

THIS CIRCULAR/STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) takes no responsibility for the contents of this Circular/Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of this Circular/Statement.

Save for Part B in relation to the Proposed New Shareholders’ Mandate, Bursa Securities has not perused the remaining contents of this Circular/Statement prior to its issuance as they are exempt documents pursuant to the provisions of Practice Note 18 of Main Market Listing Requirements of Bursa Securities.



VST ECS BERHAD

[Registration No. 199501021835 (351038-H)]
(Incorporated in Malaysia)

PART A

SHARE BUY-BACK STATEMENT

in relation to the

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

PART B

CIRCULAR TO SHAREHOLDERS

in relation to the

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

The resolutions in respect of the above Proposals will be tabled as Special Business at the Twenty-Eighth Annual General Meeting (“**28th AGM**”) of the Company which will be held on a virtual basis vide the Meeting Platform of Securities Services e-Portal at <https://www.sshsb.net.my/>. The Notice of 28th AGM and Form of Proxy as set out in the Company’s Annual Report 2023, together with this Circular/ Statement are available at the Company’s website at https://vstecs.listedcompany.com/ar_2023.html.

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 Poll Administrator, namely, SS E Solutions Sdn. Bhd., either at the designated office as stated below or vide Securities Services e-Portal, not less than forty-eight (48) hours before the time appointed for holding the AGM or adjournment thereof (i.e. on or before Sunday, 12 May 2024 at 10:30 a.m.):-

Mode of Submission	Designated Address
Hard copy	SS E Solutions Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Fax: 03-2094 9940 and/or 03-2095 0292 Email: eservices@sshsb.com.my
Electronic appointment	Securities Services e-Portal Weblink: https://www.sshsb.net.my/

Date and time of the AGM : Tuesday, 14 May 2024 at 10:30 a.m.

Broadcast Venue of the AGM : Training Room, VST ECS Berhad, Lot 3, Jalan Teknologi 3/5,
Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya,
Selangor Darul Ehsan

Last date and time for lodging the Form of Proxy : Sunday, 12 May 2024 at 10:30 a.m.

DEFINITIONS

For the purpose of this Circular/ Statement, except where the context otherwise requires, the following definitions shall apply:-

- “Act” : Companies Act 2016, as amended from time to time and any re-enactment thereof
- “AGM” : Annual General Meeting
- “Annual Report 2023” : Annual Report of VSTECS issued for the financial year ended 31 December 2023
- “Board” or “Directors” : Board of Directors of VSTECS
- “Director” : Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon:
- a) a director of the listed issuer, its subsidiary or holding company; and
 - b) a chief executive of the listed issuer, its subsidiary or holding company.
- “Bursa Securities” or “the Exchange” : Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
- “Circular” : Circular to Shareholders dated 15 April 2024
- “EPS” : Earnings per share
- “ISATEC” : ISATEC Sdn. Bhd. [Registration No. 199401031861 (317543-K)]
- “Listing Requirements” : Main Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time.
- “LPD” : 18 March 2024, being the latest practicable date prior to the printing of this Circular/Statement
- “Major Shareholder(s)” : A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:-
- a) 10% or more of the total number of voting shares in the Company; or
 - b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.
- For the purposes of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act. For the purpose of the Proposed Shareholder Mandate, it includes any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon, a Major Shareholder of the Company or any other corporation which is its subsidiary and holding company.
- “Market Day(s)” : Any day on which the stock market of the Exchange is open for trading in securities
- “NA” : Net assets attributable to ordinary equity holders of VSTECS
- “Person(s) Connected” : In relation to a Director or a Major Shareholder, means such person who falls under any one (1) of the following categories:-
- (a) a family member of the Director or Major Shareholder (for the purpose of this definition, “family” means and includes spouse, parent, child including an adopted child and stepchild, brother or sister, spouse of child including an adopted child and step-child, and spouse of brother or sister);

DEFINITIONS (Cont'd)

- (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director and Major Shareholder, is the sole beneficiary;
 - (c) a partner of the Director or Major Shareholder, or a partner of a person connected with that Director or Major Shareholder;
 - (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
 - (e) a person, or where a person is a body corporate, the body corporate and its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;
 - (f) a body corporate in which the Director or Major Shareholder, and/or persons connected with him are entitled to exercise or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (g) a body corporate which is a related corporation (for the purpose of this definition, "related corporation" means a corporation which is the holding company of another corporation; a subsidiary of another corporation; or a subsidiary of the holding company of another corporation) of the Director or Major Shareholder.
- "Proposed Renewal of Shareholders' Mandate" : Proposed renewal of shareholders' mandate for RRPTs to be entered into by VSTECS Group from the date of the forthcoming AGM until the next AGM
- "Proposed Renewal of Share Buy-Back" : Proposed renewal of authority for the Company to purchase its own shares up to ten per centum (10%) of its total number of issued shares
- "Purchased Shares" : VSTECS Shares to be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back
- "Recurrent Related Party Transaction(s)" or "RRPT(s)" : Recurrent related party transactions of a revenue and/or trading nature which are necessary for the Group's day-to-day operations and are entered into or to be entered into by the Group in the ordinary course of business which involves the interest, direct or indirect, of Related Parties
- "Related Party(ies)" : Director(s), Major Shareholder(s) and/or Person(s) Connected with such Director(s) or Major Shareholder(s) as defined herein
- "RM" and "sen" : Ringgit Malaysia and sen, respectively, the lawful currency of Malaysia
- "Rules on Take-Overs" : Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016 as amended from time to time and any re-enactment thereof
- "Statement" : Share Buy-Back Statement dated 15 April 2024
- "Substantial Shareholder" : Shall have the meaning given in Section 136 of the Act
- "Treasury Shares" : Shall have the meaning given in Section 127(4)(b) of the Act

DEFINITIONS (Cont'd)

“VSTECS” or “Company”	:	VSTECS Berhad [Registration No. 199501021835 (351038-H)], a company incorporated in Malaysia, an associate company of VSTECS Holdings (Singapore) and VSTECS Holdings
“VSTECS Astar”	:	VSTECS Astar Sdn. Bhd. [Registration No. 199301009054 (263791-K)]
“VSTECS Ku”	:	VSTECS Ku Sdn. Bhd. [Registration No. 198401010582 (123121-M)]
“VSTECS Kush”	:	VSTECS Kush Sdn. Bhd. [Registration No. 199301009070 (263807-K)]
“VSTECS Pericomp”	:	VSTECS Pericomp Sdn. Bhd. [Registration No. 198601004487 (153647-U)]
“VSTECS Group” or “Group”	:	VSTECS and its subsidiary companies as defined in Section 4 of the Act
“VSTECS Holdings (Singapore)”	:	VSTECS Holdings (Singapore) Limited (Company No. 199804760R), a company incorporated in Singapore with limited liability, a major shareholder of VSTECS, a wholly-owned subsidiary of VSTECS Holdings
“VSTECS Holdings (Singapore) Group”	:	VSTECS Holdings (Singapore), its subsidiaries and associated companies
“VSTECS Holdings”	:	VSTECS Holdings Limited (Registration No. 116157), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 856), a holding company of VSTECS Holdings (Singapore)
“VSTECS Holdings Group”	:	VSTECS Holdings and its subsidiaries and associated companies
“VSTECS Share(s)” or “Share(s)”	:	Ordinary Share(s) in VSTECS

All references to “**you**” in this Circular/Statement are to the shareholders of the Company.

Unless otherwise stated, the information set out above in relation to the Major Shareholder(s), Director(s) and Person(s) Connected is as at the LPD.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference to any enactment in this Circular/ Statement is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day shall be a reference to Malaysian time, unless otherwise stated.

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PART A

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE
PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO
PURCHASE ITS OWN SHARES**



VSTECS BERHAD
[Registration No. 199501021835 (351038-H)]
(Incorporated in Malaysia)

Registered Office:

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

15 April 2024

Board of Directors:

Lee Marn Fong @ Wu Marn Fong (*Non-Independent Non-Executive Chairman*)
Soong Jan Hsung (*Executive Director/ Chief Executive Officer*)
Dato' Khoo Sin Aik (*Senior Independent Non-Executive Director*)
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*)

TO: SHAREHOLDERS OF VSTECS

Dear Sir/Madam,

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

1.0 INTRODUCTION

At the AGM of the Company held on 16 May 2023, the Company obtained the shareholders' approval on the resolution pertaining to the authority from its shareholders to undertake the proposed authority for the Company to purchase its own shares. The said authority shall, in accordance with the Listing Requirements, expire at the conclusion of the forthcoming 28th AGM of the Company.

On 27 February 2024, the Board announced its intention to seek the authority from its shareholders to undertake the Proposed Renewal of Share Buy-Back to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company.

The purpose of this Statement is to provide you with relevant details and information of the Proposed Renewal of Share Buy-Back, together with the Board's recommendation and to seek your approval for the Ordinary Resolution in connection to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming 28th AGM of the Company. The Notice of the 28th AGM together with the Form of Proxy are set out in the Annual Report 2023.

2.0 DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Company proposes to seek renewal of the authority from the shareholders of the Company to purchase from time to time up to ten per centum (10%) of the total number of issued shares of the Company for the time being quoted on the Main Market of Bursa Securities.

The authority to be conferred pursuant to the Proposed Renewal of Share Buy-Back, if approved by the shareholders of the Company at the forthcoming 28th AGM of the Company, shall be effective upon passing of the Ordinary Resolution for the Proposed Renewal of Share Buy-Back and shall continue to be in force until:-

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

whichever occurs first.

2.1 Status and Treatment of Shares Purchased

Pursuant to Section 127 of the Act, the Board may deal with the Purchased Shares in either of the following manners:-

- (a) cancel all or part of the Purchased Shares; and/or
- (b) retain all or part of the Purchased Shares as treasury shares for either of the following:-
 - (i) distribute the shares as dividends to shareholders, such dividends to be known as "share dividend";
 - (ii) resell the shares or any of the shares in accordance with the relevant rules of the stock exchange;
 - (iii) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme; and
 - (iv) transfer the shares, or any of the shares as purchase consideration; and/or
- (c) such other manner as allowed by the Act and Bursa Securities from time to time.

The Board may decide to cancel the Purchased Shares if it is of the opinion that, in the foreseeable future, there are no investment opportunities that would result in gains adding value to VSTECS and hence, the value of the VSTECS Shares. If the Purchased Shares were to be cancelled, the Company's total issued share capital shall be diminished by the shares so cancelled pursuant to Section 127(14) of the Act.

For the Purchased Shares which have been held as treasury shares, such Shares could either be distributed as share dividends or resold on Bursa Securities by the Company, or a combination of both; or transfer all/ any of the treasury shares for the purposes of or under an employees' share scheme or transfer all/ any of the treasury shares as purchase consideration or subsequently be cancelled.

In the event the Company decides to purchase its own Shares, the Company will announce on the day that the purchase is made providing details of the description of the shares so purchased; the number of the shares so purchased; the price of each share or, where relevant, the highest and lowest price paid; the total consideration paid and the shares purchased either to be held as treasury shares or proposed to be cancelled.

In the event the Company decides to resell the Company's treasury shares, the Company will announce on the day that the resale is made providing details of the description of the shares resold, the number of the shares resold, the resale price of each share resold or, where relevant, the highest and lowest resale price paid and the total consideration received.

In the event the Company decides to transfer all or any of the treasury shares as purchase consideration in relation to any corporate transaction(s), the Company shall make the appropriate announcement(s) under Chapter 10 of the Listing Requirements.

In the event the Company decides to cancel the Company's treasury shares, the Company will announce on the day that the cancellation is made providing details of the number of treasury shares; the date of cancellation and the outstanding and total issued share capital and total number of issued shares of the Company after the cancellation.

While the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in rights, allotments and/or other distributions are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on a resolution at meetings of shareholders.

2.2 Purchase Price

Pursuant to the provisions of Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own Shares on Bursa Securities at a price which is not more than fifteen per centum (15%) above the weighted average market price of VSTECS Shares for the five (5) Market Days immediately before the date of the purchase(s).

Pursuant to the provisions of Paragraph 12.18 of the Listing Requirements, the Company may only resell the Purchased Shares held as treasury shares on Bursa Securities or transfer the Purchased Shares held as treasury shares pursuant to Section 127(7) of the Act, at:-

- (a) a price which is not less than the weighted average market price of VSTECS Shares for the five (5) Market Days immediately before the date of resale(s) or transfer(s); or
- (b) a discounted price of not more than five per centum (5%) to the weighted average market price of VSTECS Shares for the five (5) Market Days immediately before the resale or transfer provided that:-
 - (i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of VSTECS Shares being resold or transferred.

2.3 Quantum

The maximum aggregate number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time.

As at LPD, the Company has retained 3,444,600 Shares purchased from open market as treasury shares.

As at LPD, the total number of issued shares of the Company comprises 360,000,000 ordinary shares, therefore, the number of VSTECS Shares which may be purchased by the VSTECS is up to 36,000,000 VSTECS Shares representing 10% of the total number of issued shares of VSTECS pursuant to the Proposed Renewal of Share Buy-Back. As such, the balance of shares that can be purchased by the Company taking into account the total cumulative treasury shares held up to LPD is 32,555,400 VSTECS Shares.

Nevertheless, the actual number of Shares to be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on inter-alia, the market conditions and sentiments of the

stock market as well as the availability of financial resources of the Company and the availability of the retained profits of the Company.

2.4 Funding

The Proposed Renewal of Share Buy-Back may be funded through internally-generated funds and/or bank borrowings as long as the purchase is backed by an equivalent amount of retained profits of the Company, subject to compliance with the Prevailing Laws.

The Proposed Renewal of Share Buy-Back, if funded through internally-generated funds, is not expected to have a material impact on the cash flow position of the Company. In the event the Proposed Renewal Share Buy-Back is to be financed by bank borrowings, the Board will ensure that the Company has the capability to repay such borrowings and that such repayment will not have a material effect on the cash flow of the Company.

The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back shall not exceed the aggregate of retained profits of the Company based on the latest audited financial statement and/or the latest management accounts of the Company (where applicable) available. As at 31 December 2023 and the latest management account of the Group up to 29 February 2024, being the latest available audited financial statements and management accounts, respectively, the retained profits of the Company are as follows:-

	Audited	Unaudited
	As at 31 December 2023 RM'000	As at 29 February 2024 RM'000
<u>Company Level</u> Retained Profits	14,824/-	14,709/-
<u>Group Level</u> Retained Profits	368,383/-	373,665/-

Notwithstanding the above, the Company will ensure that there are sufficient retained profits at Company level prior to the share buy-back. In addition, the Company will ensure that the maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back shall not exceed the aggregate of the retained profits of the Company at the time of purchase.

As required under Section 112(2) of the Act, the Company will have to perform a solvency test to satisfy the following conditions:-

- (a) the share buy-back would not result in the Company being insolvent and its capital being impaired at the date of the solvency statement; and
- (b) the Company will remain solvent after each buy-back during the period of six (6) months after the date of the declaration made by a majority of the Directors.

2.5 Public Shareholding Spread

As at LPD, the public shareholding spread of the Company was 33.87%. The Company will not undertake any share buy-back if that will result in breach of Paragraph 8.02(1) of the Listing Requirements which requires the Company to maintain a shareholding spread of at least 25% of its total listed shares. The Board is mindful of the shareholding spread requirement and will continue to be mindful of the requirement when making any purchase of VSTECS Shares by the Company.

3.0 RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Proposed Renewal of Share Buy-Back, if implemented, is expected to have the following potential benefits to the Company and its shareholders:-

- (a) the Company is able to utilise its surplus financial resources which are not immediately required for other uses to purchase its own shares from the open market;
- (b) where the Purchased Shares are retained as treasury shares, the Board would have an option to distribute the Purchased Shares as shares dividends to reward shareholders of the Company;
- (c) the Purchased Shares may be held as treasury shares and resold in the open market to reap potential capital appreciation of the Shares without affecting the total number of issued shares of the Company;
- (d) the Company may be able to reduce any unwarranted volatility of its Shares and assist to stabilise the supply, demand and price of its Shares in the open market, thereby supporting the fundamental value of its Shares; and
- (e) Where the Directors resolve to cancel the VSTECS Shares so purchased, the Company expects to enhance the EPS of the Group as a result of a lower number of VSTECS Shares being taken into account for the purpose of computing the EPS, thereby enabling long term and genuine investors to enjoy any potential corresponding increase in the value of their investments in the Company.

4.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The potential advantages of the Proposed Renewal of Share Buy-Back to the Company and its shareholders are as follows:-

- a) The proposed purchase will also result in reduction of the share capital base which may enhance the possibility of declaring a higher rate of dividend in the future.
- b) If the Purchased Shares are retained as treasury shares, it will provide the Board with opportunities to increase and improve its financial resources if the Purchased Shares are resold at a price higher than the purchase price.
- c) The Purchased Shares if distributed to shareholders as share dividends shall serve as a reward to shareholders.
- d) The proposed purchase will allow the Company to take preventive measures against speculation particularly when the VSTECS Shares are undervalued and this would, in turn, expected to stabilise the market price of the VSTECS Shares and hence, enhance investors' confidence.
- e) It gives the Company flexibility in attaining its desired capital structure.
- f) To align with the Group's capital management strategy of its ultimate major shareholder, i.e., VSTECS Holdings Limited, listed on the Stock Exchange of Hong Kong Limited.

The potential disadvantages of the Proposed Renewal of Share Buy-Back to the Company and its shareholders are as follows:-

- a) It will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities in future or, at least deprive VSTECS Group of interest income that can be derived from the funds utilised for the Proposed Renewal of Share Buy-Back.
- b) As the Proposed Renewal of Share Buy-Back could only be made out of retained profits of the Company, it may result in the reduction of financial resources available for cash distribution to shareholders in the immediate future.

Nevertheless, the Proposed Renewal of Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as any share buy-back will be undertaken only after in-depth consideration of the financial resources of VSTECS and the resultant impact on its shareholders. The Board, in exercising any decision in implementing the Proposed Renewal of Share Buy-Back will be mindful of the interests of the Company and its shareholders.

5.0 FINANCIAL EFFECTS TO THE PROPOSED RENEWAL OF SHARE BUY-BACK

5.1 Share Capital

The effect of the Proposed Renewal of Share Buy-Back on the total number of issued shares of the Company will depend on whether the VSTECS Shares purchased are cancelled or retained as treasury shares.

The pro-forma effects of the Proposed Renewal of Share Buy-Back on the total number of issued Shares of the Company as at the LPD are as follows:-

	No. of VSTECS Shares
Total number of issued shares as at the LPD	360,000,000*
Assuming the Proposed Renewal of Share Buy-Back is implemented in full (i.e., up to 10%)	36,000,000
Total number of issued shares after the Proposed Renewal of Share Buy-Back (assuming the Purchased Shares are subsequently cancelled in full)	324,000,000

* Including 3,444,600 VSTECS Shares which have been purchased and retained as treasury shares as at LPD.

If the VSTECS Shares so purchased are retained as treasury shares, the total number of issued shares of the Company will not be reduced but the rights attaching to the treasury shares as to voting, dividends and participation in other distributions or otherwise will be suspended. While these VSTECS Shares remain as treasury shares, the Act prohibits the taking into account of such shares in calculating the number of percentage of shares in the Company for a purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.

5.2 NA

The effects of the Proposed Renewal of Share Buy-Back on the NA per share of the VSTECS Group are dependent on the number of VSTECS Shares which the Company will buy back, purchase price of the VSTECS Shares at the time of buy back, the treatment of the shares so purchased and the funding cost, if any. If all VSTECS Shares so purchased are cancelled, the consolidate NA per share of the Group is likely to be reduced if the purchase price exceeds the NA per share, whereas the NA per share of the Group will increase if the purchase price is less than the NA per share of the Group at the time of purchase.

For Purchased Shares which are kept as treasury shares, upon resale, the NA per share of the Group would increase assuming that a gain has been realised or decreased if a loss is realised. If treasury shares are distributed as share dividends, the NA of the Group would decrease by cost of the treasury shares.

5.3 Working capital

The Proposed Renewal of Share Buy-Back, as and when implemented, will reduce the working capital and cash flow of VSTECS Group, the quantum of which depends on, amongst others, the purchase price of the VSTECS Shares and the number of VSTECS Shares that would be purchased.

For Purchased Shares which are kept as treasury shares, upon resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

5.4 Earnings

Assuming that the Purchased Shares under the Proposed Renewal of Share Buy-Back are cancelled, the Proposed Renewal of Share Buy-Back may increase the EPS of VSTECS Group. Similarly, on the assumption that the Purchased Shares are treated as treasury shares and subsequently resold, the extent of the effect on earnings of VSTECS Group will depend on the actual selling price and number of treasury shares resold and the effective gain arising. In the event the Purchased Shares are held as treasury shares, the effective reduction in the total number of issued Shares of VSTECS pursuant to the Proposed Share Buy-Back would generally, all else being equal, increase the consolidated EPS of the Company.

5.5 Dividends

The Proposed Renewal of Share Buy-Back is not expected to have any impact on the policy of the Board in recommending dividends to the shareholders of VSTECS. As stated in Sections 3 and 4 of this Statement, the Board may have the option to distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Renewal of Share Buy-Back.

5.6 Gearing

The effect of the Proposed Renewal of Share Buy-Back on the gearing of the Group will depend on the proportion of borrowings utilised to fund any purchase of VSTECS Shares. At this juncture, the Company has not determined whether to use any form of borrowings for purposes of the Proposed Renewal Share Buy-Back.

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6.0 SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Company's Register of Directors' Shareholdings and Register of Substantial Shareholders' shareholdings as at the LPD and assuming that the Proposed Renewal of Share Buy-Back is implemented in full (up to 10% of the total number of issued Shares) and that the Purchased Shares are from shareholders other than the existing Directors and substantial shareholders of VSTECS, the effect of the Proposed Renewal of Share Buy-Back on the shareholdings of the existing Directors and substantial shareholders of VSTECS by virtue of Section 127(9) of the Act are as follows :-

	Shareholdings as at the LPD ⁽¹⁾				After the Proposed Share Buy-Back ⁽²⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Lee Mam Fong @ Wu Mam Fong	-	-	44,192,400 ⁽³⁾	12.394	-	-	44,192,400 ⁽³⁾	13.640
Soong Jan Hsung	450,000	0.126	-	-	450,000	0.139	-	-
Dato' Khoo Sin Aik	-	-	10,000 ⁽⁴⁾	0.003	-	-	10,000 ⁽⁴⁾	0.003
Ong Wei Hiam	-	-	-	-	-	-	-	-
Abdul Aziz Bin Zainal Abidin	-	-	-	-	-	-	-	-
Anne Rodrigues Nee Koh Lan Heong	-	-	-	-	-	-	-	-
Josephine Phan Su Han	-	-	-	-	-	-	-	-
Substantial / Major shareholders								
VSTECS Holdings (Singapore) Limited	160,186,800	44.926	-	-	160,186,800	49.440	-	-
VSTECS Holdings Limited	-	-	160,186,800 ⁽⁵⁾	44.926	-	-	160,186,800 ⁽⁵⁾	49.440
Sengin Sdn. Bhd.	43,380,000	12.166	-	-	43,380,000	13.389	-	-
Lee Mam Fong @ Wu Mam Fong	-	-	44,192,400 ⁽³⁾	12.394	-	-	44,192,400 ⁽³⁾	13.640
Foo Teen Wyne	99,000	0.028	43,380,000 ⁽⁶⁾	12.166	99,000	0.031	43,380,000 ⁽⁶⁾	13.389
Foo Lek Choong	713,400	0.200	43,380,000 ⁽⁷⁾	12.166	713,400	0.220	43,380,000 ⁽⁷⁾	13.389
Dasar Technologies Sdn. Bhd.	30,800,000	8.638	-	-	30,800,000	9.506	-	-

Notes:-

- (1) Calculation derived after deducting the Treasury Shares of 3,444,600 as at LPD.
- (2) Based on the assumption that the Proposed Renewal of Share Buy-Back is implemented in full (up to 10% of the total number of issued Shares, i.e. 36,000,000).
- (3) 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.
- (4) By virtue of the shareholdings of his spouse.
- (5) VSTECS Holdings (Singapore) Limited is a wholly-owned subsidiary of VSTECS Holdings Limited.
- (6) By virtue of her substantial shareholdings in Sengin Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (7) By virtue of his substantial shareholdings in Sengin Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

7.0 IMPLICATIONS IN RELATION TO THE CODE AND RULES

If as a result of the Proposed Renewal of Share Buy-Back, (i) a shareholder who holds less than 33% of the voting shares of VSTECS has inadvertently increased his shareholding to more than 33%; or (ii) a shareholder who holds more than 33% but less than 50% of the voting shares of VSTECS has inadvertently increased his shareholding by 2% within a six-months period, the said shareholder will be obliged under Rule 4.01 of the Rules on Take-Overs to make a Mandatory Offer (“**MO**”) for the remaining VSTECS Shares not held by him. Notwithstanding the above, the said shareholder is allowed to make an application to the Securities Commission Malaysia for a waiver from implementing an MO under Rule 4.15 of the Rules on Take-Overs.

It is not the intention of the Company to cause any shareholder to trigger an obligation to undertake an MO under the Rules on Take-Overs and the Company will be mindful of the above implications of the Rules on Take-Overs in making any purchase of its own shares under the Proposed Renewal of Share Buy-Back.

8.0 PURCHASE OF SHARES, RESALE, CANCELLATION AND/OR TRANSFER OF TREASURY SHARES MADE IN THE PREVIOUS 12 MONTHS

As at LPD, the Company held 3,444,600 treasury shares, and the Company had not purchased, cancelled and/or resold any VSTECS Shares or treasury shares in the previous twelve (12) months preceding the date of this Statement.

9.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of VSTECS Shares as traded on Bursa Securities for the past twelve (12) months are as follows:-

	HIGHEST (RM)	LOWEST (RM)
2023		
April	1.400	1.270
May	1.410	1.340
June	1.370	1.260
July	1.390	1.330
August	1.360	1.320
September	1.350	1.280
October	1.370	1.290
November	1.350	1.280
December	1.490	1.300
2024		
January	1.650	1.430
February	2.700	1.620
March	2.740	2.500

* Note:-

The last transacted market price of VSTECS Shares on the LPD was RM2.06 per Share, prior to the printing of this Statement.

(Source: Bursa Malaysia)

10.0 DIRECTORS' AND/OR MAJOR SHAREHOLDERS INTERESTS

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back as set out in Section 6.0 of this Statement, none of the Directors and/or major shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the proposed purchase of Shares or resale of treasury shares, if any, in the future.

11.0 APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back is subject to the approval of the shareholders of VSTECS at the forthcoming 28th AGM of the Company to be convened or at any adjournment thereof. Save for the approval of the shareholders of VSTECS, there are no other approvals required for the Proposed Renewal of Share Buy-Back.

12.0 DIRECTORS' RECOMMENDATION

The Board after having considered all aspects of the Proposed Renewal of Share Buy-Back is of the opinion that the Proposed Renewal of Share Buy-Back is fair, reasonable and in the best interests of the Company and accordingly recommend that you vote in favour of the ordinary resolution for the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming 28th AGM.

13.0 FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I for further information.

Yours faithfully,

For and on behalf of the Board of Directors of
VSTECS BERHAD

SOONG JAN HSUNG
Executive Director/ Chief Executive Officer

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PART B

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



VST ECS BERHAD
[Registration No. 199501021835 (351038-H)]
(Incorporated in Malaysia)

Registered Office:

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

15 April 2024

Board of Directors:

Lee Marn Fong @ Wu Marn Fong (*Non-Independent Non-Executive Chairman*)
Soong Jan Hsung (*Executive Director/ Chief Executive Officer*)
Dato' Khoo Sin Aik (*Senior Independent Non-Executive Director*)
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*)

TO: SHAREHOLDERS OF VST ECS

Dear Sir / Madam,

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

1.0 INTRODUCTION

At the AGM of the Company held on 16 May 2023, the Company obtained the shareholders' approval on the resolution pertaining to a general mandate from its shareholders for VST ECS Group to enter into RRPTs in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public. The said authority shall, in accordance with the Listing Requirements, will expire at the conclusion of the forthcoming 28th AGM of the Company.

On 27 February 2024, the Board announced to Bursa Securities of its intention to seek the shareholders' approval for the Proposed Renewal of Existing Shareholders' Mandate at the forthcoming 28th AGM of the Company.

The purpose of this Circular is to provide you with the relevant details and information of the Proposed Renewal of Existing Shareholders' Mandate and to seek your approval for the Ordinary Resolution in relation thereto to be tabled at the forthcoming 28th AGM of the Company. The Notice of the 28th AGM together with the Form of Proxy are enclosed in the Annual Report 2023.

2.0 DETAILS OF THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements, the Company may seek shareholders' mandate in respect of RRPTs which are necessary for the day-to-day operations of the Group subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year (based on the type of transactions, names of Related Parties involved in each type of transaction made and their relationship with the listed issuer), where the aggregate value is equal to or more than the thresholds below in relation to a listed issuer with an issued share capital of RM60.0 million and above:-
 - (i) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is RM1.0 million or more; or
 - (ii) the percentage ratio of such aggregated transactions is 1% or more,whichever is the higher;
- (c) issuance of a circular to shareholders by the Company containing information as may be prescribed in the Listing Requirements;
- (d) in a meeting to obtain shareholders' mandate, where it involves the interest of the Interested Directors, Interested Major Shareholders or Persons Connected with them, such Director or Major Shareholders must not vote on the resolution approving the transactions. The Interested Directors and/or Interested Major Shareholders must ensure that Persons Connected with them will also abstain from voting on the resolution approving the transaction; and
- (e) the Company must immediately announce to Bursa Securities when the actual value of a RRPT entered into by the Company exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more, and must include the information as may be prescribed by the Exchange in its announcement.

The Board proposes to seek the shareholders' approval for the Proposed Renewal of Existing Shareholders' Mandate. The Proposed Renewal of Existing Shareholders' Mandate will allow VSTECS Group, in the ordinary course of business, to enter into the RRPTs referred to in Part B, Section 2.4 with the Related Parties, provided that such transactions are made at arm's length, on VSTECS Group's normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of VSTECS.

2.2 Validity Period of the Proposed Renewal of Existing Shareholders' Mandate

The authority to be conferred pursuant to the Proposed Renewal of Existing Shareholders' Mandate, if approved by the shareholders of the Company at the forthcoming 28th AGM of the Company, shall be effective upon passing of the Ordinary Resolution for the Proposed Renewal of Existing Shareholders' Mandate and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier.

2.3 Principal activities of VSTECS Group

The Company is principally engaged in investment holding. As at LPD, the principal activities of the subsidiaries are as follows:-

Name of Company	Ownership interest (%)	Principal activities
VSTECS Astar	100	Marketing of computers, peripherals, software and the provision of computer maintenance services
VSTECS Ku	100	Marketing of computers, peripherals, software and the provision of computer maintenance services
VSTECS Kush	100	Provision of logistics services including warehousing and transportation of information and communication technology (ICT) products; and Provision of management and support services for the business operations of the Group
VSTECS Pericomp	100	Marketing of computers, peripherals, software and the provision of computer maintenance services
Enrich Platinum Sdn. Bhd.	50% Joint Venture	Investment holding and business of providing property management services
ISATEC	40% Associate	Providers of products and contract programming services related to information technology and telecommunication facilities

It is envisaged that, in the normal course of VSTECS Group's businesses, transactions of a revenue or trading nature between companies in VSTECS Group and the Related Parties are likely to occur, which are necessary for its day-to-day operations.

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2.4 Classes and Nature of the RRPTs

Details of the RRPT, including the classes of Related Parties with whom the transactions will be carried out and the nature of such transactions contemplated are set out below:-

Transacting Party within VSTECS Group	Transacting Related Party	Nature of transaction	Interested Directors/ Major Shareholders/ Persons Connected to Director or Major Shareholder (Interested Parties)	Estimated Aggregate Value as disclosed in the Circular dated 11 May 2023	Actual value transacted from the date of the 27 th AGM on 16 May 2023 to LPD	Estimated Aggregate Value from the forthcoming 28 th AGM until the next AGM
VSTECS Astar	VST ECS Phils., Inc.	Provision Information and Communications Technology (“ICT”) solutions, maintenance and support services to VSTECS Astar by VST ECS Phils., Inc.	(i) VSTECS Holdings (Singapore) Limited (ii) VSTECS Holdings Limited (iii) Mr. Ong Wei Hiam	RM10.0 million	Nil	RM10.0 million
VSTECS Pericomp	VSTECS (Singapore) Pte. Ltd.	<ul style="list-style-type: none"> • Purchase of ICT products by VSTECS Pericomp from VSTECS Singapore Pte. Ltd • Sales of ICT products by VSTECS Pericomp to VSTECS (Singapore) Pte. Ltd. 	(i) VSTECS Holdings (Singapore) Limited (ii) VSTECS Holdings Limited (iii) Mr. Ong Wei Hiam	RM30.0 million	Nil	RM10.0 million
VSTECS Astar	VSTECS (Singapore) Pte. Ltd.	Purchase of ICT products by VSTECS Astar from VSTECS Singapore Pte. Ltd.	(i) VSTECS Holdings (Singapore) Limited (ii) VSTECS Holdings Limited (iii) Mr. Ong Wei Hiam	RM10.0 million	Nil	RM10.0 million
VSTECS Pericomp	PT. ECS Indo Jaya	<ul style="list-style-type: none"> • Sales of ICT Products by VSTECS Pericomp to PT. ECS Indo Jaya • Purchase of ICT products by VSTECS Pericomp from PT. ECS Indo Jaya 	(i) VSTECS Holdings (Singapore) Limited (ii) VSTECS Holdings Limited (iii) Mr. Ong Wei Hiam	RM10.0 million	Nil	RM10.0 million
VSTECS Pericomp	VSTECS (Thailand) Co., Ltd.	Purchase of ICT Products by VSTECS Pericomp from VSTECS (Thailand) Co., Ltd.	(i) VSTECS Holdings (Singapore) Limited (ii) VSTECS Holdings Limited Mr. Ong Wei Hiam	RM10.0 million	Nil	RM10.0 million

Transacting Party within VSTECS Group	Transacting Related Party	Nature of transaction	Interested Directors/ Major Shareholders/ Persons Connected to Director or Major Shareholder (Interested Parties)	Estimated Aggregate Value as disclosed in the Circular dated 11 May 2023	Actual value transacted from the date of the 27 th AGM on 16 May 2023 to LPD	Estimated Aggregate Value from the forthcoming 28 th AGM until the next AGM
(i) VSTECS Astar (ii) VSTECS Ku (iii) VSTECS Kush (iv) VSTECS Pericomp	ISATEC	<ul style="list-style-type: none"> Sales of ICT Products by VSTECS Astar, VSTECS Ku and VSTECS Pericomp to ISATEC Provision of ICT solutions, maintenance and support services to VSTECS Ku and VSTECS Kush by ISATEC 	(i) Sengin Sdn. Bhd. (ii) Madam Lee Marn Fong @ Wu Marn Fong (iii) Madam Foo Teen Wyne (iv) Mr. Foo Lek Choong	RM10.0 million	RM824,000.00/-	RM15.0 million

The above estimated values in respect of each transaction above were based on the prevailing prices obtained from the Related Parties which are reasonable market-competitive prices and the Management's estimate based on historical data, normal level of transactions to be entered into by the Group for the period up to the conclusion of the next AGM, assumptions that the current level of operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value as disclosed above.

Save as disclosed in the above, the actual value of the above transactions that were transacted from the date on which the existing mandate was obtained at the 27th AGM of the Company i.e., 16 May 2023, up to LPD did not exceed the estimated value by 10% or more.

The Proposed Renewal of Existing Shareholders' Mandate comply with Paragraph 10.09(2) and the relevant provisions under Items 3.1 and 3.2 of Practice Note 12 of the LR.

2.5 Amount Due and Owing to VSTECS Group by Related Parties

As at LPD, there is no amount due and owing to VSTECS Group by its Related Parties which have exceeded the credit term. As such, the disclosures as required under Paragraphs 16A and 16B in Annexure PN12-A of the Listing Requirements are not applicable.

2.6 Review procedure for RRPTs

The Company has adopted a Related Party Transaction Policy to ensure that the RRPTs are conducted on transaction prices and on an arm's length basis and are based on normal commercial terms consistent with VSTECS Group's usual business practices and are on terms that are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

To monitor the RRPTs, the following review and disclosure procedures have been implemented for each proposed RRPT:

- (i) The transactions with the Related Party or Parties will only be entered into after taking into account the pricing, quality of product, expertise and other related factors. The transaction prices will be determined by market forces which will depend on the supply and demand of the products and subject to the availability of the products in the market or at prices similar to those prices for transactions with unrelated third parties including, where appropriate, preferential rates; rebates and discounts accorded for bulk purchases (the same as are accorded to third party bulk purchase);
- (ii) The terms and conditions of the transactions will be determined by the product provider's usual commercial terms or in accordance with applicable industry norm;
- (iii) Records will be maintained by the Company to record all the RRPTs entered into pursuant to the Proposed Renewal of Existing Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- (iv) At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Party or Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing to unrelated third parties cannot be obtained (for instance, if there are no unrelated third party customers of similar products, or if the product is a propriety item), the transaction price will be determined based on the margin transacted for other similar product/services and the transaction price will be reviewed taking into account prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms in order to ensure the RRPT is not detrimental to the Group;
- (v) The Audit Committee periodically reviews the procedures set by VSTECS to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of the Company. All reviews by the Audit Committee are reported to the Board. In its review and approval of such transactions, the Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources or professionals; and
- (vi) All the Directors and Major Shareholders are required to declare and disclose any transaction in which they are deemed interested and such transactions must be subject to the scrutiny of the Audit Committee. In addition, the Directors and Major Shareholders have given their undertakings that all business transactions entered into between the Group and themselves and/or Persons Connected with them shall be negotiated on and agreed at arm's length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

2.7 Thresholds for approval of RRPTs

The threshold for RRPTs will be determined by Audit Committee on a yearly basis, subject to the provisions in the Listing Requirements and/or the Act, where necessary. Where any Director has an interest (direct or indirect) in any RRPT, such Director shall make a declaration of interest; abstain from deliberation and voting on the matter. Currently, Senior Management of the Company is authorised to approve RRPTs of up to RM3.0 million and any RRPTs exceeding RM3.0 million would be subject to the approval of the Board.

2.8 Statement by the Audit Committee

The Audit Committee having seen and reviewed the procedures as mentioned in Section 2.6 of this Circular, is of the view that the said procedures are sufficient to ensure that the RRPTs shall be transacted on terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of VSTECS. The Audit Committee is also of the view that VSTECS Group has in place adequate procedures and processes to monitor, track and identify the RRPTs in a timely and orderly manner, and such procedures and processes are reviewed on an annual basis or whenever the need arises.

The Audit Committee having reviewed and considered the terms of the RRPTs as set out in Section 2.4 of this Circular, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the Group, being fair, of reasonable and on normal commercial terms and not detrimental to the interest of the Company's minority shareholders.

2.9 Rationale for and benefits of the Proposed Renewal of Existing Shareholders' Mandate

The RRPTs that are set out in this Circular are all in the ordinary course of business and intended to meet the business needs of VSTECS Group on the best possible terms and represent sound business decisions which are taken for legitimate and bona fide business purposes which will enhance VSTECS Group's ability to explore beneficial business opportunities.

The Proposed Renewal of Existing Shareholders' Mandate, if approved by the shareholders, will eliminate the need to make announcements to Bursa Securities or to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPTs with the specified classes of Related Parties arise. This in turn will reduce substantial administrative time, inconvenience and expenses associated therewith and allow manpower resources and time to be channelled towards attaining other corporate objectives without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The Proposed Renewal of Existing Shareholders' Mandate is intended to facilitate transactions entered into in the ordinary course of business of VSTECS Group which are transacted from time to time with the Related Parties at arm's length, on VSTECS Group's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

3.0 FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE

Save for the expected earnings to be contributed to the Group from the RRPT, the Proposed Renewal of Existing Shareholders' Mandate are not expected to have any material impact on the issued share capital, NA, gearing, EPS and substantial shareholders' shareholdings of VSTECS, including any benefit which is expected to accrue to the Company as a result of the transactions.

4.0 APPROVAL REQUIRED

The Proposed Renewal of Existing Shareholders' Mandate are subject to the approval being obtained from the shareholders of VSTECS at the forthcoming 28th AGM to be convened or at any adjournment thereof.

5.0 INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors and/or major shareholders of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Renewal of Existing Shareholders' Mandate as at the LPD:-

Related Parties	Nature of Relationships
VSTECS Holdings (Singapore) Limited	<ul style="list-style-type: none"> Major Shareholder of VSTECS via its direct interest of 44.926% A wholly-owned subsidiary of VSTECS Holdings Limited The holding company of VSTECS (Singapore) Pte Ltd
VSTECS (Singapore) Pte Ltd	<ul style="list-style-type: none"> Wholly-owned subsidiary of VSTECS Holdings (Singapore) Limited
VSTECS Holdings Limited	<ul style="list-style-type: none"> Major Shareholder of VSTECS via its indirect interest in VSTECS Holdings (Singapore) Limited
Mr. Ong Wei Hiam	<ul style="list-style-type: none"> 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.
Mr. Soong Jan Hsung	<ul style="list-style-type: none"> An Executive Director/ Chief Executive Officer of VSTECS A Director of Enrich Platinum Sdn. Bhd.
Sengin Sdn. Bhd.	<ul style="list-style-type: none"> Major shareholder of VSTECS via its direct interest of 12.166%
Madam Lee Marn Fong @ Wu Marn Fong	<ul style="list-style-type: none"> Major Shareholder of VSTECS via her indirect interest – i.e. by virtue of her shareholdings in Sengin pursuant to Section 8 of the Act A Non-Independent Non-Executive Chairman of VSTECS A Director of Enrich Platinum Sdn. Bhd.
Madam Foo Teen Wyne	<ul style="list-style-type: none"> Major Shareholder of VSTECS via her direct and indirect interest i.e. by virtue of her shareholdings in Sengin pursuant to Section 8 of the Act Deemed as person connected with a Director i.e. Madam Lee Marn Fong @ Wu Marn Fong by virtue of her being the daughter of Madam Lee Marn Fong @ Wu Marn Fong The sister of Mr. Foo Lek Choong
Mr. Foo Lek Choong	<ul style="list-style-type: none"> Major Shareholder of VSTECS via his direct and indirect interest i.e. by virtue of his shareholdings in Sengin pursuant to Section 8 of the Act Deemed as person connected with a Director i.e. Madam Lee Marn Fong @ Wu Marn Fong by virtue of him being the son of Madam Lee Marn Fong @ Wu Marn Fong A Director of ISATEC and Enrich Platinum Sdn. Bhd. The brother of Madam Foo Teen Wyne

The Interested Directors, Interested Major Shareholders and/or Persons Connected to them will abstain from voting in respect of their direct and indirect shareholdings in the Company on the resolution approving the Proposed Renewal of Existing Shareholders' Mandate to be tabled at the forthcoming 28th AGM.

The Interested Directors and Interested Major Shareholders have undertaken to ensure that Persons Connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the Proposed Renewal of Existing Shareholders' Mandate of the forthcoming 28th AGM.

The Interested Directors, Interested Major Shareholders and/or Persons Connected to them / the Interested Director and Interest Major Shareholder, Madam Lee Mam Fong @ Wu Mam Fong, the Non-Independent Non-Executive Chairman of VSTECS, will abstain from giving opinion and recommendation as to the voting action that the shareholders should take.

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at LPD, the direct and indirect interests of all Interested Directors, Interested Major Shareholders and Persons Connected to them in respect of the Proposed Renewal of Existing Shareholders' Mandate are as follows:-

Interested Directors/ Interested Major Shareholders/ Persons Connected	Direct No. of Shares	%#	Indirect No. of Shares	%#
Interested Major Shareholders				
VSTECS Holdings (Singapore) Limited	160,186,800	44.926	-	-
VSTECS Holdings Limited	-	-	160,186,800 ⁽²⁾	44.926
Sengin Sdn. Bhd.	43,380,000	12.166	-	-
Interested Directors				
Madam Lee Mam Fong @ Wu Mam Fong	-	-	44,192,400 ⁽¹⁾	12.394
Mr. Soong Jan Hsung	450,000	0.126	-	-
Mr. Ong Wei Hiam	-	-	-	-
Persons Connected				
Mr. Foo Lek Choong	713,000	0.200	43,380,000 ⁽⁴⁾	12.166
Madam Foo Teen Wyne	99,000	0.028	43,380,000 ⁽³⁾	12.166

Calculated based on 356,555,400 Shares, excluding 3,444,600 Shares already purchased and retained as Treasury Shares as at LPD.

Notes:-

- (1) 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.
- (2) VSTECS Holdings (Singapore) Limited is a wholly-owned subsidiary of VSTECS Holdings Limited.
- (3) By virtue of her substantial shareholdings in Sengin Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- (4) By virtue of his substantial shareholdings in Sengin Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

The Interested Directors, have abstained and will continue to abstain from deliberation and voting at the board meetings.

6.0 DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors), after having considered all aspects of the Proposed Renewal of Existing Shareholders' Mandate, is of the opinion that the Proposed Renewal of Existing Shareholders' Mandate would be fair, reasonable and of commercial benefit to the Company. Being in the best interests of the Company, the Board would cordially recommend that you vote **in favour** of the Ordinary Resolution for the Proposed Renewal of Existing Shareholders' Mandate to be tabled at the forthcoming 28th AGM.

7.0 AGM

The 28th AGM will be held on a virtual basis using the Remote Participation and Voting ("RPV") facilities provided by the Company's Poll Administrator, namely, SS E Solutions Sdn Bhd via its Securities Services e-Portal at <https://www.sshsb.net.my/> on Tuesday, 14 May 2024 at 10:30 a.m. or any adjournment thereof,

for the purpose of considering and if thought fit, passing the Ordinary Resolution on the Proposed Renewal of Existing Shareholders' Mandate under the Notice of AGM.

The Broadcast venue to facilitate the abovementioned RPV facilities is located at Training Room, VSTECS Berhad, Lot 3, Jalan Teknologi 3/5, Taman Sains Selangor, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan. Kindly be reminded that there is no physical meeting venue for attendance in person by shareholders and/ or proxies. All shareholders are required to register for RPV facilities via Securities Services e-Portal at <https://www.sshsb.net.my/> for attending the AGM remotely.

If you are unable to attend the 28th AGM virtually using the RPV facilities and wish to appoint a proxy to vote on your behalf, please deposit your Proxy Form at the office of the Company's Poll Administrator for the 28th AGM, namely, SS E Solutions Sdn Bhd, either at the designated office as stated below or vide Securities Services e-Portal, in accordance with the notes and instructions printed therein, not later than 48 hours before the 28th AGM (i.e. latest by Sunday, 12 May 2024 at 10:30 a.m.):-

Mode of Submission	Designated Address
Hard copy	SS E Solutions Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan Fax: 03-2094 9940 and/or 03-2095 0292 Email: eservices@sshsb.com.my
Electronic appointment	Securities Services e-Portal Weblink: https://www.sshsb.net.my/

The lodging of the Proxy Form will not, however, preclude you from participating in this AGM via RPV facilities should you subsequently wish to do so.

8.0 FURTHER INFORMATION

Shareholders are requested to refer to the enclosed Appendix I of this Circular for further information.

Yours faithfully,

For and on behalf of the Board of Directors of
VSTECS BERHAD

SOONG JAN HSUNG
Executive Director/ Chief Executive Officer

APPENDIX I

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL LITIGATIONS

As at 18 March 2024, being the latest practicable date of this Circular/Statement, neither the Company nor its subsidiary companies is engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Board is not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of the Company and/or its subsidiaries.

3. MATERIAL CONTRACTS

There are no material contracts (including contracts not in writing), not being contracts in the ordinary course of business which have been entered into by the Company or its subsidiaries within two (2) years immediately preceding on the date of this Statement.

4. DOCUMENTS FOR INSPECTION (By Appointment Only)

All inspection of documents at Registered Office of the Company could only be conducted by **prior appointment** only. For appointment(s) request, please contact 03-2084 9000 or email: info@sshshb.com.my.

The following documents are available for inspection at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours (except public holidays) from the date of this Circular/Statement up to and including the date of the AGM:-

- (a) Constitution of VSTECS;
- (b) The audited consolidated financial statements of VSTECS for the past two (2) financial years ended 31 December 2022 and 31 December 2023; and
- (c) The latest unaudited consolidated financial results of VSTECS for the period ended 31 December 2023.

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