopted the policy and procedures to assess the suitability, objectivity and independence of external auditors ("the EA Policy"). ✓ Pursuant to the EA Policy, the AC has conducted an annual assessment on the external auditors for FYE 2024. ✓ In its assessment, the AC considered, inter alia, the following factors:- For assessment on "Suitability" of External Auditors:- <ul style="list-style-type: none"> • The External Auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with approved professional auditing standards and applicable regulatory and legal requirements; • To the knowledge of the AC, the External Auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants ("MIA") which has not been reserved by the Disciplinary Board of MIA; • The External Auditors firm has the geographical coverage required to audit the Group; • The External Auditors firm advises the AC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis; • The External Auditors firm consistently meets the deadlines set by the Group;
APPLIED	

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

(4) Audit Committee *cont'd*

MCCG Practices	Applications by VSTECS
<p>Practice 9.3 <i>cont'd</i></p> <p>The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> • The level of quality control procedures in the external audit firm, including the audit review procedures; and • The External Auditors scope is adequate to cover the key financial and operational risks of the Group. <p>For assessment on "Objectivity" of External Auditors:-</p> <ul style="list-style-type: none"> • The nature and extent of the non-audit services rendered and the appropriateness of the level of fees. <p>For assessment on "Independence" of the External Auditors:-</p> <ul style="list-style-type: none"> • The engagement partner has not served for a continuous period of more than seven (7) years with the Company; • The AC receives written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and • Tenure of the current auditors. <p>✓ The AC noted, for FYE 2024, KPMG PLT, the External Auditors of the Group confirmed in writing that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements.</p> <p>✓ Upon completion of its assessment, the AC was satisfied with KPMG PLT's technical competency and audit independence during the financial year under review and recommended to the Board the re-appointment of KPMG PLT as External Auditors for the FYE 2025. The Board has in turn recommended the same for shareholders' approval at the forthcoming 29th AGM of the Company.</p> <p>✓ During FYE 2024, the AC met twice with the External Auditors without the presence of the Executive Board Members and Senior Leadership team to discuss issues of concern to the External Auditors.</p>

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

(4) Audit Committee *cont'd*

MCCG Practices	Applications by VSTECS
<p>Practice 9.3 <i>cont'd</i></p> <p>The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.</p> <p>APPLIED</p>	<p><u>Provision of Non-Audit Services</u></p> <ul style="list-style-type: none"> ✓ The EA Policy has outlined the circumstances and the approval threshold/ process for the engagement of the External Auditors or its affiliates to perform non-audit services that are not, and are not perceived to be, in conflict with the role of the External Auditors. This excludes audit related work in compliance with statutory requirements. ✓ Before appointing the External Auditors or its affiliates to undertake any non-audit services, considerations would be given as to whether such appointment would create a threat to the External Auditors' independence or objectivity on the statutory audit of the Company's financial statements, including any safeguards that are available to address such a threat. ✓ A former key audit partner is required to observe a cooling-off period of at least three (3) years only before being appointed as a member of the AC.

(5) Risk Management and Internal Control Framework

MCCG Practices	Applications by VSTECS
<p>Practice 10.1</p> <p>The board should establish an effective risk management and internal control framework.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> ✓ A Management Committee known as the ERM Committee, which reports directly to the AC, was established by the Board with the primary responsibility of ensuring the effective functioning of the adopted ERM Framework. ✓ The ERM Committee advises the AC and the Board on a regular basis on areas of high risk and the adequacy of compliance and control procedures throughout the Group. ✓ For FYE 2024, there were four (4) ERM Meetings conducted to review all the risk inputs given through all quarters of the year for all risks together with the impact recorded for risk-ranking purpose. The ERM Committee had also attended and worked on to the risk elements reference as requested by the Internal Auditors. ✓ The Directors are responsible for the Group's system of internal controls and its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of the Group's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

(5) Risk Management and Internal Control Framework *cont'd*

MCCG Practices	Applications by VSTECs
<p>Practice 10.1 <i>cont'd</i></p> <p>The board should establish an effective risk management and internal control framework.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> ✓ The Board has adopted an ERM Framework to manage its risk and opportunities. A Management Committee known as the ERM Committee which reports directly to the AC was established by the Board, with the primary responsibility of ensuring the effective functioning of the adopted ERM Framework. ✓ Details of the ERM Committee are set out in Practice 10.1 of the CG Report, available for viewing in the Company's corporate website at www.vstecs.com.my. ✓ For FYE 2024, the Board, with the assurance rendered by the CEO and the CFO, opined that the risk management and internal controls of the Group were effective and adequate.
<p>Practice 10.2</p> <p>The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.</p> <p>APPLIED</p>	<ul style="list-style-type: none"> ✓ The Statement on Risk Management and Internal Control of the Group in this Annual Report provides an overview of the state and features of risk management and internal controls within the Group. ✓ As part of the risk mitigation measures, the Board has established the following policies:- <ul style="list-style-type: none"> (i) ABC Policy (ii) Code of Conduct (iii) Insider Dealing Policy (iv) Related Party Transaction Policy (v) Succession Planning Policy (vi) Whistle-Blowing Policy <p>(Collectively, referred to as the "Policies")</p> ✓ For FYE 2024, the Board has updated its Related Party Transaction Policy by providing a sample declaration form to ease the Directors' declaration of interest in relation to related party transaction. <p>Publication on the corporate website</p> <ul style="list-style-type: none"> ✓ A copy each of the abovementioned Policies is available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vstecs.com.my.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

(6) Internal Audit Function

MCCG Practices	Applications by VSTECs
<p>Practice 11.1</p> <p>The Audit Committee should ensure that the internal audit function is effective and able to function independently.</p> <p>APPLIED</p>	<ul style="list-style-type: none">✓ For the internal audit function of the Group, the AC maintained an outsourced Internal Auditors as well as an In-House Internal Audit Department.✓ The Outsourced Internal Auditors and In-House Internal Audit Manager communicate regularly with and report directly to the AC. For FYE 2024, the Outsourced Internal Auditors' representative met up three (3) times with the AC.✓ The Internal Audit Review of the Company's operations encompasses an independent assessment of the Company's compliance with its internal controls and makes recommendations for improvement. <p><u>Outsourced Internal Auditors</u></p> <ul style="list-style-type: none">✓ At the AC Meeting held on 14 November 2023, the Outsourced Internal Auditors have presented to the AC the Internal Audit Function's Annual Audit Plan ("the Outsourced Annual Audit Plan") for the year 2024, The AC has resolved that the Outsourced Annual Audit Plan for year 2024 be approved for adoption.✓ For FYE 2024 and up to the date of this Statement, the Outsourced Internal Auditors have successfully completed their audit visits and reporting as per the approved Outsourced Annual Audit Plan. <p><u>In-House Internal Audit Department</u></p> <ul style="list-style-type: none">✓ The In-House Internal Auditors communicate regularly with and report directly to the AC. For FYE 2024, the In-House Internal Auditors met up four (4) times with the AC.✓ At the AC Meeting held on 14 November 2023, the In-House Internal Audit Manager has presented to the AC the In-House Internal Audit Function's Audit Plan for year 2024 and the AC has subsequently approved the In-House Audit Plan for year 2024.✓ For FYE 2024 and up to the date of this Statement, the In-House Internal Audit Department has successfully carried out their audit assignments and reporting as per the approved In-House Audit Plan for year 2024.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

(6) Internal Audit Function *cont'd*

MCCG Practices	Applications by VSTECS
<p>Practice 11.1 <i>cont'd</i></p> <p>The Audit Committee should ensure that the internal audit function is effective and able to function independently.</p> <p>APPLIED</p>	<p><u>Internal Audit Assessment</u></p> <p>✓ The AC had conducted an Internal Audit Assessment annually to review the adequacy of the scope, functions, competency and resources of the internal audit function to ensure that it has the necessary authority to carry out its work and to perform its function effectively in accordance with relevant professional standards.</p> <p><u>Internal Audit Charter</u></p> <p>✓ For FYE 2024, the AC has updated its Internal Audit Charter to cover the assessment on anti-corruption and whistle-blowing processes, as recommended by the MCCG 2021.</p>
<p>Practice 11.2</p> <p>The board should disclose–</p> <ul style="list-style-type: none"> • whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence; • the number of resources in the internal audit department; • name and qualification of the person responsible for internal audit; and • whether the internal audit function is carried out in accordance with a recognised framework. <p>APPLIED</p>	<p><u>Internal Audit Assessment</u></p> <p>✓ For FYE 2024, the AC had conducted an Internal Audit Assessment to review the adequacy of the scope, functions, competency and resources of the internal audit function to ensure that it has the necessary authority to carry out its work and to perform its function effectively in accordance with relevant professional standards.</p> <p>✓ The AC has also prepared the AC Report (for disclosure in the Annual Report) for the Board's perusal and approval. The Board noted the AC Report has made the relevant disclosure in compliance with Practice 11.2 of MCCG 2021.</p>

Corporate Governance Overview Statement

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

(7) Communication with Stakeholders

MCCG Practices	Applications by VSTECs								
<p>Practice 12.1</p> <p>The board ensures there is effective, transparent and regular communication with its stakeholders.</p> <p>APPLIED</p>	<p>✓ The Board ensures that there is effective, transparent and regular communication with its stakeholders through a variety of communication channels as follows:-</p> <p>(a) Corporate Disclosures/ Investor Relations</p> <p>The Board has on 30 November 2018 amended the Corporate Disclosure Policy that superseded the Investor Relations Policy, to ensure only designated spokespersons will be authorised to disseminate information to ensure consistent and accurate flow of information disclosure to the stakeholders.</p> <p>A copy of this Policy is available for viewing under the "Corporate Governance" section of the Company's corporate website at www.vstecs.com.my.</p> <p>(b) Spokespersons</p> <table> <tr> <th colspan="2">Primary Spokesperson:-</th></tr> <tr> <td>CEO</td><td>The Company's CEO has been appointed to communicate with audience constituents and respond to questions in relation to the corporate vision, strategies, developments, future prospects, financial plans and operational matters.</td></tr> <tr> <th colspan="2">Secondary Spokesperson:-</th></tr> <tr> <td>CFO/ Company Secretaries</td><td>The Company's CFO/ Company Secretaries may only communicate to audience constituents on information already in the public domain, unless they are authorised by the Primary Spokesperson to undertake broader communications.</td></tr> </table> <p>(c) Analysts and Investor Briefings</p> <p>The Company is committed to on-going communication across its shareholder base, whether institutional investors, retail or employee shareholders.</p> <p>The Company provides regular investor briefings with research analysts and fund managers, to promote clear and transparent communications to the investment community.</p> <p>Throughout the year, we engaged with our shareholders, investors and analysts by conducting twenty-six (26) meetings, briefings, and engagement sessions. During these sessions, we addressed their questions and gathered insights on their concerns. We received valuable feedback that helped us enhance our disclosures and align more closely with investor expectations. We also issued various press releases on key news throughout the year. Our corporate presentation decks, press releases and analyst reports are made available on our corporate website.</p>	Primary Spokesperson:-		CEO	The Company's CEO has been appointed to communicate with audience constituents and respond to questions in relation to the corporate vision, strategies, developments, future prospects, financial plans and operational matters.	Secondary Spokesperson:-		CFO/ Company Secretaries	The Company's CFO/ Company Secretaries may only communicate to audience constituents on information already in the public domain, unless they are authorised by the Primary Spokesperson to undertake broader communications.
Primary Spokesperson:-									
CEO	The Company's CEO has been appointed to communicate with audience constituents and respond to questions in relation to the corporate vision, strategies, developments, future prospects, financial plans and operational matters.								
Secondary Spokesperson:-									
CFO/ Company Secretaries	The Company's CFO/ Company Secretaries may only communicate to audience constituents on information already in the public domain, unless they are authorised by the Primary Spokesperson to undertake broader communications.								

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

(7) Communication with Stakeholders *cont'd*

MCCG Practices	Applications by VSTECS
<p>Practice 12.1 <i>cont'd</i></p> <p>The board ensures there is effective, transparent and regular communication with its stakeholders.</p> <p>APPLIED</p>	<p>The Company has also issued ten (10) press releases. The research reports and press releases are available for viewing under the “News” section of the Company’s corporate website at www.vstecs.com.my.</p> <p>(d) Corporate Website</p> <p>The Company’s corporate website at www.vstecs.com.my serves as a plethora of information to the public, which includes, inter alia, corporate information, business activities, corporate governance matters, latest press releases, annual reports, financial results, news listing, B2B online and etc.</p> <p>The Company has created two (2) dedicated sections, Investor Relations and Corporate Governance sections to ensure more effective dissemination of information.</p> <p><u>Publication of Notice of AGM on Corporate Website</u></p> <p>Pursuant to Section 320(2) of the CA 2016, a copy of the Notice convening the 29th AGM together with the proxy form are available at the corporate website of VSTECS Berhad at https://www.vstecs.com.my/ar/2024.</p>

(8) Conduct of General Meetings

MCCG Practices	Applications by VSTECS
<p>Practice 13.1</p> <p>Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.</p>	<p>✓ The Annual Report, which contains the Notice of AGM, was sent to shareholders at least twenty-one (21) days, in line with the Constitution of the Company, prior to the date of the meeting to give sufficient time to shareholders to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys as well as to let the shareholders to consider the resolutions that will be discussed and decided at the AGM. The Notice of AGM, which sets out the businesses to be transacted at the AGM, is to be published in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to Bursa Securities.</p>
<p>Practice 13.2</p> <p>All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.</p>	

✓ In compliance with Practice 13.1 of the MCCG 2021, the Board had on 12 April 2024, issued its Notice of Twenty-Eighth (“28th”) AGM of the Company, at least twenty-eight (28) days prior to the date of the meeting i.e., 14 May 2024. The notes to the Notice of 28th AGM provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

(8) Conduct of General Meetings *cont'd*

MCCG Practices	Applications by VSTECs
<p>Practice 13.3</p> <p>Listed companies should leverage technology to facilitate–</p> <ul style="list-style-type: none"> • voting including voting in absentia; and • remote shareholders' participation at general meetings. 	<p>28th AGM held on 14 May 2024</p> <ul style="list-style-type: none"> ✓ All Board members were present at the broadcast venue or attended remotely the general meeting of the Company and provided responses to the shareholders on the key matters arose during the general meeting via live streaming webcast, with the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the SC; and ✓ The Chairman of AC, NC and RC were also present on screen of the 28th AGM to address any questions from shareholders in respect of matters that fall under the purview of the Board Committees.
<p>Practice 13.4</p> <p>The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders.</p>	<p>Poll Voting</p> <ul style="list-style-type: none"> ✓ The Company had conducted the poll voting via remote participation and voting facilities provided by SS E Solutions Sdn. Bhd. via its Securities Services e-Portal at https://www.sshsb.net.my/ (Domain Registration No. with MyNIC Berhad: D4A004360) for all resolutions set out in the Notice of 28th AGM held on 14 May 2024. The Company has appointed an independent scrutineer to validate the votes cast at the Meetings. The poll results of the Meetings were announced by the Company to Bursa Securities on the same day.
<p>APPLIED</p>	
<p>Practice 13.5</p> <p>The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders.</p>	<p>Virtual 28th AGM</p> <ul style="list-style-type: none"> ✓ The 28th AGM held on 14 May 2024 was a fully virtual meeting. ✓ The shareholders were allowed to submit their questions electronically through the online platform provided by SS E Solutions Sdn. Bhd. via SSeP at https://sshsb.net.my/ prior to the Meeting, or used the query box to transmit questions to the Board via RPV facilities during live streaming of the Meeting. ✓ The Chairman of the Meeting had also informed the shareholders during the live streaming of the Meeting that they could submit their questions and comments to the Board during the Meeting via the RPV facilities; and the answers to all the questions were addressed accordingly before the commencement of the poll voting. ✓ Shareholders were given sufficient opportunity to pose their questions before and during the Meeting. The Company had ensured that all the questions were answered.
<p>APPLIED</p>	

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

(8) Conduct of General Meetings *cont'd*

MCCG Practices	Applications by VSTECs
Practice 13.6 Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.	<u>Minutes of 28th AGM</u> The minutes of the 28 th AGM held on 14 May 2024 were published on corporate website no later than thirty (30) business days after the AGM.
APPLIED	

Key CG future priority for FYE 2025

The key priorities of the Board's CG Practices for FYE 2025 are as follows:-

- ✓ Ensuring the integrity of the Group's financial accounting and reporting process be maintained;
- ✓ Ensuring the internal and external audit process as well as risk management oversight by the Board be duly maintained;
- ✓ ESG initiatives be duly implemented and disclosed accordingly; and
- ✓ Conduct of physical meeting mode for the forthcoming Annual General Meeting in year 2025 in compliance with the announcement made by Securities Commission Malaysia on 30 November 2024 in relation to the conduct of physical and/or hybrid general meeting with effect 1 March 2025.

CONCLUSION

The Board is satisfied that, it complies substantially with the principles and recommendations of the MCCG 2021. The CG Report which sets out the application of each Practice of MCCG 2021 is available for viewing in the Company's corporate website at www.vstecs.com.my.

This CG Statement and the CG Report have been approved by the Directors in accordance with a Resolution of the Board of Directors passed on 28 March 2025.

Sustainability Statement

ABOUT THIS REPORT

VSTECS Berhad (“**VSTECS**” or “**the Group**”) wishes to present its Sustainability Statement for FYE 2024 (“**SS2024**”), highlighting the Group’s ongoing progress in initiatives to address Environmental, Social & Governance (“**ESG**”) agendas. Our efforts throughout the year, as reflected in this report, underscores our continued commitment to generating sustainable value for all stakeholders in the pursuit of long-term growth.

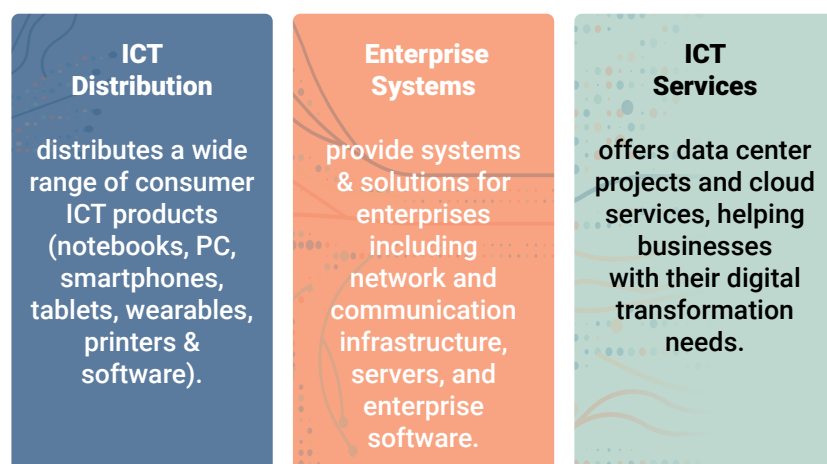
FRAMEWORKS APPLIED

VSTECS’ Board of Directors (“**Board**”) acknowledges that this SS2024 is prepared in reference to the following guidelines and framework listed below:

- Global Reporting Initiative (“**GRI**”) Standards 2021
- Bursa Malaysia’s Sustainability Reporting Guide 3rd Edition as part of the Main Market Listing Requirements
- United Nations Sustainable Development Goals (“**UN SDGs**”)
- FTSE4Good Bursa Malaysia (“**F4GBM**”) Index

SCOPE & MATERIAL BOUNDARY

This report covers VSTECS’s operations across its three primary business segments:



VSTECS operates in the Information and Communications Technology (“**ICT**”) sector. The report includes all operations under the Group’s managerial control, encompassing VSTECS Berhad and its four wholly-owned subsidiary companies – VSTECS Astar Sdn. Bhd., VSTECS Pericomp Sdn. Bhd., VSTECS KU Sdn. Bhd., and VSTECS Kush Sdn. Bhd. – and excludes outsourced activities, our associate company i.e. ISATEC Sdn. Bhd. and our joint venture i.e. Enrich Platinum Sdn Bhd. VSTECS gathers and consolidates non-financial, sustainability-related data from the respective data owners within the Group.

We remain committed to engaging with our extended value chain including more than 4,000 resellers and global brand principals, as well as vendors, customers and channel partners, to promote sustainability practices.

MEMBERSHIP IN ASSOCIATIONS

As a major industry player in the ICT Distribution sector, VSTECS ensures it is active in related industry associations and initiatives to better keep up with, and help address, any salient industry challenges while spreading awareness on material issues along the Group’s value chain and among industry peers. The association(s) that VSTECS associates with include:

- PIKOM (The National Tech Association of Malaysia/ Persatuan Industri Komputer dan Multimedia Malaysia);
- Malaysian Employers Federation (MEF/ Persekutuan Majikan-Majikan Malaysia); and
- MIM (Malaysian Institute of Management/ Institut Pengurusan Malaysia).

REPORTING PERIOD

This reporting period of the Report is from 1 January 2024 to 31 December 2024 (“**FYE 2024**”). Where relevant, comparative data from previous years is provided to highlight performance trends.

LIMITATIONS

VSTECS is fully aware of certain data collection challenges persisting for some indicators and the Group is continuously making effort to ensure the accuracy of data and address these gaps in future reporting cycles.

ASSURANCE STATEMENT

Data quality remains a priority for VSTECS. All non-financial data and sustainability related data has been reviewed and assured internally by management and the respective data owners. Looking forward, VSTECS plans to secure independent external verification of its non-financial data and sustainability related data as part of its dedication to maintain transparency and accountability. VSTECS will also continue to enhance its data collection processes to improve reporting accuracy.

Sustainability Statement

FORWARD-LOOKING STATEMENTS

SS2024 sets forth VSTECS' path toward the future by defining strategic targets along with specific goals and declarations. These plans depend on realistic assessments and reasonable assumptions, yet their implementation faces natural risks alongside uncertainties. The actual results can vary significantly beyond our management control.

REPORT AVAILABILITY & FEEDBACK

VSTECS is committed to transparent communication and engagement with its stakeholders. SS2024 is available in digital format and can be accessed on the VSTECS corporate website at: www.vsteecs.com.my.

The Group welcomes any feedback, suggestions, inquiries and concerns to further improve our reporting practices. Please contact us at: <https://www.vsteecs.com.my/enquiry.php>.

CEO'S MESSAGE ON SUSTAINABILITY

At VSTECS, sustainability is a fundamental pillar of our business operations, reinforcing our vital role in accelerating Malaysia's digital transformation journey. In FYE 2024, we advanced our ESG efforts, demonstrating our commitment to creating value for stakeholders through economic growth, sustainable environmental practices, and planetary stewardship.

Our business strategies are linked to United Nations Sustainable Development Goals so we can actively contribute meaningfully towards global agenda.

In FYE 2024, our Group continued to drive success in sustainability initiatives by expanding solar energy utilisation, enhancing operational energy efficiency and promoting talent development, skills and Electric Vehicle ("EV")-related programmes such as replacing petrol-operated cars with EV models and installing EV chargers to encourage employee's adoption of EVs. These achievements signify our commitment of embracing sustainable practices across our business operations enabling us to continue grow sustainably.

Moving forward, we aim to further enhance our resource usage efficiency, indirectly reducing our carbon footprint while implementing community initiatives that create a lasting, positive impact. In order to ensure our ESG priorities align with our stakeholders' expectations and the ongoing global trends, we plan to conduct a thorough evaluation in this regard via a double materiality assessment in FYE 2025.

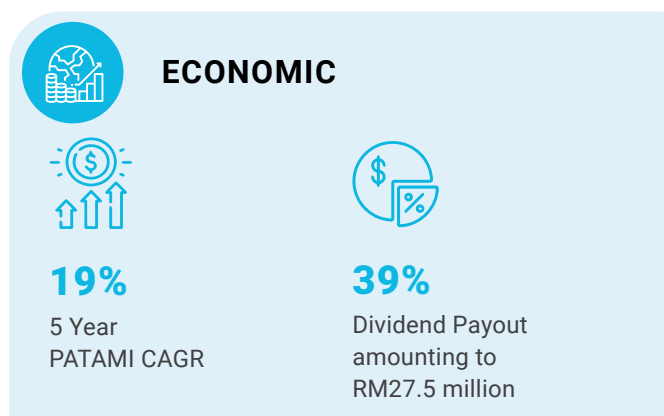
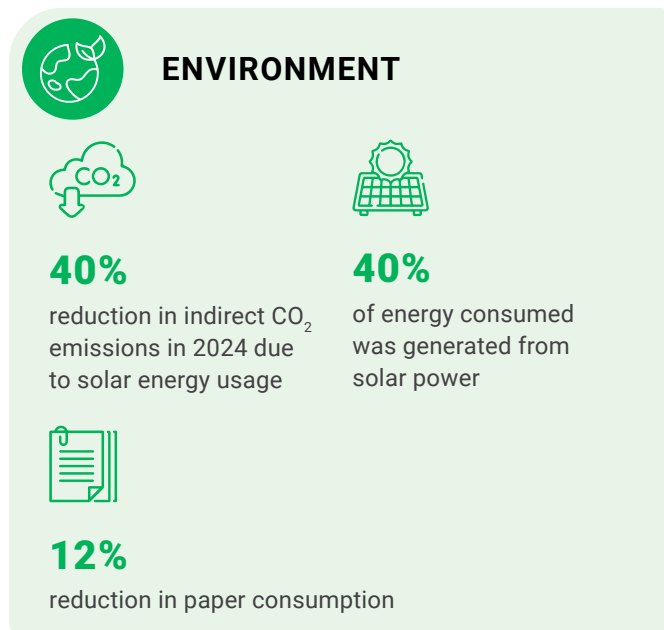
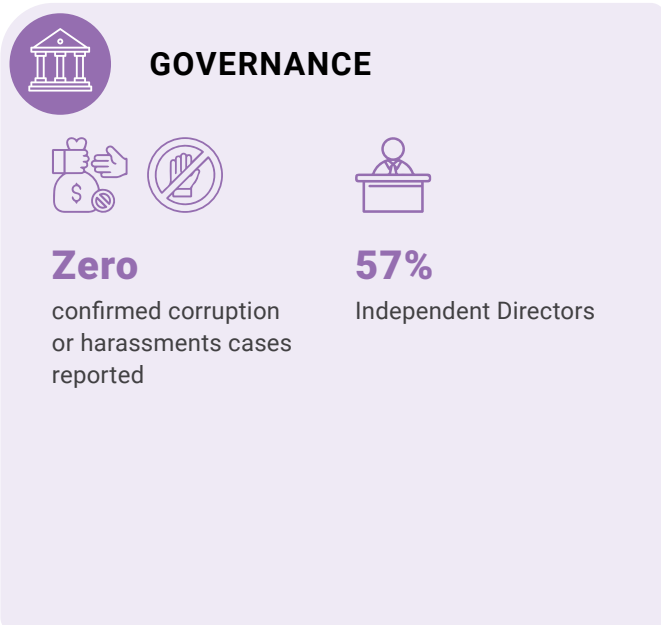
As we move forward, our commitment to sustainability remains unwavering. We will continue to integrate responsible practices across our operations, ensuring long-term value for our stakeholders, communities, and the environment. Together, we can drive meaningful change and build a more sustainable, inclusive, and prosperous future for all.

JH Soong
Executive Director/Chief Executive Officer



Sustainability Statement

FYE 2024 HIGHLIGHTS & ACHIEVEMENTS



SUSTAINABILITY WITHIN THE CONTEXT OF VSTECs

As a leading provider and distributor of ICT products and services for consumers and enterprises, the strength of our business network and channels plays a continuously vital role in supporting the national economy through digital enablement. The products we distribute and the services we implement form the building blocks of mission-critical infrastructure in enabling uninterrupted public, enterprise and social activities. The digital transformation and acceleration of virtual presence communications have a positive effect of reducing resource consumption such as paper, physical commuting and transportation and subsequently its impact on the environment.

Sustainability Statement



COMPANY VISION

- To be the leading provider of Information & Communication Technology products and value-added services.
- We strive for sustainable growth to achieve optimum returns to shareholders.



OUR MISSION



We shall strive to be a leading provider within Malaysia of reputable, quality computer systems, hardware, software, services and support for our customers.



We shall conduct business with our valued customers and suppliers with professionalism and integrity.



We shall have an environment to develop, motivate and reward our staff by providing training and incentives for productivity.



We shall achieve profitability for future growth and to give an adequate return to shareholders.

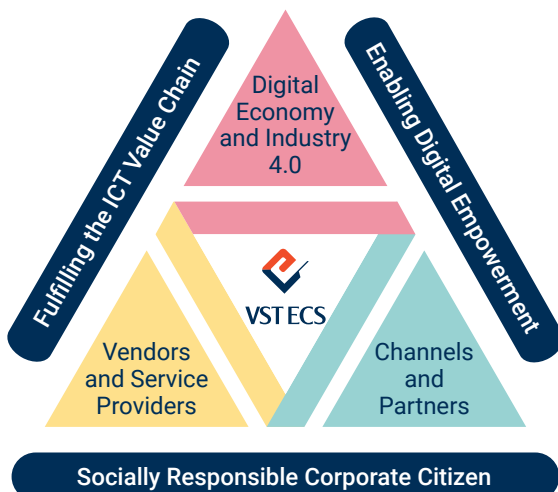


We shall be good corporate citizens with social responsibilities to our communities.



While fulfilling our role as one of the technology enablers in the country, the Group is also committed to maintaining the highest environmental, social and governance standards to ensure the sustainable development of our business. The Group has complied with all relevant laws and regulations applicable to its business, including health and safety, workplace conditions, employment, and the environment.

MALAYSIA ICT INDUSTRY AND COMMUNITY



Our major stakeholders that form part of our business and social ecosystems:

- Workforce and human capital
- Brand vendors/Principals whose brand and products we represent
- Channel, and product and services' partners;
- Non-trade suppliers and service providers
- Shareholders
- Government and regulatory authorities
- Communities where we operate

Sustainability Statement

COMMUNICATIONS AND STAKEHOLDERS' ENGAGEMENT

The Group values the stakeholders' opinions and considers them seriously as part of the Group's strategic formulations. We believe the Group's long-term growth and success is inseparable from understanding stakeholders' views and opinions, thus we uphold an open and honest relationship with our stakeholders. We engage with our stakeholders through a range of channels to collect valuable input on a variety of topics, including ESG matters.

As one of Malaysia's leading distributors of Information, Communication and Technology ("ICT") products and services, we continuously communicate with all our stakeholders, aiming to maximise their long-term benefits and effectively balancing their respective expectations and needs to achieve sustainable development of the Group.

We review and assess our stakeholder engagement methods from time to time to determine their effectiveness and sufficiency. Stakeholder engagement approaches are adjusted where necessary to suit the needs and objectives of the Group and its stakeholders.

Stakeholders	Areas of Concerns	Engagement Channels
Workforce & Human Capital	<ul style="list-style-type: none"> • Career development • Job security • Remuneration & benefits • Training opportunities & development • Workplace health & safety • Labour and human rights • Work-life balance • Recognition & incentives for employees' children's achievements 	<ul style="list-style-type: none"> • Annual staff performance evaluation • Training programmes • Company intranet, email, memos • Employee engagement surveys • Company related events & bulletin • Annual Employee Children Education Incentive Scheme • Sports Club
Brand Vendors/ Principals	<ul style="list-style-type: none"> • Sales Target Performance • Ethical Business Practices • Distribution Infrastructure • Quality Service Assurance 	<ul style="list-style-type: none"> • Scheduled performance review sessions • Supplier audit & evaluation • Product sharing events & networking
Customers/ Channel Partners	<ul style="list-style-type: none"> • Product and services quality and safety • Customer relationships • Privacy protection • After Sales Services 	<ul style="list-style-type: none"> • Scheduled reviews & project tracking milestones • Annual customer satisfaction survey • On-site visits • Training & Support
Shareholders & Investors	<ul style="list-style-type: none"> • Business outlook & growth strategies • Financial performance • ESG practices and sustainability 	<ul style="list-style-type: none"> • Annual General Meeting • Extraordinary General Meeting • Quarterly financial announcements & the Annual Report • Corporate website • Bursa announcements • Investor Briefings
Government/ Regulatory Authorities	<ul style="list-style-type: none"> • Compliance • Health, Safety & Environment ("HSE") practices • Certifications & awards • Corporate governance 	<ul style="list-style-type: none"> • Independent & Internal Audits • Dialogues • Meetings • Compliance Committee
Community	<ul style="list-style-type: none"> • Job and business opportunities • Community support & development • ESG practices & commitments 	<ul style="list-style-type: none"> • Employment opportunities • CSR activities • Social outreach programmes • Internships

Sustainability Statement

MATERIALITY ASSESSMENT PROCESS











VSTECs believes that a robust sustainability strategy starts from identifying material matters based on their internal impact on the Group's business and their external impact on stakeholders. In line with Bursa Malaysia's guidelines, VSTECs identified its material matters based on internal deliberations with the management. The identification of these material matters has allowed the Group to more effectively pinpoint and prioritise critical sustainability issues, ensuring effective management and resource allocation.

VSTECs remains committed to continuously enhancing its materiality matters. We will soon develop and adopt a double materiality approach through a refined materiality assessment exercise ("MAE") that aligns with both the International Financial Reporting Standards ("IFRS") and existing Bursa Malaysia frameworks.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("UNSDGs")

The Sustainable Development Goals ("SDGs"), established by the United Nations (UN), outline 17 global objectives aimed at promoting sustainability and equality on a worldwide scale.

Reflecting this commitment, VSTECs has identified and aligned key SDGs with its core sustainability priorities and strategic direction. Our focus remains on integrating these goals into our business operations, ensuring meaningful contributions to sustainable development.

	Material Topics	Our Strategies
ECONOMIC	<ul style="list-style-type: none"> Economic Value Generated Product Quality and Customer Satisfaction Supply Chain Management Information Security 	<ul style="list-style-type: none"> Strengthen local employment by prioritising the hiring of local workers. Support the local economy by sourcing operational and administrative supplies exclusively from local vendors and service providers. Sustain long-term financial growth through consistent revenue and profit expansion. Drive sustainable shareholder returns through a strategic and effective dividend payout approach. Maximise return on equity through an effective capital structure, enhanced operational efficiency, and sustainable growth initiatives. Maintain high customer and vendor satisfaction through annual audits and performance evaluations.
		    
ENVIRONMENTAL	<ul style="list-style-type: none"> Climate Change and Emissions Energy and Resource Consumption Water Consumption Waste Management Biodiversity 	<ul style="list-style-type: none"> Optimise energy consumption by reducing electricity withdrawal from the main grid. Transition towards cleaner energy by increasing reliance on solar power. Implement circular economy principles to minimise resource use and maximise efficiency. Reduce grid electricity consumption by 5% by 2028, using 2023 as the baseline. Cut paper usage by 5% by 2028 through digitalisation and waste reduction initiatives. Lower water consumption per employee to 7m³ by 2028. Increase recycling efforts to ensure at least 50% of total waste is diverted from landfills. Adopt and reinforce the 3R (Reduce, Reuse, Recycle) principles to minimise waste generation.
		    

Sustainability Statement

	Material Topics	Our Strategies
SOCIAL	<ul style="list-style-type: none"> Diversity and Inclusion Training Development and Management Occupational Health and Safety Human Rights and Labour Standards Corporate Social Responsibility 	<ul style="list-style-type: none"> Maintain a zero-workplace fatality record through stringent safety measures. Foster a holistic work environment with programmes promoting mental and physical well-being. Uphold gender balance by maintaining a 50:50 male-to-female employee ratio. Employee Growth & Recognition. Enhance workforce capabilities through targeted technical training and skills development. Celebrate employee achievements by recognising their children's academic and non-academic accomplishments. Strengthen local employment commitments by prioritising community-based hiring. Support social progress through community programmes and local engagement initiatives.
		    
GOVERNANCE	<ul style="list-style-type: none"> Corporate Ethics and Governance Anti-Bribery and Anti-Corruption Regulatory Compliance 	<ul style="list-style-type: none"> Uphold good corporate governance, ethical business practices and adhere to all applicable laws and regulations. Conduct rigorous supplier assessments and adopt sustainable procurement practices. Ensure robust cybersecurity measures to protect stakeholder data. Maintain a corruption and bribery-free business environment.
		 

Sustainability Statement



GOVERNANCE

SUSTAINABILITY GOVERNANCE STRUCTURE

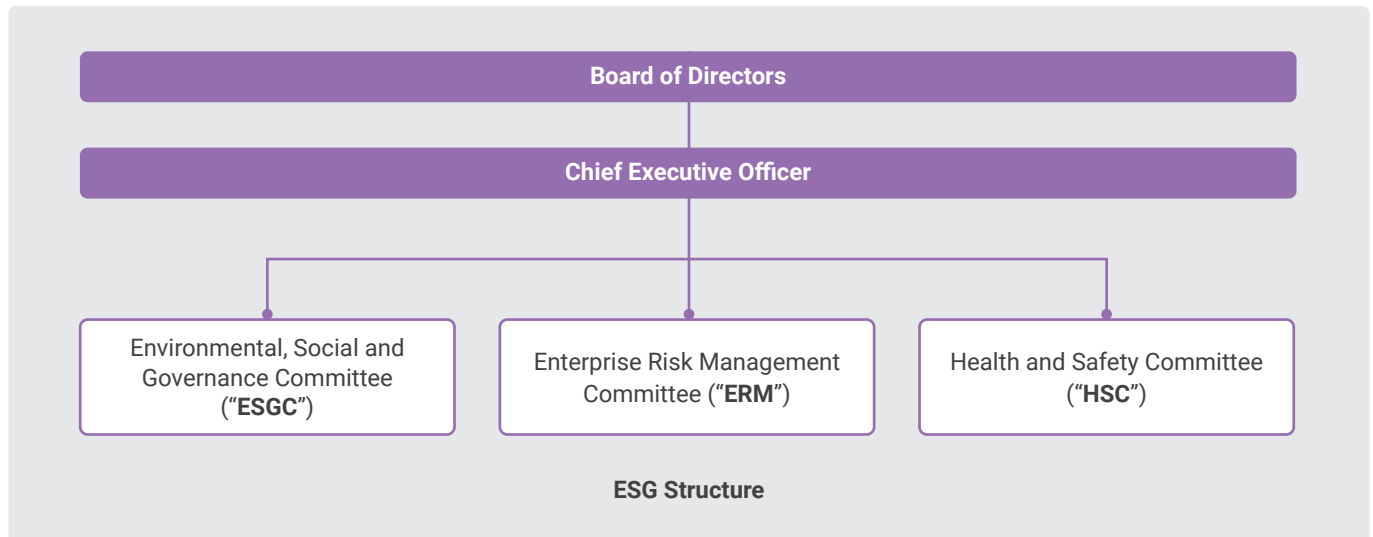
The Group is well aware that a strong sustainability governance structure is essential in our journey towards becoming a socially and environmentally responsible company. Besides that, a solid governance structure will ensure that VSTECS can implement and monitor our sustainability strategies successfully. As such, we integrate the concept of sustainability from the top leadership down to all the employees within the Group.

Sustainability is governed at the highest level by the Board. The Board also discusses and approves important updates and/or the creation of current and new sustainability policies, activities and other initiatives. We have an established ESG structure comprising the following:

- Environmental, Social and Governance Committee (“**ESGC**”)
- Enterprise Risk Management Committee (“**ERM**”)
- Health and Safety Committee (“**HSC**”)

Our ESG structure reports to and is headed by our Group CEO and Executive Director, Mr. Soong Jan Hsung.

The diagram below illustrates the Sustainability Governance Structure that we have institutionalised:



Sustainability Statement



GOVERNANCE

Governing Body	Head	Roles and Responsibilities
Board	Chairman	<ul style="list-style-type: none"> Advisory body overseeing the Group's overall Sustainability Governance Scrutinising, approving and monitoring the overall sustainability initiatives
ESG Structure	Chief Executive Officer	<ul style="list-style-type: none"> Spearheads the overall Group sustainability initiatives, supported by: <ul style="list-style-type: none"> Enterprise Risk Management Committee Environmental, Social and Governance Committee Health and Safety Committee
ERM Committee	Chief Executive Officer	<p>Meets on a quarterly basis:</p> <ul style="list-style-type: none"> To identify both external and internal risks which may affect the business in material manner To evaluate, prioritise, and assess such impacts To formulate the necessary strategic planning, monitoring, control and mitigation to be put in place
ESGC	Chief Financial Officer	<p>Reports to the CEO:</p> <ul style="list-style-type: none"> To identify, evaluate and manage environmental impacts arising from business operations To identify, address and improve on workforce environment and social well-being To oversee the compliance, governance of operational and marketing activities as well as financial activities and reporting, in adherence to accounting standards
HSC	Senior Manager and Safety Officer	<p>Reports to the CFO:</p> <ul style="list-style-type: none"> To monitor and enforce Occupational Safety and Health Act ("OSHA") regulations and workplace safety To continuously improve awareness on workplace safe-practices and staff health

The remuneration and KPIs of the Chief Executive Officer ("**CEO**") (who is also an Executive Director), Chief Financial Officer, Chief Information Officer and some of the Senior Leadership team will be linked to the achievement of the Group ESG KPI, targets and performance from FYE 2025 onwards.

Board policies are published on our website at <https://www.vstecs.com.my/board-policies.php>.

Sustainability Statement



GOVERNANCE

GOVERNANCE, RISK MANAGEMENT & RESPONSIBLE BUSINESS PRACTICES

Our governance philosophy is based on integrity and values that apply to all our employees. Maintaining high standards of ethics and behaviour allows our business to operate responsibly. We recognise the importance of clearly stating our principles and commitments. The Group's corporate ethics and governance standards serve as a defined framework for the Group in this regard. The Board sets the standards for ethical behaviour, while the Group's systems, processes, procedures, and policies are designed to foster ethical behaviour as a culture within our organisation.

The Board maintains a robust risk management framework and internal control systems to safeguard assets, business, and our shareholders' investment. The Board ensures the integrity of these frameworks and internal control systems are maintained through regular reviews and ongoing risk management updates. The ERM Committee is chaired by our Executive Director and CEO, Mr. Soong Jan Hsung.

These reviews are performed regularly to identify, assess and manage the risks faced by the Group. Reviews are done holistically to also address major risk areas of concern in the sustainability landscape, such as those from the areas of governance, social, economic and environmental risks.

Identified sustainability-related risks are updated. More details can be found in our Statement of Risk Management and Internal Control in this Annual Report.

Our Code of Conduct, Code of Ethics, Anti-Bribery and Corruption Policy, and Whistleblowing Policy are reviewed and revised from time to time to be in line with the changes in laws, regulations, and corporate governance practices. The policies are publicly available on our website: <https://www.vstecs.com.my/>.

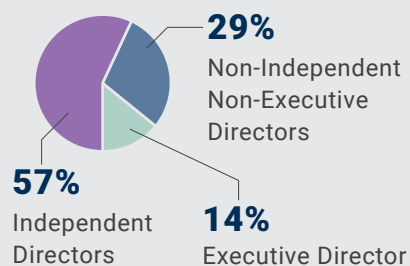
BOARD DIVERSITY FOR EFFECTIVE GOVERNANCE

The Group maintains an effective Board by having diversity in age, ethnicity, and gender while keeping a firm focus on the merit of each Board member. The aim is to provide the necessary range of perspectives, skills, qualifications, experience, and expertise required to strengthen the Board composition to achieve the objectives and strategic goals of the Group. We believe that a diverse board is a step towards better governance.

Information pertaining to the composition of the Board, their skillsets and professional experience as well as gender is provided in the Directors' Profile section of the Annual Report.

Board Demographics

Board Composition



Board Gender Diversity



Female Chairman

43%

Female Directors

Board Meetings



100% overall attendance for

4 board meetings held in FYE 2024

Sustainability Statement



GOVERNANCE

Board Tenure



3 years average tenure of Independent Directors

Min : 1 year 10 months
Max : 5 years 3 months

Board Committee

Board Committee

67% Independent directors in all board committees

Audit Committee

- 2 independent directors out of 3 directors
- All members have vast financial experience from various fields such as accounting, finance, insurance, corporate finance and risk management

Nominating Committee

- 2 independent directors out of 3 directors
- Members have strong experience in their respective industries ranging from IT, finance and risk consulting

Remuneration Committee

- 2 independent directors out of 3 directors
- Members have strong experience in their respective industries ranging from IT, finance and risk consulting

Additional information on the specific role of the Board in providing the necessary stewardship of the Group and championing good corporate governance is provided in the Corporate Governance Overview Statement for FYE 2024 which forms part of this Annual Report.

ETHICS, COMPLIANCE AND INTEGRITY

The Group is committed to adhering to all applicable laws, regulations, and ethical business principles. We strive to ensure that our employees embody our corporate values and are committed to the highest ethical standards in our business operations.

Our Code of Ethics is formulated for the Board and each Director to be committed on areas of ethical risk; to provide guidance to Directors to help them recognise and deal with ethical issues; to provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability. Besides that, we have an institutionalised Code of Conduct which is aimed at Directors, management and employees of the Group. Both of these Codes were designed to enhance the standard of corporate governance and corporate behaviour with the intention of, amongst others upholding the spirit of professionalism, integrity, responsibility, loyalty, commitment, dedication, transparency, and accountability in line with the legislation, regulations and environmental and social responsibility guidelines governing a company. These codes are also communicated to our employees via the Company's Employee Handbook with each employee confirming their understanding and acknowledgment.

Sustainability Statement



GOVERNANCE

Ensuring the proper operation of the governance body is crucial to VSTECs' success and long-term sustainability. The CEO is responsible for the implementation of the Group's business plan and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation. There is also Conflict of Interest ("**COI**") Policy in place, with COI declaration by employees required to ensure that actual, potential and perceived COIs are identified and managed effectively.

POLITICAL CONTRIBUTIONS

VSTECs maintains a strict stance on political neutrality and does not make any political contributions. We are committed to ethical governance, transparency, and operating with integrity in all our business activities. In FYE 2024, the Group has not made any donations to any political parties.

ANTI-BRIBERY & CORRUPTION COMPLIANCE

To ensure compliance with our Group's policies, procedures, and internal system processes, we have made the necessary information available on both our corporate website and office intranet for the benefit of all employees. Additionally, in alignment with the MACC Act 2009 - Section 17A, which came into effect on 1 June 2020, we have updated internal operational policies regarding marketing and promotional activities, as well as enhanced the employee code of conduct related to gifts and entertainment expenses to reflect the requirements of the Act. Our Group's Anti-Bribery and Corruption ("**ABC**") policy is publicly accessible at www.vstecs.com.my.

In line with the nation's goal of eradicating bribery and corruption, we hold our workforce to the highest standards of legal compliance. We are committed to transparency in all business dealings with our vendors and channel partners. Open, honest, and transparent communication is embedded in our corporate culture, which we believe is essential for long-term sustainability.

Since January 2021, our Group has required all business partners, including channel partners, retailers, non-trade vendors, and service providers, to sign a Notice of ABC Compliance Acknowledgement. Furthermore, 100% of our Board members, management, and employees have confirmed their receipt and understanding of the ABC policy.

VSTECs conducts regular training on anti-corruption for both existing and new employees. Additionally, anti-corruption messages are disseminated across various channels to further raise awareness. For FYE 2024, the Group has undertaken ABC training as part of the orientation programme for all new employees, as well as refresher ABC training for all employees.

Number of hours staff have received training on anti-corruption (hours)

Anti-Corruption Training	FYE 2022	FYE 2023	FYE 2024
a. Management	104	107	115
b. Executive	216	231	259
c. Non-Executive	73	72	67
Total anti-corruption training hours	393	410	441

INTERNAL OPERATIONAL COMPLIANCE

The Group's internal compliance framework is supported by well-established policies that ensure efficient and effective operations. These policies and procedures are available to all employees, promoting sound internal control and adherence to compliance standards. They cover key areas such as finance, general management, operations, human resources, information technology, and sustainability, including economic, environmental, and social policies.

Management at all levels is responsible for upholding these standards, ensuring they are applied across the organisation. The Compliance Committee supports management by providing guidance, tools, and methodologies, and regularly reviews the level of awareness, understanding, and application of compliance controls through structured evaluations and tailored enforcement programmes.

The Group's internal audit team also plays a key role, performing compliance audits based on independent risk assessments and reporting their findings directly to the Board.

Sustainability Statement



GOVERNANCE

REGULATORY COMPLIANCE

VSTECS maintained full compliance with all relevant policies, protocols, laws and industry standards throughout FYE 2024. While the Group received zero (0) fines or regulatory actions relating to environmental standards, social requirements, corporate integrity, anti-corruption measures or governance frameworks for FYE 2024, the Group did make a payment to LHDN amounting to RM800 for compounds related to 2019 and 2021.

0

**Non-Compliance with
law & regulations in
FYE 2024**

VSTECS' business operations rigorously follow all applicable regulations. Through structures like its Enterprise Risk Management Committee, the Group identifies and addresses potential risks by implementing comprehensive mitigation measures.

Sustainability Statement



ECONOMIC

VSTECS believes that achieving a strong financial performance is crucial not only in driving continued business operations but also delivering sustainable and diverse economic value to our stakeholders, including solid returns to our shareholders, fulfill tax responsibilities and contribute to employee welfare and community development.

ECONOMIC VALUES GENERATED

VSTECS ICT Distribution, Enterprise Systems and ICT Services segments serve the consumer market and remain key growth drivers for the business in FYE 2024, contributing to a healthy financial and operational performance. Highlights of our direct economic values created are shown here, with our Management Discussion and Analysis showcasing our financial performance in more detail:

**RM93.1 million PBT and
RM70.6 million PAT**

**RM877.9 million
Total Assets**

**RM2.90 billion
Total Revenue**

VSTECS also ensures value distribution to various stakeholders from its generation of economic returns. The table shows the indirect values created and distributed by the Group:

	FYE 2024 (RM'000)
Economic value generated (revenue)	2,912,701
Economic value distributed	2,863,327
- Total procurement spend	2,753,146
- Total payout to employees (salaries and benefits)	65,442
- Total taxes paid to government	20,137
- Dividends to shareholders	24,602
Economic value retained	49,383

Note: The economic value generated & retained include Enrich Platinum Sdn Bhd (JV) & ISATEC Sdn Bhd (associate).

Sustainability Statement



ECONOMIC

PRODUCT QUALITY AND CUSTOMER SATISFACTION

As a leading distribution hub for ICT products, enterprise systems as well as ICT services in Malaysia, providing exceptional customer service and delivering top-quality products are vital for building brand loyalty and trust.

Quality and Responsibility

In pursuing quality excellence in the Group, VSTECS strives to always carry products and represent brand vendors/ principals that are of high reputation and good standing within the ICT industry. Before the Group takes on the role of a brand representative or fulfilment agent of a brand, the following key areas are assessed for quality and responsibility:

- The product should provide or facilitate a positive function for the end user;
- The product should be of a certain quality, reliability and certified by the relevant governing standards (i.e. SIRIM, MCMC);
- The brand vendors/ principals shall be of reputable standing within the industry; and
- The product's main function and purpose should not be offensive in nature or dangerous to society in general.

Customer and Vendor Satisfaction

Customer and vendor satisfaction are a cornerstone of the Group's operations. It is essential that we continue to foster mutually beneficial, enduring and sustainable relationships with both our customers and vendors to ensure long-term retention, which remains a key advantage in an increasingly competitive ICT industry. VSTECS remains committed to always improving its platforms and services to tailor to the needs of its customers and vendors, so that customers and vendors satisfaction is enhanced and sustained.

SUPPLY CHAIN MANAGEMENT

As a leading ICT product distributor, supply chain management is essential for the Group. Our product vendors, who are mostly brand vendors/principals, are one of the key stakeholders in the Group. We value our relationship with suppliers and are actively developing a sustainable supply chain that meets the Group's ethical, environmental, health and safety standards.

VSTECS ensures good and fair governance and business practices are always stringently observed in its supply chain for non-trade suppliers. This is mainly propagated through the Notice of ABC Compliance Acknowledgement for compliance purposes, as well as the necessary screening of suppliers by the relevant personnel and/or departments. We maintain a supplier list that is updated regularly.

Furthermore, the necessary due diligence on new and existing suppliers is done by screening them thoroughly prior to any engagement. This ensures that VSTECS only deals with external parties that follow an acceptable standard of integrity in the conduct of their business.

Group procurement of non-trade suppliers (businesses providing goods that do not form part of our trade inventories) administrative and operational supplies and services are subject to a stringent procurement policy based on tiered approval matrices and open-tender Request for Proposal (RFP) evaluation processes. The procurement committee includes members from the finance department, the ERP/IT department, and the relevant departments in which the purchased supply or services is intended to serve.

Our Brand Vendors/Principals

Within the context of our core business, most of our brand vendors/principals are well-established and well-known international brands. The majority of our brand vendors/principals operate in the U.S. and other developed countries, which have the highest standards pertaining to safety, environmental management, labour and human rights standards. They are expected to consistently comply with the applicable regulations. In turn, we are required to conduct our business in accordance with the world-class policies set by our suppliers. By way of our distributorship agreements with leading U.S. brand vendors/principals, we maintain compliance with the following legislations:

- US FCPA (Foreign Corrupt Practice Act);
- USC Title 19 on Forced Labour;
- UK Modern Slavery Act 2015; and
- ILO, Protocol of 2014 to the Forced Labour Convention, 1930.

Sustainability Statement



ECONOMIC

In order to increase the efficiency and effectiveness of our supply chain management, different brand vendors/principals are managed by our designated product managers so that they can take full care of each principal. Our team will have regular meetings with these principals to discuss market trends and order volumes.

Our Channel Partners (Customers/Resellers)

As part of our business social responsibility to always conduct business with reputable entities and in a responsible manner, the Management adopts a strict vetting mechanism in terms of sign-up of new retailers with the following key aspects:

- Creditworthiness evaluation (for retailers);
- Background reputation within the industry;
- Financial track-record.

Retailers and channel partners agree to be subjected to sales audit by the brand vendors/principals that VSTECS represents.

Since January 2021, our Group strictly enforces a Notice of Anti-Bribery and Corruption (ABC) Compliance Acknowledgement signed by the corporate representative of all our business partners including channel partners, retailers, non-trade suppliers, and other service providers. The acknowledgement includes a pledged awareness of Section 17(A) of the MACC Act 2009 on corporate liability.

Environmental and Social Compliance in the Supply Chain

The Group recognises and respects the different customs and practices that our suppliers and vendors in different operating environments might have. However, it is important that in working with VSTECS, our suppliers and vendors should also comply not only with domestic and international laws but also ensure they obey the necessary social and environmental legislation, such as those that relate to pollution, labour, health and safety and more.

Current suppliers and vendors for VSTECS are required to comply to the following sustainability-related commitments outlined by the Group in order to remain

VSTECS' business partner and continue bidding for contracts.

For Social Standards

- Suppliers and vendors should be committed to upholding good social practices within their operations including the prevention of child labour and forced labour, promotion of non-discrimination or equal opportunities, right to freedom of association and collective bargaining in compliance with local laws, the reduction of excessive working hours, supporting the right to a minimum or living wage as well as good health and safety standards.

For the Environment

- Suppliers and vendors should be committed to the preservation and positive well-being of the environment in relation to the related company's energy use, water use, climate change impacts such as GHG emissions released, biodiversity impacts such as the protection of the nature, waste management, material and resource use, pollution as well as other pertinent environmental-related issues.

The environmental and social policies and commitment statements disclosed above are communicated to all our suppliers and vendors via their contracts, and translated into the relevant languages for them if required. When needed, certain supplier and vendor staff are also trained in relevant social and environmental standards upheld by the Group. The Group also encourages its third-party partners to report on their social and environmental performance, and where possible, initiate impact-reduction initiatives to strengthen their social and environmental standards so that the entire value chain contributes positively to a better society and environment.

Risk assessments are also done on potential new and current suppliers and vendors based on social and environmental standards, with current suppliers undergoing inspection audits by VSTECS when needed to ensure our business partners are operating with integrity on the sustainability front as well as business front.

Sustainability Statement



ECONOMIC

We also evaluate non-trade suppliers based on various criteria including their commitment towards minimising environmental impact and their management of energy and resource use. Additionally, we ensure that our non-trade suppliers strictly adhere to human rights laws concerning minimum wage, child and forced labour, working hours, as well as health and safety standards of their employees.

Local Procurement

VSTECs believes in sourcing locally when possible. Not only does it benefit the Group in cost and time efficiency but also in the larger positive impacts it brings in generating the local economy, reducing carbon footprint in logistics as well as contributing to nation-building and the surrounding communities through more job opportunities created in the country.

On Inventory	FYE 2022	FYE 2023	FYE 2024
Proportion of Spending on Local Procurement (%)	73%	76.2%	70.6%
Proportion of Suppliers Who Are Local (%)	68%	66%	70%

On Non-trade Creditors	FYE 2022	FYE 2023	FYE 2024
Proportion of Spending on Local Procurement (%)	100%	99.7%	99.9%
Proportion of Suppliers Who Are Local (%)	100%	99.8%	99.8%

Total Group Procurement	FYE 2022	FYE 2023	FYE 2024
Proportion of Spending on Local Procurement (%)	73.5%	76.6%	71.2%

INFORMATION SECURITY

Confidential Information Risk Management

Being a channel-centric organisation in the ICT industry means that VSTECs is naturally the custodian of a highly diverse and substantial quantum of customer database information with an even greater volume of transactional data. We have strict policies and enforcement procedures in handling such information as required by law and the Group's policies. Furthermore, product pricing and promotional information are closely guarded due to the sensitive nature of the market's competitive landscape.

While the Group's nature of business does not generally involve information relating to private individuals, we have system-controlled (via our ERP system) measures in place to safeguard sensitive commercial information and data in our dealings with internal and external parties. Access to external and transactional data is categorised and only made available to specific job roles requiring access to such information.

Data Security and Protection Policy

The Group complies with the Personal Data Protection Act ("PDPA") 2010 and has implemented the Data Security and Protection Policy to safeguard or protect data or information from corruption, theft or loss. Our IT department continues to safeguard the integrity of our IT infrastructure and systems to ensure our cybersecurity defences remain robust and resilient against current and future cyber threats. We achieve this by:

- 
 Actively engaging in surveillance practices for system security
- 
 Conducting periodic third-party penetration testing
- 
 Providing comprehensive cybersecurity training to our staff

We also prevent any data loss by undertaking system redundancy tests including fail over testing activities, and company-issued notebooks are secured with storage encryption.

	FYE 2023	FYE 2024
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0
Number of identified leaks, thefts, or loss of customer data	0	0

Sustainability Statement



ENVIRONMENTAL

At VSTECS, we are committed to growing our business responsibly while safeguarding the environment. We continuously strive to minimise the environmental impact of our operations and implement concerted strategies to reduce our carbon footprint.

CLIMATE CHANGE

VSTECS acknowledges the growing threat that climate change poses to both the environment and social well-being. Although our core business focuses on distributing ICT products, enterprise systems, and providing ICT Services—activities that inherently generate minimal emissions—we remain steadfast in our efforts to reduce emissions wherever possible and contribute to global environmental sustainability. Our commitment to combating climate change reflects our broader environmental responsibility to reduce greenhouse gas (“GHG”) emissions.

Our strategy incorporates targeted initiatives, such as optimising energy consumption to reduce wastage and enhance efficiency, exploring potential to increase the share of renewable energy, adopting digital solutions to minimise internal paper usage, fostering a sustainability culture among employees, and enhancing overall operational sustainability. By embedding sustainability into our business operations, we aspire to mitigate climate-related risks, unlock emerging opportunities, and contribute to a more climate-resilient and sustainable future. This has also led us to craft new environmental pledges and commitments that may better address climate change, since we are committed to reducing our climate change impacts and emissions where possible.

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

GOVERNANCE

Recommended Disclosure a)

Describe the board’s oversight of climate-related risks and opportunities.

Recommended Disclosure b)

Describe management’s role in assessing and managing climate-related risks and opportunities.

The governance of all sustainability matters, including climate-related risks and opportunities, is embedded at the highest levels of the organisation under the oversight of the Board of Directors. The Board is supported by the Environmental, Social, and Governance Committee (“ESGC”) and the Enterprise Risk Management Committee (“ERMC”).

Chaired by the Chairman, the Board serves as an advisory and governing body, overseeing and approving the organisation’s overall sustainability strategy. Key matters, such as energy and emissions performance, waste management, and other sustainability-related initiatives, are regularly presented to the Board through periodic updates.

The Chief Executive Officer (“CEO”) leads the overall ESG governance structure and plays a pivotal role in assessing and managing climate-related risks and opportunities. This is achieved through a clearly defined organisational framework and structured processes.

The ESGC and ERMC work in tandem to identify risks, including climate-related risks, and develop appropriate sustainability strategies. Quarterly meetings ensure that management remains informed of all relevant sustainability matters, including emerging sustainability risks, including climate-related risks, evolving regulatory requirements, and opportunities for innovation.

For further details on the governance structure, please refer to page 86.

Sustainability Statement



ENVIRONMENTAL

STRATEGY

Recommended Disclosure a)

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Recommended Disclosure b)

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

The Group remains cognisant of climate-related risks and opportunities across the short, medium, and long term, each with potential implications for its business, strategy, and financial planning. These risks fall into two primary categories: transition risks, such as regulatory changes and evolving market expectations, and physical risks, such as extreme weather events and rising temperatures.

In the short term (0–2 years), the Group may face increasing regulatory requirements and enhanced reporting obligations. In response, the Group views improving operational efficiency and enhancing sustainable practices as key opportunities to strengthen resilience and remain at the forefront of sustainability reporting developments.

Over the medium term (2–10 years), risks are expected to include stricter regulatory standards, potential carbon pricing mechanisms, and increased stakeholder scrutiny. Physical risks, such as flash floods, may reduce the distribution capabilities due to limited route access, thereby affecting supply chains and operational continuity.

In the long term (>10 years), physical risks, including more frequent and severe weather events, are expected to intensify, potentially causing operational delays. Opportunities during this period lie in aligning with global Net Zero targets, tapping into renewable energy sources, and forming strategic partnerships to drive large-scale sustainability initiatives.

By continuously assessing and responding to these risks and opportunities, we remain well-positioned to adapt our business model and build long-term resilience in a changing climate.

RISK MANAGEMENT

Recommended Disclosure a)

Describe the organisation's processes for identifying and assessing climate-related risks.

Recommended Disclosure b)

Describe the organisation's processes for managing climate-related risks.

Recommended Disclosure c)

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

The Group adopts a comprehensive Enterprise Risk Management ("ERM") Framework to identify, assess, and manage risks, including sustainability risks such as climate-related risks. This three-tier system is overseen by the Board, supported by the ERM Committee led by the Executive Director/CEO.

The Group's ERM framework integrates sustainability risks, including climate-related risks, into its overall risk assessment. Risks are identified and evaluated through materiality assessments, management meetings, and cross-departmental input. These processes take into consideration changes in the business environment, regulatory developments, and emerging sustainability issues. A detailed risk register is maintained and regularly updated to reflect the current risk landscape, ensuring that identified risks are prioritised and appropriately addressed.

The ERM Committee assists the Audit Committee ("AC") and the Board in implementing mitigation measures and monitoring significant risks, including climate-related risks. Risk assessment templates are used to record incidents, impacts, and corresponding mitigation actions. The quarterly ERM reports, which include updates on new sustainability initiatives and risk management procedures, are presented to the AC for review. Additionally, the Group has developed a Business Continuity Management ("BCM") programme to manage crisis and disaster scenarios, ensuring operational resilience and safeguarding business continuity in the face of climate-related events and other critical risks.

Sustainability risks are fully embedded within the Group's overall risk management framework. Climate-related risks are evaluated alongside other key risks—such as governance, social, and economic risks—to provide a holistic view of the Group's risk exposure. This integrated approach ensures that sustainability considerations are factored into strategic planning and operational decision-making.

For further details, please refer to the Sustainability Governance (page 86) and Statement of Risk Management and Internal Control (page 114 - 118) sections.

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METRICS AND TARGETS

Recommended Disclosure a)

Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.

Recommended Disclosure b)

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

The Group measures its GHG emissions by accounting for direct (Scope 1) and indirect emission (Scope 2) stemming from its business operations. Scope 1 emissions are quantified as tonnes of CO₂e per litre of fuel consumed, while Scope 2 emissions are measured as tonnes of CO₂e per kWh of electricity used. The accounting of Scope 3 emissions encompasses the employee commuting and business travel categories, quantified as tonnes of CO₂e per passenger kilometre, considering various transportation modes.

VSTECS calculates its emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard ("**GHG Protocol**"), using the emission factors from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and US Environmental Protection Agency Climate Leaders. The global warming potential ("**GWP**") factors for all greenhouse gases are consistent with the Intergovernmental Panel on Climate Change ("**IPCC**") Sixth Assessment Report, 2023 (AR6) based on a 100-year timeframe.

Refer to Emissions Management at page 98 - 99 and Energy Management at page 100 - 101 for more information on climate-related metrics.

EMISSIONS MANAGEMENT

Given our business model, that is primarily focused on the trading of ICT products, Enterprise Systems, and the provision of ICT Services, our operations do not generate significant quantities of greenhouse gas ("**GHG**") emissions. However, we are committed to improving transparency and enhancing our reporting practices by tracking and reporting emissions across Scopes 1, 2, and 3.

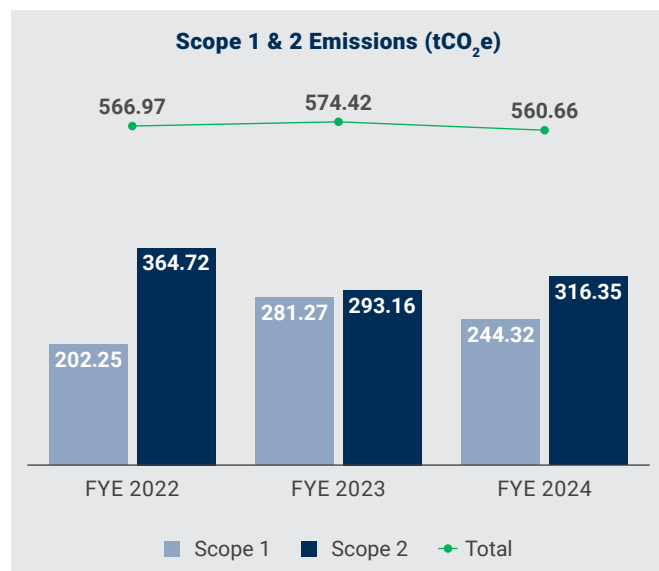
We have begun tracking, quantifying, and reporting Scope 1 emissions, stemming from the combustion of fossil fuels for operational activities. Building on previous disclosures of grid electricity consumption for warehousing and office facilities, we revised our Scope 2 calculation approach in FYE 2024 to align with the GHG Protocol's accounting methods. This has resulted in the restatements of past year data. To gauge overall operational efficiency, we also compare our operational emissions against revenue performance, providing an emissions intensity metric that offers valuable insights into our efficiency improvements over time.

In FYE 2024, VSTECS recorded an overall decrease of its operational emissions by 2.40% compared to FYE 2023, amounting to 560.66 tCO₂e. Despite the marginal increase in Scope 2 emissions, the reduction in Scope 1 emissions stemming from fuel consumption, has translated into an improvement in its emission intensity, now recorded at 0.19, a 8.27% decrease compared to the previous year. The overall improvement is a testament to our commitment to keeping climate change at the forefront of the operations, driven by our concerted efforts in renewable energy adoption.

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Note:

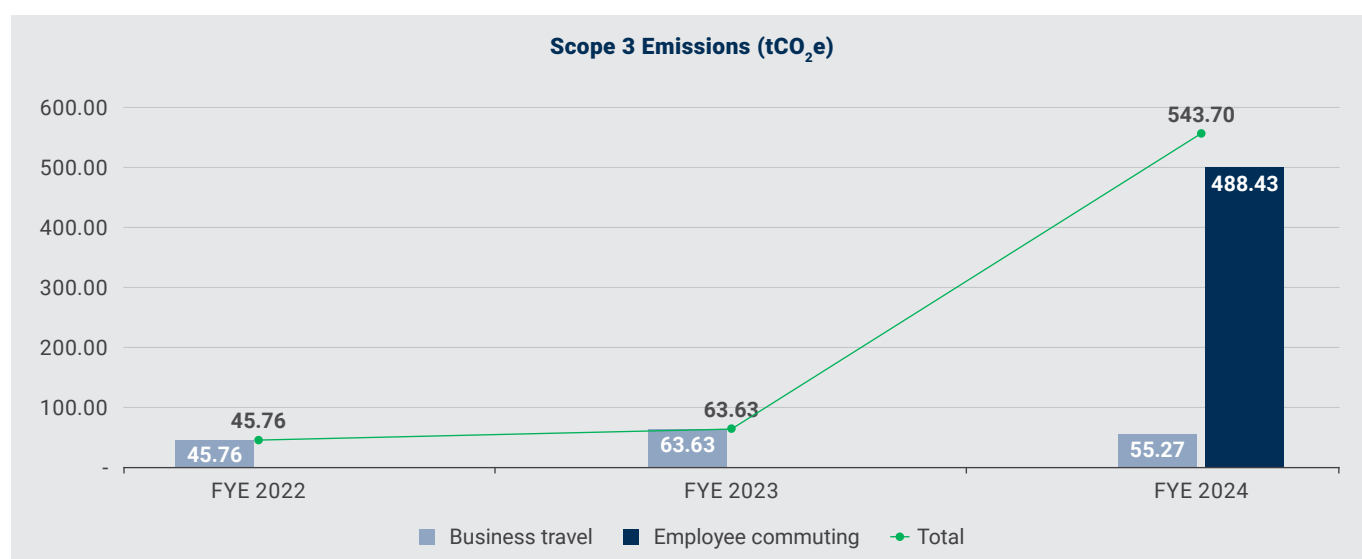
1. Past years data have been restated as the calculations of Scope 2 emissions follow the emission factor based on the United Nations Framework Convention on Climate Change (UNFCCC) Harmonised Grid Factors 2021.
2. For Scope 1 emissions, the emission factor and Global Warming Potential (GWP) values are retrieved from the Intergovernmental Panel on Climate Change (IPCC) database.

	FYE 2022	FYE 2023	FYE 2024
Operational emission intensity (tCO ₂ e/RM mil)	0.20	0.21	0.19

Recognising the significance of indirect emissions across our value chain, we continue to report on Scope 3 emissions as part of our enhanced environmental reporting practices.

In FYE 2024, we broadened our Scope 3 boundary to include estimated emissions from employee commuting, offering a more comprehensive account of our carbon footprint.

As a result, our total Scope 3 emissions for FYE 2024 amounted to 543.70 tCO₂e, with employee commuting contributing approximately 89.83% of the total. While this addition has significantly increased our reported Scope 3 emissions, it underscores our commitment to improving data coverage and enhancing transparency.



Note:

1. The emission factors used are based on the United States Environmental Protection Agency (EPA) GHG Emission Factors Hub, while Global Warming Potential (GWP) values are retrieved from the Intergovernmental Panel on Climate Change (IPCC) database.
2. Following the revision of the emission factors, past year data have been restated accordingly.

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ENERGY MANAGEMENT

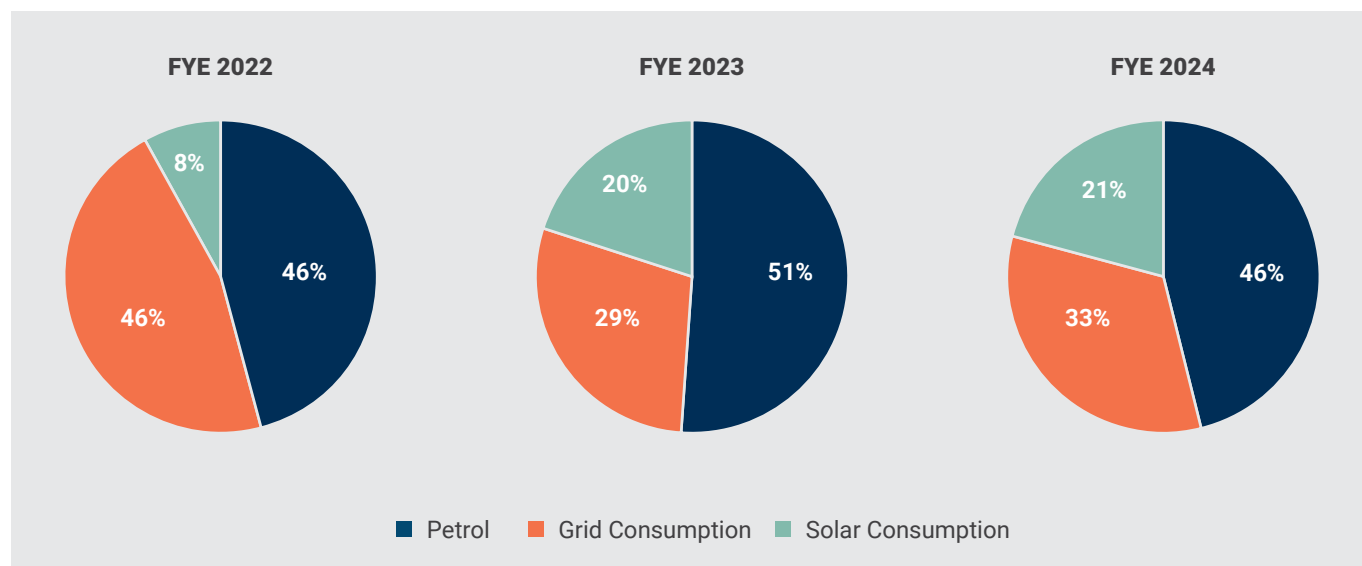
Given the nature of VSTECS operations, our primary energy usage is through petrol consumption and electricity consumption. In FYE 2024, our Building Energy Intensity (BEI) was 78 kWh / m² / year, substantially below the Green Building Initiative (GBI) benchmark of 150 kWh / m² / year. The following chart details grid electricity consumption at our headquarters.

	FYE 2022	FYE 2023	FYE 2024
Petrol consumption (L)	72,175	100,373	87,187
Grid electricity consumption (kWh)	663,130	533,010	575,180
Solar power consumption (kWh)	113,400	364,560	377,753
Total energy consumption (GJ)	5,178	6,545	6,309
% of renewable energy	8	20	22
Energy Intensity (GJ / RM mil)	1.87	2.40	2.17

Note:

The conversion factor used to convert consumption to energy values are based on the Malaysia Energy Statistic Handbook 2020.

Energy Consumption Breakdown



	FYE 2022	FYE 2023	FYE 2024
Headcount (staff + 3 rd party personnel)	423 (393 + 30)	436 (410 + 26)	441 (415 + 26)
Grid electricity utilised per person (kWh / person / year)	1,568	1,223	1,304
Building Energy Intensity (kWh / m ² / year)	89	72	78

Sustainability Statement



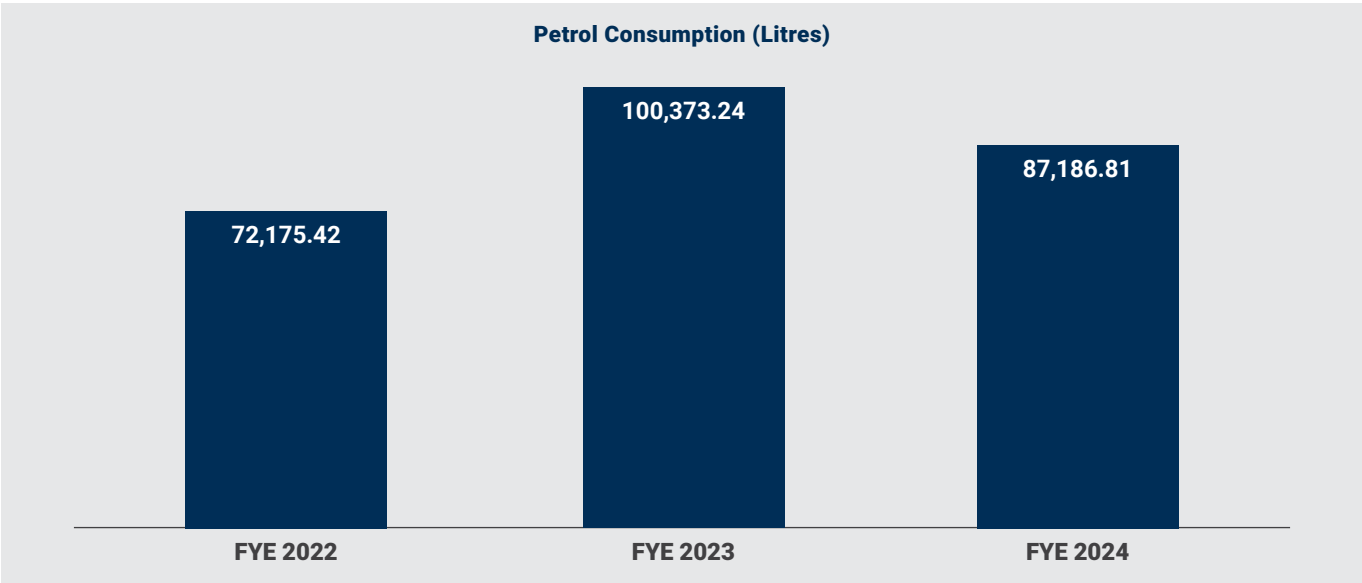
ENVIRONMENTAL

While VSTECS’ current BEI performance is significantly below the GBI benchmark, we will continue to explore opportunities for further optimisation.

We are committed to responsible energy consumption and continuous improvement in electricity efficiency. A key initiative in this effort was the August 2022 installation of a 290 kWp rooftop solar power system. This system generates approximately 360,000 kWh annually, reducing our dependence on grid electricity. In FYE 2024, the solar system provided 40% of our total electricity needs, exceeding our initial target of 35%.

This investment resulted in a 5% reduction in grid electricity consumption by % of total energy consumption in FYE 2024. Building on this progress, the Group has set a further target to reduce grid electricity usage by 5% over the next four years (2025-2028), using FYE 2023 as the baseline. This commitment underscores our dedication to sustainability and minimising our environmental impact.

For VSTECS, tracking petrol use is vital. Fuel is a significant expense, so monitoring consumption aids in controlling costs and budgeting optimisation. Outside of reducing our dependence on fossil fuels, efficient fuel use also indicates efficient operations, highlighting areas like route planning and vehicle maintenance that can reduce utilisation.



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WATER MANAGEMENT

VSTECS values water conservation and actively encourage our employees to practise responsible usage. While our water consumption increased by 15% in FYE 2024 due to increase in employees working from the office, our water usage remains primarily for staff hygiene, canteen, cleaning, and landscaping, as our business activities do not involve manufacturing.

	FYE 2022	FYE 2023	FYE 2024
Water Consumption at VSTECS Main Office (m ³)	2,892	3,354	3,859
Water Utilised per person (m ³)	6.84	7.69	8.75
Water Intensity (m ³ / RM mil)	1.04	1.23	1.33

Committed to further improvement, the Group maintains our target to reducing per-employee water consumption to 7m³ by 2028 through efficient resource management. Supplied by Air Selangor from local, non-water-stressed treatment plants, our operations produce zero water discharge. All of our wastewater results from standard building activities, including staff facilities, canteen operations, and cleaning.

WASTE MANAGEMENT

Our ICT-focused operations generate minimal, primarily municipal, waste, collected daily by municipal services. While some packaging is recycled, the remainder, often unrecyclable (like plastic film) or food waste, stems from canteen operations and overseas shipments. No industrial by-products or scheduled waste are produced. The Group prioritises practices the 3Rs, repurposing usable packaging and aiming for a 50% recycling rate. Electronic waste, including employee-brought items, is handled by specialised waste management providers via a strict sorting system.

	FYE 2024
Waste generated (Tonnes)	22,704.27
Waste diverted from disposal (Tonnes)	13,385.80
Waste directed to disposal (Tonnes)	9,318.47

MATERIALS AND RESOURCES MANAGEMENT

The Group has significantly reduced paper consumption across all administrative levels over the past five years through digitalisation programmes. This has resulted in a 56% decrease in paper usage since 2019, demonstrating our commitment to paperless operations as part of its ongoing digital transformation. Looking ahead, VSTECS plans to further digitise processes and aims to achieve an additional 5% reduction in paper consumption (measured in reams) between 2024 and 2028, using 2023 as the baseline year.

FYE 2024 marks our inaugural annual data collection for raw materials used during our business activities, to further consolidate our resource efficiency practices and set meaningful targets in this regard.

	FYE 2022	FYE 2023	FYE 2024
Recycled Paper Packaging (Reams)	990	731	640
Recycled Cardboard (kg)	4,825	10,299	9,757
Recycled Plastic Packaging and Straps (kg)	325	405	100

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Our material usage for FYE 2024 saw a reduction across all of our key packaging materials, with a significant drop in plastic usage of 75%. This was the result of the following initiatives and practices:

- In June 2024, printers were upgraded to enable serial number printing on A5 paper instead of A4 paper, reducing paper usage and cost by 50%.
- Implementation of an e-document approval workflow, streamlining processes, reducing physical paperwork, and accelerating approvals for improved time and cost efficiency.
- Recycle and reuse of cardboard cartons as protective packaging and base material for shipments.
- Reuse of plastic wrappings as packing filler material.
- Recycling of non-reusable plastic straps.

ENVIRONMENTAL COMPLIANCE

We uphold the highest standards of compliance in the aspects of environmental and social, as part of our commitment to responsible business practices. Our operations are guided by stringent adherence to all relevant environmental regulations and requirements. Given the nature of our business in ICT product trading, Enterprise Systems, and ICT Services, our environmental footprint is relatively limited.

Nonetheless, we continuously monitor our practices to meet regulatory requirements and manage environmental risks when they arise. This has enabled us to maintain a clean compliance record, with zero environmental fines or penalties reported to date.

	FYE 2022	FYE 2023	FYE 2024
Total costs of environmental fines and penalties during financial year	0	0	0

BIODIVERSITY

Within our operational context, VSTECS does not operate in or near biodiverse habitats, and our activities have minimal direct impact on biodiversity. However, the Group acknowledges the broader importance of protecting ecosystems and natural resources. We remain committed to responsible business practices that minimise environmental impact and promote sustainable development, aligning with global efforts to preserve biodiversity for future generations.

Looking ahead, VSTECS aims to explore biodiversity-enhancing initiatives, such as integrating green spaces within office premises, supporting reforestation programs, and collaborating with conservation organisations to raise awareness on biodiversity protection. These efforts reflect our proactive approach to contributing to a healthier and more sustainable environment beyond our immediate operations.

Sustainability Statement



SOCIAL

The Group regards talent as one of its core strengths and essential to its continued success. We place employees at the center of our business operations, acknowledging that their dedication and expertise are key drivers of our growth and resilience. The Group is steadfast in its commitment to fostering fair employment practices, nurturing a diverse and inclusive workplace, and investing in employee development.

All employment-related policies, including fair labour practices and the Employee Handbook, are published on the employee intranet for easy access by all staff. As a responsible employer, we strictly comply with all relevant labour laws and regulations in Malaysia.

To promote a healthy work-life balance, the Group has also established an active sports club, providing employees with opportunities to engage in recreational and fitness activities. The Group offers a comprehensive medical test for all staff aged 45 and above, complementing the benefits provided through the medical insurance plan. These initiatives reflect our commitment to the well-being and holistic support of our employees.

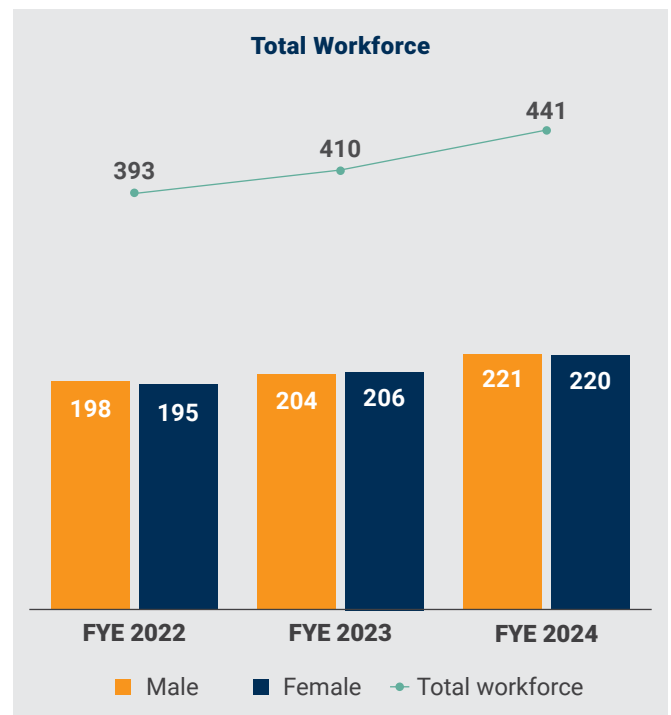
DIVERSITY AND INCLUSION

At VSTECs, diversity and inclusion are not merely policies, but principles deeply embedded in our culture, reflecting our belief that *"technology is a tool, people make the difference"*. We deem that a fair and inclusive workplace fuels innovation, strengthens collaboration, and builds resilience, allowing us to thrive in an ever-evolving business landscape. Our commitment is to ensure that every individual has an equal opportunity to grow and excel based on merit, capability, and contribution.

We are dedicated to fostering an environment where diverse perspectives are valued, empowering our employees to bring their authentic selves to work. Our approach is built on the principles of equity and fairness, ensuring that hiring, promotions, and career advancement are free from bias and rooted in performance and potential. We actively embrace diversity across all dimensions, including race, gender, ethnicity, age, physical ability, nationality, religion, sexual orientation, and cultural background.

In line with this commitment, we continuously seek to broaden opportunities for underrepresented groups. Our initiatives aim to uplift individuals from disadvantaged backgrounds, those with limited formal education, and those facing social or economic barriers. We believe in creating pathways for these individuals, recognising the value and unique perspectives they bring to the workforce.

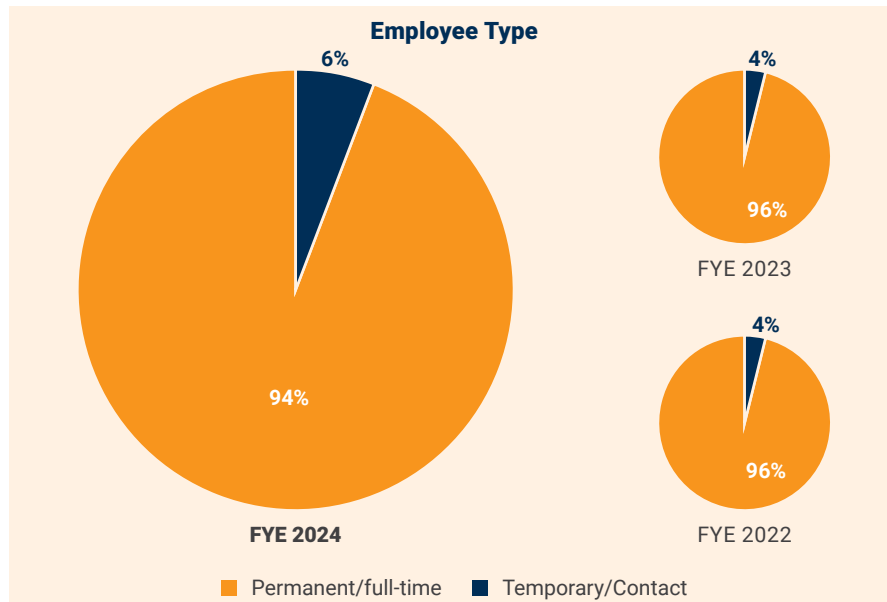
In FYE 2024, our total workforce comprised 441 employees, with an overall commendable gender balance of 50% female and 50% male across the organisation. This reflects our efforts to create an equitable workplace where talent is nurtured and rewarded without bias.



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Full-Time Employee Turnover Rate

FYE 2024
13.5%

FYE 2023
15.7%

FYE 2022
21.4%

Gender Breakdown by Employee Category

Employee Categories	Gender	FYE 2022		FYE 2023		FYE 2024	
		%	Number	%	Number	%	Number
Management	Male	65.4	68	67.3	72	61.7	71
	Female	34.6	36	32.7	35	38.3	44
Executive	Male	45.8	99	45.0	104	47.5	123
	Female	54.2	117	55.0	127	52.5	136
Non-executive	Male	42.5	31	38.9	28	40.3	27
	Female	57.5	42	61.1	44	59.7	40

Age Breakdown by Employee Category

Employee Categories	Age	FYE 2022		FYE 2023		FYE 2024	
		%	Number	%	Number	%	Number
Management	30 and below	1.9	2	-	-	-	-
	31-50	78.8	82	80.4	86	79.1	91
	51-64	19.2	20	19.6	21	20.9	24
	more than 65	-	-	-	-	-	-
Executive	30 and below	29.2	63	22.1	51	37.1	96
	31-50	69.4	150	51.9	120	60.6	157
	51-64	0.9	2	25.5	59	1.9	5
	more than 65	0.5	1	0.4	1	0.4	1
Non-executive	30 and below	56.2	41	58.3	42	49.3	33
	31-50	35.6	26	33.3	24	37.3	25
	51-64	8.2	6	8.3	6	13.4	9
	more than 65	-	-	-	-	-	-

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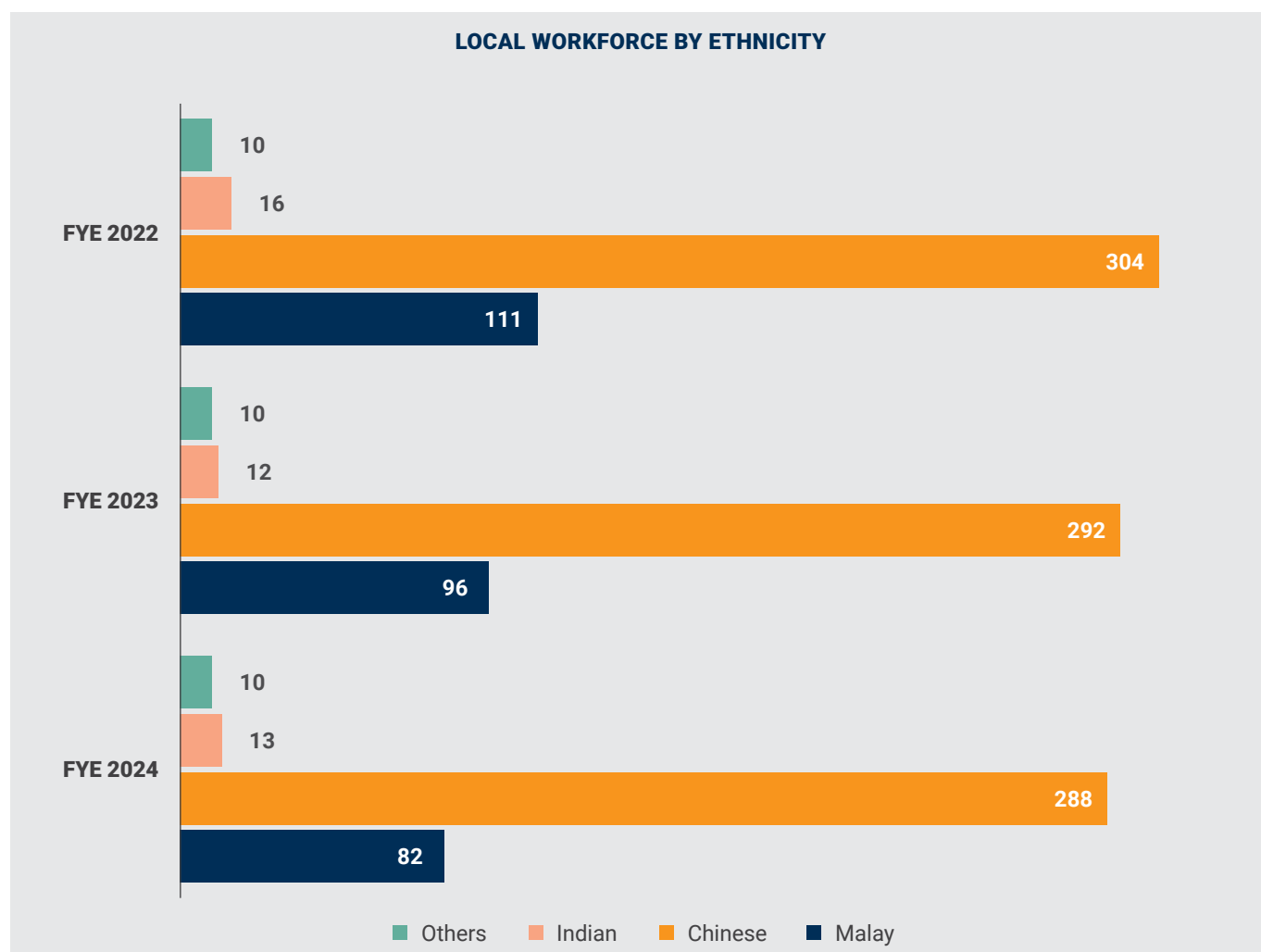


SOCIAL

We are proud of our strong emphasis on local hiring, which contributes to the socio-economic development of the communities in which we operate. By prioritising the recruitment of local talent, we aim to build a workforce that reflects the diversity and richness of our local community, ensuring that our operations remain closely connected to the local context and culture.

In FYE 2024, 100% of our total workforce comprised local hires. Hiring locally allows us to tap into a deep pool of talent with a strong understanding of local market dynamics, while also reducing our environmental footprint related to long-distance employee commuting.

Employee Type	FYE 2022	FYE 2023	FYE 2024
Malaysian	100%	100%	100%
Other nationalities	0%	0%	0%



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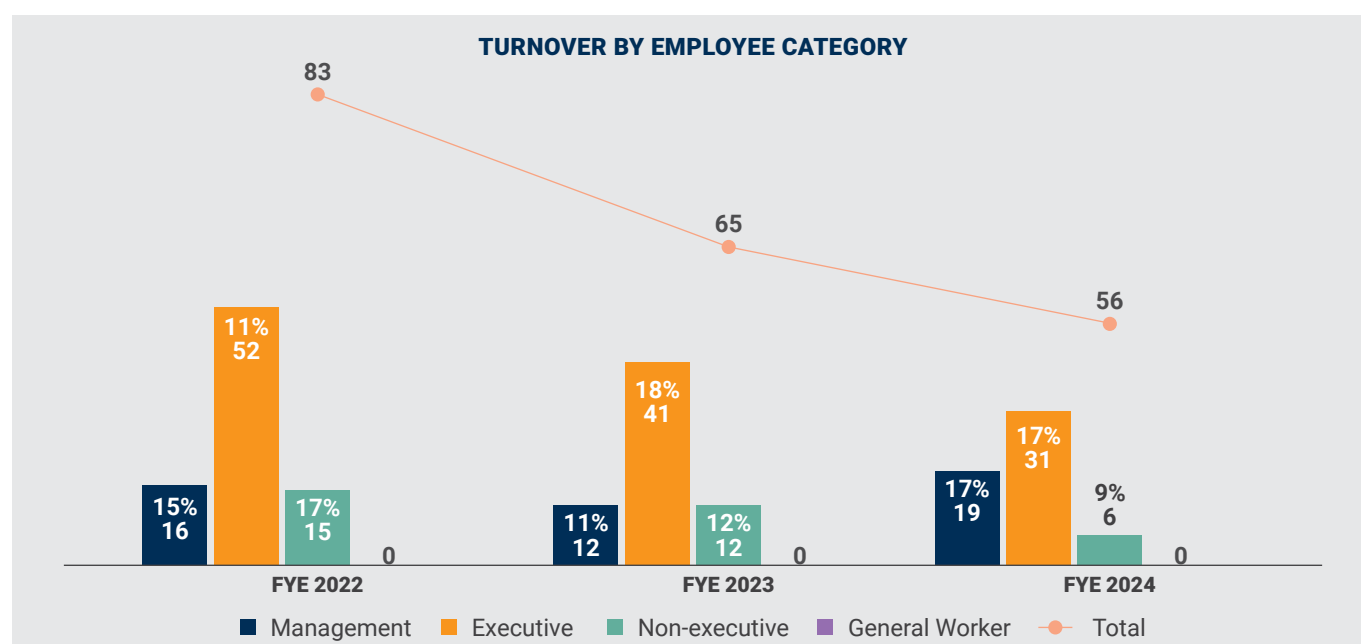
HIRING AND ATTRITION

In FYE 2024, VSTECS welcomed a total of 89 new hires, reflecting the Group's strategic focus on attracting diverse and qualified talent. These hires underscore our commitment to inclusive recruitment practices, ensuring a balanced representation across different age groups, genders, and backgrounds.

Employee Categories	Gender	FYE 2022	FYE 2023	FYE 2024
New Hires	Male	45	40	51
	Female	34	32	38
	30 and below	46	52	45
	31 - 50	33	29	42
	51 - 64	0	1	2
	65 and above	0	0	0

During the same period, 56 full-time employees exited the Group, with a voluntary turnover rate at 13.49%. As part of our continuous improvement, we have implemented a more structured approach to tracking and monitoring attrition data. This enables us to better understand turnover patterns and develop targeted interventions, such as strengthening employee engagement, improving workplace satisfaction, and refining our retention strategies to enhance long-term employee retention and growth.

Employee Categories	Gender	FYE 2022	FYE 2023	FYE 2024
Attrition	Male	50	34	35
	Female	33	31	21
	30 and below	40	32	15
	31 - 50	39	33	38
	51 - 64	4	0	3
	65 and above	0	0	0



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EMPLOYEE TRAINING & TALENT DEVELOPMENT

VSTECS prioritises employee training and development as a cornerstone of our talent management strategy. We invest in continuous upskilling to enhance job performance, promote career advancement, and support succession planning. Our structured training programs aim to develop competencies, address skill gaps, and prepare employees for future roles within the company.

Training begins with comprehensive orientation and on-the-job training using a buddy system for all new hires, ensuring a smooth transition into their roles. Ongoing review and guidance from supervisors reinforce understanding of responsibilities, including health and safety standards. Training needs are identified through a formal Training Needs Analysis and departmental recommendations, covering a range of areas such as technical skills, professional qualifications, soft skills, leadership development, and other relevant topics.

In FYE 2024, 80.27% of employees had their performance appraisals.

	FYE 2022	FYE 2023	FYE 2024
Total training hours	670	3,719	5,832
Total training spend (RM)	94,071	315,893	230,238
Average training hours per employee	1.70	9.07	13.22
Average training day per employee	0.21	1.13	1.65
Average training spend per employee (RM)	239.37	770.47	522.08

Gender	FYE 2022	FYE 2023	FYE 2024
Total Employees Attended Training			
Male	15	160	168
Female	10	120	168
Average Training Hours			
Male	2.26	10.45	12.03
Female	1.14	7.70	14.43
Total Training Hours			
Male	448	2,132	2,659
Female	222	1,587	3,174

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Employee Category	FYE 2022	FYE 2023	FYE 2024
Average Training Hours			
Management	3.34	16.41	13.42
Executive	1.36	7.92	13.78
Non-Executive	0.41	1.85	10.72
General Worker	0	0	0
Total Training Hours			
Management	347	1,756	1,504
Executive	294	1,830	3,610
Non-Executive	30	133	719
General Worker	0	0	0

Here is the list of trainings that were conducted in the reporting year:

1. ADVANCE FIRST AID
2. ADVANCED ARCHITECTING ON AWS
3. ARCHITECTING ON AWS
4. ARTIFICIAL INTELLIGENCE
5. AWS TECHNICAL ESSENTIALS
6. CERTIFIED DATA CENTRE PROFESSIONAL
7. CERTIFIED ETHICAL HACKER TRAINING BUNDLED WITH EXAM
8. CISCO CERTIFIED NETWORK ASSOCIATE
9. CLOUD OPERATIONS ON AWS
10. COMMUNICATE FOR RESULTS
11. COMPETENCY-BASED INTERVIEW (CBI) TECHNIQUE
12. CRITICAL THINKING IN PROBLEM SOLVING & DECISION MAKING
13. DATA ENGINEERING ON AWS
14. DEVELOPING EFFECTIVE SAFETY AND HEALTH COMMITTEE
15. ELECTRICAL ENGINEERING FOR NON-ELECTRICAL ENGINEERS
16. ESG AUDITING TECHNIQUES
17. EVERYDAY ERGONOMICS
18. FIRST AID AT WORKPLACE
19. FORKLIFT SAFETY TRAINING
20. IDC TRAINING
21. LOGISTIC MANAGEMENT TRAINING
22. MARINE INSURANCE MASTERCLASS
23. MICROSOFT BUILD: AI DAY
24. PRESENTATION SKILLS
25. TALENT 4.0: WINING THE RACE FOR TALENT
26. VISION ONE XDR TRAINING FOR CERTIFIED PROFESSIONALS

OCCUPATIONAL HEALTH AND SAFETY

At VSTECS, the well-being of our employees, stakeholders (inclusive of vendors, resellers and customers) is a top priority. We are committed to fostering a safe and healthy work environment through diligent internal processes, strict adherence to procedures, and a strong safety-conscious culture. Our Health, Safety, and Compliance (“HSC”) function plays a critical role within our ESG framework. Overseen by the Board and led by the Senior Manager and Safety Officer, who report directly to the CEO, this function is responsible for implementing and monitoring occupational health and safety (“OSH”) standards across all operations.

Within our Health and Safety (“H&S”) Committee, a crucial 25% of its composition is dedicated to employee representatives. These individuals, nominated by their peers from across four subsidiaries, serve as the voice of the non-management workforce. Their presence ensures that on-the-ground perspectives and concerns are directly addressed, fostering a collaborative approach to workplace safety. This representation, alongside the 50% allocated to company representatives from key departments like ICT, HR, Logistics & Warehouse, and Maintenance, and the 25% held by the Chairman, Deputy Chairman, management representatives, and the safety coordinator, creates a balanced and comprehensive committee designed to prioritise the well-being of all VSTECS employees.

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Our Environmental, Health, and Safety Management policy is designed to eliminate or minimise workplace risks, with a clear objective of achieving zero injuries across all operating locations. All employees are expected to comply with established safety and health procedures in their daily work, ensuring a proactive approach to workplace safety. Regular health and safety discussions are conducted within the organisation, even though we do not have worker representatives or trade unions.

At VSTECS, we actively assess our OSH performance through routine office walk assessments to identify and mitigate risks in both potential new operations and existing projects. Additionally, our commitment to global health extends beyond compliance—our company organises health talks for employees to raise awareness about prevention and control of significant health issues.

To ensure adherence to safety standards, policies are effectively communicated to employees. In cases of non-compliance, reminders are issued via office mail, followed by necessary disciplinary actions. Any reported incidents undergo thorough investigation using a structured incident/accident reporting form. The outcomes are systematically managed and reported to the Board at regular intervals, reinforcing transparency and accountability in our safety practices.

Through these measures, VSTECS upholds its responsibility to create a safe, health-conscious, and compliant workplace while fostering a culture of continuous improvement in occupational health and safety.

	FYE 2022	FYE 2023	FYE 2024
Number of employees trained on health and safety standards	30	35	73
Total Manhours (Hours)	750,384	745,664	853,632
Injury Rate	-	-	0.23
Number of work-related fatalities, both Employees and external workers	-	-	0
Lost Time Incident Rate	-	-	5.62

HUMAN RIGHTS AND LABOUR STANDARDS

As a responsible corporate citizen, we aim to align our human rights practices in line with internationally-recognised principles, standards and practices.

VSTECS and its subsidiaries supports and respects the protection of internationally recognised Human Rights as established in the Universal Declaration on Human Rights and the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. VSTECS does not tolerate unethical labour practices such as child labour, forced or compulsory labour, restriction of freedom of movement.

VSTECS is committed to respecting the fundamental rights of all our employees without discrimination, a principle formalised in our Labour Standards and Human Rights Policy. The Policy is a testament of our commitment towards conducting our business in the

most sustainable manner while respecting the rights and welfare of our workforce. The Group strives to work towards ensuring that basic rights inherent to all human beings are upheld across the businesses within the Group, and across our value chain. The Policy was approved at the Management level and applies to all employees.

Employees can report any human rights violations or abuse through established grievance or whistleblowing mechanisms. No such incidents were reported during the reviewed financial year. The Group supports internationally recognised human rights as outlined in the Universal Declaration on Human Rights, the UN Guiding Principles on Business and Human Rights, and the ILO's Declaration on Fundamental Principles and Rights at Work, demonstrating our commitment to sustainable business practices that respect workforce rights and welfare.

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SOCIAL

VSTECS strongly prohibits any form of harassment or bullying, including sexual harassment, that could potentially lead to an uncomfortable and unsafe workplace environment at the Group. Sexual harassment in any form, be it verbal, physical, text or visual, at the organisation has no place at any part of the Group's organisation, and in compliance with Section 81(H) of the Employment Act 1955 (Amendment 2022), VSTECS has displayed relevant posters in all its meeting rooms to raise awareness on sexual harassment.

	FYE 2022	FYE 2023	FYE 2024
Number of substantiated complaints concerning human rights violations	0	0	0

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

In FYE 2024, VSTECS reaffirmed its commitment to responsible corporate citizenship, actively supporting communities in need amidst growing socioeconomic challenges. We believe a sustainable future requires investing in both our business and society, which we achieve through impactful CSR initiatives focused on education, sports, health, and assistance for the underprivileged. These initiatives, driven by both charitable contributions and employee volunteerism, aim to make a tangible difference in the communities we serve. We highly value employee participation in these efforts, recognising the personal and professional enrichment it provides through relationship building, increased job satisfaction, and promoting inclusivity.

	FYE 2022	FYE 2023	FYE 2024
Total community investments where target beneficiaries are external to VSTECS (RM)	33,400	69,000	69,000
Total number of beneficiaries of community investments	1,700	491	486

In FYE 2024, our investment in social initiatives totalled approximately RM 69,000. Details of these initiatives are provided below:

- Donation and upgrade of Occupational Therapy Equipment for Hua Ming Autism Centre, a non-profit organisation dedicated to children with autism, to create more effective and inclusive environment. This initiative aims to improve outcomes for those receiving care and contribute to the overall well-being of the autism community.
- Autism Awareness Talk by the Education Consultant from Hua Ming Autism Society for our employees, to promote awareness and understanding of autism with valuable insights and strategies in supporting individuals on the autism spectrum.
- Donation to flood victims in Pekan Dangi, Johor, Negeri Sembilan by providing immediate relief and support to 122 affected families; aiming to alleviate suffering, assist in the recovery process and contribute to rebuilding lives and communities.
- Donation to a full-time mascot frogman in Kuala Lumpur in his effort to support his family, particularly his disabled sister.
- Donation to Persatuan Rumah Caring, Kajang by sponsoring two months' utility bills and celebrated the Mooncake Festival with the elderly residents.
- Recognition of children in both academic and non-economic to reward the employees' children for their exceptional results via Employees Children Education Scheme.
- Sponsored employees' participation in BMW Wheelcorp Premium Charity, a charity walkathon and jogathon to promote health and fitness while supporting fundraising efforts for charitable initiatives.
- Gathering of retired employees to appreciate their contributions, maintain connection and foster ongoing engagement.
- Recycle Day to raise awareness among our employees about the importance of recycling and environment sustainability through the Recycle Day.

ESG Performance Data Table

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	69,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	486
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management 30 and below	Percentage	0.00
Management 31 - 50	Percentage	79.10
Management 51 - 65	Percentage	20.90
Management 66 and above	Percentage	0.00
Executive 30 and below	Percentage	37.10
Executive 31 - 50	Percentage	60.60
Executive 51 - 65	Percentage	1.90
Executive 66 and above	Percentage	0.50
Non-executive/Technical Staff 30 and below	Percentage	49.30
Non-executive/Technical Staff 31 - 50	Percentage	37.30
Non-executive/Technical Staff 51 - 65	Percentage	13.40
Non-executive/Technical Staff 66 and above	Percentage	0.00
General Workers 30 and below	Percentage	0.00
General Workers 31 - 50	Percentage	0.00
General Workers 51 - 65	Percentage	0.00
General Workers 66 and above	Percentage	0.00
Gender Group by Employee Category		
Management Male	Percentage	61.70
Management Female	Percentage	38.30
Executive Male	Percentage	47.50
Executive Female	Percentage	52.50
Non-executive/Technical Staff Male	Percentage	40.30
Non-executive/Technical Staff Female	Percentage	59.70
General Workers Male	Percentage	0.00
General Workers Female	Percentage	0.00

ESG Performance Data Table

Indicator	Measurement Unit	2024
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	57.00
Female	Percentage	43.00
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	244.32
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	316.35
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	543.70
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	6,309.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	5.62 *
Bursa C5(c) Number of employees trained on health and safety standards	Number	73
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	1,503
Executive	Hours	3,610
Non-executive/Technical Staff	Hours	719
General Workers	Hours	0
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	6.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	19
Executive	Number	31
Non-executive/Technical Staff	Number	6
General Workers	Number	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	71.20
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	3,859.000000
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	22,704.27
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	13,385.80
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	9,318.47

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors of VSTECS Berhad (“**VSTECS**”) is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2024, which has been prepared in line with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This statement outlines the nature and state of internal control of the Company and its subsidiaries (“**the Group**”) for the financial year ended 31 December 2024.

BOARD’S RESPONSIBILITY

The Board of Directors acknowledges its overall responsibility for the Group in establishing and maintaining a sound internal control system to safeguard the shareholders’ investment and the Group’s assets, and to discharge their stewardship responsibilities in identifying risks and ensuring the implementation of appropriate systems to manage these risks in accordance with the best practices of the Malaysian Code on Corporate Governance (“**MCCG**”).

The Board further recognises its responsibility for reviewing the adequacy and integrity of the Group’s internal control systems and management information systems.

In view of the limitations that are inherent in any systems of internal control, the Group’s system of internal control is designed to manage and mitigate rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board delegates the independent oversight over, inter alia, internal and external audit functions as well as internal controls and risk management. For risk management, the Board, through the Enterprise Risk Management (“**ERM**”) Committee, would determine the company’s level of risk tolerance and identify, assess and monitor key business risks including anti-bribery and corruption risk to safeguard shareholders’ investments and the company’s assets. The ERM Committee reviews, considers and plans for mitigating actions for both external and internal risk areas.

For internal control, the Board confirms that there is a continuous process in place to identify, evaluate and manage the significant risks that may affect the achievement of business objectives. The process which has been instituted throughout the Group is updated and reviewed from time to time to stay relevant to the changes in the business environment and market trends, and this on-going process is continuously in place for the whole financial year under review and up to the date of adoption of this Annual Report.

ENTERPRISE RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group’s business objectives and is critical for the Group to achieve continued profitability and sustainable growth in shareholders’ value. In pursuing these objectives, the Group has adopted an ERM Framework in managing and addressing its sustainability risk and opportunities to support its long-term strategy and success. The ERM Committee which reports directly to the Audit Committee (“**AC**”) was established by the Board with the primary responsibility of ensuring the effective functioning of ERM Framework.

The ERM Committee assists the AC and the Board in the continuous process of identifying, analysing, evaluating, controlling, monitoring, and reporting significant and key risks relevant to the achievement of the Group’s business objectives. It provides the Board and the Senior Leadership Team with information to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles as dictated by changes in business and regulatory environment, the Group’s strategies and functional activities throughout the year.

Statement on Risk Management and Internal Control

ENTERPRISE RISK MANAGEMENT *cont'd*

The ERM framework has been continuously refined to suit the Group's strategic and operations since year 2012 with the objective to maintain a sound system of internal controls in safeguarding shareholders' investments and the company's assets as well as to enhance shareholders' value. The ERM Committee has developed a risk assessment template, whereby the current year actual incidences and impacts for the respective risk identified were recorded for review, risk profiling and mitigating actions.

The ERM Committee meeting is held quarterly to identify any new risks, assess, evaluate and manage risks of the Group. The quarterly review ensures the mitigation actions are implemented effectively for the identified risks and incidences. Risks mitigation programme would include policy changes, establishment on new procedures and internal control work instructions, improvement in system controls, surveillance report and other measures.

For the year under review, the top ten (10) identified risks are market risk, project risk, credit risk, vendor and new competition risk, inventory risk, business model and new business investment risk, foreign exchange and financing risk, bribery and corruption risk, political risk and sustainability risk. Each risk is rated according to its risk level depending on its likelihood of occurrence and magnitude of impact. The actual financial impact from the risks is also reviewed on a quarterly basis. Enhancements are made in line with the Board's commitment to improve the Group's governance, risk management and control framework, and practicing effective control culture and environment for the Group's business operations. The quarterly ERM reports including any new initiatives and risk management procedures are presented to the Audit Committee.

JOINT VENTURE AND ASSOCIATE COMPANIES

The disclosures in this statement do not include the risk management and internal control practices of the Group's associate company, ISATEC Sdn. Bhd. ("**ISATEC**"). The risk management and internal control procedures of the Group are however applicable to our joint venture company, Enrich Platinum Sdn. Bhd. ("**EPSB**"). The Group maintains Board representation in both entities to safeguard its interests in EPSB and ISATEC.

BUSINESS CONTINUITY MANAGEMENT

The Board is aware of the importance of an effective Business Continuity Management ("**BCM**") programme particularly in crisis and disaster management of the organisation and the impact such threats may have on business operations. Additionally, it provides a framework for building organisational resilience that safeguard the interests of its stakeholders, reputation and value creating activities.

The Group has launched its BCM plan to all business units. The Group has also communicated its group-wide awareness on BCM to form the organisation's core values and effective management in order to enhance the realisation of the business unit's responsibility and accountability in ensuring the preparedness of the organisation's resiliency to crisis.

The Group performs notification-tree exercises at least twice a year to ensure reachability via all lines of communication to the Group's employees. For 2024, notification-tree tests were performed on 1 April 2024 and 22 October 2024 with regards to BCM and the results were concluded satisfactory in which 100% staff reachability was achieved within a 4 hour window.

Further to that, the Group also performed an annual Enterprise Resource Planning ("**ERP**") system failover test to our remote site facility and the results were deemed successful. The Group has a disaster recovery location for ERP and other core systems at a data centre facility in Cyberjaya, Selangor as a back-up ERP facility for business transaction continuity.

Statement on Risk Management and Internal Control

INTERNAL AUDIT FUNCTION

The Board through the AC endorsed and approved the scope of work for the internal audit (“IA”) function through review of its one-year audit plan.

IA functions are executed by an outsourced independent professional firm and VSTECS’ in-house IA team respectively to assess and review the sufficiency and adequacy of key internal controls on auditable areas, to highlight any weaknesses in internal control of existing standard practices and to provide recommendations to improve the internal controls within the Group. Scope of IA include review of internal control procedures, assessment of the Group’s governance and risk management.

The Internal Auditors report directly to the AC on improvement measures pertaining to internal control, including subsequent follow-up assessment and monitoring of the progress of remedial action plans to determine the extent of their recommendations that have been implemented by the Management. IA reports are submitted to the AC, who reviews the findings with Management at its quarterly meetings. The Management is responsible for ensuring that corrective actions to control weaknesses are implemented within a defined time frame. The status of implementation is monitored through follow-up audits which are also reported to the AC.

In addition, the deficiencies noted by the External Auditors’ and management’s responsiveness to the control recommendations on deficiencies noted during financial audits provide added assurance that control procedures on functions with financial impact are in place, and are being adhered to. In assessing the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Group, the AC reports to the Board its activities, significant results, findings and the necessary recommendations for improvement.

ANTI-BRIBERY AND CORRUPTION

The Group adopts a zero-tolerance approach against all forms of bribery and corruption in all of its business dealings. The Group’s Anti-Bribery and Corruption (“ABC”) policy was established in compliance with the Malaysian Anti-Corruption Commission Act 2009 and its 2018 amendment which imposes new corporate liability provision (Section 17A) on commercial organisations for failure to prevent corruption. Section 17A was enforced in June 2020.

The composite of the members ABC Compliance Committee (“**Compliance Committee**”) was selected based on competency, seniority and for independence of functions. Compliance Committee is responsible for the overall implementation of ABC policy and procedures and providing a reasonable level of assurance that all operations in the Group are in compliance with ABC policy, programme and the supporting operational policies.

Compliance Committee reports to ERM Committee which in turn reports to the AC of VSTECS.

KEY INTERNAL CONTROL PROCESSES

The key elements of the Group’s internal control systems are described below:

- i) The Board has established an organisational structure with clearly defined lines of responsibilities, authority limits and accountability aligned to business and operations requirements which support the maintenance of a strong control environment;
- ii) The Board has established the Board Committees with clearly defined delegation of responsibilities within the defined terms of reference. These committees include the AC, Remuneration Committee and Nominating Committee which have been set up to assist the Board to perform its oversight functions. The committees have the authority to examine all matters within their scope and report to the Board their recommendations; and

Statement on Risk Management and Internal Control

KEY INTERNAL CONTROL PROCESSES *cont'd*

iii) Management has also been established with appropriate empowerment to ensure effective management and supervision of the Group's core business operations. These committees include:

- Management Committee
- ERM Committee
- Compliance Committee
- Operation Committee
- Credit Control Committee
- Inventory Control Committee

These Committees, Health and Safety Committee, and members of the Logistics team will meet on monthly/ bi-monthly/ quarterly basis or conduct regular validation to ensure compliance with the relevant policies.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

- i) Quarterly financial results and other information are provided to the AC and Board. This oversight review allows the Board to monitor and evaluate the Group's performance in achieving its corporate objectives;
- ii) The annual budget is reviewed and approved by the Board. The actual performance would be reviewed against the targets on a quarterly basis allowing timely response and necessary action plans to be taken to improve the performance;
- iii) Comprehensive financial accounts and management reports are prepared and reviewed by the Management Committee monthly for effective monitoring and decision-making;
- iv) Strategic planning activities which set out the Group's direction are being reviewed by the Board on quarterly basis. The risk appetite is integrated into strategic planning process to remain dynamic and responsive to the changing internal and external factors such as market conditions, stakeholders' expectations and internal resources as well as capabilities;
- v) Policies and procedures of core business processes are documented in a series of Standard Operating Procedures and are implemented throughout the Group. These policies and procedures are subject to periodic reviews, updates and continuous improvements to stay relevant to the changing risks, operational needs and updated statutory requirements. Employees can easily access the Group's policies through the Company's intranet;
- vi) Professionalism and competence of staff are maintained through a rigorous recruitment process, continuous trainings, job quality improvement and a performance appraisal and review system;
- vii) Staff professionalism, industrial skill sets and job competency are progressively developed through broad based training and development programmes;
- viii) The Group maintains a defined organisation structure with clear reporting lines and segregation of duties;
- ix) Code of Conduct and ABC policy are implemented within the Group for all stakeholders including Directors, Management, employees of the Group and business associates. These code and policy are established to promote a corporate culture which ensures ethical conduct throughout the Group;
- x) ABC policy and procedures implementation include employees' declaration on compliance with ABC policy, notification letters to business partners on ABC policy and ABC trainings for Directors, employees and Business Partners. In addition, all employees are required to complete ABC e-tutorial on a periodic basis;
- xi) Whistle-Blowing Policy applies to employees and also vendors, partners, associates or any individuals, including the general public, in the performance of their assignment or conducting the business for or on behalf of the Group. The implementation of this policy provides an avenue to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct on a confidential basis and also enables the Group to address concerns that may adversely affect the reputation and interests of the Group effectively;

Statement on Risk Management and Internal Control

OTHER KEY ELEMENTS OF INTERNAL CONTROLS *cont'd*

- xii) Appropriate insurance coverage and physical safeguards over major assets and operating infrastructure systems integrity are in place to ensure that the assets and operations of the Group are adequately covered and protected against any mishap or unforeseen events that may result in material losses and operational disruptions to the Group. Senior Leadership team conducts yearly policy renewal exercise to review the coverage adequacy of these assets; and
- xiii) Workplace Standard Operating Procedures, processes and preventive measures have been established and implemented to ensure employees' and community's health and safety and to contain the chances of an outbreak of infectious disease or pandemic.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the year ended 31 December 2024, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of customers, the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

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 the date of approval of this statement for inclusion in the annual report, and is of the view that the Group's risk management system and internal control is generally satisfactory and sufficient to safeguard the shareholders' investment, the interests of regulators and stakeholders such as customers and employees as well as the Group's assets.

The Board has received assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group.

The Board and Management are committed to take necessary measure to strengthen the control environment and monitor the effectiveness of the internal control framework of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the Resolution of the Board of Directors passed on 28 March 2025.

Report of The Audit Committee

The Board of Directors ("**Board**") of VSTECS Berhad ("**VSTECS**" or "**the Company**") is pleased to present the Report of Audit Committee ("**AC**") which provides insights as to the manner the AC discharged its functions for the Group for financial year ended 31 December 2024 ("**FYE 2024**").

AUTHORITY

Pursuant to Section 5.7.1 of the Board Charter, the Board has established an AC as oversight in fulfilling the Board's stewardship accountability to its shareholders and financial stakeholders. The AC is committed to its role in ensuring the integrity of the Group's financial reporting process and monitoring the management of risk and system of internal controls, external and internal audit process, and such other matters that may be specifically delegated to the AC by the Board.

COMPOSITION AND ATTENDANCES

The AC comprises three (3) members, which consist of two (2) Independent Non-Executive Directors ("**INEDs**") and one (1) Non-Independent Non-Executive Director. This complies with Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

Four (4) meetings were held during the year and the attendance of the AC members were as follows:

Directors	Designation	Directorate	Attendance
Abdul Aziz Bin Zainal Abidin	Chairman	Independent Non-Executive Director	4 out of 4 meetings
Anne Rodrigues Nee Koh Lan Heong	Member	Independent Non-Executive Director	4 out of 4 meetings
Ong Wei Hiam	Member	Non-Independent Non-Executive Director	4 out of 4 meetings

Encik Abdul Aziz Bin Zainal Abidin, an insurance practitioner who is a Fellow of the Malaysian Insurance Institute; Madam Anne Rodrigues Nee Koh Lan Heong, a member of Malaysian Institute of Accountants ("**MIA**") and a Fellow member of the Chartered Certified Accountants; Mr. Ong Wei Hiam, a Fellow member of Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales, respectively.

As majority of AC members possessed the requisite qualifications, the Company has complied with the minimum requirement as set forth under Paragraph 15.09(1)(c) of the Main LR of Bursa Securities.

Collectively, the AC possessed a wide range of necessary skills to discharge its duties. All AC members were financially literate, competent and were able to understand matters under the purview of the AC including and but not limited to, the financial reporting process.

DIGITAL ASSESSMENT ON TERM OF OFFICE AND PERFORMANCE

In line with the advent of technology, the Company has adopted online AC members' self and peer assessments survey which was duly completed by the AC members. Upon review, the Nominating Committee noted that the AC and its members have carried out their duties in accordance with the Terms of Reference of AC, thereby complying with Paragraph 15.20 of the Main LR of Bursa Securities.

Report of The Audit Committee

MEETINGS

For FYE 2024, the AC held four (4) meetings as follow:-

No.	AC Meeting	Date of Meeting	Private session with External Auditors without Executive Board members and Management
(1)	58 th AC Meeting	26 February 2024	✓
(2)	59 th AC Meeting	14 May 2024	
(3)	60 th AC Meeting	13 August 2024	
(4)	61 st AC Meeting	12 November 2024	✓

For FYE 2024, two (2) private sessions were held with the External Auditors without the presence of the Executive Board members and Management ("**Private Sessions**").

As a standing practice, the Chief Executive Officer and the Chief Financial Officer were invited to attend all AC Meetings, except the Private Sessions, to facilitate the presentation as well as to provide clarification on audit issues arising from the Group's operations. The Head of in-house Internal Audit Department and the outsourced professional Internal Auditors were invited at the relevant juncture to attend AC Meetings to table their respective Internal Audit Reports.

Minutes of the AC Meetings were recorded by the Company Secretaries and tabled for confirmation at the next following AC Meeting and subsequently presented to the Board for notation. The AC Chairman conveyed to the Board on issues of significant concern raised by the AC, Internal Auditors and/or External Auditors.

TERMS OF REFERENCE

A copy of the Terms of Reference ("**TOR**") of the AC is available under "Corporate Governance" section on the Company's website at www.vstecs.com.my.

ACTIVITIES OF THE AUDIT COMMITTEE

The following is a summary of the main activities carried out by the Committee during FYE 2024:-

(a) Review of financial performance and results

- 1) Reviewed and recommended the quarterly financial results announcements and the annual audited financial statements of the Company and the Group for the consideration and approval of the Board of Directors, focusing particularly on:
 - a) The overall performance of the Group;
 - b) The prospects for the Group;
 - c) The changes and implementation of major accounting standards and practices; and
 - d) Compliance with accounting standards and other legal requirements.
- 2) Reviewed the significant assumptions made in preparing the financial statements, including financial estimates that have been identified as having high estimation uncertainty. The following significant matters in relation to the preparation of unaudited quarterly financial results were identified by the AC for FYE 2024:-
 - Allowance for Doubtful Accounts;
 - Inventory Obsolescence;
 - Monitoring of Key Financial Liabilities;
 - Fair Value Accounting Estimates;
 - Changes in or Implementation of Major Accounting policy; and
 - Application/ Adoption of new Accounting Standard.

Report of The Audit Committee

ACTIVITIES OF THE AUDIT COMMITTEE *cont'd*

(a) Review of financial performance and results *cont'd*

- 3) Reviewed the Group Budget for Year 2025 and the underlying assumptions.

(b) Oversight of External Auditors

- 1) Reviewed with the External Auditors, KPMG PLT the Audit Planning Memorandum covering their scope of works, audit methodology, audit plan as well as proposed fees for the statutory audit and thereafter recommended the same to the Board for approval;
- 2) Reviewed the External Auditors' Report for FYE 2024;
- 3) Reviewed updates on the introduction of Malaysian Financial Reporting Standards and how they have impacted the Group and monitored the progress made by Management in meeting the new reporting requirements;
- 4) Received updates by the External Auditors on changes to relevant guidelines on regulatory and statutory requirements;
- 5) Receipt of KPMG PLT's confirmation on the independence of the engagement quality control reviewer and members of the engagement team in the audit for the purpose of the audit process in accordance with the terms of relevant professional and regulatory requirements;
- 6) Two (2) private sessions were held with the External Auditors without the presence of management to discuss issues of concern and the minutes of those sessions were separately recorded;
- 7) Reviewed the performance of the External Auditors for FYE 2024 before recommending to the Board their re-appointment and fixing their remuneration at the forthcoming Twenty-Ninth Annual General Meeting for the financial year ending 31 December 2025; and
- 8) Conducted the annual assessment on the suitability and independence of the External Auditors and received written assurance from the External Auditors confirming that they were and have been independent throughout the conduct of their audit engagement in accordance with all relevant professional and regulatory requirements.

(c) Oversight of Internal Auditors and Internal Audit Function

The AC noted that the Company maintains an Internal Audit Department ("IAD"), as well as the engagement of an outsourced professional firm, namely Baker Tilly Monteiro Heng Governance Sdn. Bhd. ("**Baker Tilly**" or "Outsourced Internal Auditors") with distinct scope of works and responsibilities.

- 1) For IAD, the AC has carried out the following works:-
 - Reviewed the risk-based Internal Audit Function Annual Audit Plan 2025 tabled by the Internal Audit Manager to ensure the adequate coverage of the internal audit programme and recommended the same be tabled to the Board for notation;
 - Reviewed the Internal Audit Reports and recommendations for corrective actions tabled by the Internal Audit Manager;
 - Reviewed and was satisfied with the performance of the Internal Audit Manager for FYE 2024 using the adopted assessment form;

Report of The Audit Committee

ACTIVITIES OF THE AUDIT COMMITTEE *cont'd*

(c) Oversight of Internal Auditors and Internal Audit Function *cont'd*

2) For the Outsourced Internal Auditors, the AC has carried out the following works:-

- Reviewed the risk-based Internal Audit Function Annual Audit Plan 2025 tabled by Baker Tilly to ensure adequate coverage of the internal audit program and recommended the same to the Board for notation;
- Reviewed the Internal Audit Reports and recommendations for corrective actions tabled by Baker Tilly;
- Reviewed and was satisfied with the performance of Baker Tilly for FYE 2024 using the adopted assessment form;

3) For the Internal Audit function:-

- Reviewed the adequacy of scope, functions, competency and resources of the internal audit function; and
- Reviewed the performance of both the IAD as well as the Outsourced Internal Auditors.

(d) Review of related party transactions ("RPTs") which include recurrent related party transactions ("RRPTs")

- 1) Reviewed the RPTs entered into by the Company and the Group on a quarterly basis and concluded that there were no conflicts of situation that might arise within the Company or Group for the applicable period;
- 2) Conducted an annual review of the RPTs in accordance with the Company's RPT Policy and concluded that the RPTs have been carried out in the best interest of the Group, being fair, reasonable and were on normal commercial terms and not detrimental to the interest of the Company's minority shareholders; and
- 3) Received additional assurance from Baker Tilly, the Outsourced Internal Auditors in the form of a RPTs report with satisfactory rating based on the review by the latter the tested samples of sales transactions and support services entered into by the Company and its subsidiaries were at arm's length with reasonable profit margin earned by the Group.

(e) Oversight of Risk Committee and risk management function

(i) Enterprise Risk Management ("ERM") Committee

A dedicated Risk Committee known as "ERM Committee" comprising the CEO, CFO, CIO ("Chief Information Officer"), Group General Manager and selected Heads of Business Unit has been established by the Board. The ERM Committee which reports directly to the AC, has the primary responsibility of ensuring the effective functioning of ERM Framework.

The ERM Committee reviewed the overall risks assessment template with records of events and impact for FYE 2024.

For the FYE 2024, the ERM Committee has held four (4) of meetings.

Report of The Audit Committee

ACTIVITIES OF THE AUDIT COMMITTEE *cont'd*

(e) Oversight of Risk Committee and risk management function *cont'd*

(ii) Anti-Bribery and Corruption ("ABC") Compliance Committee

Effective 1 June 2020, Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("**MACC Act**") was amended to include the corporate liability of Malaysian commercial organisations ("**CO**") for corruption offences under the new provision.

ABC Compliance Committee oversight by ERM committee has been established since June 2020 to implement the ABC Policy and its supporting programmes.

Members of the ABC Compliance Committee comprises of CFO (Chairman), CIO and selected senior management members of business units.

(f) ABC Compliance and Adequate Procedures

(i) Adoption of ABC Policy

During the FYE 2024, the Company, defined as a CO under the Guidelines on Adequate Procedures ("**GAP**") issued by the Prime Minister's Office in December 2018 (which set out adequate procedures a CO would need to put in place as a defence to a corporate liability charge under the MACC Act), has established the ABC Policy and the supporting programmes.

(ii) ABC Compliance Committee

A dedicated Compliance Committee known as "ABC Compliance Committee" is chaired by the CFO, and members comprises of CIO and selected senior management members of business units.

The ABC Compliance Committee reports directly to ERM Committee which in turn would report to the AC.

INTERNAL AUDIT FUNCTION AND ACTIVITIES

Internal Audit Function

The Internal Audit function of VSTECS comprises in-house IAD and Outsourced Internal Auditors i.e. Baker Tilly.

Internal Auditors report functionally and independently to the AC. The Internal Auditors are free from any conflict of interest with the Company and are independent of management or the operational activities reviewed for objective assessments. Internal Auditors' role encompasses conducting risk-based examinations and providing independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal control, risk management and governance. The in-house IAD is free from interference in determining its scope of internal auditing and performing its internal audit work.

The purpose, authority and responsibility of the Internal Audit function as identified by the AC in the Internal Audit Charter includes furnishing the AC with audit reports which include independent analyses, appraisals, advice and information on the activities reviewed.

Report of The Audit Committee

INTERNAL AUDIT FUNCTION AND ACTIVITIES *cont'd*

Activities

- 1) During FYE 2024, the IAD and Outsourced Internal Auditors carried out audit assignments in accordance with the approved Internal Audit Plans 2024 for the Group.
- 2) Both the IAD and Outsourced Internal Auditors have tabled their risk-based Internal Audit Plans for 2025 to the AC for approval and the same has been recommended by the AC to the Board for notation.
- 3) The audit reports covering the following areas with relevant audit recommendations and Management's responses in regards to any audit findings on the weaknesses in the systems and controls of the operations were presented to the AC for discussion:-
 - The IAD presented their review reports on Sales Support function, IT Service Management, Health and Safety of Warehouse Operation, Marketing Claims management, Financial Management reporting and Credit Evaluation in commercial perspective.
 - Baker Tilly presented their review reports on ICT Infrastructure and Support, Company Policy in terms of its relevancy, Collection and Credit Control, Effectiveness of Organisation Structure - within the respective companies, Effectiveness of Meetings - the outcome and its impact, Compliance review for Section 17A of the MACC Act (Amended 2018) and Updates on Recurring Related Party Transactions.
 - Baker Tilly affirmed to the AC that root cause analysis has been conducted as part of the Internal Audit works to enable relevant recommendations to address the weaknesses noted.

Internal Audit Charter

The Internal Audit Charter ("IAC") should be regularly review by the AC and the IAC has been reviewed by the AC during the financial year and the same has been recommended to the Board for approval. Accordingly, the IAC was approved by the Board on 21 February 2023.

Assessment on adequacy and performance

The AC has conducted an assessment to assess the adequacy and performance of the Outsourced Internal Auditors and IAD for FYE 2024 based on the following main criteria:-

- (i) Qualification and Experience;
- (ii) Understanding;
- (iii) Charter and Structure;
- (iv) Skills and experiences;
- (v) Communication;
- (vi) Internal Audit Function;
- (vii) In-house Internal Auditors Assessment;
- (viii) Outsourced Internal Auditors Assessment; and
- (ix) Performance.

Upon evaluation, the AC concluded that the overall performance of the Outsourced Internal Auditors and IAD for FYE 2024 was adequate and the AC was satisfied with the adequacy and performance of the Outsourced Internal Auditors and IAD during the financial period under review.

Report of The Audit Committee

INTERNAL AUDIT FUNCTION AND ACTIVITIES *cont'd*

Resources

The IAD is headed by Ms. Pearly Lee Pei Sze, graduated with a Bachelor's Degree (Honours) in Applied Accounting and is an associate member of The Institute of Internal Auditors Malaysia (IIAM). She is assisted by one (1) Assistant Manager, who is an affiliate of Association of Chartered Certified Accountants (UK).

Baker Tilly, the Outsourced Internal Auditors is headed by Mr. Kuan Yew Choong, a Chartered Accountant as the Engagement Partner. He is a Fellow Member of the Association of Chartered Certified Accountants (FCCA), Chartered Accountant with the MIA as well as Chartered Member of the IIAM with over 20 years of experience in conducting and leading the internal audit and review of internal controls, governance and risk practices and systems for many of the public listed companies as well as private companies or organisations. He is assisted by 4 staff, depending on the auditable work scope, serving as the IA Engagement Team to the Company.

For FYE 2024, both the IAD personnel and the Baker Tilly Engagement Team personnel have affirmed to the AC that they were free from any relationships or conflicts of interest, which could impair their objectivity and independency.

Costs Incurred for FYE 2024

The total cost incurred for the Internal Audit Function for FYE 2024 was RM308,164, segregated in the following manner:-

- 1) IAD – RM262,164 (FYE 2023: RM236,433)
- 2) Baker Tilly – RM46,000 (FYE 2023: RM46,000)

This Report of the AC is made in accordance with the Resolution of the Board of Directors passed on 28 March 2025.

Other Information

Required by the Main LR of Bursa Securities

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following are:-

1. UTILISATION OF PROCEEDS

During the financial year, no proceeds were raised by the Company from any corporate proposal.

2. AUDIT AND NON-AUDIT FEES

For the financial year ended 31 December 2024, the External Auditors has rendered audit and non-audit services to the Company and the Group, a breakdown of which is listed as below for information:-

	Group RM	Company RM
Audit services rendered	229,000	78,000
Non-audit services rendered		
1) Report on Directors' Statement on Risk Management and Internal Control	10,000	10,000
2) Tax services provided by its local authorities	37,450	6,950
Total of Non-audit Fees	37,450	16,950

3. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

None of the directors and/or major shareholders has any material contract with the Company and/or its subsidiaries either still subsisting at the end of the financial year ended 31 December 2024 or entered into since the end of the previous financial year.

4. DIRECTORS' TRAINING AND EDUCATION

The Directors attended numerous trainings during the financial year ended 31 December 2024 and the details of trainings are disclosed the Corporate Governance Overview Statement on Page 64 of this Annual Report.

5. RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Significant related party transactions of the Group for the financial year are disclosed in Note 29 to the Financial Statements.

6. SHARE ISSUANCE SCHEME FOR EMPLOYEES

The Group did not offer any share scheme for employees during the financial year ended 31 December 2024.

7. LIST OF PROPERTIES

The Group did not own any property of which its net book value is 5% or more of the consolidated total assets as at the end of the financial year ended 31 December 2024.

Statement of Directors' Responsibility

In relation to the preparing of the financial statements

This statement is prepared as required by the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The Directors are required to prepare annual financial statements which are in accordance with applicable approved accounting standards; to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year; and of their results and their cash flows for that year then ended.

The Directors consider that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2024:-

- the Group and the Company have adopted appropriate accounting policies and applied them consistently;
- the statements are supported by reasonable and prudent judgements and estimates;
- all applicable approved accounting standards in Malaysia, including but not limited to MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("**MFRS Accounting Standards**") and IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**") have been followed; and
- prepared the abovementioned financial statements on a going concern basis.

The Directors are also responsible for ensuring that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy at any time, thus enabling the financial statements to be complied with the requirements of the Companies Act 2016 and have been made out in accordance with applicable MFRS Accounting Standards, IFRS Accounting Standards and the Main LR of Bursa Securities.

The Directors are also responsible for taking the necessary steps whenever required to ensure appropriate systems are in place to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

This Statement on Directors' Responsibility is made in accordance with a resolution of the Board of Directors passed on 28 March 2025.

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Directors' Report

For the year ended 31 December 2024

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 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 5 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 5 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	70,566	27,543

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 financial statements.

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 December 2023:
 - a single tier first interim dividend of 2.5 sen per ordinary share, totalling RM8,914,000 declared on 15 November 2023 and paid on 12 January 2024.
 - a single tier second interim dividend of 4.1 sen per ordinary share, totalling RM14,619,000 declared on 27 February 2024 and paid on 16 May 2024.
- ii) In respect of the financial year ended 31 December 2024:
 - a single tier first interim dividend of 2.8 sen per ordinary share, totalling RM9,983,000 declared on 13 November 2024 and paid on 9 January 2025.

The dividend declared by the Directors on 26 February 2025 in respect of the financial year ended 31 December 2024 is a second single-tier interim dividend of 4.1 sen per ordinary share and special dividend of 0.8 sen per ordinary share, totalling 4.9 sen per ordinary share, which is payable on 13 May 2025.

The Directors do not recommend any final dividend to be paid for the financial year ended 31 December 2024.

Directors' Report

For the year ended 31 December 2024

cont'd

DIRECTORS OF THE COMPANY

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

Lee Marn Fong @ Wu Marn Fong
Soong Jan Hsung
Ong Wei Hiam
Abdul Aziz bin Zainal Abidin
Dato' Khoo Sin Aik
Anne Rodrigues Nee Koh Lan Heong
Josephine Phan Su Han

DIRECTORS OF SUBSIDIARIES

The Directors who served on boards of the subsidiaries during the financial year until the date of this report are:

Lee Marn Fong @ Wu Marn Fong
Soong Jan Hsung
Chan Puay Chai
Tee Ang Kuan
Hooi Toong Wan

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary 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			
	At 1.1.2024	Bought	Sold	At 31.12.2024
Lee Marn Fong @ Wu Marn Fong				
<i>Own interest in the Company</i>				
- indirect	44,192,400	-	-	44,192,400
Soong Jan Hsung				
<i>Own interest in the Company</i>				
- direct	450,000	-	-	450,000
Dato' Khoo Sin Aik				
<i>Own interest in the Company</i>				
- indirect	10,000	-	-	10,000

None of the other Directors holding office at 31 December 2024 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report

For the year ended 31 December 2024

cont'd

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 shown below) 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.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2024 are as follows:

	From the Company RM'000	From subsidiary companies RM'000	Total RM'000
Directors of the Company:			
Fees	488	8	496
Remuneration	34	3,288	3,322
Estimated money value of any other benefits	-	16	16
	522	3,312	3,834

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.

ISSUE OF SHARES AND DEBENTURES

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

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

SHARES BUY-BACK

The details of share buy-back are disclosed in Note 14 to the financial statements.

INDEMNITY AND INSURANCE COSTS

During the financial year, the Group and the Company maintained a Directors and Officers' Liability Insurance for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the Directors and Officers' Liability Insurance was RM10,000,000 per occurrence and in the aggregate. The insurance premium paid by the Company is RM15,000 a year.

Directors' Report

For the year ended 31 December 2024

cont'd

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 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.

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, the financial performance of the Group and of the Company for the financial year ended 31 December 2024 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.

Directors' Report

For the year ended 31 December 2024

cont'd

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the year are RM229,000 and RM78,000 respectively.

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

Lee Marn Fong @ Wu Marn Fong
Director

Soong Jan Hsung
Director

Date: 28 March 2025

Statements of Financial Position

As At 31 December 2024

		Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Note					
Assets					
Plant and equipment	2	4,052	3,717	-	-
Right-of-use assets	3	3,798	5,761	-	-
Intangible asset	4	571	571	-	-
Investments in subsidiaries	5	-	-	77,022	77,022
Investment in an associate	6	28,613	27,085	18,796	18,796
Investment in a joint venture	7	13,212	13,415	12,170	12,170
Other investments	8	143	154	-	-
Deferred tax assets	9	10,131	6,905	-	-
Receivables and deposits	10	-	3,175	-	-
Total non-current assets		60,520	60,783	107,988	107,988
Inventories	11	247,745	200,802	-	-
Receivables and deposits	10	451,282	396,872	18,258	260
Prepayments		9,246	13,051	11	11
Derivative financial assets	18	2,488	-	-	-
Tax recoverable		271	176	-	-
Cash and cash equivalents	12	106,370	150,851	13,354	27,338
Total current assets		817,402	761,752	31,623	27,609
Total assets		877,922	822,535	139,611	135,597
Equity					
Share capital	13	90,000	90,000	90,000	90,000
Reserves	14	412,399	366,435	38,778	35,837
Total equity attributable to owners of the Company		502,399	456,435	128,778	125,837
Liabilities					
Borrowings	15	149	67	-	-
Lease liabilities		1,945	3,884	-	-
Total non-current liabilities		2,094	3,951	-	-
Borrowings	15	372	33,400	-	-
Lease liabilities		1,939	1,887	-	-
Payables and accruals	16	350,784	309,041	10,816	9,733
Contract liabilities	17	12,120	13,741	-	-
Derivative financial liabilities	18	-	1,629	-	-
Tax payable		8,214	2,451	17	27
Total current liabilities		373,429	362,149	10,833	9,760
Total liabilities		375,523	366,100	10,833	9,760
Total equity and liabilities		877,922	822,535	139,611	135,597

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

Statements of Profit Or Loss and Other Comprehensive Income

For the Year Ended 31 December 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	19	2,901,716	2,727,185	28,380	24,429
Cost of sales		(2,729,407)	(2,573,332)	-	-
Gross profit		172,309	153,853	28,380	24,429
Other income		7,089	5,835	-	6
Distribution expenses		(58,744)	(51,212)	-	-
Administrative expenses		(32,950)	(27,857)	(1,193)	(1,174)
Net loss on impairment of financial instruments		(1,171)	(1,336)	-	-
Results from operating activities	20	86,533	79,283	27,187	23,261
Finance income	21	3,094	1,476	465	421
Finance costs	22	(387)	(1,269)	-	-
Net finance income		2,707	207	465	421
Share of profit of equity-accounted associate, net of tax	6	3,308	2,704	-	-
Share of profit of equity-accounted joint venture, net of tax	7	597	602	-	-
Profit before tax		93,145	82,796	27,652	23,682
Tax expense	24	(22,579)	(15,370)	(109)	(100)
Profit for the year/Total comprehensive income for the year attributable to owners of the Company		70,566	67,426	27,543	23,582
Earnings per share attributable to owners of the Company:					
Basic and diluted (sen)	25	19.8	18.9		

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

Statements of Changes In Equity

For the Year Ended 31 December 2024

	Note	Attributable to owners of the Company				Total equity RM'000
		Share capital RM'000	Non-distributable		Distributable	
			Treasury shares RM'000	Merger reserve RM'000	Retained earnings RM'000	
Group						
At 1 January 2023		90,000	(1,948)	-	323,064	411,116
Profit for the year/Total comprehensive income for the year		-	-	-	67,426	67,426
Dividends to owners of the Company	26	-	-	-	(22,107)	(22,107)
At 31 December 2023/1 January 2024		90,000	(1,948)	-	368,383	456,435
Profit for the year/Total comprehensive income for the year		-	-	-	70,566	70,566
Dividends to owners of the Company	26	-	-	-	(24,602)	(24,602)
At 31 December 2024		90,000	(1,948)	-	414,347	502,399
		Note 13	Note 14.3		Note 14.2	
Company						
At 1 January 2023		90,000	(1,948)	22,961	13,349	124,362
Profit for the year/Total comprehensive income for the year		-	-	-	23,582	23,582
Dividends to owners of the Company	26	-	-	-	(22,107)	(22,107)
At 31 December 2023/1 January 2024		90,000	(1,948)	22,961	14,824	125,837
Profit for the year/Total comprehensive income for the year		-	-	-	27,543	27,543
Dividends to owners of the Company	26	-	-	-	(24,602)	(24,602)
At 31 December 2024		90,000	(1,948)	22,961	17,765	128,778
		Note 13	Note 14.3	Note 14.1	Note 14.2	

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

Statements of Cash Flows

For the Year Ended 31 December 2024

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities				
Profit before tax	93,145	82,796	27,652	23,682
<i>Adjustments for:</i>				
Depreciation of plant and equipment	1,456	1,219	-	-
Depreciation of right-of-use assets	1,963	1,923	-	-
Dividend income from subsidiaries	-	-	(25,800)	(22,400)
Dividend income from an associate	-	-	(1,780)	(1,379)
Dividend income from a joint venture	-	-	(800)	(650)
Gain on disposal of plant and equipment	(179)	(142)	-	-
Gain on derecognition of right-of-use assets	-	(5)	-	-
Loss on foreign exchange				
- Unrealised	2,756	1,511	-	-
Finance costs	387	1,269	-	-
Finance income	(3,094)	(1,476)	(465)	(421)
Fair value changes on financial instruments	(4,106)	(2,838)	-	-
Impairment loss on:				
- Trade receivables	1,171	1,340	-	-
- Other receivables	551	871	-	-
Inventories written down/(back)	2,646	(1,234)	-	-
Plant and equipment written off	6	10	-	-
Share of profit of equity-accounted associate, net of tax	(3,308)	(2,704)	-	-
Share of profit of equity-accounted joint venture, net of tax	(597)	(602)	-	-
Operating profit/(loss) before changes in working capital	92,797	81,938	(1,193)	(1,168)
Changes in working capital:				
Inventories	(49,589)	53,630	-	-
Receivables, deposits and prepayments	(48,911)	(51,213)	2	23
Payables and accruals	37,918	43,254	14	242
Contract liabilities	(1,621)	2,775	-	-
Cash generated from/(used in) operations	30,594	130,384	(1,177)	(903)
Tax (paid)/refund	(20,137)	(22,833)	(119)	24
Net cash from/(used in) operating activities	10,457	107,551	(1,296)	(879)

Statements of Cash Flows

For the Year Ended 31 December 2024

cont'd

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from investing activities				
Acquisition of plant and equipment	(1,209)	(1,701)	-	-
Proceeds from disposal of plant and equipment	183	148	-	-
(Advance to)/Repayment from subsidiaries	-	-	(18,000)	25,300
Dividend income from subsidiaries	-	-	25,800	22,400
Dividend income from an associate	1,780	1,379	1,780	1,379
Dividend income from a joint venture	800	650	800	650
Net cash from investing activities	1,554	476	10,380	49,729
Cash flows from financing activities				
(Repayment)/Utilisation of banker's acceptances	(33,300)	19,800	-	-
Interest paid	(387)	(830)	-	-
Interest received	2,853	1,384	465	421
Dividends paid to owners of the Company	(23,533)	(22,107)	(23,533)	(22,107)
Repayment of hire purchase liabilities	(238)	(33)	-	-
Payment of lease liabilities	(1,887)	(1,985)	-	-
Net cash used in financing activities	(56,492)	(3,771)	(23,068)	(21,686)
Net (decrease)/increase in cash and cash equivalents	(44,481)	104,256	(13,984)	27,164
Cash and cash equivalents at 1 January	150,851	46,595	27,338	174
Cash and cash equivalents at 31 December	106,370	150,851	13,354	27,338

(i) **Acquisition of plant and equipment**

During the financial year, the Group acquired plant and equipment with an aggregate cost of RM1,801,000 (2023: RM1,901,000) of which RM592,000 (2023: RM200,000) was acquired under hire purchase arrangement.

(ii) **Cash outflows for leases as a lessee**

	Group	
	2024 RM'000	2023 RM'000
Included in net cash from financing activities:		
Interest paid in relation to lease liabilities	244	93
Payment of lease liabilities	1,887	1,985
Total cash outflows for leases	2,131	2,078

Statements of Cash Flows

For the Year Ended 31 December 2024

cont'd

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 January 2023 RM'000	Net changes from financing cash flows RM'000	Acquisition of new plant and equipment/ lease RM'000	Termination of lease contract RM'000	At 31 December 2023/ 1 January 2024 RM'000	Net changes from financing cash flows RM'000	Acquisition of new plant and equipment/ lease RM'000	At 31 December 2024 RM'000
Group								
Banker's acceptances	13,500	19,800	-	-	33,300	(33,300)	-	-
Hire purchase	-	(33)	200	-	167	(238)	592	521
Lease liabilities	2,227	(1,985)	5,686	(157)	5,771	(1,887)	-	3,884
Total liabilities from financing activities	15,727	17,782	5,886	(157)	39,238	(35,425)	592	4,405

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

Notes to the Financial Statements

VSTECS 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

Lot 3, Jalan Teknologi 3/5
Taman Sains Selangor
Kota Damansara
47810 Petaling Jaya

Registered office

Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2024 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 an associate and a joint venture. The financial statements of the Company as at and for the financial year ended 31 December 2024 do not include any other entities.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 28 March 2025.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

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

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Notes to the Financial Statements

cont'd

1. Basis of preparation *cont'd*

(a) Statement of compliance *cont'd*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, 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:

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025;
- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026 except for amendments to MFRS 1 which is not applicable to the Group and the Company; and
- from the annual period beginning on 1 January 2027 for the accounting standards that are effective for annual periods beginning on or after 1 January 2027.

The initial application of the abovementioned accounting standards and amendments are not expected to have any material financial impact to the current and prior period financial statements of the Group and of the Company except as mentioned below:

MFRS 18, Presentation and Disclosure in Financial Statements

MFRS 18 will replace MFRS 101, *Presentation of Financial Statements* and applies for annual periods beginning on or after 1 January 2027. The new accounting standard introduces the following key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal.

Notes to the Financial Statements

cont'd

1. Basis of preparation *cont'd*

(a) Statement of compliance *cont'd*

MFRS 18, Presentation and Disclosure in Financial Statements *cont'd*

- Management - defined performance measures ("**MPMs**") are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group and the Company are currently assessing the impact of adopting MFRS 18.

(b) Basis of measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis other than as disclosed in the financial statements.

(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.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards 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 Note 3.1 – extension options and incremental borrowing rate in relation to leases and Note 30.4 – measurement of expected credit loss ("**ECL**").

Notes to the Financial Statements

cont'd

2. Plant and equipment

Group	Office equipment RM'000	Office renovation RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Total RM'000
<i>Cost</i>					
At 1 January 2023	12,154	480	2,167	3,722	18,523
Additions	1,371	16	392	122	1,901
Disposal	(6)	-	(327)	-	(333)
Written off	(80)	(171)	-	(31)	(282)
At 31 December 2023/ 1 January 2024	13,439	325	2,232	3,813	19,809
Additions	810	-	754	237	1,801
Disposal	(8)	-	(1,181)	(58)	(1,247)
Written off	(44)	-	-	(30)	(74)
At 31 December 2024	14,197	325	1,805	3,962	20,289
<i>Accumulated depreciation</i>					
At 1 January 2023	10,157	456	2,058	2,801	15,472
Depreciation for the year	782	14	129	294	1,219
Disposal	-	-	(327)	-	(327)
Written off	(73)	(168)	-	(31)	(272)
At 31 December 2023/ 1 January 2024	10,866	302	1,860	3,064	16,092
Depreciation for the year	973	7	182	294	1,456
Disposal	(5)	-	(1,181)	(57)	(1,243)
Written off	(38)	-	-	(30)	(68)
At 31 December 2024	11,796	309	861	3,271	16,237
<i>Carrying amounts</i>					
At 1 January 2023	1,997	24	109	921	3,051
At 31 December 2023/ 1 January 2024	2,573	23	372	749	3,717
At 31 December 2024	2,401	16	944	691	4,052

2.1 Motor vehicles

At 31 December 2024, the net carrying amount of motor vehicles that the Group acquired under hire purchase arrangement is RM944,000 (2023: RM360,000).

Notes to the Financial Statements

cont'd

2. Plant and equipment *cont'd*

2.2 Material accounting policy information

(a) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- Office equipment 5 years
- Office renovation 5 years
- Motor vehicles 5 years
- Furniture and fittings 4 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

3. Right-of-use assets

	Buildings RM'000
Group	
At 1 January 2023	2,150
Addition	5,686
Depreciation	(1,923)
Derecognition	(152)
At 31 December 2023/1 January 2024	5,761
Depreciation	(1,963)
At 31 December 2024	3,798

The Group leases warehouse and a number of office buildings that run between 2 years to 3 years, with an option to renew the lease after that date.

Notes to the Financial Statements

cont'd

3. Right-of-use assets *cont'd*

3.1 Significant judgements and assumptions in relation to leases

The Group applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustment required to reflect the term, security, value or economic environment of the respective leases.

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.

3.2 Extension options

Some leases of office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

As of 31 December 2024, the Group has included all potential future cash flows of exercising the extension options in the lease liabilities.

4. Intangible asset

Goodwill

	Note	Group	
		2024 RM'000	2023 RM'000
At cost	4.1	571	571

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associate and joint venture, 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 associate and joint venture.

4.1 Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's investment in VSTECS Pericomp Sdn. Bhd. which represents the lowest level of cash-generating unit within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of the cash-generating unit was based on its value-in-use. The carrying amount of the unit was determined to be approximately its recoverable amount and no impairment loss was recognised.

Value-in-use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

Notes to the Financial Statements

cont'd

4. Intangible asset *cont'd*

4.1 Impairment testing for cash-generating units containing goodwill *cont'd*

Cash flows were projected based on past experience, actual operating results in current year and one-year business plan. Cash flows for the one-year period were projected using a constant growth rate of 8.4% (2023: 6.1%), which does not exceed the long-term average growth rate of the industry.

The values assigned to the key assumptions represent management's assessment of future trends in the Information Technology industry and are based on both external sources and internal sources (historical data).

The estimate of value-in-use was determined using a pre-tax discount rate of 4.25% (2023: 4.5%).

5. Investments in subsidiaries

	Company	
	2024 RM'000	2023 RM'000
At cost	77,022	77,022

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2024 %	2023 %
VSTECS Astar Sdn. Bhd.	Malaysia	All these companies are engaged in the marketing of computers, peripherals, software and the provision of computer maintenance services.	100	100
VSTECS Pericomp Sdn. Bhd.	Malaysia		100	100
VSTECS KU Sdn. Bhd.	Malaysia		100	100
VSTECS Kush Sdn. Bhd.	Malaysia	Provision of logistics services including warehousing and transportation of ICT products and provision of management and support services.	100	100
<i>Subsidiary of VSTECS KU Sdn. Bhd.</i>				
VSTECS KU Pte. Ltd. #*	Singapore	Dormant	100	-

The subsidiary has yet to appoint auditors.

* The subsidiary was incorporated on 2 December 2024 and has yet to commence operation.

5.1 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

Notes to the Financial Statements

cont'd

6. Investment in an associate

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At cost				
Unquoted shares	18,796	18,796	18,796	18,796
Share of post-acquisition reserves	9,817	8,289	-	-
	28,613	27,085	18,796	18,796

Details of the associate is as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest	
			2024 %	2023 %
ISATEC Sdn. Bhd.	Malaysia	Provider of products and contract programming services related to information technology and telecommunication facilities.	40	40

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	Group	
	2024 RM'000	2023 RM'000
Summarised financial information		
As at 31 December		
Non-current assets	3,075	2,765
Current assets	56,529	48,389
Current liabilities	(21,074)	(16,444)
Net assets	38,530	34,710
Year ended 31 December		
Profit and total comprehensive income	7,687	6,227
Included in the total comprehensive income:		
Revenue	75,630	62,375
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	15,412	13,884
Goodwill	13,201	13,201
Carrying amount in the statement of financial position	28,613	27,085

Notes to the Financial Statements

cont'd

6. Investment in an associate *cont'd*

	Group	
	2024 RM'000	2023 RM'000
Group's share of results for the year ended 31 December		
Group's share of profit and total comprehensive income	3,308	2,704
Dividend received by the Group	1,780	1,379

6.1 Material accounting policy information

Investment in an associate is measured in the Company's statement of financial position at cost less any impairment losses.

7. Investment in a joint venture

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At cost				
Unquoted shares	12,170	12,170	12,170	12,170
Share of post-acquisition reserves	1,042	1,245	-	-
	13,212	13,415	12,170	12,170

Details of the joint venture is as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest	
			2024 %	2023 %
Enrich Platinum Sdn. Bhd.*	Malaysia	Investment holding and business of providing property management services.	50	50

* Not audited by member firm of KPMG International Limited

The following table summarises the financial information of the Group's joint venture, as adjusted for any differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the joint venture, which is accounted for using the equity method.

Notes to the Financial Statements

cont'd

7. Investment in a joint venture *cont'd*

	Group	
	2024 RM'000	2023 RM'000
As at 31 December		
Non-current assets	30,000	30,000
Current assets	307	479
Non-current liabilities	(1,807)	(1,807)
Current liabilities	(1,071)	(1,054)
Net assets	27,429	27,618
Year ended 31 December		
Profit and total comprehensive income	1,411	1,418
Included in the total comprehensive income:		
Revenue	1,980	1,923
Income tax expense	(398)	(359)
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	13,715	13,809
Depreciation on investment property	(503)	(394)
Carrying amount in the statement of financial position	13,212	13,415
Group's share of results for the year ended 31 December		
Group's share of profit and total comprehensive income	597	602
Dividend received by the Group	800	650

7.1 Material accounting policy information

Investment in a joint venture is measured in the Company's statement of financial position at cost less any impairment losses.

8. Other investments

	Group	
	2024 RM'000	2023 RM'000
Fair value through profit or loss		
- Investment in quoted equity in Malaysia	81	92
Fair value through other comprehensive income		
- Investment in club membership	62	62
	143	154

Notes to the Financial Statements

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9. Deferred tax assets

Recognised deferred tax assets

	Assets		Liabilities		Net	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Group						
Plant and equipment	-	-	(622)	(543)	(622)	(543)
Right-of-use assets	-	-	(453)	(373)	(453)	(373)
Lease liabilities	471	359	-	-	471	359
Provisions	10,817	7,799	-	-	10,817	7,799
Other items	-	-	(82)	(337)	(82)	(337)
Tax assets/(liabilities)	11,288	8,158	(1,157)	(1,253)	10,131	6,905
Set off of tax	(1,157)	(1,253)	1,157	1,253	-	-
Net tax assets	10,131	6,905	-	-	10,131	6,905

Movement in temporary differences during the year

	At 1.1.2023 RM'000	Recognised in profit or loss (Note 24) RM'000	At 31.12.2023/ 1.1.2024 RM'000	Recognised in profit or loss (Note 24) RM'000	At 31.12.2024 RM'000
Group					
Plant and equipment	(492)	(51)	(543)	(79)	(622)
Right-of-use assets	(391)	18	(373)	(80)	(453)
Lease liabilities	393	(34)	359	112	471
Unabsorbed capital allowance	127	(127)	-	-	-
Provisions	4,557	3,242	7,799	3,018	10,817
Other items	134	(471)	(337)	255	(82)
	4,328	2,577	6,905	3,226	10,131

9.1 Material accounting policy information

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.

Notes to the Financial Statements

cont'd

10. Receivables and deposits

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade					
Non-current					
Trade receivable	10.1	-	3,175	-	-
Current					
Trade receivables	10.1	430,973	378,610	-	-
Less: Impairment loss	10.2	(3,272)	(2,103)	-	-
		427,701	376,507	-	-
Amount due from a subsidiary	10.3	-	-	251	251
		427,701	376,507	251	251
Non-trade					
Other receivables	10.4	18,610	14,632	5	5
Deposits	10.5	4,971	5,733	2	2
Amount due from subsidiaries	10.6	-	-	18,000	2
		23,581	20,365	18,007	9
		451,282	396,872	18,258	260
		451,282	400,047	18,258	260

10.1 Trade receivable

The amount owing by a trade debtor with non-current receivable amounting to RM3,175,000 in previous financial year and current receivable amounting to RM3,175,000 (2023: RM3,039,000) is unsecured, subject to interest at 4.25% per annum and repayable in year 2025.

10.2 Impairment loss

Trade receivables amounting to RM2,000 (2023: Nil) was written off against the impairment loss brought forward.

10.3 Amount due from a subsidiary (Trade)

The amount due from a subsidiary is unsecured, interest free and subject to normal trade terms.

10.4 Other receivables (Non-trade)

Included in other receivables of the Group is marketing and promotion expenses incurred on behalf and receivable from respective vendors ("marketing claims") amounting to RM18,017,000 (2023: RM13,585,000).

10.5 Deposits

Included in deposits of the Group is an amount of RM960,000 (2023: RM960,000) paid as rental security deposits to the joint venture.

10.6 Amount due from subsidiaries (Non-trade)

The amount due from subsidiaries are unsecured, interest free and repayable on demand, except for a non-trade short-term loan of RM18,000,000 (2023: Nil) that is unsecured, subject to interest at 4.25% (2023: Nil) per annum and repayable on demand.

Notes to the Financial Statements

cont'd

11. Inventories

	Group	
	2024 RM'000	2023 RM'000
Trading goods	245,746	197,196
Goods-in-transit	1,999	3,606
	247,745	200,802
Recognised in profit or loss:		
Inventories recognised as cost of sales	2,601,392	2,498,597
Write down/(back) to net realisable value	2,646	(1,234)

The write down/(back) is included in cost of sales.

11.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured based on first-in first-out method.

12. Cash and cash equivalents

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash and bank balances	106,370	150,851	13,354	27,338

13. Share capital

	Group and Company			
	Amount 2024 RM'000	Number of shares 2024 '000	Amount 2023 RM'000	Number of shares 2023 '000
Issued and fully paid with no par value:				
Ordinary shares				
At 1 January/31 December	90,000	360,000	90,000	360,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Notes to the Financial Statements

cont'd

14. Reserves

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Merger reserves	14.1	-	-	22,961	22,961
Retained earnings	14.2	414,347	368,383	17,765	14,824
Treasury shares	14.3	(1,948)	(1,948)	(1,948)	(1,948)
		412,399	366,435	38,778	35,837

14.1 Merger reserve

Company

The merger reserve of the Company represents the surplus in respect of the purchase consideration paid over the nominal value of ordinary shares issued by the Company arising from an internal rationalisation exercise in prior years. The internal rationalisation exercise was accounted as a business combination on common control, hence the merger method of accounting was adopted.

14.2 Retained earnings

Group

A merger deficit amounting to RM44,561,000 is set off against the reserves of the Group. The merger deficit arose from the Group's internal rationalisation exercise carried out in 2009, pursuant to the proposed listing of the Company on the Main Market of Bursa Malaysia Securities Berhad, which involved related parties under common control. The amount represents the excess of the consideration given over the accumulated value of the share capital of the combining entities.

14.3 Treasury shares

Treasury shares comprises cost of acquisition of the Company's own shares. At 31 December 2024, the Group held 3,444,000 (2023: 3,444,000) of the Company's own shares.

Notes to the Financial Statements

cont'd

15. Borrowings

	Note	Group	
		2024 RM'000	2023 RM'000
Non-current			
Hire purchase	15.1	149	67
Current			
Hire purchase	15.1	372	100
Banker's acceptances	15.2	-	33,300
		372	33,400
		521	33,467

15.1 Hire purchase

The hire purchase of the Group are secured by a charge over the related motor vehicles as stated in Note 2.1 to the financial statements.

15.2 Banker's acceptances

The banker's acceptances of the Group were supported by way of corporate guarantee by the Company.

16. Payables and accruals

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade					
Trade payables		264,188	235,751	-	-
Deferred revenue		1,007	816	-	-
		265,195	236,567	-	-
Non-trade					
Other payables and accrued expenses	16.1	75,606	63,560	632	613
Dividend payable	26	9,983	8,914	9,983	8,914
Amount due to subsidiaries	16.2	-	-	201	206
		85,589	72,474	10,816	9,733
		350,784	309,041	10,816	9,733

Notes to the Financial Statements

cont'd

16. Payables and accruals *cont'd*

16.1 Other payables and accrued expenses

Included in other payables and accrued expenses of the Group is accrual for marketing and promotion expenses amounting to RM27,567,000 (2023: RM15,262,000).

16.2 Amount due to subsidiaries

The amount due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

17. Contract with customers

Contract liabilities

Group	2024 RM'000	2023 RM'000
Contract liabilities	12,120	13,741

Contract liabilities primarily relate to credit notes not yet issued to customers arising from the marketing and promotional activities and advance payment received.

18. Derivative financial assets/(liabilities)

Derivatives at fair value through profit or loss:

Group	2024		2023	
	Nominal value RM'000	Assets RM'000	Nominal value RM'000	Liabilities RM'000
Forward exchange contracts	160,355	2,488	117,001	(1,629)

Forward exchange contracts are used to manage the foreign currency exposure arising from the Group's payables denominated in currencies other than the functional currency of the Group entities. All of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

Notes to the Financial Statements

cont'd

19. Revenue

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from contracts with customers					
Sale of goods		2,899,840	2,725,143	-	-
Services		1,876	2,042	-	-
	19.1	2,901,716	2,727,185	-	-
Other revenue					
Dividend income from:					
- subsidiaries		-	-	25,800	22,400
- associate		-	-	1,780	1,379
- joint venture		-	-	800	650
Total revenue		2,901,716	2,727,185	28,380	24,429

The disaggregation of revenue is disclosed in Note 27.2.

19.1 Nature of goods and services

The following information reflects the typical transactions of the Group and of the Company:

Type of product/service	Nature and timing of satisfaction of performance obligations including significant payment terms
Sale of goods	Revenue is recognised when the goods are delivered and accepted by customers. Normal credit term is 30 days. Rebates are given to customers based on various marketing programs.
Services	Revenue is recognised over time as the services are performed. Credit period is normally 30 days.
Dividend	Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Notes to the Financial Statements

cont'd

20. Results from operating activities

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Results from operating activities are arrived at after charging/(crediting):				
<i>Auditors' remuneration</i>				
- Audit fees				
KPMG PLT	229	229	78	78
- Non-audit fees				
KPMG PLT	10	10	10	10
KPMG Tax Services Sdn. Bhd.	37	35	7	6
<i>Material expenses/(income)</i>				
Depreciation of plant and equipment	1,456	1,219	-	-
Depreciation of right-of-use assets	1,963	1,923	-	-
Dividend income:				
- associate	-	-	(1,780)	(1,379)
- joint venture	-	-	(800)	(650)
- subsidiaries	-	-	(25,800)	(22,400)
Fair value (gain)/loss on financial instruments				
- Forward exchange contracts	(4,117)	(2,915)	-	-
- Other investments	11	77	-	-
Gain on disposal of plant and equipment	(179)	(142)	-	-
(Gain)/Loss on foreign exchange (net):				
- Realised	(5,476)	(4,308)	-	-
- Unrealised	2,756	1,511	-	-
Plant and equipment written off	6	10	-	-
Provision for/(Reversal of) inventories written down	2,646	(1,234)	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	4,198	3,753	-	-
- Wages, salaries and others	58,864	49,484	-	-
<i>Net (gain)/loss on impairment of financial instruments</i>				
Bad debts recovered	(2)	(4)	-	-
Trade receivables	1,171	1,340	-	-
Other receivables	551	871	-	-
	1,720	2,207	-	-

Notes to the Financial Statements

cont'd

21. Finance income

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Interest income of financial assets at amortised cost:				
- Recognised before impairment	3,094	1,476	465	421
	3,094	1,476	465	421

22. Finance costs

	Group	
	2024 RM'000	2023 RM'000
Interest expense of financial assets at amortised cost	-	439
Interest expense of financial liabilities that are at amortised cost	136	736
Interest expense on lease liabilities	244	93
Interest expense on hire purchase	7	1
	387	1,269

Notes to the Financial Statements

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23. Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Directors of the Company				
- Fees	496	476	488	468
- Remuneration	3,322	3,162	34	31
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	16	24	-	-
	3,834	3,662	522	499
Directors of the subsidiaries				
- Fees	4	5	-	-
- Remuneration	2,086	2,093	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	45	26	-	-
	2,135	2,124	-	-
Other key management personnel				
- Remuneration	2,326	1,870	-	-
- Contributions to Employees' Provident Fund	430	361	-	-
- Other short-term employee benefits	1,475	1,271	-	-
	4,231	3,502	-	-
	10,200	9,288	522	499

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 entity either directly or indirectly.

Notes to the Financial Statements

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24. Tax expense

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Income tax expense				
- Current year	25,376	17,810	109	100
- Under provision in prior year	429	137	-	-
	25,805	17,947	109	100
Deferred tax expense				
- Origination and reversal of temporary differences	(2,658)	2,332	-	-
- Over provision in prior year	(568)	(4,909)	-	-
	(3,226)	(2,577)	-	-
	22,579	15,370	109	100
Reconciliation of tax expense				
Profit for the year	70,566	67,426	27,543	23,582
Tax expense	22,579	15,370	109	100
Profit excluding tax	93,145	82,796	27,652	23,682
Tax at Malaysian tax rate of 24% (2023: 24%)	22,355	19,871	6,636	5,684
Non-deductible expenses	1,300	1,064	284	279
Non-taxable income	-	-	(6,811)	(5,863)
Tax effect on share of results of associate	(794)	(649)	-	-
Tax effect on share of results of joint venture	(143)	(144)	-	-
	22,718	20,142	109	100
Under/(Over) provision in prior year				
- current tax	429	137	-	-
- deferred tax	(568)	(4,909)	-	-
	22,579	15,370	109	100

24.1 Material accounting policy information

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.

Notes to the Financial Statements

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25. Earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share ("EPS") was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2024 RM'000	2023 RM'000
Profit attributable to owners of the Company	70,566	67,426
Weighted average number of ordinary shares at 31 December	356,555	356,555
Basic and diluted earnings per ordinary share (sen)	19.8	18.9

26. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2024			
Second interim 2023 ordinary - single tier	4.1	14,619	16 May 2024
First interim 2024 ordinary - single tier	2.8	9,983	9 January 2025
Total		24,602	
2023			
Second interim 2022 ordinary - single tier	3.7	13,193	16 May 2023
First interim 2023 ordinary - single tier	2.5	8,914	12 January 2024
Total		22,107	

After the end of the reporting period, the following dividend was declared by the Directors on 26 February 2025 and payable on 13 May 2025. These dividends will be recognised in subsequent financial period.

	Sen per share	Total amount RM'000
Second interim 2024 ordinary - single tier	4.1	14,619
Special interim 2024 ordinary - single tier	0.8	2,852
Total		17,471

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27. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- | | |
|-------------------------|---|
| (i) ICT Distribution | Distribution of consumer ICT products to resellers, comprising mainly retailers |
| (ii) Enterprise Systems | Distribution of commercial and enterprise ICT products to resellers, comprising mainly system integrators and corporate dealers |
| (iii) ICT Services | Provision of ICT services |

Other non-reportable segments comprise management services and investment holding. None of these segments met the quantitative thresholds for reporting segments in 2024 and 2023.

Performance is measured based on segment profit before tax, interest and depreciation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, 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 assets 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 Chief Executive Officer. Segment total assets is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Officer. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire plant and equipment, and other intangible assets other than goodwill.

Notes to the Financial Statements

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27. Operating segments *cont'd*

27.1 Segmental information for the Group is presented as follows:

Group	ICT distribution		Enterprise systems		ICT services		Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Segment profit	21,708	22,808	52,600	47,059	13,426	9,018	87,734	78,885
Included in the measure of segment profit are:								
- Depreciation of plant and equipment	(237)	(127)	(156)	(199)	(238)	(173)	(631)	(499)
- Depreciation of right-of-use assets	(87)	(76)	(50)	(64)	(7)	(4)	(144)	(144)
- Finance costs	(790)	(978)	(53)	(649)	(7)	(142)	(850)	(1,769)
- Finance income	482	279	1,702	708	930	500	3,114	1,487
Segment assets	520,234	476,302	316,506	251,713	14,457	13,157	851,197	741,172
Revenue from external customers	1,312,249	1,114,518	1,271,096	1,350,480	318,371	262,187	2,901,716	2,727,185
Inter-segment revenue	6,760	3,373	2,773	11,759	15,225	13,115	24,758	28,247
Total revenue	1,319,009	1,117,891	1,273,869	1,362,239	333,596	275,302	2,926,474	2,755,432

The comparative figures for certain product groupings with revenue of RM24,867,000 and profit of RM505,000 were reclassified from Enterprise Systems Segment to ICT Services Segment to conform with current period's product groupings. This is to reflect better reporting in line with the business transactions.

Notes to the Financial Statements

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27. Operating segments *cont'd*

27.2 Disaggregation of revenue

Group	ICT distribution		Enterprise systems		ICT services		Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Major product and service lines								
- Desktop, PC, notebooks, mobility devices and peripherals	1,319,009	1,117,891	-	-	-	-	1,319,009	1,117,891
- Server, storage, software and networking products	-	-	1,273,869	1,362,239	-	-	1,273,869	1,362,239
- Services and maintenance	-	-	-	-	333,596	275,302	333,596	275,302
	1,319,009	1,117,891	1,273,869	1,362,239	333,596	275,302	2,926,474	2,755,432
Timing								
- At a point in time	1,319,009	1,117,891	1,273,869	1,362,239	327,897	269,732	2,920,775	2,749,862
- Over time	-	-	-	-	5,699	5,570	5,699	5,570
	1,319,009	1,117,891	1,273,869	1,362,239	333,596	275,302	2,926,474	2,755,432

27.3 Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	Group	
	2024 RM'000	2023 RM'000
Total profit for the reportable segments	87,734	78,885
Other non-reportable segments profit	33,754	28,337
Elimination of inter-segments profit	(28,343)	(24,426)
Consolidated profit before tax	93,145	82,796

Notes to the Financial Statements

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27. Operating segments *cont'd*

27.3 Reconciliations of reportable segment revenues, profit or loss, assets and other material items *cont'd*

Group	Revenue RM'000	Depreciation of plant and equipment RM'000	Depreciation of right-of- use assets RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
2024							
Total reportable segments	2,926,474	(631)	(144)	(850)	3,114	851,197	753
Other non-reportable segments	25,112	(848)	(1,819)	(234)	677	161,250	1,056
Elimination of inter-segment transactions or balances	(49,870)	23	-	697	(697)	(134,525)	(8)
Consolidated total	2,901,716	(1,456)	(1,963)	(387)	3,094	877,922	1,801
2023							
Total reportable segments	2,755,432	(499)	(144)	(1,769)	1,487	741,172	1,550
Other non-reportable segments	21,845	(740)	(1,779)	(78)	567	155,446	392
Elimination of inter-segment transactions or balances	(50,092)	20	-	578	(578)	(74,083)	(41)
Consolidated total	2,727,185	(1,219)	(1,923)	(1,269)	1,476	822,535	1,901

27.4 Geographical segments

The Group operates predominantly in Malaysia and accordingly information by geographical locations of the Group is not presented.

27.5 Major customers

There was no major customer with revenue equal or more than 10% of the Group's total revenue during the current financial year (2023: RM359,072,000).

Notes to the Financial Statements

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28. Capital commitments

	Group	
	2024 RM'000	2023 RM'000
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	2,994	1,695

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 Group 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 subsidiaries, significant investors, Directors and key management personnel.

Transactions with key management personnel

There are no other transactions with key management personnel other than key management personnel compensation as disclosed in Note 23.

Notes to the Financial Statements

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29. Related parties *cont'd*

Other related party transactions

	Transaction value			
	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Subsidiaries				
Dividend income	-	-	25,800	22,400
Interest income	-	-	375	353
Purchases	-	-	-	(11)
Affiliated company				
Purchases	-	(8)	-	-
Support service	-	(146)	-	-
Joint venture				
Dividend income	-	-	800	650
Lease expense	(1,980)	(1,923)	-	-
Professional fee	14	14	-	-
Associate				
Dividend income	-	-	1,780	1,379
Sales	452	594	-	-
Support service	(175)	(256)	-	-

The net balances outstanding arising from the above transactions have been disclosed in Note 10 and Note 16.

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on negotiated terms.

Notes to the Financial Statements

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30. Financial instruments

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Fair value through profit or loss ("FVTPL")
 - Mandatorily required by MFRS 9;
 - Designated upon initial recognition ("DUIR")
- (b) Amortised cost ("AC"); and
- (c) Fair value through other comprehensive income ("FVOCI")
 - Equity instrument designated upon initial recognition ("EIDUIR")

	Carrying amount RM'000	AC RM'000	FVTPL - Mandatorily/ - DUIR RM'000	FVOCI - EIDUIR RM'000
2024				
Financial assets				
Group				
Receivables and deposits	451,282	451,282	-	-
Derivative financial assets				
- Mandatorily	2,488	-	2,488	-
Cash and cash equivalents	106,370	106,370	-	-
Club membership	62	-	-	62
Quoted equity in Malaysia				
- DUIR	81	-	81	-
	560,283	557,652	2,569	62
Company				
Receivables and deposits	18,258	18,258	-	-
Cash and cash equivalents	13,354	13,354	-	-
	31,612	31,612	-	-
Financial liabilities				
Group				
Borrowings	(521)	(521)	-	-
Payables and accruals	(350,784)	(350,784)	-	-
	(351,305)	(351,305)	-	-
Company				
Payables and accruals	(10,816)	(10,816)	-	-

Notes to the Financial Statements

cont'd

30. Financial instruments *cont'd*

30.1 Categories of financial instruments *cont'd*

	Carrying amount RM'000	AC RM'000	FVTPL - Mandatorily/ - DUIR RM'000	FVOCI - EIDUIR RM'000
2023				
Financial assets				
Group				
Receivables and deposits	400,047	400,047	-	-
Cash and cash equivalents	150,851	150,851	-	-
Club membership	62	-	-	62
Quoted equity in Malaysia				
- DUIR	92	-	92	-
	551,052	550,898	92	62
Company				
Receivables and deposits	260	260	-	-
Cash and cash equivalents	27,338	27,338	-	-
	27,598	27,598	-	-
Financial liabilities				
Group				
Borrowings	(33,467)	(33,467)	-	-
Payables and accruals	(309,041)	(309,041)	-	-
Derivative financial liabilities				
- Mandatorily	(1,629)	-	(1,629)	-
	(344,137)	(342,508)	(1,629)	-
Company				
Payables and accruals	(9,733)	(9,733)	-	-

Notes to the Financial Statements

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30. Financial instruments *cont'd*

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	1,925	(299)	465	421
Financial assets at fair value through profit or loss:				
- Mandatorily required under MFRS 9	4,117	-	-	-
- Designated upon initial recognition	(11)	(77)	-	-
Financial liabilities at amortised cost	2,577	2,060	-	-
Financial liabilities at fair value through profit and loss:				
- Mandatorily required under MFRS 9	-	2,915	-	-
	8,608	4,599	465	421

30.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

30.4 Credit risk

Credit risk is the risk of a financial loss to the Group 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 receivables from customers and cash and cash equivalents. The Company's exposure to credit risk arises principally from financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Notes to the Financial Statements

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30. Financial instruments *cont'd*

30.4 Credit risk *cont'd*

(i) Trade receivables

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 financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group 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. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

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 are represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

At the end of the reporting period, there were no significant concentrations of credit risk except for 5 (2023: 5) debtors which forms 23% (2023: 31%) of the total trade receivables of the Group.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group uses an allowance matrix to measure expected credit loss ("ECLs") of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due more than 90 days will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

Notes to the Financial Statements

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30. Financial instruments *cont'd*

30.4 Credit risk *cont'd*

(i) Trade receivables *cont'd*

Recognition and measurement of impairment loss cont'd

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2024			
Current (not past due)	214,972	-	214,972
1 - 30 days past due	139,249	-	139,249
31 - 60 days past due	53,357	-	53,357
61 - 90 days past due	12,091	-	12,091
	419,669	-	419,669
Credit impaired			
More than 90 days past due	11,058	(3,026)	8,032
Individually impaired	246	(246)	-
	430,973	(3,272)	427,701
2023			
Current (not past due)	183,784	-	183,784
1 - 30 days past due	133,734	-	133,734
31 - 60 days past due	48,015	-	48,015
61 - 90 days past due	6,941	-	6,941
	372,474	-	372,474
Credit impaired			
More than 90 days past due	9,253	(2,045)	7,208
Individually impaired	58	(58)	-
	381,785	(2,103)	379,682

Notes to the Financial Statements

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30. Financial instruments *cont'd*

30.4 Credit risk *cont'd*

(i) Trade receivables *cont'd*

Recognition and measurement of impairment loss cont'd

The movements in the allowance for impairment losses of trade receivables during the year are shown below.

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Group			
Balance at 1 January 2023	750	13	763
Net measurement of loss allowance	1,295	45	1,340
Balance at 31 December 2023/ 1 January 2024	2,045	58	2,103
Amounts written off	-	(2)	(2)
Net measurement of loss allowance	981	190	1,171
Balance at 31 December 2024	3,026	246	3,272

Trade receivables of RM2,000 (2023: Nil) were written off against the impairment loss provided but are still subject to enforcement activity.

(ii) 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. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

(iii) Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented, and marketing and promotional expenses incurred on behalf and receivable from respective vendors ("marketing claims"). The deposits will be received at the end of respective lease. The marketing claims will be received at the end of respective credit terms. The Group manages the credit risk together according to the lease and vendor agreements.

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.

As at the end of the reporting period, the Group recognised impairment losses of RM1,422,000 (2023: RM871,000) to other receivables, while the Company did not recognise any allowance for impairment losses.

Notes to the Financial Statements

cont'd

30. Financial instruments *cont'd*

30.4 Credit risk *cont'd*

(iv) Investments and other financial assets

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with licensed banks and financial institutions.

Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

(v) Financial guarantees

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.

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 on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The Company's maximum exposure to financial guarantees amounts to RM Nil (2023: RM33,300,000) representing the total outstanding borrowings of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(vi) Inter-company loans

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Notes to the Financial Statements

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30. Financial instruments *cont'd*

30.4 Credit risk *cont'd*

(vi) Inter-company loans *cont'd*

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 the carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

Generally, the Company considers loans to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans when they are payable, the Company considers the loans to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan to be credit impaired when:

- The subsidiary is unlikely to repay its loan to the Company in full;
- The subsidiary's loan is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans individually using internal information available.

As at the end of the reporting period, there was no indication that the loans to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of loans to the subsidiaries. Nevertheless, these loans have been overdue for less than a year.

30.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company monitor and maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

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30. Financial instruments *cont'd*

30.5 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:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2024						
Group						
<i>Non-derivative financial liabilities:</i>						
Hire purchase	521	2.06%	527	378	149	-
Lease liabilities	3,884	4.25%	4,125	2,103	1,998	24
Payables and accruals	350,784	-	350,784	350,784	-	-
	355,189		355,436	353,265	2,147	24
Forward exchange contracts (gross settled):						
Outflow	-	-	157,867	157,867	-	-
Inflow	(2,488)	-	(160,355)	(160,355)	-	-
	352,701		352,948	350,777	2,147	24
Company						
<i>Non-derivative financial liabilities:</i>						
Payables and accruals	10,816	-	10,816	10,816	-	-

Notes to the Financial Statements

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30. Financial instruments *cont'd*

30.5 Liquidity risk *cont'd*

Maturity analysis cont'd

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2023						
Group						
<i>Non-derivative financial liabilities:</i>						
Banker's acceptances	33,300	3.7 - 4.8%	33,579	33,579	-	-
Hire purchase	167	2.06%	170	102	68	-
Lease liabilities	5,771	3 - 4.25%	6,256	2,131	2,103	2,022
Payables and accruals	309,041	-	309,041	309,041	-	-
	348,279		349,046	344,853	2,171	2,022
Forward exchange contracts (gross settled):						
Outflow	1,629	-	118,630	118,630	-	-
Inflow	-	-	(117,001)	(117,001)	-	-
	349,908		350,675	346,482	2,171	2,022
Company						
<i>Non-derivative financial liabilities:</i>						
Payables and accruals	9,733	-	9,733	9,733	-	-

Notes to the Financial Statements

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30. Financial instruments *cont'd*

30.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's financial position or cash flows.

30.6.1 Foreign currency risk

Risk management objectives, policies and processes for managing the risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the functional currency of Group entities. Approximately 28.9% (2023: 23.5%) of the Group's purchases are priced in US Dollar ("USD"). The Group hedges most of these exposures by purchasing forward currency contracts. All the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency (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 USD	
	2024 RM'000	2023 RM'000
Cash and bank balances	64	862
Trade payables	(132,575)	(103,554)
Forward exchange contracts	2,488	(1,629)
Net exposure	(130,023)	(104,321)

Currency risk sensitivity analysis

A 10% (2023: 10%) strengthening of Ringgit Malaysia ("RM") against the following currency at the end of the reporting period would have increased 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. The analysis assumes that all other variables, in particular interest rates, remained constant and ignored any impact of forecasted sales and purchases.

Group	Profit or loss	
	2024 RM'000	2023 RM'000
USD	9,882	7,928

A 10% (2023: 10%) weakening of Ringgit Malaysia ("RM") against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amount shown above, on the basis that all other variables remained constant.

Notes to the Financial Statements

cont'd

30. Financial instruments *cont'd*

30.6 Market risk *cont'd*

30.6.2 Interest rate risk

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments and lease liabilities, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Fixed rate instruments				
Lease liabilities	(3,884)	(5,771)	-	-
Hire purchase liabilities	(521)	(167)	-	-
	(4,405)	(5,938)	-	-
Floating rate instruments				
Financial liabilities	-	(33,300)	-	-
Financial assets	-	-	18,000	-
	-	(33,300)	18,000	-

Interest rate risk sensitivity analysis for fixed and variable 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, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not materially affect profit or loss.

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss	
	Group	
	100 bp increase RM'000	100 bp decrease RM'000
2024		
Floating rate instruments	-	-
2023		
Floating rate instruments	(253)	253

Notes to the Financial Statements

cont'd

30. Financial instruments *cont'd*

30.6 Market risk *cont'd*

30.6.2 Interest rate risk *cont'd*

	Profit or loss	
	Company	
	100 bp increase RM'000	100 bp decrease RM'000
2024		
Floating rate instruments	137	(137)
2023		
Floating rate instruments	-	-

The following table shows information about exposure to interest rate risk.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets, the following table indicates their effective interest rates at the end of the reporting period and the periods in which they mature, or if earlier, reprice.

Company	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000
2024			
<i>Financial assets</i>			
Amount due from a subsidiary	4.25	18,000	18,000
2023			
<i>Financial assets</i>			
Amount due from a subsidiary	4 - 4.25	-	-

Notes to the Financial Statements

cont'd

30. Financial instruments *cont'd*

30.7 Fair value information

The carrying amounts of cash and bank balances, receivables and deposits, payables and accruals, and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The tables below analyse other financial instruments at fair value.

Group	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	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2024										
Financial assets										
Quoted equity in Malaysia	81	-	-	81	-	-	-	-	81	81
Club membership	-	-	-	-	-	-	62	62	62	62
Forward exchange contracts	-	2,488	-	2488	-	-	-	-	2,488	2,488
Trade receivables	-	-	-	-	-	-	3,175	3,175	3,175	3,175
2023										
Financial assets										
Quoted equity in Malaysia	92	-	-	92	-	-	-	-	92	92
Club membership	-	-	-	-	-	-	62	62	62	62
Trade receivables	-	-	-	-	-	-	6,214	6,214	6,214	6,214
Financial liabilities										
Forward exchange contracts	-	(1,629)	-	(1,629)	-	-	-	-	(1,629)	(1,629)

30.7.1 Fair value hierarchy

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Notes to the Financial Statements

cont'd

30. Financial instruments *cont'd*

30.7 Fair value information *cont'd*

30.7.1 Fair value hierarchy *cont'd*

Policy on transfer between levels *cont'd*

Derivatives

The fair value of forward exchange contracts is based on their indicative market prices from the issuing banks, if available. If the indicative market price from the issuing bank is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2023: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Club membership

The club membership is stated at cost. There was no evidence of impairment of the carrying amount during the financial year, hence fair value approximates the carrying amount.

Trade receivable

The trade receivable with payment term of more than 1 year is stated at the present value, computed using discounted cash flows based on a rate of 4.25%.

30.8 Material accounting policy information

The Group and the Company apply settlement date accounting for regular way purchase or sale of financial assets.

31. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There was no change in the Group's approach to capital management during the financial year.

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 134 to 182 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of 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 December 2024 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:

Lee Marn Fong @ Wu Marn Fong
Director

Soong Jan Hsung
Director

Date: 28 March 2025

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Chan Puay Chai**, the Chief Financial Officer primarily responsible for the financial management of VSTECS Berhad, do solemnly and sincerely declare that the financial statements set out on pages 134 to 182 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 Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chan Puay Chai, Kota Damansara in the State of Selangor on 28 March 2025.

Chan Puay Chai

Before me:

Independent Auditors' Report

TO THE MEMBERS OF VSTECS BERHAD (Registration No. 199501021835 (351038-H))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of VSTECS Berhad, which comprise the statements of financial position as at 31 December 2024 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 material accounting policy information, as set out on pages 134 to 182.

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 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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.

Independent Auditors' Report

TO THE MEMBERS OF VSTECS BERHAD (Registration No. 199501021835 (351038-H))
(Incorporated in Malaysia)

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.

Recoverability of trade receivables

(Note 10 – Receivables and deposits of the financial statements)

The key audit matter

The Group has significant trade receivables balances which amounted to 49.1% of total assets and the Group applies assumptions to assess the level of impairment loss required to write down the value of trade receivables to their recoverable amounts. The Group's credit risk policy is based on ageing analysis to monitor the credit quality of the trade receivables. Trade receivables aged more than 90 days are monitored individually and as at 31 December 2024, RM5.6 million debts were past due more than 90 days with no allowance for impairment loss was made. Due to the prevalent amount involved whereby impairment loss may impact earnings, this results in recoverability of trade receivables being the key judgemental area that our audit is concentrated on.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We evaluated the Group's policy on valuation of trade receivables against the requirements of MFRS 9, *Financial Instruments*;
- We evaluated the methodology adopted by the Group in assessing and measuring the impairment loss provision for trade receivables;
- We challenged the Group's predetermined policies in determining impairment loss by reference to historical loss incurred/write-offs, as applicable;
- We tested the accuracy of the ageing of trade receivables by testing age profile of the trade receivables balance to invoices raised;
- We tested the post year end cash received allocated against aged trade receivables at the year end; and
- We considered the adequacy of the Group's disclosure on the degree of estimation involved in arriving at the allowance for impairment loss.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Independent Auditors' Report

TO THE MEMBERS OF VSTECS BERHAD (Registration No. 199501021835 (351038-H))
(Incorporated in Malaysia)

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 Directors' Report and the Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not and will 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 other information identified above and, in doing so, consider whether the other information 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

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 MFRS Accounting Standards, IFRS Accounting 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.

Independent Auditors' Report

TO THE MEMBERS OF VSTECS BERHAD (Registration No. 199501021835 (351038-H))

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements *cont'd*

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Independent Auditors' Report

TO THE MEMBERS OF VSTECS BERHAD (Registration No. 199501021835 (351038-H))
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements *cont'd*

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.

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

Lee Yeit Yeen

Approval Number: 03484/02/2026 J
Chartered Accountants

Petaling Jaya

Date: 28 March 2025

Analysis of Shareholdings

As at 17 March 2025

Total number of issued shares	: 360,000,000 ordinary shares
Voting rights	: 1 vote per ordinary share
Treasury shares as at 17 March 2025	: 3,444,600 ordinary shares
Adjusted capital (after netting treasury shares as at 17 March 2025):	356,555,400 ordinary shares

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 – 99	54	1.304	832	0.000
100 – 1,000	1,008	24.348	632,848	0.177
1,001 – 10,000	2,091	50.507	9,596,770	2.692
10,001 – 100,000	835	20.169	26,122,150	7.326
100,001 – 17,827,769*	148	3.575	83,303,700	23.364
17,827,770 and above**	4	0.097	236,899,100	66.441
Total	4,140	100.000	356,555,400	100.000

* Less than 5% of issued shares

** 5% and above of issued shares

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shareholdings	%
1.	VSTECs Holdings (Singapore) Limited	144,000,000	40.386
2.	Sengin Sdn. Bhd.	43,380,000	12.166
3.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Dasar Technologies Sdn. Bhd. (CTS-DTS0002C)</i>	30,800,000	8.638
4.	CGS International Nominees Malaysia (Asing) Sdn. Bhd. <i>Exempt An for CGS International Securities (Singapore) Pte. Ltd. (Retail Clients)</i>	18,719,100	5.249
5.	Melco Holdings Inc.	6,000,000	1.682
6.	Oasis Hope Sdn. Bhd.	3,589,600	1.006
7.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chiew Chieng Siew (MK0111)</i>	3,563,500	0.999
8.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (F Templeton)</i>	3,258,800	0.913
9.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund</i>	3,035,300	0.851
10.	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>CIMB Commerce Trustee Berhad – Kenanga Malaysian Inc Fund</i>	2,851,900	0.799

Analysis of Shareholdings

As at 17 March 2025

THIRTY (30) LARGEST SHAREHOLDERS *cont'd*

No.	Name of Shareholders	No. of Shareholdings	%
11.	Cartaban Nominees (Tempatan) Sdn. Bhd. <i>CN CIMB Commerce Trustee Berhad for Kenanga Growth Fund Series 2</i>	2,580,500	0.723
12.	Citygroup Nominees (Asing) Sdn. Bhd. <i>Exempt an for Citibank New York (Norges Bank 19)</i>	2,459,700	0.689
13.	Lim Kooi Fui	2,134,000	0.598
14.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Gan Tee Jin</i>	1,800,000	0.504
15.	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chiew Chieng Siew</i>	1,360,000	0.381
16.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Lembaga Tabung Haji (Eastspring)</i>	1,322,400	0.370
17.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Kumpulan Wang Persaraan (Diperbadankan) (Nomura)</i>	1,300,000	0.364
18.	Lim Kook Fui	1,298,700	0.364
19.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdana Al-Ilham</i>	1,249,100	0.350
20.	Tan Tiang Choon	1,197,800	0.335
21.	Migan Sdn. Bhd.	1,021,500	0.286
22.	Amanahraya Trustees Berhad <i>PMB Shariah Growth Fund</i>	1,000,000	0.280
23.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chiew Chieng Siew (E-PDG)</i>	1,000,000	0.280
24.	Phillip Nominees (Tempatan) Sdn. Bhd. <i>Exempt an for Phillip Capital Management Sdn. Bhd. (EPF)</i>	987,000	0.276
25.	Lim Yin Sew	921,400	0.258
26.	Go Hooi Meng	900,000	0.252
27.	Citigroup Nominees (Asing) Sdn. Bhd. <i>UBS AG</i>	830,100	0.232
28.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledge Securities Account Jincan Sdn. Bhd.</i>	801,000	0.224
29.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledge Securities Account for Chong Khong Shoong</i>	800,000	0.224
30.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledge Securities Account for Chong Khong Shoong (E-IMO/JSI)</i>	800,000	0.224
		284,961,400	79.920

Analysis of Shareholdings

As at 17 March 2025

SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2025

Name	Direct Interest		Indirect Interest	
	No of Shares	%	No of Shares	%
VSTECS Holdings (Singapore) Limited	162,709,100	45.634	-	-
VSTECS Holdings Limited	-	-	162,709,100 ⁽¹⁾	45.634
Sengin Sdn. Bhd.	43,380,000	12.166	-	-
Dasar Technologies Sdn. Bhd.	30,800,000	8.638	-	-
Lee Marn Fong @ Wu Marn Fong	-	-	44,192,400 ⁽²⁾	12.394
Foo Lek Choong	713,400	0.200	43,380,000 ⁽³⁾	12.166
Foo Teen Wyne	99,000	0.028	43,380,000 ⁽⁴⁾	12.166

DIRECTORS' SHAREHOLDINGS AS AT 17 MARCH 2025

Name	Direct Interest		Indirect Interest	
	No of Shares	%	No of Shares	%
Lee Marn Fong @ Wu Marn Fong	-	-	44,192,400 ⁽²⁾	12.394
Soong Jan Hsung	450,000	0.126	-	-
Dato' Khoo Sin Aik	-	-	10,000 ⁽⁵⁾	0.003
Abdul Aziz bin Zainal Abidin	-	-	-	-
Ong Wei Hiam	-	-	-	-
Anne Rodrigues Nee Koh Lan Heong	-	-	-	-
Josephine Phan Su Han	-	-	-	-

⁽¹⁾ VSTECS Holdings (Singapore) Limited is a wholly-owned subsidiary of VSTECS Holdings Limited.

⁽²⁾ By virtue of her substantial shareholdings in Sengin Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and the shareholdings of her children.

⁽³⁾ By virtue of his substantial shareholdings in Sengin Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

⁽⁴⁾ By virtue of her substantial shareholdings in Sengin Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

⁽⁵⁾ By virtue of the shareholdings of his spouse.

Notice of Twenty-Ninth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth (“29th”) Annual General Meeting (“AGM”) of **VSTECS BERHAD** (“VSTECS” or “the Company”) will be held physically only at Greens III (Sports Wing), Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 13 May 2025 at 10:30 a.m., or at any adjournment thereof, for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and the Auditors thereon. **(Refer to Note (B))**
2. To re-elect the following Directors who retire in accordance with Clause 21.6 of the Constitution of the Company:-
 - (a) Madam Lee Marn Fong @ Wu Marn Fong; and **(Resolution 1)**
 - (b) Madam Anne Rodrigues Nee Koh Lan Heong. **(Resolution 2)**
3. To approve the payment of Directors’ fees of RM513,100/- (Ringgit Malaysia: Five Hundred Thirteen Thousand and One Hundred) only for the financial year ending 31 December 2025. **(Resolution 3)**
4. To re-appoint KPMG PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Resolution 4)**

As Special Business

To consider and, if thought fit, with or without any modification, to pass the following resolutions:-

5. **ORDINARY RESOLUTION NO. 1** **(Resolution 5)**
- PAYMENT OF BENEFITS PAYABLE TO THE DIRECTORS UNDER SECTION 230 OF THE COMPANIES ACT 2016

“**THAT** the benefits payable to the Directors up to an amount of RM100,000/- (Ringgit Malaysia: One Hundred Thousand) only for the period from 1 June 2025 to the next Annual General Meeting of the Company pursuant to Section 230(1)(b) of the Companies Act 2016 be and is hereby approved for payment.”

6. **ORDINARY RESOLUTION NO. 2** **(Resolution 6)**
- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

“**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”), Main Market Listing Requirements (“**Main LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Constitution of the Company, subject always to the approvals from Bursa Securities and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

AND THAT the Directors be and are so empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND THAT pursuant to Section 85 of the Act to read together with Clause 16.5 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to the Act; and

Notice of Twenty-Ninth Annual General Meeting

cont'd

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. ORDINARY RESOLUTION NO. 3

(Resolution 7)

- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK")

"THAT subject to Section 127 of the Companies Act 2016 (**"the Act"**), the Constitution of the Company, Main Market Listing Requirements (**"Main LR"**) of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-

- (i) the aggregate number of ordinary shares to be purchased (**"Purchased Shares"**) and/or held by the Company does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase.

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

- (i) cancel all the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury and/or resell on the market of Bursa Securities; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder; and/or
- (iv) distribute the shares as dividend to shareholders, such dividend is to be known as "share dividends"; and/or
- (v) resell the shares or any of the shares in accordance with the relevant rules of the stock exchange; and/or
- (vi) transfer the shares, or any of the shares as purchase consideration; and/or
- (vii) cancel the shares or any of the shares; and/or
- (viii) sell, transfer or otherwise use the shares for such other purposes as the Minister; and/or

in any other manner as prescribed by the Act, the applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Directors.

Notice of Twenty-Ninth Annual General Meeting

cont'd

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until: -

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first.

AND THAT the Directors of the Company be authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the best interest of the Company."

8. ORDINARY RESOLUTION NO. 4

(Resolution 8)

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

"THAT subject to the provisions of the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in the Circular/Statement to Shareholders dated 15 April 2025 which are necessary for the day-to-day operations of the Company and/or its subsidiaries ("**Group**"), to be entered by the Group in the ordinary course of business and are on terms which are not more favourable to the parties with which such recurrent transactions to be entered into than those generally available to the public and are not detrimental to the minority shareholders of the Company.

THAT such approval shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting at which the Proposed Renewal of Existing Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM whereby the authority is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

Notice of Twenty-Ninth Annual General Meeting

cont'd

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Existing Shareholders' Mandate."

9. To transact any other business of which due notice shall have been given.

By Order of the Board

(duly signed)

CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC NO. 201908002648)

CHENG CHIA PING (MAICSA 1032514) (SSM PC NO. 202008000730)

Company Secretaries

Kuala Lumpur

Dated: 15 April 2025

Notes:-

(A) Information for Shareholders/ Proxies

1. This is a **physical** general meeting. Shareholders and/or proxies are invited to attend **in-person** only. In respect of deposited securities, only members whose names appear in the Record of Depositors on 6 May 2025 ("**General Meeting Record of Depositors**") shall be eligible to attend the AGM.
2. A member (including authorised nominee) entitled to attend and vote at the AGM, may appoint more than one (1) proxy to attend and vote at the AGM, to the extent permitted by the Act, Securities Industry (Central Depositories) Act, 1991, Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and the Rules of Bursa Malaysia Depository Sdn. Bhd. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the AGM is entitled to appoint any person as his/her proxy to attend and vote instead of the member at the AGM without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM shall have the same rights as the member to attend, participate, speak and vote at the AGM.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
5. Where a member is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies of which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

6. **Publication of Notice of 29th AGM and Proxy Form on corporate website**

Pursuant to Section 320(2) of the Act, a copy of this Notice together with the Proxy Form are available at the corporate website of VSTECs Berhad at <https://www.vstecs.com.my/ar/2024>.

7. **Submission of Proxy Form in either hard copy form or electronic form**

The appointment of proxy(ies) may be made either in hard copy form or by electronic form, and, shall be deposited with the Company's Share Registrar, namely, Tricor Investor & Issuing House Services Sdn. Bhd., either at the designated office as stated below or vide TIIH Online, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjournment thereof (i.e. **on or before Sunday, 11 May 2025 at 10:30 a.m.**):-

Notice of Twenty-Ninth Annual General Meeting

cont'd

Mode of Submission	Designated Address
Hard copy	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, Wilayah Persekutuan
Electronic appointment	TIIH Online Weblink: https://tiih.online (Please refer to the Administrative Guides for further information on electronic submission).

The lodging of the said instrument shall not preclude you from attending, participating, speaking and voting in person at the 29th AGM should you subsequently wish to do so, provided a notice of termination of proxy authority in writing is given to the Company not less than twenty-four (24) hours before the commencement of the AGM or any adjournment thereof.

(B) **Audited Financial Statements for the financial year ended 31 December 2024**

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval for the audited financial statements from the shareholders. Therefore, this Agenda item is not put forward for voting.

(C) **Re-election of Directors**

In determining the eligibility of the Directors to stand for re-election at the forthcoming 29th AGM, the Nominating Committee ("NC"), guided by the Directors' Assessment Policy has considered the criteria as stated in the said Policy as well as the requirements of Paragraph 2.20A of the Main LR of Bursa Securities and recommended Madam Lee Marn Fong @ Wu Marn Fong and Madam Anne Rodrigues Nee Koh Lan Heong for re-election as Directors pursuant to Clause 21.6 of the Constitution of the Company ("**Retiring Directors**"). The Board has conducted a separate fit and proper assessment and being satisfied with the fit and proper eligibility of the Retiring Directors, the Board would like to recommend the same be tabled to the shareholders for approval at the forthcoming 29th AGM of the Company under Resolutions 1 and 2, respectively. The evaluation criteria adopted as well as the process of assessment by the Board have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2024 of the Company.

All the Retiring Directors have consented to their re-election, and abstained from deliberation and voting in relation to their individual re-election at the NC and Board of Directors' Meetings, respectively.

(D) **Payment of Directors' Fees**

The Proposed Directors' Fees for the financial year ending 31 December 2025 was RM513,100/-.

This resolution is to facilitate the payment of Directors' fees for the financial year ending 31 December 2025. In the event the Proposed Directors' Fees are insufficient, approval will be sought at the next AGM for the additional fees to meet the shortfall.

The Resolution 3, if approved, will authorise the payment of Directors' fees pursuant to Clause 21.4 of the Constitution of the Company.

(E) **Re-appointment of Auditors**

The Audit Committee ("**AC**") have assessed the suitability, objectivity and independence of the External Auditors and recommended the re-appointment of KPMG PLT as External Auditors of the Company for the financial year ending 31 December 2025. The Board has in turn reviewed the recommendation of the AC and recommended the same be tabled to the shareholders for approval at the forthcoming 29th AGM of the Company under Resolution 4. The evaluation criteria adopted as well as the process of assessment by the AC and Board, respectively, have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2024 of the Company.

Notice of Twenty-Ninth Annual General Meeting

cont'd

Explanatory Notes to Special Business:-

(F) Payment of Benefits Payable

Under proposed Resolution 5, the benefits payable to the Directors has been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the benefits payable is in the best interest of the Company. The benefits concern comprise of meeting allowances, insurance premium and other benefits payable in favour of the Directors.

(G) Authority to Issue Shares pursuant to the Act

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Act at the 29th AGM of the Company under proposed Resolution 6 (hereinafter referred to as the **"General Mandate"**). This authority will, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company.

The Company had been granted a general mandate by its shareholders at the Twenty-Eighth AGM of the Company held on 14 May 2024 (hereinafter referred to as the **"Previous Mandate"**).

The Previous Mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority unless revoked or varied by the Company in a general meeting, will expire at the next AGM. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

(H) Proposed Renewal of Share Buy-Back

The proposed Resolution 7, if passed, will renew the authority given to the Company to purchase its own shares of up to ten per centum (10%) of the total number of issued shares of the Company at any time within the timeframe stipulated in the Main LR of Bursa Securities (hereinafter referred to as the **"Share Buy-Back"**). This authority will, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company.

Further details are set out in Part A of the Circular/Statement to Shareholders dated 15 April 2025 circulated together with this Annual Report.

(I) Proposed Renewal of Existing Shareholders' Mandate

The proposed Resolution 8, if passed, will renew the authority given to the Company and/or its subsidiaries a mandate to enter into recurrent related party transactions of a revenue or trading nature with the Related Parties in compliance with the Main LR of Bursa Securities. The mandate, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

Further details are set out in Part B of the Circular/Statement to Shareholders dated 15 April 2025 circulated together with this Annual Report.

29th Annual General Meeting (29th AGM) Administrative Guides

Day and Date	: Tuesday, 13 May 2025
Time	: 10:30 a.m.
Venue	: Greens III (Sports Wing), Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan

REGISTRATION

The registration counter starts at 9:30 a.m. on Tuesday, 13 May 2025 and will remain opened until the conclusion of the or such time as may be determined by the Chairman of the Meeting.

Shareholders or proxies are requested to produce/show their original MyKAD or Passport (for non- Malaysians) to the registration staff for verification purposes. Please ensure the original MyKAD or Passport is returned to you thereafter.

Please take note that no person will be allowed to register on behalf of another person, even with the original MyKAD or Passport of that person.

Upon verification, shareholders or proxies will also be given the identification wristbands for voting purposes. No person will be allowed to enter the meeting hall without the identification wristband. There will be no replacement for the identification wristband if it is lost or misplaced.

PROXY

Only a member whose name appears on the Record of Depositors as at 6 May 2025 shall be entitled to attend and vote or appoint proxy/proxies to attend and vote on his/her behalf at the 29th AGM.

If you are unable to attend the meeting on 13 May 2025, you may appoint the Chairman of the Meeting as proxy and indicate the voting instructions in the Proxy Form.

If you wish to personally participate in the 29th AGM yourself, please do not submit any Proxy Form. You will not be allowed to participate in the 29th AGM together with a proxy appointed by you.

The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of two (2) authorised officers, one (1) of whom shall be a Director, or of its attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited or submitted in the following manner not later than Sunday, 11 May 2025 at 10:30 a.m.

(i) In hard copy form

By hand or post to the office of the Company's Share Registrar, Tricor Invertor & Issuing House Services Sdn Bhd ("TIIH") at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W.P. Kuala Lumpur, Malaysia or alternatively to be deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form

You may also submit your proxy appointment electronically via TIIH Online website at <https://tiih.online>. Please do read and follow the procedures below to submit proxy form electronically.

29th Annual General Meeting (29th AGM) Administrative Guides

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ELECTRONIC LODGEMENT OF PROXY FORM

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the "e- Services". Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. Select the corporate event: "VSTECs BERHAD 29TH AGM - SUBMISSION OF PROXY FORM". Read and agree to the Terms and Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(s) appointment. Print the form of proxy for your record.
ii. Steps for Corporate or Institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder selects "Create Account by Representative of Corporate Holder". Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online. Select the corporate event: "VSTECs BERHAD 29TH AGM - SUBMISSION OF PROXY FORM". Agree to the Terms & Conditions and Declaration. Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Login to TIIH Online, select corporate event: "VSTECs BERHAD 29TH AGM - SUBMISSION OF PROXY FORM". Proceed to upload the duly completed proxy appointment file. Select "Submit" to complete your submission. Print the confirmation report of your submission for your record.

29th Annual General Meeting (29th AGM) Administrative Guides

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GENERAL MEETING RECORD OF DEPOSITORS

For the purpose determining who shall be entitled to attend the 29th AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 6 May 2025 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 29th AGM proceedings is allowed without prior written permission of the Company.

POLL VOTING

The voting at the 29th AGM will be conducted by poll in accordance with Rule 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed TIIH as Poll Administrator to conduct the poll by way of electronic voting.

Shareholders or proxies or corporate representatives or attorneys can proceed to vote on the resolutions upon the announcement by the Chairman of the meeting.

Upon completion of the voting session for the 29th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

ENQUIRY

If you have any enquiry prior to the meeting, you may contact the Share Registrar during office hours, on Mondays to Fridays, from 9.00 a.m. to 5.30 p.m. (except public holidays) at:

Tricor Investor & Issuing House Services Sdn Bhd		
Telephone Number	General Line	603-2783 9299
Fax Number	603-2783 9222	
Email	is.enquiry@vistra.com	

**VSTECS BERHAD**

[Registration No. 199501021835 (351038-H)]
(Incorporated in Malaysia)

PROXY FORM

No. of Shares held	CDS Account No.
Contact Number	Email Address

I/We _____
(name of shareholder as per NRIC, in capital letters)

NRIC No./ID No./Company No. _____ (New) _____ (Old)
of _____
(full address)

being a Member/Members of VSTECS Berhad, hereby appoint _____
(name of proxy as per NRIC, in capital letters)

NRIC No. _____ (New) _____ (Old) of _____
_____ Contact No. _____
(full address)

and/or failing him/her _____
(name of proxy as per NRIC, in capital letters)

NRIC No. _____ (New) _____ (Old) of _____
_____ Contact No. _____
(full address)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the Twenty-Ninth ("29th") Annual General Meeting ("AGM") of the Company to be held at Greens III (Sports Wing), Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 13 May 2025 at 10:30 a.m., or at any adjournment thereof.

The proportion of *my/our holdings to be represented by *my/our proxy(ies) are as follows:-

First Proxy	%
Second Proxy	%
	100%

In the case of a vote by a show of hands, my proxy _____ (one only) shall vote on *my/our behalf.

Please indicate with an "X" in the spaces provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Resolutions		For	Against
Resolution 1	Re-election of Madam Lee Marn Fong @ Wu Marn Fong as Director pursuant to Clause 21.6 of the Company's Constitution		
Resolution 2	Re-election of Madam Anne Rodrigues Nee Koh Lan Heong as Director pursuant to Clause 21.6 of the Company's Constitution		
Resolution 3	Payment of Directors' Fees		
Resolution 4	Re-appointment of KPMG PLT as Auditors and to fix their remuneration		
Resolution 5	Ordinary Resolution No. 1 – Payment of Benefits Payable to the Directors		
Resolution 6	Ordinary Resolution No. 2 – Authority to Issue Shares		
Resolution 7	Ordinary Resolution No. 3 – Proposed Renewal of Share Buy-Back		
Resolution 8	Ordinary Resolution No. 4 – Proposed Renewal of Shareholders' Mandate		

Dated this _____ day _____ 2025.

Signature of Member/ Common Seal

AFFIX
STAMP

The Company's Share Registrar

for the 29th Annual General Meeting of
VSTECs Berhad

Tricor Investor & Issuing House Services Sdn. Bhd.
[Registration No. 197101000970 (11324-H)]

Unit 32-01, Level 32,
Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan

Then Fold Here

(A) Information for Shareholders/Proxies

1. This is a **physical** general meeting. Shareholders and/or proxies are invited to attend **in-person** only. In respect of deposited securities, only members whose names appear in the Record of Depositors on 6 May 2025 ("**General Meeting Record of Depositors**") shall be eligible to attend the AGM.
2. A member (including authorised nominee) entitled to attend and vote at the AGM, may appoint more than one (1) proxy to attend and vote at the AGM, to the extent permitted by the Act, Securities Industry (Central Depositories) Act, 1991, Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and the Rules of Bursa Malaysia Depository Sdn. Bhd. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but does not need to be a member of the Company and notwithstanding this, a member entitled to attend and vote at the AGM is entitled to appoint any person as his/her proxy to attend and vote instead of the member at the AGM without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the AGM shall have the same rights as the member to attend, participate, speak and vote at the AGM.
4. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
5. Where a member is an exempt authorised nominee who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies of which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

1st Fold Here

6. Publication of Notice of 29th AGM and Proxy Form on corporate website

Pursuant to Section 320(2) of the Act, a copy of this Notice together with the Proxy Form are available at the corporate website of VSTECs Berhad at <https://www.vstecs.com.my/ar/2024>.

7. Submission of Proxy Form in either hard copy form or electronic form

The appointment of proxy(ies) may now be made either in hard copy form or by electronic form, and, shall be deposited with the Company's Share Registrar, namely, Tricor Investor & Issuing House Services Sdn. Bhd., either at the designated office as stated below or via TIIH Online, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjournment thereof (i.e. **on or before Sunday, 11 May 2025 at 10:30 a.m.**):-

Mode of Submission	Designated Address
Hard copy	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, Wilayah Persekutuan
Electronic appointment	TIIH Online Weblink: https://tiih.online

The lodging of the said instrument shall not preclude you from attending, participating, speaking and voting in person at the 29th AGM should you subsequently wish to do so, provided a notice of termination of proxy authority in writing is given to the Company not less than twenty-four (24) hours before the commencement of the AGM or any adjournment thereof.

(B) Audited Financial Statements for the financial year ended 31 December 2024

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval for the audited financial statements.

VSTECs BERHAD

(Registration No: 199501021835 (351038-H))

Lot 3, Jalan Teknologi 3/5,
Taman Sains Selangor,
Kota Damansara,
47810 Petaling Jaya,
Selangor, Malaysia.

T: +603 6286 8222

E: secretariat@vstecs.com.my

www.vstecs.com.my